

ABSTRACT

The purpose of this study is to analyze the effect of working capital management on profitability in automotive sector manufacturing companies in Indonesia listed on the IDX with a period range of 2017-2023. Working capital management as an independent variable is proxied by Cash Conversion Cycle (CCC), Inventory Conversion Period (ICP), Receivable Conversion Period (RCP), and Account Payable Period (APP) and profitability as the dependent variable is proxied by Return on Assets (ROA). Followed by control variables in the form of debt to asset ratio and current ratio.

This study uses secondary data in the form of company annual reports obtained from the Bloomberg data terminal. In accordance with the sampling technique used in this study, namely purposive sampling, a research sample of 63 observations was obtained from 9 companies incorporated in the automotive industry and components listed on the Indonesia Stock Exchange based on IDX-IC during the period 2017-2023. The data analysis method used is Multiple Linear Regression Analysis using the STATA16 application, which previously tested classical assumptions. Hypothesis testing uses the F statistical test, t statistical test, and the coefficient of determination test with a significance level of 5%.

The results of this study show that the independent variables simultaneously (F test) affect ROA. On the other hand, partially (t test) shows that CCC, ICP, RCP have a significant positive effect on profitability (ROA). Meanwhile, APP has an insignificant negative effect on profitability (ROA). The adjusted R² value in each model can show the independent variable is able to explain the dependent variable.

Keywords: Profitability, Working Capital Management, Manufacturing, Automotive, CCC, RCP, ICP, APP