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# The Effect of Current Ratio, Debt to Equity Ratio and Total Asset Turnover on Return on Equity (Manufacturing Industry Companies in the Consumer Goods Sector Food and Beverage Sub-sector Listed on the Indonesia Stock Exchange for the Period 2013-2020)

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## Abstract

*This study aims to determine the effect of Current Ratio, Debt to Equity Ratio and Total Asset Turnover on Return on Equity in manufacturing companies on the Indonesia Stock Exchange in the food and beverage subsector. Data collection is done by collecting secondary data in the form of financial statements of 6 companies for the period 2013-2020, the method of determining the sample used is the purposive sampling method in which the financial statements are made up of panel data and processed with Eviews 9 software. The results of this study show that the Current ratio (X1) is not significant effect on Return on Equity (Y). Where the results of the t arithmetic test are smaller than the t table (-0.931024 < 2.01537) with a significance value of 0.3567 > 0.05 then Ho is accepted and H1 is rejected. Debt to Equity Ratio (X2) has a significant effect on Return on Equity (Y). Where the test results t arithmetic is greater than t table (2.475227 > 2.01537) with a significance value of 0.0171 < 0.05 then Ho is rejected and H1 is accepted. Total Asset Turnover (X3) has a significant effect on Return on Equity (Y). t count is greater than t table (2.819950 > 2.01537) with a significance value of 0.0071 < 0.05, so Ho is rejected and H1 is accepted. Current Ratio (X1), Debt to Equty Ratio (X2) and Total Asset Turnover (X3) simultaneously have a significant and significant effect on the Return on Equity (Y) variable. where the results of the calculated F test are greater than F table 4.652487 > 3.21 and are also shown by the probability value being smaller than the significant level (0.006555 < 0.05), so Ho is rejected and H1 is accepted.*

Keywords
Current Ratio (CR); Debt to Equity Ratio (DER); Total Asset Turnover (TATO); Return on Equty (ROE).

## I. Introduction

Financial performance evaluation is used to assess the company's financial performance such as Liquidity Ratios, Leverage Ratios, Activity Ratios and Profitability Ratios. Ratio analysis allows financial managers and interested parties to evaluate the financial condition will show the health condition of a company. The company's profit itself can be measured through the company's Return on Equity (ROE). Because Return on Equity (ROE) has a positive relationship with changes in earnings. Return on Equity

(ROE) is used to measure the effectiveness of the company in generating profits by utilizing its equity. ROE is the ratio between profit after tax (EAT) and total equity. The most popular measure of a company's performance among investors and senior managers is the return on shareholder rights is the Return on Equity (ROE). The higher the company's profit, the higher the Return on Equity (ROE), the company's profit is also influenced by several factors such as CR, DER, TATO.

Current Ratio is a comparison between current assets and current liabilities. This ratio shows the extent to which current assets cover current liabilities. The greater the ratio of current assets and current liabilities, the higher the company's ability to cover its short-term liabilities. A low Current Ratio is usually considered to indicate a problem in liquidation, on the other hand a Current Ratio that is too high is also not good, because it indicates a large number of idle funds which in turn can reduce the company's profit. The results of research by Monika Bolek (2013) and Setya Budi Nugroho (2012) which state that the Current Ratio (CR) has no effect on Return on Equity (ROE), but contradicts the results of Lokko's (2011) research which states that the Current Ratio (CR) has an effect on to Return on Equity (ROE).

Debt to Equity Ratio (DER) which is total liabilities divided by total equity. DER shows a measure of the level of use of debt (total debt) to the company's capital. If the costs incurred by the loan (cost of debt) are less than the cost of equity (cost of equity), then the source of funds originating from loans or debt will be more effective in generating profits (increasing return on equity). The results of research by Asty (2013) and Kamlla (2013) state that the Debt to Equity Ratio (DER) has a positive effect on Return on Equity (ROE), but contradicts the results of Slamet's research (2017) which states that the Debt to Equity Ratio (DER) does not effect on Return on Equity (ROE).

Total Assets Turnover (TATO) is a comparison between net sales and total assets in the company. Where this ratio describes the speed of total asset turnover in a certain period. So the bigger this ratio, the better. This means that the assets can be turned around more quickly and make a profit, thus showing the more efficient use of the overall assets in generating sales. In other words, the same number of assets can increase sales volume if the Total Assets Turnover is increased or enlarged. The results of research conducted by Arif Singapurwok (2011) which states that Total Asset Turnover (TATO) has a positive effect on Return on Equity (ROE), but differs from the results of research by Kamlla (2009) which states that Total Asset Turnover (TATO) has no effect on Return. on Equity (ROE).

Based on these descriptions, the company's performance measure in this study is Return on Equity (ROE). As well as using the existing financial ratios from several financial ratios that have been mentioned and used to analyze the state of the company's financial performance on the company's profitability (ROE). Based on previous studies that have been carried out, there are differences in the results of these studies which make the fundamental factors suspected of influencing the company's profitability interesting and important to study. Fundamental factors that will be used to predict profitability are liquidity ratios, leverage, activity, and profitability. The liquidity ratio is represented by the Current Ratio, the Leverage Ratio is represented by the Debt to Equity Ratio, and the Activity Ratio is represented by the Total Assets Turnover.

The selection of the manufacturing industry as the object of this research is to carry out further testing of empirical findings regarding financial ratios, especially regarding their usefulness in achieving the level of profits obtained by the company. The companies selected in this study are manufacturing companies, especially the food and beverage industry listed on the Indonesia Stock Exchange in 2013 - 2020, considering that economic conditions are always changing, so it can affect the company's condition which can be seen from its profits. The company's profit that should increase, on the contrary, decreases, it will disrupt the company's operational activities. The food and beverage sub-sector is a sector that can be said to be dynamic, as evidenced by the large number of companies listed on the IDX and the number of companies listed and delisted from the IDX. The company's financial ratios can change from time to time. The following is empirical data regarding the variables used in this study, namely: CR, DER, TATO and ROE can be seen in Table 1.1 as follows.

**Table 1.** Value of Current Ratio (CR) Manufacturing Companies listed on the IDX for the period 2013-2020

| Company | 2013 (%) | 2014 (%) | 2015 (%) | 2016 (%) | 2017 (%) | 2018 (%) | 2019 (%) | 2020 (%) |
|---|---|---|---|---|---|---|---|---|
| **PT. Siantara Top Tbk** | 114,24 | 148,42 | 118,97 | 165,45 | 261,92 | 184,85 | 285,30 | 240,50 |
| **PT. Delta Jakarta Tbk** | 476,23 | 447,32 | 823,78 | 891,22 | 863,78 | 719,83 | 805,05 | 749,85 |
| **PT. Ultra Jaya Tbk** | 247,01 | 334,46 | 374,55 | 484,36 | 419,19 | 439,81 | 444,41 | 529,16 |
| **PT. Multi Bintang Tbk** | 97,75 | 51,39 | 58,42 | 67,95 | 85,57 | 77,84 | 73,19 | 88,85 |
| **PT. Cahaya Kalbar Tbk** | 163,22 | 146,56 | 153,47 | 218,93 | 222,44 | 511,30 | 479,97 | 466,27 |
| **PT. Indofood Sukses Makmur Tbk** | 166,73 | 180,74 | 170,53 | 150,81 | 189,93 | 106,63 | 127,21 | 130,33 |

(Source: financial reports on the Indonesia Stock Exchange)

Table 1 above shows the level of Current Ratio (CR) of food and beverage companies in 2013-2020, each company experiencing fluctuations. The company that has the highest Current Ratio (CR) from 2013 – 2020 is PT. Delta Jakarta Tbk, in 2013 PT Delta Jakarta's Current Ratio was 476.23%, in 2014 it decreased by 28% to 447.32% in 2015 it rose drastically by 376.78% to 823.78, in 2016 it rose again by 67.44 % to 891.22 in this year PT Delta Jakarta obtained the highest Current Ratio from the previous and following years.

The lowest Current Ratio from 2013 -2020 from 6 companies, namely PT. Multi Bintang Tbk. In 2013 Current Ratio of PT. Multi Bintang amounted to 97.75%, in 2014 experienced a drastic decrease of 46.36% to 51.39%, this year the Current Ratio of PT. Lowest Multi Stars from previous and following years.

**Table 2.** Debt to Equity Ratio (DER) Value Manufacturing Companies listed on the IDX for the period 2013-2020

| Company | 2013 (%) | 2014 (%) | 2015 (%) | 2016 (%) | 2017 (%) | 2018 (%) | 2019 (%) | 2020 (%) |
|---|---|---|---|---|---|---|---|---|
| **PT.Siantara Top Tbk** | 111,78 | 107,95 | 90,28 | 99,95 | 69,16 | 59,82 | 34,15 | 29,02 |
| **PT.Delta Jakarta Tbk** | 28,15 | 29,76 | 22,24 | 15,28 | 17,14 | 18,64 | 17,50 | 20,17 |
| **PT. Ultra Jaya Tbk** | 39,52 | 28,78 | 26,54 | 21,49 | 23,30 | 16,35 | 16,86 | 13,68 |
| **PT.Multi Bintang Tbk** | 80,46 | 302,86 | 174,09 | 177,23 | 135,71 | 147,49 | 152,79 | 102,83 |
| **PT.Cahaya Kalbar Tbk** | 102,48 | 138,88 | 132,2 | 60,6 | 54,22 | 19,69 | 23,15 | 24,27 |
| **PT.Indofood Sukses Makmur Tbk** | 103,51 | 108,45 | 112,96 | 87,01 | 71,89 | 93,40 | 77,48 | 114,59 |

Source: Financial Reports on the Indonesia Stock Exchange

Table 2 above shows the level of Debt To Equity Ratio (DER) of each food and beverage company in 2013-2020 experiencing fluctuations. The company that has the highest Debt to Equity Ratio (DER) in 2013 is PT. Siantara TOP of 111.78%, in 2014 the highest was owned by PT. Multi Bintang Tbk until 2020.

The company that has the lowest level of Debt To Equity Ratio (DER) in 2013 is PT. Delta Jakarta by 28.25%, in 2014 the lowest was PT. Ultra Jaya, in 2015 the lowest was PT. Delta Jaya of 22.24 and in 2018 to 2020 the lowest was PT. Ultra Jaya.

**Table 3.** Total Asset Turnover (TATO) Value Manufacturing Companies listed on the IDX for the period 2013-2020

| **Company** | **2013** (%) | **2014** (%) | **2015** (%) | **2016** (%) | **2017** (%) | **2018** (%) | **2019** (%) | **2020** (%) |
|---|---|---|---|---|---|---|---|---|
| **PT.Siantara Top Tbk** | 1,15 | 1,28 | 1,33 | 1,13 | 1,21 | 1,07 | 1,22 | 1,16 |
| **PT.Delta Jakarta Tbk** | 2,31 | 2,13 | 1,52 | 1,46 | 0,58 | 0,59 | 0,58 | 0,45 |
| **PT. Ultra Jaya Tbk** | 1,23 | 1,34 | 1,24 | 1,11 | 0,9 | 0,98 | 0,45 | 0,43 |
| **PT.Multi Bintang Tbk** | 1,68 | 1,60 | 1,28 | 1,43 | 1,35 | 1,26 | 1,28 | 0,68 |
| **PT.Cahaya Kalbar Tbk** | 2,37 | 2,88 | 2,35 | 2,89 | 3,06 | 3,10 | 2,24 | 2,32 |
| **PT.Indofood Sukses Makmur Tbk** | 0,74 | 0,74 | 0,7 | 0,81 | 0,57 | 0.76 | 0,60 | 0.36 |

Surce: financial reports on the Indonesia Stock Exchange.

Table 3 above shows the level of Total Asset Turnover (TATO) for each food and beverage company in 2013-2020. The company that has the highest Total Asset Turnover (TATO) is owned by PT. Cahaya Kalbar Tbk in 2013 was 2.37%, in 2014 it increased by 0.15% to 2.88%, in 2017 the largest tattoo of 6 companies was still at PT. Cahaya Kalbar Tbk by 3.10%.

The company that has the lowest level of Total Asset Turnover (TATO) is PT. Indofood Sukses Makmur Tbk in 2013 and 2014 was 0.74%, in 2015 it fell to 0.7% and in 2016 it rose to 0.81%.

**Table 4.** Return on Equity (ROE) Value Manufacturing Companies listed on the IDX for the period 2013-2020)

| **Company** | **2013** (%) | **2014** (%) | **2015** (%) | **2016** (%) | **2017** (%) | **2018** (%) | **2019** (%) | **2020** (%) |
|---|---|---|---|---|---|---|---|---|
| PT. Siantara Top Tbk | 16,49 | 15,1 | 18,41 | 14,91 | 15,60 | 15,49 | 22,47 | 23,52 |
| PT. Delta Jakarta Tbk | 39,98 | 37,68 | 22,59 | 26,08 | 24,44 | 26,33 | 26,19 | 12,11 |
| PT. Ultra Jaya Tbk | 16,13 | 12,51 | 18,7 | 20,34 | 17,11 | 14,69 | 9,08 | 9,06 |
| PT. Multi Bintang Tbk | 118,6 | 143,53 | 64,83 | 119,68 | 124,15 | 104,91 | 105,24 | 19,93 |
| PT. Cahaya Kalbar Tbk | 12,32 | 7,63 | 16,65 | 28,12 | 11,90 | 9,49 | 19,05 | 14,42 |
| PT. Indofood Sukses Makmur Tbk | 8,9 | 10,67 | 8,6 | 14,26 | 11,39 | 9,94 | 7,74 | 6,28 |

Source: financial reports on the Indonesia Stock Exchange.

Table 4 above shows the level of Return on Equity (ROE) of each food and beverage company in 2013-2020. The company that has the highest Return on Equity (ROE) is owned by PT. Multi Bintang Indonesia Tbk from 2013 to 2020, in 2013 it was 118.6%, in 2014 it increased by 24.93% to 143.53%, in 2015 it fell drastically by 78.7% to 64.83%, in 2016 again by 54.85% to 119.68%. The company that has the lowest Return On Equity (ROE) is owned by PT. Indofood Sukses Makmur Tbk in 2013-2016 and 2019 and in

2017, 2018 and 2020 PT Siantara had the lowest ROE.

Based on the background and inconsistent results of previous studies, this study needs to be conducted to re-examine the effect of financial ratios (CR, DER, TATO) on ROE as a measure of company profitability, namely in food and beverage manufacturing companies listed on the Indonesia Stock Exchange (IDX). ) in the period 2013 to 2020. entitled "Influence of Current Ratio, Debt to Equity Ratio and Total Asset Turnover on Return On Equity"

(Manufacturing Industry Companies in the Food and Beverage Sub-sector Cunsumer Goods Listed on the Indonesia Stock Exchange for the 2013-2020 period).

## II. Review of Literature

### 2.1 Definition of Financial Management

In studying financial management, it can explain several decisions that must be made, namely decisions about investment, funding or decisions to fulfill fund needs, and dividend policy decisions. Brigham Management in Kasmir (2015:6) states that financial management is an art and a science, to manage money which includes processes, institutions/institutions, markets, and instruments involved with money transfer issues between individuals, businesses and government. Earnings management practices that are often carried out by management can reduce the quality of a company's financial statements (Sitanggang, 2020). The internal party in this case is the company's management who is obliged to prepare financial statements. External parties are shareholders, government, creditors and potential investors (Yannizar, 2020). Meanwhile, according to Fahmi (2016: 20) financial management is a combination of science and art that discusses, examines and analyzes how a financial manager uses all company resources to seek funds, manage funds, share funds with the aim of being able to provide profit or prosperity for the community. shareholders and business sustainability for the company.

From some of the definitions above, it can be concluded that the notion of financial management is all financial activities related to efforts to raise funds, manage funds, and share funds with the aim of being able to provide profit or prosperity for shareholders.

### 2.2 Definition of Financial Ratio Analysis

Short- and medium-term investors are generally more interested in the short-term financial condition and the company's ability to pay adequate dividends. This financial ratio or final ratio is very important in order to analyze the company's financial condition. According to James C. Van Horne, the financial ratio is an index that connects two accounting numbers and is obtained by dividing one number by another. Financial ratios are used to evaluate the company's financial condition and performance. From the results of this financial ratio will be seen the health condition of the company concerned. (Kasmir, 2015: 104). So financial ratios are activities to compare the numbers in the financial statements by dividing one number by another. Comparisons can be made between one component with components in one financial report or between components that exist between financial statements. Then the numbers being compared can be in the form of numbers in one period or several periods.

### 2.3 Financial Report

At first the financial statements for a company are only as a test tool for the work of the bookkeeping department, but subsequently the financial statements are also a basis for determining or assessing the company's financial position, where with the results of the analysis the interested parties make a decision. So to find out the financial position of a company and the results that have been achieved by the company, it is necessary to have a financial report from the company concerned.

Financial statements are written reports that provide quantitative information about the financial position and its changes, as well as the results achieved during a certain period. Financial reports can be used as media that can be used to examine the company's health condition, where the financial statements consist of a balance sheet, profit and loss calculation, an overview of retained earnings and a statement of financial position (Regina & Soekotjo, 2017). Meanwhile, according to Kasmir (2016:7) "the definition of financial statements is a report that shows the company's financial condition at this time or in a certain period". Financial statements are a collection of data organized according to logic and consistent accounting procedures. Based on the above understanding, it can be concluded that the financial statements generally include the Profit/Loss Statement, Statement of Changes in Equity, Balance Sheet, Cash Flow Statement and Notes to Financial Statements. The financial report is a form of report that describes the financial condition of the company, the development of the company and the results of operations of a company in a certain period of time.

Based on the framework of thinking above, then as a basis for formulating hypotheses, the following theoretical framework is presented as outlined in the conceptual framework model, as shown in the following figure:

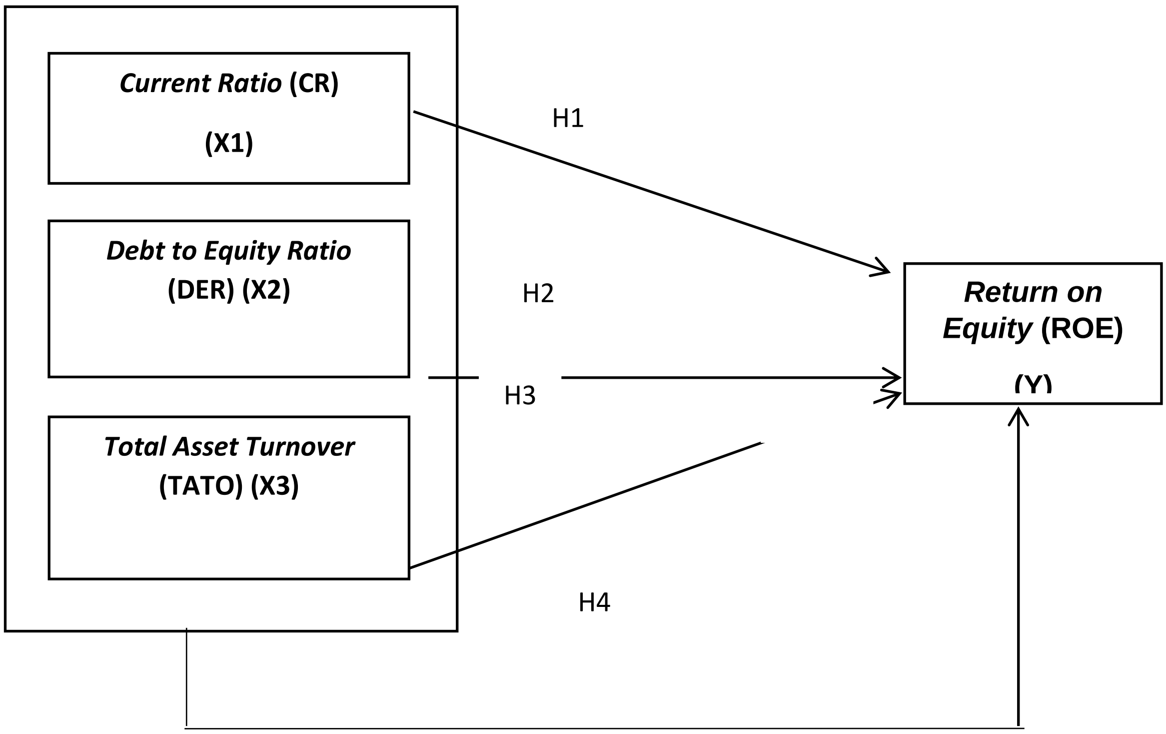


***Figure 1.*** *Conceptual Framework*

## III. Research Methods

This type of research is quantitative research, because the variables used in this study, both independent variables, namely the current ratio, total assets turnover, debt to equity ratio, the dependent variable, namely return on equity, data in the form of numbers and is already available in the company archives where The research will be carried out, then the data can be collected and further processed according to the research objective, namely to find the effect of the independent variable on the dependent variable.

The place where this research is carried out is in companies engaged in the food and beverage sub-sector consumer goods that have gone public and are listed on the IDX. With the address Indonesia Stock Exchange Building, tower 1 Jl. Jend Sudirman Kav 52-53 Jakarta, 12190. Based on the type and number of data sources that will be used in this study, the researchers did not come directly to the company but instead visited the company's official websites and the official website of the Indonesia Stock Exchange which provides data on the company's annual report.

Sample d. The research population is a set of objects that are determined through certain criteria which will be categorized into these objects, including people, documents or records that are seen as objects of research. According to Sugiyono (2014:119) "population is the number of generalization areas consisting of objects or subjects that have the qualities and characteristics set by the researcher and then draw conclusions". In this study, the population is all companies engaged in the food and beverage sub-sector consumer goods industry listed on the IDX.

Sampling is intended to determine the number and characteristics possessed by the population. According to Sugiyono (2014: 120) suggests "the sample is the number and characteristics of the population". Sample selection was determined by purposive sampling. Purposive sampling is a sampling technique used by researchers if the researcher has certain considerations in taking the sample or determining the sample for a particular purpose, in this study the sample selection is in purposive sampling with the aim of getting a representative sample according to the specified criteria.

This research is a comparative causal explanation research where this research has a problem characteristic in the form of a causal relationship between two or more variables. According to Sugiyono (2011:37). This study aims to examine the effect of the independent variables, namely Current Ratio, Debt to Equity Ratio and Total Asset Turnover on the dependent variable, namely Return on Equity.

## IV. Discussion

### 4.1 Effect of CR (Current Ratio) on ROE (Return on Equity)

Current ratio is the size of the company in meeting its short-term obligations. This ratio is a liquidity ratio. A low current ratio is usually considered to indicate a problem in liquidation, on the other hand a current ratio that is too high is also not good, because it shows the number of idle funds which in turn can reduce the company's profitability (Sawir, 2009:10). According to Ricardo (2012), the increase in the current ratio is inversely proportional to the size of the company's profitability. A good level of company liquidity can mean that there is a decrease in profit. This can happen because operating profit is mostly used to pay off short-term debt. This resulted in a decrease in profits and a decrease in short-term debt, resulting in increased liquidity and decreased profitability.

This theory is in accordance with research by Bolek (2013) and Nugroho (2012) which state that CR has no effect on ROE but contradicts the results of research by Lokollo and Syafruddin (2011) which states that CR has a positive effect on ROE.

Based on the results of testing the hypothesis of the effect of Current Ratio (CR) on Return on Equity (ROE), it is obtained that the t-count of the independent variable CR is equal to t-count is smaller than t-table (-0.931024 < 2.01537) with a significance value > 0.05 seen in Coeficients Sig. 0.3567 > 0.05 then Ho is accepted and H1 is rejected. These conditions indicate that the variable CR (Current Ratio) has no significant effect on ROE (Return on Equity). This study agrees with Monika Bolek (2013) and Setyo Budi Nugroho (2012).

Based on the description above, the conclusion of the CR is that if a CR that is too high or a CR that is too low has a bad effect on profitability and vice versa, each has a risk.

### 4.2 Effect of Debt to Equity Ratio (DER) on Return on Equity (ROE)

The debt-to-equity ratio describes the extent to which the owner's capital can cover debts to outsiders and is a ratio that measures the extent to which the company is financed from debt. This ratio is included in the Leverage ratio. Laverage ratio is a ratio to measure how good the company's capital structure is. The capital structure is permanent funding consisting of long-term debt, preferred stock and shareholder capital (Wahyono, 2002:12). DER describes the company's ability to cover total debt payments by using its own capital or equity from shareholders as leverage. A high DER ratio can illustrate that the company can operate with debt as its capital. This trade payable if used properly will be able to generate increased profits when compared to operations with own capital (Riccardo, 2012). This illustrates the positive influence of DER Profitability.

The results of testing the hypothesis of the effect of DER on ROE show that the t-count of the independent variable DER is equal to t-count, which is greater than the t-table (2.475227 > 2.01537) with a significance value < 0.05 seen in Coeficients Sig 0.0171 < 0.05 then Ho is rejected and H1 accepted. These conditions indicate that the variable DER (Debt to Equity Ratio) has a significant positive effect on ROE (Return on Equity). This study agrees with Asty (2013) and Kamallah (2009) which state that DER has a positive effect on ROE, but contradicts the results of Lokollo (2011), Slamet (2017) and Faizatur Rosyadah (2013) which state that DER has an effect on ROE.

### 4.3 Effect of Total Asset Turnover (TATO) on Return on Equity (ROE)

Total Asset Turnover is a ratio that describes asset turnover measured by sales volume during a certain period. This ratio is the activity ratio. So the bigger this ratio, the better, which means that the assets can be turned around more quickly and make a profit, which shows the more efficient use of the overall assets in generating sales. In other words, the same number of assets can also increase sales volume if the asset turnover is increased or enlarged. (Syamusudin, 2009:19) Total Asset Turnover is a ratio that shows the level of efficiency in the use of the company's overall assets in generating a certain sales volume. TATO is influenced by the number of sales and total assets, both current assets and fixed assets, therefore TATO can be enlarged by adding assets on the one hand on the one hand in an effort so that sales can increase relatively larger than the increase in assets or by reducing sales accompanied by a relative reduction to assets

The results of testing the hypothesis of the effect of Total Asset Turnover (TATO) on Return on Equity (ROE) obtained t count is greater than t table (2.819950 > 2.01537) with a significance value > 0.05 seen in Coeficients Sig 0.0071 < 0.05 then Ho is rejected and H1 is accepted. These conditions indicate that the variable TATO (Total Asset Turnover) has a significant positive effect on ROE (Return on Equity). This study agrees with Arif Singapurwoko (2011) which states that TATO has an effect on ROE and contradicts Kamallah (2009) which states that TATO has no effect on ROE.

### 4.4 Effect of Current Ratio (CR), Debt to Equity Ratio (DER), Total Asset Turnover (TATO) on Return on Equity (ROE)

Based on the results of simultaneous testing of the Effect of Current Ratio (CR), Debt to Equity Ratio (DER), Total Asset Turnover (TATO) on Return on Equity (ROE), the calculated F value is 4.652487 > 3.21 and the probability is less than 0.05 ( 0.006555 < 0.05), so Ho is rejected and H1 is accepted. It can be concluded that the variables CR (Current Ratio), DER (Debt to Equiy Ratio), TATO (Total Asset Turnover) together (simultaneously) have a significant positive effect on the ROE (Return on Equity) variable.

## V. Conclusion

Based on the results of research and discussions that have been carried out in research regarding "The Influence of Current Ratio, Debt to Equity Ratio, Total Asset Turnover on Return on Food and Beverage Companies on the IDX 2013-2020", the following conclusions can be drawn:

1. Current ratio (X1) has no significant effect on Return on Equity (Y). Where the results of the t-test is smaller than the t-table (-0.931024 < 2.01537) with a significance value of 0.3567 > 0.05 then Ho is accepted and H1 is rejected.
2. Debt to Equity Ratio (X2) has a significant positive effect on Return on Equity (Y). Where the test results t arithmetic is greater than t table (2.475227 > 2.01537) with a significance value of 0.0171 <0.05 then Ho is rejected and H1 is accepted.
3. Total Asset Turnover (X3) has a significant positive effect on Return on Equity (Y). t count is greater than t table (2.819950 > 2.01537) with a significance value of 0.0071 < 0.05, so Ho is rejected and H1 is accepted.
4. Current Ratio (X1), Debt to Equty Ratio (X2) and Total Asset Turnover (X3) simultaneously have a significant positive effect on the Return on Equity (Y) variable. where the results of the calculated F test are greater than F table 4.652487 > 3.21 and are also shown by the probability value being smaller than the significant level (0.006555 < 0.05), so Ho is rejected and H1 is accepted.

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