

The Effect of Working Capital on Profitability (Roa) at PT. Tiga Pilar Sejahtera Food, Tbk Period (2018-2022) Listed on the Indonesian Stock Exchange

Ika Cahyati Nur Amin¹ Abdul Muttalib² Tenri Syahrhani³

Management Study Program, Muhammadiyah University of Makassar

Email : ikacahyati19@gmail.com

Article Info

Working Capital,
Profitability
(ROA)

Abstract

The aim of this research is a type of quantitative research with the aim of finding out whether working capital has an effect on profitability (ROA) at PT Tiga Pilar Sejahtera Food, Tbk for the period 2018 - 2022. The type of data used in this research is quantitative. Data collection was carried out using financial report collection techniques which were accessed via the website www.idx.co.id. In this research, the data sources used in data collection include secondary data. 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 on profitability (ROA) at PT. Tiga Pilar Sejahtera Food, Tbk for the period (2018 – 2022) which was listed on the Indonesian Stock Exchange which was discussed in the previous chapter, the author draws an important conclusion, namely that working capital has a positive and significant effect on profitability (ROA). This is proven by the results of the t test calculation, namely $t_{count} > t_{table}$ ($3.648 > 3.18$) and the significance value of working capital < 0.05 ($0.036 < 0.05$) and the correlation test value (R) of 0.903. Working capital must be in line with profitability, because stable and continuously increasing working capital and profitability will invite investors to invest their shares in PT Tiga Pilar Sejahtera Food, Tbk.

1. Introduction

In the current era of globalization, business growth has led many companies to expand rapidly. This is evident from the intense competition in the business world, both in trade and industry. Increasing competition requires companies to optimally manage all available resources. Companies are required to always be one step ahead of their competitors to achieve their primary goal of generating maximum profits to sustain their existence. For a company to grow larger, it must develop to keep up with and meet the changing market needs, particularly in the food and beverage sector. With increasing competition in working capital, company management must be skilled at managing the available funds to carry out their operational activities. The funds used to run daily operations are referred to as working capital.

Working capital is the continuously revolving funds within a company, marking the period from when cash is invested in working capital components to when it returns as cash. The growth of sales is closely related to the

need for working capital. A growing company engages in numerous activities, particularly production and marketing, both of which require sufficient working capital. A company that grows without being supported by strong working capital will eventually wither and die. Almost all companies across various business fields manage working capital through three aspects: working capital policy, current asset management, and short-term financing sources.

Proper management of working capital influences the operational activities of a company. These operational activities affect the company's revenue, which, after deducting the cost of goods sold and operational expenses, results in profit or loss. In other words, working capital management affects the company's ability to generate profit (profitability). According to Kisvenza (2022), working capital management is expected to occur in a relatively short time, allowing the invested working capital to quickly return. The higher the working capital turnover achieved by a company, the greater its impact on

profitability (Cahyani, 2019).

A company's profitability can be assessed from its financial statements, which provide a snapshot of the company at a particular time, usually shown over a period. Working capital can be adjusted as needed by the company. Proper working capital management is essential because it affects the company's operational activities, impacting its revenue. A company with a high profitability level indicates a high efficiency in using its working capital. The company's performance can be measured by its ability to generate profits (profitability). Profitability includes Gross Profit Margin (GPM), Net Profit Margin (NPM), and Return On Assets (ROA). ROA indicates the company's ability to generate profits using its assets and is the most critical profitability ratio.

The company that is the object of this study is PT. Tiga Pilar Sejahtera Food, Tbk. This company operates in the food industry and was established in 1959. It became a public company listed on the Indonesia Stock Exchange (IDX) in 2003. PT. Tiga Pilar Sejahtera Food uses its capital to finance operations such as employee salaries, raw material purchases, and other expenses. It is noted that sales at PT. Tiga Pilar Sejahtera Food, Tbk fell from Rp. 4.995 trillion in 2017 to Rp. 1.950 trillion (Linda Sari, 2023). This decline was due to decreased performance and the divestment of its flagship rice business unit. The following table presents the working capital and ROA calculation of PT. Tiga Pilar Sejahtera Food, Tbk from 2018 to 2022. For more details, refer to Table 1.1 below:

Table 1.1 Net Working Capital and Profitability of PT. Tiga Pilar Sejahtera Food, Tbk (in Rupiah)

No	Year	Working Capital	Profitability (ROA)
1	2018	4,388,857,000,000	6.80%
2	2019	678,662,000,000	60.72%
3	2020	160,089,000,000	59.90%
4	2021	287,220,000,000	0.33%
5	2022	268,947,000,000	3.41%

Source: www.idx.co.id

Based on the description above, the author is interested in conducting research titled "The Effect of Working Capital on Profitability (ROA) at PT. Tiga Pilar Sejahtera Food, Tbk for the Period 2018-2022, listed on the Indonesia Stock Exchange (IDX).".

2. Research Methods

The research method used in this study is associative research. Associative research seeks to find the relationship between one variable and another, meaning at least two variables must be connected in this research (Dr. Drs. H. Rifa'i Abubakar, 2021). According to Sugiyono (2018:476 in Aminati, 2020), documentation in associative research describes and tests the hypothesis of the relationship between two or more variables. The researcher aims to identify the relationship between the independent variable of working capital turnover (X) and the dependent variable of profitability (Y).

This research was conducted at the Indonesia Stock Exchange Gallery on the 2nd floor. The research took place over two months, from February to March 2024. The type of data used is quantitative. According to Sugiyono (2013, pp. 35-36 in Sutisna, 2020), the quantitative method is based on the philosophy of positivism, used to research specific populations or samples, data collection using research instruments, data analysis is quantitative, and the goal is to test the data collected from the object. Quantitative data is the numerical data collected from the financial reports of the company. The source of data used in this research is secondary data, which is obtained indirectly through intermediary media. Secondary data generally consists of historical evidence, records, or reports that are either published or unpublished, sourced from the financial statements of PT. Tiga Pilar Sejahtera Food, Tbk for the period 2018-2022.

The population in a study is the collection of individuals or objects that share common characteristics. Arikunto (2010:173 in Ibrahim) explains that "the population is the entirety of a subject with specific

characteristics determined by the researcher for study and conclusion." Based on expert explanations, the author defines the study population as the financial reports of PT. Tiga Pilar Sejahtera Food, Tbk for the period 2018-2022. The sampling method used in this research is purposive sampling, which involves selecting samples based on specific criteria and considerations. The criteria for choosing the samples include complete data availability (data is fully available for the publication period from December 31, 2018, to October 31, 2022, and quarterly data for the years 2018-2023) and the company being listed on the Indonesian Sharia Stock Index (ISSI).

To obtain data, a data collection process is necessary. In preparing this thesis, the author collected data from the financial reports of PT. Tiga Pilar Sejahtera Food, Tbk for the period 2018-2022, sourced from the website www.idx.co.id. Operational definition of variables provides instructions on how a variable is measured, aiming to highlight the importance of the variables used in this research and to simplify understanding and discussion. The operational definitions in this research include:

Working Capital Turnover (X) is used to assess how a company's working capital circulates over a specific period. The ratio used is the working capital turnover, calculated by comparing sales with working capital using the formula (Hayes, 2021):

$$\text{Working Capital Turnover} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

Return on Assets (ROA) is a ratio that describes a company's ability to generate profits from every rupiah of assets used. This ratio measures the percentage of management effectiveness in using assets to earn income by comparing net profit with total assets. The formula is as follows (Hery, 2016:106):

$$\text{Return On Asset} = \frac{\text{Net Profit}}{\text{Total Asset}}$$

The data analysis method used in this research is descriptive analysis, where the data obtained in the field is processed in such a way as to provide systematic, factual, and accurate

information about the issues studied.

Descriptive statistics is used to analyze data by describing or illustrating the collected data as it is, without intending to make conclusions applicable to the general public or generalizations. In this case, descriptive statistics are used to understand the development of the asset structure data. Hypothesis testing through partial regression coefficient testing or the t-test is used to determine whether the independent variables significantly affect the dependent variable. According to Jonathan Sarwono (2016 in Adit, Tia 2020), partial hypothesis testing is conducted by comparing the calculated value (t_0) with the t-critical value using the following criteria:

- If the calculated value $>$ t-table with a significance level (α) of 0.05, then H_0 is rejected and H_1 is accepted, and vice versa.
- If the calculated value $<$ t-table with a significance level (α) of 0.05, then H_0 is accepted and H_1 is rejected.

Simple linear regression aims to determine how much influence the independent variable has on the dependent variable. Regression is used to measure the effect of independent variables on the dependent variable and to predict the dependent variable using the independent variables. The regression analysis used in this research is simple linear regression. The simple regression equation with one predictor, according to Sugiyono (2016), is formulated as follows:

$$[Y = a + bX]$$

Where:

Y = Predicted variable

a = Constant

b = Regression coefficient

X = Supporting variable

According to Wibowo and Kurniawan (2020), correlation is a method used to determine the strength of the relationship between two or more different variables, described using the correlation coefficient.

3. Results and Discussion

3.1 Research Result

a. Raw data report PT finance . Three Pillars of Food Prosperity for the 2018-2022 Period

Table 4.1

Raw data report finance period 2018-2023

YEAR	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL
2018	788973000000.00	5177830000000.00	-4388857000000.00
2019	474261000000.00	1152923000000.00	-678662000000.00
2020	695360000000.00	855449000000.00	-160089000000.00
2021	432800000000.00	720020000000.00	-287220000000.00
2022	558960000000.00	827907000000.00	-268947000000.00

Source : Processed data www.idx

Count working capital turnover use formula following :

$$2018 \frac{788.973.000.000}{517.783.000.000} - = -4,388,857,000,000$$

$$2019 \frac{474261000000}{1152923000000} - = -678,662,000,000$$

$$2020 \frac{695360000000}{855449000000} - = -160,089,000,000$$

$$2021 \frac{432800000000}{720020000000} - = -287,220,000,000$$

$$2022 \frac{432800000000}{720020000000} - = -268,947,000,000$$

Raw data report profit period 2018-2023

YEAR	NET PROFIT	TOTAL ASSETS	ROA
2018	123513000000.00	1816406000000.00	6.80
2019	1134776000000.00	1868966000000.00	60.72
2020	1204972000000.00	2011557000000.00	59.90
2021	5762000000.00	1761634000000.00	0.33
2022	62359000000.00	1826350000000.00	3.41

Source : Processed data www.idx

Count Ratio profitability use formula :

$$2018 \frac{123.513.000.000}{1.816.406.000.000} \times 100 = 6.80\%$$

$$2019 \frac{1.134.776.000.000}{1.868.966.000.000} \times 100 = 60.72\%$$

$$2020 \frac{1.204.972.000.000}{2.011.557.000.000} \times 100 = 59.90\%$$

$$2021 \frac{5.762.000.000}{1.761.634.000.000} \times 100 = 0.33\%$$

$$2022 \frac{62.359.000.000}{1.826.350.000.000} \times 100 = 3.41\%$$

b. Analysis Statistics Descriptive

Statistics descriptive give description about data sources such as what is the mean , standard deviation , variance of the data . so that the capital variable data work and variables profitability (ROA) can served through processed descriptive statistics with using the IBM SPSS Statistics 26 program . As for the

results exercise the data as following :

Table 4. 1Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Working capital	5	16,009	438,886	115,675	181,746
Profitability (ROA)	5	0.33	60.72	26,232	31,194
Valid N (listwise)	5				

Source : Processed IBM SPSS *statistics 26*

Table 4.1 viz statistics processed descriptive with using *the SPSS statistics 26* program shows the average (*mean*) working capital amounting to 115,675 from the 2 samples studied with a standard deviation of 181.746. Meanwhile, working capital is the smallest was 16,009 and the largest was 438,886. Then the average profitability (ROA) , namely amounting to 26,232 with a standard deviation of 31,194. Furthermore smallest

profitability (ROA). is 0.33 and the highest amounting to 60.72.

c. Analysis Simple Linear Regression

Analysis regression linear simple This used For know connection second variable namely working capital (X) and profitability (Y), as follows This :

Table 4. 2 Analysis Results Regression Linear Simple
Coefficients ^a

Capital	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	26,232	6,910		3,796	0.032
Working capital	0.942	0.258	0.903	3,648	0.036

a. Dependent Variable: Profitability (ROA)

Source : Processed IBM SPSS *statistics 26*

Based on table 4.3 is obtained The value of a is 26.232 and the value of b is 0.942, so obtained equality as following :

$$Y = a + bX$$

$$Y = 26.232 + 0.942X$$

Meaning from equality above , namely :

- Constant value equality on worth 26,232 numbers the show profitability (ROA) at PT. Three Pillars of Prosperity Food, TBK Period (2018-2022). It means if working capital No experience change or fixed , then profitability (ROA) will also still .
- Coefficient regression (X) of 0.942 shows direction connection positive (unidirectional) between working capital

with profitability (ROA). It means if working capital experience enhancement so profitability (ROA) at PT. Three Pillars of Prosperity Food, TBK The period (2018-2022) listed on the Indonesian Stock Exchange experienced improvement too, as well on the contrary .

d. Hypothesis Test (Partial Test)

Partial test (t) is intended For measure big influence in a way direct from working capital variable to profitability (ROA). As for testing to proposed hypothesis If $t_{count} > t_{table}$ So can said that working capital influential positive to profitability (ROA). On the contrary If $t_{count} <$

t_{table} so can said that working capital No have influence positive to level profitability (ROA). Based on condition that , then influence variable (X) to (Y) can be explained based on t test calculation . level significance used in study This i.e. 5% or 0.05, then degrees free (db) or *degree*

of freedom (df) can calculated as following :

$$t_{table} = (\alpha / 2 : n - k - 1)$$

$$t_{table} = (0.05 / 2 : 5 - 1 - 1)$$

$$t_{table} = (0.025 : 3)$$

$$t_{table} = 3.18245$$

$$t_{table} = 3.18$$

Table 4. 3 t Test Results
Coefficients ^a

Capital	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
	B	Std. Error	Beta		
1 (Constant)	26,232	6,910		3,796	0.032
Working capital	0.942	0.258	0.903	3,648	0.036

a. Dependent Variable: Profitability (ROA)

Source : Processed IBM SPSS *statistics* 26

Based on table 4.4 above seen that in the working capital variable mark $t_{count} > t_{table}$ (3.648 > 3.18) and value significance of working capital < 0.05 (0.036 < 0.05). So can concluded hypothesis accepted in other words working capital influential positive and significant to profitability (ROA).

e. Correlation Test (R)

The correlation test (R) is method used For determined closeness connection between two or more variable different which is depicted with size coefficient correlation (Wibowo and Kurniawan, 2020)

Table 4.5 T test results
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.903 ^a	0.816	0.755	15.45056

a. Predictors: (Constant), Working Capital

Source : Processed IBM SPSS *statistics* 26

Based on table 4.5 above show R value of 0.903, yes concluded that correlation or working capital relationship with profitability (ROA) has strong relationship , in other words a relationship between working capital and profitability (ROA) is 0.903.

3.2 Analysis and Interpretation

Based on results working capital calculation to profitability (ROA) during period 2018 – 2022 at PT. The Three Pillars of Sejahtra Food are listed on the Indonesian Stock Exchange, then can concluded that working capital influential in a way positive and

significant to profitability (ROA) at PT. Three Pillars of Sejahtra Food which is listed on the Indonesian Stock Exchange. These results in accordance with the researcher 's hypothesis submit , where is the working capital influential positive significant to profitability.

Working capital management influence on ability company For produce profit (profitability). The more tall profitability something company so will the more the working capital that will be used is also high . This matter in accordance with what happened at PT. Tiga Pilar Sejahtra Food Tbk , 2019 period where working capital clean used height and

yield profitability (ROA) of the company follow rising too.

The calculation results analysis regression linear simple with mark constant amounting to 26,232 where show results if working capital No experience change so mark profitability (ROA) will also still . And from coefficient regression of 0.942 which is significant if working capital experience enhancement so profitability will experience increase too, or if working capital experience decline so profitability will experience decline . Whereas hypothesis test results namely partial test or t is obtained results $t_{\text{count}} > t_{\text{table}}$ (3.648 > 3.18) and value significant (0.036 < 0.05) p This show If between second variable This happen influence positive and significant to profitability (ROA). As well as on testing mark correlation show mark of 0.903 which is significant there is correlation or strong relationship between working capital with profitability (ROA) at PT. Three Pillars of Sejahtra Food which is listed on the Indonesian Stock Exchange.

Research result This consistent with research conducted by Puspitasari (2019) with title " Influence Cost Operations and Working Capital to Company Profitability " based on testing Partial can concluded If working capital variable influential positive and significant to profitability . Likewise, research conducted by Irpani (2019) with title " The Effect of Working Capital To Profitability in Registered Pharmaceutical Companies In the Stock Exchange) " concludes that working capital to profitability obtained amounting to $4.978 > 1.83$ and has number significant equal to $0.01 < 0.05$. Working capital influential positive and significant to profitability (NPM) is of 0.871 or amounted to 85.05 whereas the rest 25 % is influenced by other factors that are not including in study . Study This also supports the results research conducted by Rahayu and Chairiyaton (2022) with title " The Effect of Working Capital to Profitability of Companies Going Public on the Indonesian Stock Exchange 2017 – 2022" where results study shows working capital and sales influential to profit

clean company in a way partial and hypothesis testing in a way simultaneous show second variable in a way together influential to profit clean company . Besides that , research with title " Influence Working Capital Management To Company Profitability " researched by Setyadharma (2019) shows results that working capital management to profitability company influential positive significant .

Different with research conducted by Septiano *et.al* (2020) with title " The Effect of Working Capital and Liquidity to Profitability in Manufacturing Companies in the Pharmaceutical Sub Sector " where results his research show working capital turnover No influential to profitability and liquidity influential negative significant to profitability . And also contrary to research conducted by Maming (2019) with title " Influence Working Capital Turnover To Profitability in Manufacturing Companies Listed on the Indonesian Stock Exchange " based on results study can withdrawn conclusion that variable working capital turnover No influential significant to profitability .

4. Closing

4.1 Conclusion

Based on results analysis and interpretation of data regarding Effect of Working Capital To Profitability (ROA) at PT. Three Pillars of Prosperity Food. TBK Period (2018 - 2022) Listed on the Indonesian Stock Exchange, researcher interesting conclusion that working capital influential positive and significant to profitability (ROA) at PT. Tiga Pilar Sejahtra Food, tbk for the 2018-2023 period . This matter proven from results t test calculations namely $t_{\text{count}} > t_{\text{table}}$ (3.648 > 3.18) and value significance of working capital < 0.05 (0.036 < 0.05) as well The correlation test value (R) is 0.903.

4.2 Suggestion

In study This there is a number of thing that will become limitations in do study this and suggestions from writers who can made consideration in study furthermore. For It is

hoped that the author will be able to gain a deeper understanding of the influence of working capital on profitability. For It is hoped that the company can use it as material for consideration in the use of working capital, as well as improvements and further actions related to the use of financial reports . researcher Furthermore, it is hoped that it can be turned into knowledge so that it can be useful for those who need it, especially fellow students

Bibliography

- Aminati, R. (2020) . The Influence of Working Capital Turnover , Cash Turnover , and Inventory Turnover on Profitability . Muhammadiyah University of Mataram.
- Aris M unandar , N . H. (2019) . Efficient Use of Working Capital at PT . Holcim T bk . financial management journal , V ol .8. N o . 1.
- Budarta, DM (2022) . The Effect of Working Capital on Profitability at PT. East Luwu Palm Oil Plantation. Bosowa University, 34.
- Cahyani, F. (2019).
- Rifa'i , Abubakar ., M. 2021. Introduction to Research Methodology. Yogyakarta: Suka-Press UIN Sunan Kalijaga.
- Fauziyyah, D. (2020). The Effect of Disclosure of Corporate Social Responsibility on Company Value with Profitability as an Intervening Variable. Indonesian Computer University, 12-13.
- Harjito, M.d. (2005). Financial management. 72.
- Ibrahum, NA (n.d.). The Effect of Working Capital on Company Profitability. Hasanuddin University Makassar, 48.
- Irpan. (2019). The Effect of Working Capital on Profitability in Pharmaceutical Companies. Muhammadiyah University of North Sumatra.
- Iwan Kusmayadi, BN (2019). MSME working capital management analysis. Competitive Journal: Information Media for Development Economics, Management and Accounting Vol. 5 no. 1, 43.
- Kisvenza, Z. (2022). Sultan Agung Islamic University. Effect of Working Capital Turnover, Cash Turnover, Inventory Turnover on Profitability, 4.
- Linda Sari, A. (2023). journal of economic nation building. the influence of working capital management on profitability.
- Munawir, S. (2004). 121.
- Nurhuda. (2020). The Effect of Working Capital Management on Profitability. Palopo Muhammadiyah University, 11.
- Puspitasari, M. (2019) . The Influence of Operational and Working Capital on Company Profitability. Makassar State University.
- Rahayu and Chairiyaton (2022) with title " The Effect of Working Capital to Profitability of Companies *Going Public* on the Indonesian Stock Exchange 2017 – 2022
- Richky Prabowo, USA (2019) . Analysis of the Effect of Capital Structure and Liquidity on Profitability. Samudra Journal of Economics and Business, VOL 10, NO 1, 4.
- Septiano *et.al* (2020) with title " The Effect of Working Capital and Liquidity to Profitability in Pharmaceutical Sub-Sector Manufacturing Companies "
- Sutisna, I. (202 0) . Quantitative Research Data Analysis Techniques. Gorontalo State University Postgraduate Education Doctoral Program, 3.
- Tia, A. (2021) . The Effect of Working Capital Management on Profitability. Pakuan University, 14.
- Wibowo, RA, and Kurniawan, A.A. (2020). Analysis Correlation In Determination Direction Factors in Service Transport General In Magelang City . Journal of Electrical Engineering, Computer and Information Technology e- ISSN: 2745 - 6412.