

ABSTRACT

The purpose of this research is to examine the effect of working capital management on profitability of consumer goods industry that listed in Indonesia Stock Exchange (IDX) within 2014-2018. The indicator of working capital management that used in this research are cash conversion cycle (CCC) as well as its component; inventory conversion cycle (ICP), receivable collection period (RCP), and payable deferral period (PDP). In addition, current ratio (CR) is used as a control variable.

The results of this research indicate that cash conversion cycle (CCC), inventory conversion period (ICP), and receivable collection period (RCP) has negative and significant effect on firm profitability, and payable deferral period (PDP) has positive and significant effect on firm profitability which is measured by return on asset (ROA).

Keywords: *working capital management, cash conversion cycle, inventory conversion period, receivable collection period, payable deferral period, firm profitability, return on asset*