

ABSTRACT

This study examines the influence of working capital management on the profitability of manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange. The main issue addressed is whether variables such as Cash Conversion Cycle (CCC), Receivable Collection Period (RCP), Inventory Conversion Period (ICP), and Payable Deferral Period (PDP) affect the profitability of companies measured by Return on Assets (ROA) and Return on Equity (ROE) using control variables such as sales growth, firm size, leverage, and current ratio. This research is motivated by the importance of working capital management in improving operational efficiency and financial performance of companies.

The purpose of this study is to analyze the impact of CCC, RCP, ICP, and PDP on company profitability. The research method used is a quantitative method with Generalized Least Square (GLS) analysis for the Random Effect (REM) regression model and Robust Estimation for the Fixed Effect (FEM) regression model. The data used are secondary data obtained from the annual financial reports of manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange for a certain period.

The results of the study indicate that CCC, RCP, and PDP have a significant impact on company profitability. CCC was found to have a positive effect on ROA and ROE, while RCP and PDP had a negative effect. However, the ICP variable did not have a significant effect on either ROA or ROE. This research provides important contributions to company management in making decisions related to working capital management to enhance profitability. Additionally, the findings of this study can serve as a reference for investors in making investment decisions.

Keyword: *Working Capital Management, Cash Conversion Cycle, Receivable Collection Period, Inventory Conversion Period, Payable Deferral Period, Profitability, Return on Assets, Return on Equity, Manufacturing Companies, Indonesia Stock Exchange*