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THE EFFECT OF CURRENT RATIO, RETURN ON ASSETS, AND DEBT TO EQUITY RATIO ON FINANCIAL DISTRESS IN PT HM SAMPOERNA TBK FOR THE PERIOD 2013-2023

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Abstract

This study aims to determine the effect of current ratio, return on assets, and debt to equity ratio on financial distress of PT HM Sampoerna Tbk. The analysis used is quantitative and associative analysis, descriptive test, multiple regression test, classical assumption test, hypothesis testing, determination test. Based on partial tests, current ratio has an influence on financial distress with a regression value of 7.988 and a significance of 0.000, return on assets has an influence on financial distress with a regression value of 9.931 and a significance of 0.000, and debt to equity ratio has an influence on financial distress with a regression value of 2.603 and a significance of 0.035. Based on the simultaneous test, current ratio, return on assets, and debt to equity ratio have an effect on financial distress with a regression value of 168.569 and a significance of 0.000.

Keywords: *current ratio, return on assets, and debt to equity ratio, financial distress*

INTRODUCTION

Changes in the world economy are undergoing changes that greatly affect company finances. From small companies to large companies have experienced a huge decline. Bankruptcy in the company is the impact of unfavorable changes in the economy. Good performance seems to be lost, due to too much debt that cannot be paid by the company and declining revenue is one example of the cause of financial problems that must be immediately paid more attention by the company to reduce or overcome the risks that will be faced about financial health. The lack of ability to pay the company's debt makes the company's internal situation worsen at a certain time until finally it cannot be helped in potential bankruptcy. Things that are highly avoided so that they cannot occur in various types of companies from trade to services, financial health becomes more important because the competition between companies is so tight that demands financial stability in the company. Changes in the world economy are undergoing changes that greatly affect company finances. From small companies to large companies have experienced a huge decline. Bankruptcy in the company is the impact of unfavorable changes in the economy. Good performance seems to be lost, due to too much debt that cannot be paid by the company and declining revenue is one example of the cause of financial problems that must be immediately paid more attention by the company to reduce or overcome the risks that will be faced about financial health. The lack of ability to pay the company's debt makes the company's internal situation worsen at a certain time until finally it cannot be helped in potential bankruptcy. Things that are highly avoided so that they cannot occur in various types of companies from trade to services, financial health becomes more important because the competition

between companies is so tight that demands financial stability in the company.

Financial distress is a financial problem that can cause the company to experience bankruptcy, actually everything can be overcome from the start to anticipate bad things for the company. The reason for this is the lack of income to cover the company's needs, so that it experiences a decrease in assets over a certain period of time that no action can stop the decline. Based on this, it is necessary to analyze the development of the *financial distress* model to improve the company's financial condition.

The liquidity ratio is a depiction of the company's ability to overcome its short-term debt that can be paid from the company's current assets, this is the benchmark for whether the company is experiencing financial problems caused by assets that are reduced due to declining sales or debts that are too large to be paid by the company.

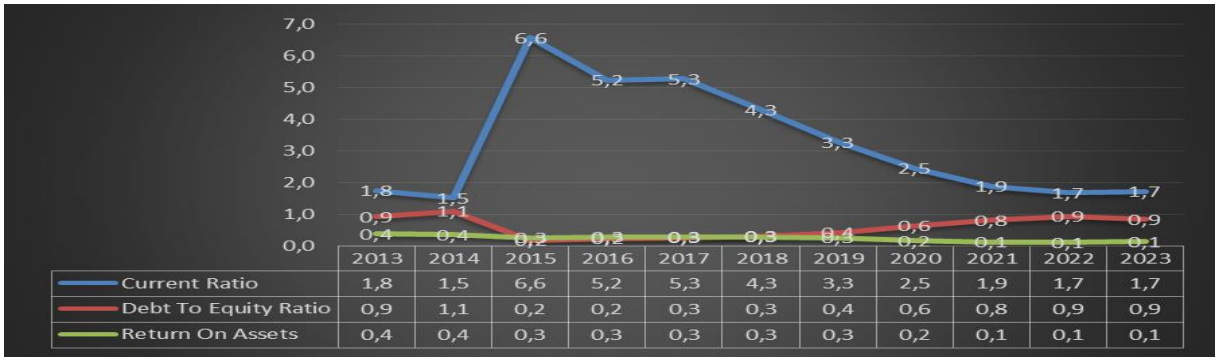
The solvency ratio or it can also be called the leverage ratio measures the company's ability to fulfill its obligations in paying debts in a predetermined period of time, both short and long term. In the solvency ratio there is a ratio *to* measure debt to capital called the debt-to-equity *ratio* which reflects how much capital contributes to the repayment of company debt. This ratio also illustrates that the smaller the contribution of capital to debt, the better for company development. This is in the spotlight because it is one of the problems in the financial disruption of the company until the bankruptcy that can hit.

Profitability ratio is a way to review the health of the company on the results of the revenue earned to return the company's assets that make stability in developing its business. From these results, *return on assets* becomes a measurement in the profits obtained whether it affects the company's assets which will later be developed in decision making. So that it will be a measure in supporting whether there is a connection with the cause of the financial decline that can cause bankruptcy that will hit the company later.

Figure 1 Financial Distress Graph 2013-2023 PT. HM SAMPOERNA Tbk

From the data obtained in 2013-2018 the measurement of *financial distress* has increased which can be included in the category of healthy companies in terms of financial problems, but in the

following year it was seen that the company's finances were said to have decreased in a period of five years. And this is that the company's finances experience changes that tend to be unfavorable and can be said to be experiencing financial difficulties.



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Current Ratio	1,8	1,5	6,6	5,2	5,3	4,3	3,3	2,5	1,9	1,7	1,7
Debt To Equity Ratio	0,9	1,1	0,2	0,2	0,3	0,3	0,4	0,6	0,8	0,9	0,9
Return On Assets	0,4	0,4	0,3	0,3	0,3	0,3	0,3	0,2	0,1	0,1	0,1

Figure 2 Graph of Current Ratio, Debt On Equity Ratio, Return On Asset Ratio 2013- 2023 PT. HM SAMPOERNA Tbk

Based on the graph above, it shows that from 2013 to 2014 the *current ratio* has decreased due to the increase in current debt and the decrease in current assets obtained by the company. While the next year, namely 2015, the *current ratio* experienced a very significant increase because the current debt in 2015 was very small compared to the current assets obtained. The following year experienced fluctuations in the company's *current ratio*.

According to the data *on return on assets in* 2013 - 2014, the situation is very stable, but in 2015-2019 a decrease occurred due to a decrease in total assets in the company. In 2020-2023, the decrease in *return on assets was* very disturbed, which resulted in a decrease in the profit earned by the company in this period.

In 2013 the *debt-to-equity ratio* compared to 2014 has results that are very threatening to the sustainability of the company which is a very high increase, this is due to the debt generated in 2014 crawling sharply. Resulting in the threat of the danger of bankruptcy of the company because the debt is much higher than the equity owned by the company. However, 2015 was very, very drastically decreased which made the company so healthy for a long-time controlling capital over its debt. The following year experienced fluctuations in the next period and tended to be less good.

Based on previous research, according to Julyanti Situmorang, Rasmulia Sembiring and Jeudi A. T. P. Sianturi (2023) found that *current ratio, return on assets, debt to equity ratio* have a significant effect on *financial distress.* And other research according to Putri Adelia Tungga Dewi, Deny Yudiantoro, Amalia Nuril Hidayati (2022) found that *return on assets, debt to equity ratio, current ratio,* and *total asset turnover have* a significant effect on *financial distress*.

Other results from previous research that Carla Saraswati (2022) found that the *current ratio, return on assets has a* significant effect on *Financial Distress*. And according to Resty Apriliana

Ningsih and Nadia Asandimitra (2023) found that *current ratio, debt to equity ratio* has a significant effect on *financial distress.* And according to Muzharoatiningsih (2022) revealed that *return on assets has a* significant effect on *financial distress,* while *current ratio, debt to equity ratio has* no significant effect on *financial distress.*

In determining the results of a directed conclusion, the problem formulation is taken as follows: Is there an effect of *current ratio* on *financial distress* partially at PT. HM. Sampoerna Tbk 2013-2023? Is there an effect of *return on assets on* financial *distress* partially at PT. HM. Sampoerna Tbk 2013-2023? Is there an effect of *debt-to-equity ratio* on *financial distress* partially at PT. HM. Sampoerna Tbk 2013-2023? Is there an effect of *current ratio, return on assets,* and *debt to equity ratio* simultaneously on *financial distress* at PT. HM. Sampoerna Tbk 2013-2023?

The objectives of this study include: To determine the effect of *current ratio* on *financial distress* partially at PT. HM. Sampoerna Tbk 2013-2023, To determine the effect of *return on assets* on *financial distress* partially at *PT*. HM. Sampoerna Tbk 2013-2023, To determine the effect of *debt to equity ratio* on *financial distress* partially at *PT HM*. Sampoerna Tbk 2013-2023, To determine the effect of *current ratio, return on assets,* and *debt to equity ratio* simultaneously on *financial distress* at PT HM. Sampoerna Tbk 2013-2023.

METHOD

Here the author uses a type of quantitative research. Quantitative research is a study that is processed and analyzed to draw conclusions. This means that this research provides a description and explains the state of the company as reflected in the financial statements, and uses a quantitative approach because the data in this study are expressed in the form of numbers and analysis using statistics. The characteristics of quantitative research aim to obtain data that describes the characteristics of objects, events, or situations. (Sekaran & Bougie, 2016: 43).

According to Sugiyono (2017: 7) "Quantitative research is a research method based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, data analysis is quantitative / statistical, and research data is in the form of numbers, with the aim of testing the hypothesis applied".

This research is associative, where the research aims to determine the relationship between two or more variables with this research, a theory can be built that can serve to explain, predict and control a symptom (Sujarweni, 2015: 16).

RESULT AND DISCUSSION

Result

The results of the analysis conducted with *statistical product and service solution* (SPSS) *software* version 25 after managing the data that explains the variables used in this study.

Descriptive Statistical Analysis

Descriptive statistical test is a description or description of the description of a data that has a value from the management of the smallest data (minimum), the highest value (maximum), the average value (mean), and the standard deviation.

Tabel 1 Descriptive Statistics Table Variable Current Ratio, Return On Assets, Debt To Equity Ratio and Financial Distress

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Current Ratio	11	15.00	66.00	32.5455	18.07962
Return On Assets	11	1.00	4.00	2.5455	1.12815
Debt To Equity Ratio	11	2.00	11.00	6.0000	3.31662
Financial Distress	11	41.00	85.00	59.8182	15.00545
Valid N (listwise)	11				

Source: data output from SPSS V.25

Based on table 4.5, it can be explained that in the descriptive test through SPSS this research has 11 processed data. The results are as follows:

a. The variable X_1 is the *current ratio* has a minimum result of 15.00, a maximim value of 66.00, an average of 32.5455, and a standard deviation value of 18.07962.
b. The variable X_2 is *return on assets* has a minimum result of 1.00, a maximum value of 4.00, an average value of 2.4545, and a standard deviation of 1.12815.
c. Variable X_3 is *debt to equity ratio* has a minimum result of 2.00, a maximum value of 11.00, an average value of 6.0000, and a standard deviation of 3.31662.
d. Variable Y is *financial distress* has a minimum result of 41.00, a maximum value of 85.00, an average value of 59.8182, and a standard deviation of 15.00545.

Classical Assumption Test

a. Normality test

   This test is to find out whether the data used is normal to be used as test material. This model is also for whether or not the data is feasible.

Table 2 Normality test with one sample Kolmogorov-smirnov test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		11
Normal Parameters[a, b]	Mean	.0000000
	Std. Deviation	1.75333198
Most Extreme Differences	Absolute	.185
	Positive	.118
	Negative	-.185
Test Statistic		.185
Asymp. Sig. (2-tailed)		.200[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: data output from SPSS V.25

Based on the test results contained in table 4.6 there are Asymp. Sig (2-tailed) of 0.200. then this result is called normal. Because 0.200> 0.05 with the assumption of the one sample Kolmogorov-smirnov test.

The normality test also uses a graphic image called a *probability plot*, which is to review the location of the residual points that follow the direction of the diagonal line generated from the SPSS version 25 data processing, as in the following figure:

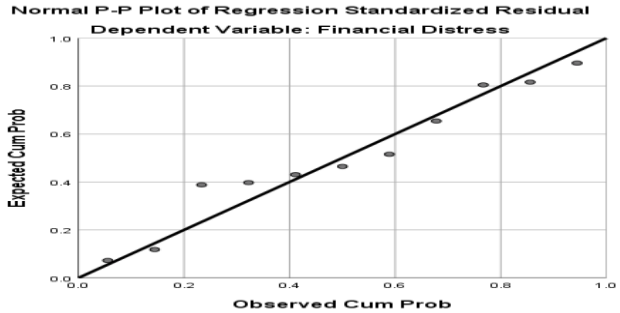


Figure 3 Grafic P-P Plot Uji Normalitas

Based on the picture above, the results can be interpreted that the data that will be used as research material is normally distributed. Because the points are around the diagonal line.

b. Multicollinearity test

A multicollinearity check is performed to ensure that there is no significant interrelationship between the independent variables, which is necessary to ensure the quality of a good regression model. The desired result is the absence of significant correlation between the independent variables. This evaluation can be done by checking the Tolerance and Variance Inflation Factor (VIF) values.

Table 3 Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	Current Ratio	.122	8.172
	Return On Assets	.851	1.174
	Debt To Equity Ratio	.130	7.701

a. Dependent Variable: Financial Distress

Source: SPSS V25 data output

Based on the results obtained from the SPSS data output, it shows that the value in the torelance column is above 0.10, the following for the *current ratio* has a value of 0.122, *return on assets has a value of 0.*851, and the *debt-to-equity ratio* has a value of 0.130. From the SPSS data output, it can also be seen in the VIF column for the *current ratio* has a value of 8.172, *return on assets has* a value of 1.174, and the *debt-to-equity ratio* has a value of 7.701 smaller than 10. From these results it can be interpreted that the independent variables are not found multicollinearity in this study.

c. Heteroscedasticity test

The heteroscedasticity test is a test to identify between related variables and independent variables whether or not there is inequality between these variables in the *scatterplot* graph to observe the regression model in the following figure:

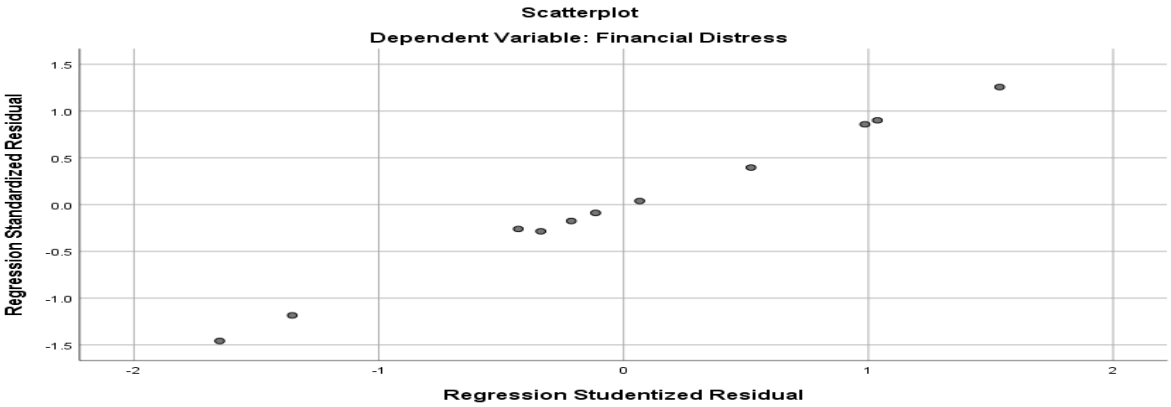


Figure 4 Heteroscedasticity Test

Based on the picture above, the heteroscedasticity test shows the distribution of dots above and below zero on the Y axis, meaning that there is no indication of heteroscedasticity. It can be concluded that the regression test will not occur problems and can be continued to use it to observe *financial distress* with independent variables.

d. Autocorrelation test

The purpose of the autocorrelation test is to determine whether there is a relationship between the independent variables in the research regression using the *Durbin Watson test (DW test)* and the assurance test using the Runs test.

Table 4 Durbin Watson Autocorrelation Test (DW Test)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.993[a]	.986	.980	2.09563	2.286

a. Predictors: (Constant), Debt to Equity Ratio, Return on Assets, Current Ratio

b. Dependent Variable: Financial Distress

Source: SPSS V25 data output

Based on the table above, *Durbin Watson* (DW) obtained a result of 2.286 with a significant standard of 0.05. and the next test for the basis of decision making is the runs test which can be calculated with an Asymp Sig (2-tailed) value smaller than 0.05 to find out if there is autocorrelation. Conversely, if Asymp Sig (2-tailed) is greater than 0.05, it means there is no autocorrelation.

Table 5 Runs Test

Runs Test

	Unstandardized Residual
Test Value[a]	-.18556
Cases < Test Value	5
Cases >= Test Value	6
Total Cases	11
Number of Runs	7
Z	.029
Asymp. Sig. (2-tailed)	.977

a. Median

Source: SPSS V25 data output

Based on the results of the data displayed above, it can be interpreted that the Asymp. Sig. (2-tailed) done gets a value of 0.977 so that when compared to 0.05. Then these results are greater than the specified significant standard. Therefore, the data for this study does not occur autocorrelation between variables.

Multiple Linear Regression Analysis

Multiple linear regression tests in this study are used to determine the effect of independent or independent variables on related or dependent variables, namely *current ratio (*X_1 *), return on assets* (X_2 *),* and *debt to equity ratio* (X_3) on *financial distress* (Y) PT HM Sampoerna Tbk, the following equations are used in this study:

$$\mathbf{Y = a + \beta X_1 + \beta X_2 + \beta X_3 + e}$$

The results that can be seen from the data processed through the SPSS program are as follows:

Table 6 Multiple Linear Regression Analysis Test

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.826	6.380		1.227	.260		
	Current Ratio	.837	.105	1.008	7.988	.000	.122	8.172
	Return On Assets	6.322	.637	.475	9.931	.000	.851	1.174
	Debt To Equity Ratio	1.443	.554	.319	2.603	.035	.130	7.701
a. Dependent Variable: Financial Distress								

Source: SPSS V25 data output

From the results of the table above, the regression equation is obtained as follows:

X_1 = *Current Ratio* β = Regression Coefficient

X_2 = *Return on Asset* a = Constant

X_3 = *Debt to Equity Ratio* e = *standard error*

Y = *Financial Distress*

$$Y = 7.826 + 0.837_{X1} + 6.322_{X2} + 1.443_{X3}$$

a. The constant of 7.826 means that if the independent variables (*current ratio (*X_1*), return on assets* (X_2*),* and *debt to equity ratio (*X_3)) are considered zero, then *financial distress* is 7.826.
b. *The current ratio* regression coefficient of 0.837 means that there is a positive influence on *financial distress*, so every 1% increase in *current ratio* will positively affect *financial distress* by 0.837.
c. The regression coefficient of *return on assets is* 6.322, which means that there is a positive influence on *financial distress* that every 1% increase in *return on assets* will affect *financial distress* increasing by 6.322.
d. *The debt-to-equity ratio* regression coefficient of 1.443 states that this variable has a negative effect on *financial distress*, so if it is assumed that a 1% increase in *debt-to-equity ratio* can increase *financial distress by* 1.443.

Hypothesis Test

Partial Test (t Test)

Partial test in order to find out between the independent variables and related variables there is a strong positive or negative relationship or influence between the independent variable current ratio (X1), return on assets (X2), debt to equity ratio (X3) on the related variable financial distress (Y) by testing one by one the independent variable on the related variable, so that it can be concluded whether the assumed conjecture can be accepted or rejected based on the significant standard of 0.05.Rumus yang digunakan untuk mencari t_{tabel} sebagai berikut:

t_{tabel} = (a/2: n-k-1)

t_{tabel} = 0,05/2: 11-3-1

t_{tabel} = 0,025: 7

t_{tabel} = 2,36462

From the results of the above calculations, it has been found that for t_{tabel} this research is located at point 7 with a result of 2.36462. attachment point percentage distribution t.

Table 7 Test Results t *Current Ratio*, Return on Assets, Debt to Equity Ratio on *Financial Distress*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.826	6.380		1.227	.260
	Current Ratio	.837	.105	1.008	7.988	.000
	Return On Assets	6.322	.637	.475	9.931	.000
	Debt To Equity Ratio	1.443	.554	.319	2.603	.035

Source: SPSS V25 data output

Based on the results of data processing from SPSS in the table above, the results for tcount < t_{tabel} which has the results (7.988> 2.36462) and the significant results of the *current ratio* variable are greater than the standard 0.05 or (0.000 < 0.05). From the results obtained, it can be concluded that Ho_1 is accepted and Ha_1 is rejected, it can be revealed from these results that there is an influence between the *current ratio* variable on *financial distress.*

Based on the results of data processing from SPSS in the table above, the results for tcount> t_{tabel} which has the results (9.931> 2.36462) and the significant results of the *return on assets* variable are greater than the standard 0.05 or (0.041 <0.05). From the results obtained, it can be concluded that Ho_2 is accepted and Ha_2 is rejected, it can be revealed from these results that there is an influence between the variable *return on assets* on *financial distress.*

Based on the results of data processing from SPSS in the table above, the results for tcount> t_{tabel} which has the results (2.603> 2.44691) and the significant results of the *Debt-to-Equity Ratio* variable are smaller than the standard 0.05 or (0.035 <0.05). From the results obtained, it can be concluded that Ha_2 is accepted and Ho_2 is rejected, it can be revealed from these results that there is an influence between the *Debt-to-Equity Ratio* variable on *financial distress.*

Simultaneous Test (F Test)

In the F test will reveal the results to determine whether or not all independent variables can affect related variables by measuring the value of Fcount> F_{tabel} and a smaller significant value <0.05. To memorize that all variables have an effect on related variables, and vice versa if the significant value is greater <0.05 then there is no influence between all independent variables on related variables.

Formula for finding F_{tabel}

Df = n-k

Df = 11-4

Df = 7

From the results above, the F $point_{tabel}$ of this study is in column 4 and row 7, namely with a value of 4.120.

Table 8 F Test Results *Current Ratio*, Return on Assets, Debt to Equity Ratio on *Financial Distress*

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2220.895	3	740.298	168.569	.000[b]
	Residual	30.742	7	4.392		
	Total	2251.636	10			
a. Dependent Variable: Financial Distress						
b. Predictors: (Constant), Debt to Equity Ratio, Return on Assets, Current Ratio						

Source: SPSS V25 data output

Berdasarkan tabel 8 diatas dapat dilihat nilai f_{hitung} yang mempunyai hasil sebesar 30,514 sedangkan untuk f_{tabel} sebesar 4,120 maka dapat diambil hasil $f_{hitung} > f_{tabel}$ (168,569 > 4,120) dengan hasil besarnya signifikan penelitian 0,000 lebih kecil dari standar signifikan 0,05 (0,000 < 0,05). Hingga dapat diambil kesimpulan bahwa seluruh variabel bebas *Current Ratio*, Return on Assets, Debt to Equity Ratio berpengaruh signifikan terhadap variabel terkait *Financial Distress* pada PT Hm Sampoerna Tbk.

Test Coefficient of Determination (R^2)

The coefficient of determination test is a test to determine the extent to which the independent variables in the study contribute to influencing related variables, in order to get a variation value that is close to the required results. The following results are tested through SPSS data processing below:

Tabel 9 Test Results of the Coefficient of Determination (R^2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.993[a]	.986	.980	2.09563
a. Predictors: (Constant), Debt to Equity Ratio, Return on Assets, Current Ratio				

Source: SPSS V25 data output

Based on the results displayed in the table above, it can be seen that the coefficient of determination (R Square) together has a percentage value of 0.986 or 98.6%, this means that the contribution of variations in independent variables (*Current Ratio*, Return On Assets, Debt To Equity Ratio) in influencing related variables (*Financial Distress*) is 98.6% and the remaining 1.4% variation of other variables not included in this study.

DISCUSSION

The Effect of *Current Ratio* on *Financial Distress at* PT HM Sampoerna Tbk for the Period 2013-2023

Based on the data processing output from Spss in table 4.11 (t-test table) shows that the *current ratio* variable has a $_{tcount}$ value of 7.988 while the t value is$_{tabel}$ 2.44691. So, it can be concluded that tcount> t_{tabel} (7.988> 2.44691). With a probability level of significance of the *current ratio* variable *of* 0.000 greater than the significant level of 0.05 (0.000 <0.05). So that the results can be taken that say $H0_1$ is accepted $H\alpha_1$ is rejected. This means that partially the *current ratio has a* partial effect on

financial distress. This is due to the smoothness of the company in paying its financial obligations, so that the availability of balanced cash can have no impact on *financial distress*.

The results of this study are in line with previous research with the same results. According to Julyanti Situmorang, Rasmulia Sembiring and Jeudi A. T. P. Sianturi (2023) suggests that *current ratio, return on assets, debt to equity ratio have* a significant effect on *financial distress.* There are also results that are not in line with this research, according to Muzharoatiningsih (2022) which reveals that *return on assets has a* significant effect on *financial distress, while current ratio, debt to equity ratio has* no significant effect on *financial*.

The influence of the effect of *Return on Assets on Financial Distress at* PT HM Sampoerna Tbk for the Period 2013-2023

Based on the results of spss data processing output in table 4.11 (t-test table) that the *return on assets* variable has a $_{t\text{-count}}$ value of 9.931 while the t-value is$_{tabel}$ 2.44691 so it can be concluded that t-count> t_{tabel} (9.931> 2.44691). With a probability level of significance of the variable *return on assets of* 0.000 greater than the significant level of 0.05 (0.000 <0.05). So, it can be said that $H0_2$ is accepted Hα is rejected. This means that partially *return on assets* partially affects *financial distress*.

This shows that there is a slowing asset turnover, so the potential for increased *financial distress*, small profits are also one of the obstacles to the movement of company assets. *Return On Assets that is* not fast enough shows that the process of getting the company's net profit is still slow and it is feared to be a factor that affects *financial distress.*

The results of this study are in line with previous research with the same results, that according to Carla Saraswati (2022) found that *current ratio, return on assets has a* significant effect on *financial distress* and according to Julyanti Situmorang, Rasmulia Sembiring and Jeudi A. T. P. Sianturi (2023) suggested that current ratio, return on assets, debt to equity ratio have a significant effect on financial distress. T. P. Sianturi (2023) suggests that *current ratio, return on assets, debt to equity ratio have* a significant effect on *financial distress.*

The Effect of *Debt-to-Equity Ratio* on *Financial Distress* at PT HM Sampoerna Tbk for the Period 2013-2023

Based on the results of spss data processing output in table 4.11 (t-test table) that for the *Debt-to-Equity Ratio* variable in the table above, the results are obtained for tcount> t_{tabel} which has negative results (2.603> 2.44691) and the significant results of the *debt-to-equity ratio* variable are smaller than the standard 0.05 or (0.035 <0.05). From the results obtained, it can be concluded that Ha_3 is accepted and Ho_3 is rejected, it can be revealed from these results that partially there is an influence between the *debt-to-equity ratio* variable on *financial distress.*

This shows that if the *debt-to-equity ratio is* too large, it will make the company's difficulty

level to pay off the amount of debt borne even greater and this can potentially cause *financial distress* conditions, resulting in changes in the company's financial situation and the possibility of bankruptcy due to default.

The results of this study are reinforced by previous research that supports the same results. According to Julyanti Situmorang, Rasmulia Sembiring, Jeudi A. T. P. Sianturi (2023) with the title of the effect of financial ratios on financial distress in automotive sub-sector companies and components listed on the Indonesian stock exchange for the 2014-2020 period, with the results of the *debt-to-equity ratio* affecting *financial distress*.

The findings of the results of this study are not in line with previous research which is reinforced by the results according to Hanny and Aan Marlinah (2023) with the title of the effect of financial ratios, audit committees, and corporate governance on financial *distress* in manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2021 period, with the results that the *debt-to-equity ratio* has no effect on *financial distress*.

The Effect of Current Ratio, Return on Assets, Debt to Equity Ratio on *Financial Distress*

Based on table 4.12 above, it can be seen that the $_{fcount}$ value has a result of 30.514, while for the $_{ftabel\ of}$ 4.120, it can be taken that the result of fcount> f_{tabe} l (168.569> 4.120) with the result that the significant amount of research 0.000 is smaller than the significant standard of 0.05 (0.000 <0.05). Until it can be concluded that all independent variables *(current ratio, return on assets, debt to equity ratio*) have a significant effect on related variables (*financial distress*) at PT HM Sampoerna Tbk.

This shows that a good *current ratio* will reduce the risk of *financial distress in the* company's financial condition, a high amount of debt makes the company more at risk of default when due and this can lead to an increase in the *debt-to-equity ratio* making the company's chances of having an impact are higher financial *distress*.

The results of this study are reinforced by previous research that supports the same results. According to Julyanti Situmorang, Rasmulia Sembiring, Jeudi A.T.P (2023) with the title of the effect of financial ratios on financial distress in automotive sub-sector companies and components listed on the Indonesia stock exchange for the period 2014-2022, with the results of *current ratio, return on assets, debt to equity ratio* affecting *financial distress*.

CONCLUSION

Based on the results of the discussion presented, the following conclusions can be drawn:

1. Current Ratio at PT HM Sampoerna Tbk partially has no influence on financial distress. This refers to the results which show a regression coefficient value of 7.988 and a significance value of 0.000.

2. Return on assets at PT HM Sampoerna Tbk partially has an influence on financial distress. This refers to the results which show a regression coefficient value of 9.931 and a significance value of 0.000.
3. Debt to equity ratio at PT HM Sampoerna Tbk partially has a negative influence on financial distress. This refers to the results which show a regression coefficient value of -2.603 and a significance value of 0.035.
4. Current Ratio, return on assets, debt to equity ratio at PT HM Sampoerna Tbk simultaneously has an influence on financial distress. This refers to the results which show the regression coefficient value of 168.569 and a significance value of 0.000.

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