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Effect of Cash Ratio, Total Asset Turn over and Debt to Equity Ratio on Net Profit Margin in Porselain, Ceramic and Glass listed on the Indonesia Stock Exchange for the 2015-2019 Period

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Abstract

This study aims to determine the effect of Cash Ratio, Total Asset Turn Over, Debt to Equity Ratio on Net Profit Margin in Porcelain, Ceramic and Glass Companies Listed on the Indonesia Stock Exchange. This type of research is associative. The data used are secondary data and the method used is multiple linear regression analysis of panel data with the help of Eviews9 and Eviews10 programs. The population in this study were 8 companies of porcelain, ceramic and glass companies listed on the Indonesia Stock Exchange for the 2015-2019 period. The sample in this study amounted to 4 companies. Partially, the Cash Ratio has a significant effect on the Net Profit Margin of Porcelain, Ceramic and Glass Companies Listed on the Indonesia Stock Exchange. Partially Total Asset Turn Over does not have a positive and significant effect on the Net Profit Margin of Porcelain, Ceramic and Glass Companies Listed on the Indonesia Stock Exchange. Partially the Debt to Equity Ratio (DER) has a significant negative effect on Net Profit Margin (NPM). Simultaneously CR, TATO and DER have a positive and significant effect on NPM. The coefficient of determination (R2) is 0.808818, so it can be concluded that 80.88% of NPM is influenced by CR, TATO and DER and the remaining 19.12% is influenced by other variables not examined in this study.

Keywords
cash ratio; total asset turn over; debt to equity ratio; net profit margin

I. Introduction

The financial condition of porcelain, ceramic and glass companies during 2015-2019 showed and improving and positive financial condition. However several companies such as Keramika Indonesia Association Tbk, all of the financial elements displayed experienced fluctuating growth, even reaching a state of loss in 2015 to 2019. Arwana Citra Tbk experienced increased profit growth. Asahimas Flas Glass Tbk, which experienced fluctuating profit growth, even experienced a decline in profits in 2019. From the average results obtained by all companies, it can be seen that operating profit experienced fluctuating growth even reaching a condition of loss in 2019. The results of total assets experienced fluctuating growth and tend to increase. The results of total equity and sales experienced fluctuating growth. It can also be explained. It can also be explained that assets, equity, and sales are several factors can drive an increase or decrease in profits (Profitability). So far porcelain, ceramic, and glass companies, it is very important to be able to manage theirs assets, equity, and sales to generate maximum profit for the company.

There are inconsistencies in the results of one study with other research, such as Research conducted by Puja Widiani (2018) entitled the effect of Current Ratio, Cash Ratio and Total Assets Turn Over on Net Profit Margin in the food and beverage industry for the period 2013-2017. Simultaneously Current Ratio, Cash Ratio and Total Asset Turn Over to Net Profit Margin have a significant effect. Then the company generates maximum profit because sales increase. But partially Cash Ratio and Total Asset Turn Over have no significant effect on Net Profit Margin. While the Current Ratio has an effect on the Net Profit Margin. Research conducted by Sekar Marfita Stema (2018) entitled the effect of Current Ratio, Debt to Equty Ratio and Total Assets Turnover on Net Profit Margin in cosmetic companies on the IDX for the period 2013-2017. Current Ratio, Debt to Equity Ratio and Total Assets Turn Over simultaneously have a positive and significant effect on Net Profit Margin. Partially the Debt to Equity Ratio has no effect and is significant. While Total Assets Turn Over has a positive and significant effect on Net Profit Margin.

II. Review of Literature

According to Hery (2016), financial statements are the final product of a series of processes for recording and summarizing business transaction data. Companies that generate maximum net profit can be seen using the Net Profit Margin. Net Profit Margin to measure the profit margin on sales (Kasmir, 2015).

Cash Ratio to measure how much cash or cash equivalents are available for short-term debt. This ratio illustrates the company's true ability to pay off its current obligations which will soon mature using existing cash or cash equivalents (Hery, 2016). Can be calculated as follows:

$$\text{Cash Ratio} = \frac{\text{Cash} + \text{Bank}}{\text{Current Liabilities}} \times 100\%$$

Total Asset Turn Over to measure the ability to generate sales or in other words to measure how many sales will be generated from each rupiah of funds embedded in total assets that can increase company profits

$$\text{TATO} = \frac{\text{Sales}}{\text{Average of total assets}}$$

According to Hani (2014) Debt to Equity Ratio, shows how much of each rupiah of own capital is used as collateral for the entire debt. The higher this ratio means the higher the amount of external funds that must be guaranteed with own capital. Can be calculated as follows:

$$\text{DER} = \frac{\text{Total Debts}}{\text{Total Equity}} \times 100\%$$

Companies that generate maximum net profit can be seen using the Net Profit Margin. Net Profit Margin to measure the profit margin on sales (Kasmir, 2015). High profits will attract investors to invest which causes stock prices to increase. It can be calculated as follows:

$$\text{NPM} = \frac{\text{Earning After Tax}}{\text{Sales}} \times 100\%$$

III. Research Methods

The type of data used in this study is quantitative data, in the form of financial statements of porcelain, ceramic and glass companies listed on the Indonesia Stock Exchange in 2015-2019. Where the source of data used in this study is secondary data obtained in the form of financial reports which are routinely published annually by the company obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id) and annualreport.id.

3.1 The Operational Definitions of Variables

The operational definitions of variables in this study are as follows:

1. Independent Variables
   a. Cash Ratio
   b. Total Assets Turnover (TATO)
   c. Debt to Equity Ratio (DER)
2. Dependent Variable: Net Profit Margin

3.2 Data Collection Techniques

Data collection techniques used to facilitate this research are:

1. Documentation Study

Documentation is carried out by collecting documentary data sources in the form of recording observations and secondary data analysis from financial reports and annual reports of porcelain, ceramic and glass companies listed on the Indonesia Stock Exchange obtained through the website www.idx.co.id.

2. Literature Study

The literature study technique is carried out by collecting theoretical data on problems related to this research. This technique is carried out to support the completeness of the data by using literature such as literature books, theses, and journals related to the problems in this study.

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3.3 Data Analysis Techniques

Multiple linear regression analysis of panel data model (Eviews 9 and Eviews 10) was used to determine how much influence the independent variables (Cash Ratio, Total Asset Turn Over and Debt to Equity Ratio) had on the dependent variable (Net Profit Margin). The panel data multiple regression model used is:

$$\mathbf{Yit = \beta 0 + \beta 1X1it + \beta 2X2\ it + \beta 3X3it + \varepsilon it}$$

Where:

Y = Net Profit Margin in period-t
X1 = Cash Ratio
X2 = Total Assets Turn Over
X3 = Debt to Equity Ratio
i = Cross Section in period-t

t = Time Series in period-t
β1-β2- β3 = Regression coefficient of independent variable in period-t
ε = standard error in period-t

Multiple linear regression analysis of panel data was used to see the effect of the independent variable on the dependent variable. Panel data is a combination of cross-sectional data and time series data.

This study uses panel data estimation. The panel data regression method consists of three methods, namely PLS (Pooled Least Square), FEM (Fixed Effect Model), and REM (Random Effect Model). From the three approaches, the most suitable approach will be chosen. To select the panel data regression model, two tests were carried out, namely the F test and the Hausman test. The F test was used to choose between the PLS (Pooled Least Square) model and the FEM (Fixed Effect Model) model and the Hausman test was used to choose between the FEM (Fixed Effect Model) or REM (Random Effect Model) model.

3.4 Model Selection Method

1. Chow Test
   Performing the Chow test, the data is regressed using the common effect and fixed effect models first, then a hypothesis is made to be tested. The hypothesis is as follows:
   a. If the probability value of F > 0.05 means that Ho is accepted, then the common effect model.
   b. If the probability value of F < 0.05 means that Ho is rejected, then the fixed effect model is followed by the Hausman test.
2. Hausman Test
   Carrying out the Hausman test, the data is also regressed with the random effect and fixed effect models by making the following hypotheses:
   a. If the Chi-Square probability value is > 0.05, then Ho is accepted, which means a random effect model.
   b. If the probability value of Chi-Square < 0.05, then Ho is rejected, which means the fixed effect model.
3. Lagrange Multiplier Test
   Performing the Lagrange multiplier test, the data is also regressed with the random effects model and the common effect model by making the following hypothesis:
   a. If the LM statistic value > Chi-Square value, then Ho is rejected, which means a random effect model.
   b. If the statistical value of LM < Chi-Square value, then Ho is accepted, which means the common effect model

3.5 Classic Assumption Test

Classical assumption test is a prerequisite for panel data regression analysis. Before testing the hypothesis proposed in the study, it is necessary to test the classical assumptions which include the Normality Test, Multicollinearity Test, Heteroscedasticity Test, and Autocorrelation Test. However, not all classical assumption tests must be carried out on every regression model using the Ordinary Least Square / OLS method (Basuki and Pratowo, 2017: 297).

a. Normality Test

Normality test aims to test whether in the panel data regression model the variables are normally distributed or close to normal. Normality test using eviews normality of a data can be known by comparing the value of Jarque-Bera (JB) and the value of Chi Square table.

The guidelines that will be used in drawing conclusions are as follows:

a. If the probability value > 0.05 then the distribution is normal.
b. If the probability value <0.05 then the distribution is not normal.

b. Multi Collinearity Test

Multi collinearity test which aims to test whether the regression model found a correlation between the independent variables (independent). A good regression model should not have a correlation between independent variables (Ghozali, 2013: 110). If the independent variables are correlated with each other, then these variables are not orthogonal. To detect the presence or absence of multi collinearity in the regression is as follows:

a. If the correlation coefficient (R2) > 0.08, then the data becomes multi collinearity.
b. If the value of the correlation coefficient (R2) < 0.08, then the data does not become multi collinearity.

c. Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. If the variance of another observation is the same, it is called homoscedasticity. A good regression model is homoscedasticity or heteroscedasticity does not occur (Ghozali, 3013: 111). To detect the presence or absence of heteroscedasticity, the Glejser test can be used to regress the absolute value. The guidelines that will be used in drawing conclusions from the Glejser test are as follows:

a. If the Probability value > 0.05 then Ho is rejected, meaning that there is a heteroscedasticity problem.
b. If the Probability value < 0.05 then Ho is accepted, meaning that there is no heteroscedasticity problem.

d. Autocorrelation Test

The test is carried out to determine whether there is a correlation between one confounding factor with another (non-autocorrelation). To test the presence or absence of autocorrelation, the Durbin-Waston test can be used. DW is at:

a. autocorrelation (+) : $0 \leq dw \leq dl$
b. No decision : $dl \leq dw \leq du$
c. No autocorrelation : $du \leq dw \leq (4-du)$
d. No decision : $(4-du) \leq dw \leq (4-dl)$
e. autocorrelation (-) : $(4-dl) \leq dw \leq 4$

e. Hypothesis Test

1. Simultaneous Significance Test (F-Test)

The F test is a simultaneous regression relationship test which aims to determine whether all independent variables together have a significant effect on the dependent variable.

The results of the F-count are compared with the F-table, with the following decision-making criteria:

a. Ho is accepted and H1 is rejected, if F-count < F-table and Sig value > 0.005
b. Ho is rejected and H1 is accepted, if F-count > F-table and Sig value < 0.05

2. Partial/Individual Significance Test

The t-test is used to partially test the hypothesis to show the effect of each independent variable individually on the dependent variable. The t-test is a test of the regression coefficient of each independent variable on the dependent variable to determine how much influence the independent variable has on the dependent variable.

The results of the t-count are compared with the t-table, with the following decision-making criteria:

a. Ho is accepted and H1 is rejected, if t-count < t-table and Sig value > 0.05
b. Ho is rejected and H1 is accepted, if t-count > t-table and Sig value < 0.05

3. Coefficient of Determination Analysis (R^2)

The coefficient of determination (R2) basically measures how far the model's ability to explain the variation of the dependent variable is. The value of the coefficient of determination is between zero and one. A small R2 value shows the ability of the independent variable to explain the variables is very limited. A value close to one means that the variables are very limited. independent variables provide almost all the information needed to predict the dependent variables. However, the use of the coefficient of determination has a weakness, namely that there is a bias towards the number of independent variables included in the model. In order to avoid this bias, the adjusted R2 value is used, where the adjusted R^2 value can increase or decrease if there is an addition of one independent variable (Ghozali, 2013: 87).

IV. Results and Discussion

4.1 Results

a. Chow Test

Table 1. Chow Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	4.120326	(3,13)	0.0294
Cross-section Chi-square	13.365246	3	0.0039

Source: Processed Results Software Eviews.10

From the table above, the results of the Chow test can be concluded that the FEM model is a suitable/feasible model because: the value of the Chi-square Cross-section Probability 0.0039 <0.05 means that Ho is rejected, H1 is accepted, then the fixed effect model will continue with the Hausman test.

b. Hausman Test

Table 2. Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	12.360977	3	0.0062

Source: Processed Results Software Eviews.10

From the table above, the Hausman test results can be seen that the probability value = 0.0062 <0.05, meaning that Ho is rejected, H1 is accepted, so the model used is a fixed effect. Then it can be concluded that the Hausman test meets the requirements.

c. Lagrange Multiplier Test

Table 3. Lagrange Multiplier Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	1.031965	1.336811	2.368776
	(0.3097)	(0.2476)	(0.1238)

Source: Processed Results Software Eviews.10

Classic Assumption Test

a. Normality Test

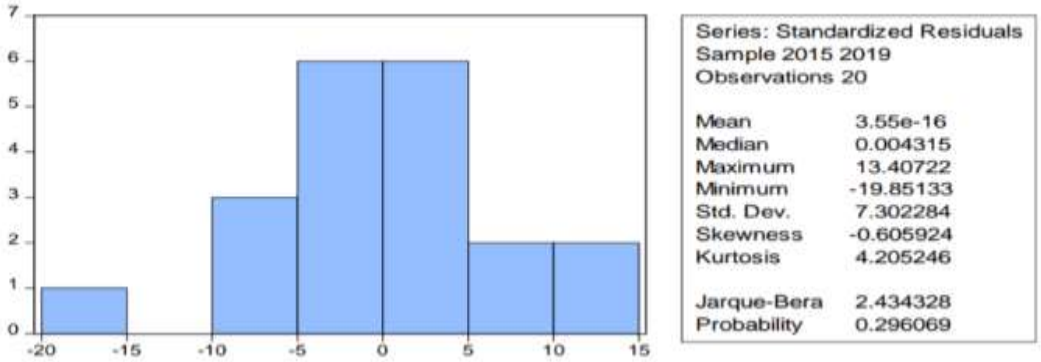

Figure 1. *Normality Test*

Source: Processed Results Software Eviews.10

It can be seen that the probability value is 0.296069 or > 0.05, so it can be concluded that the data is normally distributed.

b. Multi Collinearity Test

Table 4. Multi collinearity Test

	X1	X2	X3
X1	1	-0.084557	-0.309455
X2	-0.084557	1	0.111421
X3	-0.309455	0.111421	1

Source: Processed Results Software Eviews.10

It can be seen that the correlation coefficient value is < 0.80 so it can be concluded that the data does not occur multi collinearity

c. Heteroscedasticity Test

Table 5. Heteroscedasticity Test

Dependent Variable: RESABS
Method: Panel Least Squares
Date: 01/12/21 Time: 05:49
Sample: 2015 2019
Periods included: 5
Cross-sections included: 4
Total panel (balanced) observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	18.19570	9.394230	1.936902	0.0706
CR	-0.193906	5.298451	-0.036597	0.9713
TATO	-9.594859	10.78548	-0.889609	0.3869
DER	-0.012805	0.023455	-0.545954	0.5926

R-squared	0.071548	Mean dependent var	9.293400
Adjusted R-squared	-0.102537	S.D. dependent var	12.13987
S.E. of regression	12.74708	Akaike info criterion	8.105337
Sum squared resid	2599.807	Schwarz criterion	8.304484
Log likelihood	-77.05337	Hannan-Quinn criter.	8.144213
F-statistic	0.410994	Durbin-Watson stat	1.631758
Prob(F-statistic)	0.747317		

Source: Processed Results Software Eviews.10

It can be seen that all probability values of each independent variable are > 0.05, which means there is no heteroscedasticity problem

d. Autocorrelation Test

Table 6. Heteroscedasticity Test

R-squared	0.869191	Mean dependent var	10.31572
Adjusted R-squared	0.808818	S.D. dependent var	23.62275
S.E. of regression	8.828031	Sum squared resid	1013.144
F-statistic	14.39695	Durbin-Watson stat	2.358210
Prob(F-statistic)	0.000045		

Source: Processed Results Software Eviews.10

It can be seen that DW is 2.358210 where k=4 dan n=20, then dL = 0.894 dan dU = 1.828 and for the value of 4-dU = 1.824. That it can be seen that du ≤ DW ≤ (4-du) has no autocorrelation.

e. Hypothesis Test

Table 7. Hypothesis Test

Dependent Variable: NPM
Method: Panel EGLS (Cross-section weights)
Date: 01/10/21 Time: 21:53
Sample: 2015 2019
Periods included: 5
Cross-sections included: 4
Total panel (balanced) observations: 20
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.197331	3.541637	-0.902783	0.3831
CR	4.668168	1.995385	2.339483	0.0359
TATO	0.042645	4.453563	0.009576	0.9925
DER	-0.013921	0.006072	-2.292576	0.0392

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

R-squared	0.869191	Mean dependent var	10.31572
Adjusted R-squared	0.808818	S.D. dependent var	23.62275
S.E. of regression	8.828031	Sum squared resid	1013.144
F-statistic	14.39695	Durbin-Watson stat	2.358210
Prob(F-statistic)	0.000045		

Unweighted Statistics

R-squared	0.622158	Mean dependent var	-3.103048
Sum squared resid	2440.159	Durbin-Watson stat	2.241063

Source: Processed Results Software Eviews.10

f. Partial/Individual Significant Test

1. The value of t arithmetic > t table where 2.339483 > 1.72472 and the probability value of the Cash Ratio (CR) is 0.0359 which is < 0.05, then the Cash Ratio (CR) has a significant effect on Net Profit Margin (NPM).
2. The value of tnhitung < t table where 0.009576 < 1.72472 and the probability value of Total Asset Turn Over (TATO) is 0.9925 that is > 0.05, then Total Asset Turn Over (TATO) has no positive and significant effect on Net Profit Margin (NPM).
3. The value of t count < t table where -2.292576 < 1.72472 and the probability value of the Debt to Equity Ratio (DER) is 0.0392 which is < 0.05, then the Debt to Equity Ratio (DER) has a significant negative effect on Net Profit Margin (NPM).

g. Simultaneous Significance Test (F-Test)

In this study, the variables used are 4 and the number of observations is 20. So it can be seen that the number of degrees of freedom for df1 is 4-1=3 and the degrees of freedom for df2 are 20-4=16. The significance level is 5% or 0.05 then the F table is 3.24. Based on table 4.12, it is known that F count > F table or (14,39695 > 3.24) with a probability value of 0.000045 which is greater than the 0.05 significance level, then H0 is rejected and Ha is accepted. So it can be concluded that Cash Ratio (CR), Total Asset Turn Over (TATO) and Debt to Equity Ratio (DER) simultaneously have a significant effect on Net Profit Margin (NPM) in Porcelain, Ceramic and Glass Companies listed on the IDX.

h. Multiple Linear Regression Panel Data

This test is used to test the truth of the hypothesis proposed in the study. Multiple linear regression in this study consisted of the dependent variable, namely Net Profit Margin (NPM) and the independent variables, namely Cash Ratio (CR), Total Asset Turn Over (TATO) and Debt to Equity Ratio (DER). To find out whether each independent variable is partially able to influence the independent variable.

The panel data regression equation is obtained as follows:

Y= -3.197331 + 4.668168 X1 + 0.042645 X2 - 0.013921 X3

where:

C = -3.197331

X1 = 4.668168

X2 = 0.042645

X3 = -0.013921

Based on the Panel Data Regression equation, it can be seen as follows:

1. If the variables X1 Cash Ratio (CR), Total Asset Turn Over (TATO) and Debt to Equity Ratio (DER) are constant, the variable Y Net Profit Margin (NPM) will be -3.197331.
2. If the X1 Cash Ratio (CR) variable increases by one unit (1%), assuming other variables are held constant, then the Y Net Profit Margin (NPM) variable will increase by 4.668168.
3. If the variable X2 Total Asset Turn Over (TATO) increases by one unit (1%), assuming other variables are held constant, then the variable Y Net Profit Margin (NPM) will increase by 0.042645.
4. If the variable X3 Debt to Equity Ratio (DER) increases by one unit (1%), assuming other variables are held constant, then the variable Y Net Profit Margin (NPM) will decrease by -0.013921.

i. Coefficient of Determination (R^2)

The coefficient of determination is a value coefficient to measure how far the model's ability to explain the variation of the dependent variable. It is known that the coefficient of determination (Adjusted R squared) is R2 = 0.808818. This value can be interpreted as Cash Ratio (CR), Total Asset Turn Over (TATO) and Debt to Equity Ratio (DER) able to influence or explain Net Profit Margin (NPM) simultaneously or together at 80.88% and the remaining 19 .12% influenced by other factors.

4.2 Discussions

a. Effect of Cash Ratio on Net Profit Margin

From the research results, the t-count value is 2.339483 and the t-table value is 1.72472 where 2.339483> 1.72472 with a probability value of 0.0359 which is smaller than the 0.05 significance level, it can be concluded that the Cash Ratio has a significant effect on Net Profit Margin.

The results of this study agree with research conducted by Wihyahya (2016) which states that the Cash Ratio has a significant effect on Net Profit Margin with a value of t count > t table = 19.4856 > 3.182. The results of the study do not agree with the research conducted by Puja Widiani (2018) which states that the Cash Ratio has no significant effect on Net Profit Margin with a value of t count < t table = 1.778 < 2.055.

The results of this study agree with the theory of Kasmir (2016) that the Cash Ratio has a significant effect on Net Profit Margin. That the greater the cash available, the company can pay debts. Then it can increase the company's profit. The results of this study agree with Hery's (2016) theory that Cash Ratio has a significant effect on Net Profit Margin. Cash ratio to measure how much cash or cash equivalents are available for short-term debt. This ratio illustrates the company's actual ability to pay off its current obligations which will soon mature using existing cash or cash equivalents, debt can be paid off, company profits increase.

b. Effect of Total Asset Turn Over on Net Profit Margin

From the research results, the tcount value is 0.009576 and the ttable value is 1.72472 where 0.009576 < 1.72472 with a probability value of 0.9925 which is greater than the 0.05 significance level, it can be concluded that Total Asset Turn Over has no significant effect on Net Profit Margin.

The results of this study agree with research conducted by Puja Widiani (2018) which states that Total Asset Turn Over has no significant effect on Net Profit Margin with a value of t-count < t-table = -1.299 <2.055 but disagrees with research conducted by Sekar Marfita Stema (2018) which states that Total Asset Turn Over has a significant positive effect on Net Profit Margin with t-count >t-table = 2.139 > 2.10982.

The results of this study do not agree with Hery's theory (2015) where he says that the greater the Total Asset Turn Over, the better. Because the more efficient all assets and can measure the amount of sales, the company's profit will be obtained. This study also disagrees with the theory of Kasmir (2016) Total Assets Turn Over to measure the turnover of all assets owned by the company and measure how much sales are obtained from each rupiah of assets. So the more profit is achieved in the company.

c. Effect of Debt to Equity Ratio on Net Profit Margin

From the results of the research, the t-count value is -2.292576 and the t-table value is 1.72472 where -2.292576 < 1.72472 with a probability value of 0.0392 which is smaller

than the 0.05 significance level, it can be concluded that the Debt to Equity Ratio has a significant negative effect on Net Profit Margin.

The results of this study agree with the research conducted by Murviana Koto (2017) which states that the Debt to Equity Ratio has no significant effect on Net Profit Margin with a value of t-count < t-table = -1.424 < -2.035. Also agrees with Sekar Marfita Stema (2018) which states that the Deb to Equity Ratio has no significant effect on Net Profit Margin with a t-count of 1.042 < t-table 2.10982.

The results of this study agree with the theory of Kasmir (2016) Debt to Equity Ratio has a significant effect on Net Profit Margin. That the greater the debt, the greater the risk of the company and can find out the amount of loan funds with the owner of the company but the use of existing capital can meet obligations, it can generate profits. Agree with Hani's (2014) Debt to Equity Ratio theory, showing how much of each rupiah of own capital is used as collateral for the entire debt. The higher this ratio means the higher the amount of outside funds that must be guaranteed with own capital

d. Effect of Cash Ratio, Total Asset Turn Over and Debt to Equity Ratio on Net Profit Margin

Based on the tests that have been carried out, it can be seen that the probability value is 0.000045 which is smaller than the 0.05 significance level. And obtained F-table value of 3.24 and F-count of 14,39695 which means that F-count > F-table simultaneously Cash Ratio, Total Asset Turn Over and Debt to Equity Ratio affect the Net Profit Margin.

The results of this study agree with research conducted by Sekar Marfita Stema (2018) which states that the Current Ratio, Total Asset Turn Over and Debt to Equity Ratio together have a significant effect on Net Profit Margin with a value of F-count > F-table = 6,840 > 3, 20. This study agrees with Ani Anggraini (2019) which states that Total Asset Turnover, Cash Ratio and Net Working Capital simultaneously have a significant effect on Net Profit Margin F-count > F-table = 72,398 > 3.86.

The results of this study also agree with the theory of Kasmir (2016) which states that the higher the profitability indicates the efficiency and effectiveness of asset management, which means the better and also indicates the better the company uses all its assets to generate profits. This study also agrees with the theory of Lukman Syamsuddin (2014) Net profit margin is the ratio between net profit, namely sales after deducting all expenses including taxes compared to sales. The higher the NPM, the better the operations of a company.

V. Conclusion

Based on data analysis and discussion of research results, it can be concluded as follows:

1. Cash Ratio has a positive and significant effect on Net Profit Margin.
2. Total Asset Turn Over has a positive and insignificant effect on Net Profit Margin.
3. Debt to Equity Ratio has a negative and significant effect on Net Profit Margin.
4. Simultaneously Cash Ratio, Total Asset Turn Over and Debt to Equity Ratio have a positive and significant effect on Net Profit Margin.
5. The coefficient of determination (Adjusted R-squared) is R2 = 0.808818. This value can be interpreted as Cash Ratio, Total Asset Turn Over and Debt to Equity Ratio able to influence or explain Net Profit Margin simultaneously or together at 80.88% and the remaining 19.12% is influenced by other factors.

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