INVOICE
JURNAL ILMU AKUNTANSI
p-ISSN: 2714-6359 e-ISSN: 2714-6340
Program Studi Ilmu Akuntansi
Fakultas Ekonomi dan Bisnis
Universitas Muhammadiyah Makassar

The Effect of Current Ratio and Debt to Asset Ratio on Net Profit Margin at PT Hutama Karya (Persero)

Eka Putri Ningsih[1] Aliah Pratiwi[2]
Sekolah Tinggi Ilmu Ekonomi (STIE) Bima
email: ekaputriningsih.stiebima21@gmail.com.

Keywords:

Current Ratio, Debt to Asset Ratio, Net Profit Margin, State-Owned Enterprise, Financial Performance

Abstract

This study investigates the effect of the Current Ratio (CR) and Debt to Asset Ratio (DAR) on the Net Profit Margin (NPM) of PT Hutama Karya (Persero), a state-owned enterprise in Indonesia's construction sector. Employing a quantitative associative research design, the study analyzes financial data extracted from audited annual reports covering 2014–2023. The variables examined include current assets, total liabilities, and net income after tax. Purposive sampling was applied to ensure the selection of relevant and complete data, while data analysis was conducted using SPSS software with a 5% significance level. The results reveal that CR and DAR, individually, do not significantly influence NPM. Furthermore, simultaneous testing confirms that both ratios collectively have no significant impact on profitability. The findings suggest that short-term liquidity and leverage are not primary determinants of net profit performance in PT Hutama Karya (Persero) during the observed period. This outcome may be attributed to the company's long-term project investments, government-backed financing schemes, and operational strategies that prioritize large-scale infrastructure development over liquidity optimization. The study highlights the need for management to focus on operational efficiency, cost control, and effective project execution to enhance profitability. For future research, it is recommended to examine additional financial and operational variables, such as Return on Equity (ROE), Debt to Equity Ratio (DER), and Working Capital Turnover (WCT), to provide a more comprehensive understanding of profitability determinants in state-owned construction enterprises. These insights contribute to both academic literature on financial performance and practical decision-making in managing complex SOEs engaged in strategic national projects.

1. Introduction

In today's era of globalization, the increasingly competitive business environment has forced companies to continuously adapt, innovate, and enhance their operational strategies to ensure sustainability and growth. The competition is not only limited to private companies but also involves state-owned enterprises (SOEs) that play a vital role in supporting national development. To remain relevant and achieve long-term goals, companies must regularly evaluate and improve their performance systems. This process of evaluation is essential for identifying strengths, weaknesses, opportunities, and threats that may affect future business decisions. As argued by Ardianti and Suryanto (2024), well-structured corporate systems and policies are crucial in ensuring that organizational objectives can be achieved effectively.

The construction industry, in particular, is one of the most competitive sectors in Indonesia. With rapid infrastructure development at the central, provincial, and municipal levels, construction companies must compete aggressively for projects, capital, and market trust. The Indonesian government has also placed infrastructure development as a national priority, with multi-trillion rupiah investments channeled into toll roads, bridges, airports, and other public facilities. This dynamic situation creates both opportunities and challenges for construction companies, especially SOEs, which are often tasked with large-scale national strategic projects. Within this competitive environment, financial performance evaluation becomes a necessity for survival and growth. According to Fahmi (2018), financial performance analysis is a systematic effort to assess the extent to which a company applies sound financial principles in its operations. In this context, financial statements—comprising balance sheets, income statements, and cash flow reports—are vital tools for analyzing corporate achievements and overall success.

One of the most widely used measures of financial performance is profitability. Profitability reflects a company's ability to generate income relative to sales, assets, or equity. Among various profitability indicators, the Net Profit Margin (NPM) is particularly important because it shows the percentage of net profit obtained from total sales revenue. Stema (2019) explains that a higher NPM indicates stronger financial performance and greater investor attractiveness, as it demonstrates efficiency in converting revenue into profit. NPM is calculated by dividing net income after taxes and interest by total sales, providing a clear picture of how much profit is earned from every unit of revenue. Thus, NPM is not only a measure of profitability but also an indicator of management's effectiveness in controlling costs and optimizing resources.

The Net Profit Margin, however, is not an isolated measure. It is influenced by other financial ratios that capture different aspects of corporate financial health. Two of the most relevant ratios are the Current Ratio (CR) and the Debt to Asset Ratio (DAR). The Current Ratio is a liquidity ratio that measures a company's ability to meet short-term liabilities with its current assets. Hery (2016) states that CR is obtained by dividing current assets by current liabilities, and it reflects how well a company can pay obligations due within one year. Kasmir (2019) emphasizes that a low CR may indicate liquidity problems, suggesting that the company may not have sufficient capital to cover short-term debts. Conversely, a healthy CR not only improves liquidity but can also contribute positively to profitability, as it ensures smooth operational cycles and reduces the risk of financial distress.

On the other hand, the Debt to Asset Ratio (DAR) is a solvency ratio that measures the proportion of a company's assets financed by debt. According to Ningsih and Utiyati (2020), DAR provides insight into the extent of leverage in a company's capital structure. Hery (2016) elaborates that a lower DAR indicates less reliance on debt financing, which may translate into higher profitability due to reduced interest expenses. In contrast, a higher DAR suggests heavy dependence on debt, which can erode profits as a result of increasing financial obligations. Therefore, both CR and DAR are essential ratios to consider when analyzing their potential influence on profitability, specifically the Net Profit Margin.

PT Hutama Karya (Persero) is one of Indonesia's major SOEs operating in the field of construction services and toll road development. Established on March 29, 1961, Hutama Karya has played a critical role in building national infrastructure, particularly through its involvement in the Trans-Sumatra Toll Road (JTTS) project, one of the largest infrastructure programs in Indonesia. As a state-owned company, Hutama Karya not only pursues profitability but also fulfills the mandate of contributing to national economic development. This dual role creates unique financial challenges, as the company must balance commercial objectives with government expectations in executing strategic projects.

To better understand the financial performance of PT Hutama Karya, Table 1 presents data on current assets, total liabilities, and net profit after tax for the period 2019–2023.

Table 1. Financial Data of PT Hutama Karya (Persero), 2019–2023

(in millions of Rupiah)

Year	Current Assets (Rp)	Total Liabilities (Rp)	Net Income After Tax (Rp)
2019	21,587,321	68,689,084	2,022,594
2020	38,093,957	79,190,300	2,060,793
2021	26,708,953	78,108,753	2,408,296
2022	20,723,714	71,536,878	1,447,367
2023	21,820,021	53,114,974	1,872,556

Source: Processed secondary data

Based on the financial data presented in Table 1, several patterns and issues can be identified. From the perspective of current assets, a significant decline occurred in 2021, when the figure dropped to IDR 26.70 trillion, compared to IDR 38.09 trillion in 2020. The downward trend continued in 2022, with current assets further decreasing to IDR 20.72 trillion. This decline can be attributed to large-scale expenditures on long-term infrastructure projects, particularly the JTTS, combined with a reduction in cash inflows due to increasing interest expenses. Additionally, the company's financial strategy, which prioritized long-term investments over short-term liquidity, contributed to the decline.

In terms of liabilities, total debt surged in 2020, reaching IDR 79.19 trillion. This significant increase was primarily driven by financing requirements for the JTTS project. To meet these needs, PT Hutama Karya relied on global bond issuances and government guarantees. Although liabilities slightly decreased in subsequent years, the overall debt level remained high relative to assets, raising concerns about solvency and long-term sustainability.

Net income after tax displayed a fluctuating trend during the observed period. While net income increased to IDR 2.40 trillion in 2021, it sharply declined to IDR 1.44 trillion in 2022. Several factors contributed to this decline, including rising raw material costs, reduced revenues due to economic slowdowns, and higher operating expenses. Furthermore, changes in tax policies and intensifying competition within the construction industry may have further pressured profitability. Nevertheless, a modest recovery occurred in 2023, with net income rising to IDR 1.87 trillion.

The financial dynamics described above highlight the complex challenges faced by PT Hutama Karya. On one hand, the company has pursued large-scale investments aligned with government priorities, which enhance its strategic importance in national development. On the other hand, these investments have created financial strains, particularly in terms of liquidity and debt management. Given these conditions, it becomes essential to analyze how liquidity and solvency ratios—represented by the Current Ratio and Debt to Asset Ratio—affect profitability as measured by the Net Profit Margin.

Previous studies on financial performance in the construction sector have often examined general relationships between liquidity, solvency, and profitability. However, limited attention has been given to state-owned enterprises engaged in large-scale national projects, such as PT Hutama Karya. This research seeks to fill that gap by specifically analyzing the impact of CR and DAR on NPM within the context of Hutama Karya's financial challenges during 2019–2023.

Therefore, the purpose of this study is to examine and analyze the effect of the Current Ratio (CR) and Debt to Asset Ratio (DAR) on the Net Profit Margin (NPM) of PT Hutama Karya (Persero). By doing so, the study not only contributes to the academic literature on financial performance but also provides practical insights for corporate decision-makers and policymakers regarding the financial sustainability of state-owned enterprises in Indonesia's construction sector.

2. Literature Review

2.1 Current Ratio (CR)

Liquidity represents a company's ability to fulfill short-term obligations using current assets. One of the most commonly used indicators to measure liquidity is the **Current Ratio (CR)**. CR compares current assets to current liabilities, reflecting the company's ability to cover immediate obligations.

A CR value above 1 generally indicates that a company has sufficient current assets to meet short-term debts, while a value below 1 signals potential liquidity issues. However, an excessively high CR may suggest that resources are being underutilized instead of being invested in profitable activities (Brigham & Houston, 2019).

The formula for calculating CR is as follows:

Table 2.1. Current Ratio Formula

Formula	Description
CR = Current Assets ÷ Current Liabilities	Measures liquidity by comparing current assets and liabilities

Previous studies highlight the importance of CR as a determinant of profitability. Wati et al. (2022) noted that a higher CR strengthens a company's ability to settle short-term liabilities, which indirectly supports operational continuity. However, excessively high liquidity may reduce efficiency in asset utilization (Wihardja & Arif, 2024).

2.2 Debt to Asset Ratio (DAR)

Solvency reflects a company's ability to meet long-term obligations and maintain financial stability. The **Debt to Asset Ratio (DAR)** measures the proportion of assets financed through debt. A high DAR indicates greater reliance on external financing, which increases financial risk but may also provide opportunities for higher returns if managed effectively (Ross et al., 2020). The formula for DAR is as follows:

Table 2.2. Debt to Asset Ratio Formula

Formula	Description
DAR = Total Debt ÷ Total Assets × 100%	Measures the proportion of assets financed by debt

According to Kasmir (2018), an optimal level of debt may increase profitability by leveraging external funding for business expansion. However, excessive debt can strain the company's capacity to generate sustainable profits due to interest obligations. Empirical studies confirm mixed findings: some report a negative relationship between DAR and profitability (Ardian & Suryanto, 2024), while others suggest the effect may vary depending on industry context (Presnadi & Sari, 2024).

2.3 Net Profit Margin (NPM)

Profitability is the key indicator of a company's success in generating returns from its operations. One widely used measure is the **Net Profit Margin (NPM)**, which evaluates how efficiently a company converts sales into net profit after covering all expenses, including interest and taxes. The formula for NPM is as follows:

Table 2.3. Net Profit Margin Formula

Formula	Description
NPM = Net Profit After Tax ÷ Sales × 100%	Measures profit generated per unit of sales

NPM provides insights into cost control, pricing strategies, and overall efficiency. A high NPM indicates strong cost management and effective pricing policies, while a low NPM may suggest inefficiencies or excessive expenses (Gitman & Zutter, 2021).

2.4 The Influence of Current Ratio (CR) on Net Profit Margin (NPM)

Liquidity plays a critical role in ensuring smooth business operations. A higher CR may allow firms to settle obligations promptly, maintain supplier trust, and secure uninterrupted operations, which can positively influence profitability (Wulandari & Nofiana, 2024).

Empirical studies, however, show inconsistent findings. Some studies (Wati et al., 2022; Presnadi & Sari, 2024) demonstrate a positive and significant effect of CR on profitability, arguing that better liquidity enhances operational stability and supports income generation. Conversely, Safrani & Alwi (2021) and Ardianti & Suryanto (2024) found no significant relationship, suggesting that high liquidity does not always translate into improved profitability, particularly in capital-intensive industries where idle assets are less productive.

Research Gap: These inconsistencies highlight the need to reexamine the CR–NPM relationship, especially in industries such as construction, where liquidity management plays a pivotal role in project financing.

Hypothesis:

- *H1: Current Ratio (CR) significantly affects Net Profit Margin (NPM).*

2.5 The Influence of Debt to Asset Ratio (DAR) on Net Profit Margin (NPM)

Capital structure decisions directly impact profitability through interest expenses, risk exposure, and financial leverage. The DAR reflects how much of a company's assets are financed through debt. High leverage may enhance returns if the company can effectively utilize debt for expansion, but it also increases the burden of interest payments, which could erode profitability (Brigham & Ehrhardt, 2016).

Several studies suggest a negative effect of DAR on profitability (Safrani & Alwi, 2021; Ardianti & Suryanto, 2024), indicating that high debt levels increase financial risks and reduce net profit. On the other hand, Presnadi & Sari (2024) found a positive impact, showing that debt can be beneficial when managed properly.

Research Gap: The contradictory findings indicate that the effect of DAR on profitability remains inconclusive, requiring further investigation in specific industrial contexts.

Hypothesis:

- *H2: Debt to Asset Ratio (DAR) significantly affects Net Profit Margin (NPM).*

2.6 The Influence of Current Ratio (CR) and Debt to Asset Ratio (DAR) on Net Profit Margin (NPM)

Liquidity and solvency are interrelated dimensions of financial performance. While CR reflects short-term financial strength, DAR represents long-term financial stability. Together, they may jointly influence profitability by determining the balance between maintaining operational liquidity and managing debt financing (Gitman & Zutter, 2021).

Empirical studies also indicate that analyzing CR and DAR simultaneously provides a more comprehensive understanding of their combined impact on profitability. For example, Wulandari & Nofiana (2024) highlight that firms with both adequate liquidity and optimal debt levels achieve stronger profit margins. Conversely, excessive liquidity combined with high debt may lead to inefficiencies and reduced net profits.

Research Gap: Few studies have simultaneously examined liquidity and solvency as joint determinants of profitability, particularly in Indonesian state-owned construction enterprises. This creates an opportunity to provide fresh insights.

Hypothesis:

- *H3: Current Ratio (CR) and Debt to Asset Ratio (DAR) simultaneously have a significant effect on Net Profit Margin (NPM).*

3. Research Methodology

3.1 Type of Research

This study adopts a **quantitative explanatory research design** with an associative approach, which aims to analyze the relationship and causal influence between financial ratios and profitability. Specifically, the research investigates the effect of the Current Ratio (CR) and the Debt to Asset Ratio (DAR) on the Net Profit Margin (NPM) of PT Hutama Karya (Persero). This design was chosen because it enables hypothesis testing based on empirical financial data, in line with the objective of identifying whether liquidity and solvency ratios significantly contribute to profitability performance.

3.2 Research Instrument

The research instrument employed consists of **secondary financial data** extracted from the audited annual reports of PT Hutama Karya (Persero). These reports include the balance sheet and income statement covering the period 2014–2023. The variables in this study are operationalized as follows:

- **Current Ratio (CR):** measured as current assets divided by current liabilities.
- **Debt to Asset Ratio (DAR):** measured as total liabilities divided by total assets.
- **Net Profit Margin (NPM):** measured as net income after tax divided by sales revenue.

All variables are expressed as percentages to ensure comparability across years.

3.3 Population and Sample

The population of this study consists of all financial statements of PT Hutama Karya (Persero) since its establishment in 1961. However, considering data accessibility, completeness, and relevance, the sample is limited to the **10-year period from 2014 to 2023**. This period was selected because it represents a decade of significant infrastructure development in Indonesia, marked by the company's involvement in large-scale toll road projects and substantial changes in financing strategies.

The sampling technique applied is **purposive sampling**, which is appropriate for selecting data that meet specific criteria:

1. The data must be obtained from audited annual reports.
2. The reports must contain complete information on current assets, current liabilities, total assets, total liabilities, sales, and net income after tax.
3. The data must be the most recent and publicly available.

3.4 Research Location

This study was conducted using secondary data obtained from PT Hutama Karya (Persero), a state-owned enterprise (SOE) in Indonesia engaged in construction services and toll road development. The audited financial reports were accessed from the company's official website (www.hutamakarya.com) and other official disclosures.

3.5 Data Collection Techniques

The data collection process relied on the following techniques:

1. **Secondary Data Collection**
   Financial data were obtained from audited annual reports of PT Hutama Karya (Persero), particularly the balance sheet and income statement for the years 2014–2023.
2. **Literature Review**
   To strengthen the theoretical foundation, supporting information was gathered from books, journal articles, and relevant literature that discuss financial performance, liquidity, solvency, and profitability ratios.

3.6 Data Analysis Techniques

The analysis was performed using **SPSS software version 26** to ensure the reliability of statistical testing. Several stages of analysis were conducted as follows:

a. Classical Assumption Tests

To ensure that the regression model met the BLUE (Best Linear Unbiased Estimator) criteria, the following diagnostic tests were applied:

- **Normality Test:** conducted using the Shapiro–Wilk method to verify that residuals were normally distributed.
- **Multicollinearity Test:** measured using tolerance values and Variance Inflation

Factors (VIF) to ensure independence among independent variables.

- **Heteroscedasticity Test:** performed using the Glejser test to confirm homoscedasticity in the residuals.
- **Autocorrelation Test:** applied using the Durbin–Watson (DW) statistic to detect serial correlation in residuals.

b. Multiple Linear Regression Analysis

The regression model used to test the hypotheses is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Where:

- Y: Net Profit Margin (NPM)
- α: Constant
- β_1, β_2: Regression coefficients
- X_1: Current Ratio (CR)
- X_2: Debt to Asset Ratio (DAR)
- e: Error term

c. Correlation and Coefficient of Determination

- **Correlation Analysis:** conducted to measure the strength of the relationship between the independent and dependent variables. The interpretation follows the standard coefficient intervals (very weak to very strong).
- **Coefficient of Determination (R^2):** used to assess the explanatory power of CR and DAR in predicting variations in NPM.

3.7 Hypothesis Testing

Two statistical tests were applied to evaluate the hypotheses:

1. **t-test (Partial Test):** employed to determine the individual effect of CR and DAR on NPM. Each variable is considered significant if the p-value is less than 0.05.
2. **F-test (Simultaneous Test):** used to assess whether CR and DAR jointly influence NPM. The model is accepted if the F-statistic is greater than the F-table value and the significance level is below 0.05.

3.8 Research Hypotheses

Based on the literature review and theoretical framework, the following hypotheses were developed:

- **H1:** The Current Ratio (CR) has a significant effect on the Net Profit Margin (NPM).
- **H2:** The Debt to Asset Ratio (DAR) has a significant effect on the Net Profit Margin (NPM).
- **H3:** The Current Ratio (CR) and Debt to Asset Ratio (DAR) simultaneously have a significant effect on the Net Profit Margin (NPM).

4. Results And Discussion

4.1 Research Results

4.1.1 Classical Assumption Test

The results of the classical assumption test are presented in **Table 3** below.

Table 3. Results of the Classical Assumption Test

Test Type	Criteria	Result	Conclusion
Normality Test	P-Value > 0.05	CR = 0.065, DAR = 0.121, NPM = 0.200	Data are normally distributed
Multicollinearity Test	Tolerance > 0.10, VIF < 10	CR: Tol = 0.979, VIF = 1.022 DAR: Tol = 0.979, VIF = 1.022	No multicollinearity
Autocorrelation Test	DU < DW < 4 – DU	1.695 < 2.224 < 2.305	No autocorrelation
Heteroscedasticity Test	Sig. > 0.05	CR = 0.101, DAR = 0.709	No heteroscedasticity

Source: SPSS Output, 2025

Interpretation: The regression model met all classical assumption requirements, meaning it can be considered valid for further analysis.

4.1.2 Multiple Linear Regression Test

The results of multiple linear regression are summarized in **Table 4**.

Table 4. Results of Multiple Linear Regression Analysis

Test	Criteria	Result	Conclusion
Regression Equation	–	Y = -0.032 + 0.169 CR – 0.002 DAR + e	–
T-Test (Partial Test)	Sig. < 0.05	CR: t = 2.046, Sig. = 0.080 DAR: t = -0.008, Sig. = 0.994	CR → no significant effect DAR → no significant effect
F-Test (Simultaneous Test)	Sig. < 0.05	F = 2.136, Sig. = 0.189	No significant simultaneous effect
Correlation Coefficient (r)	0.60–0.799 = Strong	r = 0.616	Strong correlation
Determination Coefficient (R^2)	$0 \leq R^2 \leq 1$	$R^2 = 0.379$	CR and DAR explain 37.9% of NPM

Source: SPSS Output, 2025

Key interpretation:

- Regression equation obtained: **Y = -0.032 + 0.169 CR – 0.002 DAR + e**.
- CR has a positive but insignificant effect on NPM.
- DAR has a negative but insignificant effect on NPM.
- Simultaneously, CR and DAR do not significantly affect NPM.
- The coefficient of determination (R^2 = 0.379) indicates that CR and DAR explain only 37.9% of the variation in NPM, while 62.1% is influenced by other factors not included in this model.

4.2 Research Discussion

4.2.1 The Effect of Current Ratio on Net Profit Margin

The results reveal that the **Current Ratio (CR) does not have a significant effect on the Net Profit Margin (NPM)**. Although the regression coefficient is positive (0.169), the significance value of 0.080 exceeds the threshold of 0.05, indicating insignificance.

Theoretically, CR measures a company's ability to meet short-term obligations. However, a high CR does not necessarily imply higher profitability because current assets may consist of idle cash or uncollectible receivables that do not directly contribute to earnings. This result is consistent with the studies of **Safrani & Alwi (2021)** and **Ardianti & Suryanto (2024)**, who concluded that CR has no significant impact on profitability. Conversely, it contradicts **Wulandari & Nofiana (2024)** and **Presnadi & Sari (2024)**, who found a significant positive effect of CR on NPM.

The difference may be explained by the characteristics of the construction industry, particularly in PT Hutama Karya's operations, where cash flows are often tied up in long-term projects. In such cases, liquidity does not necessarily translate into profitability.

4.2.2 The Effect of Debt to Asset Ratio on Net Profit Margin

The analysis shows that the **Debt to Asset Ratio (DAR) does not significantly affect NPM** (coefficient = -0.002; sig. = 0.994). Although leverage generally influences interest expenses and financial risk, in this case DAR does not determine profitability.

This result aligns with **Farhanudin & Wartono (2025)** and **Pratiwi & Nugroho (2025)**, who reported no significant effect of DAR on profitability. However, it contradicts **Lumbantobing et al. (2023)** and **Anisa & Kharisma (2024)**, who found a significant effect.

One possible explanation is PT Hutama Karya's financing strategy. As a state-owned enterprise (SOE), the company may benefit from government support and long-term financing schemes that reduce the impact of leverage on profit performance. Hence, profitability may be more influenced by operational efficiency and project execution than by capital structure alone.

4.2.3 The Simultaneous Effect of Current Ratio and Debt to Asset Ratio on Net Profit Margin

The F-test results indicate that **CR and DAR do not simultaneously affect NPM** (F = 2.136; sig. = 0.189). Even though the correlation coefficient (r = 0.616) indicates a strong relationship, the lack of statistical significance implies that other factors beyond CR and DAR play a more critical role in determining profitability.

These findings are consistent with **Safrani & Alwi (2021)** and **Presnadi & Sari (2024)**, who observed no simultaneous effect of CR and DAR on profitability. On the other hand, they diverge from the results of **Anisa & Kharisma (2024)** and **Oktarina & Faisal (2024)**, who reported a significant joint effect. The divergence highlights that profitability in the construction sector is likely influenced by other strategic factors such as project management efficiency, government support, infrastructure investment policies, and external economic conditions.

4.2.4 Implications of the Findings

The findings provide several implications:

1. **For management**, focusing solely on liquidity and leverage ratios may not be sufficient to improve profitability. Emphasis should be placed on operational efficiency, cost control, and project execution.
2. **For investors**, financial ratios such as CR and DAR should be analyzed alongside other performance indicators before making investment decisions in construction-based SOEs.
3. **For researchers**, these results suggest the need to expand the model by incorporating other variables such as Return on Assets (ROA), Return on Equity (ROE), sales growth, and cost efficiency measures to better explain variations in profitability.

5. Conclusion

5.1 Conclusion

Rewrite to emphasize insight and interpretation:

1. *"The Current Ratio (CR) does not significantly influence the Net Profit Margin (NPM), suggesting that short-term liquidity alone is not a primary determinant of profitability in PT Hutama Karya (Persero)."*
2. *"The Debt to Asset Ratio (DAR) does not have a significant effect on NPM, indicating that the company's leverage level does not directly impact its net profit performance."*
3. *"The Current Ratio (CR) and Debt to Asset Ratio (DAR) jointly do not significantly affect NPM, implying that other factors, such as operational efficiency or project management, may play a more important role in determining profitability."*

5.2 Suggestions

Make them **clear, actionable, and professional**:

For the Company:

1. "It is recommended that the company focus on optimizing asset utilization, controlling operational costs, and enhancing overall financial management to improve profitability."

For Future Researchers:

2. "Future research is encouraged to examine additional variables, such as Working Capital Turnover (WCT), Debt to Equity Ratio (DER), and Return on Equity (ROE), to provide a more comprehensive understanding of the factors influencing profitability. Moreover, expanding the sample size or including macroeconomic indicators may improve the robustness of future studies."

References

Anisa, E. F., & Kharisma, I. (2024). The effect of Current Ratio (CR) and Debt to Asset Ratio (DAR) on Net Profit Margin (NPM) at PT Nippon Indosari Corpindo Tbk for the 2012–2023 period. Jurnal KONSISTEN, 1(3), 101–111.

Ardianti, R. N., & Suryanto, W. (2024). The effect of Current Ratio and Debt to Asset Ratio on Net Profit Margin at Bank BRI Syariah Indonesia for the 2012–2022 period. JURIHUM: Jurnal Inovasi dan Humaniora, 1(5), 754–763.

Fahmi, I. (2018). Introduction to financial management. Alfabeta.

Farhanudin, M., & Wartono, T. (2025). The effect of Current Ratio (CR) and Debt to Asset Ratio (DAR) on Net Profit Margin (NPM) at PT Astra International Tbk for the 2014–2023 period. JORAPI: Journal of Research and Publication Innovation, 3(1), 311–321.

Ghozali, I. (2021). Application of multivariate analysis with IBM SPSS 26 program (10th ed.). Diponegoro University Publisher.

Hery. (2016). Financial statement analysis – Integrated and comprehensive. PT Grasindo.

Kasmir. (2019). Financial statement analysis. Alfabeta.

Kundiman, A., & Hakim, L. (2016). The influence of Current Ratio, Debt to Equity Ratio, Return on Assets, and Return on Equity on stock prices in LQ45 Index companies listed on IDX for the 2010–2014 period. Among Makarti, 9(18), 80–98.

Lumbantobing, S. P., Adwimurti, Y., & Selfiani. (2023). The effect of Current Ratio, Debt to Asset Ratio, and Total Asset Turnover on Net Profit Margin. JAKPI: Journal of Accounting, Finance, Tax, and Information, 3(2), 16–34.

Ningsih, S. R., & Utiyati, S. (2020). The effect of Current Ratio, Debt to Asset Ratio, and Net Profit Margin on profit growth. Jurnal Ilmu dan Riset Manajemen, 9(6), 1–15.

Oktarina, R., & Faisal. (2024). The influence of Current Ratio and Debt to Asset Ratio on Net Profit Margin at PT Unilever Indonesia Tbk for the 2014–2023 period. Neraca Manajemen, Ekonomi, 7(6), 1–10.

Pratiwi, E., & Nugroho, R. D. (2025). The effect of Current Ratio and Debt to Asset Ratio on Net Profit Margin at PT United Tractors Tbk for the 2012–2023 period. Kampus Akademik Publishing: Journal of Academic Economics and Management, 2(1), 319–329.

Presnadi, A. D., & Sari, W. I. (2024). The effect of Current Ratio (CR) and Debt to Asset Ratio (DAR) on Net Profit Margin (NPM) at PT Ultrajaya Milk Industry & Trading Company Tbk for the 2013–2022 period. Jurnal AKTIVITAS, 2(1), 1–17.

Priyanto, S., & Fauziyah, S. (2023). The effect of Current Ratio, Debt to Asset Ratio, Net Profit Margin, and Total Asset Turnover on stock prices. Jurnal Penelitian Manajemen dan Inovasi Riset, 1(4), 143–159.

Rahim, D. R. F., Monoarfa, R., & Pakaya, L. (2023). The influence of ratios on stock prices in food and beverage companies listed on IDX for the 2017–2021 period. SEIKO: Journal of Management & Business, 6(2), 441–451.

Sa'adah, L., Soedarman, M., & Al Falah, Y. H. (2022). The influence of Current Ratio, Debt to Asset Ratio, and Net Profit Margin on profit growth in food and beverage companies during 2019–2020. Jurnal Analisa Akuntansi dan Perpajakan, 6(1), 14–21.

Safrani, & Alwi. (2021). The effect of Current Ratio and Debt to Total Asset Ratio on Net Profit Margin at PT Unilever Indonesia Tbk. MOTIVASI: Jurnal Manajemen dan Bisnis, 6(2), 126–133.

Stema, S. M. (2019). The influence of Current Ratio, Debt to Equity Ratio, and Total Assets Turnover on Net Profit Margin in cosmetic companies listed on IDX (2013–2017). Science of Management and Students Research Journal, 1(3), 81–90.

Sugiyono. (2019). Educational research methods: Quantitative, qualitative, and R&D approaches. Alfabeta.

Wati, U. A., & Pasaribu, V. L. D. (2022). The effect of Current Ratio and Debt to Asset Ratio on Net Profit Margin at PT Indocement Tunggal Prakarsa Tbk for the 2012–2021 period. POINT: Journal of Economics and Management, 4(2), 1–15.

Wihardja, H., & Arif, R. (2024). The influence of Current Ratio, Debt to Asset Ratio, and Total Asset Turnover on Net Profit Margin (Empirical study on retail sub-sector companies listed on the Indonesia Stock Exchange for the 2019–2022 period). MENAWAN: Journal of Economic Research and Publication, 2(5), 155–176.

Wulandari, I., & Nofiana, L. (2024). The influence of Current Ratio and Debt to Asset Ratio on Net Profit Margin at PT Adhi Karya Tbk for the 2013–2022 period. JORAPI: Journal of Research and Publication Innovation, 4(2), 1–15.

Zaelani, R. (2024). The effect of Current Ratio, Debt to Asset Ratio, and Net Profit Margin on profit growth in manufacturing companies listed on the Indonesia Stock Exchange for the 2017–2021 period. Pelita: Journal of Research and Scientific Works, 24(1), 48–60.