

ABSTRACT

This study aims to examine the effect of the cash conversion cycle on the profitability of manufacturing companies listed on the Indonesia Stock Exchange. Based on previous research by Yazdanfar and Ohman (2014) which is the main reference, the cash conversion cycle has a significant negative effect on profitability. Whether the cash conversion cycle is getting shorter can increase the profitability of the company.

This study uses secondary data that uses the company's annual financial report data taken through access to the Bloomberg faculty and IDX sites. The population in this study are manufacturing companies listed on the Stock Exchange and present annual financial statements in a row from 2014-2016. By using purposive sampling technique, it was obtained 71 companies that met the criteria, then the number of samples during the observation year was 213.

The results of this study indicate that the cash conversion cycle has a significant effect on the negative direction of the company's profitability. This result shows the direction that is in accordance with the research by Yazdanfar and Ohman (2014) that is negative. For the other 2 control variables, the age of the company has a significant influence on profitability. While the size of the company has insignificant influence. Both have positive directions.

Keywords : Cash conversion cycle, company size, company age, profitability.