ABSTRACT

EFFECT OF WORKING CAPITAL CYCLE TO PROFITABILITY

(Survey on Food and Beverage Company Listed on the Stock Exchange)

Each company has a goal to increase the value of the company by improving the quality of earnings. To achieve these objectives, the management company should be able to manage and develop the company in accordance with the strategies and policies that have been set by the company. Working capital turnover is important to improve the company's ability to make a profit, because if the working capital turnover get higher, the profit to be gained even greater company.

The purpose of this study was to determine the effect of working capital turnover on profitability in food and beverage company listed on the Indonesia Stock Exchange and to determine the variables that have the most impact on profitability in the food and beverage company listed in Indonesia Stock Exchange. Samples were taken based on a certain criteria or purposive sampling.

Regression test used in this study, namely multiple linear regression, hypothesis testing is used whereas in this study that the t test and F test. Based on the test results, we can conclude that working capital turnover, consisting of cash turnover, receivables turnover and inventory turnover has a significant effect on the profitability simultaneously. This corresponds with a p-value of 0.001 < 0.05 so in accordance with the criteria of testing the hypothesis H0 is rejected.

Partially cash turnover no significant effect on profitability. While the accounts receivable turnover have a significant effect on profitability, and inventory turnover also have a significant effect on the profitability of the Food and Beverage companies listed in Indonesia Stock Exchange 2008-2012 period

Keywords: Working Capital Turnover, Profitability, Food and Beverage Company