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THE EFFECT OF CURRENT RATIO (CR) AND DEBT TO EQUITY RATIO (DER) ON RETURN ON ASSETS (ROA) IN PROPERTY AND REAL ESTATE SUB-SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX) FOR THE PERIOD 2021-2025

Lesti Mutia[1], Didin Rasyidin Wahyu[2], Ombi Romli[3*]
[1,2,3] Management Study Program, Universitas Bina Bangsa, Indonesia
Email*: lestimutia280@gmail.com[1], didinrw.28@gmail.com[2], ombiromli250282@gmail.com[3]*

Abstract

Profitability is an important indicator for assessing a company's financial performance. Return on Assets (ROA) measures a company's ability to generate profits from its assets. This study analyzes the impact of the Current Ratio (CR) and Debt to Equity Ratio (DER) on ROA in property and real estate companies in Indonesia from 2021 to 2025. This study aims to find out the effect of the Current Ratio (CR) on Return on Assets (ROA), the effect of the Debt to Equity Ratio (DER) on Return on Assets (ROA), and the combined effect of CR and DER on ROA. This study uses a quantitative method and an associative approach. Secondary data were taken from the financial reports of property companies on the Indonesia Stock Exchange for the 2021–2025 period. Sampling was carried out using purposive sampling, and data analysis was carried out using multiple linear regression in SPSS. The research results show that the Current Ratio (CR) and Debt to Equity Ratio (DER) affect Return on Assets (ROA) in property and real estate sub-sector companies on the Indonesia Stock Exchange from 2021–2025. Based on the research results, it can be concluded that the Current Ratio (CR) and Debt to Equity Ratio (DER) are factors that influence Return on Assets (ROA). Therefore, companies need to maintain their liquidity levels and manage their capital structure optimally to boost profitability and support the company's financial performance.

Keywords: Return On Assets (ROA), Current Ratio (CR), and Debt to Equity Ratio (DER)

INTRODUCTION

Companies are required to manage their resources effectively and efficiently to maintain their performance and ensure business continuity. One indicator used to assess company performance is profitability. Return on Assets (ROA) is a ratio that demonstrates a company's ability to generate profits by utilizing its assets. When assessing a company's financial condition, the Current Ratio (CR) and Debt to Equity Ratio (DER) are important ratios to consider. The Current Ratio is used to determine a company's ability to meet short-term obligations using current assets. Meanwhile, the Debt to Equity Ratio is used to determine the ratio of debt to equity. Both ratios can provide insight into a company's financial condition and the management of its resources.

Relatively large asset and funding requirements characterize companies in the property and real estate subsector. Economic conditions, consumer purchasing power, interest rates, and government policies also influence the condition of this sector. Following the COVID-19 pandemic, companies in the property and real estate sector face various challenges in maintaining financial performance and increasing profitability. Based on research data, the average Return on Assets of the sample companies fluctuated. In 2021, the average ROA was 3.84%, increasing to 4.18% in 2022, and then declining to 3.91% in 2023. In 2024, the

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average ROA increased again to 4.63%, but in 2025, it declined again to 3.80%. This indicates that the companies' ability to generate profits from their assets has changed over the study period. The current ratio also fluctuates. The average current ratio (CR) in 2021 was 3.50%, decreasing to 2.97% in 2022, then increasing to 4.63% in 2023. The average CR then decreased to 3.99% in 2024 and 3.31% in 2025.

Meanwhile, the average Debt to Equity Ratio in 2021 was 4.18%, decreasing to 3.48% in 2022, then increasing to 3.91% in 2023, 3.95% in 2024, and 4.05% in 2025. This condition indicates that the company's funding structure has changed during the research period. Previous research on the effect of CR and DER on ROA continues to show discrepancies. Some studies found that CR did not affect ROA, while others found an effect. The same holds for DER, with studies showing both positive and negative effects on ROA. These discrepancies indicate a research gap that still needs to be addressed. Based on these phenomena and differences in the results of previous studies, this study was conducted to analyze the effect of the Current Ratio and Debt to Equity Ratio on Return on Assets in property and real estate sub-sector companies listed on the Indonesia Stock Exchange for the 2021–2025 period.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

The Effect of Current Ratio (CR) on Return on Assets (ROA)

The Current Ratio (CR) is a liquidity ratio used to measure a company's ability to meet its short-term obligations. A higher Current Ratio indicates a company's strong liquidity, enabling smooth operations and potentially increasing profits. As profits increase, Return on Assets (ROA) also increases.

H1: Current Ratio (CR) affects Return on Assets (ROA) in property and real estate sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2025 period.

The Effect of Debt to Equity Ratio (DER) on Return on Assets (ROA)

The Debt-to-Equity Ratio (DER) is a solvency ratio used to measure the ratio of total debt to equity. A high DER indicates that a company uses more debt in its operations. Excessive debt use can increase interest expenses, potentially reducing company profits and impacting Return on Assets (ROA).

H2: Debt to Equity Ratio (DER) affects Return on Assets (ROA) in property and real estate sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2025 period.

The Effect of Current Ratio (CR) and Debt to Equity Ratio (DER) on Return on Assets (ROA)

Liquidity and capital structure are important factors influencing a company's profitability. Proper management of the Current Ratio (CR) and optimal use of the Debt-to-Equity Ratio (DER) can help a company improve its profit-generating capacity. Therefore, these two variables are thought to influence Return on Assets (ROA) jointly.

H3: Current Ratio (CR) and Debt-to-Equity Ratio (DER) simultaneously influence Return on Assets (ROA) in property and real estate sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2025 period.

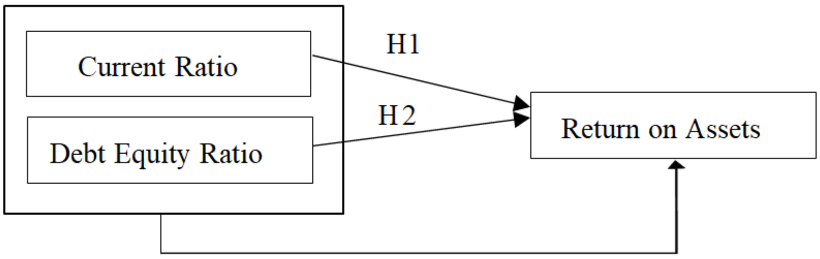

Figure: 1 Thinking Framework

METHOD

This study uses a quantitative method with an associative approach to determine the effect of the Current Ratio (CR) and Debt to Equity Ratio (DER) on Return on Assets (ROA) in property and real estate sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2021–2025. The data used is secondary data in the form of annual financial reports obtained from the official Indonesia Stock Exchange website (www.idx.co.id).

The population of this study was all 92 companies in the property and real estate sub-sector listed on the IDX. The sample was determined using a purposive sampling technique based on the following criteria: (1) Property and Real Estate sub-sector companies listed on the Indonesia Stock Exchange before 2021; (2) Companies that published complete financial reports during the study period; and (3) Companies that did not experience losses during the

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study period or whose financial statements were IDR 200 billion or above. Based on these criteria, 10 companies were selected as samples with a five-year observation period, resulting in 50 observation units (10 x 5).

Table 1. Research Sample

No	Code	Company name
1	BEST	Bekasi Fajar Industrial Estate.
2	BSDE	Bumi Serpong Damai Tbk.
3	DMAS	Puradelta Lestari Tbk.
4	DUTI	Duta Pertiwi Tbk
5	JRPT	Jaya Real Property Tbk.
6	PWON	Pakuwon Jati Tbk.
7	SMRA	Summarecon Agung Tbk.
8	GMTD	Gowa Makassar Tourism Development Tbk.
9	CTRA	Ciputra Development Tbk.
10	MKPI	Metropolitan Kentjana Tbk.

The dependent variable in this study is Return On Assets (ROA), while the independent variables consist of Current Ratio (CR) and Debt To Equity Ratio (DER). Data analysis was conducted using IBM SPSS Statistics software version 25 through descriptive statistical analysis, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), multiple linear regression analysis, correlation and determination coefficient tests, and hypothesis testing using t-test (partial) and F-test (simultaneous). The multiple linear regression equation used is Y=448.810-0.153X1+0.037X2+e, with Y as Return On Assets (ROA), X1 as Current Ratio (CR), and X2 as Debt To Equity Ratio (DER).

RESULTS AND DISCUSSION

Descriptive Statistics

Tabel 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Standard Deviation
ROA	50	51	957	407.22	273,595
CR	50	100	973	368.12	257,158
DER	50	100	949	396.72	232,681
Valid N (listwise)	50				

Descriptive Statistical Test

Based on the descriptive statistics, 50 samples were used. The Return on Assets (ROA) variable had a minimum value of 51, a maximum value of 957, a mean value of 407.22, and a standard deviation of 273.595. This indicates that the average ROA of the sample companies during the study period was 407.22, with a data deviation level of 273.595.

The Current Ratio (CR) variable has a minimum value of 100 and a maximum value of 973. The average CR value is 368.12 with a standard deviation of 257.158. This indicates that the average company's ability to meet its short-term obligations is 368.12 times its current assets.

Tabel 3. Descriptive Statistical Test

Coefficientsa						
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	448,810	88,436		5,075	.000
	CR	-.153	.158	-.144	-.967	.339
	DER	.037	.175	.031	.212	.833
a. Dependent Variable: ROA						

The Debt to Equity Ratio (DER) variable has a minimum value of 100 and a maximum value of 949. The average DER value is 396.72 with a standard deviation of 232,681. These results indicate that the average use of company debt to equity during the study period was 396.72.

Partial t-test

1. Influence of Current Ratio (CR) on Return On Assets (ROA)

   Based on the results of the t-test, the Current Ratio variable value has a t-count of -0.967, and the t-table value is 2.01063. It can be concluded that the t-count value < t-table (-0.967<2.01063) with a significant level (0.339<0.05), then H0 is rejected and H1 is accepted. So it can be interpreted that there is no significant effect between the Current Ratio and Return On Assets in Property and Real Estate Sub-sector Companies listed on the Indonesia Stock Exchange (IDX).
2. Influence of Debt to Equity Ratio (DER) on Return On Assets (ROA)

   The Debt-to-Equity Ratio (DER) significance value was obtained at a t-count of 0.212 and a t-table value of 2.01063. It can be concluded that the t-count value < t-table (0.212 <2.01063) with a significance level (0.833>0.05), then H0 is rejected and H2 is accepted. Therefore, it can be interpreted that there is no significant effect of the Debt-to-

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Equity Ratio on Return on Assets listed on the Indonesia Stock Exchange (IDX) for the 2021-2025 period.

ANOVA						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	71535.503	2	35767.751	.467	.629b
	Residual	3596327.077	47	76517.597		
	Total	3667862.580	49			
a. Dependent Variable: ROA						
b. Predictors: (Constant), DER, CR						

F Test / Simultaneous

Based on the F test results, the calculated F value>Ftable (0.467<3.20), with a significance level of (0.629>0.05), then H0 is rejected, and H3 is accepted. So it can be interpreted that, simultaneously or together, there is no significant effect of the Current Ratio and Debt to Equity Ratio on Return on Assets in Property and Real Estate sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2025 period.

Pembahasan

The Effect of Current Ratio (CR) on Return on Assets (ROA)

From the test results that have been carried out, the Current Ratio variable value is tcount = -0.967, and the ttable value is 2.01063. It can be concluded that the tcount value < ttable (-0.967<2.01063) with a significant level (0.339<0.05), then H0 is rejected and H1 is accepted. So it can be interpreted that there is no significant effect between the Current Ratio and Return On Assets in Property and Real Estate Sub-sector Companies listed on the Indonesia Stock Exchange (IDX).

The Effect of Debt To Equity Ratio (DER) on Return On Assets (ROA)

Based on the t-test results, the Debt to Equity Ratio (DER) significance value was obtained at a t-count of 0.212 and a t-table value of 2.01063. It can be concluded that the t-count value < t-table (0.212 < 2.01063) with a significance level (0.833 > 0.05), then H0 is rejected and H2 is accepted. Therefore, it can be interpreted that there is no significant effect between Debt to Equity Ratio and Return on Assets listed on the Indonesia Stock Exchange (IDX) for the 2021-2025 period.

The Effect of Current Ratio (CR) and Debt to Equity Ratio (DER) on Return on Assets (ROA)

Based on the results of the simultaneous test, the results of the test that have been carried out show that the F count value is 0.467 and will be compared with the degrees of freedom df1 = k – 1 or 4 – 1 = 3 and df2 = n – k or 50 – 3 = 47; then the F table value is 3.20. It can be concluded that the F count value > F table (0.467 < 3.20) with a significance level (0.629 < 0.05), then H0 is rejected and H3 is accepted. So it can be interpreted that, simultaneously or together, there is no significant effect on Return on Assets (ROA) in Property and Real Estate Sub-Sector Companies Listed on the Indonesia Stock Exchange (IDX). 2021-2025.

CONCLUSION

Based on the results of research on the effect of Current Ratio (CR) and Debt to Equity Ratio (DER) on Return on Assets (ROA) in property and real estate sub-sector companies listed on the Indonesia Stock Exchange for the 2021–2025 period, the following conclusions can be drawn: 1. Current Ratio to Return on Assets (X1 to Y)Based on the results of the t-test of -0.967 and the t-table value of 2.01063, it can be concluded that the t-test value <t-table (-0.967 <2.01063) with a significant level (0.339> 0.05) then H0 is rejected and H1 is accepted. So it can be interpreted that there is no significant effect between the Current Ratio (CR) and Return on Assets (ROA) in Property and Real Estate Sub-Sector Companies Listed on the Indonesia Stock Exchange (IDX). 2. Debt to Equity Ratio to Return on Assets (X2 to Y)

Based on the results of the t-test of 0.212 and the t-table value of 2.01063. it can be concluded that the t-value <t-table (0.212 <2.01063) with a significant level (0.833> 0.05) then H0 is rejected and H2 is accepted. So it can be interpreted that there is no significant effect of Debt to Equity (DER) and Return on Assets (ROA) in Property and Real Estate Sub-Sector Companies Listed on the Indonesia Stock Exchange (IDX). 3. Current Ratio and Debt to Equity Ratio on Return on Assets (XI and X2 against Y) Based on the results of the simultaneous test (F test), F count <F table (0.467 <3.20) with a significant level (0.629> 0.05), then H0 is rejected, and H3 is accepted. Therefore, it can be interpreted that, simultaneously and collectively, the Current Ratio (CR) and Debt to Equity (DER) have no significant effect on Return on Assets (ROA) in Property and Real Estate Sub-Sector Companies Listed on the Indonesia Stock Exchange (IDX) for the period 2021-2025.

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