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The Effect of Debt To Asset Ratio, Debt To Equity Ratio To Nett Profit Margin (Case Study of PT Waskita Karya (Persero) Tbk In 2018-2022)

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ABSTRACT: The purpose of this study is to see and determine the effect between debt asset ratio and debt equity ratio on net profit margin both partially and simultaneously. This research is a quantitative research with secondary data obtained from the Indonesia Stock Exchange, in the period 2018-2022. Sample selection, the method used is purposive sampling, Data collection techniques used in this study are secondary data, data analysis techniques using the SPSS Version 24 statistical program. The test results are partially obtained, namely: The variable Debt to Asset Ratio (X1) does not have a partially significant effect on Net profit Margin (Y) because the significance level value is greater than 0.005. The variable Debt to Equity Ratio (X2) has a significant effect partially because the significant value is smaller than 0.005, the test results simultaneously obtained the result of the significance value of 0.034 which is smaller than 0.005, it can be concluded that both variables Debt to Asset Ratio (X1) and Variable Debt to Equity Ratio (X2) have a positive and significant influence on the dependent variable, namely Nett profit Margin (Y)

Keywords : Debt to Asset Ratio, Debt to Equity Ratio, Nett profit Margin

INTRODUCTION

Development is the physical reality and determination of society to improve lives through various social, economic, and institutional processes. Therefore, the development process in every society must have at least three main objectives. The first objective is to increase the availability and dissemination of basic necessities of life, such as food, clothing, shelter, health, and security protection. The second goal is to raise living standards, which includes not only increasing income, but also increasing the availability of employment, improving the quality of life, and improving welfare. Third, more social and economic options for every person and country (Apriliany et al., 2019).

In today's era of rapidly developing globalization, the world economy is very dynamic. This is due to the rapid growth of technology, information, and transportation flows, as well as the growth and development of the business world. Companies abroad and domestically must maintain investor confidence to compete with competition. Capital is a very important factor for the progress and existence of the company. The decision on how the capital structure consists of internal and external capital is always faced by the company's management (Komara et al., 2014). An objective company will strive to determine the ideal capital structure and add new capital on target while maintaining the alignment of the company's capital structure, including banking. To identify trends in the development of the banking business in making effective economic decisions, analysis of reports is necessary(Harun et al., 2019; Perusahaan et al., 2023; Zafra-Gómez et al., 2014) .

High management and effectiveness levels are necessary to achieve company goals. One way to find out how effective management is is to look at profits from sales and revenue. This profit comes from internal funds obtained by the company from activities usually without additional costs to store them and are used for various purposes, one of which is to improve the company's financial health. This is due to the fact that business performance increases when the company makes high profits. In addition, high profits can attract investors (Rivaldy &; Pratiwi, 2022). Due to the increasingly fierce competition in the emerging business world in the era of globalization, companies must act effectively and efficiently to maintain a competitive advantage and run their business well. Companies must meet their business needs, especially those related to the availability of resources (Ardhefani, 2021).

Financial performance includes the overall fiscal health of a company, and the term "financial performance" includes the overall fiscal health of a company. This must be done to determine the level of sustainability, health, and future company decisions (Willy 2017). Not only the size and well-being of an organization can be determined by its actual appearance, but also financial results. Suryandani (2018) This is due to the fact that money is an element that must be evaluated to determine whether the appearance of the organization can achieve goals (Astuti, 2019).

Companies are established with the aim of obtaining profits that will increase their prosperity. To achieve this goal, the company must make a profit, win the competition, and achieve those goals in a way that is superior to other companies. However, the growth of the modern business world causes competition between companies to be increasingly fierce. In such a situation, the company must manage its resources properly and appropriately. However, the company will go bankrupt if it is not able to improve its economy. Before making or starting an investment, investors must know and choose which stocks will provide benefits to their funds and see the performance of the company they will choose(Asyik et al., 2022; Seraj et al., 2022; Stylianou et al., 2019).

According to Kasmir, "Debt to Asset Ratio is a debt ratio used to measure the ratio between total debt and total assets. In other words, how much of the company's debt is financed by debt or how much the company's debt affects the management of assets." However, Lukman Syamsuddin stated, "This ratio measures how much assets are financed by creditors." The amount of borrowed capital used to generate company profits is determined by the debt to equity ratio, according to Sugiono and Untung: "Debt to equity ratio is one of the important ratios because it is related to trading on equity issues that can have a positive or negative influence on the profitability of the company's own capital." On the contrary, Jusuf said, "In general it can be said that the higher this ratio, the greater the risk of creditors (including banks),

The problem that occurs at PT wastika Karya is because it has decreased the level of profit from the previous year to the following year so it is feared that the company will not be able to survive into the long term caused by high business debt or company debt (Harun et al., 2021; Sharma & Johri, 2014).

Table 1. Calculation of Debt to Asset, Debt to Equity and Nett Profit Margin

Year	DAR	DER	NPM
2018	0.77	3.31	9.47
2019	0.76	3.21	3.28
2020	0.88	7.82	-57.37
2021	0.85	5.70	-15.03
2022	0.86	5.90	- 10.93

Data Source: Indonesia Stock Exchange Website (2023)

The results of the calculation above can be seen that there is an increase in the to equity ratio which results in a significant decrease in net profit margin so that it is feared that the company will experience long-term losses, The purpose of this study is to see and determine the influence between the deptu asset ratio and depto equity ratio on net profit margin both partially and simultaneously.

Debt To Asset Ratio

According to Maulita (2018), the ratio of debt to assets is used to determine how much debt is borne by the company or how much influence debt has on asset management. Debt to equity ratio (DER) is a ratio used to calculate debt and capital, which can cover debts to outside parties. Conversely, the debt to asset ratio measures the proportion of funds derived from all debt (Luckieta, 2021). Ardhefani (2021) states that the ratio of liabilities to equity is a measure used to measure liabilities to equity, which is calculated by comparing total liabilities to total equity. Debt to Asset Ratio: According to Sutrisno (2017: 217), debt ratio is the debt ratio after the debt-to-asset ratio and the debt-to-total wealth ratio. The debt ratio is a measure of the percentage of funds that come from debt.

Debt to Equity Ratio

Debt to Equity Ratio: Sutrisno (2017: 218) states that this is the total amount of a company's debt compared to its capital. The higher the ratio, the less debt and equity. So that the company's burden is not too high, the company's debt must not exceed its equity. The leverage or solvency ratio is known as the depto equity ratio which assesses the proportion of own capital to external capital, i.e. internal funding is a source of funding for an organization while external funding is another external source Financial retained earnings are sources of internal capital while own capital and debt are sources of external capital (Kashmir, 2013).

Nett Profit Margin

According to Singular (2010:13). Net Profit Margin is a way to measure overall profitability, according to One (2010: 13). Some industries or companies consider this metric to be the single most important indicator of the results of task execution. This is wrong because net income does not take into account the assets used to generate profits. Profit Margin, according to Harahap (2011: 304), shows the large percentage of net income obtained from each sale. Higher revenue is a better outcome because the company is considered to have the ability to make a profit. Net profit margin is a financial ratio used to calculate a company's net profit from the results of sales activities generated every month or every year.

METHOD

The methodology in this study is quantitative research with secondary data obtained from the Indonesia Stock Exchange, in the period 2018-2022. Sample selection, the method used is purposive sampling, the data collection technique used in this study is to collect secondary data, data analysis techniques using the SPSS Version 24 statistical program which is to see the influence between variables. Population is a generalized area consisting of objects or subjects that have certain qualities and characteristics that are determined by researchers to be studied and then drawn conclusions.

RESULT AND DISCUSSION

Classical Assumption Test

Data Normality Test

Table 2 Data Normality test results

One-Sample Kolmogorov-Smirnov Test				
		Debt to Asset Ratio	Debt to Equity Ratio	Nett profit Margin
N		5	5	5
Normal Parametersa,b	Mean	0,82400	5,18800	0,83600
	Std. Deviation	0,055045	1,945243	0,066558
Most Extreme Differences	Absolute	0,282	0,233	0,241
	Positive	0,237	0,233	0,239
	Negative	-0,282	-0,204	-0,241
Test Statistics		0,282	0,233	0,241
Asymp. Sig. (2-tailed)		.200c,d	.200c,d	.200c,d

Data Source : Processed Secondary Data (2023)

The results of the Classical Assumption Test using One sample kolmogorov smirnov obtained the result of its significance value of 0.200, in the Debt to Asset Ratio (X1) Variable Testing obtained a result of 0.200, in the Debt To Equity Ratio (X) variable a result of 0.200, in the Nett Profit Margin (Y) variable a value of 0.200 which is greater than 0.05 can be concluded and said that the data is normally distributed and worthy of further analysis.

Multiple Regression Analysis

Table 3 Multiple Regression Analysis Test Results

Coefficientsa						
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	511,692	139,794		3,660	0,067
	Debt to Asset Ratio	-793,598	204,645	-2,009	-3,878	0,061
	Debt to Equity Ratio	31,120	5,791	2,784	5,374	0,033

Source: Processed Secondary Data (2023)

Y=a+b1X1+b2X2

Based on the results of partial testing, the regression equation used is:

Y=-511.692 + -793.598 X1 + 31.120 X2

From the Multiple Linear Regression analysis equation above, it can be analyzed as follows:

a. The constant of 511.692 means that if the free variables Debt to Asset Ratio (X1) and Debt to Equity Ratio (X2) are constant, then the amount of the variable tied to Net profit Margin (Y) is 511.692 units.
b. Regression coefficient (b1) for Debt to Asset Ratio (X1) of -793.598 has a positive (unidirectional) influence on Debt to Equity Ratio (Y). If in the variable percentage Debt to Asset Ratio (X1) increases by one unit, the Net profit Margin (Y) will increase by -793,598 units. This means that the higher the value of the Debt to Asset Ratio, the higher the Nett Profit Margin
c. Regression coefficient (b2) for Debt to Equity Ratio (X2) of 31,120 positive (unidirectional) effect on Net profit Margin (Y). If in the variable percentage Debt to Equity Ratio (X2) increases by one unit, the Net profit Margin (Y) will increase by 31,120 units

Test the hypothesis

Partial T Test

Table 4 Partial Test Results

Coefficientsa						
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	511,692	139,794		3,660	0,067
	Debt to Asset Ratio	-793,598	204,645	-2,009	-3,878	0,061
	Debt to Equity Ratio	31,120	5,791	2,784	5,374	0,033

Source : Processed secondary data (2023)

The test results are partially obtained, namely: The variable Debt to Asset Ratio (X1) does not have a partially significant effect on Net profit Margin (Y) because the significance level value is greater than 0.005. The variable Debt to Equity Ratio (X2) has a partial significant effect because the significant value is smaller than 0.005

Simultaneous F Test

Table 5 Simultaneous Test Results'

ANOVAa						
Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1825,720	2	912,860	28,033	.034b
	Residuals	65,128	2	32,564		
	Total	1890,849	4			

Source : Processed Secondary Data(2023)

The test results simultaneously obtained a significance value of 0.034 which is smaller than 0.005, it can be concluded that both variables Debt to Asset Ratio (X1) and Variable Debt to Equity Ratio (X2) have a positive and significant influence on the dependent variable, namely Net profit Margin (Y).

CONCLUSION

1. Variable Debt to Asset Ratio (X1) Does Not Have a Partial Significant Effect on Net Profit Margin(Y)
2. The variable Debt to Equity Ratio (X2) has a partial significant effect because the significant value is smaller than 0.005
3. variable Debt to Asset Ratio (X1) and variable Debt to Equity Ratio (X2) have a positive and significant influence on the dependent variable, namely Nett profit Margin (Y)

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