

ABSTRACT

The purpose of this research is to analyze the effect of working capital management (receivable collection period, inventory conversion period, and payable deferral period) and current ratio on profitability (ROA) food and beverage companies.

The population of this research is 24 Food and Beverage sub sector companies listed on the Indonesian Stock Exchange (BEI) in 2010-2016. The sampling method used is purposive sampling and acquired 11 companies in the sample. The analytical method used is panel regression analysis which was previously tested with a classical assumption test.

The results showed that simultaneously receivable collection period, inventory conversion period, payable deferral period, and current ratio influenced the performance of profitability by 85%. In partial test, payable deferral period and current ratio have positive and insignificant effect on ROA. While inventory conversion period has negative and insignificant effect on ROA. Receivable collection period has a negative and significant effect on ROA.

Keywords: ROA, receivable collection period, inventory conversion period, payable deferral period, current ratio.