



The Effect of Working Capital Turnover on Profitability at Telkom Indonesia Tbk

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ABSTRACT

This study aims to produce information in the form of a more in-depth explanation of the effect of working capital turnover on return on equity. And obtained the results from processed data on how much the working capital turnover affects return on equity (ROE). The research method used in this study is associative which is to know the influence between two or more variables in the form of annual financial statements from 2018 to 2022. Based on the calculation with the simple linear regression equation $Y = 27.890 + 0.080X$, it means that if the working capital turnover value is 0, the return on equity (ROE) value is 0.080% and if the working capital turnover increases by Rp. 1,- then the return on equity will increase by 0.080%. The value of $R = 0.725$ implies that the relationship between working capital turnover and return on equity (ROE) is strong. While the value of $R^2 = 0.525$ or 52.5%, meaning that the return on equity is influenced by the turnover of working capital of 52.5%, the remaining 47.5% is influenced by other variables that are not studied. Meanwhile, from the T test resulting in a sig of $0.018 < 0.05$, the H1 will be accepted, and based on the T_{hitung} test of 2.975 which means that the variable of the T value of the calculation is greater than the Table of 1.860 proves that the turnover of working capital has a significant effect on return on equity (ROE).

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INTRODUCTION

The development of the economy and the advanced business world has resulted in a lot of competition for entrepreneurs. The many competitions that have arisen require companies to further improve their performance. One way to see a company's performance can be seen from the company's financial statements. The financial statements will describe the ups and downs of the company's profits. The rise and fall of these profits can be calculated or measured through the profitability ratio. The value of a company's profitability ratio shows a company's superiority in business competition.

Working capital turnover is one of the indicators that can be used to measure the effectiveness of a company's use of working capital over a period. This ratio measures how often working capital can be converted to generate income. Working capital turnover or working turn over is one way to measure or evaluate the effectiveness of a company's working capital during a period. There are many other factors that affect profitability. Profits in a company are used for the welfare of the company itself. In addition, profits play an important role as a tool to determine the success of a company and in management decision-making (Ulfa et al., 2023).

Profitability is one of the factors to consider for companies to assess or measure whether the company will experience profits or losses. One way to measure a company's profitability performance is by using the Return On Equity (ROE) Ratio. Return On Equity (ROE) is used to measure a company's ability to generate profits. These advantages can be seen from how the company uses its working capital productively. For companies, the issue of profitability is very important, as well as for company leaders, profitability is used as a benchmark for the success or failure of the company they lead. Meanwhile, for company employees, the higher the profitability obtained by the company, the opportunity to increase employee salaries. High profitability will be able to support operational activities to the maximum. The high and low profitability is influenced by many factors, one of which is working capital (Ma'wa Jannatul, 2020).

Increasingly advanced technology also encourages the mind to create ideas and innovations. Changes in people's lifestyles today urgently need easy and fast access to information to meet the needs that depend on telecommunication networks. In Indonesia, the telecommunication service sector has been carried out by state-owned enterprises since 1965. The development of internet-based technology that provides services

(multi-service), voice (telephone) and data (wifi internet) as well as picture services (TV). PT. Telkom Indonesia is one of the companies engaged in telecommunication services. Companies must determine their status, so that they can influence interest in using their services or products. This is in order to be able to measure the company's success and company development over time by compiling financial statements.

PT Telkom Indonesia Tbk was first established on July 6, 1965, when the Indonesian government divided PN Pos and telecommunications. Financial statements are an important source of information for a company, in addition to other sources of information. The main purpose of financial statements is to provide financial information that includes changes in the elements of financial statements intended to other interested parties to evaluate the company's financial performance. (Fahmi, 2011).

The following is a table of the development of working capital and profitability of PT. Telkom Indonesia for the period of 2018 to 2022.

Table 1 Financial Data of PT. Telkom Indonesia Tbk in 2018-2022 (Data presented in billions of rupiah)

Year	Working Capital	Sales	Net profit
2018	2.993	130.784	31.921
2019	(16.647)	135.567	25.400
2020	(2.259)	136.462	25.986
2021	(7.854)	143.210	35.928
2022	(15.331)	147.306	29.447

Based on the Financial Data presented in table 1 above, it can be seen that the main problem at PT Telkom is the Availability of Working Capital, where in the last 4 years from 2019 to 2022 the Working Capital Condition at PT Telkom Indonesia has experienced a deficit (shortage) but even so, PT Telkom Indonesia Tbk is still able to obtain net profits for the company. The Working Capital Deficit occurs as a result of the availability of current assets is smaller when compared to current debt.

For the Company's Net Profit, PT Telkom Indonesia Tbk in the last 5 (five) years from 2018 to 2022 has fluctuated, where in 2019 the Company's Net Profit decreased by around 20.42%, and in 2022 the Company's Net Profit again experienced a decline, which was around 18.03%. Meanwhile, in the 2018, 2020, and 2021 periods, the Company's Profit recorded a positive trend where in that period Net Profit increased.

And for the condition of the company's sales value at PT Telkom Indonesia Tbk in the last 5 (five) years from 2018 to 2022 recorded a positive trend or continued to increase, but even though the sales value recorded a positive upward trend, but when compared with the sales value with the data on its Net Profit in the 2019 and 2022 periods, where in the 2019 and 2022 periods the Sales Value Increased but not accompanied by increase in Net Profit.

METHOD

In this study, a type of associative research is used, associative research is a research that knows the influence between two or more variables (Sugiyono, 2016). This study aims to find the effect of Working Capital Turnover (X) and Return On Equity (Y), on PT. Telkom Indonesia Tbk. The research instrument used in this study is in the form of a list of tables consisting of Financial data (Current Assets, Current Liabilities, Net Sales, Net Profit and Total Capital) obtained through the Financial Statements of PT. Telkom Indonesia Tbk. Forms Financial Position Statement and Profit/Loss Statement for 5 years from 2018 to 2022. The population used in this study is the financial statements of the company PT. Telkom Indonesia Tbk has been flat on the IDX from 1995 to 2024, which is for 29 years. The sampling technique used in this study is purposive sampling is a sampling method with certain considerations. with the following criteria: (1) the latest financial statement data; (2) data available for ten consecutive years, from 2013-2022 and (3) ten-year sample data already representative of the population available for research needs. The place of research was conducted at PT. Telkom Indonesia Tbk, which is located at Telkom Landmak Tower, 39th Floor Jl. Jend.Gatot subroto Kav. 52 Kuningan Barat South Jakarta DKI Jakarta 12710. Data collection technique by obtaining data Research through financial statement documentation of PT. Telkom Indonesia Tbk which consists of a Financial Position report and an Income Statement which can be accessed through the www.idx.co.id website.

RESULTS AND DISCUSSION

Data Analysis

Table 2. Data Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		10
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	4.04413277
Most Extreme Differences	Absolute	.174
	Positive	.174
	Negative	-.111
Test Statistic		.174
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

Based on the results of the normality test using the Kolmogorov-Smirnov Test One-Sample Test, it is known that the significance value is $0.200 > 0.05$, so it can be collected that the residual value is normally distributed.

Table 3. Correlation Coefficient and Determination Coefficient Test

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.725 ^a	.525	.466	4.28945

a. Predictors: (Constant), P.Modal Kerja

b. Dependent Variable: Return On Equity

Based on the Spss Output of Table 3 above, it can be known that the value of the correlation coefficient between Working Capital Turnover and Return On Equity is obtained with an R value of 0.725. And it can be concluded that Working Capital Turnover has a strong influence on Return On Equity (ROE). Based on the Spss Output of Table 3 above, it can be known for the value of the determination coefficient (R Square) of 0.525. This shows that the effect of Working Capital Turnover on Return On Equity (ROE) is 52.5%. While the remaining 47.5% was influenced by other variables that were not studied.

Table 4. Regression Equation and Partial Test t-test

Model		Coefficients ^a			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	27.890	1.417		19.681	.000
	P. Working Capital	.080	.027	.725	2.975	.018

a. Dependent Variable: Return On Equity

Based on table 4 above, the equation of simple linear regression equations can be described as follows:
 $Y = 27,890 + 0,080X$.

The meaning of the simple Linear Regeresi Equation can be explained as follows:

1. The value of the Constant (α) is 27.890, indicating that if the Working Capital Turnover is considered constant or equal to 0, then the Return On Equity (ROE) value is 0.080%.
2. And the value of the variable regression coefficient of Working Capital Turnover (X) is 0.080, indicating that if the Working Capital Turnover changes by one unit, the Return On Equity (ROE) will

change by 0.080%. A positive value indicates that there is a positive or unidirectional relationship between the turnover of working capital and Return On Equity (ROE) which can be interpreted if the turnover of working capital increases, then Return On Equity (ROE) will also increase.

Based on the results of the output of spss coefficients in Table 5, it is known that the tcal value is 2.975, with a ttable value of 1.860, the tcal is greater than the ttable value ($2.975 > 1.860$), and with a significant value of 0.018 is smaller than the significance level value of 0.05 ($0.018 < 0.05$). So the H1 hypothesis which states that "Working Capital Turnover has a Significant Effect on Return On Equity at PT Telkom Indonesia Tbk is accepted (H1 accepted). This can also explain that PT Telkom Indonesia Tbk has been able to manage the turnover of working capital and increase the number of sales well so as to generate a good profit or Profitability (Return On Equity). The results of this study are in line with the results of research conducted by (Hasibuan & Oktami, 2022), and (Maryanto & Rafif, 2021) that partially Working Capital Turnover has a significant effect on Return On Equity.

CONCLUSION

Based on the results of data processing and statistical tests that have been carried out in this study, it can be concluded that Working Capital Turnover has a significant effect on Return On Equity (ROE).

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