The Effect of Debt To Equity Ratio (DER) and Net Profit Margin (NPM) on Return on Equity (ROE) at PT. Kalbe Farma Tbk, During the Period 2013-2024.

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ABSTRACT

A company's financial performance can be evaluated through various ratios, one of which is the solvency ratio and the profitability ratio. Return on Equity (ROE) is one of the important ratios in assessing company performance, especially in measuring the company's ability to generate profits for shareholders based on its equity. Return on Equity (ROE) functions as an indicator of profitability as well as efficiency in the use of equity. The higher the Return on Equity (ROE), the greater the rate of return received by shareholders on their investment. This study aims to analyze the effect of Debt to Equity Ratio (DER) and Net Profit Margin (NPM) on Return on Equity (ROE) at PT Kalbe Farma Tbk for the period 2013–2024. The main focus of the study is to determine how much influence the Debt to Equity Ratio (DER) and Net Profit Margin (NPM) have on Return on Equity (ROE), both partially and simultaneously. The study population was taken from the financial statements of PT Kalbe Farma Tbk for the period 2013–2024. The research approach used is descriptive and associative, with the help of SPSS software version 25. The results of the analysis show that the Debt to Equity Ratio (DER) has a very strong and significant influence on Return on Equity (ROE) with a contribution of 73.2%, while Net Profit Margin (NPM) has an influence of 46.9%. Simultaneously, both variables have a very strong relationship to Return on Equity (ROE) with a positive direction of 79.7%. The resulting regression equation model is: ROE = –627.031 + 0.528 DER + 0.976 NPM

Kerywords: *Debt to Equity Ratio, Net Profit Margin, Return On Equity*

ABSTRAK

Kinerja keuangan perusahaan dapat dievaluasi melalui berbagai rasio, salah satunya adalah rasio solvabilitas dan rasio profitabilitas. Return On Equity (ROE) merupakan salah satu rasio penting dalam menilai kinerja perusahaan, khususnya dalam mengukur kemampuan perusahaan dalam menghasilkan keuntungan bagi pemegang saham berdasarkan ekuitas yang dimiliki. Return On Equity (ROE) berfungsi sebagai indikator profitabilitas sekaligus efisiensi dalam penggunaan modal sendiri. Semakin tinggi nilai Return On Equity (ROE), semakin besar pula tingkat pengembalian yang diterima pemegang saham atas investasinya. Penelitian ini bertujuan untuk menganalisis pengaruh Debt to Equity Ratio (DER) dan Net Profit Margin (NPM) terhadap Return On Equity (ROE) pada PT Kalbe Farma Tbk untuk periode 2013–2024. Fokus utama penelitian adalah untuk mengetahui seberapa besar pengaruh Debt to Equity Ratio (DER) dan Net Profit Margin (NPM) terhadap Return On Equity (ROE), baik secara parsial maupun simultan. Populasi penelitian diambil dari laporan keuangan PT Kalbe Farma Tbk selama periode 2013–2024. Pendekatan penelitian yang digunakan bersifat deskriptif dan asosiatif dengan bantuan perangkat lunak SPSS versi 25. Hasil analisis menunjukkan bahwa Debt to Equity Ratio (DER) memiliki pengaruh yang sangat kuat dan signifikan terhadap Return On Equity (ROE) dengan kontribusi sebesar 73,2%, sedangkan Net Profit Margin (NPM) berpengaruh sebesar 46,9%. Secara simultan, kedua variabel tersebut memiliki hubungan yang sangat kuat terhadap Return On Equity (ROE) dengan arah positif sebesar 79,7%. Adapun model persamaan regresi yang dihasilkan adalah: ROE = –627,031 + 0,528 DER + 0,976 NPM

Kata kunci: *Debt to Equity Ratio, Net Profit Margin, and Return On Equity*

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INTRODUCTION

The performance of a company's financial report can be seen from several ratios, one of which is the Solvency Ratio Profitability Ratio, investors will usually start to be interested in investing capital or funds in companies that are considered quite good in terms of the ratios above, along with the development of science and technology in the pharmaceutical industry, it becomes a challenge for companies to compete in producing quality and quality products so that it is directly proportional to the increasing number of investors who want to provide their funds to the company.

The pharmaceutical industry is a strategic sector in the national health system because it plays a crucial role in providing the medicines needed by the public. The Ministry of Industry (Kemenperin) recorded growth in the pharmaceutical and drug industry of 8.01 percent in the second quarter of 2024. Andi Rizaldi, Head of the Industrial Services Standardization and Policy Agency (BSKJI), stated that this figure contributed 18.52 percent to the non-oil and gas processing industry. Currently, there are several types of natural medicine industry companies in Indonesia, namely Small Traditional Medicine Enterprises (UKOT), Micro Traditional Medicine Enterprises (UMOT), Natural Extract Industries (IEBA), and Traditional Medicine Industries (IOT). This natural medicine industry produces 19,000 herbal medicine products, 99 standardized herbal medicine products, and 33 phytopharmaceutical products. *(Source: https://www.tempo.co/ekonomi/ekspansi-industri-farmasi-dan-obat-herbal dongkrak-indeks-kepercayaan-industri-nilai-capai-rp-9-9-triliun-409521).*

According to data from the Food and Drug Monitoring Agency (BPOM) and the Ministry of Health, the number of pharmaceutical companies in Indonesia continues to increase, including manufacturers of generic drugs, branded drugs, and even herbal medicines. Furthermore, the COVID-19 pandemic has accelerated innovation and investment in this sector, including the development of vaccines and other health products. However, while quantitative growth appears promising, significant structural challenges remain, such as dependence on imported raw materials (API - Active Pharmaceutical Ingredients), limited research and innovation, and intense competition with imported products. In less than three months, with a force of 40 generic drug evaluators, BPOM recorded a 100% completion rate, with the following details: 769 (84%) NIEs were granted. 146 (16%) of generic drugs that could not provide scientific data to guarantee safety, efficacy, and quality were rejected by BPOM or canceled

by the Pharmaceutical Industry. This achievement not only demonstrates BPOM's commitment to expediting the re-registration process but also serves as an effort to ensure the quality of drugs circulating in Indonesia, as conveyed by the Head of BPOM on October 21, 2024. (Source: https://registrasiobat.pom.go.id/berita-dan-publikasi/berita/bpom-selesaikan-915-registrasi-ulang-obat-generik-dalam-waktu-kurang-dari-3-bulan).

On the other hand, pharmaceutical company growth is also significantly influenced by economic factors such as inflation, the rupiah exchange rate, government drug pricing policies, and global market dynamics. The instability of these factors can impact the long-term sustainability of the pharmaceutical industry. Therefore, it is necessary to analyze pharmaceutical company growth not only in terms of quantity, but also in terms of quality, innovation, production efficiency, and competitiveness in both domestic and international markets. Given this complexity, studying pharmaceutical company growth in Indonesia is crucial for understanding the supporting and inhibiting factors, as well as formulating strategies that can strengthen the national pharmaceutical industry's competitiveness going forward.

Founded in 1966, PT Kalbe Farma Tbk. has experienced rapid growth from a simple home-based business in a garage to one of Indonesia's leading pharmaceutical companies. Through organic growth and a merger and acquisition strategy, Kalbe has evolved into an integrated healthcare solutions provider, operating through four main divisions: Prescription Pharmaceuticals (23%), Consumer Health Products (17%), Nutritionals (30%), and Distribution and Logistics (30%).

These four business divisions manage a comprehensive portfolio of prescription and over-the-counter pharmaceuticals, energy drinks, and nutritional products, and distribution operations spanning over one million points of sale across Indonesia. Internationally, the company has expanded its presence to ASEAN countries, Nigeria, and South Africa, successfully establishing itself as a national healthcare company capable of competing in export markets.

Since its inception, the Company has recognized that innovation is key to driving business growth. Kalbe has developed research and development capabilities, particularly in generic drug formulations, and supported the launch of innovative consumer and nutritional products. Through strategic collaborations with international partners, Kalbe has initiated various research and development initiatives focused on cutting-edge technologies, including drug delivery systems, cancer therapies, stem

cells, and biotechnology. (Source: https://www.kalbe.co.id/id/tentang-kami).

If the company makes a profit, it can invite potential investors to invest in the company, this is of course by assessing several aspects of the current year's financial statements, one of which is by looking at the Debt to Equity Ratio (DER) where the total debt is divided by total equity, if the smaller the Debt to Equity Ratio (DER), the better the company's solvency ratio indicates that the company uses very little funds from loans to debtors or third parties, then Net Profit Margin (NPM) where net profit is divided by revenue if the greater the value of Net Profit Margin (NPM) indicates the company is able to control or maximize its business results, then Return On Equity (ROE) where net profit is divided by total equity if the greater the Return On Equity (ROE) in a company indicates the company is able to generate profits from the capital used in running a business or business, so in this study the solvency ratio and profitability ratio were taken, from data obtained in the financial statements of PT Kalbe Farma Tbk. During 2015 - 2024. The following are the results of the calculation of debt to equity, net profit margin, and return on equity.

Table 1. The Amount of DER, NPM, and ROE at PT Kalbe Farma Tbk. During the Period 2013 – 2024

YEAR	DER (%)	NPM (%)	ROE (%)
2013	33.12	12.52	23.58
2014	26.56	12.26	21.69
2015	25.22	11.65	19.05
2016	22.16	12.15	18.62
2017	19.59	12.10	17.58
2018	18.64	12.11	16.69
2019	21.31	11.18	15.04
2020	23.46	12.40	15.68
2021	20.69	12.22	15.09
2022	23.28	12.14	15.90
2023	17.03	9.20	12.12
2024	19.68	10.02	13.29

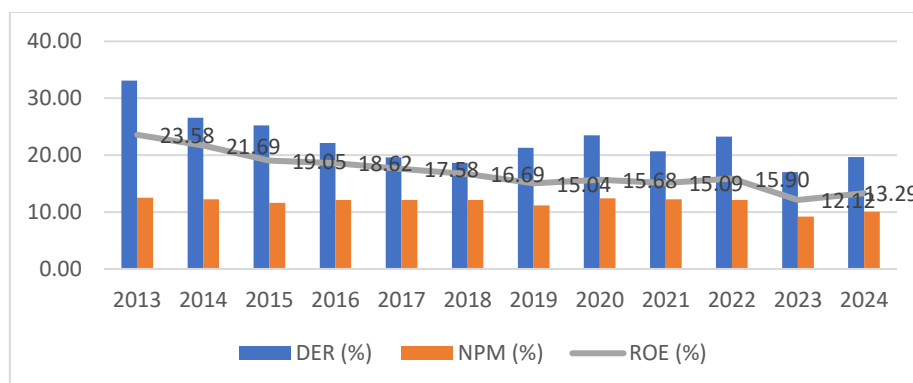*Source: Financial reports for 2013-2024, data processed in 2025*

FIGURE 1. DER, NPM, and ROE at PT Kalbe Farma Tbk. During the Period 2013 – 2024.

From the data above, it can be explained that the debt to equity ratio decreased from 2013 to 2018, this was due to one of the increasing equity (capital) in running its business from each year, but it increased in 2019 due to funding obtained from third parties such as banks for the continuity of its business where that year was the beginning of the covid-19 pandemic starting to enter Indonesia. However, it decreased again in 2020 because the company became one of the sectors that could survive when other companies were affected by the COVID-19 pandemic, PT. Kalbe Farma Tbk became one of the producers of PPE and anti-body drugs to reduce the impact of the COVID-19 virus.

The net profit margin based on the data above, can be concluded from 2013 - 2018, shows a flat figure of 12%. This could be one of the factors that the company can stabilize the profits it obtains from year to year, of course it is homework for companies to be able to innovate more in creating products that have higher selling power, in 2022 the figure fell from 12.14% to 9.20% this is due to sales and administrative expenses for research needs and product development for innovations and post-pandemic recovery transition covid - 19.

Return on equity (ROE) at PT. Kalbe Farma Tbk tends to experience a downward trend. This can be seen from 2013 - 2018, experiencing a decline from 23.58% to 15.04%. This is a sign that the income generated has not been able to cover the amount of capital used. This could be due to, among other things, a lack of purchasing power for PT Kalbe Farma Tbk's products, a competitive trend with similar pharmaceutical companies, and unrealized retained earnings.

Based on the description above, it shows that the pharmaceutical industry is a fairly good sector that is growing in Indonesia, amidst the fierce competition with state-owned companies. PT. Kalbe Farma Tbk continues to strive to become a superior and high-quality drug and pharmaceutical

producer. This can be one way or a step for investors to try to invest funds by analyzing financial reports, and we can assess the company's financial condition. This report serves as an indicator of financial health and provides an overview of the company's potential development in the future. Therefore, the author is interested in analyzing the extent of the influence of Debt to Equity Ratio (DER) and Net Profit Margin (NPM) on Return on Equity (ROE) at PT. Kalbe Farma Tbk. During the period 2013-2024.

Referring to the background of the problem above, the following is the problem formulation created: 1) To what extent can the influence of Debt to Equity Ratio (DER) on Return on Equity (ROE) at PT. Can Kalbe Farma Tbk be identified?2) How does Net Profit Margin (NPM) contribute to Return on Equity (ROE) at PT? Kalbe Farma Tbk?; 3) To what extent do the Debt to Equity Ratio (DER) and Net Profit Margin (NPM) simultaneously influence Return on Equity (ROE) at PT. Kalbe Farma Tbk?

Research objectives should be formulated with sufficient clarity and precision. The objectives of this research are as follows: 1) To determine the extent of the influence of Debt to Equity Ratio (DER) on Return on Equity (ROE) at PT. Kalbe Farma Tbk; 2) To analyze the impact of Net Profit Margin (NPM) on Return On Equity (ROE) at PT. Kalbe Farma Tbk; 3) To examine the influence of Debt to Equity Ratio (DER) and Net Profit Margin (NPM) together on Return On Equity (ROE) at PT. Kalbe Farma Tbk.

THEORETICAL STUDIES

Debt to Equity Ratio (DER)

The solvency ratio, also known as the leverage ratio, is a financial indicator used to evaluate the proportion of a company's assets funded by debt. This ratio measures the extent to which a company bears the burden of liabilities to finance its assets. More broadly, the solvency ratio is used to assess a company's ability to meet all its financial obligations, both short-term and long-term. Thian (2022:128)

Solvency ratios are used as a measuring tool to evaluate the extent to which a company can meet all its financial obligations, both short-term and long-term, by using assets as collateral for debt, in line with basic accounting principles. One form of this ratio is the Debt to Equity Ratio (DER), which is a ratio that describes the comparison between total long-term debt and the company's owner's equity. This ratio aims to show the extent to which a company relies on external funding (debt) compared to its own capital to finance its operations and investments. It shows how much creditors contribute compared to the company's owners. Ideally, debt should not

exceed equity to avoid excessively high fixed costs. The lower the ratio of debt to equity, the higher the company's financial security. Hasibuan (2023: 95)

The Debt to Equity Ratio (DER) is a financial indicator used to assess the extent to which a company finances its operations through debt compared to shareholder equity. This ratio describes the proportion between the company's liabilities, reflecting the debt component, while equity reflects funds originating from owners. The higher the Debt to Equity Ratio (DER), the greater the company's dependence on external financing sources, which can indicate increased financial risk if not balanced by adequate repayment capacity . which can increase potential returns for shareholders. However, a high Debt to Equity Ratio (DER) also increases financial risk, especially in liquidation situations, because debt must be repaid first before shareholders receive their claims. Conversely, a low Debt to Equity Ratio (DER) indicates that the company has a more conservative capital structure, with less dependence on debt, thereby reducing the risk of bankruptcy and increasing long-term financial stability. Sa'adah, Nur'ainui. (2020: 04).

Based on experts' opinion, it can be concluded that the debt to equity ratio is a ratio in analyzing a financial report where the capital used in carrying out a business activity comes from debt (creditors) or capital from the company itself, because the greater the Debt to Equity Ratio (DER), it indicates that the company uses more capital from outside parties than from the company's own capital, this is certainly a concern if the Debt to Equity Ratio (DER) is too large if the company experiences liquidity, it will complicate the company's operational activities in the short and long term.

Net Profit Margin (NPM)

Profitability ratios serve as financial indicators to assess a company's effectiveness in generating profits from its operations. These ratios serve to assess the level of operational efficiency and the company's capacity to generate profits from its business activities.

Net Profit Margin (NPM) is a financial ratio used to measure the percentage of net profit earned by a company from each unit of revenue generated. This ratio reflects the company's level of efficiency in managing operational and non-operational expenses. The higher the Net Profit Margin, the more efficient the company is in maximizing revenue generated to generate profit from sales activities (Wasito, 2024:80).

According to Sherman in Wahyu (2024:106), Net Profit Margin (NPM) is a financial ratio used to measure the amount of net profit a company generates from each unit of sales revenue. This ratio is also known as the return on sales rate, which reflects the company's efficiency in managing revenue after deducting all operating expenses, taxes, and other costs. Companies with a higher net profit margin compared to competitors or the industry average are generally considered to have more optimal financial performance in generating net profit.

Net Profit Margin (NPM) is a ratio used to compare a company's net profit to its total revenue. This ratio reflects a company's level of profitability, namely the amount of net profit it can generate from sales activities or overall operating income. Therefore, Net Profit Margin (NPM) serves as an indicator of a company's efficiency in managing its revenue to generate profit (Nurdiani, 2021:94).

Based on the description above, it can be concluded that Net Profit Margin (NPM) is a ratio used to determine how much profit is obtained from each rupiah of sales. The higher the NPM value, the better the company is at generating profits from each sale.

Return on Equity (ROE)

Return on Equity (ROE) is an indicator used to assess a company's effectiveness in managing available capital to generate profits for shareholders. This ratio reflects the company's level of efficiency in utilizing equity to create profit value. According to Irham Fahmi, Sa'adah, and Nur'ainui (2020:56).

Return on Equity (ROE) is an indicator that describes a company's ability to generate net profit after tax by utilizing its equity. This ratio indicates the level of efficiency of equity utilization in generating profits, so it is often referred to as a measure of equity profitability. Furthermore, this ratio illustrates the comparison between net profit and total equity, which is generally used to evaluate the financial performance of both banks and companies in general (Gunardi, Alghifari et al., 2023:25).

Return on Equity (ROE) is a financial ratio used to measure a company's profitability in providing returns to shareholders based on its equity. ROE reflects how efficiently a company manages shareholder capital to generate net profit (Mulyana, Susilawati, et al., 2024:75).

Based on the description above, it can be concluded that Return on Equity (ROE) is one of the crucial financial ratios in evaluating company

performance, especially to measure the company's effectiveness in generating profits for shareholders based on available equity capital. This ratio serves as an indicator of profitability as well as the efficiency of using equity capital. The higher the Return on Equity (ROE), the greater the rate of return received by shareholders on the funds they invest. Thus, Return on Equity (ROE) not only reflects the company's operational success, but also illustrates the level of management efficiency in managing and utilizing owned equity resources to generate net profit.

RESEARCH METHODS

Research Design

A research design is a framework that outlines the methods and procedures used by researchers to conduct a study. This design encompasses the systematic and objective process of data collection, processing, analysis, and presentation. The primary function of a research design is to serve as a guideline for conducting a study to ensure that the data obtained is relevant and accurate. Therefore, research design also plays a crucial role in problem-solving or hypothesis testing through a structured scientific approach (Surjaatmadja, Recky, 2024:159)).

Research design is a conceptual framework that serves as a guide for systematically planning and implementing research stages. This framework establishes procedures for data collection, processing, and analysis. The existence of a research design is crucial because it provides systematic direction and structure, thereby ensuring the validity and accountability of the research results (Sugiyono in Husaniah, Hanifah et al. (2024:22)).

Based on the problem formulation explained previously, this research is categorized as both descriptive and associative causality research. According to Leon, Suryaputri et al. (2023:40), descriptive problem formulation is a form of formulation that focuses on questions regarding the existence of one or more variables independently, without comparing them with other samples or looking for relationships between variables. In other words, this formulation only describes the condition of the variables as they are. Meanwhile, associative problem formulation refers to formulations that aim to examine the relationship between two or more variables in a study.

This study aims to analyze the influence of Debt to Equity Ratio (DER) and Net Profit Margin (NPM) on Return on Equity (ROE) at PT Kalbe Farma Tbk. The population that is the object of this study is the company's financial statements, with a purposive sampling technique that focuses on the financial statements for the period 2013–2024. The research method

applied is a descriptive method with a quantitative approach, and the data analyzed are secondary data in the form of financial statements that have been processed by researchers to achieve the study objectives. The analysis techniques used include descriptive statistics, followed by classical assumption testing, autocorrelation testing, determination coefficient calculation, regression analysis, and hypothesis testing using SPSS software version 25.

Research Variables

Riadi's opinion in Iswahyudi et al. (2023:19) states that research variables are the main elements that become the focus of attention in a study because they have a certain influence and value. In general, a variable can be defined as a characteristic or quantity that can change, potentially influencing the events or results of a study. Through variable identification and analysis, researchers can more easily uncover and understand the problems being studied.

In this study, the author uses two types of variables, namely independent variables and dependent variables. for the independent variables consisting of Debt to Equity Ratio (X_1) and Net Profit Margin (X_2), while the dependent variable is Return On Equity (Y).

Research Population and Sample

In general, a population can be defined as a collection of objects that share certain characteristics and serve as the basis for generalizations in a study. This population can be a group of individuals, objects, or other entities around us, from which data will be collected for later analysis and conclusions. The existence of a population is an essential element in conducting research; without it, the research process cannot be carried out. If the population is very large, then comprehensive data collection will require a significant allocation of time, effort, and costs. Therefore, under certain conditions, it is permissible to take a portion of the population, which is called a sample. The sample is a representation of the population, so the quality and accuracy of the sample greatly influence the success of the research results. Lismawati, Sukowati et al (2023:76)

The population in this study is PT. Kalbe Farma Tbk. for the period 2013 to 2024. The research sample was selected using a purposive sampling method, a sampling technique based on specific criteria established by the researcher. The sample used was the financial statements of PT. Kalbe Farma Tbk. for that period.

To test the hypothesis in a study, descriptive statistical data analysis is required. In this study, further analysis is carried out by applying a multiple linear regression model, which is expressed in the form of an equation: $Y' = a + b_1 X_1 + b_2 X_2$. In this equation, Y' represents the dependent variable (bound), while X_1 and X_2 are independent variables (free). The value of a is the regression constant, while b_1 shows the magnitude of the change in the dependent variable due to a one-unit change in X_1, assuming X_2 remains constant. Similarly, b_2 describes the change in the dependent variable due to a one-unit change in X_2, when X_1 is in a fixed condition. Hamdani and Santosa (2007:282).

FRAMEWORK

A conceptual framework is a description or statement of the concepts used to solve previously identified or formulated problems. Through the explanation in the conceptual framework, researchers can comprehensively describe the various concepts, constructs, and variables studied, as well as the theoretical sources or concepts underlying them (Sugiarto, 2022:64). This research flow demonstrates the relationship between the independent variables, namely the Debt to Equity Ratio (DER) and Net Profit Margin (NPM), and the dependent variable, namely Return on Equity (ROE). Thus, this framework model can be expressed in the form of a research paradigm:
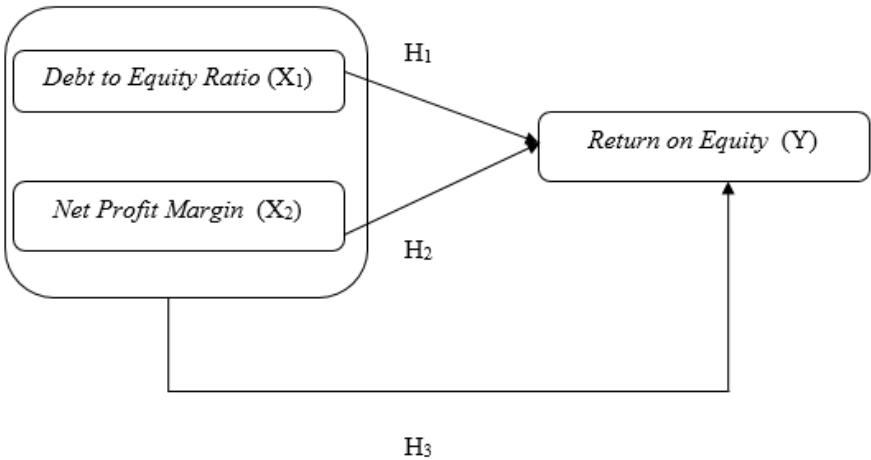

FIGURE 1. Framework

RESEARCH RESULTS

The discussion of the research results is structured argumentatively by linking the empirical findings to relevant economic theories, previous research findings, and actual conditions in the field. This analysis aims to evaluate the extent to which the research results support or deviate from the

theoretical framework and previous studies. Furthermore, the discussion also highlights the novelty of the research findings, both in terms of the approach, the variables used, and the economic context. All descriptions are structured systematically and flow to provide a complete and comprehensive picture of the research's contribution to the development of economics. (Wdiana (2021).

Table 2. Descriptive Statistical Test

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
DER	12	1703.00	3312.00	2256.1667	430.85493
NPM	12	920.00	1252.00	1166.2500	103.56827
ROE	12	1212.00	2358.00	1702.7500	331.06361
Valid N (listwise)	12				

Source: Processed from secondary data, 2025

Table 3. Normality Test

One-Sample Kolmogorov-		
		Unstandardized Residual
N		12
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	149.15883746
Most Extreme Differences	Absolute	0.141
	Positive	0.094
	Negative	-0.141
Test Statistic		0.141
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true

Source: Processed from secondary data, 2025

The normality test conducted using *the One-Sample Kolmogorov-Smirnov Test method* produced an *Asymp. Sig (2-tailed)* value of 0.200. Because the value If the significance value exceeds the 0.05 limit, it can be concluded that the residuals in the regression model are normally distributed. Thus,

the residual data meet the assumption of normality and are suitable for use in this research analysis.

Table 4. Multicollinearity Test

Model				Standardized Coefficients	t	Sig.	Collinearity Statistics	
				Beta			Tolerance	VIF
1	(Constant)	-627.031	564.900		-1.110	0.296		
	DER	0.528	0.138	0.687	3.816	0.004	0.696	1.438
	NPM	0.976	0.576	0.305	1.696	0.124	0.696	1.438
a. Dependent Variable: ROE								

Source: Processed from secondary data, 2025.

The multicollinearity test results show that the Debt to Equity Ratio (DER) and Net Profit Margin (NPM) variables each have a Variance Inflation Factor (VIF) value of 1.438, while the tolerance value reaches 0.696. Considering that the VIF value is below the threshold of 10 and the tolerance value is higher than 0.1, it can be concluded that this regression model is free from multicollinearity problems. Thus, the data used in this study meet the eligibility criteria for further analysis.

Table 5.

VHeteroscedasticity Test Spearman's rho

			ABSOLUT RESIDU	DER	NPM
Spearman's rho	ABSOLUT RESIDU	Correlation Coefficient	1.000	0.161	0.434
		Sig. (2-tailed)		0.618	0.159
		N	12	12	12
	DER	Correlation Coefficient	0.161	1.000	.678[*]
		Sig. (2-tailed)	0.618		0.015
		N	12	12	12
	NPM	Correlation Coefficient	0.434	.678[*]	1.000
		Sig. (2-tailed)	0.159	0.015	
		N	12	12	12

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Processed from secondary data, 2025.

Based on the results of heteroscedasticity testing using Spearman's rho method, the absolute significance value for the Debt to Equity Ratio (DER) variable was recorded at 0.618, while for the Net Profit Margin (NPM) it was 0.159. Since both significance values are above the 0.05 threshold, it can be concluded that there is no indication of heteroscedasticity in the two variables in this research model.

Table 6. Autocorrelation Test

No. Pernyataan	Uji Validitas		
	r Hitung	r Tabel	Hasil
Y.1	0,525	0,3610	Valid
Y.2	0,777	0,3610	Valid
Y.3	0,657	0,3610	Valid
Y.4	0,557	0,3610	Valid
Y.5	0,647	0,3610	Valid
Y.6	0,423	0,3610	Valid
Y.7	0,446	0,3610	Valid
Y.8	0,762	0,3610	Valid
Y.9	0,585	0,3610	Valid
Y.10	0,819	0,3610	Valid

Source: Processed from secondary data, 2025.

The autocorrelation test results show that the Durbin-Watson (DW) value obtained is 0.878. Based on the testing criteria, if the DW value is below 4, then the null hypothesis (Ho) is accepted, meaning there is no autocorrelation in the regression model. Thus, it can be concluded that this research model does not experience autocorrelation problems and has met the classical assumptions required in regression analysis.

Table 7. Partial Correlation Test of X 1 against Y

Correlations		DER	ROE
DER	Pearson Correlation	1	.856**
	Sig. (2-tailed)		0.000
	N	12	12
ROE	Pearson Correlation	.856**	1
	Sig. (2-tailed)	0.000	
	N	12	12

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Processed from secondary data, 2025.

Based on the results of the partial correlation test between the Debt to Equity Ratio (X1) and Return on Equity (Y) variables using SPSS software, the correlation coefficient obtained was 0.856, indicating a very strong relationship between the two variables, with a positive relationship direction. This indicates that any change in the Debt to Equity Ratio (DER) will be followed by a change in the same direction in Return on Equity

(ROE). In other words, a decrease in the DER value tends to be followed by a decrease in the ROE value. In addition, the significance value (Sig. 2-tailed) of 0.000, which is far below the threshold of 0.05, strengthens the evidence that the relationship between DER and ROE is statistically significant. Therefore, it can be concluded that there is a close and significant relationship between the two variables.

Table 8. Partial Correlation Test of X 2 against Y

Correlations			NPM	ROE
NPM	Pearson Correlation		1	.684[*]
	Sig. (2-tailed)			0.014
	N		12	12
ROE	Pearson Correlation		.684[*]	1
	Sig. (2-tailed)		0.014	
	N		12	12

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Processed from secondary data, 2025.

Based on the results of the partial correlation test between the Net Profit Margin (X2) and Return on Equity (Y) variables analyzed using SPSS software, a correlation coefficient of 0.684 was obtained. This figure reflects a strong relationship between the two variables, with a positive relationship direction. This indicates that any change in Net Profit Margin (NPM) will be followed by a change in the same direction in Return on Equity (ROE). In other words, if NPM decreases, then ROE also tends to decrease. The significance value (Sig. 2-tailed) of 0.014, which is below the significance threshold of 0.05, indicates that the relationship between NPM and ROE is statistically significant. Therefore, it can be concluded that there is a strong and significant relationship between the two variables.

Table 9. Multiple Correlation Test (r) and Multiple Determination Coefficient Test (R2)

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893[a]	0.797	0.752	164.90130

a. Predictors: (Constant), NPM, DER

b. Dependent Variable: ROE

Source: Processed from secondary data, 2025

Based on the results of the multiple correlation test, a correlation coefficient (R) value of 0.893 was obtained. This figure reflects a very strong relationship between the Debt to Equity Ratio (X1) and Net Profit Margin (X2) variables and Return on Equity (Y). The relationship formed is positive, as indicated by the positive R value, which indicates that an increase in X1 and X2 tends to be accompanied by an increase in Y. Conversely, a decrease in DER and NPM values has the potential to reduce ROE values. This finding indicates that both independent variables provide a significant contribution in explaining the variations that occur in the company's return on equity.

The results of the multiple determination coefficient test show that the R-squared value obtained is 0.797. This value indicates that 79.7% of the variation that occurs in the dependent variable Return on Equity (Y) can be explained by the combination of the independent variables Debt to Equity Ratio (X1) and Net Profit Margin (X2). The remaining 20.3% is influenced by other variables not included in this research model. This finding indicates that capital structure and profitability levels are key factors that contribute significantly to return on equity. Therefore, companies need to manage both aspects proportionally to increase company value for shareholders and strengthen long-term financial stability.

Table 10.

Partial Determination Coefficient Test (R2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.856[a]	0.732	0.705	179.70859

a. Predictors: (Constant), DER

Source: Processed from secondary data, 2025.

Based on the results of the determination coefficient test, a value of 0.732 was obtained for the Debt to Equity Ratio (X1) variable against Return on Equity (Y). This value indicates that 73.2% of the variation that occurs in ROE can be explained by changes in the Debt to Equity Ratio (X1). Meanwhile, the remaining 26.8% is explained by other variables outside the scope of this study. This finding indicates that the Debt to Equity Ratio (X1) is a factor that significantly influences the company's return on equity performance.

Table 13. Partial t-test of X 1 against Y

Coefficients[a]					
Model			Standardized Coefficients	t	Sig.
			Beta		
1	(Constant)	219.392	288.438		0.761	0.464
	DER	0.657	0.126	0.856	5.228	0.000

a. Dependent Variable: ROE

Source: Processed from secondary data, 2025.

Based on the results of the analysis conducted using SPSS software, the calculated t value was obtained as 5.228. The t table value at a significance level of 5% ($\alpha = 0.05$) with degrees of freedom (df) = n - k = 12 - 2 = 10 and a 95% confidence level was 1.81246. Because the calculated t value (5.228) is greater than the t table (1.81246), the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_a) is accepted. Thus, it can be concluded that the Debt to Equity Ratio variable (X1) has a significant influence on Return on Equity (Y).

Table 14. Partial t-test of X 2 against Y

Coefficients[a]					
Model			Standardized Coefficients	t	Sig.
			Beta		
1	(Constant)	-849.035	862.543		-0.984	0.348
	NPM	2.188	0.737	0.684	2.969	0.014

a. Dependent Variable: ROE

Source: Processed from secondary data, 2025.

The results of the analysis using SPSS software show that the calculated t value is 2.969. Meanwhile, at a significance level of 5% (0.05) and degrees of freedom (df) of 10 (n - k = 12 - 2), the t table value obtained is 1.81246 with a confidence level of 95%. Because the calculated t (2.969) is greater than the t table (1.81246), the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_a) is accepted. In other words, there is a significant influence of the Net Profit Margin variable (X2) on Return On Equity (Y).

Table 15. Simultaneous F Test

ANOVA[a]					
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	564873.407	1	564873.407	8.816	.014[b]
	Residual	640760.843	10	64076.084		
	Total	1205634.250	11			

a. Dependent Variable: ROE

b. Predictors: (Constant), NPM

Source: Processed from secondary data, 2025.

Based on the analysis results using SPSS software, the calculated F value was obtained at 8.816 with a significance level of 0.014. To determine the F table value at a significance level of 5% (0.05), the numerator (k) = 2 degrees of freedom and the denominator = n - k - 1 = 12 - 2 - 1 = 9 degrees of freedom were used. Based on the F distribution table, the F table value was obtained at 4.26. Because the calculated F value (8.816) is greater than the F table (4.26), the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_a) is accepted. Thus, it can be concluded that simultaneously there is a significant influence between the Debt to Equity Ratio (X1) and Net Profit Margin (X2) variables on Return on Equity (Y).

DISCUSSION

Based on the results of the analysis presented above, it can be understood how to solve the problems described in the previous discussion section. *To what extent can the influence of Debt to Equity Ratio (DER) on Return on Equity (ROE) at PT? Can Kalbe Farma Tbk be identified?*

The coefficient of determination, which shows a value of 0.732, indicates that the Debt to Equity Ratio (X1) provides a substantial contribution in influencing Return on Equity (Y). This means that 73.2% of changes in the company's return on equity can be explained by variations in capital structure as reflected in the debt to equity ratio.

This value illustrates that a company's debt management plays a crucial role in determining the amount of profit generated for shareholders. The more proportional the use of debt to equity, the more optimal its impact on Return on Equity (Y). However, there are still 26.8% other factors that influence Return on Equity (Y), which may stem from operational efficiency, sales levels, cost management, or external factors such as market conditions and economic policies.

Thus, although the Debt to Equity Ratio (DER) is proven to have a significant influence, companies are still advised to consider other factors outside this research model to obtain a more comprehensive understanding in efforts to manage profitability optimally.

How does Net Profit Margin (NPM) contribute to Return on Equity (ROE) at PT? Kalbe Farma Tbk?

Based on the results of the coefficient of determination test, it was found that the Net Profit Margin (X2) variable has a determination value of 0.469 on Return on Equity (Y). This indicates that 46.9% of the variation that occurs in Return on Equity can be explained by changes in Net Profit

Margin. The remaining 53.1% is influenced by other variables outside the scope of this research model. This finding indicates that Net Profit Margin (X2) provides a moderate contribution in influencing changes in the company's Return on Equity.

To what extent do the Debt to Equity Ratio (DER) and Net Profit Margin (NPM) simultaneously influence Return on Equity (ROE) at PT? Kalbe Farma Tbk?

The results of the multiple determination coefficient show that the R-squared value is 0.797. This value indicates that the combination of the independent variables Debt to Equity Ratio (X1) and Net Profit Margin (X2) is able to explain 79.7% of the variation that occurs in the dependent variable Return on Equity (Y). The remaining 20.3% is influenced by factors outside this research model. These findings confirm that capital structure and profitability are the primary factors influencing a company's return on equity. Therefore, balanced management of both aspects is crucial to increasing shareholder value while strengthening the company's long-term financial position.

CONCLUSION

Based on the results of the analysis above regarding the influence of Debt to Equity Ratio (X1) and Net Profit Margin (X2) on Return on Equity (Y) at PT. Kalbe Farma Tbk, during the period 2013 - 2024, the author can conclude that.

1. A significant and very strong relationship was found, with a contribution of influence of 73.2% between Debt to Equity Ratio (X1) and Return on Equity (Y) at PT. Kalbe Farma Tbk.
2. There is a strong and significant relationship, with an influence of 46.9%, between Net Profit Margin (X 2) and Return on Equity (Y) at PT. Kalbe Farma Tbk.
3. A very strong and significant relationship was found, with an influence of 79.7% between Debt to Equity Ratio (X1) and Net Profit Margin (X2) against Return on Equity (Y) at PT. Kalbe Farma Tbk.

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