

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

Suratminingsih

STEBIS Bina Mandiri, Bogor, Indonesia

[mimin.campus@gmail.com](mailto:mimin.campus@gmail.com)

### Article Information

Received: April, 2023 Revised: May, 2023 Online: June, 2023

### Abstrak

Penelitian ini bertujuan untuk menginvestigasi pengaruh return on asset terhadap harga saham pada PT Chandra Asri Petrochemical Tbk dalam periode 2011-2022. Penelitian ini menggunakan metode penelitian eksplanatori. Analisis statistik digunakan dengan menerapkan teknik regresi, korelasi, determinasi, dan uji hipotesis. Hasil penelitian menunjukkan bahwa variabel return on asset memiliki nilai rata-rata sebesar 55,58%, sementara variabel harga saham memiliki nilai rata-rata sebesar 19,67%. Dalam konteks ini, return on asset memiliki pengaruh positif dan signifikan terhadap harga saham dengan persamaan regresi  $Y = -51,855 + 1,287X$ . Selain itu, terdapat tingkat hubungan yang kuat antara kedua variabel ini dengan nilai koefisien korelasi sebesar 0,620. Koefisien determinasi sebesar 38,5% menunjukkan bahwa sekitar 38,5% variasi dalam harga saham dapat dijelaskan oleh variasi dalam return on asset. Uji hipotesis juga menunjukkan hasil yang signifikan, dengan nilai signifikansi sebesar  $0,031 < 0,05$ . Berdasarkan temuan ini, dapat disimpulkan bahwa return on asset memiliki pengaruh yang signifikan terhadap harga saham PT Chandra Asri Petrochemical Tbk. Hal ini menunjukkan bahwa kinerja keuangan perusahaan, yang diwakili oleh return on asset, dapat mempengaruhi nilai saham perusahaan. Temuan ini dapat memberikan wawasan yang berharga bagi para pemangku kepentingan dalam mengambil keputusan investasi dan manajemen risiko terkait dengan saham PT Chandra Asri Petrochemical Tbk.

*Kata Kunci: Return on Asset, Harga Saham*

### Abstract

This study aims to examine the influence of return on assets on stock prices at PT Chandra Asri Petrochemical Tbk for the period of 2011-2022. The research method employed is explanatory research. Statistical analysis techniques such as regression analysis, correlation analysis, determination analysis, and hypothesis testing were used. The findings of this study reveal that the return on assets variable obtained an average value of 55.58%. Meanwhile, the stock price variable obtained an average value of 19.67%. The return on assets has a positive and significant impact on stock prices, as indicated by the regression equation  $Y = -51.855 + 1.287X$ . The correlation coefficient of 0.620 indicates a strong relationship between the two variables. The coefficient of determination of 38.5% suggests that approximately 38.5% of the variation in stock prices can be explained by the variation in return on assets. The hypothesis testing also yields a significant result, with a significance value of  $0.031 < 0.05$ . Based on these findings, it can be concluded that return on assets has a significant influence on stock prices at PT Chandra Asri Petrochemical Tbk. This suggests that the financial performance of the company, represented by the return on assets, can affect the value of the company's stocks. These findings provide valuable insights for stakeholders in making investment decisions and managing risks related to the stocks of PT Chandra Asri Petrochemical Tbk.

*Keywords: Return on Assets, Stock Prices*

## INTRODUCTION

Profit or profit is the result that was successfully achieved for the business carried out by a company in a certain period. This profit can be used by the company for additional financing in running its business, and most importantly as a tool to maintain the company's survival.

Profits can only be obtained with good performance from the company itself. For this reason, an assessment of the company is very important and beneficial both for the company and for parties outside the company who have an interest in the company concerned. For a company, performance can be used as a measuring tool in assessing the success of its business, it can also be used as material for consideration in making decisions and planning in the future. Whereas for outsiders the company can be used as a consideration in making economic decisions about the company concerned.

PT. Chandra Asri Petrochemical Tbk (TPIA) is a supplier of petrochemical products to various Indonesian manufacturing industries. The company produces products and resins including Monomer, Polyethylene, and Polypropylene. Chandra Asri is included in the group of companies owned by Barito Pacific.

In an effort to make a profit, of course an organization that combines and organizes various resources with the aim of producing goods and services for sale. The company's goal is to maximize the value of the company and the welfare of shareholders. Maximizing shareholder value can be achieved by maximizing the present value of all expected shareholder benefits to be obtained in the future.

The stock price is an indicator to measure the success of managing a company, where market power on the stock exchange is indicated by the sale and purchase transactions of the company's

shares in the capital market. The conditions and terms of the transaction are based on investors' observations of the company's achievements in increasing profits. Shareholders who are dissatisfied with management's performance can sell their shares and invest their money in other companies. If this is done, it will lower the stock price of a company.

The stock price of a company reflects the company's value in the eyes of the public, if a company's stock price is high, then the company's value in the eyes of the community is also good and vice versa. Therefore the stock price is very important for the company (Nirawati, 2003: 105).

Accurate stock valuation can minimize risk while at the same time helping investors get reasonable profits, considering that investing in stocks in the capital market is a type of high-risk investment even though it promises relatively large returns. Investment in the capital market at least needs to pay attention to two things, namely the expected profit and the risks that may occur. This means that investing in stocks promises huge returns as well as risks.

The share price is the present value of income that will be received by investors in the future. The stock price shows the company's achievements that move in the direction of the company's performance. Companies that have good achievements can improve their company's performance as reflected in the company's financial statements, so that investors will be interested in investing in these companies. An increase in investor demand for the company will cause the company's share price to tend to increase as well. The company's financial statements can be a reference for investors in making investment decisions, such as selling, buying, or investing in shares. The share price can change at any time depending on the amount of supply and demand by investors for these shares.

Factors that can affect the ups and downs of a company's stock price are internal factors and external factors of the company. This study uses the company's internal factors which are reflected in the company's financial statements. The company's internal factors used are financial ratios such as profitability ratios proxied by Return on Assets (ROA), Return on Equity (ROE) and market ratios proxied by Earning Per Share (EPS).

Return on Assets (ROA) is a profitability ratio that measures how much a company can increase its net profit by using all the assets owned by the company. The greater the ROA indicates that the profit achieved by the company is greater, so that it will attract investors to invest in the company. The increased demand for these shares will later be able to increase the company's share price in the market.

The author chooses the ratio of Return on Assets (ROA) as a factor that influences stock prices, because Return on Assets (ROA) is a ratio that represents the taking over of all company activities.

Based on the brief description above, the author takes the title "The Influence of Return on Assets (ROA) on the Share Price of PT Chandra Asri Petrochemical Tbk for the period 2011-2022".

## METHOD

The population for this study includes the financial statements of PT Chandra Asri Petrochemical Tbk for the period of 2011-2022, encompassing 12 years of data in the form of panel data. The sample for the study adopts a saturated sampling approach, wherein all members of the population are included as samples. Therefore, the sample for this research consists of the complete set of financial statements from PT Chandra Asri Petrochemical Tbk for the 2011-2022

period, allowing for a comprehensive analysis of the company's financial performance over the specified timeframe.

The research conducted in this study falls under the category of associative research, which aims to determine the relationship between independent variables and the dependent variable. Through this type of research, insights can be gained into how the independent variable, such as return on assets, influences the dependent variable, namely stock prices, at PT Chandra Asri Petrochemical Tbk.

In terms of data analysis, various methods were employed. These include validity and reliability tests to ensure the quality and consistency of the collected data. Additionally, simple linear regression analysis was conducted to examine the relationship between the variables of interest. The correlation coefficient was calculated to assess the strength of the relationship, while the coefficient of determination was used to determine the proportion of variation in the dependent variable explained by the independent variable. Hypothesis testing was also performed to evaluate the statistical significance of the relationship between return on assets and stock prices at PT Chandra Asri Petrochemical Tbk. These analytical techniques provide a comprehensive framework for examining the research objectives and drawing meaningful conclusions from the data

## RESULT

### 1. Descriptive Analysis

This test is used to determine the minimum percentage value and maximum percentage value, and the average percentage value and standard deviation of each variable. The results are as follows:

Table 1. Descriptive Statistics Analysis Results  
**Descriptive Statistics**

	N	Minimum	Maximum	Means	std. Deviation
ROA(X)	12	52.22	61.68	55.588	2.74002
Share Price (Y)	12	11.05	25.6	19.673	5.6844
Valid N (listwise)	12				

The return on assets value obtained is a minimum percentage value of 52.22% and a maximum percentage value of 61.68% with an average of 55.58% with a standard deviation of 2.74%.

Furthermore, the share price value obtained is a minimum percentage value of 11.05% and a maximum percentage value of 25.60% with an average of 19.67% with a standard deviation of 5.68%.

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  
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error	Betas		
1 (Constant)	-51,855	28,637		-1,811	0.1
ROA(X)	1,287	0.515	0.62	2,500	0.03

a. Dependent Variable: Stock Price (Y)

Based on the test results in the table above, the regression equation  $Y = -51.855 + 1.287X$  is obtained. From these equations it is explained as follows:

- 1) A constant value of -51.855 means that if there is no return on assets, then there is a stock price value of -51.855 points.
- 2) The current asset regression coefficient is 1.287, this number is positive, meaning that every time there is an

increase in return on assets of 1.287 points, the stock price will also increase by 1.287 points.

**b. Correlation Coefficient Analysis**

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

Table 3. Results of Testing the Correlation Coefficient of Return on Assets on Stock Prices  
**Correlations<sup>b</sup>**

	ROA(X)	Share Price (Y)
ROA(X)	Pearson Correlation 1	.620*

		Sig. (2-tailed)	0.031
		Pearson	
Share Price (Y)		Correlation	.620*
		Sig. (2-tailed)	0.031

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

b. Listwise N=12

Based on the test results in the table above, a correlation coefficient value of 0.620 is obtained, meaning that return on assets has a strong relationship to stock prices.

**c. Analysis of the Coefficient of Determination**

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:

Table 4. Results of Testing the Coefficient of Determination of Return on Assets on Stock Prices  
**Summary models**

Model	R	R Squared	Adjusted R Square	Std. Error of the Estimate
1	.620 a	0.385	0.323	4.67651

a. Predictors: (Constant), ROA (X)

Based on the test results in the table above, a determination coefficient value of 0.385 is obtained, meaning that return on assets has an influence contribution of 38.5% on stock prices.

**d. Hypothesis testing**

Hypothesis testing with the t test is used to find out which hypothesis is accepted. Hypothesis formulation: There is a significant influence between return on assets on stock prices.

Table 5. Results of the Return on Assets Hypothesis Test on Stock Prices  
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error	Betas		
1 (Constant)	-51,855	28,637		-1,811	0.1
ROA(X)	1,287	0.515	0.62	2,500	0.03

a. Dependent Variable: Stock Price (Y)

Based on the test results in the table above, the t count > t table or (2.500 > 2.228) is obtained, thus the hypothesis proposed that there is a significant influence between return on assets on stock prices is accepted.

Based on the analysis of empirical data, the average return on assets for each year was found to be 55.58%. This indicates the financial performance of PT Chandra Asri Petrochemical Tbk in terms of generating returns from its assets.

In addition, the stock price variable, based on empirical data and analysis, had

**DISCUSSION**

an average value of 19.67% per year. This reflects the market valuation of PT Chandra Asri Petrochemical Tbk's stocks during the specified period.

The relationship between return on assets and stock prices was examined, and it was determined that return on assets has a significant impact on stock prices. The regression equation  $Y = -51.855 + 1.287X$  indicates that an increase in return on assets is associated with a rise in stock prices. The correlation coefficient of 0.620 demonstrates a strong relationship between the two variables. Furthermore, the contribution of return on assets to the variation in stock prices is 38.5%. Hypothesis testing confirmed the significance of this relationship, with a t-value of 2.500 exceeding the critical t-value of 2.228.

Based on these findings, the hypothesis suggesting a significant effect of return on assets on stock prices is accepted. This highlights the importance of return on assets in influencing the market valuation of PT Chandra Asri Petrochemical Tbk's stocks.

## CONCLUSION

In conclusion, the analysis of the 12-year financial report period of PT Chandra Asri Petrochemical Tbk yielded the following key findings. Firstly, the return on assets variable exhibited an average return on assets of 55.58%. This suggests that the company has been successful in generating returns from its assets over the specified period. Secondly, the stock price variable showed an average value of 19.67% throughout the 12-year period. This indicates the market valuation of PT Chandra Asri Petrochemical Tbk's stocks during that timeframe.

Moreover, the study established a significant relationship between return on assets and stock prices. The regression equation  $Y = -51.855 + 1.287X$  demonstrates this relationship, with a correlation coefficient value of 0.620

indicating a strong level of association. The findings reveal that return on assets contributes to approximately 38.5% of the variation in stock prices. It is important to note that the remaining 57.9% of the variation is influenced by other factors not considered in this study.

The hypothesis test confirmed the significance of the relationship, with a t-value of 2.500 surpassing the critical t-value of 2.228. These results provide valuable insights into the interplay between return on assets and stock prices at PT Chandra Asri Petrochemical Tbk. They highlight the importance of financial performance in influencing the market valuation of the company's stocks and can guide investors and stakeholders in making informed decisions. Further research could explore additional variables to gain a more comprehensive understanding of the factors influencing stock prices in the industry.

Based on the findings and conclusions of the research, there are several valuable inputs and suggestions that can be derived. It is highly advisable for the company to prioritize increasing its Return on Assets. A higher Return on Assets indicates improved performance and a greater return on investment. This directly affects the company's profitability. By effectively utilizing its assets, the company can generate higher profits. Therefore, it is crucial for the company to focus on increasing sales while managing expenses and costs efficiently. Implementing strategies to enhance sales productivity, such as targeted marketing campaigns and exploring new market opportunities, can help boost the company's Return on Assets.

Another important aspect for the company to consider is maintaining an optimal Current Ratio. The Current Ratio reflects the company's liquidity position and its ability to meet short-term obligations. It is essential for the company

to strike a balance, neither having a Current Ratio too low nor too high. A low Current Ratio may indicate difficulties in meeting short-term obligations, while a high Current Ratio may imply underutilization of current assets. By effectively managing the company's current assets and liabilities, it can ensure sufficient liquidity to finance its current debts. Regular monitoring of the Current Ratio and proactive management of

working capital can help maintain a stable financial position for the company.

These suggestions aim to enhance the company's financial performance and overall stability. By focusing on increasing Return on Assets and maintaining an optimal Current Ratio, the company can strengthen its profitability and liquidity, respectively. Implementing sound financial management practices will contribute to the company's long-term success and sustainability.

## REFERENCES

- Agus Harjito & Martono, (2010) "Financial Management" Yogyakarta: Ekonisia Publisher.
- Agus Sartono. (2010). "Toeri and Application Financial Management", fourth edition, Yogyakarta: BPFE Publisher.
- Algifari. (2015). "Regression Analysis for Business and Economics". Yogyakarta: BPFE.
- Arikunto, Suharsimi (2014). "Research Procedure A Practice Approach". Jakarta: Rineka Cipta.
- Bambang Riyanto, (2011). "Fundamentals of Corporate Spending". Fourth edition, BPFE Yogyakarta.
- Fahmi, Irham (2012), "Introduction to Financial Management" First edition. Bandung: Alfabeta Publishers.
- Imam Ghozali (2017). "Applications of Multivariate Analysis with the SPSS Program". Fifth Edition. Semarang: Undip Publishing Agency.
- Istijanto (2014) "Human Resource Research". Jakarta: PT. Scholastic Library
- Cashmere. (2012) "Introduction to Financial Management", First Edition, Second Printing, Jakarta: Prenada Media.
- Khari, Ismu Fadli (2011). "Studies Regarding Impulse Buying in Online Sales". Semarang: Diponegoro University Thesis
- Martono and Agus Harjito, (2011). "Financial Management", Jakarta: Ekonisia Publisher.
- Munawir (2010), "Financial Statement Analysis", Fourth Edition, Liberty Publisher, Yogyakarta.
- Santoso, Singgih (2015). "Mastering Multivariate Statistics". Jakarta: PT Elex Media Komputindo.
- Sartono, "Financial Management Applications and Theory", Fourth Edition, BPFE, Yogyakarta, 2008.
- Sawir, (2003). "Financial Performance Analysis and Corporate Financial Planning", Third Print, Jakarta: Publisher PT. Main Library Gramedia.
- Sugiyarso, G. and F. Winarni, "Financial Management (Understanding of Financial Statements, Management of Assets, Liabilities and Capital and Measurement of
- Sugiyono (2017), "Administrative Research Methods: equipped with R & D Methods". Bandung: Alfabeta.