

THE EFFECT OF WORKING CAPITAL TURNOVER ON PROFITABILITY AT PT ARWANA CITRA MULIA TBK PERIOD 2015-2022

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Abstrak

Studi ini bertujuan untuk menentukan pengaruh perputaran modal kerja terhadap profitabilitas di PT Arwana Citra Mulia Tbk untuk periode 2015-2022. Metode yang digunakan adalah penelitian eksplanatori. Teknik analisis yang digunakan adalah analisis statistik dengan pengujian regresi, korelasi, determinasi, dan pengujian hipotesis. Hasil dari penelitian ini menunjukkan bahwa variabel perputaran modal kerja memperoleh nilai rata-rata sebesar 3,552%. Variabel profitabilitas memperoleh nilai rata-rata sebesar 8,380%. Perputaran modal kerja memiliki pengaruh positif dan signifikan terhadap profitabilitas dengan persamaan regresi $Y = 1,311 + 0,002X$, dan nilai koefisien korelasi sebesar 0,724, yang menunjukkan hubungan yang kuat dengan nilai determinasi sebesar 52,4%. Selanjutnya, uji hipotesis memperoleh nilai signifikansi sebesar 0,042, yang lebih kecil dari tingkat signifikansi 0,05. Hal ini menunjukkan bahwa hubungan yang diamati antara perputaran modal kerja dan profitabilitas memiliki signifikansi secara statistik.

Kata Kunci: Perputaran Modal Kerja, Profitabilitas

Abstract

This study aims to determine the effect of working capital turnover on profitability at PT Arwana Citra Mulia Tbk for the 2015-2022 period. The method used is explanatory research. The analysis technique uses statistical analysis with regression testing, correlation, determination and hypothesis testing. The results of this study the working capital turnover variable obtained an average value of 3.552%. Profitability variable obtained an average value of 8.380%. Working capital turnover has a positive and significant effect on profitability with a regression equation value $Y = 1.311 + 0.002X$, and a correlation coefficient value of 0.724 or having a strong relationship with a determination value of 52.4%. The hypothesis test obtained a significance of $0.042 < 0.05$.

Keywords: Working Capital Turnover, Profitability

INTRODUCTION

Profitability is a company's ability to earn profits in relation to sales, total assets and own capital (Sartono, 2010). For companies, the issue of profitability is very important, therefore it is the duty of every company leader to ensure that the maximum profitability is achieved, considering that profit is used as a benchmark for the success or failure of the

company they lead. As for the company's employees, the higher the profitability obtained by the company, then there is an opportunity to increase employee salaries. High profitability will be able to support operational activities optimally. High or low profitability is influenced by many factors such as working capital. Working capital is a short-term company investment such as cash, securities, accounts receivable and inventory or all

current assets. Given the importance of working capital in a company, the financial manager must be able to plan well the amount of working capital that is right and in accordance with the needs of the company, because if there is an excess or shortage of funds this will affect the level of company profitability. If one companies with excess working capital will cause a lot of unemployed funds, so that it can reduce profitability and of course be less efficient.

Conversely, if there is a shortage of working capital, it will hamper the company's operational activities. The three components of working capital are cash, receivables, and inventories. These three components of working capital can be managed in different ways to maximize profitability or to increase company growth. PT Arwana Citramulia Tbk (Arwana) is a public company dedicated to producing low-cost ceramic tiles to serve the lower-middle class market segment nationwide.

The company, which started operating in 1995, has its head office in Jakarta. Managing working capital is very important because it involves the establishment of working capital policies and the implementation of these working capital policies in daily operations. Working capital management has an interest in investment decisions on current assets and current liabilities. Especially regarding how the use and composition of both will affect risk, Weston and Brigham (1981: 245) explain that working capital management is a company investment in the short term consisting of four main components, namely cash, securities, inventories and accounts receivable. . With working capital the company's operations will run economically and efficiently. Based on the conditions described above, the authors are interested in researching and analyzing the effect of working capital turnover on

the profitability of PT Arwana Citra Mulia Tbk.

The research aims to investigate various aspects of PT Arwana Citra Mulia Tbk, specifically focusing on the turnover of working capital and profitability. Firstly, the study seeks to assess the condition of working capital turnover at the company, analyzing factors such as the efficiency of managing current assets and liabilities. By examining the turnover ratio, the research aims to gain insights into how effectively PT Arwana Citra Mulia utilizes its working capital.

Secondly, the research aims to determine the profitability of PT Arwana Citra Mulia. This involves analyzing financial indicators such as net profit margin, return on assets, and return on equity. By assessing these metrics, the study aims to evaluate the company's ability to generate profits from its operations and assets.

Lastly, the research aims to investigate the potential relationship between working capital turnover and profitability at PT Arwana Citra Mulia. By analyzing the data and conducting statistical tests, the study seeks to determine if there is a significant influence of working capital turnover on the company's profitability. Understanding this relationship can provide valuable insights into the company's financial management and overall performance.

METHOD

This research focuses on the financial statements of PT Arwana Citra Mulia Tbk over an 8-year period. The population for this study comprises the entirety of the financial statements during that timeframe. The sampling technique employed is saturated sampling, where all available financial statements are included as the sample. By using this approach, the study aims to capture a comprehensive view of the company's financial performance.

The research follows an associative type, which aims to explore the relationship between independent variables and the dependent variable. Specifically, the study aims to investigate the connection between working capital turnover and profitability at PT Arwana Citra Mulia Tbk. Working capital turnover is a measure of how efficiently the company manages its current assets and liabilities, while profitability assesses the company's ability to generate profits from its operations.

To analyze the data, several techniques are employed. Validity and reliability tests are conducted to ensure the accuracy and consistency of the data. Simple linear regression analysis is used to examine the relationship between working capital turnover and profitability, providing insights into the impact of working capital management on financial performance. The correlation coefficient is calculated to determine the

strength and direction of the relationship. Additionally, the coefficient of determination helps assess the proportion of the dependent variable's variance explained by the independent variable. Finally, hypothesis testing is employed to evaluate the significance of the relationship between working capital turnover and profitability.

By employing these data analysis methods, this research aims to shed light on the condition of working capital turnover, profitability, and their interplay at PT Arwana Citra Mulia Tbk, ultimately contributing to a deeper understanding of the company's financial performance

RESULT

1. Descriptive Analysis

In this test it is used to determine the minimum and maximum scores of the highest scores, rating scores and standard deviations of each variable. The results are as follows:

Table 1. Descriptive Statistics Analysis Results

	Descriptive Statistics				
	N	Minimum	Maximum	Means	std. Deviation
Working capital turnover (X)	8	3101.2	4547.3	3522.4	537.0497
Profitability (Y)	8	6.4	10.9	8,380	1.4888
Valid N (listwise)	8				

Working capital turnover obtained a minimum value of 3,101 and a maximum value of 4,547 with an average of 3.552 with a standard deviation of 537.049. Profitability obtained a minimum value of 6.4 and a maximum value of 10.9 with an average of 8.380 with a standard deviation of 1.488.

2. Verification Analysis.

In this analysis it is intended to determine the effect of the

independent variables on the dependent variable. The test results are as follows:

a. Simple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

Table 2. Simple Linear Regression Test Results

Model	Coefficients ^a		t	Sig.
	Unstandardized Coefficients	Standardized Coefficients		

	B	std. Error	Betas		
(Constant)	1,311	2,778		0.47	0.65
1 Working capital turnover (X)	2	1	0.724	2,570	42

Based on the test results in the table above, the regression equation $Y = 1.311 + 0.002X$ is obtained. From these equations it is explained as follows:

- 1) A constant of 1.311 means that if there is no working capital turnover, then there is a Profitability value of 1.311 points.
- 2) The regression coefficient for working capital turnover is 0.002, this number is positive, meaning that every time there

is an increase in working capital turnover by 0.002 points, profitability will also increase by 0.002 points.

b. Correlation Coefficient Analysis

Analysis of the correlation coefficient is intended to determine the level of the strength of the relationship of the independent variable to the dependent variable either partially or simultaneously. The test results are as follows:

Table 3. Correlation Coefficient Test Results for Working Capital Turnover on Profitability
Correlations^b

		Working capital turnover (X1)	Profitability (Y)
Working capital turnover (X)	Pearson Correlation	1	.724*
	Sig. (2-tailed)		42
Profitability (Y)	Pearson Correlation	.724*	1
	Sig. (2-tailed)	42	

Based on the test results obtained a correlation value of 0.724 means that working capital turnover has a strong relationship to profitability.

c. Analysis of the Coefficient of Determination

Table 4. Test Results for the Coefficient of Determination of Working Capital Turnover on Profitability
Summary models

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.724a	0.524	0.445	1.1095

Based on the test results obtained a determination value of 0.524 means that working capital turnover has an influence

Analysis of the coefficient of determination is intended to determine the percentage of influence of the independent variable on the dependent variable. The test results are as follows:

- contribution of 52.4% on Profitability.
- d. Hypothesis testing**

Hypothesis testing with the t test is used to find out which hypothesis is accepted. Formulation of the hypothesis:

There is a significant influence between working capital turnover on Profitability.

Table 5. Results of Working Capital Turnover Hypothesis Testing on Profitability

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error	Betas		
(Constant)	1,311	2,778		0.47	0.65
1 Working capital turnover (X)	2	1	0.724	2,570	42

Based on the test results in the table above, the value of t count > t table or (2.570 > 2.447) is obtained, thus the hypothesis proposed that there is a significant influence between working capital turnover on profitability is accepted.

DISCUSSION

Based on the empirical data and subsequent data analysis, the research findings provide valuable insights into the condition of PT Arwana Citra Mulia Tbk's working capital turnover and profitability. The average value of the working capital turnover variable, calculated at 3.552% per year, indicates a reasonably efficient utilization of current assets and liabilities by the company. This suggests that PT Arwana Citra Mulia Tbk has been able to effectively manage its working capital to generate revenue.

In terms of profitability, the research reveals an average value of 8.380% per year. This indicates that PT Arwana Citra Mulia Tbk has achieved a satisfactory level of profitability, reflecting its ability to generate profits from its operational activities and assets. This finding is crucial in assessing the financial health and performance of the company.

Furthermore, the analysis establishes a significant relationship

between working capital turnover and profitability. The regression equation, $Y = 1.311 + 0.002X$, demonstrates that an increase in working capital turnover by one unit leads to a corresponding increase in profitability by 0.002 units. The strong correlation coefficient of 0.724 further supports the existence of a robust relationship between these variables.

Additionally, the influence contribution analysis reveals that approximately 52.4% of the changes in profitability can be attributed to variations in the turnover of working capital. This highlights the importance of effectively managing working capital as it directly impacts the profitability of PT Arwana Citra Mulia Tbk.

Hypothesis testing confirms the significance of the relationship, as the calculated t-value (t count) of 2.570 exceeds the critical t-value (t table) of 2.447. Therefore, the hypothesis stating a significant effect of working capital turnover on profitability is accepted.

Overall, these findings emphasize the crucial role of working capital turnover in influencing the profitability of PT Arwana Citra Mulia Tbk. This information can provide valuable insights for the company's financial management and decision-making processes, ultimately contributing to its sustainable growth and success.

CONCLUSION

The research findings indicate that the working capital turnover variable obtained a rating score of 3.552, falling within the range of 3.40 to 4.19. This score suggests a good or agreeable level of performance in managing working capital at PT Arwana Citra Mulia Tbk. The company has demonstrated effectiveness in utilizing its current assets and liabilities to generate revenue. Furthermore, the Profitability variable received a rating score of 8.380, also within the range of 3.40 to 4.19. This indicates a good or agreeable level of profitability achieved by PT Arwana Citra Mulia Tbk. The company has been successful in generating profits from its operational activities and assets. The analysis further reveals that working capital turnover significantly influences profitability, as evidenced by the regression equation $Y = 1.311 + 0.002X$. The correlation coefficient of 0.724 signifies a strong relationship between these variables. It suggests that as working capital turnover increases, profitability tends to increase as well. The contribution analysis shows that working capital turnover explains 52.4% of the variation in profitability. However, it is important to note that other factors account for the remaining 47.6% of the variability. These findings highlight the significance of effectively managing working capital in driving profitability. The hypothesis testing supports the significance of the relationship, with the calculated t-value (t count) of 2.570 exceeding the critical t-value (t table) of 2.447. This provides further evidence that there is a significant effect of working capital turnover on profitability at PT Arwana Citra Mulia Tbk. Overall, the research findings emphasize the importance of managing working capital efficiently for achieving a good level of profitability. PT Arwana Citra Mulia Tbk has demonstrated commendable

performance in these areas, indicating effective financial management practices

Based on the findings and conclusions of the research, there are several valuable inputs and suggestions that can be derived. Firstly, the development of working capital turnover at PT Anabatic Technologies Tbk is generally positive, although there was a slight decline observed in 2018. To ensure consistent improvement in the future, it is recommended that the company focuses on enhancing employee performance, optimizing the utilization of company operations, and maintaining a healthy balance sheet and liquidity position. Secondly, it is crucial for the company to increase the effectiveness and efficiency of working capital management. By doing so, PT Anabatic Technologies can maximize the utilization of its resources and improve profitability. This can be achieved through strategies such as reducing inventory holding periods, optimizing accounts receivable and payable processes, and streamlining working capital cycles. Lastly, for future research endeavors, it is recommended to consider incorporating additional variables to obtain more comprehensive and insightful results. Factors such as market conditions, industry-specific variables, and macroeconomic indicators could be included to provide a more holistic understanding of the relationship between working capital turnover and profitability. By expanding the scope of analysis, researchers can gain deeper insights into the factors influencing the financial performance of PT Anabatic Technologies Tbk and potentially identify new avenues for improvement. Overall, these suggestions aim to support PT Anabatic Technologies in further enhancing their working capital management practices, improving profitability, and providing opportunities for future research to delve into a more comprehensive analysis

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