

ABSTRACT

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THE EFFECT OF WORKING CAPITAL MANAGEMENT ON PROFITABILITY OF MINING FIRMS LISTED ON INDONESIA STOCK EXCHANGE

(xv + 76 pages; 5 figures; 17 tables; 4 appendices)

Firms in every business aim to make profit. One of the ways to increase their profit is through efficient management, one of which is the working capital management. This study aims to determine the relationship between working capital management and profitability. The proxy for working capital management is the account receivable period, account payable period and inventory turnover period, whereas the proxy for profitability is return on assets.

This research implements the purposive sampling method. The samples which met the criteria are six Mining Companies listed in the Indonesia Stock Exchange for the period 2013-2018. The data of this research are processed with SPSS 25.0 for windows with the multiple regression models. The result of this study shows that working capital management significantly affects the profitability of mining firms. Both the account receivable period and inventory turnover period have an insignificant negative partial effect on the profitability. Whereas account payable period shown to have a significant partial effect on the profitability.

Keywords: Working Capital Management, Profitability, Account Receivable Period, Account Payable Period, Inventory Turnover Period, Return on Assets

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