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The Effect of Working Capital Turnover and Accounts Receivable Turnover on Profitability

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Abstract

Purpose: This study aims to examine the effect of working capital turnover and accounts receivable turnover on profitability in consumer goods manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. This study focuses on identifying whether operational efficiency in managing working capital and receivables contributes to improved financial performance.

Research Methodology: This research employed a quantitative approach using secondary data obtained from financial reports of companies listed on the IDX. The sample consisted of 47 consumer goods manufacturing companies selected through purposive sampling. Data were analyzed using descriptive statistics, classical assumption tests, Pearson correlation analysis, and multiple linear regression to examine the partial and simultaneous effects of the independent variables on profitability measured by Return on Assets (ROA).

Results: The findings indicate that working capital turnover has a positive and significant effect on profitability, demonstrating that efficient working capital utilization contributes to higher financial performance. Meanwhile, accounts receivable turnover does not significantly affect profitability. Simultaneously, working capital turnover and accounts receivable turnover significantly influence profitability.

Conclusions: Effective working capital management is an important factor in enhancing profitability, while receivable management requires appropriate strategies to support sustainable financial performance.

Limitations: This study is limited to consumer goods manufacturing companies and examines only two financial efficiency indicators.

Contributions: This research provides empirical evidence regarding the role of working capital efficiency in improving profitability and offers practical implications for managers in optimizing financial resource management.

***Keywords:** Profitability Return, Receivable Turnover, Working Capital Turnover*

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1. Introduction

In the current era of globalization and rapid technological advancement, managing and developing a company has become increasingly complex. Every organization must leverage high-quality information technology while facing numerous challenges to achieve its primary goal: generating profit (Kasmir, 2021). Profitability is crucial for the survival of a company because, without sufficient profits, it becomes difficult to attract investors or external funding. Consequently, company owners and management continuously strive to enhance profitability to maintain sustainability and competitiveness in the market.

Profitability can be measured through profitability ratios, which assess the effectiveness of management in generating profits from operational activities and investments (Kasmir, 2021). According to Munawir (2023), profitability is influenced by two key factors: turnover of operating assets and profit margin. Turnover of operating assets, particularly working capital, is a critical determinant of short-term operational efficiency, directly affecting the company's revenue. Efficient management of working capital enables sustainable value creation, while ineffective management can reduce operational performance. Profit margin, on the other hand, represents the proportion of operating profit relative to net sales, indicating how effectively a company converts sales into profit (Munawir, 2023).

The first variable hypothesized to affect profitability is working capital turnover. This ratio measures the efficiency of a company in utilizing its working capital over a specific period to generate sales. It is calculated by comparing net sales with working capital or average working capital, where a high turnover indicates effective capital utilization and a low turnover signals inefficiency (Kasmir, 2021). The second variable is accounts receivable turnover, which measures how quickly a company collects its receivables within a given period and is closely related to the volume of credit sales (Kasmir, 2021; Riyanto, 2023).

Previous studies on the influence of working capital turnover and accounts receivable turnover on profitability show inconsistent results. Some studies, such as Sapetu, Saerang, and Soepeno (2017) and Marlinah and Nurmasitah (2020), indicate a positive effect of working capital turnover on profitability. In contrast, other studies report no significant effect or even a negative impact (Nansi, Arbintarso, & Rahayu, 2023). Likewise, research on accounts receivable turnover also produces mixed results. Some studies demonstrate a significant positive influence on profitability (Oranefo, & Egbunike, 2023; Sariningsih, 2018), while others find no significant effect or even a negative relationship (Sartono, 2022; Suarnami, Suwendra, & Cipta, 2014).

Empirical evidence from manufacturing companies in the consumer goods subsector listed on the Indonesia Stock Exchange (IDX) during 2021–2024 shows fluctuating Return on Assets (ROA), with some companies even reporting negative ROA. Such fluctuations may be caused by differences in the efficiency of working capital management and accounts receivable collection. This phenomenon highlights the importance of investigating the relationship between these variables and profitability. Based on the background and empirical evidence, this study aims to examine the effect of working capital turnover and accounts receivable turnover on profitability in manufacturing companies of the consumer goods subsector listed on the IDX during the 2021–2024 period. Specifically, the research addresses the following questions: first, how does working capital turnover affect profitability? Second, how does accounts receivable turnover influence profitability? Third, how do working capital turnover and accounts receivable turnover simultaneously affect profitability in the companies studied?

Accordingly, this research has three main objectives. First, to analyze the effect of working capital turnover on profitability in the targeted manufacturing companies. Second, to investigate the effect of accounts receivable turnover on profitability. Third, to examine the simultaneous impact of working capital turnover and accounts receivable turnover on profitability. By addressing these objectives, the study aims to contribute to a deeper understanding of the operational and financial efficiency factors that determine profitability in Indonesian consumer goods manufacturing firms.

2. Literature Review and Hypothesis/es Development

2.1 Working Capital Turnover

Working Capital Turnover (WCT) measures how efficiently a company utilizes its short-term assets to support sales and operational activities. Efficient management of working capital ensures that resources are allocated effectively, reducing idle funds and operational bottlenecks, which ultimately improves profitability (Munawir, 2023; Kasmir, 2021). High turnover of working capital signals that a company can convert current assets into revenue efficiently, demonstrating financial health to investors and stakeholders.

Empirical studies show that WCT significantly affects profitability in many contexts, though the results vary depending on the industry and company characteristics. For instance, Marlinah and Nurmasitah (2020) found that WCT positively and significantly influenced profitability in CV. These findings suggest that efficient utilization of working capital is essential for maximizing financial performance, but outcomes may depend on management practices and market conditions.

Effective working capital management enables companies to maintain an optimal balance between liquidity and profitability. Excessive investment in current assets may result in inefficient use of funds, while insufficient working capital may disrupt operational activities and reduce the company's ability to meet short-term obligations. Therefore, companies need to determine the appropriate level of working capital to support continuous production, sales activities, and financial stability (Syamsuddin, 2021). A higher working capital turnover ratio indicates that companies are capable of generating greater sales from available working capital, reflecting better operational efficiency and resource utilization (Kartika, 2020). In competitive business environments, the ability to manage working capital effectively becomes a strategic advantage because it supports cash flow management, reduces financial pressure, and contributes to sustainable profitability. Thus, WCT remains an important indicator in evaluating how effectively companies utilize their financial resources to improve overall performance (Rekno, Suhendro, & Dewi, 2019).

2.2 Receivables Turnover

Receivables Turnover (RT) reflects how quickly a company collects payments from credit sales, indicating the efficiency of credit and collection policies. A high RT reduces the risk of over-investment in receivables, increases liquidity, and accelerates cash flows, which supports operational stability and profitability (Kasmir, 2021; Darsono, 2022). Effective receivables management also signals financial reliability to investors, improving company reputation and attracting potential investments. Research confirms that higher receivables turnover generally correlates with better financial performance. Santoso (2013) observed that receivables turnover had a significant positive impact on the net profit margin at PT. Pegadaian, and Sapetu, Saerang, and Soepeno (2017) reported similar findings in food and beverage companies. This demonstrates that accelerating the conversion of receivables into cash can enhance profitability, reduce financial risks, and improve operational efficiency.

Effective receivables turnover management allows companies to maintain a balance between increasing sales through credit facilities and controlling potential financial risks arising from delayed payments (Herina, 2018). Companies that are able to optimize their receivable collection periods can improve cash availability, strengthen short-term financial performance, and allocate resources more efficiently to support business operations. Therefore, receivables turnover is not only an indicator of collection effectiveness but also an important component of financial management strategies aimed at achieving sustainable profitability (Sari, 2022; Sriaminah, & Winarto, 2021). A well-managed receivables cycle enables companies to minimize liquidity constraints and maintain operational continuity, particularly in competitive business environments where financial flexibility becomes essential for long-term growth.

2.3 Profitability

Profitability is the ultimate goal of a company, reflecting its ability to generate profit from assets, capital, or sales. It serves as a measure of management effectiveness and operational success, providing critical information for decision-making by owners, managers, and investors. Profitability ratios, such as Return on Assets (ROA), Return on Investment (ROI), and Net Profit Margin, are commonly used to assess the company's financial health and capacity to generate returns over time (Dodokerang, Tommy, & Mangantar, 2024).

High profitability indicates that resources are utilized efficiently, and management strategies are effectively executed, contributing to company growth and sustainability. Empirical studies show that both working capital and receivables turnover directly influence profitability (Santoso, 2013; Marlinah, & Nurmasitah, 2020). Companies that manage these variables effectively achieve higher profit margins, improve shareholder wealth, and strengthen their competitive position in the market. The foundation of this study is based on the theoretical framework, which serves as a conceptual structure linking one variable to another (Pratiwi, 2018; Wardana, Jubi, Inrawan, & Silaen, 2019).

Within the framework of corporate financial management, profitability is not only influenced by the company's ability to generate sales but also by the efficiency with which current assets are managed. Working capital turnover reflects how effectively short-term resources are utilized to support operational activities, while accounts receivable turnover represents the efficiency of converting credit sales into cash. Both indicators are essential components of working capital management because they directly affect liquidity, operational efficiency, and the availability of funds for business activities. Efficient management of these resources enables companies to minimize financing costs, optimize asset utilization, and improve overall financial performance. Therefore, examining the effects of working capital turnover and accounts receivable turnover on profitability provides valuable insights into how operational efficiency contributes to sustainable profit generation and long-term business success.

In this research, the independent variables are Working Capital Turnover and Receivables Turnover, while the dependent variable is Profitability. The study aims to examine how X_1 and X_2 influence Y, highlighting the interrelationship between efficient working capital management, rapid receivables collection, and overall company profitability. From this relationship, it can be inferred that higher working capital turnover and more effective receivables turnover contribute positively to improving a firm's profitability.

2.4 Effect of Working Capital Turnover on Profitability

According to Kasmir (2021), a company that optimally utilizes its working capital can generate maximum profits, whereas inefficient management may result in reduced earnings or losses. Therefore, the effectiveness of working capital turnover is directly related to profitability. Proper management and strategic allocation of working capital are essential for ensuring the company can operate efficiently and achieve its profit objectives. Efficient working capital turnover reflects the company's ability to manage current assets and short-term liabilities effectively in supporting business operations. A higher working capital turnover ratio indicates that the company can generate greater sales with a relatively lower investment in working capital, which ultimately contributes to increased profitability Dharma, Meliala, & Yulinda, 2023; Almomani, Almomani, & Obeidat, 2021; Mazanec, 2022).

Conversely, a low working capital turnover ratio may indicate ineffective utilization of resources, excessive investment in current assets, or inefficient operational processes that can reduce the company's ability to generate profits. Therefore, companies need to maintain an optimal working capital structure by managing cash, inventory, and receivables efficiently. This approach enables companies to improve operational performance, maintain liquidity, and strengthen financial sustainability. Based on these arguments, effective working capital turnover is expected to have a positive influence on company profitability.

2.5 Effect of Receivables Turnover on Profitability

Yusup and Hariani (2023) states that receivables turnover indicates the speed at which accounts receivable are converted into cash, with faster turnover periods leading to quicker revenue realization and enhanced profitability. Furthermore, Wajo (2021) and Purwanti (2019)notes that while high receivables turnover may involve greater risk, it simultaneously increases profit potential. Rapid receivables conversion demonstrates efficient sales and cash collection processes, directly contributing to higher profits and improved financial performance for the company.

Effective management of receivables turnover enables companies to maintain adequate cash availability for supporting operational activities and reducing dependence on external financing sources. Companies with efficient receivable collection mechanisms can minimize the possibility of overdue accounts and bad debts, thereby improving financial stability. However, receivables management must be balanced with appropriate credit policies, as overly strict credit terms may reduce sales opportunities, while excessively flexible credit policies may increase collection risks. Therefore, optimizing receivables turnover requires companies to establish effective credit evaluation, monitoring, and collection strategies. Through proper receivables management, companies can accelerate cash conversion cycles, improve operational efficiency, and enhance profitability in a sustainable manner (Van, 2023). Consequently, higher receivables turnover is expected to contribute positively to company financial performance.

2.6 Research Model

Based on the theoretical concepts and formula framework, the research model is designed to illustrate the influence of working capital turnover and receivables turnover on the profitability of companies, highlighting both individual and combined effects.

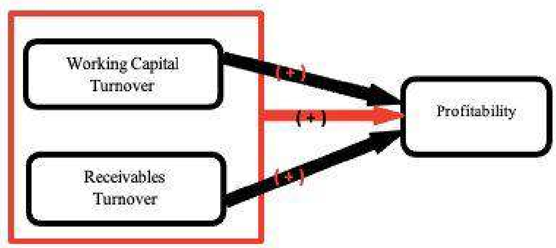

Figure 1. Research Frameworks

Based on Figure 1, the research framework demonstrates the relationship between working capital turnover, receivables turnover, and profitability. Working capital turnover and receivables turnover are positioned as factors that may influence profitability, as efficient utilization of working capital and effective receivables management are expected to enhance the company's ability to generate profits. Therefore, this framework serves as the basis for developing the research hypotheses regarding the effect of both independent variables on profitability.

Based on the explanations presented by the researcher, the hypotheses can be formulated as follows :

H_1: Working capital turnover partially affects the profitability of manufacturing companies in the consumer goods industry sub-sector listed on the Indonesia Stock Exchange (IDX) for the period 2021–2024.

H_2: Receivables turnover partially affects the profitability of manufacturing companies in the consumer goods industry sub-sector listed on the Indonesia Stock Exchange (IDX) for the period 2021–2024.

H_3: Working capital turnover and receivables turnover simultaneously affect the profitability of manufacturing companies in the consumer goods industry sub-sector listed on the Indonesia Stock Exchange (IDX) for the period 2021–2024.

3. Research Methodology

3.1 Research Design and Data Source

This study focuses on examining the influence of working capital turnover and receivable turnover on the profitability of manufacturing companies in the consumer goods sub-sector listed on the Indonesia Stock Exchange (IDX) during 2021–2024. The research objects include working capital turnover, receivable turnover, and profitability, which are analyzed to determine their relationships and impacts. Financial statements of these companies were used as the unit of analysis, and all relevant data were obtained from secondary sources, particularly the official IDX website (www.idx.co.id).

This research employed a quantitative approach using secondary financial data. The quantitative approach was selected because this study aims to statistically examine the relationship between independent variables, namely working capital turnover and receivable turnover, and the dependent variable, profitability.

3.2 Research Method and Population

The research employed both descriptive and verificative methods. The descriptive method was applied to explain the characteristics and performance of working capital turnover, receivable turnover, and profitability, as well as their individual and combined effects on company performance. The verificative method was used to confirm and validate findings from previous studies regarding the relationship between the independent variables and profitability.

The population of this study consisted of 54 manufacturing companies in the consumer goods sub-sector listed on IDX from 2021 to 2024. Due to practical constraints and the research criteria, 47 companies were selected as the sample using purposive sampling. The sample selection criteria included companies that were continuously listed during the study period, published consistent financial reports from 2021 to 2024, and actively conducted business operations.

3.3 Variable Measurement

The study used quantitative data obtained from secondary sources. Working capital turnover and receivable turnover were selected as independent variables, while profitability was used as the dependent variable.

Working capital turnover measures how effectively a company utilizes its working capital over a specific period, where a higher turnover ratio indicates more efficient working capital management. Receivable turnover measures the speed at which companies collect outstanding receivables, with a higher ratio indicating a more effective cash conversion cycle. Meanwhile, profitability was measured using Return on Assets (ROA), which reflects the company's ability to generate profits from its available assets.

3.4 Data Analysis Technique

Data analysis was conducted using multiple linear regression to determine the simultaneous and partial effects of working capital turnover and receivable turnover on profitability. Descriptive statistics, including maximum, minimum, mean, and standard deviation values, were used to describe the characteristics of the research variables. Before conducting regression analysis, classical assumption tests were performed to ensure that the regression model met econometric requirements. These tests included multicollinearity, heteroscedasticity, autocorrelation, and normality tests. Pearson bivariate correlation analysis was also applied to examine the linear relationships among variables.

Hypothesis testing was conducted using the t-test to evaluate the partial effects of independent variables and the F-test to assess their simultaneous effects on profitability. Furthermore, the coefficient of determination (R^2) was used to measure the extent to which working capital turnover and receivable turnover could explain variations in profitability. Overall, this methodology provides a systematic approach to understanding the role of working capital and receivables management in improving the financial performance of consumer goods manufacturing companies in Indonesia.

4. Results and Discussions

4.1 Results

4.1.1 Population and Sample

The research data were obtained from secondary sources, specifically from the official website of the Indonesia Stock Exchange (IDX) at www.idx.co.id and the official websites of the companies under study. The data consist of financial statements of manufacturing companies in the consumer goods sub-sector listed on the Indonesia Stock Exchange during the period 2021–2024. The sample was selected using purposive sampling, which is a technique that selects samples based on specific criteria (Sugiyono, 2023). This method was chosen because not all companies meet the required research criteria. The sample criteria include: Companies in the consumer goods sub-sector listed on the IDX consecutively from 2021–2024. Companies that consistently published financial statements during 2021–2024.Companies that were active in operations and sought to increase profitability during the research period.

Table 1. Research Sample

Sample Criteria	Number of Companies
Total consumer goods manufacturing companies listed on IDX	54
Companies not listed consecutively 2021–2024	(6)
Companies not publishing financial statements consecutively 2021–2024	(1)
Total Sample	47

Source: Researcher, 2025

Based on Table 1 out of the 54 companies in the sector as of October 2024, 47 companies met the research criteria and were selected as the sample. Meanwhile, one company was excluded because it did not consistently publish its financial statements, and 6 companies were excluded because they were not consecutively listed during the observation period. Furthermore, this study employs descriptive statistical analysis to describe the collected data, focusing on two independent variables, namely working capital turnover and accounts receivable turnover, as well as one dependent variable, profitability, measured using Return on Assets (ROA).

4.1.2 Working Capital Turnover

Working capital turnover measures the efficiency of a company's use of working capital over a period, calculated by comparing net sales to average working capital (Kasmir, 2021). The results for 47 sample companies over 2021–2024 show that working capital turnover ranged from 0.15 to 6.34, with an average of 2.24 and a standard deviation of 0.99. A low turnover indicates excess working capital due to slow inventory or receivable turnover, while a high turnover reflects effective management. For example: Lowest turnover: PT Inti Agri Resources Tbk (IIKP) in 2024 (<0.15 times). Highest turnover: PT Prima Cakrawala Abadi Tbk (PCAR) in 2021 (>6.34 times). Overall, the average turnover indicates that the companies generally managed working capital effectively during the research period.

The 47 sample companies show a turnover range from 0.20 to 58.92, with an average of 8.12 and standard deviation of 7.69. Low turnover suggests over-investment in receivables, while high turnover indicates effective credit and collection management. Lowest turnover: PT Inti Agri Resources Tbk

(IIKP) in 2023 (<0.2 times). Highest turnover: PT Gudang Garam Tbk (GGRM) in 2022 (>58.92 times). The 47 sample companies had ROA values ranging from -20.70% to 86.30%, with an average of 6.81% and a standard deviation of 9.41%. Negative values indicate losses (e.g., PT Martina Berto Tbk (MBTO) in 2024: -20.7%), while positive values indicate profits (e.g., PT Tiga Pilar Sejahtera Food Tbk (AISA) in 2023: 86.3%).

Table 2. Descriptive Statistics Summary

Variable	N	Min	Max	Mean	Std. Deviation
Working Capital Turnover	188	0.15	6.34	2.2366	1.281
Accounts Receivable Turnover	188	0.20	58.92	8.1152	8.081
Profitability (ROA)	188	-20.70	86.30	6.0014	11.415

Source: Researcher, 2025

Based on Table 2, VIF < 10 and tolerance > 0.10 indicate no multicollinearity between independent variables (working capital turnover and accounts receivable turnover). Glejser test results show p-values > 0.05 for both independent variables, indicating no heteroscedasticity. Durbin-Watson test value of 1.958 is within the acceptable range (1.79 < 1.958 < 2.21), indicating no autocorrelation. PP-Plot results show residuals approximately following the diagonal line, indicating normal distribution. The overall averages indicate effective receivables management across the companies. Pearson correlation was used to examine linear relationships: Working capital turnover and profitability: $r = 0.262$, $p < 0.01$ → positive, moderate correlation. Accounts receivable turnover and profitability: $r = 0.060$, $p > 0.05$ → not significant.

Table 3. Hypothesis

Hypothesis	Variable	Expected Relationship	Result
H_1	Working Capital Turnover → Profitability	Positive effect	Supported ($r = 0.262$, $p < 0.01$)
H_2	Accounts Receivable Turnover → Profitability	Positive effect	Not supported ($r = 0.060$, $p > 0.05$)

Table 3 presents the results of hypothesis testing regarding the relationship between working capital turnover, accounts receivable turnover, and profitability. The results indicate that working capital turnover has a positive and significant relationship with profitability, as shown by the correlation coefficient ($r = 0.262$) with a significance level below 0.01, indicating that H_1 is supported. Meanwhile, accounts receivable turnover shows a weak and statistically insignificant relationship with profitability ($r = 0.060$; $p > 0.05$), resulting in H_2 being not supported. These findings suggest that working capital management plays a more significant role in improving profitability compared to accounts receivable turnover in consumer goods manufacturing companies listed on the IDX during the research period.

4.2 Discussion

This study aims to analyze the factors affecting profitability, specifically working capital turnover and accounts receivable turnover, in 47 manufacturing companies in the consumer goods subsector listed on the Indonesia Stock Exchange (IDX) during 2021–2024. The analysis was conducted using regression tests both simultaneously and partially, to examine the influence of these variables on profitability.

4.2.1 Partial Effect of Working Capital Turnover on Profitability

The results of Hypothesis 1 indicate that working capital turnover has a significant positive effect on profitability. This suggests that higher working capital turnover enables companies to achieve better profitability. In other words, when a company's profit increases, working capital turnover plays a crucial role in supporting that growth. According to Kasmir (2021) companies that maximize the use of their working capital can generate higher profits, whereas inefficient use may lead to lower profits or losses. Therefore, effective management of working capital is essential to optimize profits and ensure the sustainability of business operations. This study supports Hypothesis 1 and aligns with previous research by Sapetu, Saerang, and Soepeno (2017) and Marlinah and Nurmasitah (2020), which found that working capital turnover positively influences company profitability.

This finding highlights the strategic importance of efficient working capital management in enhancing corporate financial performance. Working capital turnover reflects how effectively a company utilizes its short-term assets to generate sales and profits. A higher turnover ratio indicates that working capital is being employed more productively, allowing companies to support business operations with relatively lower capital investment while maintaining sufficient liquidity. As a result, firms can reduce idle resources, improve cash flow, and allocate financial resources more efficiently to value-creating activities. These improvements ultimately contribute to stronger profitability. From a managerial perspective, companies should continuously monitor the efficiency of inventory management, cash management, and current liabilities to ensure that working capital is neither excessive nor insufficient. Maintaining an optimal level of working capital enables firms to meet operational needs, respond to market opportunities more effectively, and sustain long-term profitability. These findings further reinforce the view that working capital management is a key component of corporate financial strategy and a critical driver of sustainable business performance.

4.2.2 Partial Effect of Accounts Receivable Turnover on Profitability

The results of Hypothesis 2 show that accounts receivable turnover does not have a significant effect on profitability. This can be attributed to the time required to convert receivables into cash, as well as the credit terms in place. Companies with lenient payment terms may have high receivables but low turnover, while strict terms may increase turnover but reduce receivables and raise the risk of uncollectible accounts. These factors explain why accounts receivable turnover does not significantly affect profitability. This finding confirms previous studies by Manullang, Togatorop, Purba, Manik, Simorangkir, and Lase (2020), Amanda (2019), Rajagukguk and Siagian (2021), and Lismana, Yulianti, Herdina, Mareta, and Purnamasari (2021) which also reported no significant effect of accounts receivable turnover on profitability (ROA).

From a financial management perspective, this finding suggests that accounts receivable turnover should not be evaluated as an isolated determinant of profitability. Instead, its effectiveness depends on how well it is integrated with the company's overall working capital management strategy. A high receivables turnover ratio may improve liquidity by accelerating cash inflows; however, if it is achieved through excessively restrictive credit policies, the company may lose potential customers and sales opportunities, thereby limiting profit growth. Conversely, more flexible credit terms may support revenue expansion but reduce receivables turnover without necessarily diminishing profitability, provided that the additional sales generate sufficient profit margins. Therefore, the impact of accounts receivable turnover on profitability is highly context-dependent and influenced by the balance between credit risk, sales performance, and operational efficiency. This finding implies that managers should focus not only on accelerating receivables collection but also on designing credit policies that optimize both cash flow and long-term profitability.

4.2.3 Simultaneous Effect of Working Capital and Accounts Receivable Turnover on Profitability

Simultaneous testing demonstrates that working capital turnover and accounts receivable turnover jointly have a significant effect on profitability. This finding indicates that the combined efficiency of managing working capital and collecting accounts receivable plays an important role in determining a company's financial performance. Companies that are able to optimize the utilization of working capital while maintaining an effective accounts receivable collection process tend to generate higher profitability because available resources can be continuously reinvested into operational activities without being constrained by liquidity issues. Efficient working capital turnover ensures that current assets are utilized productively to support business operations, while effective accounts receivable turnover accelerates cash inflows and minimizes the risk of uncollectible accounts. Consequently, the integration of these two aspects strengthens the company's ability to improve operational efficiency, reduce financing costs, maintain healthy cash flow, and maximize returns. Therefore, effective management of both working capital and accounts receivable should be considered a strategic priority for companies seeking to achieve sustainable profitability and enhance long-term financial performance.

5. Conclusions

This study analyzed the factors affecting profitability in 47 manufacturing companies in the consumer goods subsector listed on the Indonesia Stock Exchange for the period 2021–2024, focusing on working capital turnover and accounts receivable turnover. The findings indicate that working capital turnover has a significant positive effect on profitability, meaning that companies that manage their working capital efficiently can achieve higher profits. On the other hand, accounts receivable turnover does not have a significant effect on profitability, likely due to the time required to convert receivables into cash and the influence of varying payment terms, which can either slow down cash flow or increase the risk of uncollectible accounts. When considered simultaneously, both working capital turnover and accounts receivable turnover positively affect profitability, suggesting that managing both aspects effectively can enhance overall financial performance.

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Author Contributions

BS contributed to the conceptualization, methodology development, data collection, formal analysis, interpretation of results, writing of the original draft, and final manuscript approval. DA contributed to the conceptualization, research supervision, validation, critical review, writing–review and editing, and final approval of the manuscript. NR contributed to data analysis, literature review, validation, manuscript improvement, writing–review and editing, and final approval of the manuscript. All authors have read and approved the final version of the manuscript and agreed to be accountable for all aspects of the research.

Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this article. The research was conducted independently, and all findings presented in this manuscript are based solely on the authors' analysis and interpretation of the collected data.

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