



THE EFFECT OF DER, SALES GROWTH ON ROA IN RETAIL COMPANIES LISTED ON THE IDX IN 2021-2025

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Abstract

ROA is used to measure efficiency, indicating how well a company utilizes its assets to generate net profit. This study aims to determine the effect of Debt-to-Equity Ratio (DER) and Sales Growth on Return on Assets (ROA) in retail companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2025 period. This study employs a quantitative research method. Quantitative research can be defined as a method grounded in the philosophy of positivism, used to study specific populations or samples; it involves data collection via research instruments and quantitative or statistical data analysis to describe phenomena and test established hypotheses. Purposive sampling was used as the sampling technique. Based on the established criteria, a sample of 9 companies was obtained. Secondary data were used, collected via the documentation method by accessing data from www.idx.co.id and www.idn.financial.com. The data analysis technique employed was quantitative research with a descriptive approach. The research results indicate that (H1) significant value = $0.000 < 0.05$ then H1 was accepted and H0 rejected (H2) significant value = $0.012 < 0.05$ then H2 was accepted and H0 rejected (H3) significant value = $0.000 < 0.05$ or significant < 0.05 and $F_{count} > F_{table}$ or $F_{count} = 24,660$ and $F_{table} 0.000$ then H3 is accepted and H0 is rejected. The study concludes that DER has a significant partial effect on ROA, and Sales Growth also has a partial effect on ROA. Furthermore, DER and Sales Growth collectively (simultaneously) have a significant effect on ROA.

Keywords: DER, Sales Growth, and ROA

INTRODUCTION

A company's performance can be used to measure how well it has met its predetermined goals. Financial performance is an analysis that determines the extent to which a company conducts business in accordance with existing financial regulations. As a result, financial performance can be defined as a company's achievements over time, which reflect its financial health as measured by capital adequacy, liquidity, and profitability. Retail businesses are currently experiencing rapid growth. Numerous new businesses are emerging, particularly in Indonesia, as evidenced by the number of companies listed on the Indonesia Stock Exchange (IDX). To maintain a company's sustainability, it must survive in an increasingly competitive environment, improve its financial performance, and generate more creative and innovative ideas. With increasingly fierce competition in retail, competition between companies is heating up. Companies require innovative strategies and specific goals to improve their well-being. Corporate objectives will be met if management provides quality performance.

In this study, the financial ratio used is the profitability ratio. Profitability is a company's ability to generate profits in relation to sales, total assets, and equity (Sartono, 2010, p. 122). The profitability ratio calculation in this study uses Return on Assets (ROA).

ROA is used to measure efficiency, indicating how well a company utilizes its assets to generate net income. This efficiency can create high company value, as investors tend to be more attracted to companies that can generate high profits from their assets. Of course, the company will also be able to provide the level of return expected by investors.

The use of financial ratio analysis allows for the evaluation and measurement of a company's financial performance. The Debt to Equity Ratio (DER) and Sales Growth are two examples of these components. In Indonesia, research by Ayuningtyas and Mawardi (2022) examined the effect of capital structure on the financial performance of companies. Their findings demonstrated that the capital structure of a company, as measured by DER, has a significant impact on the company's financial performance. On the other hand, this is in contrast to the findings of research carried out by Fadilah et al. (2022), which demonstrated that the capital structure of a company has a significant and detrimental impact on the profitability of the company. The findings of a study conducted by Prakasiwi and colleagues (2019) indicate that an increase in sales has a beneficial impact on profitability to a certain extent. The findings of this research are supported by research conducted by Sari (2018), which produced comparable results.

Based on previous research that still produces mixed results and inconsistencies between one study and another, which still see differences, both in terms of research results, research years, differences in the number of companies being the object, as well as changes in economic conditions that often occur, which may also affect the variables used to obtain accurate research results. So it is very interesting and deemed necessary to conduct further testing related to the findings regarding the influence of DER, and sales growth that affect company performance (ROA), which was conducted in a financial study of retail companies listed on the Indonesia Stock Exchange (IDX), resulting in the title "The Effect of DER, Sales Growth on ROA in Retail Companies Listed on the IDX in 2021-2025".

LITERATURE REVIEW

Packing Order

According to Fahmi (2020:113), Packing Order Theory refers to a company's policy in determining the sequence of funding sources to support its operational and investment activities. Companies generally prioritize internal funding, particularly retained earnings, before seeking external sources of financing. When internal funds are insufficient, the company may obtain additional funds through asset sales, debt financing, or issuing shares in

the capital market. Therefore, this theory explains how companies determine financing priorities while considering costs, risks, and the availability of funds to maintain business sustainability.

Return on Assets (ROA)

According to Halim (2016:157), Return on Assets (ROA) is an analytical measure used to assess a company's ability to generate profits by utilizing its total assets after considering the costs required to finance those assets. ROA indicates how effectively management uses the company's available resources to generate earnings. A higher ROA generally reflects greater efficiency in asset utilization and stronger profitability. Conversely, a lower ROA may indicate that company assets have not been utilized optimally to support the generation of profits.

Debt to Equity Ratio (DER)

According to Kasmir (2018:157–158), Debt to Equity Ratio (DER) is a financial ratio used to assess the proportion of debt relative to the company's equity. This ratio is calculated by comparing total liabilities, including current and long-term obligations, with total shareholders' equity. DER provides information regarding the extent to which company assets are financed through creditors compared with owners' capital. A higher DER indicates greater dependence on debt financing and potentially higher financial risk, while a lower DER reflects greater reliance on equity financing.

Sales Growth

According to Hani (2015:98), growth analysis is a comparative analysis conducted by comparing financial performance between one reporting period and the previous period. Sales growth specifically reflects changes in a company's sales over time and can indicate the development of business activities. Increasing sales growth generally demonstrates an expansion in market demand and the company's ability to increase revenue. Conversely, declining sales growth may indicate weakening market conditions or reduced competitiveness. Sales growth can serve as an important consideration in evaluating performance and supporting short-term managerial decision-making.

Framework of thinking

A conceptual framework is a model that designs how a theory relates to known important factors in a particular problem. An appropriate capital structure (DER) will

influence a company's optimal financial performance (ROA), as evidenced by its financial performance. Every decision made regarding a company's finances will impact its value in the eyes of investors. This capital structure (DER) is expected to provide a positive signal for the company's future revenue growth.

From this explanation, it can be concluded that there is a relationship between capital structure (DER) and sales growth on company performance (ROA). Therefore, in brief, this research will be conducted and will provide an overview of the research framework, which can be seen in the image below:

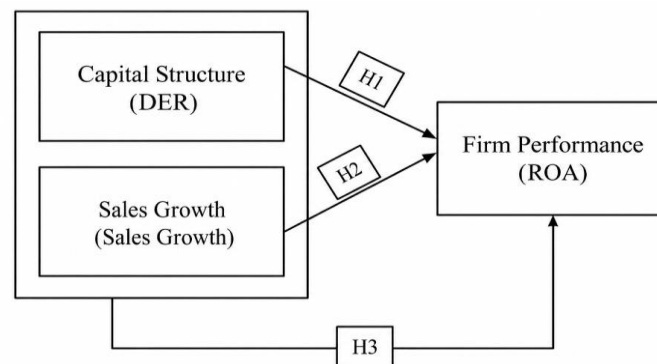


Figure 1. Framework of thinking

METHOD

These studies make use of quantitative research methods. “Quantitative research methods can be defined as research methods based on the philosophy of positivism, used to study specific populations or samples, data collection using research instruments, and quantitative/statistical data analysis, to describe and test predetermined hypotheses.” Sugiyono 2017:15 is cited. For the purpose of obtaining the necessary data and facts related to the phenomenon or title taken in this study, it is possible to conclude that research that employs quantitative methods aims to accomplish this. In the course of this research, the author employed quantitative approaches to investigate the impact of the dependent variable, ROA, as well as the independent variables, DER and sales growth. The results of this investigation will be analyzed under the heading “The Effect of DER and Sales Growth on ROA.”

RESEARCH RESULTS AND DISCUSSION

Descriptive Statistics

Tabel 1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
ROA	45	.30	20.90	7.3624	5.69563
DER	45	16.11	527.21	164.2131	146.48800
Pertumbuhan Penjualan	45	1.47	349.00	24.3933	51.11751
Valid N (listwise)	45				

The table above shows the results of testing the independent variables against the dependent variables, which consist of the average value (mean) and standard deviation for each variable.

1. The independent variable DER has a sample of 45. It shows a minimum value of 16.11, a maximum of 527.21, an average (mean) of 164.2131, and a deviation value of 146.48800.
2. Variables: Independent Sales Growth has a sample of 45. Shows a minimum value of 1.47, a maximum of 349.00, an average (mean) of 24.3933, and a deviation value of 51.11751.

Data Testing Results

Normality test results

Based on the normality test results using the histogram graph in the image above, it can be seen that the residuals are normally distributed. This result is evident from the bell-shaped curve, which tends to be balanced between the right and left sides.

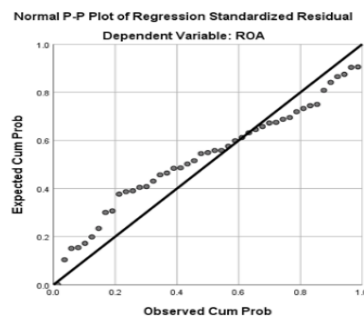


Figure 2. Normality test results

From the image above, the normal p-plot shows that the points are spread along the diagonal line, so it can be concluded that the data used in the regression model of this study meets the normality assumption.

Tabel 2. Shairo Wilk Test

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
ROA	.096	45	.200 [*]	.953	45	.066
DER	.097	45	.200 [*]	.955	45	.081
Pertumbuhan Penjualan	.115	45	.168	.955	45	.077

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Based on the results of the normality test using the Shapiro-Wilk test in the image above, it can be seen that the data is normally distributed if the significance value is >0.05 .

Heteroscedasticity Test Results

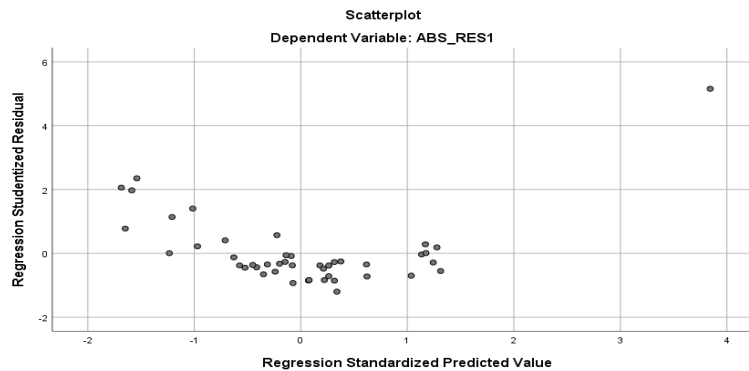


Figure 3. Diagram Heteroscedasticity Test

Based on the scatterplot graph above, it can be seen that the data points are spread above and below the number 0. The distribution of the point pattern does not form a certain pattern, so heteroscedasticity does not occur.

Multicollinearity Test Results

Tabel 3. Multicollinearity Test

Coefficients ^a						
	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics
Model	B	Std. Error	Beta	t	Sig.	Tolerance
1 (Constant)	-25.583	8.091		-3.162	.003	
DER	.097	.037	.184	2.645	.011	.839
Pertumbuhan Penjualan	.696	.059	.821	11.784	.000	.839

a. Dependent Variable: ROA

From the results of the Multicollinearity Test above, it can be seen that there are no independent variables that have a tolerance value <0.05 , namely DER (0.839) and Sales Growth (0.839), so it can be concluded that the proposed regression model equation is free from Multicollinearity.

Autocorrelation Test Results

Tabel 4. Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.921 ^a	.848	.840	35.01720	1.645

a. Predictors: (Constant), Pertumbuhan Penjualan, DER

b. Dependent Variable: ROA

For the autocorrelation test with a sample size of 45, the DW value is 1.645, then obtained from the autocorrelation table with the number of N 45, the dL value is 1.47538 and dU is 1.56602, based on the comparison table, the dU value is 1.56602 and 4-dU = 2.4333 and the dw value is 1.645 based on these figures, the DW value is between DL and DU, namely $1.47538 < 1.645 < 2.4333$ or $-2 < 1.984 < +2$, so it can be concluded that there is no autocorrelation.

Multiple Linear Regression Test Results

Tabel 5. Multiple Linear Regression

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	T
		B	Std. Error	Beta	
1	(Constant)	10.580	.992		10.668
	DER	-.024	.004	-.623	-5.818
	Pertumbuhan Penjualan	.031	.012	.280	2.611

a. Dependent Variable: ROA

Based on the table above, the multiple linear regression equation is as follows:

$$Y = 10.580 + (-0.024) \text{ DER} + 0.031 \text{ Sales Growth.}$$

1. The constant value of 10,580 states that if the DER and Sales Growth variables are constant, the ROA will be 10,580.
2. The regression coefficient value of -0.024 (X1) on the DER variable has a negative relationship with ROA. This indicates that for every 1% increase, there is a -0.024% decrease in profitability (ROA).
3. The regression coefficient value of 0.031 (X2) on the Sales Growth variable has a positive relationship with ROA. This indicates that every 1% increase in sales results in a 0.031% increase in profitability (ROA).

Results of the Determination Coefficient Test

Tabel 6. Determination Coefficient Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.735 ^a	.540	.518	3.95352

a. Predictors: (Constant), Pertumbuhan Penjualan, DER

The Adjusted R² value is 0.518, indicating that the independent variable contributes 51.8% to the dependent variable, meaning that the independent variable is used in the dependent model. Factors outside the regression model influence the remaining 49.2%.

T-Test Results (Partial Test)

Tabel 7. Partial Test

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	T
		B	Std. Error	Beta	
1	(Constant)	10.580	.992		10.668
	DER	-.024	.004	-.623	-5.818
	Pertumbuhan Penjualan	.031	.012	.280	2.611

a. Dependent Variable: ROA

Based on the table above, the following decisions are concluded:

1. DER has a significant value of 0.000, which means it is less than 0.05. Based on this value, it can be concluded that H₁ is accepted and H₀ is rejected, so that DER has a significant influence on ROA.
2. Sales Growth
 Accounts receivable turnover has a significant value of 0.012, which means it is smaller than 0.05. Based on this value, it can be concluded that H₂ is accepted and H₀ is rejected, so sales growth has a significant influence on ROA.

F Test Results (Simultaneous Test)

Tabel 8. Simultaneous Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	770.897	2	385.449	24.660	.000 ^b
	Residual	656.473	42	15.630		
	Total	1427.370	44			

a. Dependent Variable: ROA

b. Predictors: (Constant), Pertumbuhan Penjualan, DER

Based on the table above, the calculated F value is 24.660, and the F table is 0.000, with a significant value of 0.000 (calculated $F > F$ table); therefore, H3 is accepted, and H0 is rejected, meaning that DER and sales growth have a significant effect on ROA.

Discussion

1. The Effect of DER on ROA

Based on the statistical results processed using SPSS, the t-test shows a significance value of 0.000, which is lower than the 0.05 significance level. This result indicates that the Debt-to-Equity Ratio (DER) has a significant effect on Return on Assets (ROA) in retail companies listed on the Indonesia Stock Exchange during 2021–2025. The positive t-value indicates a direct relationship between DER and ROA. This means that changes in the proportion of debt relative to equity are associated with changes in the company's ability to generate profits from its assets. Therefore, the hypothesis stating that DER has a significant effect on ROA is accepted. The result demonstrates that capital structure management plays an important role in determining profitability among retail companies during the observed period.

2. The Effect of Sales Growth on ROA

Based on the statistical results processed using SPSS, the t-test shows a significance value of 0.012, which is lower than the 0.05 significance level. This result indicates that Sales Growth has a significant effect on Return on Assets (ROA) in retail companies listed on the Indonesia Stock Exchange during 2021–2025. The positive t-value indicates a direct relationship between Sales Growth and ROA. This finding means that increasing sales growth tends to be accompanied by an improvement in the company's ability to generate profits from its assets. Therefore, the hypothesis stating that Sales Growth has a significant effect on ROA is accepted. The result suggests that maintaining consistent sales growth is important for improving profitability and strengthening the financial performance of retail companies during the observed period.

3. The Effect of DER and Sales Growth on ROA

Based on the statistical results processed using SPSS, the F-test produces a significance value of 0.000, which is lower than the 0.05 significance level. This result indicates that the Debt-to-Equity Ratio (DER) and Sales Growth simultaneously have a significant effect on Return on Assets (ROA) in retail companies listed on the Indonesia Stock Exchange during 2021–2025. Therefore, the hypothesis stating that DER and Sales Growth jointly affect ROA is accepted. These findings demonstrate that profitability is influenced not only by the company's capital structure but also by its ability to increase sales. Effective debt management combined with sustainable sales growth can support the company's ability to utilize assets efficiently and generate profits. Thus, DER and Sales Growth are important factors in explaining variations in ROA.

CONCLUSION

Based on the research results and discussions that have been described statistically using the SPSS version 26 program above, regarding the influence of Debt-to-Equity Ratio (DER) and Sales Growth on Return on Assets (ROA) in retail companies listed on the Indonesian stock exchange, researchers can draw the following conclusions:

1. It is proven that DER partially influences ROA in retail companies listed on the Indonesia Stock Exchange for the 2021-2025 period, with a significance value of $0.000 < 0.05$, so H_1 is accepted, and H_0 is rejected. A positive t-value indicates that DER has a unidirectional relationship with ROA. Therefore, it can be concluded that DER has a significant influence on ROA in retail companies listed on the Indonesia Stock Exchange.
2. It is proven that Sales Growth has a significant effect on ROA in retail companies listed on the Indonesia Stock Exchange for the period 2021-2025, with a significance value = $0.012 < 0.05$, so H_2 is accepted, and H_0 is rejected. A positive t-value indicates that sales growth has a direct relationship with ROA. Therefore, it can be concluded that sales growth has a significant effect on ROA in retail companies listed on the Indonesia Stock Exchange.
3. It is proven that DER and Sales Growth simultaneously influence ROA in retail companies listed on the Indonesia Stock Exchange, with a significant value = $0.000 < 0.05$, so H_3 is accepted, and H_0 is rejected.

Companies are advised to maintain the DER at a reasonable level, increase sales sustainably, and manage debt policies and sales growth strategies simultaneously to optimize ROA. For future researchers, it is recommended to expand the research period and objects by

including other sectors, such as trading, services, property, or other industries, to obtain more comprehensive and diverse results.

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