



DOES SIZE REALLY MATTER? ASSET TURNOVER, CAPITAL STRUCTURE, AND THE PERFORMANCE OF ASEAN RETAIL COMPANIES

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Abstract

This reasearch assesses the extent to which Asset Turnover and Debt to Equity Ratio affects on the company's financial performance (ROA) through company size as a moderation variable. This study uses a quantitative approach with the formulation of associative problems. The population in this study includes all retail companies in Southeast Asia contained in the OSIRIS financial database for the 2024 period, with data collection techniques in the form of documentation obtained from the OSIRIS financial database. The analysis method used was moderation regression analysis. The results of the study show that Asset Turnover has a significant positive effect on Return on Asset, in contrast to Debt to Equity Ratio which has no effect on Return on Asset. Furthermore, firm size cannot moderate between Asset Turnover and Return on Asset, this is the same as the result between Debt to Equity Ratio and Return on Asset which shows that firm size cannot moderate between the two variables. These findings show that asset efficiency is an important factor in increasing the profitability of the retail sector, while capital structure and company scale are not the main guarantees of the financial performance of the retail sector in ASEAN. The implication of this study is that retail sector management should prioritize optimizing asset turnover rather than focusing too much on debt and equity composition.

Keywords: Asset Turnover, Debt to Equity Ratio, Return on Asset, Firm Size

INTRODUCTION

The challenges in an increasingly complex business post-pandemic have been faced by the current development of the retail industry, this is characterized by a shift from conventional models (*Offline*) towards the model *Hybrid* (integration between *online* and *Offline*). However, the post-pandemic dynamics on the contrary show that consumers tend to reduce online shopping due to the economic impact (Pranindyasari, 2025). Meanwhile, on the other hand, consumers began to return to physical stores after the lifting of physical restrictions (CNBC Indonesia, 2023). This change in behavior is further complicated by the presence of companies such as Indomaret that not only rely on a wide physical network but also develop a platform *E-commerce* (Arisondha et al., 2023). As a result, retail companies face a strategic dilemma between having to invest heavily in digital assets and still maintaining and optimizing existing physical assets.

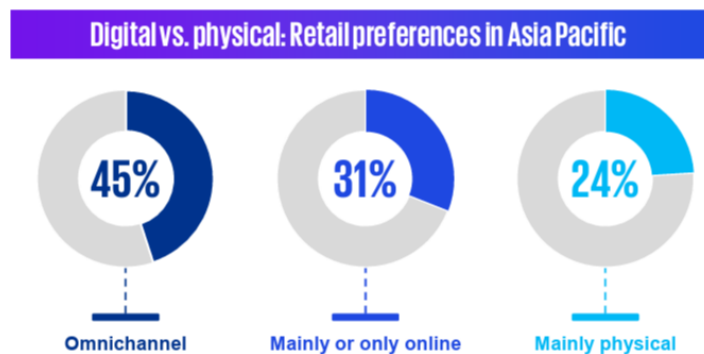


Figure 1
Proportion of Asia Pacific Consumers in 2024

Source: KPMG/GS1 Survey Analysis

This complexity is increasingly visible based on data from KPMG (2024) discloses that preference Omnichannel as the main spending method (45%), but this pattern is not uniform between ASEAN. While in the Philippines (61%) and India (54%), model preference Omnichannel very strong, in contrast to Indonesia which showed online models (31%) as the main choice of consumers. While in Thailand and Malaysia who prefer physical stores. This emphasizes that companies are not only required to invest in digital assets, but also require the right strategy and allocation of resources according to local behavior, this aims to maintain the company's sustainability by prioritizing operational efficiency (Handoyo et al., 2023).

From the perspective of an accounting information system (SIA), the ideal condition is when the system is able to show whether operational efficiency is



optimal or not, and at the same time this integrated system becomes the basis for capital structure decision-making (Sudan, 2012). However, in the implementation of retail Hybrid, there is often an imbalance between online and offline sales systems that has an impact on inaccurate and late financial information, so that management decision-making becomes ineffective and inappropriate (Muzakki et al., 2024). Based on this phenomenon, it has become particularly relevant in Southeast Asia, where companies such as Alfamart, Indomaret, and the like have implemented the model Hybrid with aggressive investments in technology that have an impact on finance. Research conducted in this region reveals that digital transformation is positively correlated with company performance (Wongwas et al., 2024). However, other studies show that company size plays an important role in moderating how far digitalization can improve financial performance (Ghofar et al., 2025).

Based on the RBV theory (Resource-Based View) from Barney (1991), competitive advantage in the company can be achieved through optimal use of the resources it has and is difficult for other companies to imitate. In this context, Asset Turnover (ATO) was chosen because it represents the company's ability to optimize physical and digital assets, while Debt to Equity Ratio (DER) represents funding strategies for technology investment and expansion. Both variables are the output of accurate SIA information, making them relevant in testing the effectiveness of SIA in supporting financial performance (Return on Asset).

A number of previous studies have shown that the results are still varied. Siregar & Harahap (2021) in the transportation sector found that ATO had a significant effect on ROE, but DER did not. In contrast to Devi et al. (2025) in the manufacturing sector that found that ATO had no significant effect, DER positively influenced earnings growth, and firm size unable to moderate. Zavalii et al. (2025) in advertising companies in Europe shows that the ATO substantially influences Return on Asset (ROA) then Return on Equity (ROE), while DER has a partial effect. Nasution et al. (2019) in the automotive sector, it was found that both variables had a significant effect on ROE. These differences in results show that there is a research gap, namely: first, previous research mostly focused on the transportation, manufacturing, and automotive sectors, while the retail industry is still rarely studied. Second, the use of firm size As a moderation, the variable is still limited and the results are not consistent. Third, the use of ROA as a measure of the effectiveness of asset use has not been widely explored in ASEAN retail companies. Therefore, this study aims to examine the influence of ATO and DER



on ROA with company size as a moderation variable in retail companies in ASEAN in 2024 using secondary data from Database OSIRIS.

LITERATURE REVIEW

Theoretical Framework

Theory *Resource-Based View* (RBV) introduced by (Wernerfelt, 1984) and popularized by (Barney, 1991) explained that the company's competitive advantage is not only seen in terms of products or markets, but also from the ownership and management of resources that are unique, valuable, rare, difficult to imitate, and have no substitution. The resources in question include tangible assets (stores, warehouses, etc.) and intangible assets (brands, reputations, etc.). In the context of this research, *Asset Turnover* which represents the company's capabilities in managing assets productively. Meanwhile, an optimal capital structure reflects the company's advantages in accessing and managing financial resources. Furthermore, *firm size* in the perspective of RBV as an indicator of the broader organizational capabilities. This allows for the strengthening or weakening of the relationship between resource management and company performance (Barney, 1991).

This study also uses *Trade-Off Theory* and *Pecking Order Theory* to explain the capital structure more comprehensively. *Trade-Off Theory* (Kraus & Litzenberger, 1973) argues that the company adjusts the tax shield benefits of debt to the cost of financial hardship and bankruptcy (Voutsinas & Werner, 2025). Meanwhile, *Pecking Order Theory* (Shyam-Sunder & Myers, 1999) explained that the company prioritizes internal funding (retained earnings) over debt or the issuance of new shares to avoid negative signals to the capital market. In the context of the ASEAN retail industry, both theories are relevant with companies not only investing in tangible assets but also aggressively investing in intangible assets.

Variable Operational Definition

Asset Turnover (ATO) assesses how productive a corporate is in managing its assets to generate sales, calculated by dividing net sales by the average total assets (Brealey et al., 2020). A high ATO reflects good operational and asset productivity (Ahmad et al., 2023). In the context of retail, ATO is an important indicator to measure the effectiveness of investments in physical assets and digital assets in driving sales growth (Garcia et al., 2025).

Debt to Equity Ratio (DER) is an indicator that represents the ratio of debt to equity in a company's capital, by dividing total debt by total equity (Nasution et al., 2019). A high DER indicates a greater reliance on borrowed capital, which



can strain cash flow and enhance the risk of bankruptcy if it does not earn enough income (Yudit Hosio & Bhilawa, 2024). In the dynamics of the retail industry, DER represents a company's decision whether to rely more on debt or internal capital in corporate funding.

Return on Asset (ROA) is applied as an indicator of financial performance aimed at measuring how much profit is obtained from a company's assets, by dividing net profit (or profit before tax) by total assets (Maharani & Ekadjaja, 2023). This variable was chosen because it represents the effectiveness of the use of assets directly, this is different from *Return on Equity* (ROE) which is more affected by the capital structure, so that ROA is more relevant to the ATO variable in the retail industry.

Company size (*firm size*) is used as a scale on business entities that can be categorized based on total assets, total sales, or stock value (Alifian & Susilo, 2024). In this study, *firm size* is positioned as a moderation variable that is suspected to affect the strength of the relationship between ATO and DER with ROA, this is because each company with a certain scale has its own ability to absorb risk and execute strategies.

Hypothesis Development

Theoretically, RBV theory reveals that efficiently managed assets are strategic resources that create a competitive advantage for companies (Barney, 1991). A high ATO indicates the company's ability to optimize productive assets in generating revenue, which reflects the level of sales volume obtained (Subramanyam, 2014). Based on RBV theory, a high ATO should be directly proportional to profitability (ROA). And with this hypothesis, the company is considered to have successfully managed assets effectively, so it is expected to achieve a higher ROA.

H1: Asset Turnover has a positive and significant effect on Return on Asset.

The relationship between capital structure and profitability can be explained through *Trade-Off Theory* and *Pecking Order Theory*. *Trade-Off Theory* explains that an optimal capital structure provides benefits *Tax Shield*, while *Pecking Order Theory* emphasizing preference on internal funding (Voutsinas & Werner, 2025). In this context, the need for companies to obtain funding for technology investments tends to be high. Optimal debt management and a company's decision to prioritize internal funding can increase the company's profitability.

**H2: Debt to Equity Ratio has a positive and significant effect on Return on Asset.**

Based on RBV theory, *firm size* Represent the company's capabilities and availability of resources (Barney, 1991). Large companies generally gain better access to markets, technologies, and others that can affect the relationship of these variables. In moderating the relationship between ATO and ROA, large companies are suspected of having an advantage in accessing and implementing integrated logistics technology and systems. This allows companies to turn improvements into ROA more effectively due to previous factors. In contrast to small scales that are not necessarily followed by a significant increase in ROA, therefore *firm size* allegedly can moderate ATO and ROA. In moderating DER and ROA relationships, large companies generally have access to markets with lower debt with business diversification and more stable cash flow. This allows them to have a high DER to finance strategic expansion where tax shield benefits are more dominant, thus strengthening the relationship between DER and ROA. On the other hand, small-scale with high DER faces greater risks, cash flow uncertainty and interest expense erode profitability.

H3a: Company size can moderate the correlation between Asset Turnover and Return on Asset.

H3b: Company size can moderate the correlation between Debt to Equity Ratio and Return on Asset.

RESEARCH METHOD

This study uses a quantitative approach with causal associative relationships (Scott, 2023). The secondary data obtained in the form of the population used is all retail companies in Southeast Asia (Thailand, Indonesia, Malaysia, Singapore, Vietnam, the Philippines, Myanmar, and Laos) that are registered in the OSIRIS database for the 2024 period. Technique *purposive sampling* Applied by producing a final sample of 141 companies from the criteria the company has complete financial data.

Independent variables consist of *Asset Turnover* and *Debt to Equity Ratio*. *Asset Turnover* To measure how assets are performing in a company, the ratio also shows how much sales volume is generated by comparing total sales to total assets (Brealey et al., 2020). *Debt to Equity Ratio* reflects the extent to which assets are financed through debt compared to equity (Mensah et al., 2025). While the dependent variable consists of *Return on Asset*, this ratio is a measure that shows the extent to which a company's assets can be leveraged to generate profits, by calculating total profit before tax and total assets (Devi et al., 2025). *Firm size*



positioned as moderation, is a scale on which companies can be classified based on their size (Waskito Adi et al., 2020). All independent variables and moderation are carried out *mean-centering* to reduce the problem of multicollinearity (Hofer, 2017).

The classical assumption test used included *the influential observation test* (*cook's distance*), the multicollinearity test, the heteroscedasticity test with *the white test*, and the normality test using the kolmogorov-smirnov. Regression analysis was carried out with *Moderated Regression Analysis* (MRA). In addition, the hypothesis test uses a t-test, an f test, and a determination coefficient. All data processing uses SPSS.

RESULTS AND DISCUSSION

Classic Assumption Test

Normality Test

The Kolmogorov-Smirnov test found that the residual was not normally distributed ($0.043 < 0.05$). Although various efforts have been made, such as removing outliers, *winsorizing* (Zubedi et al., 2022), to logarithmic transformations. This research finally uses the *bootstrap* (Efron & Tibshirani, 1993), i.e., a non-parametric approach that does not rely on residual normality assumptions.

Table 1
Bootstrap Results

Models	B	Bias	Std.Error	Sig.	Low	Upp
(Const.)	-0,256	-0,003	0.079	0,001	-0,422	-0,112
LN_X1	0,028	-2,425E	0,007	0,001	0,014	0,043
LN_X2	-0,022	0,000	0,014	0,135	-0,050	0,005
Firm Size	0,025	0,000	0,006	0,001	0,015	0,036

Source: SPSS processed by the author, 2026

Based on the following table, it was found that LN_X1 (*Asset Turnover*) has a significance of $0.001 < 0.05$, which means that the influence of ATO on ROA is significant. LN_X2 (*Debt to Equity Ratio*) with a significance value of $0.135 > 0.05$, means that the influence of DER on ROA is not significant.

Multicollinearity Test

Table 2
Multicollinearity Test Results

Variable	Tolerance	VIVID
Center_LNX1	0,805	1,243



Center_LNX2	0,598	1,673
Center_Moderasi	0,359	2,784
CLNX1_CMODER	0,729	1,371
CLNX2_CMODER	0,287	3,484

Source: SPSS processed by the author, 2026

Based on the table, it is acknowledged that the *tolerance* and VIF values respectively, namely, all variables have a *tolerance* > 0.10 and VIF < 10. Thus, the test results showed that there were no symptoms of multicollinearity.

Heteroscedasticity Test

Table 3

Heteroscedasticity Test Results

Models	R	R Square	Adjusted R Square	Std.Error of the Estimate
1	0,086	0,007	-0,029	0,01535

a. Predictors: (Constant), X1X2, X1_kuadrat, DER, ATO, X2_kuadrat

Source: SPSS processed by the author, 2026

Based on the following table, R² is obtained as 0.007 where the value is used to calculate $c^2 = N$ (number of samples) $\times$ R². Then the value of c^2 is calculated = $141 \times 0.007 = 0.987$. Since the value of the c^2 calculation (0.987) is smaller than the c^2 of the table (11.070), in addition to the *p-value* of 0.962 > 0.05, this has a conclusion for the *white* test that there are no symptoms of heteroscedasticity in the model.

Influential Observation

Table 4

Cook's Distance Test Results

Min	Max	Red	Std. Deviation	N
0,000	0,380	0,010	0,036	141

Source: SPSS processed by the author, 2026

Based on these results, it shows that the maximum value of the *cook* distance is 0.380, which results show less than the analogy, which is 1. It can therefore be concluded that there is no data that has the potential to distort regression.

Hypothesis Test

Coefficient Determination Test

Based on analysis of the coefficient of determination test using moderation regression analysis, it showed that the value of *Adjusted R Square* with no moderation was 0.043. Meanwhile, the value of the *Adjusted R Square* with a



moderation of 0.241, the increase suggest that the addition of the moderation variable does not only increase the number but also makes a real contribution.

T Test

The aftermath of the partial test indicated that *Asset Turnover* (ATO) had a positive and significant effect on ROA with a value of $t = 3.551$ and $p = 0.001$, then H1 was accepted. On the other hand, *the Debt to Equity Ratio* (DER) had an insignificant influence on ROA with $p = 0.218$, so H2 was rejected. The interaction of ATO with *firm size* showed insignificant ($p = 0.883$), this is the same as the interaction of DER with *firm size* was also insignificant ($p = 0.376$), so H3a and H3b were rejected.

Test F

The results of simultaneous tests on the regression model showed that the two independent variables, ATO and DER together had an effect on ROA with a significance of $0.000 < 0.05$. This proves that ATO, DER, and their interactions with *firm size* simultaneously affect ROA.

Discussion

The Effect of Asset Turnover on Return on Asset

Based on the results of the moderation regression analysis with a sample of retail companies in Southeast Asia in 2024, it shows that Asset Turnover (ATO) significantly and positively impacts Return on Asset (ROA) with a significance value of 0.001 ($p < 0.05$). The observations of the regression analysis indicate that an increase in how efficiently of the company deploys its assets to generate sales will be followed by a significant increase in the profitability ratio.

This finding aligns with theoretical expectations of this study, namely the Resource-Based View (RBV) explained by (Barney, 1991), which reveals that competitive advantage in a company comes from a company's resources to manage its resources in a unique and difficult to replicate manner. In the context of this study, a high ATO reflects the company's ability to optimize both physical assets and digital assets as strategic resources, which is used as the ultimate goal, which is to contribute to improving financial performance (ROA). Assets that have been managed efficiently allow companies to generate greater revenue from each unit of assets owned (Brealey et al., 2020).

This finding is particularly relevant to the characteristics of the retail industry having thin profit margins. In the context of the retail industry, fierce competition between companies and relatively homogeneous product characteristics cause companies to be unable to be very flexible in determining high selling prices. As a result, the profit margin of each sales unit tends to be



small. Under these conditions, the speed of asset turnover, especially inventory, is the main key in profit accumulation. The efficiency reflected by the high ATO allows the company to generate profits even though each sales unit only earns a small margin.

This hypothesis is consistent with the findings of Zavalii et al. (2025) who examined advertising and marketing companies in Central and Eastern Europe, where asset turnover has been shown to produce a significant impact on ROA. The findings also revealed that operational efficiency reflected through asset turnover is an important determining factor in explaining the variation in profitability between companies. Similarly, Sarah & Probohudono (2024) on construction companies in ASEAN-5 found that ATO has a significant effect on the company's financial performance. In the context of the retail industry that is undergoing a hybrid transformation, this implies that the company's ability to integrate physical assets (stores, warehouses) and digital assets (e-commerce platforms, technology) is the main key in driving profitability (Garcia et al., 2025)

The Effect of Debt to Equity Ratio on Return on Asset

Based on the result of the moderation regression analysis with a sample of retail companies in Southeast Asia in 2024, it shows that the Debt to Equity Ratio (DER) does not have a significant effect on the Return on Asset (ROA) of retail companies in ASEAN with a significance of $0.218 > 0.05$. This indicates that the increase in the debt-to-equity ratio does not exert a substantial enough bearing on the profitability of the company. The findings prove that the direction of the initial hypothesis (H2) that posits a positive influence is rejected.

This can be demonstrated through the perspective of Trade-Off Theory (Kraus & Litzenberger, 1973), which states that although debt provides tax shield benefits, excessive use of debt increases the risk of financial difficulties and bankruptcy costs. The findings of the insignificance of DER in this study indicate that on average, retail companies in ASEAN may not have reached the optimal point in their capital structure. In this study, the benefits of the use of debt are not dominant enough to have a significant effect on profitability.

From the perspective of Pecking Order Theory (Shyam-Sunder & Myers, 1999), which states that companies have a hierarchy in choosing funding sources, with the top priority on internal funding (retained earnings) before turning to debt. Within this framework, funding decisions in companies are more influenced by operational needs than management's efforts in achieving certain capital structure targets. According to the results of this study, the insignificance of DER is expected to mean that retail companies in ASEAN tend to use debt as a



secondary source of funding, but its impact on profitability is not enough to be statistically detected.

The finding contradicts previous research such as Nasution et al., (2019) in the automotive sector and the findings of Devi et al. (2025) in manufacturing companies in the basic and chemical industry sectors in Indonesia, where DER has a significant effect on financial performance. This difference can be explained by the characteristics of the retail industry that are different from the manufacturing or automotive sectors which have different asset structures and operational cycles. Debt management in the retail sector is likely not to rely excessively on debt and the retail sector, which often has a rapid turnover of inventory. This makes the retail sector dependent on operational efficiency, so the capital structure may not be the main determinant of profitability.

The Moderating Role of Company Scale on Asset Turnover and Return on Asset

Based on the results of the moderation regression analysis with a sample of retail companies in Southeast Asia in 2024, it shows that company scale is not able to moderate the influence of Asset Turnover (ATO) on Return on Asset (ROA). The ATO*Firm Size interaction variable has a regression coefficient of 0.001 with a significance of $0.883 > 0.05$. Thus, the H3a hypothesis is rejected.

These findings indicate that the size of a firm does not strengthen or weaken the relationship between asset efficiency and profitability. In the Resource Based-View (RBV) perspective, the size of the company should present greater capabilities and availability of resources. Large companies generally have better access to technology, integrated logistics systems, and economies of scale that should be able to strengthen the conversion of asset efficiency into profitability (ROA). However, the results of the study show otherwise.

Statistically, a very small interaction coefficient of 0.001 and a high p-value (0.883) prove that the moderation effect of the company size on the relationship between ATO and ROA is practically non-existent. This shows that improved asset efficiency has a positive impact on ROA, regardless of whether the company is large or small.

Theoretically, RBV also recognizes that not all company resources have the same characteristics in influencing competitive advantage. In this context, the size of the company is not always the appropriate moderator because the process of improving asset efficiency as well as optimizing the acceleration of the cash cycle or inventory turnover, it can be universally applied from both large and small companies. Thus, the company's competence to efficiently manage assets is a



competency standard that does not depend on the scale of the company, so the interaction between the ATO and the size of the company does not show a significant additional impact on profitability.

This phenomenon can be illustrated by the example of a large retail company, although it does not necessarily have better asset efficiency than a small company. As an illustration, Walmart has a very efficient logistics and inventory management system, but it does not immediately make Asset Turnover the only determinant of profitability because it is still influenced by massive sales volume and operational cost structure that can be suppressed. In contrast, small-scale retail companies that focus on specific market segments can actually achieve high ATOs due to rapid inventory turnover and simpler and more flexible asset management. This suggests that asset efficiency is not automatically interpreted as higher ROA simply because of the large scale of the company, as there are still other factors at play.

In the study, Devi et al. (2025) also found similar results, where the size of the company did not succeed in moderating the relationship between ATO and financial performance. This indicates that in the context of operational efficiency, neither the size nor the size of a company is a factor that determines how much impact asset efficiency has on profitability. On the other hand, factors such as management quality, process innovation, and technological adaptation may play a greater role in the company's financial performance. Thus, although theoretically the size of the firm is predicted to strengthen the relationship between the ATO and the ROA, the results evidenced in the context of ASEAN retail firms do not support the hypothesis.

The Moderating Role of Company Scale on Debt to Equity Ratio and Return on Asset

Based on the outcome of the moderation regression analysis with a sample of retail companies in Southeast Asia in 2024, it proves that company size is not able to moderate the influence of DER on Return on Asset (ROA). The interaction variable between DER and firm size had a positive regression coefficient of 0.005 with a significance of $0.376 > 0.05$. Thus, the H3b hypothesis is rejected.

Based on these findings, the relationship between capital structure and profitability cannot be strengthened or weakened by the size of the firm, in contrast to the initial hypothesis that large firms should be better able to manage debt risk than small firms. However, to explore how this relationship pattern works at different levels of company size, namely between small companies and large companies. This has been further analyzed using the simple slope test visualized in the following image:

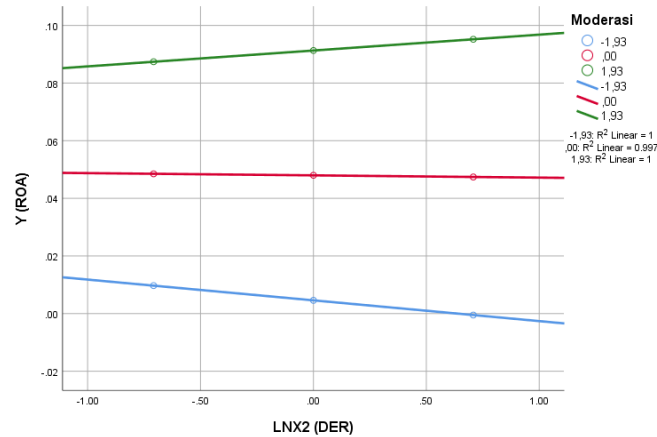


Figure 2

Simple Slope Test Graph: Effect of DER on ROA

Source: SPSS Processed Author, 2026

Although statistically the hypothesis test shows that the interaction results are not significant, figure 2 provides a relevant visualization picture for further discussion. There is a difference in the direction of the slope of the line between small companies and large companies. In small firms (blue line/-1SD), it shows a negative slope. This indicates that in small companies, the company's decision to increase debt tends to directly reduce profitability. This is in line with the argument that small companies are more susceptible to interest expense as well as sales fluctuations due to limited access to funding and diversification. Meanwhile, in large companies (green line/+1SD), it proves that the slope tends to be positive compared to small companies. This shows that large companies have a more capable capacity to absorb debt burdens due to access to unlimited funding. This phenomenon proves that the size of the company here plays a role as a factor in mitigating debt risk, where large companies have the ability to manage higher debt burdens more effectively than small companies.

The findings can be explained through a theoretical perspective. First, in Trade-Off Theory, large companies have a more qualified capacity to manage financial risks in the company. This is because they have better access to the capital market with lower debt costs, wider business diversification, and more stable cash flow to bear the interest burden. This allows companies to use debt to fund strategic expansion without overly suppressing profitability (Voutsinas & Werner, 2025).

Second, from an RBV perspective, the size of the company is able to represent the company's capabilities in having more resources aimed at managing debt risk, including a more professional workforce, a better internal control



system, and a more capable negotiation ability with creditors. All of this contributes to the company's capacity to control its debt more effectively.

In the context of retail in ASEAN, these findings are particularly relevant and can be illustrated with practical examples. As an illustration, large retail companies have the scale and diversification that allows them to better manage debt. These large companies have higher bargaining power against creditors so that companies can get lower loan interest rates than small companies. In addition, a diversified business portfolio such as PT Hero, not only manages supermarkets but also IKEA and Starbucks outlets which allows them to spread the risk so that if one line of business experiences a slowdown, then another line can still support. They also have wider access to the capital markets through the issuance of bonds. All of these factors allow large companies to breathe more relief in managing their debt burden, as they have a wide range of options and financial flexibility.

This is in the opposite direction for small retail companies, companies focused on the limited market will immediately be suffocated if the debt burden is heavy and there is a slowdown in sales. For example, local retailers that only operate a few outlets in one city will be particularly vulnerable to local economic fluctuations. If sales decline while debt and interest installments must be paid, then their cash flow will quickly erode and profitability plummet. They lack the diversification to spread risk, so they don't have the laughing power to negotiate lower interest rates, and limited access to alternative funding sources. As a result, the negative impact of DER on ROA is much more pronounced in small companies compared to large companies.

However, it should be underlined that although the line slope pattern performed in the simple slope test shows the difference in direction between small and large firms, statistically the significance value in the interaction results is $0.376 > 0.05$. This means that the difference in slope is not strong enough to state that the size of the firm statistically proves to moderate the relationship between DER and ROA in this study model. Thus, although it indicates a visually appealing pattern, the moderation effect does not reach the level of significance necessary to draw strong statistical conclusions. This is in line with research (Devi et al., 2025) that found that company size fails to succeed in moderating the connection between DER and financial performance. This indicates that in a company's capital structure, the size of the company is not a factor that determines how much of an impact the capital structure has on profitability.



CONCLUSION

The sample in this study consists of 141 retail companies in Southeast Asia that are registered in the OSIRIS database for the 2024 period. It was established that ATO had a significant positive effect on ROA, while DER had no significant effect. Furthermore, firm size cannot moderate both interactions, both the relationship of ATO to ROA and DER to ROA. An *Adjusted R Square* value of 24.1% indicates that independent and moderation variables can explain ROA variations, while the rest by other variables are not studied.

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