

ABSTRACT

This research aims to examine the influence of working capital management represented by variables such as days sales outstanding (DSO), days inventory outstanding (DIO), and days payable outstanding (DPO) on the profitability of companies represented by the return on assets (ROA) variable, with additional control variables being the current ratio (CR) and debt to assets ratio (DAR) in the processed food industry. The study focuses on companies listed on the Indonesia Stock Exchange under the IDX Industrial Classification during the period 2009-2021.

Secondary data in the form of annual reports and financial statements were utilized for this research, obtained from Bloomberg's data terminal and the official website of the Indonesia Stock Exchange. Following the purposive sampling technique, the research sample consisted of 101 observation data points taken from 12 companies in the processed food industry listed on the Indonesia Stock Exchange under the IDX Industrial Classification during the period 2009-2021. The data analysis method employed was Multiple Regression Analysis using SPSS 25, preceded by testing classical assumptions. Hypothesis testing was conducted using the F-test, t-test, and coefficient of determination test with a significance level of 5%.

The results of this study indicate that the independent variables, when considered simultaneously (F-test), have a significant impact on ROA with a significance level of 0.000. On the other hand, when considered individually (t-test), it is observed that DSO and DIO have a significant negative influence on profitability, while DPO has a significant positive influence. The Adjusted R-squared value of 0.509 suggests that the independent variables explain 50.9% of the variability in profitability, while the remainder is explained by other factors.

Keywords: Working capital management, days sales outstanding, days inventory outstanding, days payable outstanding, profitability, return on assets, current ratio, debt to assets ratio.

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