

WORKING CAPITAL TURNOVER ANALYSIS OF PROFITABILITY LEVELS AT PT SEMEN INDONESIA (PERSERO) TBK

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Abstract

This study aims to determine the effect of working capital turnover (WCTO) on the level of profitability (ROA) at PT Semen Indonesia (Persero) Tbk. The population in this study is all financial report data of PT. Semen Indonesia (Persero) Tbk for the 2013-2020 period, while the samples in this study are statements of financial position and profit/loss statements. The documentation technique is the data collection technique used. The data collected was analyzed using financial ratios, simple regression analysis, correlation coefficients and t-test with the SPSS (Statistic Product and Service Solution) 24 For Windows program.

The findings in this study show that working capital turnover (WCTO) and profitability (ROA) have increased quarterly every year as measured by financial ratios. The results of the t-test show that the working capital turnover variable (WCTO) has a positive and significant influence on the level of profitability. The hypothesis in this study is accepted.

Keywords : Working Capital Turnover, Profitability

1. INTRODUCTION

In running a business, every company certainly has the same goal, namely to obtain a profit (profit). For this reason, companies need to use their financial resources as optimally as possible in order to maintain continuity and be able to expand the scale of their business. In order to further develop its business, the company must be better at managing the funds used to carry out its operational activities.

Profitability as part of an indicator that is used as a standard for a business in generating profits and reflects the success and development of a company in achieving its goals. According to Kusuma (2019), Profitability is a company's capability in achieving a certain level of profit on operational activities by using company asset funds.

According to Darmawan and Nurochman (2016), the ratio of return on assets (ROA) is the ratio used to measure the level of efficiency and the company's ability to earn profits by using company assets (wealth). The calculation of this ratio is by dividing net income between all assets. Return on assets (ROA) will then be interpreted to assess and measure the level of management efficiency and effectiveness in utilizing the company's assets for operational activities. The high value of this ratio means that the net profit obtained is also good and the condition of the company in utilizing the company's assets (assets) is more effective and efficient (good).

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Working capital is the main principal and important component in carrying out the company's daily operational and investment activities. The operational and investment activities carried out by this company will have an impact on obtaining the profitability of a business.

A management responsibility is the management of working capital, in which management must supervise the management of capital so that its utilization can be effective in the coming period. In addition, management also needs to supervise the turnover of working capital so that in the coming period a strategy and the best decision-making can be formulated.

The working capital turnover ratio (WCTO) is the ratio of the utilization of funds or current assets in operational activities that you want to receive back in a short period (one year or less than a year) through sales. So that the funds or capital can be circulated and reallocated to finance operational activities. The higher this ratio or the shorter the working capital period, the more effective and efficient the capital utilization of a business will be so that the opportunity for economic profitability will be higher. Conversely, working capital that rotates slowly will show that the utilization of the company's working capital is not effective or the funds are not productive. This will lead to a decrease in the level of company profitability.

1.1 OverviewReferences

a. Definition of Financial Statements

In general, financial statements are the result of a recording of transactions that occur in a company during a certain accounting period. In making a financial report must be prepared in accordance with applicable standard rules. After preparing the financial statements, information on the latest financial conditions can be seen and can be used by the company as material for taking steps now and in the future to see various problems that arise whether the weaknesses or strengths possessed. According to Hope (2013:105), "Financial statements describe the financial condition and results of a company at a certain time or a certain period of time.

b. Working capital

Working capital is a number of funds that are always available in a company that are used to finance company activities. This starts if there are available funds (Working Capital) that will be used and can be received back within a minimum period of one year. Capital work is a demand for every company to be fulfilled in order to be able to carry out its operations on a daily basis, sufficient working capital is available to enable the company to operate economically and not experience difficulties.

c. Profitability

According to Darmawan (2019:55), "Profitability measures and shows the amount of profit generated by the company's operational activities during a certain period. In other words, Profitability is a projection and measurement tool for the capability of a business in creating profits and a tool for measuring the effectiveness and efficiency of a company's operational management.

1.2 Mindset

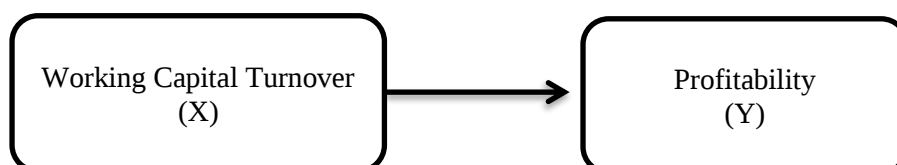


Figure 1. Framework of Mind

Information :

X = PErCapital round
Y = Profitability
→ = Influence

Hypothesis:

Sugiono, (2014:64) The hypothesis is the initial answer to the research problem statement, which is formulated in the form of a question statement. Based on the formulation of the problem previously stated, the research hypothesis is "Working capital turnover has a positive and significant effect on the level of profitability at PT Semen Indonesia (Persero) Tbk".

2. RESEARCH METHODS

The method used in this study is quantitative, which is an approach that have and has a characteristic where the data used is in the form of numbers as well as with statistical analysis. Technique taking data on this research is documentation, namely by collecting secondary data by examining various documents or records that have a relationship with the variables to be studied in this case the financial reports and annual reports of PT. Semen Indonesia (Persero) Tbk and the documents document others, namely the results of library research, as well as agencies that are still related to the problems to be examined. The variables used in this study are independent variables (Independent Variables) are variables that influence, describe other variables. In this study Working Capital Turnover (X) is the independent variable. While the dependent variable (Dependent Variable) is a variable that is influenced or explained by the independent variable but cannot affect other variables. In this study the Profitability Level (Y) is the dependent variable.

In this study, the data analysis method to be used is as follows:

2.1 To calculate the Working Capital Turnover (WCTO) the following formula is used:

$$\text{Perputaran Modal Kerja} = \frac{\text{Penjualan Bersih}}{\text{Modal Kerja}}$$

2.2 To calculate the level of profitability using the Return On Assets (ROA) ratio, the following formula is used:

$$\text{Return On Asset} = \frac{\text{Earning After tax}}{\text{Total Asset}} \times 100\%$$

To know influence the independent variable, namely Working Capital Turnover and the dependent variable, namely Profitability, the simple regression equation is used as follows:

2.3 Simple Regression Analysis

Simple regression analysis is used to determine the relationship between the two variables, namely working capital turnover (X) and Profitability (Y). Simple linear regression was carried out using SPSS version 24 in this study. The results of simple linear regression data management can be seen using the SPSS for windows program as follows:

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$$Y = a + bX + e$$

Information :

Y = Dependent variable (Profitability/ROA)

X = Independent Variable (Working Capital Turnover/WCTO)

a = Constant

b = Regression coefficient

e = Standard error

2.4 Correlation Coefficient Test

The correlation analysis used is the product moment correlation to determine whether or not there is a significant relationship between the variables X and Y. In this study the analysis used is the application of statistics SPSS for windows version 24.

Furthermore, to see the results of the correlation values obtained, it can be proven through the following table:

Table 3. Guidelines for Interpreting the Correlation Coefficient

No.	intervals	Relationship Level
1	0.00 - 0.199	Very low
2	0.20 - 0.399	Low
3	0.40 - 0.599	Currently
4	0.60 - 0.799	Strong
5	0.80 - 1.000	Very strong

Source: Sugiyono (2015:287)

2.5 t-test

Basically a statistical test or partial test will show the extent to which the influence of the independent variable (X) individually explains the dependent variable (Y). The t-test was conducted to test whether the proposed significant hypothesis can be accepted or not. The criterion for testing the significance level is $\alpha = 0.05$.

3. RESEARCH RESULTS AND DISCUSSION**3.1 Working Capital Turnover PT Semen Indonesia (Persero) Tbk**

Working capital is a number of funds used to finance the operational activities of a business. Adequate working capital will maintain business continuity and avoid financial difficulties. For that, management needs to make effectiveness and efficiency in the use of working capital. Working capital turnover is a method or ratio that can be used to measure the level of efficiency and

effectiveness of working capital. The dependent variable (Y) in this study is Profitability, which is the company's capability to generate and create profit from each of the company's operational activities.

Table 6. Simple Regression Test Results

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	.493	.395		.222
	Ln_WCTO (X)	.629	.278	.382	.031

a. Dependent Variable: Ln_ROA (Y)

The simple linear regression equation is:

$$Y = 0.493 + 0.629X + e$$

- A constant value of 0.493 states that if there is no Working Capital Turnover variable or = 0 then the profitability value of the company is 0.493
- The value of the regression coefficient X of 0.629 states that every 1 time increase in working capital turnover will result in increased profitability by 62.9%.

3.2 Correlation Coefficient Analysis

Correlation analysis (r) is used to determine the extent of the correlation or relationship between variables X and Y. In this study the analysis used was SPSS version 24 to determine whether there was an influence between working capital turnover on the level of profitability at PT Semen Indonesia (Persero) Tbk.

The correlation in this study was processed based on the program and the output results of SPSS for Windows version 24 as follows:

Table 7. Correlation Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.382 ^a	.146	.117	.99272

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

Based on table 7 above, the correlation coefficient (r) is 0.382 meaning that there is a low correlation. The value of 0.382 is between (0.20 - 0.399) so that the relationship between X and Y variables is strong, so working capital turnover has a low relationship to profitability at PT Semen Indonesia (Persero) Tbk.

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To see the effect of variable X on Y, it can be seen from the value of R Square. The results of calculations based on the data in table 7 show that the magnitude of the influence of the X variable is 0.0146 or 14.6%, meaning that the ability of the working capital turnover variable to affect profitability is 14.6% while 85.4% is influenced by other variables not examined in this study.

3.3 t-test

The t-test is intended to measure the magnitude of the influence of the Working Capital Turnover variable (X) on the Profitability variable (Y). The testing of the hypothesis used is as follows:

- H_0 accepted if $t_{hitung} < t_{tabel}$ or significance level > 0.05 , working capital turnover has no significant effect on the level of profitability.
- H_0 rejected if $t_{hitung} > t_{tabel}$ or significance level < 0.05 , working capital turnover has a significant effect on the level of profitability.

Table 8. T-test results

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	.493	.395		1.247
	Ln_WCTO (X)	.629	.278	.382	2.261

a. Dependent Variable: Ln_ROA (Y)

The test criteria for significance $\alpha = 0.05$ with degrees of freedom (df) are $df = nk$ or $32-2 = 30$. So the results obtained for this study amounted to 1.6973. While it can be seen in table 8 of 2.261. Where value $> (2.261 > 1.6973)$. While the significance value for this variable is $(0.031 < 0.05)$. So it can be concluded that "working capital networking has a positive and significant effect on the level of profitability at PT Semen Indonesia (Persero) Tbk" is accepted. This means that working capital turnover has a positive and significant effect on the level of profitability at PT Semen Indonesia (Persero) Tbk.

4. DISCUSSION

This study aims to determine how the effect of working capital turnover on the level of profitability at PT Semen Indonesia (Persero) Tbk. A high level of working capital turnover in a company can be said to be good if the profits generated are also high.

The findings of the research results based on statistical tests with provisional assumptions (hypotheses) with a significance level of $\alpha = 0.05$ show that the Working Capital Turnover (WCTO) variable has a positive and significant influence on the Profitability variable (ROA) at PT Semen Indonesia (Persero).) Tbk. This can be seen from the results of the t-test in table 8 where the value is $> (2.261 > 1.6973)$. While the significance value for this variable is $(0.031 < 0.05)$ which means

that the increase in working capital turnover is followed by an increase in the level of profitability. $t_{hitung} > t_{tabel}$

In line with this, based on the calculation of the working capital turnover ratio in the data description, it shows that in each quarter it continues to increase in each year. This was also followed by the level of the company's profitability ratios which also increased, experiencing a significant increase in each quarter in the 2013-2020 period compared to PT. Semen Indonesia (Persero) Tbk.

One of them was in 2018, the results of calculating the working capital turnover ratio in the first quarter of the fourth quarter experienced a significant increase. This increase occurred due to the increase in revenue that the company managed to obtain from the increase in sales volume as well as the average selling price of cement at PT. Semen Indonesia (Persero) Tbk.

This success cannot be separated from the results of the implementation of marketing policies in the form of direct selling to corporations so that Semen Indonesia is able to record directly the results of product sales. With an increase in income and utilization of working capital in this implementation, so that in the same period, namely in 2018 the company PT. Semen Indonesia (Persero) Tbk was also able to increase its profitability throughout the quarter and at the end of the period, namely the fourth quarter, the company was able to increase its net profit to 51% and the ROA value increased by 2.8% compared to the previous quarter.

In 2019, the average value of working capital turnover has increased by 1.27% with working capital turnover of 4.1 times in one year, which means that the company is managing its working capital effectively so that the company's profitability increases every quarter in this period. Thus, if there is an increase in working capital (WCTO), there will be an increase in profitability.

Decisions taken by management regarding the working capital component can have an impact on other components, where a lack of working capital will hinder the implementation of the company's operational activities, while an excess of working capital can make funds ineffective and idle which will result in a decrease in a company's profitability. In addition, the WCTO ratio, where the higher the working capital turnover rate, shows that the more effective the management level of a business's working capital is, the shorter the time it takes for working capital to turn back into cash which will be reallocated to business operational activities, thus enabling acceleration or improvement. company's ability to earn profits.

5. CONCLUSION

The conclusions that can be drawn based on the results and discussion of this study are as follows:

1. Every year the working capital turnover (WCTO) and the level of profitability at PT Semen Indonesia (Persero) Tbk from 2013-2020 have increased quarterly every year as measured using financial ratios. Which means that the increase in working capital turnover (WCTO) is followed by an increase in company profitability.
2. The results obtained for the t-test in this study were 1.6973. While it can be seen in table 8 of 2.261. This means value $> (2.261 > 1.6973)$. While the significance value for this variable is $(0.031 < 0.05)$. So it can be concluded that "working capital networking has a positive and significant effect on the level of profitability at PT Semen Indonesia (Persero) Tbk" is accepted. This means that working capital turnover has a positive and significant effect on the level of profitability at PT Semen Indonesia (Persero) Tbk. $t_{hitung} > t_{tabel}$

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