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THE EFFECT OF DEBT TO EQUITY RATIO (DER) AND NET PROFIT MARGIN (NPM) ON RETURN ON EQUITY (ROE) IN THE PROPERTY AND REAL ESTATE SECTOR AT PT. LIPPO KARAWACI, TBK. PERIOD 2010-2019

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Abstract
Penelitian ini bertujuan untuk menyelidiki pengaruh parsial Debt to Equity Ratio (DER) dan Net Profit Margin (NPM) terhadap Return On Equity (ROE) dan efek simultannya terhadap ROE di PT. Lippo Karawaci Tbk. Investor harus mempertimbangkan berbagai faktor, termasuk laporan keuangan, sebelum berinvestasi di perusahaan. Penelitian ini menggunakan pendekatan kuantitatif dengan analisis deskriptif dan asosiatif terhadap data sekunder yang diperoleh dari laporan tahunan PT. Lippo Karawaci Tbk. dari tahun 2010 sampai dengan tahun 2019. Analisis data dilakukan dengan menggunakan uji asumsi klasik, analisis deskriptif, dan SPSS untuk Windows versi 20.0 dan Microsoft Excel 2019 untuk mendukung pemrosesan data awal. Studi ini menemukan bahwa DER tidak memiliki efek parsial yang menarik pada ROE, dengan koefisien penentuan 21,9%. Sebaliknya, NPM memiliki pengaruh parsial yang signifikan terhadap ROE dengan koefisien determinasi sebesar 88,2%. Bila dianalisis secara bersamaan, DER dan NPM berpengaruh signifikan terhadap ROE dengan koefisien determinasi sebesar 90,8%. Artinya, 90,8% ROE pada PT. Lippo Karawaci Tbk. dapat dijelaskan oleh DER dan NPM, sedangkan sisanya 9,2% dipengaruhi oleh faktor-faktor lain yang tidak diteliti dalam penelitian ini.
Kata Kunci: Rasio Utang terhadap Ekuitas, Marjin Laba Bersih, dan Pengembalian Ekuitas

Abstract
This study aims to investigate the partial effects of Debt to Equity Ratio (DER) and Net Profit Margin (NPM) on Return On Equity (ROE) and their simultaneous effect on ROE in PT. Lippo Karawaci Tbk. Investors must consider various factors, including financial reports, before investing in a company. The study applies a quantitative approach with descriptive and associative analysis of secondary data obtained from the annual reports of PT. Lippo Karawaci Tbk. from 2010 to 2019. The data analysis uses classic assumption tests, descriptive analysis, and SPSS for Windows version 20.0 and Microsoft Excel 2019 to support initial data processing. The study finds that DER has no compelling partial effect on ROE, with a coefficient determination of 21.9%. On the other hand, NPM has a partially substantial impact on ROE, with a coefficient determination of 88.2%. When analyzed simultaneously, DER and NPM significantly affect ROE, with a coefficient determination of 90.8%. This means that 90.8% of ROE in PT. Lippo Karawaci Tbk. can be explained by DER and NPM, while the remaining 9.2% is influenced by other factors not examined in this study.
Keywords: Debt to Equity Ratio, Net Profit Margin, and Return On Equity

1. INTRODUCTION

The importance of innovation and creativity in advancing the Indonesian economy in the era of the Industrial Revolution 5.0. Companies are considered one of the economy's wheels that must be more productive, innovative, and efficient in running finances. However, companies need external funding sources and capital from business owners to maintain productivity. Banks are one alternative, but loans can complicate a company's position and increase the burden of revenue that companies provide to banks. Therefore, other options, such as capital markets, are needed to obtain more efficient sources of capital.

Established as the foreign capital market, the capital market is essentially an activity that connects sellers and buyers of funds. Exchange Traded Funds are used long-term to support the company's development. Transactions in the capital market are in the form of common and preferred stock and debt securities in the form of bonds. Shares are tradable securities containing signs of individual or corporate institutions' participation or ownership.(Sudjana &; Barlian, 2012) (Zulfikar, 2016) (Anoraga &; Pakarti, 2008)

The government opened the Jakarta Islamic Index (JII) to protect Muslim investors from market practices and mechanisms in the equity sector. Currency exchange and some fears are not "Islamic". Initially, the Sharia Board of Directors of PT Danareksa Investment Management chose shares to become members of the Jakarta Islamic Index (JII) stock composition. However, along with the development of the Islamic stock market, this task was then carried out by BapepamLK Regulation No. II.K.I concerning Standards and Governance of Sharia Securities List. (et.al., 2009) (Sahamok, 2021)

In the Islamic capital market, issuers and securities must be subject to judicial rules and Islamic principles. Jakarta Islamic Index (JII) is a sharia stock index that allows Muslim investors to invest without the fear of making haram transactions. However, investors need to do the best possible analysis before investing and pay attention to the financial statements of issuers, especially in solvency ratios such as the Debt to Equity Ratio (DER) to measure the proportion of debt to capital. One of the companies listed in JII is PT. Lippo Karawaci Tbk. This must be carefully considered because of inconsistency in funding and distribution to the illegal or illicit sector.

Debt to Equity Ratio (DER) measures the proportion of debt to a company's capital. This ratio helps to know the measure of the comparison between the amount of money given by creditors and the amount of money from the company's owners. High DER indicates the high dependence of the company's capital on external parties, so the company's burden is also getting heavier. If a company bears a high debt burden that exceeds its own capital, its stock price will decrease. This ratio provides a general indicator of the creditworthiness and financial risk of the company. (Hery, 2016)

Profitability indicators are used to analyze financial statements and measure a company's ability to make a profit from normal operations. This study used two profitability indicators: Net Profit Margin (NPM) and Return On Equity (ROE). NPM measures the ratio of net profit to net sales, and the higher a company's NPM, the higher the net profit from net sales. This ratio can be affected by high or low pretax profits. (Hery S. E., 2015)

Return On Equity (ROE) measures the contribution of equity in generating net income. It determines how much net income is generated from each dollar invested in equities. ROE is calculated by dividing net income during the year by equity. A higher ROE indicates a higher net income from every dollar invested in equities. Conversely, a lower ROE means lower net income is generated from every dollar of equity investment. (Hery, 2016)

PT Lippo Karawaci Tbk. was the survey subject in this study. PT is one of Indonesia's largest real estate companies and has been listed on the Jakarta Islamic Index (JII) as a sharia stock since 2007. PT Lippo Karawaci Tbk had the largest market capitalization in the real estate industry in 2017. Still, the real estate industry's contribution to economic growth tends to stagnate yearly. The real estate sector, including construction and real estate, has accounted for about 13% of the gross domestic product over the past three years, and the growth of the real estate sector is influenced by macroeconomic conditions, such as fluctuating inflation in Indonesia.

According to theory, if the Debt to Equity Ratio (DER) drops, then Return On Equity (ROE) will rise. Conversely, if DER goes up, then ROE will go down. If Net Profit Margin (NPM) increases, then ROE will also increase, while if NPM decreases, ROE will decrease. To clarify this explanation, tables showing changes in ROE, DER, and NPM from 2010 to 2019 are presented.

Table 1
Performance at PT. Lippo Karawaci Tbk. Period 2010-2019

% ratio	**YEAR**									
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
THE	103,45	94,06	116,82	120,77	114,84	118,47	106,58	90,13	95,55	60,23
NPM	19,02	19,43	21,47	23,89	27,83	11,77	11,89	0,01	14,05	16,93
ROE	7,71	8,65	11,53	11,23	17,82	5,41	5,56	0	6,78	6

Source: Financial Report of PT. Lippo Karawaci, Tbk. (data processed)

The table above provides information about changes in several performance indicators of PT. Lippo Karawachi Tbk during the period 2011 to 2019. In 2011, the leverage ratio (DER) decreased, while the net profit margin (NPM) and Return On Equity (ROE) increased. In 2012, the leverage ratio increased while NPM and ROE also increased. In 2013, the ratio of DER and NPM increased while ROE fell. In 2014, the DER ratio decreased while NPM and ROE increased. In 2015, the DER ratio increased, while NPM and ROE dropped significantly. In 2016, the DER ratio decreased while NPM and take-out increased. In 2017, the DER, NPM, and ROE ratio dropped significantly. In 2018, the DER, NPM, and ROE ratio increased significantly. In 2019, the DER ratio declined sharply while NPM increased and ROE decreased.

The data comes from PT Lippo Karawaci Tbk and shows fluctuations in Gearing (DER), Net Profit Margin (NPM), and Return On Equity (ROE) between 2010 and 2019. The graph reveals the difference between theory and reality that occurs on the ground in the company. According to theory, if DER goes down, ROE will go up, and if DER goes up, ROE will go down. If NPM increases, then ROE will also increase, and vice versa if NPM decreases, then ROE will decrease. However, some problems in the field cause discrepancies between theory and reality.

2. LITERATURE REVIEW

According to Hanafi and Abdul Halim, Debt to Equity Ratio (DER) is a ratio that reveals the relationship between long-term loans obtained from creditors with the amount of own capital obtained from company owners. Another opinion states that the (Hanafia, Halim, & Mamduh, 2009) Debt to Equity Ratio (DER) is a measure used to analyze financial statements to display the collateral available to creditors. Meanwhile, according to cashmere (Fahmi, 2013) Debt to Equity Ratio (DER) is a ratio used to assess debt with equity. This ratio is obtained by comparing all debts, including lancer debt, with all equity. This ratio helps find out the number of funds provided by borrowers (creditors) with company owners.(Kashmir, 2012)

According to Munawir, Net Profit Margin is a ratio used to measure the level of profit that can be achieved by a company associated with its sales. Meanwhile, according to Bastian and Suhardjono, Net Profit Margin compares net profit with sales. This ratio is essential for operations managers because it reflects the company's established sales pricing strategy whose ability to control operating expenses. (Munawir, 2002)

Return On Equity Ratio (ROE) is a ratio commonly used to measure a company's ability to generate a net profit in a period based on specific capital, this ratio is a measure of profitability seen from the point of view of shareholder rights.

Return On Equity (ROE) is identical to the Net Profit Margin (NPM) ratio, which is included in the type of profitability ratio. This ratio is used for the company's ability to generate profits from its normal business activities. Return On Equity (ROE) explicitly considers a company's ability to generate profits for shareholders after accounting for the cost of debt and preferred stock dividends. (Hanafi, 2010)

Return On Equity is one of the crucial ratios because this ratio is a combination of 3 essential ratios (Return On Equity, Debt to Equity Ratio, and Profit Margin Ratio), which measures the level of the company's operational performance from profitability to company sales, measures the level of the operating performance of the company's asset return compared to the level of sales and company performance related to the ability to obtain funding for financing the company's assets. The return On Equity Ratio is a reflection of management activities. (Satianto & Benchmarkin, 2006)

3. METHODOLOGY

This study applies a descriptive method with a quantitative approach to provide information, picture, and systematic testing of the effect of Debt to Equity Ratio (DER) and Net Profit Margin (NPM) on Return On Equity (ROE) simultaneously or partially at PT. Lippo Karawaci Tbk. Researchers use quantitative approach methods because in testing, this research uses numbers and statistics to obtain hypotheses and is supported by literature studies, documentation, and browsing. The data analysis techniques used are classical assumption test analysis, descriptive analysis, and associative analysis with statistical formulas, including simple-multiple regression analysis tests, simple-multiple correlation tests, determination coefficient tests, and hypothesis tests (t-test and f test) and supported by the SPSS for windows version 20 application.

Based on the explanation above, the following frame of mind and hypothesis are formed:

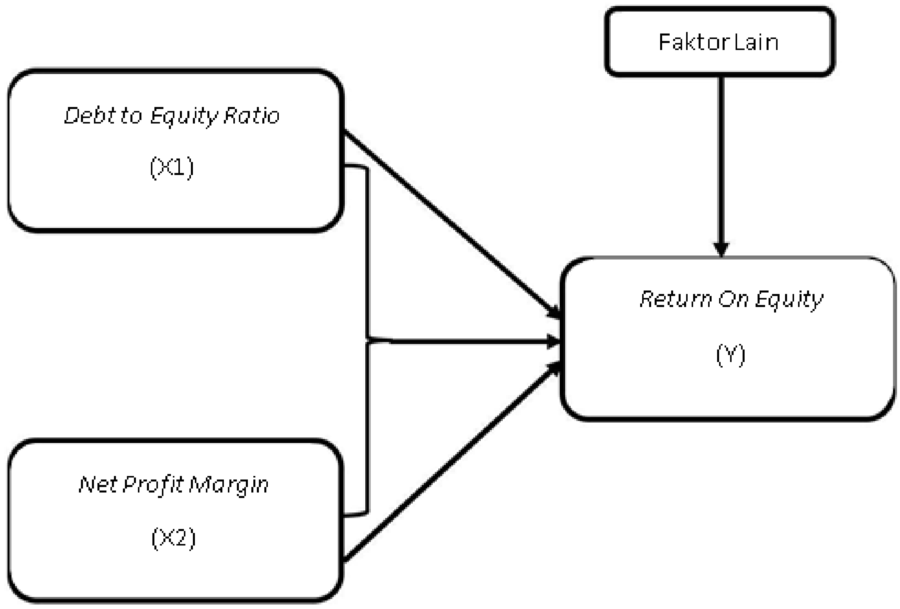


Figure 1 Thinking Framework

Then the hypothesis is the presumption of a study of the researcher's thinking with problems. The hypotheses in this study are:

Hypothesis 1: Debt to Equity Ratio has a partially significant positive effect on Return On Equity (ROE)

Hypothesis 2: Net Profit Margin (NPM) has a partly significant positive impact on Return On Equity (ROE)

Hypothesis 3: Debt to Equity Ratio (DER) and Net Profit Margin (NPM) have a significant effect simultaneously on Return On Equity (ROE)

4. RESULTS AND DISCUSSION

The results of this study will discuss the Debt to Equity Ratio and Net Profit Margin to Return On Equity at PT Lippo Karawaci Tbk. for the period 2010-2019, both partially and simultaneously.

4.1 Descriptive Statistics

Descriptive statistical analysis is an analytical test tool used in a study to describe research object data. This type of quantitative research is compiled into tables, curves, or diagrams as the primary material to be explained narratively and descriptively. The following are the results of descriptive statistical analysis of Debt to Equity Ratio, Net Profit Margin, and Return On Equity data at PT Lippo Karawaci Tbk. for the 2010-2019 period using SPSS for Windows version 20.

Table 3
Descriptive Statistics of the Effect of Debt to Equity Ratio and Net Profit Margin on Return On Equity of PT. Lippo Karawaci, Tbk.
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
THE	10	60.23	120.77	102.0900	18.32226
NPM	10	.01	27.83	16.6290	7.77591
ROE	10	.00	17.82	8.0690	4.73680
Valid N (listwise)	10				

Source: *SPSS For Windows version 20.0* output data

Based on table 4.6 above, results reveal that the value of N or the amount of data on the Debt to Equity Ratio is 10. Then the minimum value is obtained for the Debt to Equity Ratio of 60.23 and the maximum value of 120.77. Furthermore, the mean and standard deviation figures for the Debt to Equity Ratio are 102.0900 and 18.32226, respectively. While in the Net Profit Margin variable, the value of N or the amount of data is 10, the minimum value is obtained at 0.01, and the maximum value is 27.83. Furthermore, the mean figure is 16.6290, and the standard deviation

They amounted to 7.77591. Then the variable Return On Equity value N or the amount of data as much as is 10 with a minimum value of 0.00 and a maximum value of 17.82, then a mean value of 8.0690, a standard deviation of 4.73680. Based on these data, the entire data is obtained from calculations with N or the amount of data, which is 10 years.

4.2 Classical Assumption Test

4.2.1 Normality Test

The normality test determines whether the regression model is normally distributed. A good regression model is normally distributed with a significance level of ≥ 0.05. Here are the results of the classical assumption test using the Kolmogrov-Smirnov normality test.

Table 1
Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		10
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	1.43803451
Most Extreme Differences	Absolute	.194
	Positive	.194
	Negative	-.118
Kolmogorov-Smirnov Z		.615
Asymp. Sig. (2-tailed)		.844

a. Test distribution is Normal.
b. Calculated from data.
Source: SPSS For Windows version 20.0 output data

Based on the Kolmogorov-Smirnov normality test above reveals a residual test that results in a Kolmogorov-Smirnov value of 0.615 Asymp values. Sig (2-tailed) of 0.844 implies that when viewed based on decision-making, the value is greater than the value of the signification level of 0.05, which is 0.615 ≥ 0.05 and 0.844 ≥ 0.05. Therefore it can be concluded that the residual regression data is normally distributed, and regression analysis can be performed.

4.2.2 Multicollinearity Test

The multicollinearity test determines whether the regression model correlates with independent variables. A good regression model does not correlate with independent variables. To find it out, this study applies tolerance and VIF values. If the tolerance value ≥ 0.10 and the VIF ≤ 10, then the regression model does not correlate with the dependent variables. Here the author presents the results of the multicollinearity test using SPSS for Windows 20.

Table 2
Multicollinearity Test
Coefficients[a]

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.	Collinearity Statistics

		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-5.374	3.076		-1.747	.124		
	THE	.044	.032	.171	1.403	.203	.886	1.128
	NPM	.537	.074	.881	7.231	.000	.886	1.128

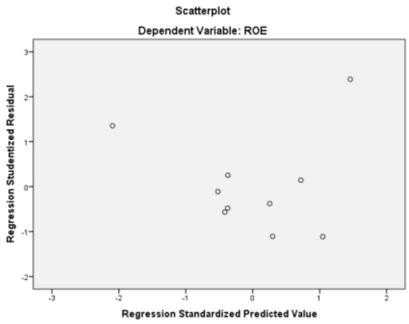
a. Dependent Variable: ROE

Source: *SPSS Version* 20 Output result data.

The calculation results using SPSS show a tolerance value of 0.886 and a VIF value of 1.128. Based on decision-making, a tolerance value greater than 0.10 means no correlation between independent variables, and the VIF value obtained is smaller than 10, meaning there is no correlation between independent variables. Thus, the data is said to pass the multicollinearity test.

4.2.3 Heteroskedasticity Test

The heteroskedasticity test aims to detect that a good regression model is that heteroskedasticity does not occur. The scatterplot heteroskedasticity test can prove this.



Source: *SPSS Version* 20 Output Data

Chart 1

Heteroscedasticity Test

Based on the graph above, the visible dots spread above and below the number 0 on the Y-axis, and the bubbles do not form a regular fixed pattern. It can be concluded that there is no heteroskedasticity, H_0 is accepted and the heteroskedasticity test is fulfilled.

4.3 The Effect of Partial Debt to Equity Ratio (DER) on Return On Equity (ROE) at PT. Lippo Karawaci, Tbk.

Companies use debt as a substitute for holding large amounts of cash. Companies with high debt use the debt for investment, so the amount of cash had become small. The higher the (Ozkan, 2004) (et.al., 2009) Debt to Equity Ratio (DER) reveals that the amount of debt owned by the company is greater than the capital, the costs borne by the company to fulfill obligations will be more significant, resulting in a decrease in the company's profitability. It can be concluded that based on existing theory, there is a negative influence of (Wachowiez, 2005) Debt to Equity Ratio (DER) on Return On Equity (ROE). Here the author presents the results of the research that has been done.

Table 4

Simple Linear Regression Analysis of the Effect of Debt to Equity Ratio (DER) on Return On Equity

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.295	8.363		-.514	.621
	THE	.121	.081	.463	1.500	.172

a. Dependent Variable: *Return On Equity* (ROE)

Source: *SPSS Version 20 Output* result data

The table data above reveals that the results of calculating SPSS obtained a value of -1.444 and b value of 0.572. With the equation Y = -4.295 + 0.121 X_1. If the constant value of -4.295 means that the variable Debt to Equity Ratio is considered constant (value 0), then the dependent variable, namely Return On Equity, will be -4.295. If the regression coefficient value of the Debt to Equity Ratio variable is 0.121, meaning that if the Debt to Equity Ratio variable changes by 1%, then the dependent variable, namely Return On Equity, will decrease by 0.121. Therefore it can be said that the effect of the Debt to Equity Ratio on Return On Equity is negative.

Table 5

Coefficient of Determination of Debt to Equity Ratio (DER) to Return On Equity (ROE) of PT. Lippo Karawaci, Tbk.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.468[a]	.219	.122	4.43871

a. Predictors: (Constant), DER

b. Dependent Variable: ROE

Source: *SPSS version* 20 *Output result data.*

Based on the results of manual calculations and calculations using SPSS For Windows version 20.00 above, it reveals an R square value of 0.219 or 21.9% which implies that the Debt to Equity Ratio (DER) can affect Return On Equity by 21.9%. At the same time, the remaining 78.1% was induced by other variables that were not studied in this study.

Table 6
The effect of the Debt to Equity Ratio (DER) t-test on Return On Equity (ROE) PT. Lippo Karawaci, Tbk.
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.295	8.363		-.514	.621
	THE	.121	.081	.468	1.500	.172

a. Dependent Variable: ROE
Source: SPSS Software for Windows Version 20 Output Data.

Based on the results of manual calculations and calculations using SPSS For Windows Version 20 above, a value of 1.500 was obtained, While with df = n-2 and a signification level of 5% (0.05), it can be known as 2.306. Therefore, the value of t $t_{culated} \leq t_{table}$ = 1.500 ≤ 2.306 with a significance value of 0.172 > 0.05, then H_o is accepted, and H_a is rejected, that is, the Debt to Equity Ratio partially does not have a significant effect on Return On Equity (ROE).

The results of this study support research conducted by Novita Sari, which reveals that the Debt to Equity Ratio (DER) does not significantly affect Return On Equity (ROE). This research is also supported by research conducted by Edith Theresa Stein, Debt to Equity Ratio (DER) reveals a partial significant negative effect on (Sari, 2015) Return On Equity (ROE) textile and garment companies on the IDX and Tania Nur Karlina, research reveals that the(Stein, 2012) Debt to Equity Ratio does not have a significant effect on Return On Equity (Karlina, 2015).

4.4 Partial Net Profit Margin (NPM) Analysis of Return On Equity (ROE) of PT. Lippo Karawaci, Tbk.

Net Profit Margin (NPM) is a ratio used to measure the percentage of net profit on net sales. This ratio is calculated by dividing net income by net sales. The higher the company's Net Profit Margin (NPM), the higher the net profit generated from net sales. This can be due to the high profit before income tax. Conversely, the lower the net profit margin, the lower the net profit generated from net sales. This can be due to low profit before income tax. (Hery, 2016)It can be concluded that based on existing theory, there is a positive influence of Net Profit Margin on Return On Equity.

Table 7

Simple Regression Analysis of the Effect of Net Profit Margin (NPM) on the Return On Equity (ROE) of PT. Lippo Karawaci, Tbk.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.444	1.346		-1.072	.315
	NPM	.572	.074	.939	7.729	.000

a. Dependent Variable: *Return On Equity*

Source: *SPSS Version* 20 Output result data.

The table data above reveals that the results of calculating SPSS obtained a value of -1.444 and b value of 0.572. With the equation $Y = -1.444 + 0.572\ X_2$. This implies if the value of constant (a) is -1.444 means that if the independent variable Net Profit Margin (NPM) is considered constant or equal to zero (0), then the dependent variable Return On Equity (ROE) is -1.444. If the value of the regression coefficient (b) is 0.572. In that case, it implies that if the Net Profit Margin (NPM) variable changes by one (unit), the Return On Equity (ROE) variable will increase by 0.572. Therefore it can be said that the direction of influence of Net Profit Margin (NPM) on Return On Equity (ROE) is positive.

Table 8

Coefficient of Determination of Net Profit Margin to Return On Equity of PT. Lippo Karawaci, Tbk.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.939[a]	.882	.867	1.72655

a. Predictors: (Constant), NPM

Source: *SPSS Software for Windows Version* 20 Output Data.

Referring to the table above, the result of the coefficient of determination of Net Profit Margin (NPM) to Return On Equity (ROE) is 0.882 and, when multiplied by 100%, is 88.2%. This means that the variability of the variable Net Profit Margin (NPM) to Return On Equity (ROE) is 88.2%. At the same time, the remaining 11.8% was influenced by other variables that were not studied in this study.

Table 9

The Effect of Net Profit Margin (NPM) Test on Return On Equity (ROE) of PT. Lippo Karawaci, Tbk.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.444	1.346		-1.072	.315
	NPM	.572	.074	.939	7.729	.000

a. Dependent Variable: *Return On Equity*

Source: *SPSS Software for Windows Version* 20 Output Data.

The results of the SPSS calculation reveal a calculated t value of 7.729, then in this case, t calculate ≥ t_{table} = 7.729 ≥ 2.306 and the significance value is smaller than 0.05 which is 0.000. Therefore it implies there is a significant influence between the variable Net Profit Margin (NPM) and Return On Equity (ROE), so H_a is rejected and H_0 is accepted. The results of this study support research conducted by Aminatuzzahra, NPM reveals a partially significant positive effect on ROE.(Tuzzahra, 2010).

4.5 Analysis of the Effect of Debt to Equity Ratio (DER) and Net Profit Margin (NPM) on Return On Equity (ROE)

The previous theory stated that there is a relationship between expenses and profits: the lower the value of costs, the higher the profit obtained. Vice versa, the higher the load, the lower the profit obtained. Likewise, with capital turnover, the faster the capital rotates, the more capital is obtained.

Table 10

Multiple Linear Regression Analysis of Debt to Equity Ratio (DER) and Net Profit Margin (NPM) to Return On Equity (ROE) of PT. Lippo Karawaci, Tbk.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	-5.374	3.076		-1.747	.124
1	THE	.044	.032	.171	1.403	.203
	NPM	.537	.074	.881	7.231	.000

a. Dependent Variable: ROE

Source: SPSS Version 20 Output result data.

Based on manual and statistical calculations, a multiple linear regression equation models can be made as $Y = -5.374 + 0.044 X_1 + 0.537 X_2$. This implies if the constant value is -5.374, meaning that the independent variables Debt to Equity Ratio (DER) and Net Profit Margin (NPM) are considered constant (value 0), then the dependent variable, namely Return On Equity (ROE) will be -5.374. If the regression coefficient value of the Debt to Equity Ratio (DER) variable reveals a value of 0.044, meaning that the Debt to Equity Ratio (DER) changes by one (unit). The Net Profit Margin (NPM) variable is considered constant (0) then the Return On Equity (ROE) variable will experience a decrease of 0.044. If the value of the Net Profit Margin (NPM) variable coefficient reveals a value of 0.537, meaning that if the Net Profit Margin (NPM) variable changes one (unit) and the other variable, namely the Debt to Equity Ratio (DER) is considered constant (0 value), then the dependent variable, Return On Equity (ROE), will experience a decrease of 0.537.

Table 11

Analysis of the Coefficient of Determination of the Effect of Debt to Equity Ratio (DER) and Net Profit Margin (NPM) on the Return On Equity (ROE) of PT. Lippo Karawaci, Tbk.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.953[a]	.908	.882	1.63058

a. Predictors: (Constant), Debt to Equity Ratio (DER), Debt to Equity Ratio

Source: SPSS Version 20 Output result data.

Based on the calculation results of the coefficient determination above, it can be known as 0.908 if it is percented to 90.8%. This implies that the Debt to Equity Ratio (DER) and Net Profit Margin (NPM) simultaneously contribute to the Return On Equity (ROE) of 90.8%. While some others are by variables outside this study.

Table 12

Test f Debt to Equity Ratio (DER) and Net Profit Margin (NPM) Against Return On Equity (ROE) PT. Lippo Karawaci, Tbk.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	183.324	2	91.662	34.475	.000[b]
	Residual	18.611	7	2.659		
	Total	201.935	9			

a. Dependent Variable: *Return On Equity* (ROE)

b. Predictors: (Constant), Debt to Equity Ratio (DER), Net Profit Margin (NPM)

Source: SPSS Version 20 Output result data.

Based on the results of manual calculations and SPSS, F_{count} is 34,475, more significant than F_{table} obtained by 4.74. Therefore that a comparison is obtained between the calculated F value and the table F, which is 34.475 > 4.74. Therefore it can be concluded that H_0 is rejected and Ha is accepted, meaning that simultaneously Debt to Equity Ratio (DER) and Net Profit Margin (NPM) have a significant influence on Return On Equity (ROE).

5. CONCLUSION

This research reveals no significant influence between Debt to Equity Ratio to Return On Equity. Meanwhile, Net Profit Margin significantly positively affects Return On Equity. Simultaneously, the Debt to Equity Ratio and Net Profit Margin negatively affect the Debt to Equity Ratio and positively affect Net Profit Margin on Return On Equity. The coefficient of determination of 90.8% reveals that the Debt to Equity Ratio and Net Profit Margin together affect Return On Equity. However, 9.2%

were influenced by other variables that were not studied. The calculation results of test f, 34.475 > table 4.74, reveal no significant influence between Debt to Equity Ratio and Net Profit Margin on Return On Equity. The company is expected to minimize the risks that will arise in the environment by paying attention to the decisions to be taken by the company and evaluating financial statements in the previous period. The company must improve its performance in capital management and long-term debt servicing to improve the value and value of Debt to Equity Ratio value and Net Profit Margin to obtain better profits and investment management to increase investors' confidence in who will invest. For authors interested in conducting further research, it is favored to add other independent variables to determine other factors that can affect Return On Equity thus it is hoped that future studies can improve the research conducted by the author.

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