SIMBA

7th SEMINAR INOVASI MANAJEMEN BISNIS DAN AKUNTANSI

THE EFFECT OF TOTAL ASSET TURNOVER, LEVERAGE AND INDEPENDENT COMMISSIONERS ON FINANCIAL PERFORMANCE

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Abstrak

Penelitian ini mengkaji bagaimana perputaran aset total (TATO), leverage, dan proporsi komisaris independen memengaruhi kinerja keuangan perusahaan siklus konsumen, khususnya yang bergerak di subsektor pakaian & barang mewah dan ritel yang terdaftar di Bursa Efek Indonesia (BEI) antara tahun 2019 dan 2023. Pendekatan kuantitatif diterapkan menggunakan regresi linier berganda dengan 182 observasi perusahaan-tahun yang diperoleh melalui purposive sampling. Temuan menunjukkan bahwa TATO secara signifikan meningkatkan profitabilitas, sementara leverage dan komisaris independen tidak menunjukkan pengaruh langsung. Mengenai variabel kontrol, ukuran perusahaan berpengaruh positif terhadap kinerja keuangan, umur perusahaan menunjukkan pengaruh negatif, dan pertumbuhan penjualan tidak memberikan dampak yang signifikan. Hasil penelitian menyoroti bahwa efisiensi operasional dan karakteristik perusahaan merupakan penentu utama profitabilitas, sementara mekanisme tata kelola dan struktur modal mungkin tidak secara langsung mendorong imbal hasil di sektor ini.

Kata kunci: perputaran aset total, leverage, komisaris independen, kinerja keuangan

Abstract

This paper explores how total asset turnover (TATO), leverage, and the proportion of independent commissioners influence the financial performance of consumer cyclical firms, particularly those in the apparel & luxury goods and retailing subsectors listed on the Indonesia Stock Exchange (IDX) between 2019 and 2023. A quantitative approach was applied using multiple linear regression with 182 firm-year observations obtained through purposive sampling. The findings indicate that TATO significantly improves profitability, while leverage and independent commissioners do not exhibit a direct effect. Regarding control variables, firm size positively affects financial performance, firm age shows a negative influence, and sales growth does not produce a significant impact. The results highlight that operational efficiency and firm characteristics are key determinants of profitability, while governance mechanisms and capital structure may not directly drive returns in this sector.

Keywords*: total asset turnover, leverage, independent commissioners, financial performance*

A. INTRODUCTION

The financial performance of companies represents an essential indicator of their ability to generate value, maintain competitiveness, and sustain long-term growth. In recent years, fluctuations in the performance of firms listed on the Indonesia Stock Exchange (IDX) have raised concerns, particularly in the consumer cyclical sector, which includes the apparel & luxury goods and retailing subsectors. This sector is highly sensitive to changes in consumer demand, economic conditions, and competitive dynamics. Several companies in this industry have experienced unstable profitability, which highlights the importance of analyzing both internal and external factors that may influence their performance.

One of the key internal factors frequently examined in financial research is the efficiency of asset utilization, often measured by total asset turnover (TATO). Companies with higher asset turnover are generally able to optimize their resources to generate sales, which in turn improves profitability (Maryanti, 2020; Bayar et al., 2020). Another determinant is leverage, reflecting the extent to which companies rely on debt financing. According to agency theory, debt can discipline management and potentially enhance firm performance, although excessive leverage may increase financial risk (Jensen & Meckling, 1976; Boateng et al., 2023). Corporate governance mechanisms, particularly the presence of independent commissioners, also play a role in monitoring management actions and safeguarding shareholder interests. However, empirical findings on their impact remain mixed (Chouaibi & Affes, 2021; Zhao et al., 2024).

Prior studies provide diverse evidence. For example, leverage has been found to have both positive and negative effects on performance, depending on industry context and financial conditions (Chandra & Juliawati, 2020; Helmi & Kurniadi, 2024). Likewise, the role of independent commissioners in enhancing financial outcomes is not always significant, especially when governance practices are more symbolic than substantive. Moreover, firm-specific characteristics such as size, age, and sales growth may also shape profitability. Larger firms tend to benefit from economies of scale, while older firms may struggle with adaptability. Rapid sales

growth, on the other hand, may increase revenues but not always guarantee higher returns if accompanied by rising costs.

Given these dynamics, this study aims to analyze the effect of TATO, leverage, and independent commissioners on the financial performance of consumer cyclical firms, with firm size, firm age, and sales growth included as control variables. By focusing on the apparel & luxury goods and retailing subsectors over the period 2019–2023, this research is expected to contribute both theoretically by extending agency and signaling perspectives and practically, by providing managerial insights for companies to improve their financial strategies.

THEORETICAL STUDY AND HYPOTHESIS DEVELOPMENT

Agency Theory

Agency theory addresses potential conflicts between owners and managers caused by differing objectives and unequal access to information (Jensen & Meckling, 1976). Independent commissioners are introduced as an oversight mechanism intended to minimize agency problems and align managerial actions with shareholder interests.

Signaling Theory

Signaling theory suggests that companies share financial information to reduce information gaps with external stakeholders (Aryansi, 2023). Profitability indicators such as return on assets (ROA) act as signals of efficiency in resource utilization, which investors often interpret as a positive sign of performance (Rahmawati, 2024).

Financial Performance

Financial performance reflects the extent to which a company achieves its financial objectives. Return on assets (ROA) is a common measure used to evaluate profitability relative to the firm's total assets (Azura et al., 2024).

Total Asset Turnover

Total Asset Turnover (TATO) indicates the efficiency of asset utilization in generating revenue. A higher ratio demonstrates better efficiency, which is expected to enhance profitability (Maryanti, 2020; Adzahri & Oktaviani, 2024).

H1: Total asset turnover has a positive effect on financial performance.

Leverage

Leverage reflects the extent to which a company finances its operations through debt. While moderate leverage can improve profitability through the tax shield effect, excessive debt raises the risk of financial distress (Boateng et al., 2023; Rodríguez Valencia et al., 2025).

H2: Leverage has a significant effect on financial performance.

Independent Commissioners

Independent commissioners represent a key governance mechanism intended to strengthen board oversight. Their role is to monitor management effectively and protect minority shareholders, thereby potentially enhancing firm performance (Intia & Azizah, 2021; Chen et al., 2020).

H3: Independent commissioners positively influence financial performance.

B. RESEARCH METHODS

This research employed a quantitative approach using secondary data from annual financial reports of IDX-listed consumer cyclical firms in apparel & luxury goods and retailing subsectors from 2019–2023. The population included 41 firms, with purposive sampling yielding 182 observations.

Variables include:

1. Independent variables: TATO, leverage, independent commissioners.
2. Dependent variable: financial performance (ROA).
3. Control variables: firm size, firm age, sales growth.

Data were analyzed using multiple linear regression with SPSS 25 after conducting classical assumption tests (normality, multicollinearity, autocorrelation, heteroscedasticity).

C. RESULTS AND DISCUSSION

Descriptive Statistics

Table. 1 Descriptive Statistics

Descriptive Statistics					
	N	***Minimum***	***Maximum***	***Mean***	***Std. Deviation***
TATO	182	0.00011	4.7263	1.044	0.770
Leverage	182	-30.15	190.30	2.435	17.20
Komisaris Independen	182	0.25	1.00	0.42	0.110
Firm Size	182	17.14	31.77	28.25	1.791
Firm Age	182	3	91	36.35	16.63
Sales Growth	182	-0.85	219.29	1.25	16.25
ROA	182	-0.25	0.16	0.004	0.072
Valid N (*listwise*)	182				

Referring to the descriptive statistics table, it can be understood that the number of sample data (N) for all variables total asset turnover, leverage, independent commissioners, ROA, firm age, firm size, and sales growth amounts to 182.

Classical Assumption Test

Normality Test

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		182
Test Statistic		0.062
Asymp. Sig. (2-tailed)		0.089[c,d]

The Kolmogorov–Smirnov test produced a p-value of 0.089. Since this value is greater than the 0.05 significance threshold, the residuals can be considered normally distributed, satisfying the normality requirement for regression analysis.

Multicollinearity Test

Table 3. Multicollinearity Test

Coefficients[a]			
Collinearity Statistics			
Model		Tolerance	VIF
1	Constant		
	TATO	0.799	1.252
	Leverage	0.984	1.017
	Komisaris Independen	0.989	1.011
	Firm Size	0.925	1.081
	Firm Age	0.821	1.218
	Sales Growth	0.969	1.032

The tolerance values of all independent variables ranged between 0.799 and 0.989, while VIF values ranged between 1.011 and 1.252. As tolerance values exceeded 0.10 and VIF values were below 10, it can be concluded that the regression model does not suffer from multicollinearity.

Autocorrelation Test

Table 4. Autocorrelation Test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
1	0.507[a]	0.258	0.232	0.05906	1.963

The Durbin–Watson statistic was 1.963. Given the sample size (n=182) and k=6, the value falls between the upper and lower critical limits (du=1.8259 < dW=1.963 < 4–du=2.1741). This indicates that the regression model is free from autocorrelation problems.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.507[a]	0.258	0.232	0.05906

The White test yielded a chi-square statistic of 46.956, which is lower than the critical chi-square value of 213.391. Therefore, the residuals are considered homoscedastic, indicating no heteroscedasticity issues in the model.

Regression Analysis

Multiple Linear Regression Test

Table 6. Multiple Linear Regression Test

Coefficients[a]				
Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-0.404	0.075	
	TATO	0.013	0.007	0.135
	Leverage	0.000	0.000	0.085
	Komisaris Independen	0.065	0.041	0.100
	Firm Size	0.015	0.003	0.362
	Firm Age	-0.001	0.000	-0.282
	Sales Growth	0.000	0.000	0.029

Y = a + β_1TATO + β_2 *Leverage*+ β3 Komisaris Independen + β4 *Firm Size* + β5 *Firm Age* + β6 *Sales Growth* + e ROA = -0,404 - 0,013 TATO + 0,000 *Leverage* + 0,065 Komisaris Independen + 0,015 *Firm Size* – 0,001 *Firm Age* + 0,000 *Sales Growth* + 0,075

Hypothesis Testing

F-Test

Table 7. F-Test

ANOVA[a]			
Model		F	Sig.
1	Reggresion	22.085	0.000[b]
	Residual		
	Total		

The ANOVA results show an F-statistic of 22.085 with a significance value of 0.000, which is below the 0.10 threshold. This indicates that all independent variables, when considered simultaneously, significantly influence ROA.

t-Test

Table 8. t-Test

Coefficients[a]			
Model		t	Sig.
1	(Constant)	-5.401	0.000
	TATO	1.938	0.054
	Leverage	1.358	0.176
	Komisaris Independen	1.593	0.113
	Firm Size	5.587	0.000
	Firm Age	-4.098	0.000
	Sales Growth	0.452	0.652

The partial regression results show that:

- TATO has a significant positive effect on ROA ($p = 0.054 < 0.10$), supporting H1.
- Leverage has no significant effect on ROA ($p = 0.176 > 0.10$), leading to the rejection of H2.
- Independent commissioners also show no significant effect ($p = 0.113 > 0.10$), so H3 is rejected.

- Among the control variables, firm size positively affects ROA (p = 0.000), while firm age negatively affects ROA (p = 0.000). Sales growth, however, is not significant (p = 0.652).

R^2 Test

Table 9. R^2 Test

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.507[a]	0.258	0.232	0.05906

The regression model produced an Adjusted R^2 of 0.232, meaning that 23% of the variation in ROA can be explained by TATO, leverage, and independent commissioners, along with the control variables. The remaining 77% is influenced by other factors not included in this study.

D. CONCLUSIONS

This study finds that total asset turnover contributes positively to financial performance, while leverage and independent commissioners do not significantly influence profitability. Firm size strengthens financial performance, firm age reduces it, and sales growth does not show a meaningful effect.

E. SUGGESTIONS

Future studies may include additional explanatory variables to provide broader insights into the determinants of profitability. Expanding the sample and employing mediation or moderation models could also yield more comprehensive findings. From a practical perspective, companies should improve asset utilization and carefully manage debt policies to ensure sustainable profitability, while also strengthening the governance role of independent commissioners.

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