

ABSTRACT

This research aims to examine the liquidity and activity on profitability in manufacturing companies that have been listed in the Indonesian Stock Exchange constantly along 2013 – 2015. The independent variabel in the research consists of three variables: the cash conversion cycle, current ratio, and total asset turnover. The dependent variabel in this study is the profitability.

This research is a quantitative study using secondary data such as data in the annual report which are taken through IDX and Bloomberg's site. The population of this research is the whole 147 manufacturing companies listed on the Indonesia Stock Exchange which are registered in Indonesia Stock Exchange constantly along 2013-2015. Then 92 companies are selected to match the criteria.

The results showed that the cash conversion cycle has a significant negative effect on profitability. These results indicate that the shorter cash conversion cycle will improve profitability. These results also indicate that the management of working capital in companies listed on the Indonesia Stock Exchange tends to use relaxed current asset investment policy. While the current ratio and total asset turnover also has a significant positive effect on profitability.

Keywords: cash conversion cycle, current ratio, total asset turnover, and profitability