

The Effect Of Working Capital Turnover, Receivable Turnover, And Inventory Turnover On The Profitability Of Food And Beverage Companies Listed On The Indonesia Stock Exchange (Idx) For The 2018-2022 Period

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Abstract

Objectives This research is a type of quantitative research with the aim of determining the Influence of Working Capital Turnover, Receivable Turnover, and Inventory Turnover on the Profitability of Food and Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 Period. The type of data in this study is secondary data, namely data obtained indirectly, through intermediaries in the form of data on food and beverage companies listed on the Indonesia Stock Exchange (IDX). The data used in this study is the annual financial report of food and beverage companies for the period 2018-2022. Based on the results of data research using statistical calculations through the Statistical Package for the Social Science (SPSS) version 26 application regarding the Effect of Working Capital Turnover, Receivable Turnover, and Inventory Turnover on the Profitability of Food and Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 Period, the author draws important conclusions, namely Working Capital Turnover has a positive and significant effect, Receivable Turnover has a negative and significant effect and Inventory Turnover has a positive and significant effect on profitability in Food And Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 Period.

Keywords: *Working Capital Turnover, Receivable Turnover, Inventory Turnover*

INTRODUCTION

The rapid economic growth has led to increasingly fierce business competition both in the national, regional, and international environments. Companies are required to be more innovative, creative, and efficient in carrying out their activities in order to improve company performance and be able to survive in the development of the world economy.

Every company carries out activities to achieve the goals that have been set, in doing so, of course, it requires funds for financing. The expenditure of the funds is expected to re-enter the company from the proceeds of its sales and be reused by the company to finance other activities. Judging from the development of manufacturing companies on the Indonesia Stock Exchange (IDX) is increasing. One of the manufacturing industries that experienced positive growth was the food and beverage industry. The Ministry of Industry noted that throughout 2018, the food and beverage industry was able to grow by 7.91% or surpass the national economic growth of 5.17%. In fact, the production growth of the manufacturing industry in the fourth quarter of 2018 increased by 3.90% (y-on-y) compared to the fourth quarter of 2017, one of which was due to the increase in the production of the beverage industry which reached 23.44%. Furthermore, the food industry is one of the sectors that supports the increase in national investment value, which in 2018 contributed up to IDR 56.60 trillion. The realization of the total investment value in the manufacturing industry sector throughout 2018 reached IDR 222.3 trillion. Therefore, the food and beverage industry is a champion sector because it is

one of the mainstay manufacturing sectors in making a major contribution to national economic growth. (www.kemenperin.go.id).

The main reason why working capital is important to discuss in an effort to increase the company's profitability is because working capital is part of the company's short-term spending, which is in line with the company's short-term goal of profitability. And working capital is a sustainable field as well as the main support for the company's operations.

Research on the influence of working capital management on profitability has been conducted by many researchers. As done by Sumintapura (2013), which makes working capital turnover, receivables turnover, inventory turnover, and current ratio as variables that are considered to affect the company's profitability. The results of the study show that working capital turnover does not have a significant effect on profitability. Inventory turnover has a positive and significant effect on profitability. However, receivables turnover and current ratio have a negative and significant influence on profitability. Furthermore, research conducted by Nurdiansah (2014), which makes cash turnover, receivables turnover, and inventory turnover as variables that affect the company's profitability. The results of this study show that only cash flow has a significant and positive effect. Meanwhile, the turnover of receivables and inventory turnover showed positive but insignificant results.

The results of the previous research above have several variables that affect the profitability of the company. Each of the studies showed different results between the studies and the others. This creates a research gap in research related to the influence of working capital management on profitability. Research gaps can occur because each of the studies takes a sample of companies in different industries or there are differences from the year the research was conducted, in addition to that it can be caused by the selection of different variables.

Based on the differences in theory and research gaps from previous research, a study was conducted with the title "The Effect of Working Capital Turnover, Receivable Turnover, and Inventory Turnover on Profitability in Food and Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 Period". This study aims to determine the influence of each variable on the company's profitability.

RESEARCH METHODS

The type of data in this study is a type of secondary data, namely data obtained indirectly, but through intermediaries. The secondary data is in the form of data on food and beverage companies listed on the Indonesia Stock Exchange (IDX). The data used in this study is the annual financial report of food and beverage companies for the period 2018-2022. The population in this study is 84 food and beverage companies listed on the Indonesia Stock Exchange (IDX) in 2022. In the selection of samples, the purposive sampling method is used, which is sampling with certain criteria so that a sample that can represent the population is obtained. The sample was selected based on criteria, namely: (a) Food and beverage companies listed on the Indonesia Stock Exchange in 2022 (b) Companies that have and input complete financial statements in the 2018-2022 research period (c) Companies that generate working capital and positive ROA in the 2018-2022 research period.

RESULTS AND DISCUSSION

A. Results

1. Descriptive Statistical Analysis

Table 1. Results of Descriptive Statistical Analysis

N		Minimum	Maximum	Mean	Std. Deviation
Working Capital Turnover	130	.571	45.142	7.328	7.117
Receivable Turnover	130	2.181	125.019	14.698	16.567
Inventory Turnover	130	.910	5054.000	45.914	442.660
Profitability	130	.010	277.000	8.443	24.354
Valid N (listwise)	130				

Based on the table. 1 It can be seen that food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the period 2018 – 2022 have a minimum working capital turnover of 0.571 and a maximum value of 45,142. Meanwhile, the mean value is 7,328 with a standard deviation value of 7,117. The minimum value of receivable turnover is 2,181 and the maximum value is 125,019, while the average value (mean) is 14,698 with a standard deviation value of 16,567. Inventory turnover has a minimum value of 0.910 and a maximum value of 5054,000. Meanwhile, the average value is shown with a figure of 45,914 and a standard deviation of 442,660. Meanwhile, the results of the SPSS test show an average profitability of 8,443 with a standard deviation of 24,354.

2. Autocorrelation Test

Table 2. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.998a	.997	.997	2.061	2.057

a. Predictors: (Constant), Inventory Turnover, Working Capital Turnover, Receivable Turnover

b. Dependent Variable: Profitability

Based on the table. 2 that the N value in this study is 130 and $k = 3$, then the dl value is 1.6667 and the du value is 1.7610. The magnitude is $4 - dl = 4 - 1.6667 = 2.3333$ and the magnitude is $4 - du = 4 - 1.7610 = 2.239$. The results of the calculation in the table above show that the dw value is 2.057 which is between the du and $4 - du$ values or $1.7610 < 2.057 < 2.239$, which means that the multiple linear regression model does not contain autocorrelation problems.

3. Partial Test (Test t)

Table 3. Test Result t

Model		Unstandardized Coefficients		Standardized	t	Say.
		B	Std. Error			
1	(Constant)	4.729	.201		23.533	.000
	Working Capital Turnover	.229	.024	.385	9.570	.000
	Receivable Turnover	-.075	.011	-.129	-6.664	.000
	Inventory Turnover	.443	.025	.740	17.578	.000

Based on the results of partial testing on the variable Working Capital Turnover (X1), the $t_{\text{count value}} > t_{\text{table}}$ ($9,570 > 1,979$) and the significance value $0.000 < 0.05$. So it can be concluded that working capital turnover (X1) has a positive and significant effect on profitability in Food And Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. In the variable receivable turnover (X2), the $t_{\text{count value}} > t_{\text{table}}$ ($-6,664 < 1,979$) and the significance value $0.000 < 0.05$. So it can be concluded that receivable turnover (X2) has a negative and significant effect on profitability in Food And Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. Meanwhile, based on the test results on the inventory turnover variable (X3), the results of the $t_{\text{count value}} > t_{\text{table}}$ were obtained ($17,578 > 1,979$) and the significant value was $0.000 < 0.05$. So it can be concluded that inventory turnover (X3) has a positive and significant effect on profitability in Food and Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period.

4. Test Coefficient of Determination (R^2)

Table 4. Test Results of Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.998a	.997	.997	2.06113

Predictors: (Constant). Inventory Turnover, Receivable Turnover, Working Capital Turnover

Based on the table above, it is known that the magnitude of the determination coefficient (R^2) value of 0.997 means that the variables of working capital turnover, receivable turnover and inventory turnover are able to explain the variation of profitability variables, which is 99.7% and the remaining 0.3% is influenced by other factors that are not studied in this research model.

B. Discussion

Based on the tests that have been carried out, it can be seen that working capital turnover has a regression coefficient of 0.229 with a profitability value (Sig.) of 0.000, which is less than the significance level of 0.05 and the $t_{\text{table}} >$ calculation value is $9,570 > 1,979$, so it can be said that working capital turnover has a positive and significant effect on profitability in Food And Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. This shows that every increase in working capital turnover will lead to an increase in profitability. Based on the test on receivable turnover has a regresi coefficient of -0.075 with a profitability value (Sig.) of 0.000 smaller than the significance level of 0.05 and a $t_{\text{table}} <$ calculation value of $-6,664 < -1,979$, it can be said that receivable turnover has a negative and

significant effect on profitability in Food And Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. This shows that every increase in inventory turnover will result in a decrease in profitability. On the other hand, if there is a decrease in inventory turnover, profitability will increase. Meanwhile, inventory turnover has a regression coefficient of 0.443 with a profitability value (Sig.) of 0.000 which is smaller than the significance level of 0.05 and the ttable > calculation value is $17,578 > 1,979$, so it can be said that inventory turnover has a positive and significant effect on profitability in Food and Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. This shows that every increase in inventory turnover will result in an increase in profitability, and vice versa.

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