

THE EFFECT OF TOTAL ASSET TURNOVER, DEBT TO EQUITY RATIO, CURRENT RATIO ON FINANCIAL PERFORMANCE

¹Fenny Purba Dewanti

*Accounting Study Program, Faculty Of Economics And Business
Islamic University Of Lamongan
Lamongan, Indonesia
purbafenny15@gmail.com*

²Abidah Dwi Rahmi Satiti

*Accounting Study Program, Faculty Of Economics And Business
Islamic University Of Lamongan
Lamongan, Indonesia
abidahdwirahmi@unisla.ac.id*

³Rochman Arif

*Accounting Study Program, Faculty Of Economics And Business
Islamic University Of Lamongan
Lamongan, Indonesia
rochmanarif@unisla.ac.id*

⁴Rosdiyati

*Accounting Study Program, Faculty Of Economics And Business
Islamic University Of Lamongan
Lamongan, Indonesia
roeshanif@unisla.ac.id*

Article Info	ABSTRACT
Keyword: TATO, DER, CR, Financial Performance.	Financial Performance is an important indicator in assessing the success of a company. Financial Performance is a result or achievement of the company's management ability to manage its assets effectively in a certain time. The success or not of a company can be evaluated based on the financial activities that have been carried out. This study aims to examine the influence of TATO, DER, CR on Financial Performance in manufacturing companies in the Basic Materials sector listed on the Indonesia Stock Exchange for the 2020-2023 period. The sample in this study is 300 annual financial statements. This research uses a quantitative approach with the STATA analysis tool. Data analysis techniques include Descriptive Analysis, Classical Assumption Test, Hypothesis Test, and Model Selection Test to test and explain the relationship between research variables. The results of this study show that TATO has no effect on Financial Performance, DER has a negative effect on Financial Performance, CR has no effect on Financial Performance. This research contributes to companies to provide consideration in efforts to improve the company's Financial Performance. The results of this study also provide input to companies regarding the importance of DER ratios for improving Financial Performance.

INTRODUCTION

The company was established with the goals that the owner and management want to achieve, namely the owner of the company wants optimal profits for the business he runs while for the management it is the achievement of a predetermined plan. The achievement of profit targets is an achievement for the management which is a measure to assess the success of management in managing a company. This goal can be achieved if the company's management is able to make proper and accurate planning. Furthermore, the company must be able to make bookkeeping records and reports on each of its business activities so that its development can always be monitored. These records, bookkeeping, and reports are made in a certain period in the financial statements (Kasmir, 2014).

The manufacturing sector engaged in the Basic Materials sector plays an important role in the Indonesian economy. Materials are raw materials processed by industrial companies. Basic Materials is an important sector in a country's economy because it provides the main raw materials for other industries. The sector consists of companies involved in the discovery, extraction, and processing of raw materials. Sub-sectors in Basic Materials include chemicals, metals and mining, forestry, building construction, containers and packaging, forestry and paper. The Basic Materials sector is known for its significant fluctuations in commodity prices and its dependence on the global business cycle (Mulyadi, 2000).

The phenomenon that is currently happening in the Basic Materials sector deserves attention, considering that this sector has an important role in the global industrial supply chain. Some factors such as spikes in the prices of major commodities, declining profits, supply disruptions due to climate change, has affected the performance of this sector. Such as the phenomenon that occurred in PT Indah

Kiat Pulp and Paper Tbk (INKP) which experienced a 50% drop in profit to US\$ 320.88 million and PT Wijaya Karya Beton (Persero) Tbk (WTON) whose profit fell by 35% (CNBC Indonesia, 2022).

The first phenomenon, PT Indah Pulp Kiat and Paper Tbk (INKP), recorded a 50% decline in net profit attributable to the company's parent entity in the third quarter of 2023 of US\$ 320.88 million compared to the same period the previous year of US\$ 647.19 million. Citing its financial statements, the company's profit eroded until the end of September 2023 due to sales that fell to US\$ 2.69 billion compared to the same period in 2022 of US\$ 2.99 billion. The second phenomenon, namely PT Wijaya Karya Beton (Persero) Tbk (WTON), declined throughout 2021, in line with the company's operating income which was lower than in 2020. The amount of profit decreased by 35.25% on an annual basis compared to the 2020 position of 128.05 billion. At the same time, the company's operating profit also decreased by 38.89% from 184.39 billion to 112.68 billion as of 2021 (CNBC Indonesia, 2022).

Based on the phenomenon described above, the researcher will analyze financial ratios that can provide a clearer picture of the company's financial performance. Financial performance in this study is measured using ROA, ROA is the ratio of profitability. Profitability is the ability of a company to obtain profits related to sales, total assets, and its own capital. Therefore, this profitability analysis is in great demand by long-term investors (Satiti and Luthfianah, 2022). Some of the relevant ratios in this case are TATO which measures the efficiency of using the company's assets in generating sales. DER which indicates how much a company relies on debt compared to equity in financing its operations. CR which shows the company's ability to meet its short-term obligations with current assets.

This study aims to examine the influence of TATO, DER, and CR on Financial Performance in manufacturing companies in the Basic Materials sector listed on the Indonesia Stock Exchange for the 2020-2023 period. The benefit of this research is theoretically as a source of reading that can provide input for parties interested in researching the same topic and can be used as a reference or reference to conduct further research. Meanwhile, practically the results of this research can be used as input and consideration for the company. In addition, this research can also contribute ideas to companies in decision-making or policies related to TATO, DER, CR on Financial Performance in manufacturing companies in the Basic Materials sector listed on the Indonesia Stock Exchange.

Various previous studies have highlighted similar aspects, including research conducted by

Juwita and Mutawali (2022), Kusumawati and Widaryanti (2022), Putra et al., (2020), Rahmawati et al., (2023) showing that Total Asset Turnover Over has a significant positive effect on Financial Performance. In research conducted by Kusumawati and Widaryanti (2022), Putra et al., (2019), Fajira and Nazariah (2023), Lestari (2020), Wulandari (2024), Ramayanti et al., (2023) showed that the Debt To Equity Ratio has a negative effect on Financial Performance. In research conducted by Juwita and Mutawali (2022), Azzahra et al., (2023), Arjunaedi and Nazariah (2023) stated that the Current Ratio have a significant positive effect on Financial Performance.

Previous research on Financial Performance has shown counterproductive and diverse findings, making this research even more important. Therefore, the authors intend to collect data and conduct additional research on the relationship between dependent variables (Financial Performance) and independent variables (TATO, DER,CR). By including manufacturing companies in the Basic Materials sector listed on the Indonesia Stock Exchange for the 2020-2023 period, the author adds a larger research sample so that this study is interesting to research.

RESEARCH METHODS

Population and Research Sample

This research is quantitative and uses secondary data obtained from the Indonesia Stock Exchange for 4 consecutive years from 2020-2023. The data is the financial statements of manufacturing companies in the Basic Materials sector that have been published. The population in this study is manufacturing companies in the Basic Materials sector listed on the Indonesia Stock Exchange. The number of samples used in this study was 300 sample data from 75 companies multiplied by 4 years (2020-2023).

Table 1.
Manufacturing Companies In The Basic Materials Sector

No.	Code	Company Name
1.	ADMG	Polychem Indonesia Tbk
2.	AKPI	Argha Karya Prima Industry Tbk
3.	ALDO	Alkindo Naratama Tbk
4.	ALKA	Alakasa Industrindo Tbk
5.	ALMI	Alumindo Light Metal Industry Tbk
6.	ANTM	Aneka Tambang Tbk
7.	APLI	Asiaplast Industries Tbk
8.	AYLS	Agro Yasa Lestari Tbk
9.	BAJA	Sarana Central Bajatama Tbk
10.	BEBS	Berkah Beton Sadaya Tbk
11.	BMSR	Bintang Mitra Semestara Tbk
12.	BRMS	Bumi Resources Minerals Tbk
13.	BRNA	Berliana Tbk
14.	BRPT	Barito Tbk
15.	BTON	Betonjaya Manunggal Tbk
16.	CITA	Cita Mineral Investindo Tbk
17.	CLPI	Colorpak Indonesia Tbk
18.	CTBN	Citra Tubindo Tbk
19.	DKFT	Central Omega Resources Tbk
20.	EKAD	Ekadharma International Tbk
21.	EPAC	Megalestari Epack Spentoraya Tbk
22.	ESIP	Sinergi Intil Plastindo Tbk
23.	FASW	Fajar Surya Wisesa Tbk
24.	FPNI	Lotte Chemical Titan Tbk
25.	GDST	Gunawan Dianjaya Steel Tbk

26.	GGRP	Gunung Raja Paksi Tbk
27.	IFII	Indonesia Fibreboard Industry Tbk
28.	IFSH	Ifshdeco Tbk
29.	IGAR	Champion Pasific Indonesia Tbk
30.	INAI	Indai Alumunium Industry Tbk
31.	INCF	Indo Komoditi Korpora Tbk
32.	INCI	Intanwijaya Internasional Tbk
33.	INCO	Vale Indonesia Tbk
34.	INKP	Indah Kiat Pulp dan Papen Tbk
35.	INTD	Inter Delta Tbk
36.	INTP	Indocement Tunggal Prakarsa Tbk
37.	IPOL	Indopoly Swakarsa Industry Tbk
38.	ISSP	Steel Pipe Industry Of Indonesia Tbk
39.	JKSW	Jakarta Kyoei Steel Woks Tbk
40.	KDSI	Kedawung Setia Industry Tbk
41.	KMTR	Kirana Megatara Tbk
42.	KRAS	Krakatau Steel (persero) Tbk
43.	LMSH	Lionmesh Prima Tbk
44.	LTLS	Lautan Luas Tbk
45.	MDKA	Merdeka Copper Gold Tbk
46.	MDKI	Emdeki Utama Tbk
47.	MOLI	Madusari Murni Indah Tbk
48.	NICL	PAM Mineral Tbk
49.	NIKL	Pelat Timah Nusantara tbk
50.	OPMS	Optima Prima Metal Sinergi Tbk
51.	PBID	Panca Budi Idaman Tbk
52.	PICO	Pelangi Indah Carindo Tbk
53.	PNGO	Pinggo Utama Tbk
54.	PSAB	J Resources Asia Pasifik Tbk
55.	SAMF	Saraswanti Anugerah Makmur Tbk
56.	SMBR	Semen Baturaja (persero) Tbk
57.	SMCB	Polusi Bangun Indonesia Tbk
58.	SMGR	Semen Indonesia (persero) Tbk
59.	SMKL	Sastyamitra Kemas Lestari Tbk
60.	SPMA	Suparma Tbk
61.	SQMI	Wilton Makmur Indonesia Tbk
62.	SRSN	Indo Acidatama Tbk
63.	SULI	SLJ Global Tbk
64.	SWAT	Sriwahana Adityakarta Tbk
65.	TALF	Tunas Alfin Tbk
66.	TBMS	Tembaga Mulia Semanan Tbk
67.	TINS	Timah Tbk
68.	TIRT	Tirta Mahakam Resources Tbk
69.	TKIM	Pabrik Kertas Tjiwi Kimis Tbk
70.	TPIA	Chandra Asri Petrochemical Tbk
71.	TRST	Trias Sentosa Tbk
72.	WSBP	Waskita Beton Precast Tbk
73.	WTON	Wijaya Karya Beton Tbk
74.	YPAS	Yanaprima Hasta Persada Tbk
75.	ZINC	Kapuas Prima Coal Tbk

Source : www.idx.co.id

In determining samples, there is a sampling technique called the sampling technique. The sampling technique itself is a technique in research to determine which samples can be used by

researchers as samples. In this study, the sampling technique or sampling technique that will be used by the researcher is non-probability sampling, which is called the non-probability sampling technique is a sampling technique which does not provide opportunities or opportunities to objects/subjects to be sampled. For more details, the non-probability sampling technique used to determine a sample is using purposive sampling.

For purposive sampling in this study, there are several criteria as considerations in sampling, including:

1. Manufacturing companies in the Basic Materials sector listed on the IDX for the 2020-2023 period
2. Companies that have experienced the publication of financial statements in the 2020-2023 period
3. Complete annual report data during the study period

Table 2
Research Sample Selection

No	Criterion	Sample
1.	Manufacturing companies in the Basic Materials sector listed on the IDX for the 2020-2023 period	95
2.	Companies that did not experience the publication of financial statements in the 2020-2023 period	(4)
3.	Incomplete annual report data during the study period	(16)
	Research sample	75
	Number of observations over 4 years	300

Based on the criteria of the purposive sampling technique above, it can be concluded that the researcher has 75 companies listed on the Indonesia Stock Exchange that were selected as samples and the number of observations is 300 data.

Variable Measurement

Variable Dependency

The dependent variable in this study is Financial Performance. According to Fahmi (2017), Financial Performance is the result of the company's activities. Financial Performance describes a company that has operated using financial operational procedures and making financial reports that have met financial accounting standards (Sugiyono, 2019). Financial Performance is measured through ROE. According to Janati (2014), ROE is a ratio used to measure the ability of one's own capital to generate profits for all shareholders, both ordinary shares and preferred shares.

Independent Variables

The independent variable in this study TATO is the activity ratio used to measure how effective a company is in using its resources in the form of assets. The higher the efficiency of asset use and the faster the return in cash (Fahmi, 2012). DER is a ratio used to assess debt to equity. This ratio is sought by comparing all debt with all capital. This ratio is useful for determining the amount of data that borrowers provide with company owners (Kasmir, 2016). CR is a ratio used to measure a company's ability to meet its short-term obligations that are due soon by using how much of the company's current assets are available compared to the total current liabilities (Hery, 2015).

Table 3
Operational and Variable Measurement

Variable	Operational Definition	Measurement
Variable Dependency : Financial Performance ROE	Financial Performance is a formal effort to evaluate the efficiency and effectiveness of a company in generating profits and a certain cash position. By measuring Financial Performance, it can be seen the company's financial growth and development prospects from relying on the resources it has. A company is said to be successful if the company has achieved a certain performance that has been set (Hery, 2016).	$ROE = (\text{Net Profit/Shareholder Equity}) \times 100\%$
Independent Variables: TATO	TATO is an activity ratio used to measure how effective a company is in using its resources in the form of assets. The higher the efficiency of asset use and the faster the return in cash (Fahmi, 2012).	$TATO = \text{Sales/Total Assets}$
Independent Variables: DER	DER is a ratio used to assess debt to equity. This ratio is sought by comparing all debt with all capital. This ratio is useful for determining the amount of funds provided by borrowers with company owners (Kasmir, 2016).	$DER = \text{Total Utang/Total Modal}$
Independent Variables: CR	CR is a ratio used to measure a company's ability to meet its short-term obligations that are due soon by using the total current assets available. CR describes how large the amount of current asset availability that the company has compared to the total liabilities of the company (Hery, 2015).	$CR = \text{Current Assets/Current Debt}$

Sources and Methods of Data Collection

The data source used is secondary data in the form of financial statements that are already available on the official website of the Indonesia Stock Exchange at www.idx.co.id. The data collection

method uses purposive sampling techniques, certain criteria that have been applied by researchers, as shown in table 2. So that a sample of 75 companies and 300 observations were obtained.

Data Analysis

The data analysis technique used in this study uses quantitative analysis using the STATA program. The data analysis techniques used are Descriptive Analysis, Classical Assumption Test, Hypothesis Test, and Model Selection Test. The purpose of model selection is to choose the best model that best suits the study data. A number of models are taken into account such as REM and FEM.

RESULTS AND DISCUSSION

Descriptive Analysis

Table 4
Deskriptif Analysis

Variabel	Obs	Mean	Std.Dev	Min	Max
ROE	300	04021	3176868	-4.112526	1.16505
TATO	300	9182931	9493958	0	6.949369
DER	300	9179444	1.650529	-7.731656	8.12155
CR	300	4.367005	14.65411	0592952	204.695

In the descriptive statistical table, ROA has a mean of 04021, TATO 9182931, DER 9179444 and CR 4.367005. It can be seen from the maximum ROE value of 1.16505 and the minimum value of -4.112526, the maximum value of TATO is 6.949369 and the minimum value is 0, the maximum value of DER is 8.12155 and the minimum value is -7.731656, and the maximum value of CR is 204,695 while the minimum value is 0592952. For standard deviation ROE is 3176868, TATO 9493958, DER 1.650529 and CR 14.65411.

Classic Assumption Test

The classical assumption test is a statistical requirement in fulfilling multiple regression analysis. The classical assumption test in this study uses the normality test, the multicollinearity test, and the heteroscedasticity test. The results of the research are as follows:

1. Normality Test

Table 5
Uji Normalitas

Variable	Obs	W	V	z	Prob>z
ROE	300	0.46127	114.776	11.133	0.0000
TATO	300	0.64233	76.202	10.172	0.0000
DER	300	0.78080	46.700	9.023	0.0000
CR	300	0.20936	168.445	12.034	0.0000

Based on the table above, it can be seen that the prob value of ROE, TATO, DER, and CR is $0.0000 < 0.05$. It can therefore be concluded that the data is distributed abnormally.

2. Multicollinearity Test

Table 6
Uji Multikolinearitas

Variable	VIF	1/VIF
ROE	2.28	0.439416
TATO	1.98	0.504969
DER	1.35	0.739735
CR	1.10	0.905589
Mean VIF	1.68	

Based on the table above, it can be seen that the VIF ROE value is $2.28 < 10$ and the value of $1/VIF$ is $0.439416 > 0.10$, the value of VIF TATO is $1.98 < 10$ and the value of $1/VIF$ is $0.504969 > 0.10$, the value of VIF DER is $1.35 < 10$ and the value of $1/VIF$ is $0.739735 > 0.10$, and the value of VIF CR is $1.10 < 10$ and the value of $1/VIF$ is $0.905589 > 0.10$. Therefore, it can be concluded that there are no symptoms of multicollinearity (passing the multicollinearity test).

3. Heteroscedasticity Test

Table 7
Uji Heteroskedastisitas

Chi2(1)	808.80
prob > chi2	0.0000

Based on the table above, the prob value is $0.0000 > 0.05$, it can be concluded that heteroscedasticity occurs (passing the heteroscedasticity test).

Panel Data Regression Estimation Model

1. Chow Test

Table 8
Chow Test

F test that all $u_1=0$: $F(74,222)$	3.61
Prob > F	0.0000

Based on the table above, the profitability results show 0.0000 that the Prob value < 0.05 so that H_0 is rejected and the Fixed Effect Model (FEM) is considered more appropriate to be used in the estimation of panel data than the Partial Least Square (PLS).

2. Lagrange Multiplier (LM) Test

Table 9
Lagrange Multiplier Test

	Var	Sd = sqrt (Var)
ROE	1009249	3176868
e	0503234	2243289
u	0117799	1085352

Test: Var (u)	0
Chibar2 (01)	18.22
<u>Prob > chibar2</u>	<u>0.0000</u>

Based on the table above, the profitability results show 0.0000 that the Prob value < 0.05, so H0 is rejected and the Random Effect Model (REM) is considered more appropriate to use in the estimation of panel data compared to the Partial Least Square (PLS).

3. Hausman Test

Table 10
Hausman Test

	(b) fe	(B) re	(b-B) difference	Sqrt {diag (V _b -V _B)} S.E.
TATO	0391711	0763526	-0371815	0373958
DER	-1777326	-1071653	-0705673	0054019
CR	-0006524	-0010714	000419	0002787
Chi2 (3)	(b-B)'[(V _b - V _B) ⁽⁻¹⁾] (b-B)			
	226.05			
Prob > chi2	0.0000			

Based on the table above, the results of the hasusman test show a value of 0.0000 that the Prob chi2 value is > (0.05), so that H1 is accepted and the Fixed Effect Model (FEM) is more suitable to be used to estimate panel data compared to the Random Effect Model (REM). Based on the results of the chow test, the lagrange multiplier test, and the thirist test, it can be concluded that the Fixed Effect Model (FEM) is a more appropriate model.

Uji Hypothesis

1. t Test

Table 11
t Test

Variabel	Coefficient	Std.Error	t-Statistik	Prob
TATO	0391711	042805	0.92	0.361
DER	-1777326	0118837	-14.96	0.000
CR	-0006624	0011696	-0.56	0.578
C	170237	0432791	3.93	0.000

Based on the t-test table above, the following results can be obtained:

- 1) TATO has a coefficient value of 0391711 and a profitability value of 0.361 with a significance value of 0.361 > 0.05. So that TATO X1 is partially declared to have no effect on Financial Performance (Y).
- 2) DER has a coefficient value of -1777326 and a profitability value of 0.000 with a significance value of 0.000 < 0.05. So that DER X2 is partially declared to have a negative effect on Financial Performance (Y).

- 3) CR has a coefficient value of -0.0006624 and a profitability value of 0.578 with a significance value of $0.578 > 0.05$. So that CR X3 is partially declared to have no effect on Financial Performance.

2. Test F

Table 12
F Test

F Value	Prob > F
75.25	0.0000

Based on the table above, the Prob value $> F = 0.0000 < 0.05$, the variables TATO (X1), DER (X2), and CR (X3) simultaneously have a significant effect on Financial Performance.

3. R² Determination Coefficient Test

Table 13

R² Determination Coefficient Test	
R-Squared	Nilai
Within	0.5042
Between	0.0023
Overall	0.1562

Based on the table above, it shows that the result of the R2 Within determination coefficient of 0.5042 means that 50.42% of the change in ROE can be explained by changes in the variables TATO, DER, CR within each company over time. This model is able to explain half of the ROE changes that occur due to time differences within the same company. The remaining 49.58% is explained by factors other than the model. The R2 Between of 0.0023 means that only 0.23% of the variation in ROE between companies (average between individuals) can be explained by TATO, DER, and CR, this model is less able to explain the difference in ROE between companies because the Fixed Effect Model only focuses the analysis on variations within companies and not between companies. Furthermore, the R2 Overall of 0.1562 means that in total the model is only able to explain 15.62% of the variation in ROE without differentiating between or within the company.

DISCUSSION

The Influence of TATO on Financial Performance

The results of the study show that TATO has no effect on Financial Performance. This means that the higher the TATO, the company's Financial Performance increases. Conversely, if the TATO is low, the company suffers losses. In line with the Signal Theory that a high TATO indicates efficiency in the use of assets to generate sales which is considered a positive signal for investors, with many investors the company will earn more profits, so that Financial Performance will increase. Conversely, if the TATO is bad, it will reduce investor interest and the company will experience a decline in Financial Performance. According to Yunita et al., (2019) TATO is a ratio used to measure the intensity of a company in using its activities or to show the effectiveness of the company's management in managing its assets to get profit by comparing sales to the average fixed assets. If the assets owned by the company are many, the number of sales can be increased. The higher the sales, the higher the profit.

This indicates that the efficiency of using assets in generating sales does not necessarily directly increase profitability or other Financial Performance ratios. This is due to low profit margins from sales,

suboptimal use of assets or because other variables such as cost structure and operational management are more dominant affecting the company's Financial Performance. The results of this study are different from previous research conducted by Kusumawati and Widaryanti (2022), Putra et al., (2019) stated that TATO has a significant positive effect on Financial Performance.

The Influence of DER on Financial Performance

The results of this study show that DER has a negative effect on Financial Performance. This means that the higher the DER, the lower the Financial Performance, the lower the DER, the more Financial Performance will increase. In line with Signal Theory, DER not only reflects a company's capital structure but also serves as a signal to investors regarding the company's financial health and future prospects. By understanding these relationships, investors can make better decisions based on the available information and the perception of risks associated with their investments. If a high DER indicates that the company has large debts, it increases financial risk and potential bankruptcy which can be a negative signal for investors, resulting in a decline in Financial Performance. In contrast, a low DER reflects a company's ability to meet its debt obligations, providing positive signals and attracting investor interest. So that the company's Financial Performance has increased. According to Syahyunan (2017), companies with a high DER value can produce low Financial Performance values, and vice versa. This can show that if there is an increase in the proportion of debt to total assets, it can reduce the level of asset effectiveness in generating profits. The addition of the proportion of debt to total assets can create an additional burden in the form of interest expenses that must be borne by the company which is a component for profit reduction. An increase in expenses caused by interest expenses can reduce profits so that they can affect Financial Performance.

The results of this study are in line with previous research conducted by Kusumawati and Widaryanti (2022), Putra et al., (2019) stating that DER has a negative effect on Financial Performance.

The Influence of CR on Financial Performance

These results show that CR has no effect on Financial Performance. This means that the higher the CR, the more the Financial Performance will increase, on the other hand, the lower the CR, the lower the Financial Performance. In line with Signal Theory, CR functions as an indicator of a company's ability to meet short-term obligations. When the CR is high it indicates that the company can pay its debts which gives a positive signal to investors. Investors tend to respond to these signals by increasing investment interest, which can drive up stock prices. Thus, the relationship between Signal Theory and CR lies in how financial information influences perception and investment decisions. If a high CR indicates that the company is able to meet its short-term obligations, this signal could attract investors, as investors tend to invest in companies that look stable and liquid. With many investors investing, it results in an increase in the company's Financial Performance. Conversely, if a low CR may raise concerns about the company's ability to repay its debts, potentially reducing investor interest, it will result in a decline in the company's Financial Performance.

This shows that a company's level of liquidity, in terms of its ability to meet short-term obligations, is not the main factor that determines a company's financial success. A high CR does not necessarily reflect operational efficiency or increased profits. Possibly, the company actually holds too many current assets that are not used optimally. In addition, in certain industries short-term liquidity conditions may not have much impact on Financial Performance as the company has stable and strong operating cash flows. Thus, the role of CR in Financial Performance is limited. The results of this study are in line with previous research conducted by Gohahu and Wulandari (2023) stating that CR has no effect on Financial Performance.

CONCLUSIONS

Conclusion

This study aims to test TATO, DER, CR on Financial Performance. The results showed that TATO had no effect on Financial Performance, DER had a negative effect on Financial Performance, and CR had no effect on Financial Performance. This study provides an empirical contribution regarding the influence of TATO, DER, CR on Financial Performance. This research also makes a practical contribution in helping companies use the DER ratio to reduce debt burden to total capital and improve the efficiency of the capital structure, so as to encourage sustainable improvement in Financial Performance.

REFERENCE

- Azzahra, K., & Sampurno, R. D. (2023). Analisis Pengaruh Current Ratio, Firm Size, Debt To Asset, Dan Debt To Equity Terhadap Kinerja Keuangan Perusahaan Dengan Firm Age sebagai Variabel Kontrol (Studi Pada Perusahaan Sub Sektor Property dan Real Estate terdaftar Di Bursa Efek Indonesia Perio. Diponegoro Journal Of Management, 12(1), 1–12. <https://ejournal3.undip.ac.id/index.php/djom/index>
- Brigham Eugene F dan Houston Joel F, 2011. Dasar-Dasar Manajemen Keuangan Essentials of Financial Management. Edisi 11 Buku 2. Jakarta Selatan: Salemba Empat.
- Dwi, A., Satiti, R., & Luthfianah, E. (2022). Jurnal Scientia is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License (CC BY-NC 4.0) Profitability, Investment Decisions, Funding Decisions, And Its Effect On Company Value. Jurnal Scientia, 11(2), 2022. <http://infor.seaninstitute.org/index.php>
- Dwi Martani, dkk. 2014. Akuntansi Keuangan Menengah Berbasis PSAK. Jakarta: Salemba Empat.
- Fahmi, Irham, (2015), Pengantar Manajemen Keuangan, Cetakan Keempat, Bandung : CV. Alfabeta.
- Fajira, N. (2023). Analysis Of Financial Performance Viewed From The Current Ratio (CR), Debt To Equity Ratio (DER) And Total Asset Turnover (TATO) In The Consumer Non-cyclicals Sector D222 Processed Food Registered At IDX In The 2017-2021period. 3(1), 59–70. <https://doi.org/10.47647/j>
- Gogahu, D. J., & Wulandari, I. (2024). Pengaruh Current Ratio, Debt To Equity Ratio Terhadap Kinerja Keuangan (Studi kasus pada perusahaan sub sektor makanan dan minuman yang terdapat di Bursa Efek Indonesia Priode 2018-2020). 28(5), 67. www.idx.co.id

- Harahap. (2015). Analisis Kritis atas Laporan Keuangan. Edisi 1-10. Jakarta: Rajawali Pers.
- Juliani, D. I., Karyatun, S., & Digdowiseiso, K. (2023). The Effect Of Current Ratio, Total Asset Turnover And Debt To Equity Ratio On The Financial Performance Of Manufacturing Companies Listed On The Indonesia Stock Exchange For The 2016-2020 Period. *Jurnal Syntax Admiration*, 4(4), 630–643. <https://doi.org/10.46799/jsa.v4i4.863>
- Jumingan (2009). Anlisa Laporan Keuangan. Jakarta: PT Bumi Aksara.
- Juwita, R. I., & Mutawali, M. (2022). Pengaruh Current Ratio, Debt to Equity Ratio, Net Profit Margin, Total Asset Turnover Ratio dan Earning Per Share terhadap Kinerja Keuangan PT Asahimas Flat Glass Tbk Periode 2012-2021. *Lensa Ilmiah: Jurnal Manajemen Dan Sumberdaya*, 1(2), 114–123. <https://doi.org/10.54371/jms.v1i2.190>
- Kasmir. 2014. Analisis Laporan Keuangan, Edisi Satu, Cetakan Ketujuh. Jakarta: Raja Grafindo Persada
- Kasmir. (2015). Analisis Laporan Keuangan (Cetakan ke-8). Jakarta: Rajawali Pers.
- Kusumawati, E., & Widaryanti, W. (2022). Analisis Pengaruh Debt To Equity Ratio, Current Ratio, Dan Total Aset Turnover Terhadap Kinerja Keuangan (Studi Kasus Pada Perusahaan Property dan Real Estate yang Terdaftar di BEI Tahun 2015-2020). *Jurnal Ilmiah Fokus Ekonomi, Manajemen, Bisnis & Akuntansi (EMBA)*, 1(2), 227–234. <https://doi.org/10.34152/emba.v1i2.513>
- Lestari, P. (2020). Pengaruh Likuiditas, Der, Firm Size, Dan Asset Turnover Terhadap Kinerja Keuangan. *Jurnal Neraca: Jurnal Pendidikan Dan Ilmu Ekonomi Akuntansi*, 4(1), 1. <https://doi.org/10.31851/neraca.v4i1.3843>
- Murhadi, Werner R. (2019). Analisis Laporan Keuangan : Proyeksi dan Valuasi Saham. Jakarta : Salemba Empat.
- Noor, Juliansyah. (2015). Metodologi Penelitian. Jakarta : Prenada Group.
- Putra, E. A., Susyanti, J., & Hufon, M. (2020). Pengaruh Analisis Current Ratio , Cash Ratio, Debt To Equity Ratio (Der), Dan Total Assets Turnover (Tato) Terhadap Kinerja Keuangan Pada Ekonomi Kreatif Sub Sektor Fashion Di Kota Malang Tahun 2014-2019. *Fakultas Ekonomi Dan Bisnis*, 9(13), 79–93.
- Sugiyono, (2017). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Bandung: CV. Alfabeta.
- Rachman, S., Karyatun, S., & Digdowiseiso, K. (2023). The Effect of Current Ratio, Debt to Equity Ratio, Debt to Asset Ratio, and Total Asset Turnover on The Financial Performance of Property and Real Estate Companies Listed in The Idx For The 20162020 Period. *Jurnal Syntax Admiration*, 4(2), 361–377. <https://doi.org/10.46799/jsa.v4i2.904>
- Ramayanti, S., Hinggo, H. T., & Sulistyandari. (2023). Pengaruh Likuiditas, Debt Equity Ratio dan Total Assets Turn Over Terhadap Kinerja Keuangan pada Perusahaan Subsektor Pertambangan Batubara yang Terdaftar di BEI Tahun 2018-2022. *Prosiding Seminar Nasional Ekonomi, Bisnis & Akuntansi*, 3, 1167–1176.

- Rudianto. 2013. *Akuntansi Manajemen Informasi untuk Pengambilan Keputusan Strategis*. Jakarta: Erlangga.
- Teng, S. H., Sitohang, P. R., Feronika, P. C., & Damanik, R. O. (2022). Pengaruh NPM, ROA, DER dan Size terhadap Kinerja Keuangan pada Sektor Real Estate dan Property yang terdaftar di BEI Periode 2018-2020. *Owner*, 6(2), 1425–1437. <https://doi.org/10.33395/owner.v6i2.761>
- Yusri, A. Z. dan D. (2020). Teori Akutansi: Sebuah Pemahaman untuk Mendukung Penelitian di Bidang Akuntansi Cetak. In *Jurnal Ilmu Pendidikan* (Vol. 7, Issue 2).