Net Profit Margin: Impact of Net Working Capital (NWC) and Debt to Asset Ratio (DAR)

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***ABSTRAK**:*

Penelitian ini bertujuan untuk menganalisis pengaruh Net Working Capital (NWC) dan Debt to Asset Ratio (DAR) terhadap Net Profit Margin (NPM). Penelitian ini menggunakan metode Penelitian ini menggunakan metode metode deskriptif dengan pendekatan kuantitatif. Sumber data penelitian yang penulis pakai yaitu dari data sekunder. Data tersebut diperoleh dari Indonesia Index Exchange (IDX) yang berupa laporan keuangan tahunan atau maupun laporan triwulan (annual report) Sub Sektor Logam dan Mineral Periode 2013-2022. Dalam penelitian ini peneliti menggunakan teknik pengumpulan data dokumentasi, kepustakaan, dan browsing. Teknik analisis data Alat analisis yang digunakan untuk menguji hipotesis yaitu dengan menggunakan analisis kuantitatif, analisis regresi linier sederhana, analisis regresi linier berganda, analisis korelasi pearson product moment, koefisien determinasi dan uji signifikansi Ujit (Parsial). Hasil penelitian menunjukkan secara parsial Net Working Capitla (NWC) tidak memiliki pengaruh signifikan terhadap Net Profit Margin (NPM). Debt to Asset Ratio (DAR) tidak memiliki pengaruh signifikan terhadap Net Profit Margin (NPM). Secara simultan Net Working Capital (NWC) dan Debt to Asset Ratio (DAR) berpengaruh terhadap Net Profit Margin (NPM).

***Kata kunci**:* Debt to Asset Ratio (DAR), Net Working Capital (NWC), Net Profit Margin (NPM).

***ABSTRACT**:*

This study aims to analyse the influence of Net Working Capital (NWC) and debt-to-asset ratio (DAR) on Net Profit Margin (NPM). This study uses a descriptive method with a quantitative approach. The source of research data used by the author is secondary data. The data was obtained from the Indonesia Index Exchange (IDX) through annual financial or quarterly reports (annual reports) of the Metals and Minerals Sub-Sector for the 2013-2022 Period. In this study, the data analysis techniques used to test the hypothesis are quantitative analysis, simple linear regression analysis, multiple linear regression analysis, Pearson product-moment correlation analysis, determination coefficient and Ujit (Partial) significance test. The study results show that the Net Working Capital (NWC) does not significantly influence Net Profit Margin (NPM). Debt to Asset Ratio (DAR) does not negatively affect the Net Profit Margin (NPM). Simultaneously, Net Working Capital (NWC) and Debt to Asset Ratio (DAR) affect Net Profit Margin (NPM). Searcher uses documentation, literature, and browsing data collection techniques.

Keywords: Debt to Asset Ratio (DAR), Net Working Capital (NWC), Net Profit Margin (NPM).

1. INTRODUCTION

In today's era, the world economy is experiencing competition to maintain the prosperity of its country economy; as much as possible, a nation's economy always grows; in essence, economic growth is considered the essential part of a country. Because economic growth is an indicator of a country's increasing prosperity, in facing this competition, each country must increase the production capacity of its company. The increasingly rapid development of the era has led to an increase in the level of human

desires and needs. The impact is that various business activities will increasingly compete to fulfil human desires and needs by producing output in the form of goods or services according to their needs. Thus, companies grow and develop in various places with different sectors (Schneider & Bowen, 2010).

The diversity of sectors is one of the characteristics of various focuses of companies competing to obtain a customer's quantity and loyalty and receive the expected profit level (Khan, 2013). So, a company will develop further if it can empower input into output that is useful for the wider community. In addition, one of the company's strategies to maintain its existence in economic activities is joining the capital market (London & Hart, 2004). In the decision-making process, investors will conduct various analyses to see how much the financial ratio value is (Blessing & Onoja, 2015). Liquidity Ratio is a standard measure used for solvency or short-term debt, the company's ability to meet debt needs when due (Khidmat & Rehman, 2014). In this ratio, Net Working Capital (NWC) is the difference between the company's current assets and liabilities. Net Working Capital (NWC) is also one of the liquidity ratios used to measure the level of liquidity or the company's ability to meet its short-term obligations. If net working capital is positive, the company has more current assets than current liabilities, which indicates healthy liquidity (Panigrahi, 2014). Conversely, if net working capital is negative, the company may need help meeting its short-term obligations.

The solvency or leverage ratio is essential for company growth, as it measures how much it can meet all long-term financial obligations (Bardia, 2012). In this ratio, there is a debt-to-asset ratio (DAR), which is used to assess or measure the level of leverage against shareholder's equity owned by the company to find this ratio by comparing all debts, including current debt, with all equity (Wijaya & Sari, 2020). Debt Asset Ratio (DAR) is a ratio used to compare total debt and total assets, or it can be said that some of the total funds are spent on debt (Vatavu, 2013). Debt to Assets Ratio (DAR) is a measure used in analysing financial statements to show the collateral available to creditors (Minnis & Sutherland, 2017). The lower the DAR, the higher the profit, so the more significant the creditor's guarantee for the return of loans provided by the company (Jian & Xu, 2012).

A profitability ratio measures a company's business efficiency in generating profit. One of the profitability ratios is Net Profit Margin (NPM), where the higher the value, the higher the company's profitability level (Rahman, 2017). Net Profit Margin (NPM) is a ratio that shows the company's ability to gain more profit (Heikal et al., 2014). Net Profit Margin (NPM) compares net profit and sales. Operations managers need this ratio because it reflects the company's strategy in setting sales prices and its ability to manage and regulate operating expenses (Elkasysyaf & Astuti, 2023).

Table 1 *Net Working Capital*And*Debt To Asset Ratio*on Net Profit Margin in the Metal and Mineral Sector for the Period 2013-2022

Year	Company name	NWC		DAR		NPM	
2013	PT. Aneka Tambang Tbk	32.24		41.49		3.36	
2014		24.8	↓	45.88	↑	8.23	↑
2015		147.64	↑	39.66	↓	13.68	↑
2016		62.77	↓	38.6	↓	0.71	↓
2017		34.49	↓	38.39	↓	1.08	↑
2018		29.86	↓	40.73	↑	3.46	↑
2019		23.72	↓	39.95	↓	0.59	↓
2020		15.97	↓	39.99	↑	4.2	↑

2021		51.65	↑	36.7	↓	4.84	↑
2022		57.23	↑	29.5	↓	8.32	↑
2013	PT. Nusantara Timah Plates Tbk	144.41		65.49		0.16	
2014		95.25	↓	70.61	↑	-4.39	↓
2015		67.26	↓	67.05	↓	2.44	↑
2016		127.63	↑	66.57	↓	1.93	↓
2017		146.22	↑	66.98	↑	1.08	↓
2018		81.43	↓	70.87	↑	0.86	↓
2019		142.49	↑	69.91	↓	1.59	↑
2020		186.75	↑	63.32	↓	1.73	↑
2021		287.57	↑	70.93	↑	2.94	↑
2022		322.44	↑	69.5	↓	2.77	↓

Based on the abovementioned theory, it can be formulated that if Net Working Capital (NWC) increases, Net Profit Margin (NPM) will increase. If the debt-to-asset ratio (DAR) decreases, Net profit (NPM) will increase. However, based on the data above, something must match the theory. So, researchers are interested in researching more deeply about Working Capital and Debt-to-asset ratio net Profit Margin in the Metal and Mineral Sector for the 2013-2022 Period.

2. METHOD

This study uses descriptive methods with a quantitative approach to test the hypothesis. The object of this study is Net Working Capital (NWC) and Debt To Asset Ratio (DAR) to Net Profit Margin (NPM). Data was obtained from the financial statements of the Metal and Mineral Sub-Sector, namely (PT. Antam Tbk, PT. Pelat Timah Nusantara Tbk.) in the 2013-2022 period published by the Indonesia Stock Exchange (IDX). The author uses secondary data as a source of research data. The data was obtained from the Indonesia Index Exchange (IDX) through annual financial or quarterly reports (annual reports) of the Metal and Mineral Sub-Sector for 2013-2022. The researcher used documentation, bibliography, and browsing data collection techniques in this study. Data analysis techniques: The tools used to test the hypothesis are quantitative analysis, simple linear regression analysis, multiple linear regression analysis, Pearson product-moment correlation analysis, determination coefficient and significance test (Partial).

3. RESULT AND DISCUSSION

3.1 Results

3.1.1 Descriptive Test Results

Table 2 Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Net Working Capital	20	15.97	322.44	104.0550	85.91434
Debt To Asset Ratio	20	29.05	70.93	53.5025	15.35039
Net Profit Margin	20	-4.39	13.68	2.9790	3.73936
Valid N (listwise)	20				

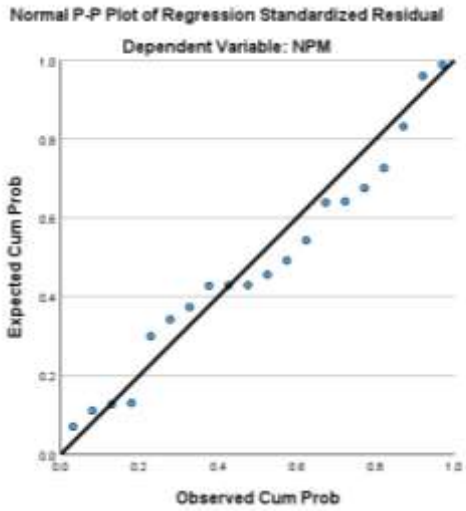
Source: SPSS for Windows Version 29 output

Based on the output results of the data table above, n or the number of data used in this study is appropriate, namely 20 data taken from 2013 to 2022 with the variables Net Working Capital (NWC), Debt To Asset Ratio (DAR) and Net Profit Margin (NPM). For ten consecutive years, the Net Working Capital (NWC) variable was recorded for its minimum value of 15.97 and the maximum value of is322.44 with an average value of104.0550 and a standard deviation value of 85.91434. The Debt Asset Ratio (DAR) variable was recorded at a minimum value of of29.05and and a maximum value of 70.93 with an average value of of53.5025and a standard deviation value of 15.35039. The Net Profit Margin (NPM) variable was recorded at a minimum value of 4.39 and a maximum value of 13.68 with an average value of 2.9790 and a standard deviation value of 3.73936.

3.1.2 Classical Assumption Test Results

The classical assumption test aims to ensure that the regression equation obtained is highly accurate in estimation, free from bias, and consistent.

a. Normality Test



Source: IBM SPSS Statistics 29.0 output

Figure 1 Results of the Normality Test of the Normal P-Plot Graph

Based on the results of the P-Plot test output in the graph above, it can be seen that the distribution of the plotting points is relatively close to a straight line (diagonal), so it can be concluded that the residual data in this study is usually distributed.

You can see the Kolmogorov-Smirnov normality test table below to strengthen the output results above.

Table 3 Results of Kolmogorov-Smirnov Analysis Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardised Residual
N		20
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	2.89629138

Most Extreme Differences	Absolute	.115
	Positive	.115
	Negative	-.089
Test Statistics		.115
Asymp. Sig. (2-tailed)		.200c,d
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: IBM SPSS Statistics 29.0 output

It is known that the significance of Asymp is Sig (2-tailed) is 0.200>0.05. So, it can be concluded that it is usually distributed in the Kolmogorov-Smirnov normality test for the data used in this study. This shows the same results as the P-Plot test that was carried out previously.

b. Multicollinearity Test

Table 4 Multicollinearity Test Results

Coefficients			
		Collinearity Statistics	
Model		Tolerance	VIF
1	NET WORKING CAPITAL		
		.582	1,718
	DEBT TO ASSET RATIO	.582	1,718
a. Dependent Variable: NET PROFIT MARGIN			

Source: IBM SPSS Statistics 29.0 output

Based on Table 4 above, the test results through the Variance Inflation Factor (VIF) in the table above show that the tolerance value on Net Working Capital is 0.582 and debt To Asset Ratio 0.582. All tolerance value variables> 0.10 mean no symptoms of multicollinearity, then the VIF value on Net Working Capital is 1.718; the Debt To Asset Ratio is 1.718. All VIF variable values <10. So, it can be stated that the regression model between the independent variables does not show symptoms of multicollinearity. Thus, the data can be used in research.

c. Heteroscedasticity Test

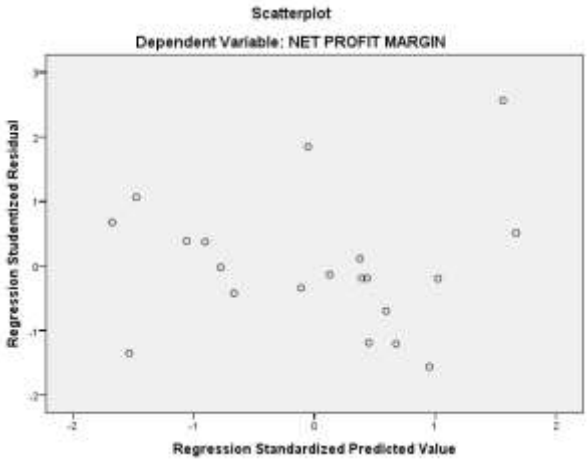


Figure 2 Heteroscedasticity test results

Source: IBM SPSS Statistics 29.0 output

Based on the graph above, the points are scattered below and above the number 0 so that the y-axis and the points do not form a specific orderly pattern. Therefore, it is concluded that there is no heteroscedasticity, 0 accepted, and the heteroscedasticity test is met.

d. Autocorrelation Test

Table 5 Autocorrelation Test Results

Runs Test	
	Unstandardised Residual
Test Valuea	-.44256
Cases < Test Value	10
Cases >= Test Value	10
Total Cases	20
Number of Runs	11
Z	.000
Asymp. Sig. (2-tailed)	1,000
a. Median	

Source: IBM SPSS Statistics 29.0 output

Based on the output results obtained, the run test value on the data used is 1,000 > 0.05, meaning no autocorrelation symptoms exist.

3.1.3 Multiple Regression Test

Table 6 Multiple Regression Analysis

Coefficients						
		Unstandardised Coefficients		Standardised Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	11,581	2,717		4.262	<,001
	NWC	.021	.011	.476	1,935	.070
	DAR	-.201	.060	-.826	-3.353	.004
a. Dependent Variable: NPM						

Source: IBM SPSS Statistics 29.0 output

Referring to the multiple linear regression calculation above, the following regression equation is obtained:

$$\boldsymbol{Y = a + b_1 X_1 + b_2 X_2}$$

$$\mathbf{Y = 11.581 + 0.021}x_1 \mathbf{\ -0.201}x_2$$

Profit = 11,581 + 0.021 Net Working Capital +- 0.201 Debt To Asset Ratio

The equation above shows a constant (α) of 11,581, meaning that if the Net Working Capital Debt To Asset Ratio equals zero (0), the Net Profit Margin value is positive at 11,581. Furthermore, the regression coefficient value for net working capital is 0.021, meaning that there is a positive influence, and it indicates that an increase will follow net working capital of 1 unit in profit of 0.021. The regression coefficient is -0.201, meaning there is a negative influence on the Debt To Asset Ratio (DAR). For every increase of 1 unit, the company's Net Profit Margin decreases by -0.201.

3.1.4 Multiple Correlation Analysis

Simultaneousorrelation test lys measure the relationship or association between one of the independent variables the and subscriptaparensparens withndsubscript base , open paren cap X , end base , sub bold 1 close paren subscript base , open paren cap X , end base , sub bold 2 close paren with the two dependent variables (Y). In contrast, other independent variables are related to one independent variable, the magnitude of which is constant or fixed. The following are the results of the correlation test using the SPSS version 29.0 calculation.

Table 7 Multiple Correlation

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.633a	.400	.330	3.06193
a. Predictors: (Constant), DAR, NWC				

Source: IBM SPSS Statistics 29.0 output

Based on the calculation above, the correlation value or relationship between the amount of Net Working Capital (NWC) Debt-to-Asset Ratio (DAR) and Net Profit Margin (NPM) of 0.633 can be categorised as vital based on the correlation relationship criteria value. It can be concluded that there is no significant relationship between Net Working Capital (NWC), Debt-to-Asset Ratio (DAR), and Net Profit Margin (NPM).

3.1.5 Multiple Determination Coefficient Analysis

Table 8 Analysis of Determination Coefficient

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.633a	.400	.330	3.06193
a. Predictors: (Constant), DAR, NWC				

Source: IBM SPSS Statistics 29.0 output

Based on the table above, the coefficient of determination value is 0.400. The value of 0.400 or 40% is the determinant of the coefficient of determination. This means that the amount of Net Working Capital (NWC) and Debt-to-Asset Ratio (DAR) affects the Net Profit Margin (NPM) by 40%, and the remaining 60% is influenced by other factors that are not examined.r_2

3.1.6 Hypothesis Testing

a. T-Test Analysis (Effect of Net Working Capital (NWC) on Net Profit Margin (NPM)

Table 9 T-Test Analysis of the Effect of Net Working Capital (NWC) on Net Profit Margin (NPM)

Coefficients				
Model	Unstandardised Coefficients	Standardised Coefficients	T	Sig.

		B	Std. Error	Beta		
1	(Constant)	3.238	1,368		2,367	.029
	NWC	-.002	.010	-.057	-.243	.811
a. Dependent Variable: NPM						

Source: IBM SPSS Statistics 29.0 output

The partial t-test results for Net Working Capital (NWC) were obtained based on the table above. get valuet_{hitung}Of -0.243 (t (0.05:2): 20-2) = (0.025: 18) with a significance level of 5% (0.05).So that the result obtained is < namely ($t_{hitung}t_{tabel}$-0.243< 2.101) with a significance value of (0.811 > 0.05). So, it can be concluded that it is accepted and rejected that Net Working Capital (NWC) partially has no significant effect on Net Profit Margin (NPM).H_0 H_a

a. T-Test Analysis (The Effect of Debt To Asset Ratio (DAR) on Net Profit Margin (NPM)

Table 10 T-Test Analysis

Coefficients						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,726	2,729		3,564	.002
	DAR	-.126	.049	-.518	-2,567	.019
a. Dependent Variable: NPM						

Source: IBM SPSS Statistics 29.0 output

Based on the table above, the partial t-test results for the Debt To Asset Ratio (DAR) are obtained. get valuet_{hitung}Of -2.567 (t (0.05:2): 20-2) = (0.025: 18) with a significance level of 5% (0.05).So that the result obtained is < namely ($t_{hitung}t_{tabel}$-2,567< 2.101) with a significance value of (0.019 < 0.05). So, it can be concluded that it is accepted and rejected that the Debt Asset Ratio (DAR) partially has no significant effect on the Net Profit Margin (NPM).H_0 H_a

b. Hypothesis Test Analysis (F/Simultaneous Test)

Table 11 Simultaneous Test Analysis

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	106,292	2	53,146	5,669	.013b
	Residual	159,382	17	9.375		
	Total	265,674	19			
a. Dependent Variable: NPM						
b. Predictors: (Constant), DAR, NWC						

Source: IBM SPSS Statistics 29.0 output

The table above shows the value f count amounting to 5,669 pointst_{tabel}Th (k; nk) where k is the number of variables and n is the number of data, then (2: 18) with a significance level of 5% (0.05) of 3.55. So that we get a comparison between the values with 5.669 > 3.55 and the significance value is 0.013 < 0.05. Therefore, it can be concluded thatH_0 rejected and accepted, which means that Net Working Capital (NWC) and Debt-to-Asset Ratio (DAR) simultaneously have a significant effect on Net Profit Margin (NPM).

3.2 Discussion

3.2.1 The Influence of Net Working Capital (NWC) on Net Profit Margin (NPM)

Net Working Capital (NWC) is a company's investment in cash, securities, receivables, and inventory minus current liabilities used to finance current assets. In theory, it is explained that when Net Working Capital (NWC) increases or decreases, it automatically positively affects the Net Profit Margin (NPM) that the company will obtain. Based on the results of the partial significance test hypothesis test (t-test) shows that a value of -0.243 is obtained, so a comparison is obtained between (-0.243 <2.101).

The results of this study support previous research conducted by Antonius Kurpono (2016) entitled The Influence of Net Working Capital and Current Ratio on Net Profit Margin at PT. Betonjaya Manunggal Tbk. This study explains that the influence of net working capital on net profit margin (NPM) is partially insignificant. The implications of this study are that both companies are engaged in the mining and metals sector, which generally invests more in fixed assets (such as production facilities, heavy equipment, and mines) than current assets. As a result, changes in Net Working Capital (NWC) do not significantly affect profitability performance as measured by NPM, which is more influenced by fixed asset productivity and operational efficiency. This sector typically has high inventory turnover, and that inventory can be highly affected by commodity prices in the global market. So, Even if Net Working Capital changes, its effect on net income may be insignificant because the profits earned depend more on commodity prices and the company's ability to manage inventory well (Çelik et al., 2016).

Significant working capital indicates good liquidity but does not necessarily mean high profitability. If a company has large Net Working Capital but needs to manage operating costs and product selling prices effectively, the impact on NPM will be minimal (Amin & Islam, 2014). Both companies have efficient working capital management, so slight differences in net working capital do not significantly impact net income (Gill et al., 2010). This means that the companies can manage accounts receivable, accounts payable, and inventory well, ensuring that working capital becomes a manageable factor in profitability. The mining and metals sector heavily depends on international commodity prices, which can experience sharp fluctuations. In such a situation, the profit margin is more influenced by the selling price of the product than by working capital management (Baffes & Kabundi, 2023).

3.2.2 Analysis of the Influence of Debt to Asset Ratio (DAR) on Net Profit Margin (NPM)

A debt-to-asset ratio is a debt ratio used to compare total debt and total assets. In other words, this ratio calculates how much of the company's assets are financed by debt and how much the company's debt affects the management of its assets (Mboi et al., 2018). The higher the debt-to-asset ratio (DAR) indicates that the company's debt is higher than its capital, the higher the costs incurred to meet its obligations will be, resulting in a decrease in the company's profitability (Santoso et al., 2020).

The partial significance test hypothesis test (t-test) shows that the value obtained is -2.567, so the comparison between (-2.567 < 2.101) is received. *This study is the one conducted by Indrawan Adiatno (2022), entitled The Effect of Working Capital Turnover (WCTO) and Debt-to-Assets* Ratio (DAR) on Net Profit Margin (NPM) in companies listed on the Indonesian Sharia Stock Index (ISSI): Study at PT Alakasa Industrindo Tbk for the period 2010-2021. This research explains that the influence of the debt-to-assets ratio (DAR) on net profit margin (NPM) is partially insignificant.

The results of this study imply that both companies have effective debt management, where despite having a high proportion of debt to assets, they can manage interest costs and debt-related expenses efficiently. This allows them to maintain a stable level of profitability. Mining and industrial companies often have solid incomes. If operating income is high enough, the negative impact of high DAR can be offset so that

it does not significantly affect NPM. Both companies operate in industries with different cost and revenue structures. Industries such as mining may have high fixed costs and significant revenue potential. In addition, the results of this study state that it is insignificant because the object of research is only limited to data from a number of specific financial statements which do not cover the entire financial context of the company so that the results are less representative. Therefore, the effect of DAR on NPM may be different compared to other sectors. For productive investments, such as developing new projects or expanding operations, debt can generate additional income (Almeida et al., 2011). If the extra income is large enough to cover the cost of debt, then the debt will not significantly affect profitability (Valta, 2012). Mining companies are heavily influenced by commodity price volatility. When commodity prices are high, profit margins can be large enough to offset the adverse effects of increased debt burdens, so DAR does not directly affect NPM (Putra & Robiyanto, 2019).

3.2.3 Analysis of the Influence of Net Working Capital (NWC) and Debt To Asset Ratio (DAR) on Net Profit Margin (NPM)

An increase in Net Working Capital usually indicates that a company has more current assets than current liabilities, which can increase operational flexibility and reduce the risk of short-term bankruptcy (Knauer & Wöhrmann, 2013). This allows the company to operate more efficiently and avoid disruptions that can reduce profitability, increasing Net Profit Margin. The use of debt can increase net income if the funds obtained from debt are invested in projects that generate higher returns than the cost of the debt. If the company can manage its debt well and generate higher returns than the interest costs, this can increase the Net Profit Margin (Choiriyah et al., 2020).

The results of this calculation test can also be seen through the determination coefficient test in determining the level of variable capability; the correlation value obtained is 0.400; this shows that the relationship between Net Working Capital (NWC) and Debt To Asset Ratio (DAR) to Net Profit Margin (NPM) has a positive value of 0.400, which means that there is a reasonably strong relationship between Net Working Capital (NWC) and Debt To Asset Ratio (DAR) to Net Profit Margin (NPM). The R square value is 40%, which indicates that the Net Working Capital (NWC) and debt-to-asset ratio (DAR) can explain the Net Profit Margin (NPM) by 40%. At the same time, the remaining 60% is influenced by other variables that have yet to be studied.

The simultaneous significance test (F Test) shows that the values are 5.669 and 3.55, so the comparison is > (5.669 > 3.55), so it can be concluded that Net Working Capital (NWC) and Debt To Asset Ratio (DAR) simultaneously have a significant effect on Net Profit Margin (NPM). Debt can be a double-edged sword; on the one hand, optimal use of debt can increase profits by utilising financial leverage, but on the other hand, excessive debt can increase interest expenses and reduce profitability. If PT. Aneka Tambang Tbk and PT. Pelat Timah Nusantara Tbk can manage debt well; the debt can be used to finance profitable projects, ultimately increasing Net Profit Margin (NPM). Net Working Capital (NWC) measures a company's ability to pay short-term liabilities with its current assets. Effective working capital management can affect operational cash flow and a company's ability to operate smoothly. If NWC is positive and well-managed, the company can avoid liquidity problems and maintain operational efficiency, increasing NPM. The simultaneous relationship between DAR and NWC on NPM can occur due to sufficient liquidity (from good NWC management) and wise use of debt (measured by DAR). Companies with a balanced DAR ratio and adequate working capital can increase operating income while reducing excessive financial costs, thereby increasing NPM (Mengesha, 2014). In the mining and metals industry context, well-managed debt use can allow companies to fund exploration and mine development projects or procure new technologies. At the same time, maintaining good liquidity (positive NWC) will enable companies to operate without disruption. Combining these strategies can result in operational efficiency and increased profit margins (Jacobs et al.,

2016). With good management of DAR and NWC, companies can reduce financial and operational risks. This allows companies to respond flexibly to market changes, reduce costs, and maximise profits. Success in managing these aspects simultaneously will be reflected in increased NPM.

4. CONCLUSION

Based on the data, hypothesis, theoretical explanation, and discussion using several research data analyses that have been explained previously, it can be concluded that the influence of Net Working Capital (NWC) and debt-to-asset ratio (DAR) on Net Profit Margin (NPM) at PT. Aneka Tambang Tbk and PT. Pelat Timah Nusantara Tbk. Net Working Capital (NWC) partially does not have a significant effect on Net Profit Margin (NPM) with a value of -0.243, so a comparison is obtained between (-0.243 <2.101), thus accepted and rejected.

Debt To Asset Ratio(DAR) partially has a negative insignificant effect on Net Profit Margin (NPM) with a value of -2.567, so a comparison is obtained between (-2.567 <2.101), thus accepted and rejected. The determination coefficient results show that Debt To Asset Ratio (DAR) can affect Net Profit Margin (NPM) by 26.8%. At the same time, the remaining 73.2% is influenced by other variables not examined in this study. Net Working Capital (NWC) and debt-to-asset ratio (DAR) simultaneously have a significant effect on the Net Profit Margin (NPM) at PT. Aneka Tambang Tbk and PT. Pelat Timah Nusantara Tbk. With a Determination Coefficient value of 40%, the remaining 60% is influenced by other factors not examined.

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