

# The Influence of Return On Assets, Current Ratio and Debt To Asset Ratio On Financial Distress at PT Hero Supermarket Tbk Period 2008 to2022

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## *Abstract*

This study aims to determine the effect of Return On Asset, Current Ratio, and Debt to Asset Ratio on Financial Distress Prediction using the Altman Z-Score Model. The research method used is an associative descriptive method with a quantitative approach. Data from the financial statements of PT Hero Supermarket Tbk 2008-2022. Hypothesis testing using the SPSS v29 program, the results Return On Asset  $T_{count} 2.671 > T_{table} 2.201$  significant level  $0.022 < 0.05$ , Current Ratio  $T_{count} - 2.822 > T_{table} 2.201$  significant level  $0.017 < 0.05$ , Debt to Asset Ratio  $T_{count} - 3.422 > T_{table} 2.201$  significant level of  $0.006 < 0.05$ , obtained the results of  $F_{count}$  of  $6.512 > F_{table}$  of  $3.59$ , significant level of  $0.009 < 0.05$ . Return On Asset has a significant effect, Current Ratio has a significant negative effect, Debt to Asset Ratio has a significant negative effect. Return On Asset, Current Ratio, and Debt to Asset Ratio effect on Financial Distress simultaneously.

***Keywords:*** *Financial Distress; Return On Asset; Current Ratio; Debt to Asset Ratio.*

**JEL Classification:** G39

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## Introduction

Economic dynamics within a country are inherently variable, with Indonesia being a prime example of these fluctuations. Such fluctuations impact the fiscal status and operations of many companies, ranging from large corporations to small-scale businesses equivalent to MSMEs. Business competition is also unavoidable, which can cause costs incurred by companies to swell. If the company is unable to compete and handle related financial conditions and performance, it is not impossible that the company is likely to experience a condition of bankruptcy (Financial Distress). Bankruptcy in a company will cause financial losses for various stakeholders, such as shareholders, employees, and the national economy as a whole. (Al-Khatib & Al-Horani, 2012). The lack of management efficiency in the company is the impact of financial distress (Bhunia et al, 2011). Financial distress can be the main cause of the company's difficulties for its business continuity, and if it is not handled it will cause bankruptcy.

One of the many contributors to corporate bankruptcy is inadequate funding, large liabilities and interest obligations, and persistent deficits incurred by the organization. (Afriyeni, 2012). It is important for a company to know the condition of whether the company is in good condition or experiencing Financial Distress, therefore the prediction of financial distress needs to be developed so as not to experience bankruptcy (Liana & Sutrisno, 2014). When the company is in a certain condition, the company can be considered in financial distress, these certain conditions are: (1) companies that experience losses for 3 years or more in a row (2) companies whose cash flow is negative for three years or more in a row (Lakshan & Wijekoon, 2013).

Ayuningtyas & Suryono (2019) conducted a study on the Impact of Liquidity, Profitability, Leverage, and Cash Flow on Financial Distress Situations. Their findings reveal that profitability has a negative impact on financial distress situations, while liquidity, leverage, and cash flow do not show a significant effect on the state of financial distress.

Septiani & Nugroho (2023) confirmed in their research on "The Effect of Profitability, Liquidity, Leverage, and Company Size on Financial Difficulties in Non-Cyclical Consumer Companies Listed on the Indonesia Stock Exchange for the 2019-2021 Period" that the Profitability ratio shows a significant impact on financial distress. In addition, they highlighted that liquidity also shows a significant effect on financial

stress. In contrast, this study found that leverage does not contribute to financial stress, and company size also plays no role in influencing financial stress.

HERO Group divested its Starmart convenience store business. Nonetheless, HERO Group remains focused on growing the Hero Group utilizing the Guardian, Hero Supermarket, Giant Extra, and Giant Express formats to strategically leverage their brand differentiation to capitalize on opportunities arising from Indonesia's economic expansion. The presence of IKEA, which carries a different product range from HERO Group's existing stores, affirms the pioneering spirit and complements the existing stores, without causing any potential diversion of customer segmentation. It's just that since the end of July 2021, all Giant outlets have been permanently closed., quoted from CNBC Indonesia media, Giant initially only planned to downsize its outlets, but in the end took a drastic policy by closing all its outlets in Indonesia starting July 2021.

Based on the explanation described, the authors chose the Return On Asset (ROA) ratio as a factor influencing financial distress, because this ratio is included in one of the profitability ratios where this ratio measures the company's performance in its ability to generate profits from its own capital so this ratio makes it clear that the higher this ratio, the better it will be, meaning that the position of the company owner is getting stronger. Current Ratio (CR) is a ratio that measures the proportion of current assets to current liabilities of a company. This ratio shows the ability of the company to meet short-term obligations. The greater the Current Ratio value, the greater the level of assurance that the company can meet current obligations. Debt to Asset Ratio (DAR) is a comparative ratio that measures the proportion of a company's total debt to its total assets. The higher the DAR, the higher the proportion of the company's debt to its assets. This increases the risk of financial distress in the future, as the company may struggle to pay its debts in the event of a decline in revenue or asset value. Thus, CR and DAR are both important for measuring the financial health of a company, with CR showing the ability to meet short-term obligations, while DAR describes the level of risk of the company's debt to its assets. ROA, CR, and DAR and prediction of financial distress using the Altman Z-Score method at PT Hero Supermarket Tbk.

## **Literature Review**

### **Financial Management**

Financial management is the management of financial functions. These financial functions include how to obtain funds (raising of funds) and how to use these funds (allocation of funds). Financial managers are concerned with determining the appropriate amount of assets from investments in various assets and selecting sources of funds to spend these assets. To spend the need for funds, financial managers can fulfill it from sources that come from outside the company and can also come from within the company. Sources from outside the company come from the capital market, which is a meeting between parties needing funds and parties who can provide funds. Funds from the capital market can be in the form of debt (bonds) or equity (shares). Sources from within the company come from the company's profit allowance (retained earnings), reserves, and depreciation.

### **Financial Distress**

Long & Evenhouse (1989) in Emrinaldi (2007) found that the factors causing financial difficulties can be grouped into three parts, namely macroeconomic conditions, industrial and financial policies, debtor and creditor behavior. Brigham & Daves (2003) in Anggarini (2010) argue that financial difficulties occur due to a series of mistakes, improper decision making, and interconnected weaknesses that can contribute directly or indirectly to management as well as the absence or lack of efforts to monitor conditions. Financial distress itself is defined as a stage of decline in the company's financial condition that occurs before bankruptcy or liquidation (Platt & Platt, 2002). Another definition of financial distress according to Emrinaldi (2007) financial distress is a condition of financial difficulty that starts from liquidity difficulties (short term) as an indication of the mildest financial difficulties, to bankruptcy which is the most severe financial difficulty. Financial distress can be caused by various causes. Whitaker (1999) states that the beginning of the year of financial distress is when the company's cash flow is less than the amount of debt portion of long-term debt that has matured. This means that the company is unable to fulfill its obligation payments that should be paid at that time.

Platt & Platt (2002) consider financial distress as a stage of decline in financial condition that occurs before bankruptcy or liquidation. This means that financial distress can be used as a signal or sign that the company is threatened with bankruptcy, which of course will be very detrimental to the company that experiences it. Therefore, a warning system model to anticipate financial distress needs to be developed, because it can be used as a means to identify and even improve the condition of the company before it reaches a

crisis or bankruptcy condition.

Platt & Platt (2002) provide a response to financial distress, considering it as a phase of deterioration in financial status that occurs prior to the declaration of bankruptcy or liquidation by the firm. This implies that financial distress can serve as an indicator or warning that a firm is at risk of bankruptcy (facing financial challenges), which can undoubtedly have severe repercussions for the firm in distress. Prediction of financial distress can be achieved through diverse approaches, one of which involves the application of the Altman Z-Score Method. In 1967, Edward I Altman assessed the vulnerability of businesses to collapse (bankruptcy) through the utilization of multivariate statistical techniques. Edward I Altman designed a system of assigning weights to five key financial ratios and disclosed his findings in 1968, which became known as the first Altman Z-Score model with the formula:

$$Z\text{-Score} = 1.2X_1 + 1.4X_2 + 3.3X_3 + 0.6X_4 + 1.0X_5$$

$X_1$  = Working capital/Total assets

$X_2$  = Retained earnings/Total assets

$X_3$  = Earnings before interest and taxes /Total assets

$X_4$  = Market value of equity /Total liabilities

$X_5$  = Revenue/Total assets

In this model, companies with a Z score  $> 2.99$  are classified as healthy companies, while companies with a Z score  $< 1.81$  are classified as potential bankrupt companies. Furthermore, scores of 1.81 to 2.99 are classified as companies in the gray area or gray area (Muslich, 2000: 60).

### **Return On asset**

According to Kasmir (2019: 203) Return On Assets (ROA) is a ratio that shows the return on the number of assets used in the company. If the company is able to make a profit, the company can be said to be a successful company. But if the company earns negative profits within two consecutive years it is indicated that the company is experiencing financial difficulties or financial distress. Every company wants to get stable and increasing profits so that it fosters confidence for investors to invest in the company. If profits are high, the company's performance can be said to be good, which means that the manager is able to run his business. If the company has low profitability, the company is in bad condition. And if this condition continues, it is likely that the company will experience

financial distress.

The following formula is used to calculate Return On Asset:

$$\text{Return On Asset} = (\text{Net Income})/(\text{Total Asset}) \times 100\%$$

Septiani & Nugroho (2023) confirmed in their research on “The Effect of Profitability, Liquidity, Leverage, and Company Size on Financial Difficulties in Non-Cyclical Consumer Companies Listed on the Indonesia Stock Exchange for the 2019-2021 Period” that the Profitability ratio shows a significant impact on financial stress. In addition, they highlighted that liquidity also shows a significant effect on financial stress. In contrast, this study found that leverage does not contribute to financial stress, and company size also plays no role in influencing financial stress.

### **Current Ratio**

Current Ratio is a liquidity indicator that is commonly used in general, on the grounds that this ratio has the ability to measure the proportion of current assets to current liabilities and shows the level of certainty of the company to meet short-term obligations. The greater the Current Ratio, the greater the level of guarantee for the payment of the company's current liabilities (Saleh & Sudiyatno, 2013: 84).

The formula for calculating the current ratio is presented below:

$$\text{Current Ratio} = (\text{current asset})/(\text{current debt}) \times 100\%$$

Based on research conducted by Hertina et al. (2022) entitled “The Impact of Profitability, Leverage, and Liquidity on Financial Difficulties in the Property, Real Estate, and Building Construction sectors,” which focuses on companies listed on the IDX from 2014 to 2018, it was found that certain findings showed a significant positive correlation between Profitability (ROA) and Liquidity (CR) ratios with Financial Difficulties, while the Leverage Ratio (DAR) did not show any influence on Financial Difficulties.

### **Debt to Asset Ratio**

Debt ratio used to measure the ratio between total debt and total assets. In other words, how much the company's assets are financed by debt or how much the company's debt affects the management of assets (Kasmir, 2014: 156). The higher the leverage ratio means that the company has a higher liability value. This will risk financial distress conditions in the future, if these conditions are not resolved properly, the potential for

financial distress is even greater.

Below is the Debt to Asset Ratio Formula:

$$\text{Debt to Asset Ratio} = (\text{total debt})/(\text{total asset}) \times 100\%$$

Septiani & Dana (2019) confirmed in their study of property and real estate companies that Liquidity Ratio, as indicated by the current ratio, provides a prominent positive effect on financial distress. Furthermore, they highlight that the Leverage ratio, as measured through the debt-to-asset ratio (DAR), and institutional ownership show substantive adverse effects on financial distress.

## Research Methods

The research conducted is using descriptive research with a quantitative approach. According to Sugiyono (2015: 14) that the quantitative approach is research based on the philosophy of positivism to examine certain populations or samples and random sampling with data collection using instruments, statistical data analysis. This research was conducted using associative research, according to Sugiyono (2014: 55) associative research is research that aims to determine the relationship between two or more variables, looking for roles, influences, and causal relationships, namely between independent variables (independent) and dependent variables (dependent).

In this research the independent variables (X) are Return On Asset, Current Ratio, and Debt to Asset Ratio while the dependent variable (Y) is Financial Distress with Altman Z-Score Model. The data used is secondary obtained through intermediary or indirectly which has been created by previous researcher. The data used in this research is the annual report of PT Hero Supermarket Tbk for period 2008 to 2022.

### Multiple Linear Regression

This study describes the relationship of one or more independent variables affecting the dependent variable. The statement that the regression model can be used is based on the results of the classical assumption test in this study. To determine the effect of the variable coefficient of Return On Asset (X1), Current Ratio (X2), and Debt to Asset Ratio (X3) on Financial Distress (Y).

### Hypothesis testing Partial Test (test T)

The t test is conducted to partially check the significance of the relationship between

the independent variable and the dependent variable. The t-table value is determined by the formula  $t_{(a/2), df} = n-2$ , where df represents the degrees of freedom, n is the sample size, and k is the number of variables studied. For the specific case  $(a/2; n-k) = (0.025; 11)$ , the resulting value is 2.201. With the following hypothesis:

H01 : It is suspected that there is no influence of Return On Asset (ROA) on financial distress

Ha1 : It is suspected that there is an influence of Return On Asset (ROA) on financial distress

H02 : It is suspected that there is no influence of Current Ratio (CR) on financial distress

Ha2 : It is suspected that there is an influence of Current Ratio (CR) on financial distress

H03 : It is suspected that there is no influence of Debt to Asset (DAR) on financial distress

Ha3 : It is suspected that the influence of Debt to Asset (DAR) has on financial distress.

### **Simultaneous Test (Test f)**

The f test is conducted to show whether all the independent variables used in the research model as a whole have a simultaneous influence on the dependent variable or the dependent variable in a study.

The hypothesis used in the simultaneous test:

Ho4: It is suspected that there is no influence of Return On Asset (ROA), Current Ratio (CR) and Debt to Asset (DAR) simultaneously on financial distress.

Ha4: It is suspected that there is an influence of Return On Asset (ROA), Current Ratio (CR) and Debt to Asset (DAR) simultaneously on financial distress.

## **Results and Discussions**

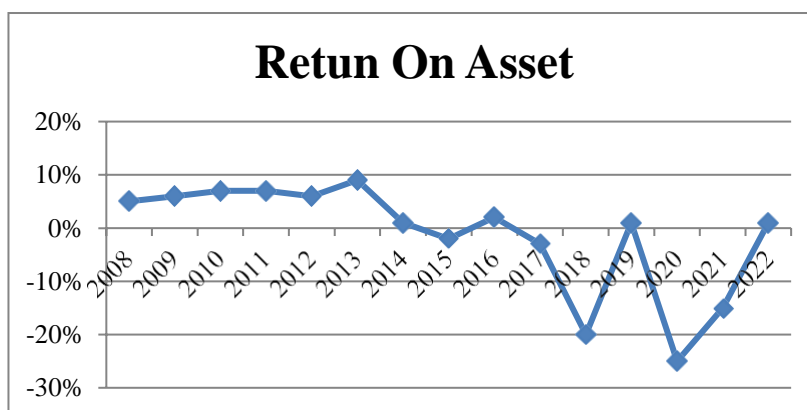
**Table 1 Results of Return on Asset Calculation**

<b>Years</b>	<b>Profit For Year (Rp)</b>	<b>Total Asset (Rp)</b>	<b>ROA</b>
<b>2008</b>	96.705.000.000	2.127.692.000.000	5%



<b>2009</b>	171.808.000.000	2.830.288.000.000	6%
<b>2010</b>	221.909.000.000	3.125.368.000.000	7%
<b>2011</b>	273.586.000.000	3.719.583.000.000	7%
<b>2012</b>	302.728.000.000	5.276.736.000.000	6%
<b>2013</b>	671.138.000.000	7.758.303.000.000	9%
<b>2014</b>	43.755.000.000	8.295.642.000.000	1%
<b>2015</b>	-144.078.000.000	8.042.797.000.000	-2%
<b>2016</b>	120.588.000.000	7.487.033.000.000	2%
<b>2017</b>	-191.406.000.000	7.363.144.000.000	-3%
<b>2018</b>	-1.250.189.000.000	6.271.858.000.000	-20%
<b>2019</b>	70.636.000.000	6.054.384.000.000	1%
<b>2020</b>	-1.214.602.000.000	4.838.417.000.000	-25%
<b>2021</b>	-963.526.000.000	6.273.516.000.000	-15%
<b>2022</b>	59.111.000.000	6.910.567.000.000	1%

Based on Table 1 explains that the highest value of Return On Asset occurred in 2013, which touched 9%, while the lowest value of Return On Asset occurred in 2020, with a figure touching -25%. This is due to a decrease in the nominal net profit which is quite high as well as a decrease in the company's total assets.



**Figure 1 Return On Asset**

Based on Figure 1 which show the calculation of ROA and ROA Graph at HERO, it can be seen that the movement of Return On Asset for the period 2008-2022 fluctuated during the study period.

**Table 2 Results of Current Ratio Calculation**

<b>Years</b>	<b>Current Asset (Rp)</b>	<b>Current Debt (Rp)</b>	<b>CR</b>
<b>2008</b>	1.000.063.000.000	1.158.056.000.000	0,86357

<b>2009</b>	1.117.681.000.000	1.649.114.000.000	0,67775
<b>2010</b>	1.398.756.000.000	1.766.357.000.000	0,79189
<b>2011</b>	1.717.996.000.000	2.101.837.000.000	0,81738
<b>2012</b>	2.277.239.000.000	3.338.562.000.000	0,6821
<b>2013</b>	3.655.004.000.000	2.243.937.000.000	1,62884
<b>2014</b>	3.283.248.000.000	2.788.133.000.000	1,17758
<b>2015</b>	3.156.943.000.000	2.608.222.000.000	1,21038
<b>2016</b>	2.817.240.000.000	1.970.941.000.000	1,42939
<b>2017</b>	2.544.725.000.000	2.001.461.000.000	1,27143
<b>2018</b>	2.962.414.000.000	2.167.159.000.000	1,36696
<b>2019</b>	2.417.001.000.000	2.038.174.000.000	1,18587
<b>2020</b>	1.540.143.000.000	2.278.042.000.000	0,67608
<b>2021</b>	2.513.352.000.000	3.251.857.000.000	0,7729
<b>2022</b>	2.859.570.000.000	3.785.951.000.000	0,75531

Based on Table 1 The highest value of Current Ratio occurred in 2013 touching 163%, while the lowest value occurred in 2009, 2012, 2020 with the same figure of 68%.

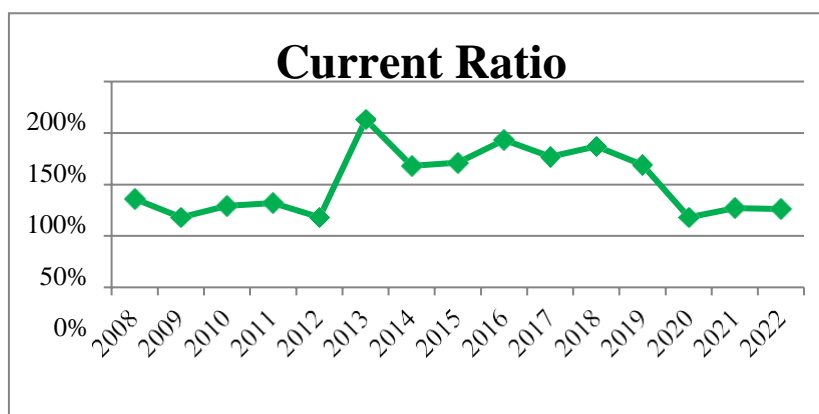


Figure 2 Current Ratio

Based on Figure 2, it can be seen that the movement of the Current Ratio clearly fluctuates during the study period.

Table 3 Results of Debt to Asset Ratio Calculation

<b>Years</b>	<b>Total Debt (Rp)</b>	<b>Total Asset (Rp)</b>	<b>DAR</b>
<b>2008</b>	1.372.809.000.000	2.127.692.000.000	65%
<b>2009</b>	1.903.597.000.000	2.830.288.000.000	67%

<b>2010</b>	1.976.768.000.000	3.125.368.000.000	63%
<b>2011</b>	2.297.397.000.000	3.719.583.000.000	62%
<b>2012</b>	3.619.007.000.000	5.276.736.000.000	69%
<b>2013</b>	2.402.734.000.000	7.758.303.000.000	31%
<b>2014</b>	2.841.822.000.000	8.295.642.000.000	34%
<b>2015</b>	2.828.419.000.000	8.042.797.000.000	35%
<b>2016</b>	2.029.250.000.000	7.487.033.000.000	27%
<b>2017</b>	2.164.401.000.000	7.363.144.000.000	29%
<b>2018</b>	2.330.370.000.000	6.271.858.000.000	37%
<b>2019</b>	2.164.333.000.000	6.054.384.000.000	36%
<b>2020</b>	2.983.729.000.000	4.838.417.000.000	62%
<b>2021</b>	5.399.696.000.000	6.273.516.000.000	86%
<b>2022</b>	5.972.429.000.000	6.910.567.000.000	86%

Based on Table 3 the highest value occurs in 2021, 2022 with the same figure of 86% while the lowest value occurs in 2017 with the same figure touching 29%.



**Figure 3 Debt to Asset Ratio**

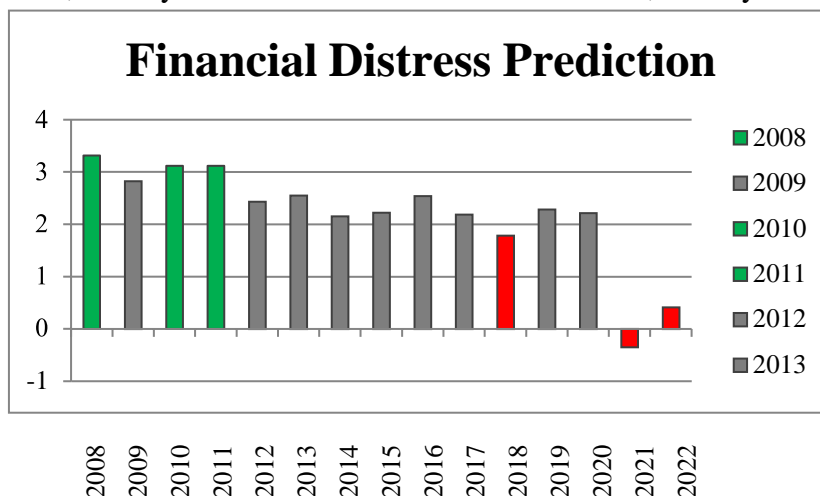
Based on Figure 3, it can be seen that the movement of the Debt to Asset Ratio clearly fluctuates during the study period.

**Table 4 Results of Financial Distress with Altman Z-Score model Calculation**

YEARS	X1	X2	X3	X4	X5	Z-SCORE
2008	-0,08910669	0,34146258	0,23611754	0,071988164	2,756032358	3,3165
2009	-0,22531968	0,341681977	0,305066198	0,0519154	2,35078409	2,8241
2010	-0,14114216	0,408825777	0,34999744	0,049993727	2,453255105	3,1209
2011	-0,12383356	0,446488598	0,344539993	0,04301651	2,406735379	3,1169
2012	-0,24135898	0,377224026	0,27743463	0,027307491	1,991841548	2,4324
2013	0,218253966	0,389474064	0,355710624	0,05223592	1,533886212	2,5496
2014	0,071620497	0,381060465	0,021592542	0,044164983	1,635078876	2,1535
2015	0,081870175	0,351260911	-0,039045447	0,044374267	1,784540876	2,2230
2016	0,135642357	0,422698471	0,092096789	0,061849954	1,826882692	2,5392
2017	0,088537831	0,380557735	-0,110705373	0,057987877	1,77011858	2,1865
2018	0,152156825	0,166130101	-0,656078741	0,05385798	2,068029761	1,7841
2019	0,075084831	0,16020335	-0,020815825	0,057989699	2,011934658	2,2844
2020	-0,18301002	-0,388469121	0,905269947	0,042064484	1,838160084	2,2140
2021	-0,14126146	-0,51789424	-0,26783244	0,02324372	0,554908444	-0,3488
2022	-0,16086339	-0,457668032	0,370189986	0,021014736	0,642012009	0,4147

Source: self-processed

Based on Table 4 shows the Z-Score value which fluctuates with the highest value in 2008, namely 3.3165 and the lowest value in 2021, namely -0.3488.



**Figure 4 Financial Distress Prediction on PT Hero Supermarket Tbk**

Based on figure 4 above, it can be seen that the results of the prediction of financial distress at PT Hero Supermarket Tbk for the 2008-2022 period on average experienced a gray zone, Hero experienced Safe Zone in 2008, 2010 and 2011, while Hero experienced Gray Zone in 2009, then returned to Gray Zone Consecutively in 2012-2017 which then experienced distress in the following year, namely 2018. Hero returned to Gray Zone in the following two years 2019, 2020 but did not last long then returned to Distress in 2021 and 2022.

**Table 5 Multiple Linear Regression**

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.945	2.113		4.234	.001
	ROA	.046	.017	.484	2.671	.022
	CR	-.033	.012	-1.082	-2.822	.017
	DR	-.062	.018	-1.313	-3.422	.006

a. Dependent Variable: Z-SCORE

Source: Spss data analysis v29, 2024

From table above, the results of multiple linear regression tests can be obtained as follows:

$$Y = 8.945 + 0.046 X1 + (-0.033 X2 + (-0.062) X3$$

Where:

Y : Financial Distress

X1 : Return On Asset

X2 : Current Ratio

X3 : Debt to Asset Ratio

Based on the table and regression model presented above which explains the multiple regression results, the following description is given:

a.  $\alpha = 8.943$

This value is a constant value, an estimate of the growth of Financial Distress which indicates that if there are no Return On Asset (X1), Current Ratio (X2) and Debt to Asset Ratio (X3) variables, the value of Financial Distress is 8,945.

b.  $\beta 1 = 0.046$

The regression coefficient of the Return On Asset (X1) variable shows a value of 0.046, meaning that if the other independent variables have a fixed value and there is an increase in Return On Asset 1 in units, Financial Distress will increase by 0.046.

c.  $\beta 2 = -0.033$

The regression coefficient of the Current Ratio (X2) variable shows a value of -0.033, which means that if the other independent variables have a fixed value and

there is an increase in Current Ratio 1 in units, Financial Distress will decrease by -0.033.

$$d.\beta_3 = -0.062$$

The regression coefficient of the Debt to Asset Ratio (X3) variable is -0.062, meaning that if the other independent variables have a fixed value and there is an increase in the Debt to Asset Ratio value of 1 in units, the Financial Distress will decrease by -0.062.

**Hypothesis testing**

**Table 6 Partial Test (test T)**

Model	Coefficients <sup>a</sup>				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
1 (Constant)	8.945	2.113			4.234	.001
ROA	.046	.017	.484		2.671	.022
CR	-.033	.012	-1.082		-2.822	.017
DR	-.062	.018	-1.313		-3.422	.006

a. Dependent Variable: Z-SCORE

Source: Spss data analysis v29, 2024

Based on the t test (partial), it can be seen the effect of the independent variables partially on financial distress, namely:

a.ROA has an impact and influence on financial distress. This statement is supported by the findings of the Return On Asset t-test, where the calculated t-value of 2.671 exceeds the t-table value of 2.201 at a significance level of 0.022 which is less than 0.05. Consequently, it can be concluded that Ha1 is supported, indicating that Return On Asset does exert a significant positive influence on Financial Distress to some extent.

b.Current Ratio has a negative impact on Financial Distress. This statement is supported by the negative t-test results conducted on this ratio, where the calculated t-value of -2.822 and the table t-value of 2.201 at a significance level of 0.017, which is lower than 0.05. Consequently, it can be concluded that the alternative hypothesis Ha2 is supported, indicating that Current Ratio exerts a significant negative impact on Financial Distress to some extent.

c. Debt to Asset Ratio has a negative impact on Financial Distress. This statement can be proven through the results of the Debt to Asset Ratio analysis, where the calculated t-value of -3.422 table t-value of 2.201 at a significance level of 0.006, which is less than the conventional threshold of 0.05. Consequently, it can be concluded that the alternative hypothesis Ha3 is supported, indicating that the Debt to Asset Ratio exerts a statistically significant negative impact on Financial Distress to some extent.

**Table 3 Simultaneous Test (Test f)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.645	3	2.882	6.512	.009 <sup>b</sup>
	Residual	4.867	11	.442		
	Total	13.512	14			

a. Dependent Variable: Z-SCORE  
 b. Predictors: (Constant), DR, ROA, CR

Source: Spss data analysis v29, 2024

The results of F count are  $6.512 > F_{table}$  of 3.59, with a significant level of  $0.009 < 0.05$ . Based on the results of these calculations, it can be concluded that Ho4 is rejected and Ha4 is accepted, this states that the independent variables in the form of Return On Asset, Current Ratio, and Debt to Asset Ratio simultaneously have a significant effect on Financial Distress.

## Conclusions

In conclusions, Based on the results of the hypothesis and analysis that has been carried out in this study related to the Effect of Return On Asset (X1), CurrentRatio (X2), and Debt to Asset Ratio (X3) on Financial Distress (Y) at PT Hero Supermarket Tbk for the 2008-2022 Period, the following conclusions have been obtained The results of the study indicate a significant positive effect on Return On Asset on Financial Distress, this study indicate a significant negative effect on Current Ratio on Financial Distress, and indicate that there is a significant negative effect on Debt to Asset Ratio on Financial Distress. While the results of this study indicate that the variables Return On Asset, Current Ratio, and Debt to Asset Ratio simultaneously have a significant effect on Financial Distress simultaneously.

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