

THE ROLE OF PROFITABILITY: MEASURED FROM WORKING CAPITAL EFFICIENCY LIQUIDITY AND SOLVABILITY

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ABSTRACT

This research aims to determine the influence of Working Capital Turnover (WCT), Current Ratio and Debt to Asset Ratio partially or simultaneously on Return on Assets in Mining and Natural Gas Mining Companies listed on the Indonesia Stock Exchange for the 2012-2016 period. This research was conducted in the Oil and Gas Mining Sub-Sector Manufacturing listed on the Indonesian Stock Exchange for the 2012-2016 period with a population of 7 companies. The sample taken in this research is the whole, with the provisions of the sample characteristics of companies that have complete financial statements and are published on the IDX in the 2012-2016 period. In this research, the data analysis methods used are classical assumption testing, multiple linear regression, hypothesis testing and coefficient of determination. The results of this research show that partially Working Capital Turnover (WCT) has a significant effect on Return On Assets, Current Ratio has no significant effect on Return On Assets and Debt to Asset Ratio has a negative but not significant effect on Return On Assets. Simultaneously Working Capital Turnover (WCT), Current Ratio and Debt to Asset Ratio have a significant effect on Return On Assets.

Keywords: Capital Efficiency Liquidity And Solvability, Profitability

INTRODUCTION

As the development of companies in Indonesia has increased and become more rapid, of course companies will try to improve their ability to be able to follow and meet fluctuating market needs (Wibowo and Wartini, 2012). This has an influence on the business world which wants to survive and develop its business as much as possible. Profit or profit can be defined in two ways. Profit in pure economics is defined as an increase in an investor's wealth as a result of his investment, after deducting the costs associated with the investment (including opportunity costs). Profit is an increase in capital (net assets) originating from side transactions or transactions that rarely occur from a business entity, and from all other transactions or events that have a business entity during one period, except those arising from the owner's income (revenue) or investment (Bridwan, 1992: 55). In economic theory, the term profit is also known, but the meaning of profit in economic theory is different from the meaning of profit according to accounting. In economic theory, economists define profit as an increase in a company's wealth, while in accounting, profit is the difference in income realized from transactions that occur at a time compared to the costs incurred in a certain

period (Harahap, 1997). Profit or loss is often used as a measure to assess a company's performance or as a basis for other valuation measures, such as earnings per share. The elements that form part of profit are income and costs. By grouping the elements of income and costs, different profit measurement results can be obtained, including: gross profit, operational profit, profit before tax and net profit. Measuring profits is not only important for determining company performance but is also important as information for profit distribution and determining investment policies. Therefore, profit is information that is seen by many such as the accounting profession, financial analysis entrepreneurs, shareholders, economists, tax authorities, and so on (Harahap, 2001: 259). This causes various definitions for profit. Based on the explanation above, it can be seen that there is an increase in average assets every year. This is because the company's funding sources are not used effectively, efficiently and productively for all activities within the company. This has a negative impact on the company if the company does not carry out effective control measures to prevent negative deviations which will result in disruption of the continuity of the company's life. Profit is obtained from revenue after deducting costs incurred in the company's operational activities. Large income from main activities illustrates management's optimality in running the company well. Apart from that, large revenues reflect large profits. Mathematically, if the income is greater than the costs, a profit will be obtained, conversely if the income is less than the costs, there will be a loss and if the income is the same as the costs, there will be no profit or loss, this is called the break-even point. . In reality, the amount of income obtained will not always show the amount of profit earned. Because basically to get a profit, the income obtained must first be reduced by costs. The amount of capital is a basic problem and an important topic that is often faced by companies, because almost all attention is paid to managing the amount of capital and current assets which constitute a fairly large part of assets. Capital has a flexible nature, the amount of capital can be increased or reduced according to the company's needs. The amount of capital owned by a company affects the profits it will earn. If the amount of capital increases, the amount of net profit will also increase, similarly, if the amount of capital decreases, the amount of net profit will also decrease. Asset turnover describes the activities carried out by the company in carrying out its operations, both in sales, purchasing and other activities. if the company's activity is high then profitability will also be high and if profitability is high it will affect the company's profit growth. Asset turnover has a positive relationship with profit growth.

Profitability

The ultimate goal that a company wants to achieve, the most important thing is to obtain maximum profit or profit, besides other things. By obtaining maximum profits as targeted, companies can do a lot for the welfare of owners and employees, as well as improving product quality and making new investments. Therefore, in practice, company management is required to be able to meet the targets that have been set. This means that the amount of profit must be achieved according to expectations and does not mean it is just a profit. To measure the level of profit of a company, the profit ratio or profitability ratio is used, also known as the profitability ratio. Profitability is the company's ability to earn profits in relation to sales, total assets, or own capital. The amount of net profit is often compared with measures of activity or other financial conditions such as sales, assets, shareholder

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Volume 2, Issue 1, 2024

“Human Resource Transformation and Collaborative Innovation to Build Independent and Competitive Business in the Digital Era”

equity to assess performance as a percentage of several levels of activity or investment. Working capital is a portion of current assets that can actually be used to pay for company operations, capable of disrupting liquidity, which is the excess of current assets over current liabilities. According to Kasmir (2014, p. 196) states that: Profitability ratio is a ratio to assess a company's ability to make a profit. This ratio also provides a measure of the level of effectiveness of a company's management. This is shown by the profits generated from sales and investment income. The point is that this ratio shows the company's efficiency. Meanwhile, according to Kamaludin (2011, p. 45) states that: "profitability shows a picture of the level of effectiveness of company management in generating profits. Then this ratio is a measure of whether the owner or shareholder can obtain an appropriate rate of return on their investment." Profitability can be used as an analytical tool for investors/shareholders, seen from the profits actually received in the form of dividends. Therefore, it can be concluded that profitability is a company's ability to generate profits by utilizing all the resources generated from sales and investment. Thus the company must always be in a profitable condition. If otherwise, the company will find it difficult to attract capital from outside. There are several things that influence a company's profitability in obtaining the expected profits. Apart from that, many opinions discuss factors that influence profitability, namely:

According to Bambang Riyanto (2008, p.37) there are two factors affects profitability ratios, especially in measuring the Return On Asset ratio, namely:

1. Profit margin is the comparison between net operating income and net sales
2. Turnover of operating assets (business asset turnover rate), that is, the speed of turnover of operating assets in a certain period. This turnover can be needed with various net sales and operating assets.

Meanwhile, according to Horne and Wachowicz (2007, p. 182), there are factors that influence profitability, namely:

1. Operational Leverage
Operational Leverage relates to fixed operational costs associated with the production of goods or services.
2. Financial leverage
Financial leverage is related to the existence of fixed funding costs, especially debt interest.

Like the other ratios discussed previously, the profitability ratio also has goals and benefits, not only for the business owner or management, but also for parties outside the company, especially parties who have a relationship or interest with the company. According to Munawir (2014, p. 86) The purpose of using profitability ratios is to study the relative share between loan capital provided by creditors and own capital by shareholders.

Meanwhile, according to Kasmir (2012, p. 97-98) the purpose of using profitability ratios for the company and for parties outside the company is:

1. To measure or calculate the profits obtained by a company in a certain period.
2. To assess the company's profit position from the previous year to the current year.
3. To assess the development of profits over time.
4. To assess the amount of net profit after tax with own capital.

Proceeding 2nd Medan International Economics and Business

Volume 2, Issue 1, 2024

“Human Resource Transformation and Collaborative Innovation to Build Independent and Competitive Business in the Digital Era”

5. To measure the productivity of all company funds used, both borrowed capital and own capital.
6. To measure the productivity of all company funds used, including its own capital.

Working Capital

Working capital is capital used to carry out company operational activities. Working capital is defined as investment invested in current assets or short-term assets, such as cash, bank, securities, receivables, inventories and other current assets. According to Sri Ari (2010:112) Working capital is capital that should remain in the company so that the company's operations become smoother and the company's ultimate goal of generating profits can be achieved. According to Kasmir (2010: 250), the in-depth understanding of working capital is contained in the concept of working capital which is divided into three types, namely:

1. Quantitative Concepts
2. Qualitative Concepts
3. Functional Concept

In general practice, a company's working capital is divided into two types, namely:

1. Gross working capital (gross working capital)
2. Net working capital (net working capital)

According to Kasmir (2010:254) a company's need for capital depends on the following factors:

1. Type of Company
2. Production time
3. Credit Terms
4. Inventory turnover rate

Liquidity

The liquidity ratio or often also called the working capital ratio is a ratio used to measure how liquid a company is. The method is to compare the components in the balance sheet, namely total current assets with total current liabilities (short-term debt). The assessment can be carried out over several periods so that the development of the company's liquidity can be seen from time to time. Cashmere (2012, p. 130). Meanwhile, according to Harahap (2015, p. 301), liquidity is the company's ability to settle its short-term obligations. This ratio shows the extent to which current assets cover current liabilities. From the definition above, it can be concluded that liquidity is the company's ability to meet immediate short-term financial obligations which must be fulfilled on time using available current assets to maintain its liquidity. To maintain the company's liquidity level, there are usually several things that can hinder the company, so that the process of paying off the company's short-term obligations is not on time. Apart from that, there are many opinions that discuss factors that influence liquidity, namely: Kasmir (2012, p. 129) said that liquidity functions to show or measure a company's ability to fulfill its maturing obligations, both obligations outside the company and within the company (company liquidity). Meanwhile, according to Munawir (2014, p. 73), the factors that influence the liquidity ratio, especially the Current Ratio, must consider the factors, namely:

Proceeding 2nd Medan International Economics and Business

Volume 2, Issue 1, 2024

“Human Resource Transformation and Collaborative Innovation to Build Independent and Competitive Business in the Digital Era”

1. Distribution or proportion of current assets.
2. Trend data on current assets and current liabilities, for a period of 5 years or more from the past.
3. Conditions given by creditors to companies in making returns and credit conditions given by companies in selling their goods.
4. Present value (true value) of current assets, because it is possible that the company has a fairly large balance of receivables but these receivables have been incurred for a long time and are difficult to collect so the realized value may be smaller than what is reported.
5. The possibility of changes in the value of current assets, if the value of inventories continues to fall (deflation), then large current assets (especially shown in inventory) will not guarantee the company's liquidity.
6. Changes in inventory in relation to current or future sales volume, which may result in overinvestment in inventory.
7. The need for working capital in the future, the greater the need for working capital in the future, the greater the ratio required.
8. Type or type of company (company that produces its own goods sold, trading company or service company).

Solvency

The solvency ratio according to Wil (2005:9) "is the company's long-term possibility and ability to pay off long-term obligations". Meanwhile, according to Kasmir (2010: 151), the solvency ratio (leverage ratio) is a ratio used to measure the extent to which a company's assets are financed with debt. The solvency ratio or leverage ratio is a ratio used to measure the extent to which a company's assets are financed with debt. This means how much debt the company bears compared to its assets. In a broad sense, it means that the solvency ratio is used to measure a company's ability to pay all its obligations, both short and long term, if the company is dissolved (liquidated).

Factors that influence capital structure are:

1. Sales Level
2. Asset Structure
3. Company Growth Rate
4. Profit Variables and Tax Shelters
5. Company Scale
6. Company Internal Conditions and Macroeconomics

Meanwhile, according to Bambang Riyanto (2010, pp. 296-300), what influences capital structure is the interest rate, stability of earnings, composition of assets, level of risk and assets, the amount of capital required, state of the capital market, nature of management, size a company.

The Effect of Working Capital Turnover on Return on Assets

Working capital is a main problem and topic that is often used by companies, because almost all attention is paid to managing working capital and current assets which constitute a fairly large part of assets. Working capital is needed by every company to finance its daily operations. Working capital efficiency can be assessed using the ratio between net sales

proceeds and average working capital, which is called Working Capital Turnover. High profitability will be able to support operational activities optimally. The level of profitability is influenced by working capital. The shorter the working capital turnover period, the faster the turnover, causing the working capital turnover to be higher and the company to be more efficient, which ultimately leads to increased profitability. According to Singh et al (2008) capital turnover depends on how long the turnover period of each component of working capital is Based on Stakeholders Theory, the profitability that a company wants to achieve is not only in accordance with the interests of the company itself, but must also provide value for stakeholders. Apart from that, companies must also be good at managing working capital efficiently so that working capital turnover becomes faster, so that invested funds will return to cash more quickly so that the profitability received by the company will increase. Thus, companies must adopt appropriate policies in using working capital for operational activities so that a high level of profitability is achieved.

Effect of Current ratio on Return on Assets

In theory, the view regarding the effect of liquidity on profitability. The effect of liquidity on profitability is that it shows the company's ability to fulfill obligations that must be fulfilled immediately, or the company's ability to meet its financial requirements when billed. According to Syamsuddin (2009, p. 209) states that if the ratio of current assets or total assets increases, both profitability and the risks faced will decrease. Decreased profitability is caused because current assets produce less than fixed assets. The liquidity ratio is proxied by the Current Ratio (CR). Current Ratio is usually used to measure a company's ability to fulfill its obligations. The lower the value, it will indicate the company's inability to fulfill its short-term obligations, so this can affect the level of profitability. Those who are unable to fulfill their obligations will be subject to additional burdens on their obligations.

The Influence of Debt to Asset Ratio on Return on Assets

Debt to Asset Ratio is a debt ratio that is used to measure the ratio between total debt and total assets. How much of the company's assets are financed by debt or how much debt the company has has an effect on asset management. According to Kasmir (2010, p. 156) states that if the ratio is high, meaning that debt funding is increasing, it will be difficult for the company to obtain additional loans because it is feared that the company will not be able to cover its debts with the assets it owns. Likewise, if the ratio is low, the smaller the company is financed with debt.

Effect of Working Capital Turnover, Current ratio, and Debt to Asset Ratio on Return on Assets

Profitability is the company's ability to earn profits in relation to sales, total assets and own capital. The amount of net profit is often compared with measures of activity or other financial conditions such as sales, assets, shareholder equity to assess performance as a percentage of some level of activity or investment. Working capital is a portion of current assets that can actually be used to pay for a company's operations and can disrupt its liquidity, namely the excess of current assets over current liabilities.

METHODS

This approach is associative in nature and aims to determine the influence between two or more variables. This research uses secondary and empirical data, where data is obtained from documents by conducting research on oil and gas mining companies listed on the Indonesian Stock Exchange. Meanwhile, the research approach used is a quantitative approach, where this approach is based on testing and analyzing theories compiled from various variables, measurements involving numbers, and analyzed using statistical procedures. This paradigm is consistent with what is called a quantitative approach, namely with the aim of developing and using mathematical models, and theories or hypotheses related to phenomena, and then drawing conclusions from these tests. This research was conducted in the Oil and Gas Mining Sub-Sector Manufacturing listed on the Indonesian Stock Exchange for the 2012-2016 period with a population of 7 companies. The sample taken in this research is the whole, with the provisions of the sample characteristics of companies that have complete financial statements and are published on the IDX in the 2012-2016 period. In this research, the data analysis methods used are classical assumption testing, multiple linear regression, hypothesis testing and coefficient of determination.

RESULTS

Normality test

This test can be used to determine normal or abnormal in the regression model of the independent variable and dependent variable or both having a normal distribution, so the normality test is used. The normality test used in this research is the Kolmogrov Smirnov monte carlo test. The Kolmogrov Smirnov Monte Carlo test aims to determine whether the independent variable and the dependent variable or both are normally distributed in this research. The statistical test that can be used to test whether the residuals are normally distributed is the non-parametric Kolmogrov Smirnov Monte Carlo statistical test using the hypothesis:

H₀= Residual data is normally distributed

H₀= Residual data is not normally distributed

The following are the results of the normality test using Kolmogrov Smirnov Monte Carlo:

Table 1. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Ln_WCT	CR	Ln_DAR	Ln_ROA
N		35	35	35	32
Normal	Mean	.5601	1.5840	3.9566	.7370
Parameters, b	Std. Deviation	1.00397	1.01871	.41227	1.48577
Most Extreme	Absolute	.185	.143	.199	.131
Differences	Positive	.185	.143	.124	.106
	Negative	-.174	-.093	-.199	-.131
Statistical Tests		.185	.143	.199	.131
Asymp. Sig. (2-tailed)		.004c	.067c	.001c	.178c
	Sig.	.163d	.427d	.112d	.607d

Proceeding 2nd Medan International Economics and Business

Volume 2, Issue 1, 2024

“Human Resource Transformation and Collaborative Innovation to Build Independent and Competitive Business in the Digital Era”

Monte Carlo Sig. (2-tailed)	99% Confidence Interval	Lower Bound	.153	,414	.104	,594
		Upper Bound	,172	,439	,120	,619

a. Test distribution is Normal.

From the table above it can be seen that the Kolmogorov-Smirnov Monte Carlo sig values for the Working Capital Turnover, Current Ratio, Debt to Asset Ratio and Return On Assets variables are normally distributed because they have a significance level above 0.05 (5%). To find out whether the dependent variable and independent variable or both are normally distributed or not. This test aims to see whether the regression model for confounding or residual variables has a normal distribution. The normality test in this study is the P-plot graph.

The following are the results of the normality test using the P-plot graph.

Normal P-P Plot of Regression Standardized Residual

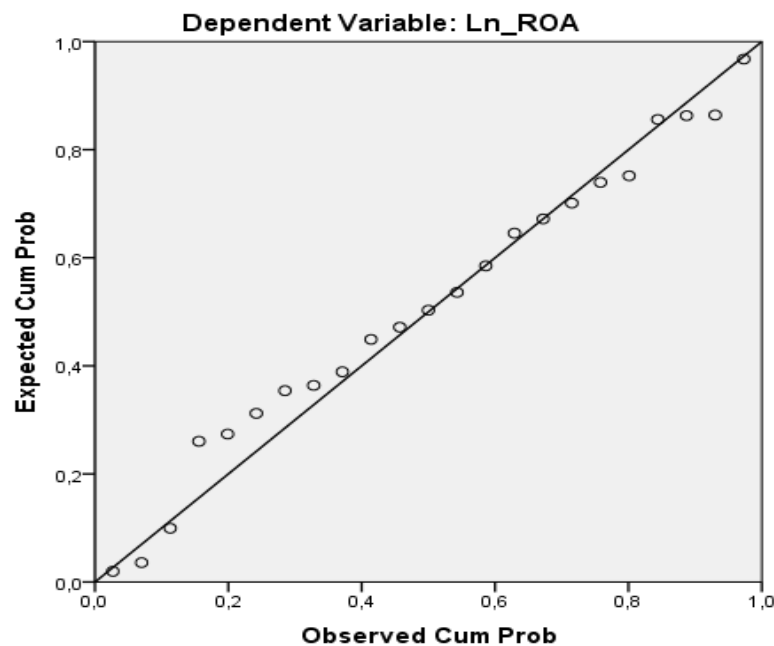


Figure 1. Normal P-Plot Graph

Source: 2018 SPSS Data Processing Results

Multicollinearity Test

Multicollinearity is used to test whether in the regression model a strong correlation is found between the independent variables. Multicollinearity occurs because there is a linear relationship between the independent variables (X) in the regression model.

The multicollinearity test also has several provisions, namely:

- 1) If $VIF > 10$, then there is a serious multicollinearity problem
- 2) If $VIF < 10$, it means there is no serious multicollinearity problem

The results of the multicollinearity test can be seen in the following table:

Table 2. Multicollinearity Test Results
Coefficientsa

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
WCT	,996	1,004
CR	,710	1,409
DAR	,712	1,404

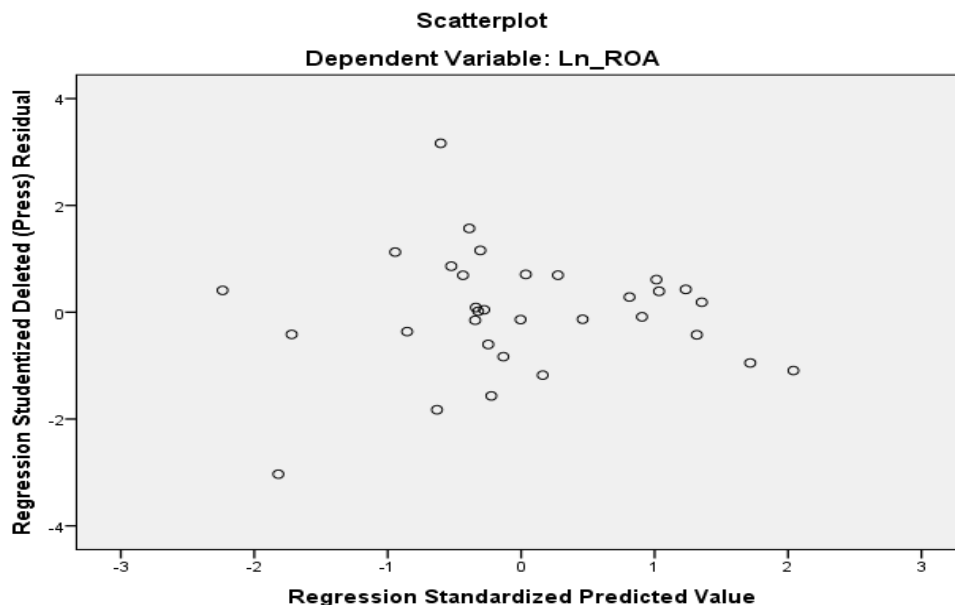
a. Dependent Variable: Ln_ROA

Source: Spss Data Processing Results'

Heteroscedasticity Test

This test aims to test whether in the regression model there are differences in variance and residuals from observations to other observations. A good regression model is good at heteroscedasticity. The way to detect the presence or absence of heteroscedasticity is to look at the graph plot between the predicted values of the dependent variable. The basis for determining whether heteroscedasticity exists or not is:

1. There is a certain pattern, such as the points forming a certain regular pattern (wavy, widening then sideways), which indicates that heteroscedasticity has occurred.
2. If there is a clear pattern, and the dots spread above and below the number 0 on the Y axis, then heteroscedasticity does not occur.


Figure 2. Heteroscedasticity Test Results

DISCUSSION**The Effect of Working Capital Turnover on Return on Assets**

Based on research obtained regarding the influence of Working Capital Turnover on Return on Assets in oil and gas mining companies listed on the Indonesia Stock Exchange (BEI) for the 2012-2016 period, it is stated that the t value is $2.655 > t$ table 2.037 and the significant value is $0.013 < 0, 05$. Thus H_a is accepted and H_0 is rejected. This means that partially Working Capital Turnover has a significant effect on Return on Assets in oil and gas mining companies listed on the Indonesia Stock Exchange (BEI) for the 2012-2016 period. Because the company's working capital has been met with the company's needs, with sufficient working capital the company has the ability to fulfill its obligations on time. This means that the company is able to cover its short-term debt of IDR 111,192,882,039 with sales of IDR 209,568,348,768. This means that the company's level of efficiency in managing working capital is said to be good because the high level of sales makes the company able to pay its short-term debt on time. This shows that whether working capital turnover is fast or slow, it will affect the company's profits, in other words, the faster the working capital turnover rate, the more efficient it is in using working capital to generate income for the company. According to Singh et al (2008) capital turnover depends on how long the turnover period of each component of working capital. If the higher the working capital turnover, the more effective the company's use of working capital, conversely the lower the working capital turnover, the less effective the use of working capital. This causes delays in the company's operational activities which will ultimately hamper the company's ability to gain profits. Based on the results of the author's research, it is in line with previous research presented by Menuh (2008) which shows that Working Capital Turnover has an effect on Return on Assets.

The Effect of Current Ratio on Return On Assets

Based on research obtained regarding the influence of Current Ratio on Return on Assets in oil and gas mining companies listed on the Indonesia Stock Exchange (BEI) for the 2012-2016 period, it is stated that the t value is $-0.908 < t$ table 2.037 and the significant value is $0.372 > 0.05$. Thus H_0 is accepted and H_0 is rejected. This means that partially the Current Ratio has no effect and is not significant on Return on Assets in oil and gas mining companies listed on the Indonesia Stock Exchange (BEI) for the 2012-2016 period. This shows that the size of this ratio cannot affect the company's profitability. The higher this ratio indicates that a lot of funds are idle in the company, making the company less effective in managing its current assets. This can be seen from the average size of company assets of IDR 171,507,719,295 compared to the average current debt of 111,192,882,039 in oil and gas mining companies listed on the Indonesia Stock Exchange for the period 2012 to 2016. A high liquidity ratio is not always profitable. because it has the opportunity to generate idle funds that can actually be used to invest in projects that benefit the company. Munawir 2002. Page 72 states that a Current Ratio of 200% is sometimes satisfactory for a company, but the amount of working capital and the size of the ratio depend on several factors, a general standard or ratio cannot be determined for all companies. A high current ratio is not a guarantee that the company will be able to pay debts that are due because the proportion of assets is unprofitable. Based on the results of the author's research, it is in line with the results

Proceeding 2nd Medan International Economics and Business

Volume 2, Issue 1, 2024

“Human Resource Transformation and Collaborative Innovation to Build Independent and Competitive Business in the Digital Era”

of previous research conducted by Afriny (2013) and Nugroho (2014) which stated that the Current Ratio has no influence on Return On Assets. The lower the Current Ratio has an unfavorable influence on profitability, so it has an impact on the rate of return on capital itself and investors. Based on research conducted and previous research opinions, the author can conclude that the Current Ratio has no significant effect on Return On Assets.

The Influence of Debt to Asset Ratio on Return on Assets

Based on research obtained regarding the influence of Debt to and natural gas listed on the Indonesian Stock Exchange (BEI) for the 2012-2016 period, states that the t value is $-0.625 < t_{table} 2.037$ and the significant value is $0.537 > 0.05$. Thus H_0 is accepted and H_1 is rejected. This means that partially the Debt to Asset Ratio has no effect and is not significant on Return on Assets in oil and gas mining companies listed on the Indonesia Stock Exchange (BEI) for the 2012-2016 period. This shows that changes in solvency have no impact on changes in profitability. Based on the Pecking Order Theory from Stewart C. Myers (1984), the greater this ratio indicates that the greater the costs the company must bear to fulfill its obligations. According to Van Horne (1998), the higher the debt to asset ratio, the greater the finances. What is meant by an increase in risk is that the company funds too many assets from debt. With the risk of default, the costs that must be made by the company to overcome this problem are greater. Where the company not only has to pay the debt but also has to pay the interest. This can reduce the company's profitability. In determining the source of funds, a company can apply a high debt policy, namely using more debt than its own capital, or use a low debt policy, namely using its own capital rather than debt. A high debt policy will cause high interest expenses to be borne so that this has a negative effect on profitability. The increase in the ratio in question is the possibility of default due to the company funding too many assets from debt. With the risk of default, the costs that must be incurred by the company to overcome this problem are increasingly greater. The lower the Debt to Asset Ratio, the higher the company's ability to pay all its obligations, which means that only a small portion of the company's assets are financed by debt. The decreasing DAR is due to the increase in total assets which is greater than the increase in debt so that it can reduce the debt burden which results in an increase in the resulting ROA. The results of this research are in accordance with the Pecking Order theory which states that companies prefer funding that comes from internal funds, namely retained earnings, rather than funding that comes from external funds, namely debt. The results of this research are in line with the results of research conducted by Nugroho (2011), and Shella Ekawati Ludijanto (2014), who found that the Debt to Asset Ratio had no effect and was not significant on profitability. But it is not in line with the research of Nidya Afrinda (2014) and Widiyanti (2015).

The Effect of Working Capital Turnover (WCT), Current Ratio and Debt to Asset Ratio on Return on Assets

The research results obtained regarding the influence of Working Capital Turnover (WCT), Current Ratio and Debt to Asset Ratio on Return On Assets in Oil and Gas Mining Companies listed on the Indonesia Stock Exchange. From the ANOVA (analysis of variance) test in the table above, we can get $F_{hitung} 3.009 > F_{table} 2.90$. Thus H_a is accepted and H_0

Proceeding 2nd Medan International Economics and Business

Volume 2, Issue 1, 2024

“Human Resource Transformation and Collaborative Innovation to Build Independent and Competitive Business in the Digital Era”

is rejected. This means that there is a jointly significant influence of all the independent variables Working Capital Turnover, Current Ratio and Debt to Asset Ratio on the dependent variable Return on Assets. Profitability is the company's ability to earn profits in relation to sales, total assets and own capital. The amount of net profit is often compared with measures of activity or other financial conditions such as sales, assets, shareholder equity to assess performance as a percentage of some level of activity or investment. Working capital is a portion of current assets that can actually be used to pay for a company's operations and can disrupt its liquidity, namely the excess of current assets over current liabilities. According to Tunggal (1995), an indication of good working capital management is the existence of working capital efficiency which can be seen from the turnover of working capital owned from cash assets invested in the working capital component until it returns to cash. The shorter the working capital turnover period, the faster the turnover, so that working capital is higher and the company is more efficient, ultimately increasing profitability. The higher the profit obtained by the company, the smaller the debt used in funding the company because the company can use internal equity obtained from retained earnings first. If funding requirements are not sufficient, the company can use debt. The use of debt is expected to increase profits so that the company can make new investments in the form of assets and profits are also expected to be able to cover the debt burden. Liquidity is related to the problem of a company's ability to meet its financial obligations which must be fulfilled immediately. In this research, assessing liquidity uses (Current Ratio). The current ratio in a financial report shows how much assets are financed with debt. This current ratio emphasizes the important role of debt funding for a company by showing the percentage of company assets supported by debt funding. The greater this ratio, the greater the company's liquidity. According to Van Horne (1998) the ability to earn profits is inversely proportional to liquidity. So, the higher the company's liquidity, the lower the company's ability to generate profits. According to Munawir (2002) solvency is the company's ability to fulfill its obligations. Yes, if the company is liquidated, both short term and long term liabilities. The solvency ratio emphasizes the important role of debt funding for companies by showing the percentage of company assets supported by debt funding. The greater this ratio indicates that the greater the costs that must be borne to fulfill its obligations. This can reduce the company's profitability. So the higher the company's solvency, the lower the company's ability to generate profits.

CONCLUSIONS

Based on the results of the research and discussion previously stated, conclusions can be drawn from research regarding the influence of Working Capital Turnover (WCT), Current Ratio, and Debt to Asset Ratio on Return on Assets in Oil and Gas Mining Companies listed on the Indonesia Stock Exchange (BEI) for the 2012-2016 period with a sample of 7 companies as follows: Partially, Working Capital Turnover (WCT) has a significant effect on Return On Assets in Oil and Gas Mining Companies listed on the Indonesian Stock Exchange for the 2012-2016 period. Partially, the Current Ratio has no effect and is not significant on Return On Assets in Oil and Gas Mining Companies listed on the Indonesian Stock Exchange for the 2012-2016 period. Partially, Debt to Asset Ratio has no effect and is not significant on Return On Assets in Oil and Gas Mining Companies

Proceeding 2nd Medan International Economics and Business

Volume 2, Issue 1, 2024

“Human Resource Transformation and Collaborative Innovation to Build Independent and Competitive Business in the Digital Era”

listed on the Indonesian Stock Exchange for the 2012-2016 period. Simultaneously Working Capital Turnover (WCT), Current Ratio, Debt to Asset Ratio influence Return On Assets in Oil and Gas Mining Companies listed on the Indonesian Stock Exchange for the 2012-2016 period.

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