

## THE EFFECT OF *CURRENT RATIO (CR)*, *DEBT TO EQUITY RATIO (DER)*, AND *WORKING CAPITAL TURNOVER (WCT)* ON *RETURN ON EQUITY (ROE)* AT PT. INDOCEMENT TUNGGAL PRAKARSA, TBK

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### Abstract

*This study aims to determine the effect of Current Ratio (CR), Debt to Equity Ratio (DER), and Working Capital Turnover (WCT) on Return On Equity (ROE) at PT. Indocement Tunggal Prakarsa Tbk for the period 2015–2024. The type of research used is associative quantitative research using the company's financial report data for 10 years. Data analysis techniques used are classical assumption tests, multiple linear regression analysis, correlation and determination coefficients, t-tests, and F-tests with the help of the SPSS version 22 program. The results of the study indicate that Current Ratio (CR) and Debt to Equity Ratio (DER) have a partial significant effect on Return On Equity (ROE), while Working Capital Turnover (WCT) does not have a partial significant effect on Return On Equity (ROE). Simultaneously, Current Ratio (CR), Debt to Equity Ratio (DER), and Working Capital Turnover (WCT) have a significant effect on Return On Equity (ROE). The results of this study indicate that the company's ability to manage liquidity and capital structure has an important role in increasing the company's profitability.*

### Keywords

*Current Ratio (CR), Debt to Equity Ratio (DER), Working Capital Turnover (WCT), and Return On Equity (ROE)*

## INTRODUCTION

The development of the industrial world in Indonesia shows significant progress along with the increase in national economic activity and rapid infrastructure development. One of the industrial sectors that has a vital role in supporting national development is the cement industry. Effective financial management is very important to maintain business continuity and support company activities in the industrial sector (Christina et al., 2019). In carrying out its operational activities, companies are required to maintain financial performance to remain stable and efficient, as well as provide optimal returns on capital for shareholders. As for assessing a company's financial performance, it can be done using various financial ratios, including the *Current Ratio (CR)*, *Debt to Equity Ratio (DER)*, and *Working Capital Turnover (WCT)*, which influences *Return On Equity (ROE)*.

*Return On Equity (ROE)* is a key indicator in assessing the success of management in managing company resources. This ratio measures the company's ability to generate net profit from each unit of capital (equity) owned by shareholders (Liza et al., 2022) *Return On Equity*

(ROE) is used by investors to evaluate the company's future prospects and as a basis for making investment decisions. A high value of *Return On Equity* (ROE) indicates that the company has succeeded in managing its capital effectively to generate profits. (Butar-Butar & Sari, 2024).

One factor influencing *Return on Equity* (ROE) is the level of liquidity, as measured by the *Current Ratio* (CR). *The Current Ratio* (CR) is a liquidity ratio that measures a company's ability to repay short-term debt using current assets. A high *Current Ratio* (CR) indicates a good level of company liquidity, but if it is too high, it can indicate excess current assets that are not being utilized optimally. (Purba & Mahendra, 2022). Furthermore, research by (Putri et al., 2022) also found that inefficient liquidity management can negatively impact profitability.

In addition to liquidity, capital structure also influences the return on equity as measured by the *Debt to Equity Ratio* (DER), a solvency ratio that compares total debt and equity to show the proportion of a company's external and internal funding. A high (Liza et al., 2022) *Debt to Equity Ratio* (DER) can increase financial risk due to interest expenses, but the appropriate use of debt can provide a positive leverage effect (Butar-Butar & Sari, 2024), while excessive debt actually increases financial risk and has the potential to reduce profitability. (Desi & Arisudhana, 2020).

Efficient working capital utilization is also a crucial aspect in increasing company profitability, which in this study is measured using *Working Capital Turnover* (WCT). *Working Capital Turnover* (WCT) is an efficiency metric that measures the number of times working capital is turned over to generate net sales within a period. A high *Working Capital Turnover* (WCT) indicates a company's ability to utilize working capital effectively to support its operational activities. (Purba & Mahendra, 2022). In line with research (Awaliyyah et al., 2021), rapidly rotating working capital can increase revenue and boost company profitability.

PT. Indocement Tunggul Prakarsa, Tbk itself is one of the cement producers in Indonesia that has been established since 1975 and officially conducted an *initial public offering* (IPO) on December 5, 1989. In addition to producing cement, the company also produces ready-mix concrete and manages aggregate and tras mines, with a cement production capacity of 20.4 million tons per year, ready-mix concrete 4.4 million m<sup>3</sup> per year, and aggregate 2.7 million tons per year. Currently, Indocement has 13 factories, nine of which are in Citeureup, Bogor Regency, West Java. Two are in Cirebon, West Java, and one in Tarjun, Kotabaru, South Kalimantan. The following will present data related to Net Profit, Total Equity, Current Assets, Current Liabilities, Total Debt, and Net Sales of the company during the 2015-2024 period to provide an overview of the company's financial performance.

**Table 1. Data on Net Profit, Total Equity, Current Assets, Current Liabilities, Total Debt, and Net Sales of PT. Indocement Tunggul Prakarsa Tbk in 2015-2024.**

(Data Presented in Millions of Rupiah)

Year	Net Profit (Rp)	Total Equity (Rp)	Current Assets (Rp)	Current Liabilities (Rp)	Total Debt (Rp)	Net Sales (Rp)
2015	4,356,661	23,865,950	13,133,854	2,687,743	3,772,410	17,798,055
2016	3,870,319	26,138,703	14,424,622	3,187,742	4,011,877	15,361,894
2017	1,859,818	24,556,507	12,883,074	3,479,024	4,307,169	14,431,211
2018	1,145,937	23,221,589	12,315,796	3,925,649	4,566,973	15,190,283
2019	1,835,305	23,080,261	12,829,494	3,907,492	4,627,488	15,939,348
2020	1,806,337	22,176,248	12,299,306	4,215,956	5,168,424	14,184,322
2021	1,788,496	20,620,964	11,336,733	4,646,506	5,515,150	14,771,906
2022	1,842,434	19,566,906	10,312,090	4,822,152	6,139,263	16,328,278
2023	1,950,266	20,969,511	9,228,033	7,368,187	8,680,134	17,949,756
2024	2,007,947	22,114,350	10,388,834	7,175,129	8,305,656	18,548,734

Data source: ( [www.indocement.co.id](http://www.indocement.co.id) )

Based on table 1 above, it is known that the problems that occurred at PT Indocement Tunggal Prakarsa Tbk, the company faced a decline in net profit from 2016, 2017, 2018, 2020, and 2021 due to weakening cement demand, increasing operational costs, and intense competition. While Total equity tends to decline from 2017-2022 which is influenced by weak retained earnings, while Current Assets decreased from 2017-2023 Due to reduced Cash and receivables to meet operational needs. On the other hand Current Liabilities and total debt increased from 2015-2023 caused by a continuous decline in net profit, thereby reducing internal funding capabilities which made the company dependent on external financing to maintain operations. Fluctuations in net sales in 2016, 2017, and 2020 decreased due to weakening market demand and industry competition.

Previous research shows inconsistencies in the relationship between CR, DER, and WCT on ROE. For example, the study (Liza et al., 2022) found that CR and DER have a significant effect on ROE, while (Putri et al., 2022) concluding that CR, DER, and WCT have different effects on several manufacturing companies, this indicates the need for further testing on different companies with other relevant variables. The difference between this study and previous research is that most previous studies use multi-company objects, a relatively short research period, and include other profitability variables. While this study focuses on one company, namely PT Indocement Tunggal Prakarsa Tbk, with an observation period of 10 years (2015-2024) and only focuses on the variables CR, DER, WCT and ROE.

From the problems above, the researcher is interested in raising the research title "**THE EFFECT OF CURRENT RATIO (CR), DEBT TO EQUITY RATIO (DER), AND WORKING CAPITAL TURNOVER (WCT) ON RETURN ON EQUITY (ROE) AT PT. INDOCEMENT TUNGGAL PRAKARSA, TBK**"

## THEORETICAL BASIS

### Current Ratio (CR)

The *Current Ratio* (CR) is a ratio that indicates a company's ability to pay short-term liabilities with available current assets (Liza et al., 2022). A high *Current Ratio* (CR) reflects the company's ability to meet its short-term obligations, thus reducing the risk of default (Christina et al., 2019). A *Current Ratio* (CR) that is too high may indicate that current assets are not being utilized effectively (Putri et al., 2022). Conversely, a low *Current Ratio* (CR) indicates liquidity risk that could disrupt the company's operations. To measure the Current Ratio (CR), the following formula can be used:

$$CR = \frac{\text{Aset lancar}}{\text{Kewajiban lancar}} \times 100\%$$

Source: Kasmir, (2019)

### Debt to Equity Ratio (DER)

Debt to Equity Ratio (DER) is a ratio used to compare total debt with total company equity. This ratio shows the extent to which the company is financed by debt compared to its own capital. A high (Liza et al., 2022) Debt to Equity Ratio (DER) value indicates that the company uses more debt, thus increasing financial risk. (Desi & Arisudhana, 2020) Conversely, a low Debt to Equity Ratio (DER) indicates greater use of equity with lower risk, but may indicate suboptimal debt utilization (Butar-Butar & Sari, 2024). To measure the Debt to Equity Ratio (DER), the following formula can be used:

$$DER = \frac{\text{Total Hutang}}{\text{Total Ekuitas}} \times 100$$

Source: Kasmir, (2019)

**Working Capital Turnover (WCT)**

Working Capital Turnover (WCT) is a ratio used to measure the effectiveness of working capital utilization in generating sales (Utami & Manda, 2021). A high WCT indicates that working capital is being used efficiently to generate sales (Putri et al., 2022). Conversely, a low WCT indicates suboptimal working capital utilization, resulting in slow cash flow (Sinaga et al., 2020). To measure WCT, the following formula can be used:

$$WCT = \frac{\text{Penjualan Bersih}}{(\text{Aset lancar} - \text{Kewajiban lancar})}$$

Source: Kasmir, (2019)

**Return on Equity (ROE)**

Return on Equity (ROE) is a profitability ratio used to measure a company's ability to generate profits from its equity (Liza et al., 2022). This ratio is often used to assess a company's financial performance, particularly in generating profits for shareholders. Return on Equity (ROE) can demonstrate the extent to which a company is able to effectively manage its equity to generate profits (Hendawati, 2017). A high ROE indicates that the company is effectively managing shareholder capital to generate profits. Conversely, a low ROE indicates that the company has not been effective in maximizing the use of its capital, thus reducing its attractiveness to investors. To measure ROE, the following formula can be used:

$$ROE = \frac{\text{Laba Bersih}}{\text{Total Ekuitas}} \times 100$$

Source: Kasmir, (2019)

**The Effect of Current Ratio (CR) on Return On Equity (ROE)**

Current Ratio (CR) is a liquidity ratio used to measure a company's ability to meet short-term obligations using its current assets. An increase in the Current Ratio (CR) is generally associated with an increase in Return On Equity (ROE), because high liquidity reflects a good financial condition so that the company can run its operations optimally and generate profits (Liza et al., 2022). However, a Current Ratio (CR) that is too high indicates that current assets are not being utilized efficiently, thereby reducing the company's ability to generate profits (Hendawati, 2017). Research related to the effect of the Current Ratio (CR) on Return On Equity (ROE) has been conducted by (Nada & Hasanuh, 2021) those who in their research stated that the Current Ratio (CR) has a significant partial effect on Return On Equity (ROE). Meanwhile, the research (Balqish, 2020) stated that the Current Ratio (CR) does not have a significant partial effect on Return On Equity (ROE).

**The Influence of Debt to Equity Ratio (DER) on Return On Equity (ROE)**

The Debt to Equity Ratio (DER) is a measure of debt relative to equity in financial statements. An increase in the Debt to Equity Ratio (DER) is generally associated with an increase in Return on Equity (ROE), because a high proportion of debt indicates that the company is obtaining additional funds from creditors that can be used to expand operations and increase profits, thus having an impact on increasing returns on equity. However, excessive use of debt can also increase interest expenses which can potentially reduce the company's profitability (Hendawati, 2017). A low (Nada & Hasanuh, 2021) Return on Equity (ROE) indicates that the company is less effective in managing its own capital to generate profits. Research related to the effect of the Debt to Equity Ratio (DER) on Return on Equity (ROE) was conducted by (Liza et al., 2022) a study that found that the Debt to Equity Ratio (DER) had a significant partial effect on Return on Equity (ROE). However, another study (Apriliyani & Nugroho, 2024) found that the Debt to Equity Ratio (DER) had no significant partial effect on Return on Equity (ROE).

### **The Effect of *Working Capital Turnover (WCT)* on *Return On Equity (ROE)***

Working Capital Turnover (WCT) is a ratio used to measure the effectiveness of working capital turnover in generating sales. An increase in Working Capital Turnover (WCT) is generally associated with an increase in Return on Equity (ROE), because a high working capital turnover indicates that the company is able to manage its current assets efficiently to generate revenue, so that profits can increase and have an impact on increasing returns on shareholder equity. This shows that the faster the working capital turnover, the more optimal the company is in utilizing its resources (Putri et al., 2022). A low Return On Equity (ROE) indicates that the company is less effective in utilizing its own capital to generate profits, which can be caused by slow working capital turnover so that the resulting income is not optimal (Utami & Manda, 2021). Research related to the effect of Working Capital Turnover (WCT) on Return On Equity (ROE) was conducted by (Alifia & Rismanty, 2025) a study that found that Working Capital Turnover (WCT) had a significant partial effect on Return on Equity (ROE). However, another study (Safar, 2020) found that Working Capital Turnover (WCT) had no significant partial effect on Return on Equity (ROE).

### **The influence of *Current Ratio (CR)* , *Debt to Equity Ratio (DER)* , and *Working Capital Turnover (WCT)* on *Return On Equity (ROE)***

Current Ratio (CR), Debt to Equity Ratio (DER), and Working Capital Turnover (WCT) are used to measure a company's ability to meet short-term obligations, manage debt structures, and the efficiency of working capital turnover in generating profits (Putri et al., 2022). In several factors, this information is very useful for investors in assessing company performance and determining investment decisions. Based on research conducted by (Purba & Mahendra, 2022) states that Current Ratio (CR), Debt to Equity Ratio (DER), and Working Capital Turnover (WCT) have a significant effect simultaneously on Return On Equity (ROE). Meanwhile, research conducted by (Sinaga et al., 2020) states that Current Ratio (CR), Debt to Equity Ratio (DER), and Working Capital Turnover (WCT) do not have a significant effect simultaneously on Return On Equity (ROE).

## **RESEARCH METHODOLOGY**

This study employed an associative quantitative research method aimed at examining the effect of Current Ratio (CR), Debt to Equity Ratio (DER), and Working Capital Turnover (WCT) on Return on Equity (ROE) at PT Indocement Tunggul Prakarsa Tbk during the 2015–2024 period. The research used secondary quantitative data obtained from the company's annual financial statements published on the company's official website. The population consisted of the company's financial reports since it was listed on the Indonesia Stock Exchange, while the sample included financial statements from 2015 to 2024 selected using purposive sampling techniques. Data collection methods included documentation and literature study. The variables analyzed were CR, DER, and WCT as independent variables and ROE as the dependent variable. Data analysis was conducted using SPSS version 22 through classical assumption tests, multiple linear regression analysis, correlation and determination coefficient tests, as well as hypothesis testing using t-tests and F-tests to determine both partial and simultaneous effects of the independent variables on ROE.

## **RESEARCH RESULT**

This research uses an analysis method using the SPSS Version 22 computer program. The data analysis techniques used are:

### **1. Classical Assumption Test**

#### **Normality Test**

The normality test aims to determine whether the residuals from a regression model are normally distributed, which is an important assumption in regression analysis. This normality

assumption is crucial because testing the significance of regression coefficients depends on the normal distribution of the residuals.

**Table 8.** Kolmogrov Smirnov test

		Unstandardized Residual
<i>N</i>		10
<i>Normal Parameters<sup>a,b</sup></i>	<i>Mean</i>	,0000000
	<i>Standard Deviation</i>	,00862922
<i>Most Extreme Differences</i>	<i>Absolute</i>	,176
	<i>Positive</i>	,176
	<i>Negative</i>	-,135
<i>Test Statistics</i>		,176
<i>Asymp. Sig. (2-tailed)</i>		,200 <sup>c,d</sup>
<i>a. Test distribution is Normal.</i>		
<i>b. Calculated from data.</i>		
<i>c. Lilliefors Significance Correction.</i>		
<i>d. This is a lower bound of the true significance.</i>		

Based on Table 8 above, the normality test was conducted using the Kolmogorov-Smirnov method. The results of this test indicate that the Asymp. Sig (2-tailed) value is 0.200. Because the Asymp. Sig (2-tailed) value is greater than 0.05, it can be concluded that the residuals are normally distributed and the regression model is suitable for use.

## Multicollinearity Test

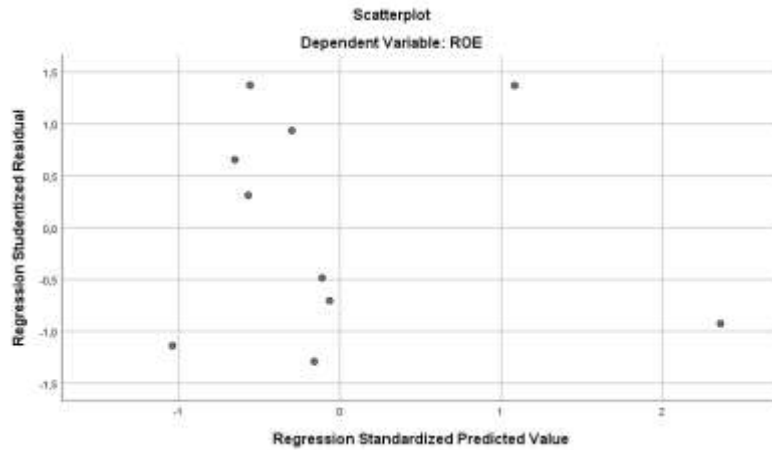
**Table 9.** Multicollinearity Test

<i>Model</i>		<i>Collinearity Statistics</i>	
		<i>Tolerance</i>	<i>VIF</i>
1	<i>(Constant)</i>		
	CR	,423	2,365
	WCT	,423	2,365

a. *Dependent Variable : (ROE)*

The multicollinearity test aims to identify a strong linear relationship between independent variables in a regression model. Based on the multicollinearity test, multicollinearity was detected in the initial model, indicated by a high VIF value, especially in the Debt to Equity Ratio (DER) variable, so that this variable was removed from the model. After retesting, the Tolerance value for the Current Ratio (CR) and Working Capital Turnover (WCT) variables was  $0.423 > 0.10$  and the Variance Inflation Factor (VIF) value for the Current Ratio (CR) and Working Capital Turnover (WCT) variables was  $2.365 < 10$ . Therefore, it can be concluded that the regression model used in this study does not experience multicollinearity problems, according to the criteria (Ghozali, 2019).

## Heteroscedasticity Test



**Figure 2.** Results of Heteroscedasticity Test

Based on the heteroscedasticity test results above, it can be seen that this study did not experience heteroscedasticity in the regression model. This is because there are no clear patterns in the scatterplot image. This is in accordance with the criteria proposed by (Ghozali, 2019), namely if the points are spread randomly without a clear pattern, then the model is declared free of heteroscedasticity.

## Autocorrelation Test

**Table 10.** Autocorrelation Test

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	,974 <sup>a</sup>	,948	,922	,01057	2,422

a. Predictors: (Constant), WCT, CR, DER

b. Dependent Variable : ROE

Based on Table 10 above, the Durbin-Watson (d) value is 2.422. With a significance level of 5%, the number of independent variables (k) = 3, and the number of samples (n) = 10, the dL value is 0.5253 and dU is 2.0163. The d value of 2.422 is greater than dU (2.0163), so it can be concluded that the regression model does not experience autocorrelation, either positive or negative autocorrelation.

## 2. Multiple Linear Regression

**Table 11.** Multiple Linear Regression Test

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1	(Constant)	-,506		-6,714	,001
	CR	,101	,011	3,205	,000

DER	1,306	,207	3,139	6,322	,001
WCT	-,007	,003	-,498	-2,048	,086

a. *Dependent Variable* : ROE

Based on the analysis results contained in table 11 above, the following multiple linear regression equation is obtained:

$$Y = -0.506 + 0.101 X_1 + 1.306 X_2 - 0.007 X_3 + e$$

### 3. Correlation Coefficient and Determination

#### a. Correlation Coefficient

**Table 12.** Correlation and Determination Coefficient Test

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	,974 <sup>a</sup>	,948	,922	,01057

a. *Predictors*: (Constant), WCT, CR, DER

b. *Dependent Variable* : ROE

The results of the analysis in Table 12 show the correlation coefficient value ( $R = 0.974$ ). These results explain that there is a relationship between the variables *Current Ratio* (CR), *Debt to Equity Ratio* (DER), and *Working Capital Turnover* (WCT) to *Return On Equity* (ROE). Based on the relationship level guidelines, the relationship between *Current Ratio* (CR), *Debt to Equity Ratio* (DER), and *Working Capital Turnover* (WCT) to *Return On Equity* (ROE) at PT. Indocement Tunggul Prakarsa, Tbk is 0.974 with a very strong level of influence because it is in the interval 0.80 – 1.00.

#### b. Coefficient of Determination

Based on the results of the correlation coefficient test between all independent variables and the dependent variable, the *R Square* value or coefficient of determination was obtained at 0.948. This value explains that the influence of the *Current Ratio* (CR), *Debt to Equity Ratio* (DER), and *Working Capital Turnover* (WCT) variables has a 94.8% effect on *Return on Equity* (ROE). Meanwhile, the remaining 5.2% is influenced by other variables not examined in this study. In other words, the influence of the three independent variables is quite strong on the dependent variable.

### 4. Hypothesis Test (t-Test)

**Table 13.** T-test

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	-,506	,075		-6,714	,001
	CR	,101	,011	3,205	9,116	,000
	DER	1,306	,207	3,139	6,322	,001
	WCT	-,007	,003	-,498	-2,048	,086

a. *Dependent Variable* : ROE

$Df = n - k = 10 - 4 = 6$  and a 5% error rate for a two-tailed test, the t-table value obtained is 2.447.

a. The Effect of *Current Ratio* (CR) on *Return on Equity* (ROE)

From Table 13 above, it shows that the significance value for *Current Ratio* (CR) is 0.000, which is smaller than the alpha value ( $\alpha = 0.05$ ) ( $0.000 < 0.05$ ), and the calculated t value is 9.116, which is greater than the t table value of 2.447 ( $9.116 > 2.447$ ). Thus, it can be concluded that *Current Ratio* (CR) has a partial significant effect on *Return On Equity* (ROE) (**H1 is accepted**). This means that the higher the company's ability to meet its short-term obligations, the greater the company's ability to generate profits on its own capital. Good liquidity reflects a healthy financial condition so that company operations can run optimally and encourage increased profitability.

The results of this study align with research conducted by (Nada & Hasanuh, 2021), (Liza et al., 2022) which states that *the Current Ratio* (CR) has a significant partial effect on *Return on Equity* (ROE). Meanwhile, research (Balqish, 2020) indicates that *the Current Ratio* (CR) does not have a significant partial effect on *Return on Equity* (ROE).

b. The Effect of *Debt to Equity Ratio* (DER) on *Return on Equity* (ROE)

From Table 13 above, it shows that the significance value for *Debt to Equity Ratio* (DER) is 0.001, which is smaller than the alpha value ( $\alpha = 0.05$ ) ( $0.001 < 0.05$ ), and the calculated t value is 6.322, which is greater than the t-table value of 2.447 ( $6.322 > 2.447$ ). Thus, it can be concluded that *Debt to Equity Ratio* (DER) has a partial significant effect on *Return On Equity* (ROE) (**H2 is accepted**). This means that the use of debt in the company's capital structure is able to increase the rate of return on equity. This shows that companies can utilize leverage effectively to increase profits, as long as debt management is carried out efficiently.

The results of this study are in line with research conducted by (Balqish, 2020), (Nada & Hasanuh, 2021), which stated that *the Debt to Equity Ratio* (DER) has a significant effect on *Return on Equity* (ROE). Meanwhile, the study (Apriliyani & Nugroho, 2024) stated that *the Debt to Equity Ratio* (DER) does not have a significant effect partially on *Return on Equity* (ROE).

c. The Effect of *Working Capital Turnover* (WCT) on *Return on Equity* (ROE)

From Table 13 above, it shows that the significance value for *working capital turnover* (WCT) is 0.086, which is greater than the alpha value ( $\alpha = 0.05$ ) ( $0.086 > 0.05$ ), and the calculated t value is -2.048, which is absolutely smaller than the t table value of 2.447 ( $|-2.048| < 2.447$ ). Thus, it can be concluded that *Working Capital Turnover* (WCT) does not have a partial significant effect on *Return On Equity* (ROE) (**H3 is rejected**). This means that although working capital turnover reflects the efficiency of working capital use in generating sales, it has not been able to provide a significant impact on increasing company profitability. This may be caused by less than optimal working capital management or the presence of other factors that are more dominant in influencing *Return On Equity* (ROE).

The results of this study align with research conducted by (Safar, 2020)[1], which states that *Working Capital Turnover* (WCT) has no significant partial effect on *Return on Equity* (ROE). Meanwhile, research [2] (Alifia & Rismanty, 2025), states that *Working Capital Turnover* (WCT) has a significant partial effect on *Return on Equity* (ROE).

## 5. Model Feasibility Test (f Test)

**Table 14.** f test  
*ANOVA*<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,012	3	,004	36,677	,000 <sup>b</sup>
	Residual	,001	6	,000		

Total	,013	9			
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a. *Dependent Variable* : ROE

b. *Predictors*: (Constant), WCT, CR, DER

Based on the analysis results in Table 14 above, the calculated F value was obtained at 36.677 which was greater than the F table value of 4.76 ( $36.677 > 4.76$ ), and the significance value obtained was 0.000 which was smaller than the alpha value ( $\alpha = 0.05$ ) ( $0.000 < 0.05$ ). Thus, it can be concluded that **(H4 is accepted)**, which means the *Current Ratio* (CR), *Debt to Equity Ratio* (DER), and *Working Capital Turnover* (WCT) simultaneously have a significant effect on *Return on Equity* (ROE). This finding indicates that the three independent variables together are able to explain changes in *Return on Equity* (ROE), which is also supported by a high coefficient of determination ( $R^2$ ). Therefore, the model has excellent ability to explain variations in *Return on Equity* (ROE).

### CONCLUSION

1. *Current Ratio* (CR) has a significant partial effect on *Return on Equity* (ROE) at PT. Indocement Tunggal Prakarsa, Tbk
2. *Debt to Equity Ratio* (DER) has a significant partial effect on *Return on Equity* (ROE) at PT. Indocement Tunggal Prakarsa, Tbk.
3. *Working Capital Turnover* (WCT) does not have a significant partial effect on *Return on Equity* (ROE) at PT. Indocement Tunggal Prakarsa, Tbk.
4. *Current Ratio* (CR), *Debt to Equity Ratio* (DER), and *Working Capital Turnover* (WCT) have a significant simultaneous effect on *Return on Equity* (ROE) at PT. Indocement Tunggal Prakarsa, Tbk.

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