

The Influence of Working Capital to Total Assets, Debt to Equity Ratio, Total Asset Turnover, and Net Profit Margin on Profit Growth in Pharmaceutical Sub-Sector Companies Listed on the Idx for the 2017-2021 Period

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Abstract

This study aims to determine the effect of Working Capital to Total Assets (WCTA), Debt to Equity Ratio (DER), Total Asset Turnover (TAT) and Net Profit Margin (NPM) on Profit Growth in Pharmaceutical Sub Sector Companies on the IDX for the period 2017 – 2021 . This study uses a quantitative approach. The population used in this study are Pharmaceutical Sub-Sector Companies listed on the Indonesia Stock Exchange for the period 2017 – 2021 with a total of 9 companies. The sample used in this study used 9 companies with the Saturated Sampling method. The data analysis technique used in this study uses Multiple Linear Regression, Classical Assumption Test, Hypothesis Test, and Coefficient of Determination Test. Data processing in this study uses the IBM SPSS 26 for windows program. The results showed that partially Working Capital to Total Assets had no significant effect on Profit Growth, Debt to Equity Ratio had a significant effect on Profit Growth, Total Asset Turnover had a significant effect on Profit Growth and Net Profit Margin had a significant effect on Profit Growth. While simultaneously Working Capital to Total Assets, Debt to Equity Ratio, Total Asset Turnover and Net Profit Margin have a significant effect on Profit Growth.

Keywords:

Debt to Equity Ratio, Net Profit Margin, Profit Growth, Total Asset Turnover, Working Capital to Total Assets.

1. Introduction

The author's background in examining profit growth in this study is the curiosity of how important profit growth is in a company so that the company survives, as well as what factors influence the size of profits earned by companies in a certain period of time. During the Covid-19 pandemic, many companies experienced losses in Indonesia. Except for companies that can survive in any condition. The company can be said to be a good company. One of the surviving companies is the pharmaceutical sub-sector company. Pharmaceutical sub-sector companies are companies that have quite a lot of demand potential and are needed by the whole community, especially for healing diseases. Furthermore, because the income of the pharmaceutical sub-sector is very unpredictable. During the Covid-19 pandemic, the pharmaceutical sub-sector experienced a very drastic increase.

Whether or not a company's performance is good can be seen by using profits, investors use company profits as a consideration tool for making investment decisions in a company. To assess what a company's performance is like, it can be seen through financial reports. Financial report analysis is needed in order to understand all existing financial report information because these financial reports are historical in nature, which describes how a company's financial performance is from year to year, so to find out how a company's profit growth for the coming period is needed financial ratio analysis that describes how the company is in the financial statements.

1.1 Literature Review

1.1.1. Previous Research

Research conducted by Silaban, (2018). This study aims to determine the effect of working capital on total assets, inventory turnover, debt to equity ratio, and return on assets on profit growth in basic industries and chemical manufacturing companies. Based on the Indonesian Stock Exchange for the period 2013 – 2017. Research conducted by (Estininghadi, 2019). This study aims to determine and analyze the effect of Current Ratio , Debt to Equity Ratio , Total Assets Turnover , Net Profit Margin on profit growth in Property and Real Estate sector companies in 2017 listed on the Indonesia Stock Exchange.

1.1.2. Theoretical basis

1. Working Capital to Total Assets

According to Simamora, (2012) Working Capital to Total Assets is a liquidity ratio that shows a company's ability to use the company's current assets, so that it is able to pay its short-term debts exactly when needed. WCTA is a comparison between current assets minus current liabilities to total assets. So the greater this ratio, the better the company's profit growth, which means that assets can rotate faster, which indicates more efficient use of overall assets in paying short-term debt .

2. Debt to Equity Ratio

According to Kasmir, (2018) DER is the ratio used to assess debt to equity. This ratio is sought by comparing all debt, including current debt with all equity. This ratio is useful for knowing the amount of funds provided by borrowers (creditors) with company owners. In other words, this ratio serves to find out every rupiah of own capital that is used as collateral for debt .

3. Total Asset Turnover

According to Kasmir, (2018) Total assets turnover is a ratio that describes asset turnover as measured by sales volume. So the greater this ratio the better which means that assets can rotate faster and earn profits and shows more efficient use of overall assets in generating sales .

4. Net Profit Margins

According to Kasmir, (2018) Net profit margin is a ratio that measures net profit after tax on sales. The higher the net profit margin , the better the operations of a company, which means the better the profit growth .

5. Profit Growth

According to Harahap, (2018) Profit growth is a ratio that can describe the extent to which a company's ability to increase net profit compared to previous years. Companies with relatively stable earnings make it possible to predict future earnings estimates and these companies will pay a higher percentage of their profits as dividends compared to companies with fluctuating earnings.

1.2. Research Concept Framework

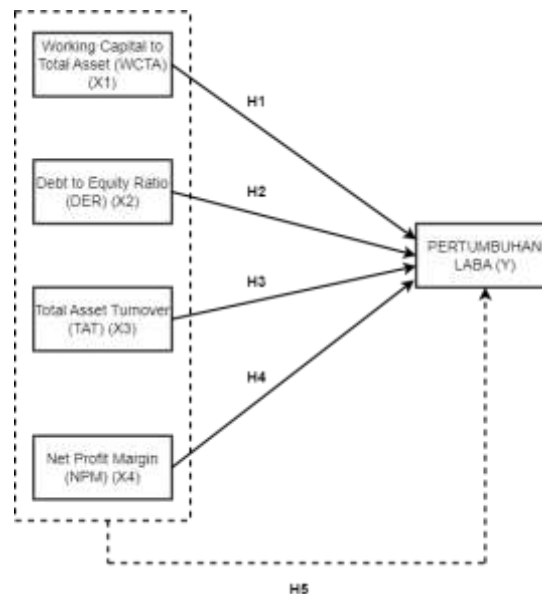


Figure 1. Research Conceptual Framework

Source: Results Processed by Researchers (2022)

Information :

-----> : Simultaneous Test
 —————> : Partial Test

1.3. Hypothesis Development

Based on the conceptual framework above, it can be developed a framework to determine the relationship between variables.

1.3.1. Effect of Working Capital to Total Assets (WCTA) on Profit Growth

Working Capital to Total Assets is a liquidity ratio that shows a company's ability to use the company's current assets, so that it is able to pay its short-term debts exactly when needed. WCTA is a comparison between current assets minus current liabilities to total assets. So the greater this ratio, the better the company's profit growth, which means that assets can rotate faster, which indicates a more efficient use of overall assets in paying short-term debt. From this description it can be concluded that WCTA has a positive effect on profit growth partially. This is supported by previous research by (Gantino & Dewi, 2019) with the results of WCTA having a positive and significant effect on profit growth.

H1 : Working Capital to Total Assets (X1) Significant Influence on Profit Growth (Y)

1.3.2. Effect of Debt to Equity Ratio (DER) on Profit Growth

Debt To Equity Ratio Describes The Extent To Which Owner's Capital Can Cover Debts To Outsiders And Is A Ratio That Measures The Extent To Which A Company Is Financed From Debt. This Ratio Is Often Used By Analysts And Investors To See How Much A Company's Debt Is Compared To The Equity Owned By The Company Or Its Shareholders. The Higher The Der, The Higher The Use Of Debt As A Source Of Corporate Funding. This Can Pose A Sizable Risk To The Company When The Company Is Unable To Pay These Obligations At Maturity, So That It Will Disrupt The Continuity Of The Company's operations. In addition, the company will be faced with high interest costs so that it can reduce the company's profits. From this description it can be concluded that DER has a positive and significant effect on profit growth partially. This is supported by previous research by (Agustinus, 2021) with the results of DER having a positive and significant effect on profit growth.

H 2 : Debt to Equity Ratio (X2) Significant Influence on Profit Growth (Y)

1.3.3. Effect of Total Asset Turnover (TAT) on Profit Growth

Total assets turnover is a ratio that describes asset turnover as measured by sales volume . So the greater this ratio, the better, which means that assets can rotate faster and earn profits and show more efficient use of overall assets in generating sales. In other words, the same number of assets can increase sales volume if the total asset turnover is increased or enlarged, therefore profit growth will also increase. From this description it can be concluded that TAT has a positive effect on profit growth partially. This is supported by previous research by (Estininghadi, 2019) with the results of TAT having a positive and significant effect on profit growth.

H 3 : Total Asset Turnover (X3) Has a Significant Influence on Profit Growth (Y)

1.3.4. Effect of Net Profit Margin (NPM) on Profit Growth

Net profit margin is a ratio that measures net profit after tax on sales . The higher the net profit margin , the better a company's operations, which means the better its profit growth. From the statement above it can be concluded that NPM has a positive effect on profit growth partially. This is supported by previous research by (Juwari & Zulviani, 2020) with the results that NPM has a positive and significant effect on profit growth.

H4: Net Profit Margin (X4) Has a Significant Influence on Profit Growth (Y)

1.3.5. Effect of Working Capital to Total Assets (WCTA), Debt to Equity Ratio (DER), Total Asset Turnover (TAT) and Net Profit Margin (NPM) on Profit Growth

growth is an increase in profits earned by a company from one period to another. Operational profit is the difference between the realized income arising from transactions during a period and the costs associated with that income. The proper comparison of revenues and expenses is reflected in the income statement. Presentation of profit through the report is an important focus of company performance.

Company performance is the result of a series of processes at the expense of various resources. One of the parameters for assessing the company's performance is profit growth. Profit growth is calculated by subtracting the current period's profit from the previous period's profit and then dividing it by the previous period's profit.

From the explanation above, it can be concluded that WCTA, DER, TAT, and NPM have an effect on profit growth simultaneously. This is supported by previous research by (Firman & Salvia, 2021) with the results of TAT, NPM, and DER influencing profit growth simultaneously.

H5 : Working Capital to Total Assets (X1), Debt to Equity Ratio (X2), Total Asset Turnover (X3) and Net Profit Margin (X4) Simultaneously Have a Significant Influence on Profit Growth (Y)

2. Research Methods

2.1. Type of Research, Sample, Data Collection, and Method of Analysis

Research was conducted at the Indonesia Stock Exchange through internet media with the website www.idx.co.id. This type of research uses quantitative research. Based on the total population of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange as many as 9 companies, the sample in this study is the entire population.

The type of data used in this research is secondary data. The data collection technique used in this study is in the form of audited financial reports for pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2021 observation year. The analytical method used in this study is the classical assumption test, multiple regression analysis and hypothesis testing with the t test, F test, and the coefficient of determination (R^2). Where the analysis was carried out using SPSS (Statistical Package for Social Science) version 26.

2.2. Definition of Operational Variables

Table 1. Operational Variables

Variable	Operational definition	Measurement	Scale
Working Capital to Total Assets (X1)	The company's ability to use current assets to pay its short-term debt. (Simamora, 2012)	$\frac{\text{Current asset} - \text{Current liabilities}}{\text{Total assets}}$	Ratio
Debt to Equity Ratio (X2)	Assess long-term debt with own capital. (Subramanyam, 2017)	$\frac{\text{Total liabilities}}{\text{Equity}}$	Ratio
Total Asset Turnover (X3)	Measure the turnover of all assets owned by the company. (Subramanyam, 2017)	$\frac{\text{Net sales}}{\text{Total assets}}$	Ratio
Net Profit Margin (X4)	Measures net profit after tax on sales. (Kasmir, 2018)	$\frac{\text{Earning after taxes}}{\text{Sales}}$	Ratio
Profit Growth (Y)	The difference between the current period's profit and the previous period's profit is then divided by the previous period's profit. (Harahap, 2018)	$\frac{Y_t - (Y_t - 1)}{Y_t - 1}$	Ratio

3. Results and Discussion

3.1. Results

3.1.1. Description of Research Object

This study aims to determine the relationship between the influence of WCTA, DER, TAT and NPM variables on profit growth. The data used is secondary data. The data source is obtained from the company's financial reports published on the official website of the Indonesia Stock Exchange (IDX). The method for obtaining a sample is by using the entire population or the entire population as the sample in the study.

Table 2. List of Company Samples

No	Issuer Code	Company Name
1	Dvla	Pt. Darya-Varia Laboratoria Tbk.
2	Inaf	Pt. Indofarma Tbk.
3	Kaef	Pt. Kimia Farma Tbk.
4	Kblf	Pt. Kalbe Farma Tbk.
5	Brand	Pt. Merck Indonesia Tbk.
6	Peha	Pt. Phapros Tbk.
7	Pyfa	Pt. Pyridam Farma Tbk.
8	Sido	Pt. Industri Jamu Dan Farmasi Sidomuncul Tbk.
9	Tspc	Pt. Tempo Scan Pacific Tbk.

Source: www.idx.co.id

Based on data taken from the website of the Indonesia Stock Exchange, data were obtained from 9 companies as samples in this study. The analysis will be carried out in 5 periods, namely 2017-2021 so that the data from the sample totals $9 \times 5 = 45$.

3.1.2. Classic Assumption Test

1. Normality test

Table 3. Normality Test Results		
One-Sample Kolmogorov-Smirnov Test		
N		Unstandardized Residuals 45
Normal Parameters a,b	Means	,0000000
	std. Deviation	,08361052
Most Extreme Differences	absolute	,097
	Positive	,052
	Negative	-.097
Test Statistics		,097
asympt. Sig. (2-tailed)		,200c,d

Source: Results of SPSS data processing 26 01-25-23 21.00 WIB

Based on table 3 of the Kolmogorov Smirnov test, it can be seen that the data in this study are normally distributed. Value from Asymp. Sig (2-tailed) of 0.200 indicates a significant value greater than 0.05, which means that the data in this study are normally distributed.

2. Multicollinearity Test

Table 4. Multicollinearity Test Results		
Collinearity Statistics		
Variable	tolerance	VIF
WCTA	,955	1,047
DER	,822	1,216
TAT	,805	1,242
NPM	,942	1,062

Source: Results of SPSS data processing 26 01-25-23 21.00 WIB

Based on table 4 the data multicollinearity test meets the requirements because the tolerance value of each variable is greater than 0.1 and the VIF value is less than 10.00 which means that the variable does not have multicollinearity.

3. Autocorrelation Test

Table 5. Autocorrelation Test Results	
Durbin-Watson	Information
2,234	Does not have autocorrelation

Source: Results of SPSS data processing 26 01-25-23 21.00 WIB

To ensure that autocorrelation does not occur in the study, it can be seen by conducting a DW-Test with the conditions $dU < d < 4-dU$, a good regression model is one that does not have autocorrelation. The test results using the Durbin Watson table can be seen in the following table:

Table 6. Durbin-Watson Test Results				
D	dL	dU	4-dL	4-dU
2,234	1,336	1,720	2,664	2,28

Source: Results of SPSS data processing 26 01-25-23 21.00 WIB

Based on the table above, it is known that the Durbin-Watson value is 2.234. This value will be compared with the Durbin Watson table value at 5% significance with the formula (k; n). while the number of independent variables is 4 or "k" = 4, while the number of samples or "n" = 45, then (k; n) = (4; 45). Then found a dL value of 1.336 and a dU of 1.720.

The Durbin-Watson value (d) of 2.234 is greater than the upper limit (dU) of 1.720 and less than (4-dU) $4-1.720 = 2.28$. Thus $dU < d < 4-dU = 1.720 < 2.234 < 2.28$. So as the basis for decision making in the Durbin-Watson test above, it can be concluded that there are no autocorrelation symptoms.

4. Heteroscedasticity Test

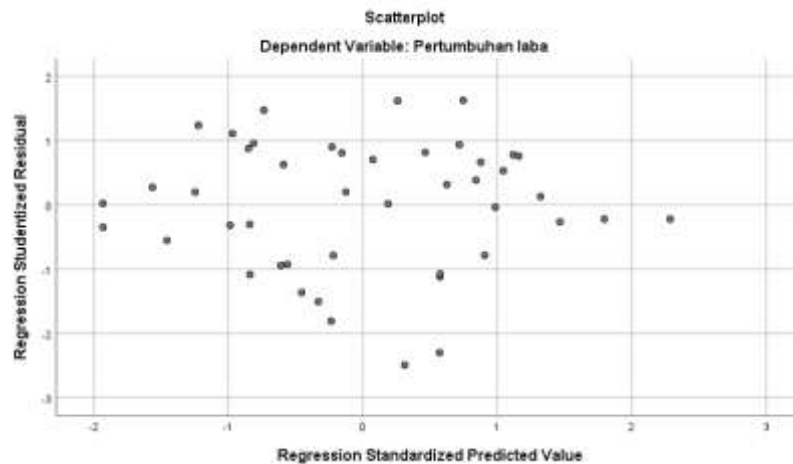


Figure 2. Heteroscedasticity Test Results

Source: Results of SPSS data processing 26 01-25-23 21.00 WIB

In Figure 2, it can be seen that the points spread randomly and are spread both above and below point 0 on the Y axis. And there is no specific pattern generated from the points, this concludes that there is no heteroscedasticity.

3.1.3. Multiple Linear Regression Analysis

Table 7. Multiple Linear Regression Test Results
Unstandardized Coefficients

Model	B	Sig.
(Constant)	,140	,004
WCTA	,008	,157
DER	,350	,033
TAT	,147	,002
NPM	,590	,021

Source: Results of SPSS data processing 26 01-25-23 21.00 WIB

Study produces multiple linear regression equations as follows:

$$Y = 0.140 + 0.008 x_1 + 0.350 x_2 + 0.147 x_3 + 0.590 x_4 + e$$

The value of the dependent variable profit growth (y) can be seen from its constant value of 0.140. Working capital to total assets (x1) the magnitude of the regression coefficient is 0.008, it can be interpreted that every change in the working capital to total assets (x1) variable of one unit, the profit growth variable (y) will increase, debt to equity ratio (x2) the magnitude of the regression coefficient 0.350, it means that every change in the debt to equity ratio (x2) variable by one unit, the profit growth variable (y) will increase, total asset turnover (x3) the magnitude of the regression coefficient is 0.147, it can be interpreted that every change in the total asset turnover variable (x3) by one unit, the profit growth variable (y) will increase, the net profit margin (x4) the magnitude of the regression coefficient is 0.590, it means that every change in the net profit margin variable (x4) by one unit, the profit growth variable (y) will increase.

3.2. Hypothesis Testing

3.2.1. T Test (Partial Test)

Table 8. T Test Results (Partial Test)

Model	B	t Table	t count	Sig.	Information
(Constant)	,140	2,021	3,091	,004	Significant
WCTA	,008	2,021	1,443	,157	Not significant
DER	,350	2,021	2,207	.033	Significant
TAT	,147	2,021	3,249	,002	Significant
NPM	590	2,021	2,403	,021	Significant

Source: Results of SPSS data processing 26 01-25-23 21.00 WIB

Based on the Sig value on the t test of this study, it can be interpreted as follows:

Because the value of t count < t table is $1.443 < 2.021$ and a significance value of $0.157 > 0.05$, this indicates that partially the variable Working Capital to Total Assets (X1) has no significant effect on Profit Growth (Y).

Because the t count > t table is $2.207 > 2.021$ and the significance value is $0.033 < 0.05$, this indicates that partially the Debt to Equity Ratio (X2) variable has a significant effect on Profit Growth (Y).

Because the t count > t table is $3.249 > 2.021$ and a significance value of $0.002 < 0.05$, this indicates that partially the Total Asset Turnover (X3) variable has a significant effect on Profit Growth (Y).

Because the value of t count > t table is $2.403 > 2.021$ and a significance value of $0.021 < 0.05$, this shows that partially the variable Net Profit Margin (X4) has a significant effect on Profit Growth (Y).

3.2.2. F Test (Simultaneous Test)

Table 9. F Test Results (Simultaneous Test)

F count	F table	Sig	Information
9,266	2.60	.000	Significant

Source: Results of SPSS data processing 26 01-25-23 21.00 WIB

Because the calculated F value > F table is $9.266 > 2.60$ and a significance value of $0.000 < 0.05$, H_0 is rejected and H_a is accepted. This shows that Working Capital to Total Assets, Debt to Equity Ratio, Total Asset Turnover, and Net Profit Margin simultaneously or jointly affect Profit Growth.

3.2.3. Determination Coefficient Test (R²)

Table 10. Determination Coefficient Test Results

R Square	Information
,694	Currently

Source: Results of SPSS data processing 26 01-25-23 21.00 WIB

Based on table 9 test of the coefficient of determination, it is interpreted as follows:

The test results for the coefficient of determination show that the R Square value is 0.694 or 69.4%. This means that the rate of profit growth that can be explained by independent variables (WCTA, DER, TAT, and NPM) is 69.4%, while the remaining 30.6% is influenced by other variables not examined in this study.

4. Discussion of Research Results

4.1. Effect of Working Capital to Total Assets (X1) on Profit Growth (Y)

The results of the study show that Working Capital to Total Assets (X1) has a positive but not significant effect on profit growth (Y). the results of multiple linear regression analysis one-way hypothesis testing, the regression coefficient results are 0.008 (positive), t count (1.443) is smaller than t table with a significance level of 5% with df = 40 of (2.021) and a significance (0.157) more greater than 0.05. So that it can be concluded that Working Capital to Total Assets based on this analysis can be obtained results that the first hypothesis which states Working Capital to Total Assets has a significant positive effect on profit growth is rejected.

The results of this study are in line with previous studies conducted by (Silaban, 2018) and (Desi & Arisudhana, 2020) which state that working capital to total assets has no effect on company profit growth.

a. Effect of Debt to Equity Ratio (X2) on Profit Growth (Y)

The results showed that the Debt to Equity Ratio (X2) had a significant positive effect on profit growth (Y). the results of multiple linear regression analysis one-way hypothesis testing, the regression coefficient results are 0.350 (positive), t count (2.207) is greater than t table with a significance level of 5% with df = 40 of (2.021) and significance (0.033) more smaller than 0.05. So that it is concluded that the Debt to Equity Ratio based on this analysis can be obtained the result that the second hypothesis which states that the Debt to Equity Ratio has a significant positive effect on profit growth is accepted.

The results of this study are in line with previous studies conducted by (Silaban, 2018) and (Estininghadi, 2019) which state that the Debt to Equity Ratio has a positive and significant effect on profit growth. However, it is different from previous research conducted by (Usfatun Tri Habibah et al., 2021) which states the Debt to Equity Ratio has no effect on profit growth.

b. Effect of Total Asset Turnover (X3) on Profit Growth (Y)

The results showed that Total Asset Turnover (X3) had a significant positive effect on profit growth (Y). the results of multiple linear regression analysis one-way hypothesis testing, the regression coefficient results are 0.147 (positive), t count (3.249) is greater than t table with a significance level of 5% with df = 40 of (2.021) and significance (0.002) more smaller than 0.05. So that it can be concluded that Total Asset Turnover based on this analysis can be obtained the result that the third hypothesis which states Total Asset Turnover has a significant positive effect on profit growth is accepted.

The results of this study are in line with previous research conducted by (Estininghadi, 2019), (Jie & Pradana, 2021) which states that Total Asset Turnover has a positive and significant effect on profit growth. However, it is different from previous research conducted by (Hanifah et al., 2020) which states Total Asset Turnover has no effect on profit growth.

c. Effect of Net Profit Margin (X4) on Profit Growth (Y)

The results showed that Net Profit Margin (X4) had a significant positive effect on profit growth (Y). the results of multiple linear regression analysis one-way hypothesis testing, the regression coefficient results are 0.590 (positive), t count (2.403) is greater than t table with a significance level of 5% with df = 40 of (2.021) and significance (0.021) more smaller than 0.05. So that it is concluded that Net Profit Margin based on this analysis can be obtained the result that the fourth hypothesis which states Net Profit Margin has a significant positive effect on profit growth is accepted.

The results of this study are in line with previous research conducted by (Juwari & Zulviani, 2020) and (Usfatun Tri Habibah et al., 2021) which stated that Net Profit Margin has a positive and significant effect on profit growth. However, it is different from previous research conducted by (Estininghadi, 2019) which states Net Profit Margin has no effect on profit growth.

d. The Influence of Working Capital to Total Assets, Debt to Equity Ratio, Total Asset Turnover, and Net Profit Margin on Profit Growth

Based on the research results obtained regarding the effect of Working Capital to Total Assets, Debt to Equity Ratio, Total Asset Turnover, and Net Profit Margin on profit growth in Pharmaceutical Sub Sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2017 – 2021. From the test ANOVA (Analysis Of Variance) shows that the calculated F value is greater than the F table value of $9.266 > 2.60$ and a significance value of $0.000 < 0.05$ so that H_4 is accepted and H_0 is rejected. This shows that the variables Working Capital to Total Assets, Debt to Equity Ratio, Total Asset Turnover, and Net Profit Margin have a direct relationship with Profit Growth. So it can be concluded simultaneously that the variables Working Capital to Total Assets, Debt to Equity Ratio, Total Asset Turnover, and Net Profit Margin have a significant effect on profit growth.

The results of this study are in line with previous research conducted by (Firman & Salvia, 2021) which states that Total Asset Turnover, Net Profit Margin, and Debt to Equity Ratio affect profit growth simultaneously.

5. Conclusions and Suggestions**5.1. Conclusions**

1. The partial results of the study show that Working Capital to Total Assets (X1) has a non-significant positive effect on profit growth (Y), this can be proven by t count $(1.443) < t \text{ table } (2.021)$ and sig $(0.157) > (0, 05)$. This means that the high value of Working Capital to Total Assets will not be followed by an increase in profit growth in pharmaceutical sub-sector companies for the 2017-2021 period listed on the Indonesia Stock Exchange or in other words the use of all assets in paying short-term debt is inefficient

because the company needs working capital to support operational activities when there is an increase in sales. Fluctuations in sales caused by the Covid-19 pandemic will affect working capital requirements.

2. The results of the study partially show that the Debt to Equity Ratio (X2) has a significant positive effect on profit growth (Y), this can be proven by t count (2.207) > t table (2.021) and sig (0.033) < (0.05). This means that the high value of the Debt to Equity Ratio will be followed by increased profit growth in pharmaceutical sub-sector companies for the 2017-2021 period listed on the Indonesia Stock Exchange. The higher the DER, the higher the use of debt as a source of corporate funding. This can pose a sizable risk to the company when the company is unable to pay these obligations at maturity, so that it will disrupt the continuity of the company's operations. In addition, the company will be faced with high interest costs so that it can reduce the company's profits.
3. The partial results of the study show that Total Asset Turnover (X3) has a significant positive effect on profit growth (Y), this can be proven by t count (3.249) > t table (2.021) and sig (0.002) < (0.05). This means that the high value of Total Asset Turnover will be followed by increased profit growth in pharmaceutical sub-sector companies for the 2017-2021 period listed on the Indonesia Stock Exchange. So the greater this ratio, the better, which means that assets can rotate faster and earn profits and show more efficient use of overall assets in generating sales. In other words, the same number of assets can increase sales volume if the total asset turnover is increased or enlarged, therefore profit growth will also increase.
4. The results of the study partially show that Net Profit Margin (X4) has a significant positive effect on profit growth (Y), this can be proven by t count (2.403) > t table (2.021) and sig (0.021) < (0.05). This means that the high value of Net Profit Margin will be followed by increased profit growth in pharmaceutical sub-sector companies for the 2017-2021 period listed on the Indonesia Stock Exchange. The higher the net profit margin, the better a company's operations, which means the better its profit growth.
5. The results of the F test show that F count (9.266) and sig (0.000). When compared with F table (2.60), then F count > F table and sig < 0.05, so it can be concluded that the model is significant. Based on this analysis, it can be obtained that Working Capital to Total Assets, Debt to Equity Ratio, Total Asset Turnover, and Net Profit Margin have a significant positive effect on profit growth.

a. Suggestion

1. For future researchers, the effect of 4 variables is still moderate. It is proven by the value of the coefficient of determination, R Square of 0.694 or 69.4%. This means that the profit growth rate that can be explained by the independent variables (WCTA, DER, TAT and NPM) is 69.4%, while the remaining 30.6% is influenced by other variables outside the regression model used. Please add or change the independent variables in order to have even better research results.
2. For potential investors or related parties, it is recommended to invest in pharmaceutical companies listed on the Indonesia Stock Exchange that have high DER, TAT and NPM ratios, because they affect profit growth. The profit that the company gets will be related to the amount of return in the form of dividends on the investment made and also has an impact on the value of the company's stock price.

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