THE INFLUENCE OF CURRENT RATIO, DEBT TO EQUITY RATIO, TOTAL ASSET TURN OVER, AND FIRM SIZE ON RETURN ON EQUITY IN PROPERTY COMPANIES

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Abstract

Goal of the study This is being used to examine the effects of firm size, total assets turned over, debt to equity ratio, and current ratio on corporate sector property listed on the Indonesia Stock Exchange for the years 2017 to 2021 in a partial and simultaneous manner. Companies are often created with the intention of maximizing profits in order to remain in business and be able to grow successfully. All businesses essentially engage in a variety of worthwhile activities, whether they are operational or not, in order to make money. For the 2017–2020 period, the population is made up of every company sector property on the IDX, which might total up to 65 companies. The sample also includes a total of 60 units for analysis. Multiple linear regression analysis method study use methodology. Current Ratio and the results of the investigation.

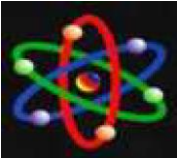**Keywords:** Current Ratio, Debt to Equity Ratio, Total Assets Turn Over, Firm Size, Return On Equity

INTRODUCTION

The property company is one of the industrial sectors listed on the Indonesia Stock Exchange (IDX). The development of the property industry is currently very rapid, and it is likely that it will be even greater in the future. This is due to the increasing population while the supply of land is fixed. Companies that are founded generally aim to obtain maximum profit for the survival of the company and to be able to develop the company properly. All companies basically carry out various activities both operational and non-operational in order to gain profit. Return On Equity (ROE), the rate of return on the owner, is also a measure of the efficient use of capital. The company's ability to generate profits own capital owned. The ratio of net income available to company owners to total equity. A high Current Ratio (CR) shows an excess of cash or other current assets compared to what is needed now or a low level of liquidity than current assets and vice versa. The results of research by Herlina and Wiwin (2016) show that the Current Ratio has an effect on Return On Equity. The results of Rizkiania and Aria's research (2022) show that the Current Ratio has no effect on Return On Equity.

The Debt to Equity Ratio (DER) is useful for knowing how much a company's assets are financed from debt. The amount of debt contained in the company's capital structure is very important to understand the balance between risk and profit. The results of Joni's research (2020) show that the Debt to equity ratio partially affects Return On Equity (ROE). The results of Somad's research (2017) show that the Debt

to equity ratio has no effect on Return On Equity (ROE).

A large Total Asset Turn Over shows that the sales value of a company is also getting bigger and the profit earned can also increase. The faster the asset turnover rate, the net profit generated by the company will increase. The results of Siregar and Defi's research (2021) show that Total Asset Turnover has an effect on Return On Equity. The results of Mardiyani and Maiyaliza's research (2021) show that Total Asset Turnover has no effect on Return On Equity. The larger the company size, the higher the profitability, because with the existence of large resources, the company can invest both in current assets and fixed assets and also meet product demand. Companies with large assets will use existing resources to the fullest extent possible to obtain maximum business profits and companies with small assets will certainly generate profits in accordance with relatively small assets. The results of the research by Jufrizen and Maya (2019) show that company size has an effect on Return On Equity (ROE). The research results of Aghnitama, et al (2021) show that company size has no effect on return on equity (ROE). According to Fahmi (2018) it shows that a liquidity value that is too high has an unfavorable impact on earning power due to idle cash or indicating excess working capital needed, this excess will reduce the opportunity to earn profits. According to Kasmir (2012) shows that a high current ratio can increase company profits. Available current assets are used by companies to increase profitability. According to Hery (2016) shows that the Current Ratio is the ratio used to measure a company's ability to fulfill its short-term obligations that are due soon by using the
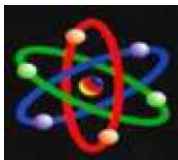
total current assets available. While Return On Equity is a ratio that shows the results of using company equity in creating net income. In other words, this ratio is used to measure how much net profit will be generated from every rupiah of funds embedded in total equity. According to Brigham, et al (2013) shows that the high and low DER will affect the level of ROE achieved by the company. If the costs incurred by the loan are smaller than the cost of own capital, then the source of funds originating from loans or debt will be more effective in increasing Return On Equity. According to Hery (2016) shows that the Debt to Equity Ratio (DER) is a variable that represents capital structure. Debt to Equity Ratio (DER) is a variable that defines how much of a company's capital the source of funding comes from loans or credit. The ability to repay these loan funds can be measured from the profit the company earns. According to Fahmi (2018) it shows that the level of Debt to Equity Ratio (DER) will affect the level of achievement of Return On Equity (ROE) achieved by the company. If the costs incurred by the loan are smaller than the cost of own capital, then the source of funds originating from loans or debt will be more effective in generating profits.

RESEARCH METHODS

Technique taking sample used _ by researcher is a Purposive Sampling technique which is an election based sample _ on criteria certain set _ by researcher . The following criteria are used researchers in retrieval sample .

No	Criteria	Amount Company
	Population company Property listed on the Indonesia Stock Exchange Period 2017-2021	65

|		
1.	Company Property Which No registered in Exchange Indonesian Securities Period 2017-2020	(18)
2.	Property Company who suffered a loss 2017-2021 years	(35)
	Amount sample Which used	12
	Amount observation during time observation	60

Table 1. Criteria Taking Sample

Technique data collection used by researcher is a method quantitative . Method quantitative used as analyze data. In case This the documentation form books accountancy And report finance that is balance sheet And report profit losses taken _ from the IDX official website . The type of data used in the research this is secondary data , which is the type of data obtained indirectly published on the Indonesia Stock Exchange , reports finance , journal references , and literature scientific related to Current Ratio, Debt to Equity Ratio, Total Assets Turn Over, Firm Size and Return On Equity. The data source is the official website of the Indonesia Stock Exchange (IDX) which is listed on IDX.

	hypothesis Zero (H_0)	Decision	If
No There is positive autocorrelation		Reject	$0 < d < d_1$
No There is positive autocorrelation		No decision	$d_1 \leq d \leq d_u$
No There is negative autocorrelation		Reject	$4 - d_1 < d < 4$
No There is autocorrelation negative		No decision	$4 - d_u \leq d \leq 4 - d_1$
No There is autocorrelation positive or negative		Accept	$d_u < d < 4 - d_u$

Table 2. Criteria Taking Decision Test Autocorrelation

Park 's test put forward method that the variance is a function from variables independent . The criterion is if mark probability significant on level 5% confidence or more from 0.05. So it can be concluded that the regression model does not contain exists heteroscedasticity.
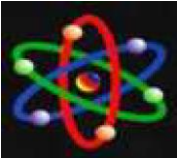
RESULTS AND DISCUSSION

The following are statistics descriptive from minimum, maximum, average and answer standard deviation of the respondents , namely :

	N	Minimum	Maximum	Means	std. Deviation
Current Ratio	60	,94	11.45	2.7647	1.75349
Debt to Equity Ratio	60	,04	3.69	,7302	,70321
Total Assets Turnover	60	,03	,39	,2018	,07005
Firm Size	60	1499462028211.00	61469712165656.00	17294461383867,1640	15457043152151,12100
Return On Equity	60	,00	,26	,0973	.05698
Valid N (listwise)	60				

Table 3. Statistics Descriptive

Table on show that:

1. Current Ratio with a minimum value of 0.94 is obtained from PT Metropolitan Kentjana Tbk on 2020 and _ mark a maximum of 11.45 is obtained from PT Puradelta Lestari Tbk on year 2017.

2. Debt to Equity Ratio with a minimum value of 0.04 is obtained from PT Puradelta Lestari Tbk on in 2018. and value a maximum of 3.69 is obtained from PT PP Properti Tbk on year 2021.

3. Total Assets Turn Over with a minimum value of 0.03 got from PT Puradelta Lestari Tbk on in 2017 and mark a maximum of 0.39 is obtained from PT Puradelta Lestari Tbk on year 2020

4. Firm Size with a minimum value of 1,499,462,028,211 is obtained from PT Perdana Gapura Prima Tbk on in 2017 and mark a maximum of 61,469,712,165,656 is obtained from PT Bumi Serpong Peace Tbk on year 2021.

5. Return On Equity with a minimum value of 0.00 is obtained from PT PP Properti Tbk on in 2021 and mark a maximum of 0.26 is obtained from PT Metropolitan Kentjana Tbk on year 2017.
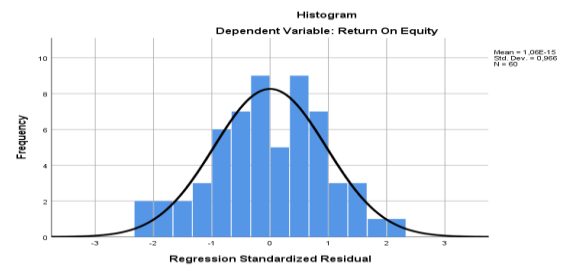

Figure 1. histogram

On picture on shows that the histogram diagram shows the beams that follow pattern line curved so the histogram diagram shows normal distribution of data.
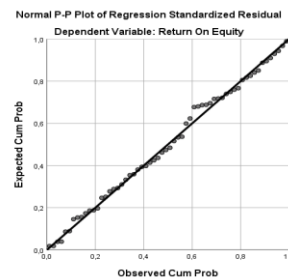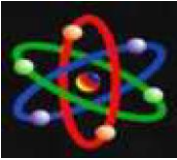

Figure 2. Normal PP Plots

On picture above can be seen dot, dot, dot spread around / approach _ diagonal lines as well its spread approach diagonal

line so that it can be concluded that the data is normally distributed .

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		60
Normal Parameters [a,b]	Means	,0000000
	std. Deviation	,04338629
Most Extreme Differences	absolute	,083
	Positive	.033
	Negative	-.083
Test Statistics		,083
Asymp . Sig. (2-tailed)		,200c [.d]

a. Test distribution is Normal.
b. Calculated from data.
c . Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Table 4. Kolmogorov-Smirnov

On table on showing results test normality which states that value significant of 0.200. this _ means the data is normally distributed , because in a manner statistics significance > 0.05. Test autocorrelation aim For show whether in a linear regression model has correlation between error bully on period t, with errors on period t-1 (previously). There are several method that can be used For detect problem autocorrelation, including by using Durbin-Watson test.

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	, 648 [a]	,420	,378	.04494	1,739

a. Predictors: (Constant), Firm Size, Current Ratio, Total Assets Turn Over, Debt to Equity Ratio
b. Dependent Variable: Return On Equity

Table 5. Results Test Autocorrelation

Table on shows that result data processing obtained Durbin-Watson of 1.739 with , n = 60 and k = 4, then obtained DU value of 1.7274. Because DW value of 1.739 is above 1.7274 (1.7274 < 1.739 < 2.2726) so it can be concluded that there is no autocorrelation .
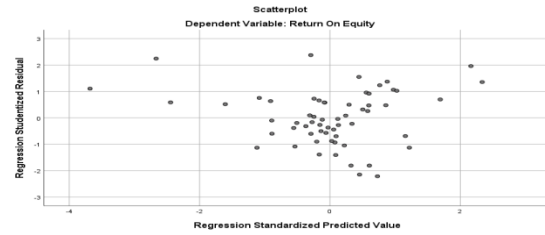

Figure 3. Scatterplots

From pictures above it can be seen that the dots on scatter plot graph spread in a manner random form A pattern certain And spread Good on nor under number 0 on Y axis. There is or nope heteroscedasticity can also be seen from probability its significance. If mark its significance on level 5% confidence, it can be concluded that it did not occur exists heteroscedasticity. Here are the results test heteroscedasticity with the Park method are:

Coefficients [a]

Model		Unstandardized Coefficients B	std. Error	Standardized Coefficients Betas	t	Sig.
1	(Constant)	-4,477	1,131		-3,957	,001
	Current Ratio	,119	,131	,254	,910	,372
	Debt to Equity Ratio	.043	,296	.041	,144	,887
	Total Assets Turnover	2,309	3,097	,209	,745	,463
	Firm Size	1.174	,000	,017	.080	,937

a. Dependent Variable: LN_RES

Table 6. Test Park

The table above shows that the significant value of the Park Cuurent Ratio test is 0.372. The significant value of the park test Debt to Equity Ratio is 0.887. The significant value of the park test for Total Assets Turnover is 0.463. The significant value of the Firm Size park test is 0.937. This shows that there is no heteroscedasticity in the regression model, so the regression model is feasible to use in
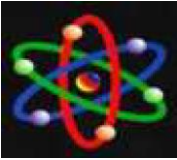
research, because it is significant Current Ratio, Debt to Equity Ratio, Total Assets Turn over and Firm Size > 0.050.

Results of Research Data Analysis

Multiple linear regression analysis of the effect of Current Ratio, Debt to Equity Ratio, Total Asset Turn Over, and Firm Size on Return On Equity in property sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period are:

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	.051	,029		1,784	.080
	Current Ratio	-.005	,004	-,168	-1,446	,154
	Debt to Equity Ratio	-.026	,010	-,320	-2,660	,010
	Total Assets Turnover	,399	,090	,491	4,453	,000
	Firm Size	-3,874	,000	-,011	-.095	,925

a. Dependent Variable: Return On Equity

Table 7. Results of Multiple Linear Regression Analysis

Based on the data above it can be concluded that the regression equation is:

a.   Mark The constant (a) is 0.051 units meaning Current Ratio, Debt to Equity Ratio, Total Assets Turn Over, and Firm Size are considered constant , then the return on equity ratio at company properties listed on the Indonesia Stock Exchange for the 2017-2021 period of 0.051 units .

b.   Coefficient regression variable current ratio (b1) of -0.005 units . this _ shows that every enhancement One unit current ratio will be cause decrease in return on equity ratio at company properties listed on the Indonesia Stock Exchange for the 2017-2021 period of 0.005 units .

c.   Coefficient regression variable Debt to Equity Ratio (b2) of -0.026 units . this _ shows that every enhancement One

unit debt to equity ratio will be cause decrease in return on equity ratio at company properties listed on the Indonesia Stock Exchange for the 2017-2021 period of 0.026 units .

d.   Coefficient regression variable total asset turnover (b3) of 0.399 units . this _ shows that every enhancement One unit total asset turnover will be cause increase in return on equity ratio at company properties listed on the Indonesia Stock Exchange for the 2017-2021 period of 0.399 units .

e.   Coefficient regression variable firm size (b4) of -3.876 units . this _ shows that every enhancement One firm size unit will be cause decrease in return on equity ratio at company properties listed on the Indonesia Stock Exchange for the 2017-2021 period amounted to 3,876 units .

| Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	.051	,029		1,784	.080
	Current Ratio	-.005	,004	-,168	-1,446	,154
	Debt to Equity Ratio	-.026	,010	-,320	-2,660	,010
	Total Assets Turnover	,399	,090	,491	4,453	,000
	Firm Size	-3,874	,000	-,011	-.095	,925

a. Dependent Variable: Return On Equity

Table 8. Partial Hypothesis Testing Results

The table above explains that :

a. The current ratio variable has mark significant 0.154 > 0.05 and results - tcount < - ttable (-1.446 <2.00324) then the current ratio has no effect against Return On Equity on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period .
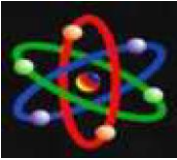
b. The Debt to Equity Ratio variable has mark significant $0.010 < 0.05$ and results - tcount > - ttable $(-2.660 > 2.00324)$ then the Debt to equity ratio has an effect negative against Return On Equity on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period .

c. The total assets turnover variable has mark significant $0.000 < 0.05$ and results tcount > ttable $(4.453 > 2.00324)$ then total asset turnover has an effect positive against Return On Equity on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period .

d.The firm size variable has mark significant $0.925 > 0.05$ and results - tcount > - ttable $(-0.095 > 2.00324)$ then firm size has no effect against Return On Equity on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period .

The results of this study indicate that *the current ratio* has no effect on *Return On Equity* on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period. Results study This shows that the Debt to Equity Ratio has an effect negative against Return On Equity on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period. Results study This shows that Total Assets Turn Over has an effect positive against Return On Equity on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period .

Conclusion from researcher stated that the more the higher the Total Assets Turn Over , the more Return on Equity big so that the total asset turn over has an effect positive against Return On Equity on company sector properties listed on the

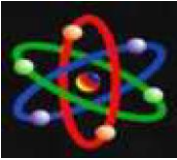Indonesia Stock Exchange for the 2017-2021 period .

CONCLUSION

Current Ratio has no effect against Return On Equity on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period+. The Debt to Equity Ratio has an effect against Return On Equity on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period. Total Asset Turn Over effect against Return On Equity on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period. Firm Size no influential against Return On Equity on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period. Current Ratio, Debt to Equity Ratio, Total Assets Turn Over, and Firm Size respectively simultaneous influential against Return On Equity on company sector properties listed on the Indonesia Stock Exchange for the 2017-2021 period.

Should company can assess Current Ratio, Debt to Equity Ratio, Total Assets Turn Over, and Firm Size as base For plan management of funds in the framework increase Return On Equity on period future .

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