

THE INFLUENCE OF CURRENT RATIO, DEBT-TO-EQUITY RATIO AND TOTAL ASSET TURNOVER ON RETURN ON EQUITY RATIO IN TECHNOLOGY SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (2020–2025 PERIOD)

Suci Handayani ^{1*}, Asnahwati ²

^{1,2} Management Study Program / Universitas Potensi Utama, Medan, Indonesia

E-mail: sucih805@gmail.com^{1*}

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Abstract

This study aims to determine the effect of Current Ratio (CR), Debt to Equity Ratio (DER), and Total Asset Turnover (TATO) on Return on Equity (ROE) in technology sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2025 period. The research approach used in this study is quantitative research. The population consisted of technology sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2025 period, with a total population of 47 companies and a sample of 8 companies. The data analysis techniques used were multiple linear regression analysis, classical assumption tests, hypothesis testing, and coefficient of determination analysis with the assistance of SPSS version 26.0. The normality test results showed a significance value of $0.079 > 0.05$, indicating that the research data were normally distributed. The partial analysis results showed that Current Ratio (CR) had a positive and significant effect on Return on Equity (ROE), Debt to Equity Ratio (DER) had no significant effect on Return on Equity (ROE), while Total Asset Turnover (TATO) had a negative and significant effect on Return on Equity (ROE). The simultaneous analysis results showed that Current Ratio (CR), Debt to Equity Ratio (DER), and Total Asset Turnover (TATO) had a significant effect on Return on Equity (ROE).

Keywords: Current Ratio (CR), Debt to Equity Ratio (DER), Total Asset Turnover (TATO), Return on Equity Ratio (ROE)

INTRODUCTION

The development of digital technology in recent years has brought about significant changes in economic and business activities across various countries. Advancements in information technology—such as cloud computing, artificial intelligence (AI), big data, blockchain, and the Internet of Things (IoT)—have created substantial opportunities to enhance organizational efficiency and innovation. Digital technology has become a crucial element in supporting data-driven strategic decision-making and improving operational efficiency. Digital transformation drives companies to adopt digital technologies across various business activities to boost efficiency, innovation, and competitiveness amidst an increasingly dynamic business environment (Rosmalina et al., 2025). This situation compels companies to continuously improve their financial performance in order to survive and thrive amidst a rapidly changing business landscape. In the Indonesian context, the development of digital technology has had a significant impact on the growth of the business sector and the capital market. According to Wati & Rajuddin (2025), digital transformation has become a key government strategy for strengthening the national digital economy. In line with this, Annur Mutia (2023) states that Indonesia is one of the largest digital economy markets in Southeast Asia, with continuously rising growth potential.

A company's financial statements serve as the primary basis for evaluating its performance and financial condition, particularly for firms operating in the technology sector. Sitorus et al. (2024) state that analyzing financial statements using various ratios provides insight into a company's ability to meet short-term obligations, manage its capital structure, utilize assets efficiently, and generate profit from its capital. However, according to Ulya Zahro (2024), differences in industry characteristics—specifically regarding technology-based companies, which are dominated by intangible assets and innovation—mean that financial performance analysis requires interpretive

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adjustments to accurately reflect the company's actual condition. The phenomenon observed in technology sector companies indicates that rapid corporate growth is not always accompanied by stable financial performance improvements. Many technology companies aggressively expand their operations through digital platform development, enhanced technological capacity, and market expansion. Consequently, corporate funding requirements rise, leading to an increase in both assets and liabilities. The following table presents data on the Return on Equity for technology sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2025 period.

Table 1. Return on Equity of Technology Sector Companies Listed on the Indonesia Stock Exchange (IDX) for the 2020–2025 Period

No	Company Code	2020	2021	2022	2023	2024	2025	Mean
1	MLPT	18%	27%	65%	31%	10%	9%	27%
2	MTDL	16%	19%	20%	19%	19%	18%	18%
3	GLVA	15%	17%	27%	20%	20%	9%	18%
4	EDGE	39%	12%	15%	17%	14%	7%	17%
5	ZYRX	70%	35%	29%	11%	5%	13%	27%
6	UVCR	5%	7%	13%	7%	4%	5%	7%
7	WGSB	22%	8%	9%	8%	7%	5%	10%
8	DCII	25%	22%	23%	23%	27%	25%	24%
	Mean	26%	18%	25%	17%	13%	11%	19%

Sources: www.idx.co.id (2026)

Based on the data above, the profitability ratio—projected via Return on Equity—for the eight sampled technology sector companies between 2020 and 2025 exhibits significant fluctuation. At the start of the observation period, which coincided with the COVID-19 pandemic, the technology sector's average Return on Equity was generally high. This indicates that some companies were able to generate solid returns on equity despite the prevailing economic uncertainty. However, subsequent periods revealed inconsistencies in the companies' ability to generate profit relative to their equity. Such fluctuations were evident in specific listed companies, such as MLPT and ZYRX, which experienced significant volatility in their Return on Equity. Conversely, entering the post-pandemic period, the technology sector's average Return on Equity tended to decline through the end of the observation period. This downward trend was observed in companies like MLPT, EDGE, and ZYRX, all of which saw a weakening in Return on Equity after previously maintaining relatively high levels. These results suggest that the companies were unable to consistently sustain their ability to generate returns on equity amidst the shifting operational conditions and business environment following the pandemic.

Another factor influencing Return on Equity is the Current Ratio. According to Kasmir (2019), the Current Ratio measures a company's ability to meet short-term obligations using its current assets. The level of the Current Ratio reflects the effectiveness of a company's working capital management; a ratio that is too low indicates limited liquidity, whereas a ratio that is too high suggests that current assets are not being utilized optimally. The following table presents the Current Ratio for companies in the technology sector listed on the Indonesia Stock Exchange (IDX) for the 2020–2025 period.

Table 2. Current Ratio of Technology Sector Companies Listed on the Indonesia Stock Exchange (IDX) for the 2020–2025 Period

No	Company Code	2020	2021	2022	2023	2024	2025	Mean
1	MLPT	118%	114%	117%	97%	102%	105%	109%
2	MTDL	227%	197%	196%	192%	186%	186%	197%
3	GLVA	165%	148%	153%	165%	161%	172%	161%
4	EDGE	92%	227%	167%	86%	95%	76%	124%
5	ZYRX	172%	345%	144%	207%	340%	122%	222%
6	UVCR	224%	491%	499%	346%	166%	165%	315%
7	WGSB	640%	2138%	3444%	1883%	656%	472%	1539%
8	DCII	45%	64%	94%	134%	94%	95%	88%
	Mean	210%	465%	602%	389%	225%	174%	344%

Sources: www.idx.co.id (2026)

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Based on the data above, the liquidity levels—projected via the Current Ratio—of the eight sampled technology sector companies exhibited varied trends over the 2020–2025 period. During the COVID-19 pandemic, the sector's average Current Ratio was generally high, reflecting a strong current asset position capable of supporting operational needs and meeting short-term obligations. Issuers such as WGSB and UVCR recorded relatively high liquidity levels, demonstrating a proactive approach to maintaining liquidity in the face of economic uncertainty during the pandemic. However, in the post-pandemic period, a shift in liquidity levels occurred among several issuers. A decline in the Current Ratio was observed for MTDL, EDGE, and ZYRX, all of which experienced a weakening in liquidity by the end of the observation period. Conversely, a comparison across the sample revealed a different scenario for other issuers that managed to maintain or even improve their Current Ratios. These disparities highlight the variations in how each company manages its current assets and short-term obligations. The next factor influencing Return on Equity is capital structure, specifically the Debt-to-Equity Ratio. According to Hery (2021), the Debt-to-Equity Ratio is used to measure the proportion of debt relative to equity. This ratio helps determine the relationship between the funds provided by creditors and the funds originating from the company's owners. The following table presents the Debt-to-Equity Ratios for companies in the technology sector listed on the Indonesia Stock Exchange for the 2020–2025 period.

Table 3. Debt-to-Equity Ratio of Technology Sector Companies Listed on the Indonesia Stock Exchange (IDX) 2020–2025 Period

No	Company Code	2020	2021	2022	2023	2024	2025	Mean
1	MLPT	174%	212%	230%	337%	390%	366%	285%
2	MTDL	71%	93%	94%	101%	106%	108%	96%
3	GLVA	137%	170%	172%	137%	147%	122%	147%
4	EDGE	72%	23%	33%	85%	105%	198%	86%
5	ZYRX	150%	39%	164%	70%	31%	243%	116%
6	UVCR	62%	23%	22%	31%	99%	109%	58%
7	WGSB	19%	5%	3%	3%	13%	16%	10%
8	DCII	238%	146%	103%	67%	60%	66%	113%
	Mean	115%	89%	103%	104%	119%	154%	114%

Sources: www.idx.co.id (2026)

The data reveals trends in capital structure dynamics and solvency levels—projected via the Debt-to-Equity Ratio—across eight sampled technology sector companies for the 2020–2025 period. During the onset of the COVID-19 pandemic, the sector's average debt-to-equity ratio reflected varied conditions; some listed companies maintained relatively low debt levels, while others exhibited higher debt usage. Throughout the observation period, companies such as WGSB and UVCR consistently demonstrated lower debt levels compared to their peers, highlighting divergent corporate policies regarding the proportion of debt versus equity financing. Conversely, the post-pandemic period saw significant shifts in debt usage for several companies. MLPT recorded a sharp rise in its Debt-to-Equity Ratio through the end of the observation period, while EDGE and ZYRX experienced fluctuating trends. Meanwhile, DCII tended to see a decline in debt usage before stabilizing in the subsequent period. These patterns indicate that individual companies adopted different approaches to financing needs and capital structures in response to the changing business landscape following the pandemic.

This phenomenon aligns with research by Laily (2022), which indicates that the Debt-to-Equity Ratio has a positive and significant effect on Return on Equity. This suggests that the effective management of debt can enhance a company's ability to generate profit for shareholders by utilizing external funds for productive activities. However, research by Rohendi & Sudradjat (2022) indicates that the Debt-to-Equity Ratio has a negative and insignificant effect on Return on Equity. Another factor influencing asset utilization efficiency—or Return on Equity—is Total Asset Turnover. Total Asset Turnover reflects a company's ability to utilize its total assets to generate sales. According to Hery (2021), this ratio is calculated by dividing total sales (both cash and credit) by average total assets; a low Total Asset Turnover indicates an excess of total assets, meaning the existing assets are not being fully utilized to generate sales. The following table presents the Total Asset Turnover for companies in the technology sector listed on the Indonesia Stock Exchange (IDX) for the 2020–2025 period.

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Table 4. Total Asset Turnover of the Technology Sector Listed on the Indonesia Stock Exchange (IDX) 2020–2025 Period

No	Company Code	2020	2021	2022	2023	2024	2025	Mean
1	MLPT	111%	100%	127%	106%	25%	23%	82%
2	MTDL	240%	244%	245%	218%	216%	207%	228%
3	GLVA	411%	282%	253%	221%	207%	190%	261%
4	EDGE	89%	49%	51%	35%	29%	15%	45%
5	ZYRX	172%	234%	109%	59%	93%	100%	128%
6	UVCN	692%	977%	1120%	642%	428%	453%	718%
7	WGSN	151%	41%	47%	57%	52%	66%	69%
8	DCII	31%	29%	32%	36%	38%	38%	34%
	Mean	237%	244%	248%	172%	136%	137%	196%

Sources: www.idx.co.id (2026)

Based on the data above, a trend regarding asset utilization efficiency—projected via Total Asset Turnover—is evident among the eight sampled technology sector companies during the 2020–2025 period. At the start of the observation period, which coincided with the COVID-19 pandemic, the sector's average total asset turnover was relatively high, indicating that some listed companies were successfully leveraging their assets to support sales and operational activities. Companies such as UVCN and GLVA recorded relatively high asset turnover efficiency levels compared to their peers during that period. However, in the post-pandemic period, asset turnover efficiency across the technology sector generally declined. A drop in total asset turnover was observed for UVCN, GLVA, and MLPT, all of which experienced a weakening in turnover rates through the end of the observation period. Conversely, a comparison among the sample group reveals that some companies managed to maintain relatively stable asset turnover levels, whereas DCII, EDGE, and WGSN exhibited turnover rates that tended to be lower than those of other companies in the group. This suggests that some listed companies have not yet optimally utilized their total assets to generate maximum sales volume. Based on financial management theory, a higher Total Asset Turnover indicates greater effectiveness in utilizing total assets to generate sales, which can indirectly support an increase in Return on Equity. According to Kasmir (2019), the ideal industry average for Total Asset Turnover—categorized as "very healthy"—is 2 times (200%), meaning the company should ideally generate sales equivalent to twice the value of its assets. Conversely, a Total Asset Turnover below 2 times (200%) suggests that the company's asset utilization for generating sales is not yet optimal.

Based on the background and phenomena previously described, the problem identification for this study is as follows:

1. The average Return on Equity for companies in the technology sector during the 2020–2025 period fluctuated but showed a downward trend. This figure remains well below the ideal standard of 40% cited by Kasmir (2019), indicating that the companies' ability to generate net profit from their own equity is not yet optimal.
2. The average Current Ratio for companies in the technology sector during the 2020–2025 period fluctuated but showed a downward trend. Notably, four companies recorded Current Ratio values below the industry standard of 200% (or a 2:1 ratio) cited by Kasmir (2019); this indicates that their ability to meet short-term obligations using current assets is suboptimal and—if not managed properly—could trigger liquidity risks.
3. The average Debt to Equity Ratio for companies in the technology sector during the 2020–2025 period fluctuated but showed an upward trend. Four companies recorded Debt to Equity Ratios exceeding the ideal standard of below 100% (or 1.0 times) cited by Kasmir (2019); this high level of debt reflects increased financial risk, as companies must bear substantial fixed interest expenses, potentially raising overall costs and suppressing Return on Equity performance.
4. The average Total Asset Turnover for companies in the technology sector during the 2020–2025 period fluctuated but showed a downward trend. This figure remains slightly below the industry standard of 2 times (or 200%) cited by Kasmir (2019), indicating that the companies are not yet optimally utilizing their total assets productively to generate maximum sales volume.

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METHOD

This study employs a quantitative research approach, utilizing numerical data. The financial statements analyzed pertain to the technology sector for the 2020–2025 period and were obtained from the official website of the Indonesia Stock Exchange (IDX)—www.idx.com.id—as well as from books and journals. The research focuses on technology sector companies listed on the Indonesia Stock Exchange (IDX). Data was gathered from the IDX website (www.idx.com.id), specifically targeting listed technology sector companies. A total of 47 listed companies were identified, with data collected covering the years 2020 through 2025. The study is scheduled to be conducted from March 2026 to July 2026. The study population consists of 47 technology sector companies listed on the Indonesia Stock Exchange that published complete financial statements for the 2020–2025 period. Sample selection was performed using the purposive sampling method, based on the following criteria:

1. Technology sector companies listed on the Indonesia Stock Exchange throughout the 2020–2025 research period.
2. Technology sector companies that published complete financial statements on the Indonesia Stock Exchange throughout the 2020–2025 research period.
3. Technology sector companies that published financial statements in Rupiah throughout the 2020–2025 research period.
4. Technology sector companies that recorded a profit in every year of the 2020–2025 research period.

Table 5. List of Companies in the Technology Sector

No	Kode	Company Name	IPO Date
1	ATIC	Anabatic Technologies Tbk	08 Juli 2015
2	EMTK	Elang Mahkota Teknologi Tbk	12 Januari 2010
3	KREN	Quantum Clovera Investama Tbk	28 Desember 2001
4	LMAS	Limas Indonesia Makmur Tbk	26 Desember 2001
5	MLPT	Multipolar Techonology Tbk	08 Juli 2013
6	MTDL	Metrodata Electronics Tbk	09 April 1990
7	PTSN	Sat Nusapersada Tbk	08 November 2007
8	SKYB	Northcliff Citranusa Indonesia Tbk	07 Juli 2010
9	KIOS	Kioson Komersial Indonesia Tbk	05 Oktober 2017
10	MCAS	M Cash Integrasi Tbk	01 November 2017
11	NFCX	NFC Indonesia Tbk	12 Juli 2018
12	DIVA	Distribusi Voucher Nusantara Tbk	27 November 2018
13	LUCK	Sentral Mitra Informatika Tbk	28 November 2018
14	ENVY	Envy Technologies Indonesia Tbk	08 Juli 2019
15	HDIT	Hensel Davest Indonesia Tbk	12 Juli 2019
16	TFAS	Telefast Indonesia Tbk	17 September 2019
17	DMMX	Digital Mediatama Maxima Tbk	21 Oktober 2019
18	GLVA	Galva Technologies Tbk	23 Desember 2019
19	PGJO	Bahtera Bumi Raya Tbk	08 Januari 2020
20	CASH	Cashiez Worldwide Indonesia Tbk	04 Mei 2020
21	TECH	Indosterling Techonologies Tbk	04 Juni 2020
22	EDGE	Inointernet Tbk	08 Februari 2021
23	ZYRX	Zyrexindo Mandiri Buana Tbk	30 Maret 2021
24	UVCR	Trimegah Karya Pratama Tbk	27 Juli 2021
25	BUKA	Bukalapak.com Tbk	06 Agustus 2021
26	RUNS	Global Sukses Solusi Tbk	08 September 2021
27	WGSB	Wira Global Solusi Tbk	06 Desember 2021
28	WIRG	WIRA ASIA Tbk	04 April 2022
29	GOTO	GoTo Gojek Tokopedia Tbk	11 April 2022
30	AXIO	Tera Data Indonesia Tbk	20 Juli 2022
31	BELI	Global Digital Niaga Tbk	08 November 2022
32	NINE	Techno9 Indonesia Tbk	05 Desember 2022

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No	Kode	Company Name	IPO Date
33	ELIT	Data Sinergitama Jaya Tbk	06 Januari 2023
34	IRSX	Folago Global Nusantara Tbk	07 Februari 2023
35	CHIP	Pelita Teknologi Global Tbk	08 Februari 2023
36	TRON	Teknologi Karya Digital Nusa Tbk	08 Maret 2023
37	JATI	Informasi Teknologi Indonesia	08 Mei 2023
38	CYBR	ITSEC Asia Tbk	08 Agustus 2023
39	IOTF	Sumber Sinergi Makmur Tbk	06 Oktober 2023
40	MSTI	Mastersystem Infotama Tbk	08 November 2023
41	TOSK	Topindo Solusi Komunikasi Tbk	07 Februari 2025
42	MPIX	Mitra Pedagang Indonesia Tbk	07 Februari 2025
43	AREA	Dunia Virtual Online Tbk	01 April 2025
44	MENN	Menn Teknologi Indonesia Tbk	18 April 2025
45	AWAN	Era Digital Media Tbk	18 April 2023
46	WIFI	Solusi Sinergi Digital Tbk	30 Desember 2020
47	DCII	DCI Indonesia Tbk	06 Januari 2021

Sources: www.idx.co.id

RESULTS AND DISCUSSION

Results

Statistic Descriptive Test Results

Table 6. Statistic Descriptive Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Current Ratio	48	.45	34.44	3.4227	6.0265
Debt to Equity Ratio	48	.03	3.90	1.1385	.92610
Total Asset Turnover	48	.15	11.20	1.9565	2.3672
Return on Equity	48	.04	.70	.1856	.13364
Valid N (listwise)	48				

Source: SPSS version 25 (2026)

Based on the descriptive statistical analysis presented in Table 4.1, the characteristics of each research variable across the 48 observed samples can be described as follows:

1. The Current Ratio is a liquidity ratio used to measure a company's ability to meet its short-term obligations using its current assets. Table 4.1 shows that the mean Current Ratio is 3.4227, with a standard deviation of 6.02650. The minimum Current Ratio value is 0.45 (PT DCI Indonesia Tbk), while the maximum value is 34.44 (PT Wira Global Solusi Tbk).
2. The Debt to Equity Ratio compares total debt to total equity; it aims to determine the extent to which company capital serves as collateral for debt and the amount of funds provided by creditors relative to the company's owners. Table 4.1 shows that the mean Debt to Equity Ratio is 1.1385, with a standard deviation of 0.92610. The minimum Debt to Equity Ratio value is 0.03 (PT Wira Global Solusi Tbk), while the maximum value is 3.90 (PT Multipolar Technology Tbk).
3. Total Asset Turnover is an activity ratio used to measure a company's ability to utilize its total assets to generate sales. Table 4.1 shows that the mean Total Asset Turnover is 1.9565, with a standard deviation of 2.36728. The minimum Total Asset Turnover value is 0.15 (PT Indointernet Tbk), while the maximum value is 11.20 (PT Trimega Karya Pratama Tbk).
4. Return on Equity is a profitability ratio used to measure a company's ability to generate net profit based on its own equity. Based on Table 4.1 above, the mean Return on Equity is 0.1856, with a standard deviation of 0.13364. The minimum Return on Equity value is 0.04 (for PT Trimega Karya Pratama Tbk), while the maximum value is 0.70 (for PT Zyrexindo Mandiri Buana Tbk).

Normality Test Results

Table 7. Kolmogorov-Smirnov Test Results

		Unstandardized Residual
N		48
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	12.09941827
Most Extreme Differences	Absolute	.120
	Positive	.120
	Negative	-.072
Test Statistic		.120
Asymp. Sig. (2-tailed)		.079 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: SPSS version 25 (2026)

Referring to Table 3. above, it is known that the results of the Kolmogorov-Smirnov test have a significance value of $0.079 > 0.05$ so it can be concluded that the data tested is normally distributed.

Autocorellation Test Results

Table 8. Autocorellation Test Results

Model Summary ^b										
Change Statistics										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.485 ^a	.236	.183	.12588	.236	4.519	3	44	.008	1.793

a. Predictors: (Constant), Total Asset Turnover, Debt to Equity Ratio, Current Ratio

b. Dependent Variable: Return on Equity Ratio

Source: SPSS version 25 (2026)

Based on Table above, the decision-making for the Durbin-Watson test is as follows:

$$n = 48$$

$$dw = 1.793$$

$$dU = 1.6708$$

$$4 - dU = 4 - 1.793 = 2.3292$$

Result = $dU < dw < 4 - dU = 1.6708 < 1.793 < 2.3292$. Therefore, the decision regarding the autocorrelation test is that there is no positive or negative autocorrelation, and the null hypothesis is not rejected.

Multicollinearity Test Results (Tolerance and VIF)

Table 9. Multicollinearity Test Results

		Coefficients ^a				Collinearity Statistics	
Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.	
		B		Beta			Tolerance VIF
1	(Constant)	32.580	4.566		7.135	.000	
	Current Ratio	.155	.068	.467	2.264	.029	.403 2.483
	Debt to Equity Ratio	.035	.057	.110	.607	.547	.525 1.906
	Total Asset Turnover	-.038	.016	-.383	-2.446	.019	.700 1.429

a. Dependent Variable: Return on Equity

Source: SPSS version 25 (2026)

Referring to Table 9. it is known that the results of the multicollinearity test for the variables current ratio, debt to equity and total asset turnover have a tolerance value > 0.10 and VIF < 10, so this study is declared free from multicollinearity problems.

Heteroscedasticity Test Results (Glejser)

Table 10. Glejser Heteroscedasticity Test Results

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	7.645	3.094		2.471	.017
	Current Ratio	.005	.046	.026	.133	.910
	Debt to Equity Ratio	.029	.039	.149	.742	.462
	Total Asset Turnover	-.016	.011	-.257	-1.482	.145

a. Dependent Variable: Abs_res

Source: SPSS version 25 (2026)

Referring to Table 10. above, the results of the Glejser test above, the significance value of the three independent variables is > 0.05, so it can be concluded that there is no heteroscedasticity.

Multiple Linear Regression Test Results

Table 11. Multiple Linear Regression Test Results

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	32.580	4.566		7.135	.000
	Current Ratio	.155	.068	.467	2.264	.029
	Debt to Equity Ratio	.035	.057	.110	.607	.547
	Total Asset Turnover	-.038	.016	-.383	-2.446	.019

Source: SPSS version 25 (2026)

Referring to Table 11. the regression equation for the above values is:

$$Y = 32,580 + 0,155X_1 + 0,035X_2 - 0,038X_3 + \varepsilon$$

1. The constant value of 32.580, with a positive relationship, indicates that if the independent variables—namely Current Ratio, Debt to Equity Ratio, and Total Asset Turnover—are held constant (or set to zero), the Return on Equity value is 32.580.
2. The β_1 coefficient for Current Ratio is 0.155; the positive relationship indicates that for every one-unit increase in the Current Ratio, Return on Equity increases by 0.155 units, assuming the other independent variables remain constant.

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3. The β_2 coefficient for Debt to Equity Ratio is 0.035; the positive relationship indicates that for every one-unit increase in the Debt to Equity Ratio, Return on Equity increases by 0.035 units, assuming the other independent variables remain constant.
4. The β_3 coefficient for Total Asset Turnover is -0.038; the negative relationship indicates that for every one-unit increase in Total Asset Turnover, Return on Equity decreases by 0.038 units, assuming the other independent variables remain constant.

Hypothesis Testing

Partial Test Results (t-Test)

Table 12. Partial Test Results (t-Test)

Model	Coefficients ^a					Correlations		
	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Zero-order	Partial
	B	Std. Error	Beta					
1 (Constant)	32.580	4.566			7.135	.000		
Current Ratio	.155	.068	.467		2.264	.029	.344	.323
Debt to Equity Ratio	.035	.057	.110		.607	.547	.046	.091
Total Asset Turnover	-.038	.016	-.383		-2.446	.019	-.122	-.346

a. Dependent Variable: Return on Equity

Source: SPSS version 25 (2026)

Referring to Table 12, it is known that the independent variables influence each other on the dependent variable.

1. The calculated t-value for the Current Ratio variable is 2.264 (greater than the t-table value of 2.01537), with a significance value of 0.029 (less than 0.05); this means H1 is accepted and H0₁ is rejected. This indicates that the Current Ratio has a positive and significant partial effect on Return on Equity.
2. The calculated t-value for the Debt to Equity Ratio variable is 0.575 (less than the t-table value of 2.01537), with a significance value of 0.568 (greater than 0.05); this means H2 is rejected and H0₂ is accepted. This indicates that the Debt to Equity Ratio does not have a significant partial effect on Return on Equity.
3. The calculated t-value for the Total Asset Turnover variable is -2.446 (with an absolute value of 2.446, which is greater than the t-table value of 2.01537) and a significance value of 0.019 (less than 0.05); this means H3 is accepted and H0₃ is rejected. This indicates that Total Asset Turnover has a negative and significant partial effect on Return on Equity.

Simultaneous Test Results (F-Test)

Table 13. Simultaneous Test Results (F-Test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2240.058	3	746.686	4.775	.006 ^b
	Residual	6880.608	44	156.377		
	Total	9120.667	47			

a. Dependent Variable: Return on Equity

b. Predictors: (Constant), Total Asset Turnover, Current Ratio, Debt to Equity Ratio

Source: SPSS version 25 (2026)

Based on the F-test results above, the calculated F-value is 4.775 with a significance value of 0.006. Since the calculated F-value exceeds the F-table value ($4.775 > 2.82$) and the significance value is less than 0.05 ($0.006 < 0.05$), the hypothesis is accepted; this indicates that the Current Ratio, Debt to Equity Ratio, and Total Asset Turnover simultaneously have a significant effect on Return on Equity.

Determination Test Results

Table 14. Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840 ^a	.706	.697	1.53879

a. Predictors: (Constant), Market Orientation, Digital Marketing, Financial Tecnology

Source: SPSS version 25 (2026)

The Adjusted R-squared value is 0.183, indicating a coefficient of determination of 18.3%. This demonstrates that the variables Current Ratio, Debt-to-Equity Ratio, and Total Asset Turnover explain 18.3% of the variation in Return on Equity, while the remaining 81.7% is influenced by other variables not included in this study.

Discussion

The Effect of the Current Ratio on Return on Equity

Based on the partial test results (t-test), the Current Ratio variable demonstrates a positive relationship with Return on Equity. The test results indicate that the Current Ratio has a significant effect on Return on Equity. Consequently, the first hypothesis (H1) of this study is accepted. This demonstrates that a company's liquidity level significantly influences the return on shareholders' equity for technology sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2025 period. These findings indicate that a company's ability to meet short-term obligations is a factor linked to its capacity to generate returns on its capital. The study's results align with the theory proposed by Kasmir (2019), which states that the Current Ratio is a liquidity ratio used to measure a company's ability to meet short-term obligations using current assets. The better a company's ability to meet short-term obligations, the stronger its liquidity position. This view is supported by Hery (2021), who explains that liquidity reflects a company's ability to meet short-term obligations that require immediate settlement. Adequate liquidity helps a company maintain smooth operational activities. Furthermore, Brigham (2020) explains that companies must effectively manage their resources and financial decisions to enhance performance and deliver good returns to shareholders. Thus, effective management of current assets can support company operations and contribute to an increase in Return on Equity.

The Effect of the Debt to Equity Ratio on Return on Equity

Based on the partial test results (t-test), the Debt to Equity Ratio variable shows a positive relationship with Return on Equity. However, the test results indicate that the Debt to Equity Ratio does not have a significant effect on Return on Equity. Consequently, the second hypothesis (H2) of this study is rejected. This demonstrates that the company's solvency level, as measured by the Debt to Equity Ratio, does not exert a significant influence on the return on shareholders' equity for technology sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2025 period. These results indicate that changes in debt levels relative to company equity are not a significant determinant of changes in Return on Equity. Although companies utilize debt in their business operations, such usage does not necessarily directly enhance the company's ability to generate profit based on its existing equity. The use of debt can provide an additional source of funding for a company, yet the benefits of such financing depend on the company's ability to manage it effectively. If debt-derived funds are utilized efficiently, the company has the opportunity to expand its business operations and generate profits. However, the use of debt also increases the company's liabilities; consequently, the benefits derived from this additional funding do not necessarily translate into a significant impact on Return on Equity. Thus, these prior research results support the finding that the Debt-to-Equity Ratio is not a factor that significantly influences a company's Return on Equity. This situation indicates that companies must strike a balance between debt utilization and profitability to ensure that their capital structure does not impose an excessive burden on the organization.

The Effect of the Total Asset Turnover on Return on Equity

Based on the partial test results (t-test), the Total Asset Turnover variable exhibits a negative relationship with Return on Equity. The test results indicate that Total Asset Turnover has a significant effect on Return on

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Equity. Consequently, the third hypothesis (H3) of this study is accepted. This demonstrates that the company's activity level—measured by Total Asset Turnover—significantly influences the return on shareholders' equity for technology sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2025 period. These results indicate a link between the effectiveness of total asset utilization and the company's ability to generate a return on equity. Total Asset Turnover reflects a company's capacity to utilize its assets to generate sales; therefore, changes in asset utilization effectiveness can be associated with changes in Return on Equity. However, the negative relationship indicates that, in this study, an increase in Total Asset Turnover was actually accompanied by a decrease in Return on Equity. This suggests that increased asset utilization activity does not necessarily result in higher profits for the company. These findings align with research conducted by Harahap (2021), Hasyim & Nuraeni (2022), and Lutvia & Suraya (2025), all of which concluded that Total Asset Turnover significantly affects Return on Equity. These results reinforce the current study's finding that the effectiveness of asset utilization is linked to a company's ability to generate a return on equity.

The simultaneous effect of the Current Ratio, Debt-to-Equity Ratio, and Total Asset Turnover on Return on Equity

Based on the simultaneous test results (F-test), the variables Current Ratio, Debt to Equity Ratio, and Total Asset Turnover collectively demonstrate a significant influence on Return on Equity. Consequently, the fourth hypothesis (H4) of this study is accepted. This confirms that the Current Ratio, Debt to Equity Ratio, and Total Asset Turnover collectively exert a significant influence on the Return on Equity of technology sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2025 period. These results indicate that a company's ability to manage liquidity, capital structure, and asset utilization is linked to its capacity to generate returns on shareholders' equity. While these three variables represent distinct financial aspects, they are interconnected in supporting corporate performance: the Current Ratio reflects the ability to meet short-term obligations, the Debt to Equity Ratio indicates the use of debt relative to equity, and Total Asset Turnover illustrates the efficiency of asset utilization in generating sales. Thus, the combined state of these three aspects provides a more comprehensive overview of the company's financial condition and its activities in generating Return on Equity. These findings align with research conducted by Anggereni and Asnahwati (2025) and Annazmi Nisa & Arismutia (2026), which also concluded that the Current Ratio, Debt to Equity Ratio, and Total Asset Turnover simultaneously exert a significant influence on Return on Equity.

CONCLUSION

Based on the research results, it can be concluded that:

1. Based on the partial test results (t-test), the calculated t-value for the Current Ratio variable is 2.264 (greater than the t-table value of 2.01537) with a significance value of 0.029 (less than 0.05); this means H1 is accepted and H01 is rejected. This indicates that the Current Ratio has a positive and significant partial effect on Return on Equity for technology sector companies listed on the Indonesia Stock Exchange during the 2020–2025 period.
2. Based on the partial test results (t-test), the calculated t-value for the Debt to Equity Ratio variable is 0.607 (less than the t-table value of 2.01537) with a significance value of 0.547 (greater than 0.05); this means H2 is rejected and H02 is accepted. This indicates that the Debt to Equity Ratio does not have a significant partial effect on Return on Equity for technology sector companies listed on the Indonesia Stock Exchange during the 2020–2025 period.
3. Based on the partial test results (t-test), the calculated t-value for the Total Asset Turnover variable is -2.446 (with an absolute value of 2.446, which is greater than the t-table value of 2.01537) and the significance value is 0.019 (less than 0.05); this means H3 is accepted and H03 is rejected. This indicates that Total Asset Turnover has a negative and significant partial effect on Return on Equity for technology sector companies listed on the Indonesia Stock Exchange during the 2020–2025 period.
4. Based on the simultaneous test results (F-test), the calculated F-value is 4.775 (greater than the F-table value of 2.82) with a significance value of 0.006 (less than 0.05); thus, H4 is accepted and H04 is rejected. This indicates that the Current Ratio, Debt to Equity Ratio, and Total Asset Turnover simultaneously have a significant effect on Return on Equity for technology sector companies listed on the Indonesia Stock Exchange during the 2020–2025 period.

Based on the conclusions outlined above, the author offers the following recommendations:

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1. For Companies, Technology sector companies are encouraged to improve their financial performance through the effective and efficient management of liquidity, capital structure, and asset utilization. The Current Ratio, which has a significant impact on Return on Equity, requires careful management to support smooth operations and increase company profits.
2. For Investors, Investors should not rely solely on the Current Ratio, Debt to Equity Ratio, and Total Asset Turnover when making investment decisions. Although the Current Ratio and Total Asset Turnover have been shown to influence Return on Equity—whereas the Debt to Equity Ratio does not show a partial effect—investors should also consider other factors that can impact Return on Equity. These include sales growth, company size, working capital turnover, industry conditions, operational efficiency, and future company prospects, all of which contribute to making more informed investment decisions.
3. For Future Researchers, Future researchers interested in replicating or expanding upon this study are encouraged to increase the sample size by including new issuers that conducted IPOs after 2020, examining different company sectors or sub-sectors, or extending the observation period to obtain broader research findings. Additionally, it is recommended that future researchers incorporate other independent variables suspected of influencing Return on Equity, thereby providing a more comprehensive overview of the factors affecting Return on Equity in companies.

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