THE EFFECT OF CURRENT RATIO AND TOTAL ASSET TURNOVER ON FINANCIAL PERFORMANCE AT PT METRODATA ELECTRONICS TBK FOR THE PERIOD 2017-2024

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Abstract

This study aims to determine the effect of Current Ratio (CR) and Total Asset Turnover (TATO) on Return on Assets (ROA) as a financial performance indicator in technology companies in the hardware, technology equipment, and components sub-sector listed on the Indonesia Stock Exchange (IDX) for the period 2017–2024. This study uses a quantitative approach with secondary data obtained from the annual financial reports of PT Metrodata Electronics Tbk. The population in this study includes all technology companies in the sub-sector, and the sampling technique uses saturated sampling, where all members of the population are used as research samples. The variables used include Current Ratio (CR) as a measure of liquidity, Total Asset Turnover (TATO) as a measure of activity, and Return on Assets (ROA) as a measure of profitability. Data analysis was performed using multiple linear regression and classical assumption tests using the SPSS program. The results showed that the Current Ratio did not have a significant effect on Return on Assets, with a significance value of $0.969 > 0.05$. Similarly, Total Asset Turnover also did not have a significant effect on Return on Assets, with a significance value of $0.593 > 0.05$. Simultaneously, both variables did not have a significant effect on the company's financial performance with a significance value of $0.806 > 0.05$. This indicates that the level of liquidity and effectiveness of asset utilization has not yet been optimal.

Keywords:

Current Ratio; Total Asset Turnover; Financial Performenc

Introduction

Financial performance is one of the important indicators in assessing a company's ability to manage its resources effectively and efficiently. This performance can be measured through various financial ratios, including Current Assets, Total Asset Turnover, and Return On Assets (ROA). These ratios provide an overview of the extent to which the company is able to optimize its assets to generate profits and maintain liquidity in carrying out its operational activities.

Table 1. Cr, Tato, And Roa Of Pt Metrodata Electronics Tbk For The 2017-2024 Period

Tahun	Current Asset %	Total Asset Turnover %	Return On Asset %
2017	199.74%	253.26%	8.76%
2018	204.95%	261.98%	8.78%
2019	205.81%	267.89%	9.51%
2020	235.04%	239.01%	9.23%
2021	197.47%	243.79%	10.04%
2022	196.04%	0.09%	10.10%
2023	192.08%	7.04%	9.27%
2024	185.68%	6.55%	9.19%

Source: Data processed by the author

Based on the company's financial data for the period 2017–2024, Current Assets fluctuated from 199.74% in 2017 to 185.68% in 2024. This indicates a decline in the company's ability to maintain current assets relative to its total assets. Meanwhile, Total Asset Turnover also experienced a significant decline from 253.26% in 2017 to 6.55% in 2024, indicating a decline in the company's efficiency in utilizing all assets to generate sales. On the other hand, Return On Asset (ROA) is relatively stable with an upward trend, reaching 10.10% in 2022, although it declined slightly to 9.19% in 2024. This condition illustrates that even though asset utilization efficiency has declined, the company is still able to maintain a fairly good level of profitability.

Theoretical Study
Current Ratio (CR)

Current Ratio is a ratio used to measure a company's ability to meet its short-term obligations with its current assets. According to Kasmir (2019:135), the higher the current ratio, the better the company's ability to pay off its short-term obligations. However, a ratio that is too high may also indicate that the company's funds are not being used efficiently.

Total Asset Turnover (TATO)

Total Asset Turnover describes a company's ability to use all of its assets to generate sales. According to Horne & Wachowicz (2018), the higher the TATO value, the more efficient the company is in utilizing its assets to generate income.

Financial Performance

Financial performance is a description of a company's achievements in managing financial resources effectively and efficiently. According to Fahmi (2018:2), financial performance can be measured through profitability ratios such as Return on Assets (ROA), Return on Equity (ROE), or Net Profit Margin (NPM), which reflect a company's ability to generate profits.

Relationship between variables

Theoretically, current ratio and total asset turnover play an important role in determining financial performance. Companies with good liquidity (high CR) have the ability to carry out their operational activities without obstacles, thereby increasing profitability. Meanwhile, asset utilization efficiency (high TATO) indicates management's ability to optimize assets to generate income. Previous studies have shown varying results regarding the effect of CR and TATO on financial performance. For example, Bayu Wulandari, Nico Geraldo Sianturi, Nici Tasya Edeline Hasibuan, Imelda Tri Ananta Ginting, and Ardono Simanullang (2020) studied the Effect of Liquidity, Asset Management, Cash Turnover, and Capital Structure on Financial Performance in Manufacturing Companies Listed on the Indonesia Stock Exchange. The results showed that the liquidity ratio (Current Ratio) and asset management (Total Asset Turnover) had a significant effect on financial performance (ROA), while cash turnover (Cash Turnover) and capital structure (Debt to Equity Ratio) had no significant partial effect. However, simultaneously, all four variables had a significant effect on the company's financial performance.

Monica Falinda, Edduar Hendri, Muhammad Kurniawan, and Joni Iswan (2024) examined the Analysis of Liquidity Ratios and Activity Ratios as Tools for Measuring the Financial Performance of PT. Bukit Asam (Persero) Tbk for the Period 2015–2020.

Research Method

According to Sugiyono (2016:80), "population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by the author to be studied and then conclusions are drawn." The population in this study is technology companies in the hardware & equipment Technology and components sub-sector listed on the Indonesia Stock Exchange (IDX) for the period 2017-2024. The sample is part of the number and characteristics possessed by the population. The technique used in sampling for this study is Saturated Sampling, which is a sampling technique where all members of the population are used as samples. This study uses a quantitative approach with secondary data obtained from the annual financial reports of PT Metrodata Electronics Tbk for the period 2017-2024, which are published on the company's official website, the Indonesia Stock Exchange (IDX), and the PT Metrodata website. The data used includes financial ratios, namely Current Ratio (CR) as a measure of liquidity, Total Asset Turnover (TATO) as a measure of activity, and Return on Assets (ROA) as an indicator of the company's financial performance. The data analysis methods used are multiple linear regression analysis, t-test, and simultaneous test, with the help of the SPSS program, to determine the effect of current ratio and total asset turnover on the company's financial performance.

Results And Discussion

Classical Assumption Test

Results

a. Normality Test

Tabel 1 Kolmogorov Smirnov test results

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			8
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		.00483390
Most Extreme Differences	Absolute		.206
	Positive		.206
	Negative		-.156
Test Statistic			.206
Asymp. Sig. (2-tailed)[c]			.200[d]
Monte Carlo Sig. (2-tailed)[e]	Sig.		.412
	99% Confidence Interval	Lower Bound	.399
		Upper Bound	.424

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.
e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 624387341.

Source: SPSS output (processed data)

The results of the normality test show that all research variables have a significant value greater than 0.05 (p > 0.05), so it can be concluded that all research variables are normally distributed. The table shows that the statistical value for the Unstandardized Residual variable is 0.206. Therefore, the research variable has an Asymp. Sig. (2-tailed) of 0.200, which is greater than 0.05, meaning that all variables in this study are normally distributed.

a. Multicollinearity Test

Tabel 2 Multicollinearity Test Results

Coefficients[a]

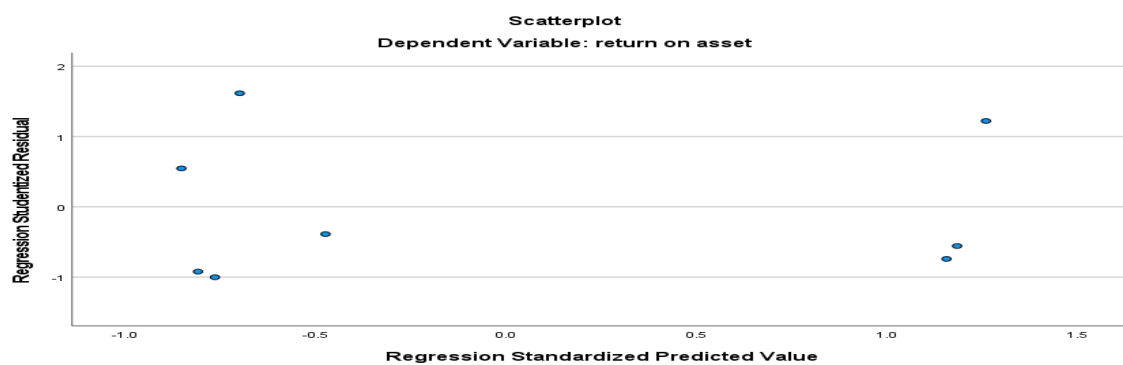| Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	.094	.034		2.742	.041		
	current ratio	.001	.018	.021	.040	.969	.669	1.494
	total asset turn over	-.001	.002	-.299	-.571	.593	.669	1.494

a. Dependent Variable: return on asset

Source: SPSS output (data processed by researcher)

Based on Table 3, the Tolerance value of the liquidity variable is 0.669 > 0.1, and the Tolerance value of the Total Assets Turnover variable is 0.669 > 0.1. Thus, there is no multicollinearity between the independent variables, namely Current Ratio and Total Asset Turnover, in the regression model. Meanwhile, the VIF value for Liquidity is 1.494 < 10. Therefore, it can be concluded that there is no multicollinearity between the independent variables in the regression model.

b. Heteroscedasticity Test

Figure 1 Scatter Plot

Based on the scatterplot above, the data points are scattered randomly above and below the zero (0) axis without forming any clear pattern (such as a narrowing or widening pattern). This indicates that there is no heteroscedasticity in the regression model used. Therefore, it can be concluded that the regression model satisfies the classical assumption of heteroscedasticity, meaning that the residual variance is constant (homoscedasticity).

c. Autocorrelation Test

Tabel 3 Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.287[a]	.083	-.284	.006	1.279

a. Predictors: (Constant), total asset turn over, current ratio

b. Dependent Variable: return on asset

Source: SPSS output (processed data)

Based on the test results in the table above, this regression model has no conclusion, as evidenced by the Durbin-Watson value of 1.279, which is between the interval of 1.100 – 1.550. Sugiyono (2018:184).

Multiple Linear Regression Analysis

Tabel 4 Multiple Linear Regression Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.094	.034		2.742	.041		
	current ratio	.001	.018	.021	.040	.969	.669	1.494
	total asset turn over	-.001	.002	-.299	-.571	.593	.669	1.494

a. Dependent Variable: return on asset

Sumber: Output SPSS (data diolah peneliti)

The results are entered into a multiple linear regression equation, producing the equation Y=0.094 +0.001 X1 + -0.001 X2 + e.

Explanation:

1. Constant (a)

The constant value of 0.094 indicates that if the current ratio (X_1) and total asset turnover (X_2) variables are considered constant or zero, then the return on assets (Y) value is 0.094.

2. Regression Coefficient Value X1 Current Ratio

X1 is 0.001 and has a positive value, which indicates that every increase in the Current Ratio by one unit will increase the Return on Assets by 0.001, assuming other variables remain constant.

3. Regression coefficient X2 Total Asset Turnover

X_2 (total asset turnover) has a negative value of -0.001, meaning that return on assets will decrease by 0.001, assuming other variables remain constant. The negative sign indicates an opposite effect between total asset turnover and return on assets.

Partial Test t

Tabel 5 Hasil Uji t (Parsial)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.094	.034		2.742	.041		
	current ratio	.001	.018	.021	.040	.969	.669	1.494
	total asset turn over	-.001	.002	-.299	-.571	.593	.669	1.494

a. Dependent Variable: return on asset

Sumber: Output SPSS (data diolah peneliti)

Based on the results in the table above, it can be concluded that the Current Ratio variable (X1) has a t-value of 0.040, which is smaller than the t-table value of 2.77, and a significance value of 0.969 > 0.05. This indicates that the Current Ratio

variable (X1) has no significant partial effect on Return on Assets (Y). Thus, the decision is to reject Ha and accept Ho.

Furthermore, the Total Asset Turnover (X2) variable has a t-value of -0.571, which is also smaller than the t-table value of 2.77, and has a significance value of 0.593 > 0.05. This means that the Total Asset Turnover (X2) variable does not have a significant partial effect on Return on Assets (Y). Therefore, the decision is to reject Ha and accept Ho.

Simultaneous F Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.000	2	.000	.225	.806^b
	Residual	.000	5	.000		
	Total	.000	7			

a. Dependent Variable: return on asset

b. Predictors: (Constant), total asset turn over, current ratio

Sumber: Output SPSS (data diolah peneliti)

Based on the results of the simultaneous test (F test) in the ANOVA table above, the calculated F value is 0.225 with a significance value (Sig) of 0.806. The F table value with a significance level of 5% (α = 0.05) and degrees of freedom (df1 = 2, df2 = 5) is 5.79. Because the F count (0.225) < F table (5.79) and Sig (0.806) > 0.05, Ho is accepted and Ha is rejected. Thus, it can be concluded that simultaneously, the Current Ratio (X1) and Total Asset Turnover (X2) variables do not have a significant effect on Return on Assets (Y).

Discussion

The analysis results show that the Current Ratio variable does not have a significant effect on Return on Assets. This is indicated by a t-value of 0.040, which is smaller than the t-table value of 2.77, and a significance value of 0.969, which is greater than 0.05. Thus, Ha is rejected and Ho is accepted. These results illustrate that the company's ability to meet its short-term obligations has not been able to increase profitability as measured by Return on Assets. This condition may occur because a high Current Ratio is not always followed by an increase in the efficiency of asset utilization in generating profits, for example, when a company has large current assets but does not use them optimally for operational activities. Meanwhile, for the Total Asset Turnover variable, the analysis results also show no significant effect on Return on Assets. This is indicated by a t-value of -0.571, which is smaller than the t-table value of 2.77, and a significance value of 0.593, which is greater than 0.05. This means that the higher or lower the level of total asset turnover does not

have a significant impact on changes in company profitability. This may be due to the company's suboptimal ability to utilize all of its assets to generate income, so that an increase in sales has not been able to increase profits proportionally. Overall, these results show that both l.

Conclusion

The results of this study indicate that Current Ratio and Total Asset Turnover do not have a significant effect on Return on Assets (ROA), either partially or simultaneously. These findings indicate that the company's liquidity and asset utilization effectiveness have not been able to increase profitability. Although the company has the ability to meet its short-term obligations through a high Current Ratio, this does not guarantee that assets are used optimally to generate profits. Similarly, high or low total asset turnover does not have a significant impact on profitability, which is likely due to the suboptimal utilization of assets in supporting revenue growth. Academically, this study contributes to the understanding that traditional financial ratios such as liquidity and activity are not always strong indicators in predicting profitability, especially in industries that are influenced by operational efficiency and market dynamics. From a practical standpoint, these results suggest that companies cannot rely solely on liquidity and asset turnover rates to improve financial performance, but also need to pay attention to operational efficiency, cost structure, and comprehensive asset management strategies. However, this study has limitations because it only uses two financial variables and does not consider other factors such as

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