ABSTRACT

For the companies working capital and leverage (Debt to Equity Ratio) are important aspects that affect the profitability (Net Profit Margin). This study aims to provide empirical evidence about the effect of working capital and leverage (Debt to Equity Ratio) to profitability (Net Profit Margin) in Retail Trade company listed on the Stock Exchange.

The population in this study were 12 manufacturing sub-sectors of the automotive and components for 6 years (2008-2013). Sample selection is done by using the sampling method saturated sample. The analysis used is descriptive analysis and verification with quantitative approach. The analysis model is the Multiple Linear Regression to determine the effect either simultaneously or partially.

Based on the results using linear regression model Multiple simultaneous shows that the magnitude of profitability (Net Profit Margin), can be determined / influenced by variable working capital and leverage (Debt to Equity Ratio). While partially working capital on profitability (Net Profit Margin positive effect but leverage (Debt to Equity Ratio) negative effect on profitability (Net Profit Margin). This means that if the increased working capital and leverage (Debt to Equity Ratio) decreased profitability (Net Profit Margin) will also increase.

Keywords: Working Capital, Leverage (Debt to Equity Ratio), Profitability (Net Profit Margin).