ABSTRACT

THE INFLUENCE OF CURRENT RATIO, DEBT TO EQUITY RATIO, TOTAL ASSET TURNOVER ON RETURN ON ASSET (Case Study of Primary Goods Retail Trade Sub-Sector Companies listed on the BEI 2019 – 2023)

Nabila Nur Shafa

2020021180

This research aims to analyze the influence of Current Ratio (CR), Debt to Equity Ratio (DER), Total Asset Turn Over (TATO) on Return On Assets (ROA) in primary goods retail trading companies listed on the Indonesia Stock Exchange during the period 2019 -2023. This research method uses a quantitative approach using secondary data obtained from the financial reports of primary goods retail companies on the IDX. The research sample used a purposive sampling method with the aim of obtaining a sample that was in accordance with the research objectives. The data analysis technique used in this research is panel data regression. Current Ratio (CR) prob value is $0.3374 > 0.05$, indicating that CR does not have a significant influence on ROA. This indicates that company liquidity, which is measured through the ability to meet short-term obligations with current assets, does not have a significant impact on the profitability of primary goods retail companies. Debt to Equity Ratio (DER) prob value is $0.0000 < 0.05$ with a t-statistic of -5.1164 which shows that DER has a significant negative influence on ROA. This shows that primary goods retail companies use debt more than their equity so they tend to have Return On Assets. the lower one. Total Asset Turnover (TATO) prob value $0.0013 < 0.05$, indicating that TATO has a significant positive influence on ROA. This shows that the efficiency of asset use in generating sales is positively related to the profitability of primary goods retail companies. The results of this research provide an understanding that to increase Return On Assets, primary goods retail companies need to focus on managing leverage and optimizing asset use. While liquidity does not show a significant influence on profitability, good management of debt and efficient use of assets are key factors in determining a company's level of profitability.

Keywords: Current Ratio, Debt to Equity Ratio, Total Asset Turn Over, Return on Assets, Retail Companies, Indonesian Stock Exchange