

ABSTRACT

In an era that shows increasingly fierce competition between countries requires companies in a country to have good competitiveness. Therefore, the company must be able to have good performance, one of which is supported by its ability to earn profits. This study aims to examine the effect of working capital (Working Capital Turnover), liquidity (Current Ratio), leverage (Debt to Equity Ratio), and assets turnover (Total Assets Turn Over) on profitability (Return on Assets). The research was conducted to determine the effect of the independent variables consisting of working capital, leverage, liquidity, and assets turnover on the dependent variable, namely profitability both simultaneously and partially in manufacturing companies listed on the IDX for the 2016-2020 period.

This research is a research with a quantitative approach. The analytical technique used is panel data regression analysis with the random effect method as the chosen method. The data used is secondary data obtained from the Indonesia Stock Exchange which is sourced from the published financial statements of manufacturing companies. Sampling was done by purposive sampling method with a sample size of 40 manufacturing companies.

The results showed that partially working capital had no effect on profitability, liquidity had no effect on profitability, leverage had a significant negative effect on profitability, and assets turnover had a significant positive effect on profitability. Meanwhile, simultaneously working capital, liquidity, leverage, and assets turnover have a significant effect on profitability. The results of the analysis in this study resulted in a coefficient of determination of 29%. This explains that working capital, liquidity, leverage, and assets turnover explain the profitability of manufacturing companies by 29% while the remaining 71% is influenced by other variables that are not included in the regression analysis of this study.

Keywords: Working Capital Turnover, Current Ratio, Debt to Equity Ratio, Total Assets Turn Over, Return on Assets