International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

The Effect of Current Ratio and Working Capital Turnover on Net Profit Margin in Transportation and Logistics Companies Listed on the Indonesia Stock Exchange for the 2018-2024 Period

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Abstract

This study aims to determine the effect of the current ratio and working capital turnover on the net profit margin of companies in the transportation and logistics sector listed on the Indonesia Stock Exchange for the period 2018–2024. The research method used is quantitative. The sample in this study consists of 48 observations. Data analysis techniques include classical assumption tests, multiple regression, and hypothesis testing using EViews 12 software. The results show that, when analyzed partially, the Current Ratio does not have a significant effect on the Net Profit Margin, with a t-calculated value < t-table (0.105003 < 2.004) and a significance level of 0.9168 < 0.05. Therefore, H01 is accepted and Ha1 is rejected. Working Capital Turnover, when analyzed partially, does not have a significant effect on the Net Profit Margin, with a calculated t-value < table t-value (0.250980 < 2.004) and a significance level of 0.8029 > 0.05; therefore, H02 is accepted and Ha2 is rejected. The results of the F-test indicate that the Current Ratio and Working Capital Turnover simultaneously have a significant effect on the Net Profit Margin, with the calculated F-value > the table F-value (5.225155 > 3.16) and a significance level of 0.000064 < 0.05. Therefore, Ha1 is accepted and H0 is rejected. With a coefficient of determination of 41.10%, the remaining 58.90% is influenced by other factors.

Keywords:Current Ratio, Net Profit Margin, Working Capital Turnover

INTRODUCTION

The phenomenon that occurred in transportation and logistics companies listed on the Indonesia Stock Exchange shows that liquidity, working capital efficiency, and profitability experienced significant fluctuations during the 2018–2024 period. Based on

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research data, the average Current Ratio changed from 153.97% in 2018 to 131.46% in 2021, then increased sharply to 309.55% in 2022 before returning to the normal range in 2023–2024. Meanwhile, Working Capital Turnover showed very high volatility, even reaching negative values in some periods, while Net Profit Margin (NPM) experienced losses in 2018, 2020, and 2021 before increasing significantly in 2022 and declining again in the following years. These conditions indicate that the company's ability to manage current assets, working capital, and generate profits has not shown stability, requiring further analysis of the factors influencing company profitability (Alverina & Shabrina, 2024).

The urgency of this research is heightened because liquidity and working capital management are fundamental aspects in maintaining the operational sustainability of capital-intensive transportation and logistics companies. A current ratio that is too low can increase the risk of defaulting on short-term obligations, while a ratio that is too high can indicate underutilization of current assets (Anggiyani et al., 2020). On the other hand, the efficiency of Working Capital Turnover determines a company's ability to utilize working capital to generate optimal sales. Profitability, measured by Net Profit Margin, is an important indicator for assessing a company's effectiveness in controlling operational costs and generating net profit (Kezia & Purba, 2026). Therefore, analyzing the relationship between the Current Ratio, Working Capital Turnover, and Net Profit Margin is important as a basis for developing financial management strategies that can increase the company's profitability and sustainability (Dahliani et al., 2019).

Although numerous studies have been conducted on the Current Ratio, Working Capital Turnover, and Net Profit Margin, previous research findings have been inconsistent, creating a research gap.(Adwimurti & Selfiani, 2023) found that the Current Ratio and Working Capital Turnover have a positive and significant effect on Net Profit Margin. However, most previous studies used relatively short observation periods and were conducted in different industrial sectors, so the results cannot reflect the conditions of the transportation and logistics sector, which has different business characteristics, capital requirements, and operational risks. Furthermore, there are not many studies examining the effect of the Current Ratio and Working Capital Turnover on Net Profit Margin in transportation and logistics companies listed on the Indonesia Stock Exchange with a longer observation period, namely 2018–2024 (Silvia, 2024);(Fitriani et al., 2026). Therefore, this study is expected to fill this research gap and provide empirical evidence regarding the influence of liquidity and working capital efficiency on the profitability of companies in the transportation and logistics sector in Indonesia.

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METHODOLOGY

This study uses a quantitative method with an associative approach that aims to examine the effect of Current Ratio (CR) and Working Capital Turnover (WCTO) on Net Profit Margin (NPM) in transportation and logistics sector companies listed on the Indonesia Stock Exchange (IDX) for the 2018–2024 period. The study was conducted at the Indonesia Stock Exchange (IDX) through the Capital Market Reference Center (PRPM) by utilizing secondary data in the form of annual financial reports obtained from the official IDX website and the websites of each company. The study population consisted of 26 transportation and logistics sector companies listed on the IDX, while the sample was determined using a purposive sampling technique based on the criteria of companies listed consecutively during the study period and having complete financial reports. Based on these criteria, 8 companies were obtained as samples with an observation period of seven years, resulting in 56 observation data (panel data).

Data collection was conducted through documentation studies by downloading company financial reports from the Indonesia Stock Exchange and official company sources. The collected data were analyzed using EViews 10 software through descriptive statistical analysis and panel data regression analysis. The analysis stages include selecting the best regression model using the Chow Test and the Hausman Test, followed by classical assumption testing including normality, multicollinearity, autocorrelation, and heteroscedasticity tests. Furthermore, panel data regression analysis, determination coefficient (R^2) test, partial test (t-test), and simultaneous test (F-test) were conducted at a significance level of 5% to determine the effect of Current Ratio and Working Capital Turnover on Net Profit Margin in transportation and logistics companies listed on the Indonesia Stock Exchange.

RESULTS AND DISCUSSION

Panel Data Regression Model

1. ***Chow Test***

The Chow test aims to determine whether the data used is better suited to ordinary linear regression analysis (common effect) or to panel data analysis (fixed effect).

Table 1. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	167.404907	(7,46)	0.0000
Cross-section Chi-square	183.466530	7	0.0000

Source: ereviews output 12

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The Prob value is 0.0000 < 0.05 so the model chosen is the Fixed Effect Model (FEM).

2. Hausman test

The Hausman test aims to determine whether the data used is better using the Fixed Effect Model (FEM) or using the Random Effect Model (REM).

Table 2. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	558735.525591	2	0.0000

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
CR	0.000000	-0.000000	0.000000	0.0000
MODAL_KERJA	1.000000	1.000000	0.000000	0.0000

Source: ereviews output 12

The Prob value is 0.0000 < 0.05 so the model chosen is the Fixed Effect Model (FEM).

Classical Assumption Test

1. Normality Test

The normality test aims to test whether the confounding variables or residuals in the regression model have a normal distribution or not.

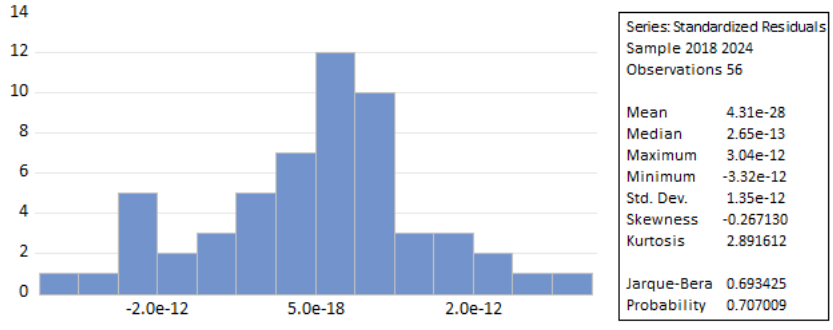


Figure 1. Normality Test Results

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For normality tests using histograms, even if the residuals are normally distributed, the pattern often does not follow the normal curve, making it difficult to draw conclusions. Therefore, to detect whether the residuals are normally distributed or not, we need to look at the Jarque-Bera (JB) value and its probability.

a. If the JB value is not significant (less than 2), then the data is normally distributed.
b. If the probability is greater than 5% (using the significance level), then the data is normally distributed.

Based on the results of the normality test with a probability value of 0.707009 > 0.05, the data is normally distributed.

2. Multicollinearity Test

The multicollinearity test aims to test whether a correlation is found in the regression model.betweenThe independent variables are the Current Ratio and Working Capital Turnover. A good regression model should not have a correlation between the independent variables because if this occurs, the variables are not orthogonal or similar.

Table 3.Correlation Coefficient Value from Multicollinearity Test Results Between Current Ratio and Working Capital Turnover

	Correlation	
	CR	MODAL_KERJA
CR	1.000000	-0.051887
MODAL_KERJA	-0.051887	1.000000

Ereviews 12 output source

Based on the table above, there is no correlation coefficient value greater than 0.80 in the CR and DAR variables, so this test proves that there is no multicollinearity between the independent variables Current Ratio and Working Capital Turnover.

3. Heteroscedasticity Test

Table 4.Heteroscedasticity Test Results (ARCH test)

Heteroskedasticity Test: ARCH

F-statistic	0.020036	Prob. F(1,53)	0.8880
Obs*R-squared	0.020784	Prob. Chi-Square(1)	0.8854

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 05/26/26 Time: 20:14
Sample (adjusted): 2 56
Included observations: 55 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.46E-28	2.39E-28	1.025816	0.3096
RESID^2(-1)	-0.019439	0.137333	-0.141549	0.8880

R-squared	0.000378	Mean dependent var	2.41E-28
Adjusted R-squared	-0.018483	S.D. dependent var	1.74E-27
S.E. of regression	1.76E-27	Sum squared resid	1.64E-52
F-statistic	0.020036	Durbin-Watson stat	2.000750
Prob(F-statistic)	0.887973		

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Based on the table above, it is known that the probability values displayed for both independent variables in this study are >0.05. This proves that the data in this study does not exhibit heteroscedasticity.

Hypothesis Testing

1. T-test (Partial test)
   a. The Effect of Current Ratio on Net Profit Margin
   b.

Table 5. Fixed Effect Model Statistics of the Effect of Current Ratio on Net Profit Margin

Dependent Variable: NPM
Method: Panel EGLS (Cross-section weights)
Date: 05/28/26 Time: 13:37
Sample: 2018 2024
Periods included: 7
Cross-sections included: 8
Total panel (balanced) observations: 56
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	25.89220	1.886899	13.72209	0.0000
CR	-0.001059	0.010081	-0.105003	0.9168

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

Root MSE	52.47763	R-squared	0.504908
Mean dependent var	72.82243	Adjusted R-squared	0.420637
S.D. dependent var	59.51472	S.E. of regression	57.28215
Sum squared resid	154218.5	F-statistic	5.991489
Durbin-Watson stat	1.961725	Prob(F-statistic)	0.000027

Unweighted Statistics

R-squared	0.265052	Mean dependent var	25.71139
Sum squared resid	154867.8	Durbin-Watson stat	2.241995

The results of this t-test based on the table above show that the calculated t-value of the Current Ratio (CR) is0,105003 while the ttable value with a significance level of 5% and df = (nk) = 56-1 = 55 is 2.004, which means the tcount value > ttable and the probability value is0.9168 >0.05, so H0 is accepted and Ha1 is rejected. Thus, the accepted hypothesis is that there is no significant effect between the Current Ratio (CR) and Net Profit Margin (NPM).

   c. The Effect of Working Capital Turnover on Net Profit Margin (NPM)

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The following is a partial test table for the independent variable Working Capital Turnover Against Net Profit Margin (NPM)

Table 6. Fixed Effect Model Statistics of the Effect of Working Capital Turnover on Net Profit Margin

Dependent Variable: NPM
Method: Panel EGLS (Cross-section weights)
Date: 05/28/26 Time: 14:09
Sample: 2018 2024
Periods included: 7
Cross-sections included: 8
Total panel (balanced) observations: 56
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	25.56071	0.993523	25.72736	0.0000
MODAL_KERJA	0.008472	0.033757	0.250980	0.8029

Effects Specification
Cross-section fixed (dummy variables)

Weighted Statistics			
Root MSE	52.52087	R-squared	0.520954
Mean dependent var	73.51170	Adjusted R-squared	0.439414
S.D. dependent var	60.85587	S.E. of regression	57.32934
Sum squared resid	154472.7	F-statistic	6.388961
Durbin-Watson stat	1.951480	Prob(F-statistic)	0.000013

Unweighted Statistics			
R-squared	0.265296	Mean dependent var	25.71139
Sum squared resid	154816.2	Durbin-Watson stat	2.244082

The results of this t-test based on the table above show that the calculated t-value for working capital turnover is0,250980 while the ttable value with a significance level of 5% and df = (nk) = 56-1 = 55 is 2.004, which means the tcount value > ttable and the probability value is0.8029 >0.05, so H0 is accepted and Ha1 is rejected. Thus, the accepted hypothesis is that there is no significant effect between the Current Ratio (CR) and Net Profit Margin (NPM).

d. The Effect of Current Ratio and Working Capital Turnover on Net Profit Margin (NPM)

The F-test aims to examine the influence of independent variables on the dependent variable as a whole (simultaneously). The model used in this F-test is a fixed effects model for equations.

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Table 7. Fixed Effect Model Statistics of the Effect of Current Ratio and Working Capital Turnover on Net Profit Margin

Dependent Variable: NPM
Method: Panel EGLS (Cross-section weights)
Date: 05/28/26 Time: 13:26
Sample: 2018 2024
Periods included: 7
Cross-sections included: 8
Total panel (balanced) observations: 56
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	25.74683	1.982646	12.98609	0.0000
CR	-0.001075	0.010184	-0.105581	0.9164
MODAL_KERJA	0.008334	0.033859	0.246143	0.8067

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

Root MSE	52.42061	R-squared	0.506948
Mean dependent var	72.82906	Adjusted R-squared	0.410481
S.D. dependent var	59.56757	S.E. of regression	57.83851
Sum squared resid	153883.5	F-statistic	5.255155
Durbin-Watson stat	1.977238	Prob(F-statistic)	0.000064

Unweighted Statistics

R-squared	0.265376	Mean dependent var	25.71139
Sum squared resid	154799.4	Durbin-Watson stat	2.244140

Based on the table above, the output results of Eviews 12 show that the F count value is 5.225155 while Ftable (0.05) is 3.16. Thus, F count > F table (5.225155> 0.05) andprobability value, namely0.000064 < 0.05, so Ha1 is accepted and H0 is rejected. This means that the Current Ratio (CR) and Working Capital Turnover variables together have a significant effect on Net Profit Margin (NPM).

Coefficient of Determination

The Coefficient of Determination (R^2) test is used to measure how much the independent variables can explain the dependent variable. If the r square value (r2 = 0) means that the variance of the dependent variable, 100% can be explained by the independent variable and the higher the value approaching 100%, it is called a measure of the Goodness of Fit of the model. The model used in this Coefficient of Determination (R^2) test is for equation I using the Fixed Effect Model.

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Table 8. Fixed Effect Model Statistics of the Effect of Current Ratio and Working Capital Turnover on Net Profit Margin

Dependent Variable: NPM
Method: Panel EGLS (Cross-section weights)
Date: 05/28/26 Time: 13:26
Sample: 2018 2024
Periods included: 7
Cross-sections included: 8
Total panel (balanced) observations: 56
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	25.74683	1.982646	12.98609	0.0000
CR	-0.001075	0.010184	-0.105581	0.9164
MODAL_KERJA	0.008334	0.033859	0.246143	0.8067

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

Root MSE	52.42061	R-squared	0.506948
Mean dependent var	72.82906	Adjusted R-squared	0.410481
S.D. dependent var	59.56757	S.E. of regression	57.83851
Sum squared resid	153883.5	F-statistic	5.255155
Durbin-Watson stat	1.977238	Prob(F-statistic)	0.000064

Ereviews 12 output source

Based on the table above, it shows that the adjusted R2 value is 0.410481, which means that the variation of the four independent variables, namely CR and DAR, is only able to explain 41.10481% of the variation in variable Y.

DISCUSSION

Influence*Current Ratio*(CR) Against*Net Profit Margin*(NPM)

Results of the T-TestCurrent Ratio (CR) calculated value of0,105003 while the ttable value with a significance level of 5% and df = (nk) = 56-1 = 55 is 2.004, which means the tcount value > ttable and the probability value is0.9168 >0.05, so H0 is accepted and H1 is rejected. Thus, the accepted hypothesis is that there is no significant effect between the Current Ratio (CR) and Net Profit Margin (NPM). The results of this study do not align with the results of research conducted by (Adwimurti & Selfiani, 2023), that the Current Ratio (CR) has an effect on the Net Profit Margin (NPM).

The Effect of Working Capital Turnover on Net Profit Margin (NPM)

Based on the results of the T testthe calculated value of working capital turnover is0,250980 while the ttable value with a significance level of 5% and df = (nk) = 56-1 = 55 is 2.004, which means the tcount value > ttable and the probability value is0.8029

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>0.05, so H0 is accepted and H1 is rejected. Thus, the accepted hypothesis is that there is no significant effect between the Current Ratio (CR) and Net Profit Margin (NPM). The results of this study are inconsistent with the results of research conducted by (Lestari et al., 2018), that working capital turnover has a positive effect on Net Profit Margin (NPM).

The Effect of Current Ratio (CR) and Working Capital Turnover on Net Profit Margin (NPM)

Based on the results of the F testshows that the calculated F value is 5.225155 while Ftable (0.05) is 3.16. Thus, F count > F table (5.225155> 0.05) andprobability value, namely0.000064 <0.05, so Ha1 is accepted and H0 is rejected. This means that the Current Ratio (CR) and Working Capital Turnover variables jointly have a significant effect on Net Profit Margin (NPM). The results of this study are in line with the results of research conducted by (Adwimurti & Selfiani, 2023), that the Current Ratio (CR) and*Working Capital Turnover*togetherhas an impact on Net Profit Margin (NPM).

CONCLUSION

Based on the research results, it can be concluded that the Current Ratio partially does not have a significant effect on Net Profit Margin, as well as Working Capital Turnover which partially also does not show a significant effect on Net Profit Margin in transportation and logistics sector companies listed on the Indonesia Stock Exchange for the 2018–2024 period. These results indicate that the level of liquidity and efficiency of working capital turnover individually have not been able to increase company profitability. However, simultaneously, the Current Ratio and Working Capital Turnover are proven to have a significant effect on Net Profit Margin, so that both variables together contribute to explaining changes in company profitability. In addition, the coefficient of determination value indicates that the research model is able to explain some of the variations in Net Profit Margin, while the rest is influenced by other factors outside the variables studied. Therefore, further research is expected to add other variables related to profitability to provide a more comprehensive picture of the factors that influence company financial performance.

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