

Evaluating Asset Efficiency and Liquidity in Driving Return on Investment: A Case Study of PT Hanjaya Mandala Sampoerna Tbk

Intan Sari Budhiarjo^{1✉}, Iriana Kusuma Dewi², Waluyo Jati³, Friska Disty Anindia⁴
(1,2,3,4) Faculty of Economy and Business, Pamulang University, Indonesia.

Abstract: Financial performance plays a crucial role in supporting company sustainability and profitability within the tobacco manufacturing industry. Therefore, understanding the factors influencing profitability is crucial, particularly Total Assets Turnover and Current Ratio. This study aims to analyze the influence of Total Assets Turnover and Current Ratio on Return on Investment at PT Hanjaya Mandala Sampoerna Tbk. The study employed a descriptive quantitative approach using secondary data gathered from the company's annual financial reports. The study sample comprised 10 years of observation. Data were analyzed using multiple linear regression conducted through the EViews 14 software. The results showed that Total Assets Turnover had a significant effect on Return on Investment, while Current Ratio also had a significant effect on Return on Investment. Furthermore, Total Assets Turnover and Current Ratio simultaneously had a significant effect on Return on Investment. The R-squared value of 0.838453 indicates that 83.84% of the variation in Return on Investment can be explained by these two independent variables. These findings suggest that enhancing company profitability can be achieved through optimizing asset efficiency and managing liquidity effectively.

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INTRODUCTION

Indonesia is classified as one of the largest tobacco producers in the world, occupying the fourth position after China, Brazil, and India, based on 2023 data. More than 160,000 metric tons of tobacco are produced in an area of more than 145,000 hectares, involving approximately 2,539,000 workers. Some of the tobacco-producing regions in Indonesia include West Nusa Tenggara, Bali, Madura, East Java, and Central Java. Cigarettes as the main product of tobacco, are made in the form of clove or white cigarettes from plants such as *Nicotiana Tabacum*, *Nicotiana Rustica*, or other plants with nicotine and tar content with or without additives in accordance with Article 1 of the Ministry of Interior and Tourism Number 62/MPP/Kep/2/2004 concerning Guidelines for Testing the Content of Nicotine and Cigarette Tar.

The cigarette industry in Indonesia is highly competitive with 1,664 companies. Six of them have the largest market share, namely PT Hanjaya Mandala Sampoerna Tbk (HMSP) with 31.1%, PT Gudang Garam Tbk (GGRM) with 20.7%, PT Djarum with 20.2%, PT Bentoel Internasional Investama Tbk (RMBA) with 8.0%, PT Nojorono with 5.8%, and PT Wismilak Inti Makmur Tbk (WIIM) with 1%. This article shows the development and dynamics of the cigarette industry globally.

Companies usually want to get the highest possible profits or profits. This is done to ensure that the company stays alive and provides welfare for its employees, so that the company can grow. Financial analysis tools are useful to find out how much profit the company makes. Financial analysis is done so that the parties who use financial information can find out how well the company's financial performance is and how well it performs over a certain period of time. Financial analysis is

performance and the company's performance are in a certain period of time. Financial analysis is also important for future decision-making.

The company's condition is unlikely to run smoothly, there are several things that cause a decrease in profits or profits. One of them, such as the pandemic conditions experienced since 2019, caused several companies to go out of business because they did not have income to meet their own company obligations. The company experienced a decrease in consumer purchasing power, especially at PT Hanjaya Mandala Sampoerna Tbk. The company's condition did not run smoothly, there were several things that caused a decrease in profits or profits. One of them, such as the pandemic conditions experienced since 2019, caused several companies to go out of business because there was no income to meet their own corporate obligations. This research focuses on PT Hanjaya Mandala Sampoerna Tbk, which has been operating in the cigarette industry for 10 years, from 2014 to 2023. During this period, the company experienced a decline in consumer purchasing power. The selection of cigarette companies as the object of research is based on the important role of cigarettes as a source of state revenue in Indonesia. Cigarettes are also still a dependency for many people, and the industry provides employment for the community, including tobacco and clove farmers.

The calculation of financial ratios by dividing one number by another is used to analyze and differentiate data in financial statements. It allows comparisons between different elements in a report or between multiple periods. In this way, a company can evaluate its financial performance in depth and see trends that can influence future business decisions (Kasmir, 2017). The authors use total asset turnover which is the activity ratio, the current ratio as the liquidity ratio, and the return on investment is the profitability ratio.

ROI is a ratio that measures the outcome of the number of assets used in business operations. This ratio reflects the total productivity of the company's funds, including borrowed capital or own capital invested. In addition, ROI serves as an evaluation tool that assists management in making strategic decisions regarding future investments, taking into account which projects have the highest profit potential. Therefore, ROI not only serves as an indicator of a company's financial performance, but also an important benchmark in sustainable business planning and development (Kasmir, 2019:200).

Total Asset Turnover (TATO) is one of several financial metrics that should be used to assess how a company can manage their assets to generate revenue, Kasmir (2017) states that this ratio shows how well a business is using all of its assets to generate revenue. TATO is calculated by dividing total assets by net sales, and the results show how many times assets move in generating sales in a given time frame. Because it shows how effectively management uses assets for day-to-day operations, this ratio is crucial. If the TATO ratio is higher, the company uses more assets to increase sales. However, a very high ratio can also indicate that the company may not have enough assets to support future sales increases. Therefore, *total asset turnover* provides investors and creditors with valuable insights into the company's operational performance as well as management's ability to optimize asset utilization. This efficiency is not only important for short-term performance but also to ensure the company's continued growth in the future.

A current ratio financial ratio that assesses a company's potential to meet obligations or pay off short-term debt or debt with a one-year deadline using its assets. Short-term liabilities typically have a one-year term, so they are obligated to pay them off within one year. The current debt element includes trade debt, bank debt, payroll debt, prepayment debt, dividend debt, and other short-term debts (Kasmir, 2017). The larger the current ratio, the higher the company's ability to pay their short-term liabilities. However, if it is too high, it is not very good because it indicates poor management due to excess current assets that should be required to pay dividends, make investments capable of generating higher rates of return, and pay long-term obligations. Overall, despite the challenges, PT Hanjaya Mandala Sampoerna Tbk has shown efforts in optimizing ROI with strategic steps aimed at increasing profitability in the future.

According to the results of previous research such as Silitonga et al. (2023) (*multifinance* sector) and Asmarawati et al. (2022) (mining sector), it shows that *Current Ratio* (CR) and *Total Asset Turnover* (TATO) have no effect on *Return on Investment* (ROI). The *multifinance* and mining sectors have capital structures, cash flow cycles, and asset characteristics that are very different from the cigarette manufacturing industry.

This fundamental difference arises due to variations in industry characteristics, company size, and the dynamics of the observation period. Multifinance and mining companies have a very capital-intensive capital structure or are dominated by financing receivables, so asset turnover and liquidity do not necessarily translate margins into ROI directly. In contrast, the cigarette industry—especially market leaders such as PT Hanjaya Mandala Sampoerna Tbk has the characteristics of a fast-moving business with a fast cash flow cycle, but is under strict regulatory pressures such as an exponential increase in excise expense rates. In addition, the observation range of 10 years (2014–2023) in this study covers the pre-pandemic phase, the COVID-19 pandemic period, and the post-pandemic recovery. During the pandemic, there was a shift in people's consumption patterns and a decline in purchasing power that tested the liquidity resilience and operational efficiency of the company to the extreme. This study fills the gap by empirically proving how TATO and CR in large-scale cigarette companies are still able to be the main determinants of ROI even in the midst of external shocks and regulatory changes.

The cigarette industry in Indonesia also faces very high regulatory pressures, especially the exponential increase in excise rates on tobacco products every year and changes in people's consumption patterns. PT Hanjaya Mandala Sampoerna Tbk as a *market leader* (with a market share of ~31.1%) requires a very fast turnover rate of inventory and assets to cover the excise burden and maintain profits.

Although the relationship between asset efficiency, liquidity, and profitability has been widely studied, previous literature still shows inconsistencies in research results/empirical gaps. A number of studies have found that *Total Asset Turnover* and *Current Ratio* have a positive and significant effect on *Return On Investment*. However, some other studies show that CR has a negative or insignificant effect on profitability because the risk of liquidity being too high gives rise to idle cash which reduces capital efficiency. These empirical results show that the influence of liquidity and operational efficiency on ROI is contextual and has not reached a solid consensus in financial management theory.

In addition to empirical inconsistencies, there are contextual and methodological gaps in previous research. The majority of previous studies have focused on cross-sectional or manufacturing analysis in general, often ignoring the unique characteristics of the tobacco industry that are under strict regulatory pressure, such as the exponential increase in excise rates and the dynamics of consumer purchasing power. The effectiveness of TATO and CR on large issuers such as PT Hanjaya Mandala Sampoerna Tbk in responding to external pressures has not been specifically explored. Therefore, this study is here to fill this gap through a 10-year observational analysis to provide more precise and comprehensive empirical evidence.

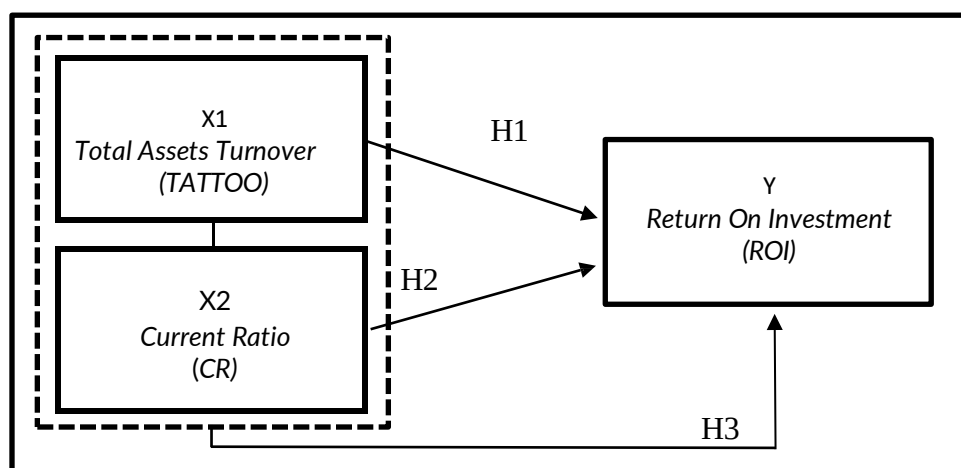
This research offers novelty by sharpening the focus of operational efficiency and liquidity analysis on profitability in the tobacco industry facing high regulatory dynamics and market uncertainty. In contrast to previous financial research that generally examined *Total Assets Turnover* (TATO) and *Current Ratio* (CR) in the manufacturing sector broadly or aggregately, this study in-depth explores the effectiveness of these two variables specifically on PT Hanjaya Mandala Sampoerna Tbk as the market leader (market leader) of the cigarette industry in Indonesia. Methodological and substantive novelty is also shown through the use of observational financial statement data for 10 years analyzed using EViews 14 software, resulting in a very strong explanation (R-squared of 83.84%). Thus, the main contribution of this research not only lies in the empirical proof of financial management theory, but also provides practical and conceptual guidance for tobacco industry

management in optimizing asset management and liquidity to maintain *Return On Investment* (ROI) in the midst of excise tariff pressures and changing consumption trends.

Based on the research gaps and phenomena that have been described, this study aims to in-depth analyze the influence of Total Assets Turnover (TATO) and Current Ratio (CR) on Return On Investment (ROI) at PT Hanjaya Mandala Sampoerna Tbk. Specifically, this study is designed to test two main focuses: first, to measure the extent of the efficiency of utilization of all company assets (TATO) and the level of short-term liquidity adequacy (CR) that partially impact the company's profitability. Second, this study aims to prove the simultaneous influence of two independent variables in explaining the variation in capital absorption and ROI value creation during the 10-year observation period.

Theoretically, the relationship between TATO, CR, and ROI is integrated through a combination of *DuPont Analysis*, *Signaling Theory*, and *Trade-off Theory of Working Capital*. Within the *framework of DuPont Analysis*, asset utilization efficiency (TATO) is a key operational component that directly drives the amount of return on investment (ROI) by accelerating capital turnover to generate sales. Meanwhile, the *Trade-off Theory of Working Capital* explains that companies must maintain an optimal point between liquidity and profitability. Maintaining sufficient liquidity (*Current Ratio*) prevents the risk of short-term liability default and operational disruption. According to *Signaling Theory*, a healthy level of liquidity provides a positive signal to investors and creditors regarding the company's financial stability, which ultimately lowers the cost of capital and supports operational efficiency to maximize ROI.

The relationship between the variables and the theoretical basis is described in the following *conceptual framework*:



Based on the theoretical foundation and review of the results of previous research, the hypothesis in this study is explicitly formulated as follows:

- H1:** *Total Assets Turnover* has a positive and significant effect partially on the *Return on Investment* at PT Hanjaya Mandala Sampoerna Tbk.
- H2:** *Current Ratio* has a positive and partially significant effect on the *Return on Investment* in PT Hanjaya Mandala Sampoerna Tbk.
- H3:** *Total Assets Turnover* and *Current Ratio* have a positive and significant effect simultaneously on the *Return on Investment* (ROI) of PT Hanjaya Mandala Sampoerna Tbk.

RESEARCH METHOD

Research Design

The design of this research is quantitative descriptive, which describes the financial condition of a company expressed in the form of numbers in a certain period of time. In this study, the independent variables (X) are *Total Assets Turnover* (TATO) and *Current Ratio* (CR) while the bound variable (Y) is *Return on Investment* (ROI). The data used is secondary data. The secondary data is data obtained through intermediary media or indirectly that has been created by previous researchers. The data used in this study is in the form of annual financial reports of PT Hanjaya Mandala Sampoerna Tbk which are accessed through www.idx.co.id.

Population and Sample

In this study, the population consists of all Financial Statements of PT Hanjaya Mandala Sampoerna Tbk, which is the focus of analysis to comprehensively assess the company's financial performance. The population used by this study is the entire Financial Statements of PT Hanjaya Mandala Sampoerna Tbk. Meanwhile, the samples in this study are the financial position report and profit and loss statement of PT Hanjaya Manda Sampoerna Tbk for the 2014-2023 period.

Research Variables and Operational Definition

A research variable is an attribute or trait or value of a person, object or activity that has a certain variation that is determined by the researcher to be studied and then drawn from a conclusion, Sugiyono (2019:68). In this study, the dependent variable is *Return on Investment* (ROI), which measures the effectiveness and profitability of a company's investment. ROI analysis is essential for stakeholders in evaluating a company's financial performance.

$$\text{Return On Investment} = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100$$

Source: kasmir (2019)

According to Sugiyono (2019:69), independent variables are often referred to as bound variables. An independent variable is a variable that affects or causes the change or the emergence of dependent (bound) variables.

Total Assets Turnover (TATO) is one of the measurement tools used to assess a company's efficiency in using its assets to generate sales. This ratio describes the relationship between a company's total sales and its total assets, showing how effective the company is at utilizing the assets it owns to generate revenue. The higher the TATO ratio, the more efficient the company will be in utilizing its assets for operational activities.

$$\text{Total Assets Turnover} = \frac{\text{Net Sales}}{\text{Total Assets}}$$

Source: Kasmir (2019)

Current Ratio (CR) is a liquidity ratio used to measure a company's ability to meet short-term debt. If the CR is low, it indicates that there are serious problems with the company's financial condition. If the company is unable to meet its short-term obligations, this will negatively impact its liquidity levels and operational stability.

$$\text{Current Ratio} = \frac{\text{Active Lancar}}{\text{Current Debt}} \times 100$$

Source: Kasmir (2019)

Data Collection

Research data were collected using two main methods: documentation and literature study. The primary technique used to gather secondary data on Total Assets Turnover (TATO), Current Ratio (CR), and Return On Investment (ROI) was documentation. Documentation was carried out by retrieving, reviewing, and analyzing the annual financial reports of PT Hanjaya Mandala Sampoerna Tbk, officially published over the 10-year observation period. Furthermore, a literature study was conducted to support the data analysis by gathering supporting secondary data, such as company profiles, notes to financial statements, relevant academic journals, and related industry regulations.

Data Analysis

Data were analyzed using the Econometric Views (EViews) software version 14. The analysis phases consisted of descriptive statistical analysis, classical assumption tests, and multiple linear regression analysis. Classical assumption testing included normality, multicollinearity, heteroscedasticity, and autocorrelation tests to ensure the regression model satisfied the Best Linear Unbiased Estimator (BLUE) properties. The research model equation is formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Where Y represents Return On Investment (ROI), X_1 is Total Assets Turnover (TATO), X_2 is Current Ratio (CR), α is the constant, β_1 and β_2 are the regression coefficients, and e is the error term. The R-squared Determination Coefficient was used to assess how well the independent variables explained the variation in Return On Investment. Hypothesis testing was conducted using the t-test to evaluate partial effects and the F-test to evaluate simultaneous effects.

RESULTS AND DISCUSSION

Table 1. Descriptive Statistical Test Results

	CR	ROI	TATO
Mean	339.1920	23.54300	2.190000
Median	286.5050	27.11000	2.150000
Maximum	656.7400	35.87000	2.800000
Minimum	152.7700	11.54000	1.900000
Std. Dev.	183.1888	8.487315	0.264365
Skewness	0.481448	-0.212811	1.102234
Kurtosis	1.762346	1.576147	3.904492
Jarque-Bera	1.024565	0.920214	2.365742
Probability	0.599126	0.631216	0.306398
Sum	3391.920	235.4300	21.90000
Sum Sq.	1452535.	6191.039	48.59000
Sum Sq. Dev.	302023.2	648.3106	0.629000
Observations	10	10	10

Source: Processed by the author using Eviews 14, (2026)

The descriptive statistical analysis of 10 observations (*Observations* = 10), the Current Ratio (CR) variable shows a mean value of 339.1920 (or 339.19%) with a median of 286.5050%. The mean Return on Investment (ROI) is recorded at 23.5430% with a median of 27.1100%, while Total Asset Turnover (TATO) has a mean of 2.1900 times and a median of 2.1500 times. The CR variable exhibits a relatively wide spread, ranging from a minimum of 152.7700% to a maximum of 656.7400% with a standard deviation (*Std. Dev.*) of 183.1888. In contrast, ROI ranges from 11.5400% to 35.8700% (*Std. Dev.* = 8.4873), and TATO spans from 1.9000 to 2.8000 times (*Std. Dev.* = 0.2644), indicating that TATO is the most stable and homogenous variable among the three.

Regarding the shape of data distribution, CR and TATO exhibit positive skewness values (0.4814 and 1.1022, respectively), implying that their distributions are right-skewed with data points slightly clustered toward lower values. Conversely, ROI displays a negative skewness of -0.2128, indicating a left-skewed distribution. In terms of peakedness (*Kurtosis*), CR (1.7623) and ROI (1.5761) both have kurtosis values below 3 (*platykurtic*), suggesting flatter distributions with lower risk of extreme outliers. Meanwhile, TATO presents a kurtosis value of 3.9045 (*leptokurtic*), which exceeds 3 and reflects a sharper peak with data clustered more closely around the mean.

The Jarque-Bera test was performed to assess whether the variables follow a normal distribution. The results reveal that the probability values for all three variables exceed the standard significance threshold of $\alpha = 0.05$ (5%), with CR at 0.5991 (59.91%), ROI at 0.6312 (63.12%), and TATO at 0.3064 (30.64%). Because these probability values are greater than 0.05, the null hypothesis (H_0) of normal distribution cannot be rejected. Therefore, it can be concluded that the data for CR, ROI, and TATO are normally distributed, satisfying the prerequisite assumption for subsequent parametric statistical analysis.

Multiple linear regression analysis considers multiple independent variables at once to estimate changes in the bound variables. This method allows us to develop more accurate and comprehensive predictive models by looking at how each variable independently influences the bound variables individually or collectively.

Table 2. Results of Multiple Linear Regression Analysis Test

Dependent Variable: ROI

Method: Least Squares

Date: 08/27/26 Time: 23:48

Sample: 2014 2023

Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-36.33849	10.77438	-3.372677	0.0119
CR	0.018166	0.007145	2.542627	0.0385
TATO	24.52957	4.950734	4.954733	0.0016
R-squared	0.838247	Mean dependent var	23.54300	
Adjusted R-squared	0.792032	S.D. dependent var	8.487315	
S.E. of regression	3.870512	Akaike info criterion	5.787976	
Sum squared resid	104.8660	Schwarz criterion	5.878751	
Log likelihood	-25.93988	Hannan-Quinn criter.	5.688395	
F-statistic	18.13796	Durbin-Watson stat	1.501984	
Prob(F-statistic)	0.001702			

Source: Processed by the author using Eviews 14, (2026)

As per the calculation above, the linear regression equation is multiple, namely:

$$Y = -36.338849 + 24.52957 X_1 + 0.018166 X_2 + e$$

The results of the multiple regression equation are clear, namely:

- The intercept or constant value of -36.338849 indicates that if both independent variables (X_1 and X_2) are equal to zero or remain inactive, the baseline value of the dependent variable (Y) is predicted to be -36.34 . This represents the intrinsic status of the outcome variable when uninfluenced by the predictor variables in the model.
- The regression coefficient for X_1 is positive at 24.52957, signifying a direct linear relationship with Y . Assuming that X_2 remains constant, every one-unit increase in X_1 is expected to increase the

value of Y by 24.53 units. Similarly, the coefficient for X_2 is 0.018166, which also reflects a positive impact. This implies that holding X_1 constant, each one-unit increase in X_2 will lead to a modest rise of 0.0182 units in Y.

- c. Comparing the magnitude of the two predictor variables reveals that X_1 has a substantially greater influence on driving changes in Y than X_2 . The error term (e) represents exogenous factors and unobserved variables outside this model that may also affect the dependent variable Y. Overall, the regression model indicates that positive shifts in both X_1 and X_2 will contribute favorably to increasing the value of Y.

H_0 is accepted as long as H_1 is accepted. This pultulsaln is driven by the Chi-Square Cross Calculation of regression analysis with significance level $\alpha = 0.05$ and using degrees of freedom $df = (n - k - 1) = (10 - 2 - 1) = 7$, the critical value of the t-table distribution is 2.36462. The variable total assets turnover (X_2) has a regression coefficient of 24.52957, with a t-statistic of 4.954733. Since the t-statistic 4.954733 is greater than the critical value 2.36462, and the probability (Prob.) of 0.0016 is less than 0.05, it means that it concludes that individually, significantly, and positively, total asset turnover affects the ROI.

Table 3. Results of the t-test (Partial test)

Wald Test:

Equation: Untitled

Test Statistic	Value	df	Probability
t-statistic	4.954733	7	0.0016
F-statistic	24.54938	(1, 7)	0.0016
Chi-square	24.54938	1	0.0000

Null Hypothesis: $C(3)=0$

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
$C(3)$	24.52957	4.950734

Restrictions are linear in coefficients.

Source: Processed by the author using Eviews 14, (2026)

Based on the Wald Test results for the null hypothesis $H_0: C(3) = 0$, the calculated *t-statistic* is 4.954733 with a probability of 0.0016, accompanied by an *F-statistic* of 24.54938 ($p = 0.0016$) and a *Chi-square* of 24.54938 ($p = 0.0000$). Since all p-values are well below the standard significance threshold of $\alpha = 0.05$ ($0.0016 < 0.05$), the null hypothesis is strongly rejected. The estimated coefficient for $C(3)$ of 24.52957 confirms that Total Asset Turnover (TATO) has a statistically significant positive effect on Return on Investment (ROI).

This finding aligns closely with financial ratio theory, specifically **DuPont Analysis**, which identifies asset turnover efficiency as a fundamental driver of corporate profitability. Higher asset turnover indicates that a company is deploying its asset base more productively to generate sales. Furthermore, these results are consistent with prior empirical research—such as studies by Brigham & Ehrhardt and other financial management literature—which consistently document a significant positive relationship between TATO and ROI. Operational efficiency allows firms to generate greater sales revenue per dollar of asset invested.

The consistency of these findings stems from the role of TATO as a primary measure of management's operational efficiency in utilizing firm assets. When productive assets are optimized without generating idle capacity, the top-line growth translates directly into enhanced overall capital returns (ROI). Consequently, this empirical evidence confirms that optimizing asset utilization is a vital strategic mechanism for firm management to maximize investment returns for capital providers.

Table 4. Results of the t-test (Partial test)

Wald Test:

Equation: Untitled

Test Statistic	Value	df	Probability
t-statistic	2.542627	7	0.0385
F-statistic	6.464952	(1, 7)	0.0385
Chi-square	6.464952	1	0.0110

Null Hypothesis: $C(2)=0$

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(2)	0.018166	0.007145

Restrictions are linear in coefficients.

Source: Processed by the author using Eviews 14, (2026)

The Wald Test results for the null hypothesis $H_0: C(2) = 0$, the calculated *t-statistic* is 2.542627 with a probability of 0.0385, accompanied by an *F-statistic* of 6.464952 ($p = 0.0385$) and a *Chi-square* of 6.464952 ($p = 0.0110$). Since all p-values are strictly below the standard significance threshold of $\alpha = 0.05$ ($0.0385 < 0.05$), the null hypothesis is rejected. The estimated coefficient for $C(2)$ of 0.018166 confirms that the Current Ratio (CR) exerts a statistically significant positive effect on Return on Investment (ROI).

This empirical outcome supports Signaling Theory and the Trade-off Theory of Working Capital Management, which posit that maintaining adequate short-term liquidity sends a favorable signal to the market regarding a firm's solvency and operational stability. These results are aligned with prior empirical research—such as studies by Horne & Wachowicz and related financial literature—which document a positive relationship between liquidity ratios and firm profitability (ROI). Optimal liquidity ensures smooth working capital cycles, allowing firms to exploit profitable short-term business opportunities without operational bottlenecks.

While some alternative literature (e.g., studies by Gitman & Zutter) argues that excessively high liquidity might lead to idle assets and diminish returns, the findings of this study demonstrate that the observed Current Ratio remains within an efficient target range. Sufficient liquidity enables companies to secure cash discounts from suppliers, avoid late-payment penalties, and preserve financial flexibility. Management's effective utilization of current assets prevents disruption in core operations, thereby translating directly into enhanced overall returns on investment (ROI).

Table 5. F Test Results (Simultaneous Test)

Wald Test:

Equation: Untitled

Test Statistic	Value	df	Probability
F-statistic	18.13796	(2, 7)	0.0017
Chi-square	36.27593	2	0.0000

Null Hypothesis: $C(2)=0, C(3)=0$

Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(2)	0.018166	0.007145
C(3)	24.52957	4.950734

Restrictions are linear in coefficients.

Source: Processed by the author using Eviews 14, (2026)

The joint Wald Test results for the null hypothesis $H_0: C(2) = 0, C(3) = 0$, the computed *F-statistic* is 18.13796 with a probability of 0.0017, alongside a *Chi-square* of 36.27593 ($p = 0.0000$). Because all probability values fall well below the standard threshold of $\alpha = 0.05$ ($0.0017 < 0.05$), the

null hypothesis is decisively rejected. This confirms that the Total Asset Turnover (TATO) and Current Ratio (CR) jointly exert a statistically significant impact on Return on Investment (ROI). These empirical findings support Integrated Financial Management Theory and DuPont Analysis, which posit that investment return is driven by the interaction between short-term liquidity management and asset operational efficiency. The result aligns with prior studies by Brigham & Ehrhardt as well as Horne & Wachowicz, confirming that balancing working capital adequacy with high asset productivity forms a fundamental catalyst for maximizing corporate profitability. Empirically, maintaining healthy liquidity alongside accelerated asset turnover prevents cash flow disruptions while driving top-line revenue growth into bottom-line returns.

This research confirms the theoretical framework that ROI can be effectively predicted through the combined integration of activity (TATO) and liquidity (CR) metrics, highlighting that liquidity stability and asset productivity work together to boost returns on capital.

A primary limitation of this study lies in its small sample size ($n = 10$) and the inclusion of only two independent variables (TATO and CR), which may limit the generalizability of the empirical findings across broader industry contexts.

The determination coefficient test is intended to ascertain whether the model is good in describing different bound variables. The value of the determination coefficient ranges from zero to one. A low R^2 indicates that the explanation of the free variable is limited to the bound variable.

Table 6. Determination Coefficient Test Results (R^2)

R-squared	0.838453	Mean dependent var	2354.000
Adjusted R-squared	0.792297	S.D. dependent var	848.8854
S.E. of regression	386.8747	Akaike info criterion	14.99740
Sum squared resid	1047704.	Schwarz criterion	15.08818
Log likelihood	-71.98702	Hannan-Quinn crister.	14.89782
F-statistic	18.16557	Durbin-Watson stat	1.502234
Prob(F-statistic)	0.001695		

Source: Processed by the author using Eviews 13, (2026)

An *R-squared* (R^2) value is 0.838247 (83.82%) and the *Adjusted R-squared* is 0.792032 (79.20%). In multiple regression analysis, the *Adjusted R-squared* value of 79.20% indicates that 79.20% of the total variation in Return on Investment (ROI) can be jointly explained by the Current Ratio (CR) and Total Asset Turnover (TATO). The remaining 20.80% ($100\% - 79.20\%$) is driven by unobserved exogenous variables outside the model (such as leverage ratios, profit margins, or macroeconomic factors). A key limitation of this goodness-of-fit test is that 20.80% of the variance in ROI remains unexplained by the model. Additionally, the small sample size ($n = 10$) may impact the stability of the *Adjusted R-squared* when generalized across broader markets.

CONCLUSION

Based on the findings of this study, it provides concrete strategic and practical implications for the management of PT Hanjaya Mandala Sampoerna Tbk for the period 2014–2023 in facing industry challenges, especially the increase in excise rates on tobacco products and shifts in people's consumption patterns: *Total Asset Turnover* (TATO) has a statistically significant positive influence on *Return on Investment* (ROI). Given that TATO has a dominant influence on ROI (coefficient of 24.53), management needs to implement an *asset rationalization* strategy. In the midst of excise increases that erode net margins, companies need to restructure non-productive assets, improve supply chain efficiency, and optimize the use of factory capacity. Companies are also advised to encourage product portfolios with high growth prospects (such as smoke-free tobacco products/IQOS) to accelerate inventory turnover and sales without having to increase the burden of fixed assets excessively. Then the *Current Ratio* (CR) has a statistically significant positive influence on *Return on Investment* (ROI). The

company's relatively high average CR value (339.19%) indicates an excellent level of liquidity security. However, management must not allow *idle cash*. Liquidity management strategies should focus on *working capital optimization*, which is utilizing excess cash to get cash *discounts* from raw material suppliers (tobacco and cloves) and secure supply before price increases due to inflation/excise. The integration between asset turnover efficiency and liquidity flexibility should be utilized to mitigate the impact of declining consumer purchasing power. Management is advised to use its liquidity reserves to fund product innovation and marketing automation to maintain *market share* without disrupting the stability of daily financial ratios.

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