

ABSTRACT

This research aims to determine how the working capital management in non-financial companies that have been listed in the Indonesia Stock Exchange. Whether the efficient of working capital management could improve the profitability. The independent variable in this research consists of three variables: the cash conversion cycle, size and age of the company. The dependent variable 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 Bloomberg's site. The population of this research is the whole 391 non-financial companies listed on the Indonesia Stock Exchange which are registered in Indonesia Stock Exchange constantly along 2013-2015. Then 204 companies are selected to match the criteria.

The results showed that the cash conversion cycle has a significant positive effect on profitability. These results indicate that the longer 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 size and age of the company also has a significant positive effect on profitability. This means that non-financial companies listed on the Indonesia Stock Exchange classified as companies with large scale which has annual net sales more than 50 billion, and this means the increasing of company profitability. Influential the age of the company shows that the longer a company operates, the higher the company's ability to generate profits. Overall the cash conversion cycle, size and age of the company together have a significant and positive effect on the dependent variable, which is profitability.

Keywords: cash conversion cycle, firm size, firm age, and profitability