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The Effect of Working Capital Efficiency on Financial Performance in Manufacturing Companies in the Food and Beverage Sub-Sector Listed on the IDX

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Abstract

This study aims to analyze the effect of working capital efficiency on tl financial performance of manufacturing companies in the food ar beverage sub-sector listed on the Indonesia Stock Exchange (IDX) duri the 2020–2024 period. The background of this study is based on tl importance of efficient working capital management in faci increasingly competitive and dynamic business challenges, especial after the COVID-19 pandemic, which significantly affected compar operations and financial performance. Working capital efficiency measured through working capital turnover, inventory turnover, ar accounts receivable turnover, while financial performance is measur using the Return on Assets (ROA) indicator. The data used in this stu are secondary data in the form of financial statements of food ar beverage sub-sector companies obtained from the official IDX websit The sampling technique used purposive sampling. Data analysis w conducted using panel data regression with the assistance of EViews 1 software. The results of this study indicate that working capital turnov and inventory turnover do not have a significant effect on Return o Assets (ROA). Meanwhile, accounts receivable turnover has a positi and significant effect on Return on Assets (ROA). These results indica that the effectiveness of receivables management is able to improve tl company's ability to generate profits, while the management of worki capital and inventory has not been able to provide a significant effect o the company's financial performance during the research period.

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INTRODUCTION

Companies are required to manage resources efficiently to maintain business continuity and increase competitiveness. One indicator of this success is financial performance, which reflects a company's ability to generate profits through optimal resource utilization. Good financial performance also increases investor and stakeholder confidence, while declining

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performance can hinder access to funding and reduce company value. Therefore, improving operational efficiency is a crucial factor in maintaining profitability and business sustainability (Widianto *et al*.,2024).

The food and beverage sub-sector plays a strategic role in the Indonesian economy as it is the largest contributor to the non-oil and gas processing industry, accounting for 38.4%. Despite continued growth in this sector, companies still face challenges such as fluctuating demand, increased post-pandemic operating costs, and supply chain disruptions. These conditions require efficient working capital management to ensure smooth operations and maintain profitability (Hasibuan *et al.*, 2023).

Financial performance in this study is measured using Return on Assets (ROA), which indicates a company's ability to generate profits from its assets. Data from food and beverage companies listed on the Indonesia Stock Exchange shows that average ROA declined in 2020–2022 due to the impact of the COVID-19 pandemic, then began to recover in 2023–2024. This phenomenon demonstrates the importance of efficient working capital management in supporting recovery and improving company financial performance (Nahdhiyah & Alliyah, 2023).

Evaluating a company's financial performance is important not only for management in shaping future business strategy, but also for investors, since stronger financial performance signals greater security for the funds they have invested in the company (Hidayat & Kurniasih, 2022).

Working capital efficiency is reflected in working capital turnover, inventory turnover, and accounts receivable turnover. Optimal management of these three components can maintain liquidity, accelerate the cash conversion cycle, reduce operational costs, and increase company profitability. Conversely, inefficient management can potentially lead to inventory buildup, delays in receivable collection, and cash flow disruptions, ultimately degrading financial performance (Aniqotunnafiah *et al.*, 2023).

Previous research on the effect of working capital efficiency on financial performance has yielded mixed results. Some studies indicate that working capital, inventory, and accounts receivable turnover have a positive effect on profitability, while others find a negative or insignificant effect. Furthermore, limited research simultaneously examining all three components of working capital efficiency in food and beverage manufacturing companies remains a research gap that requires further study (Setiawan & Gunawan, 2022).

Based on this situation, this study aims to analyze the effect of working capital efficiency, proxied by working capital turnover, inventory turnover, and accounts receivable turnover, on financial performance, as measured by ROA, in food and beverage manufacturing companies listed on the Indonesia Stock Exchange for the 2020–2024 period. This research is expected to provide an empirical contribution to enriching the literature on working capital management and serve as a foundation for companies to improve profitability and business sustainability (Agustin & Suryani, 2022).

LITERATURE REVIEW

Signaling Theory

In the world of business and finance, decision-making is often influenced by information asymmetries between the parties involved, which can create uncertainty and risk in transactions and business relationships. Signaling theory exists to explain how interactions between parties with information (company management) and those requiring information (investors) can reduce this information asymmetry. This theory was introduced by Michael Spence in 1973 as

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an effort to understand how information is conveyed under conditions of information asymmetry. In business practice, signaling theory is used to describe how companies communicate with investors or consumers who do not have direct access to internal company information, such as financial conditions or product quality (Yusri, 2020).

Agency Theory

Agency theory is one of the approaches commonly used in financial management to explain the relationship between the company owner (principal) and the management (agent), where the owner entrusts the management of the company to professional managers because they are considered capable of running the company's operations effectively to achieve predetermined goals without having to be directly involved in operational activities (Kusmawati, 2021).

Working Capital

Working capital is the funds needed to carry out a company's daily operations, including paying for raw materials, employee salaries, and various other operating expenses. In other words, working capital is a form of investment in current assets, or short-term assets, that are generally used repeatedly within a company's operating period (Kasmir, 2019).

The Effect of Working Capital Turnover on Financial Performance

Working capital turnover is a ratio used to measure how efficiently a company utilizes its working capital in generating sales over a certain period. A high level of working capital turnover indicates that the company is able to effectively manage its current assets to support operational activities. Efficiency in working capital management is very important because it is directly related to the smooth operation of the company, the ability to meet short-term obligations, and the optimization of the use of financial resources.

The higher the working capital turnover, the more effective the company is in utilizing working capital to generate income. These conditions can increase the company's profit and have an impact on improving financial performance as measured through Return on Assets (ROA). With good working capital management, companies can maintain operational stability while improving the efficiency of asset use in generating profits.

This is supported by research conducted by Setiawan & Gunawan (2022), Aniqotunnafiah *et al.*, (2023), and Widianto *et al*., (2024) Where it is said that the turnover of working capital has a significant positive effect on financial performance. Thus, this study assumes that the turnover of working capital has a positive influence on the financial performance of manufacturing companies classified as the food and beverage sub-sector.

Based on this definition, working capital turnover can be used as an indicator of working capital efficiency because it shows the company's ability to utilize current assets to generate sales. The higher the working capital turnover rate, the more efficient the company will be in managing its working capital (Kasmir, 2019).

H1: Working capital turnover has a positive effect on the financial performance of manufacturing companies in the food and beverage sub-sector listed on the IDX.

The Effect of Inventory Turnover on Financial Performance

Inventory turnover is a ratio used to measure how quickly inventory can be sold and replaced in a given period. A high inventory turnover rate indicates that the company is able to manage its inventory efficiently so that it can support smooth operational activities. Effective inventory management is important, especially for manufacturing companies in the food and

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beverage sub-sector that have product characteristics with a high level of demand and some are perishable.

The higher the inventory turnover, the faster the company can convert inventory into sales. This condition can help companies reduce storage costs, minimize the risk of damage or deterioration in the quality of goods, and improve operational efficiency. This efficiency can ultimately increase the company's profits and have an impact on improving financial performance as measured through Return on Assets (ROA).

Decisions that reflect such efficiency can strengthen the company's positive image and increase stakeholder confidence in management performance. Research conducted by Aniqotunnafiah *et al*., (2023), Akmalia & Pambudi (2020), and Agurto *et al*., (2023) said that inventory turnover has a significant positive effect on financial performance. Thus, this study assumes that inventory turnover has a positive influence on financial performance in manufacturing companies classified as food and beverage sub-sectors.

Inventory turnover is part of working capital efficiency because it reflects the company's ability to manage inventory so that it can be immediately converted into sales. The higher the inventory turnover rate, the better the company's efficiency in avoiding stock buildup and storage costs (Kasmir, 2019).

H2: Inventory turnover has a positive effect on the financial performance of manufacturing companies in the food and beverage sub-sector listed on the IDX.

The Effect of Receivables Turnover on Financial Performance

Accounts receivable turnover is a ratio used to measure how quickly a company can collect accounts receivable and convert them into cash in a given period. The high turnover rate of receivables indicates that the company has good effectiveness in managing receivables, so that the funds embedded in receivables can be immediately returned and reused to support the company's operational activities.

The faster the turnover of receivables, the better the company's ability to maintain cash flow and liquidity. This condition allows the company to reduce the risk of uncollectible receivables, increase the efficiency of working capital use, and accelerate the utilization of funds for operational and investment activities. This efficiency can ultimately increase the company's profits and have an impact on improving financial performance as measured through Return on Assets (ROA).

The ability to accelerate the turnover of receivables into cash shows that the company is professionally managed and has a sound financial system, so that it can increase investor and stakeholder confidence in the stability and financial prospects of the company. Research conducted by Akmalia & Pambudi (2020), Agurto *et al*., (2023), and Herison *et al.*, (2022) said that the turnover of receivables has a significant positive effect on financial performance. Therefore, this study assumes that the turnover of receivables has a positive influence on the financial performance of manufacturing companies classified as the food and beverage sub-sector.

Receivables turnover is also an indicator of working capital efficiency because it shows the company's ability to accelerate the collection of receivables into cash. The faster the turnover of receivables, the more efficient the company will be in maintaining liquidity and supporting smooth operations (Kasmir, 2019).

H3: Receivables turnover has a positive effect on financial performance in manufacturing companies in the food and beverage sub-sector listed on the IDX.

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METHOD

This study uses a quantitative approach with a causal design to analyze the effect of working capital turnover, inventory turnover, and accounts receivable turnover on the financial performance of food and beverage manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period. The study was conducted from March–December 2025 using secondary data obtained from the company's annual financial reports through the official IDX website and each company. The dependent variable in this study is financial performance measured using Return on Assets (ROA), while the independent variables include Working Capital Turnover (WCT), Inventory Turnover (ITR), and Accounts Receivable Turnover (ART), all of which are measured using a ratio scale (Sugiyono, 2023). The study population consists of 45 food and beverage manufacturing companies listed on the IDX. The sample was selected using a purposive sampling technique based on the criteria of companies that have completed, audited financial reports and obtained positive net profits during the 2020–2024 period. Based on these criteria, 17 companies were selected as samples with a total of 85 observations. Data were collected using documentation techniques based on the companies' annual financial reports. Data analysis was performed using EViews 12 software using a panel data regression method. The analysis stages included descriptive statistics, selecting the best model using the Chow test, the Hausman test, and the Lagrange Multiplier test, followed by classical assumption tests including normality, multicollinearity, heteroscedasticity, and autocorrelation. Hypothesis testing was conducted using the F test, the t test, and the coefficient of determination (R^2) to assess the simultaneous and partial effects of independent variables on company financial performance (Kartini *et al.*, 2022).

This staged model-selection procedure, which compares the Chow test, the Hausman test, and the Lagrange Multiplier test to identify the most appropriate panel estimator, follows the approach used in similar panel data studies on company financial performance, such as the study of financing companies listed on the IDX conducted by Hidayat & Kurniasih (2022).

RESULTS AND DISCUSSION

Results

General Sections of Research Objects

Table 1. Company Sample List

	Stock Code	Company Name
1	ICBP	PT. Indofood CBP Sukses Makmur Tbk
2	INDF	PT. Indofood Sukses Makmur Tbk
3	MYOR	PT. Mayora Indah Tbk
4	ULTJ	PT. Ultrajaya Milk Industry Co. Tbk
5	GOOD	PT. Garudafood Putra Putri Jaya Tbk
6	TGKA	PT. Tigaraksa Satria Tbk
7	ROBERT	PT. Nippon Indosari Corpindo Tbk
8	CHEESE	PT. Mulia Boga Raya Tbk
9	CEKA	PT. Wilmar Cahaya Indonesia Tbk
10	SKLT	PT. Sekar Laut Tbk
11	CAMP	PT. Campina Ice Cream Industry Tbk
12	BUDI	PT. Budi Starch & Sweetener Tbk
13	STTP	PT. Siantar Top Tbk
14	CLEO	PT. Sariguna Primatirta Tbk
15	ADES	PT. Akasha Wira International Tbk
16	DLTA	PT. Delta Djakarta Tbk
17	MLBI	PT. Multi Bintang Indonesia Tbk

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Descriptive Statistics

Table 2. Descriptive Statistical Results

	WCT	ITR	ART	LONG
Red	2.439176	6.911529	8.628000	0.115746
Median	2.150000	5.930000	8.610000	0.104700
Maximum	5.450000	23.23000	32.40000	0.331900
Minimum	0.460000	0.910000	2.900000	0.017800
Std. Dev.	1.062749	4.058184	3.765379	0.061532
Observations	85	85	85	85

Based on Table 2, the study uses 85 observations from 17 food and beverage subsector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Descriptive statistical results show that all variables have a greater average value than their standard deviation, so the data tends to be homogeneous and has a relatively low spread. The Return on Assets (ROA) variable has an average value of 0.1157, with a maximum value of 0.3319 for PT Multi Bintang Indonesia Tbk (2024) and a minimum value of 0.0178 for PT Budi Starch & Sweetener Tbk (2024), which shows that the company's ability to earn profits from its assets is quite good with low data variations. Working Capital Turnover (WCT) has an average of 2.4392 times, with the highest value of 5.45 at PT Sariguna Primatirta Tbk (2024) and the lowest at 0.46 at PT Delta Djakarta Tbk (2020). These results show that the efficiency of working capital management between companies is relatively uniform. Inventory Turnover (IRT) recorded an average of 6.9115 times, with a maximum value of 23.23 at PT Wilmar Cahaya Indonesia Tbk (2024) and a minimum of 0.91 at PT Delta Djakarta Tbk (2020). This indicates that in general the company is able to manage inventory well, despite the difference in the level of efficiency between companies. Meanwhile, Account Receivable Turnover (ART) has an average of 8.6280 times, with the highest value of 32.40 at PT Sariguna Primatirta Tbk (2024) and the lowest value of 2.90 at PT Budi Starch & Sweetener Tbk (2024). This variable shows relatively good effectiveness of receivables management with a low rate of data dissemination.

Data Analysis Results
Panel Data Regression Model Estimation Method
Random Effect Model (REM)

Table 3. Random Effect Model Panel Data Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	0.078518	0.026867	2.922461	0.0045
WCT	0.004217	0.009805	0.430026	0.6683
ITR	-0.000587	0.002422	-0.242579	0.8089
ART	0.003593	0.001495	2.402871	0.0186

Based on Table 3, the Random Effect Model (REM) regression model yields the following equation: ROA = 0.078518 + 0.004217WCT − 0.000587ITR + 0.003593ART A constant of 0.078518 shows that when WCT, ITR, and ART are zero, then the ROA is at a base level of 0.078518 which reflects the influence of factors outside the model. The Working Capital Turnover (WCT) variable has a positive effect on ROA with a coefficient of 0.004217, which means that increasing working capital efficiency will increase the company's profitability. The Inventory Turnover (ITR) variable has a negative coefficient of −0.000587, which indicates that an increase in inventory turnover can actually reduce ROA, so that the relationship between the two is in the opposite direction. Meanwhile, Accounts Receivable Turnover (ART) has a positive effect on ROA with a coefficient of 0.003593, which shows that the more effective the receivables management, the higher the company's profitability.

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Panel Data Regression Model Selection

Chow Test

Figure 1. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	16.552684	(16,65)	0.0000
Cross-section Chi-square	138.059492	16	0.0000

Based on Figure 1, the results of the Chow Test obtained a chi-square cross section value of 0.0000 which is smaller than the significance level of 0.05. This shows that the most suitable model to be used in this study is the fixed effect model.

Hausman Test

Figure 2. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.831172	3	0.2803

Based on Figure 2, the results of the Hausman Test obtained a random cross section probability value of 0.2803 which is greater than the significance level of 0.05. This shows that the most suitable model to be used in this study is the random effect model.

Lagrange Multiplier Teist

Figure 3. Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	86.18019 (0.0000)	0.803883 (0.3699)	86.98407 (0.0000)
Honda	9.283329 (0.0000)	-0.896595 (0.8150)	5.930316 (0.0000)
King-Wu	9.283329 (0.0000)	-0.896595 (0.8150)	3.349692 (0.0004)
Standardized Honda	10.50428 (0.0000)	-0.670493 (0.7487)	3.440722 (0.0003)
Standardized King-Wu	10.50428 (0.0000)	-0.670493 (0.7487)	1.023360 (0.1531)
Gourieroux, et al.	--	--	86.18019 (0.0000)

The difference in results between the Chow Test and the Hausman Test showed different results, so further testing was needed to determine the most appropriate model. Based on the results of the Lagrange Multiplier Test, a Breusch-Pagan value of 0.0000 was obtained which was smaller than the significance level of 0.05. This shows that the most suitable model to be used in this study is the random effect model.

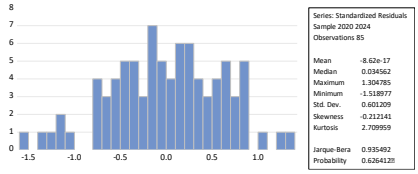
Based on the results of the model selection test that has been carried out through the Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test, the final decision was obtained on the most suitable panel data regression model. The results of the three tests show that the feasible and most appropriate model used in this study is the Random Effect Model (REM), because the model is considered to be able to provide more consistent and efficient estimates according to the characteristics of the data used.

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Classic Assumption Test

Normality Test

Figure 4. Normality Test Results



Based on Figure 4, the results of the normality test obtained a significance value of 0.626412 greater than 0.05. This shows that the residual data is normally distributed, so the regression model has met the assumption of normality.

Multicollinearity Test

Table 4. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIVID	Centered VIVID
C	0.034704	8.9322994	OR
WCT	0.008164	14.84849	2.345564
ITR	0.000421	6.943570	1.764517
ART	0.000418	9.528187	1.509288

Based on Table 4, the results of the multicollinearity test showed a correlation coefficient between WCT and ITR of 0.5993553 < 10, between WCT and ART of 0.5008680 < 10, and between ITR and ART of 0.0646774 < 10. This shows that the relationship between independent variables does not exceed the limit set in the multicollinearity test, so that the regression model is declared not to experience symptoms of multicollinearity.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.054990	0.018587	2.958458	0.0041
WCT	-0.009228	0.007813	-1.181017	0.2411
ITR	0.000203	0.001889	0.107716	0.9145
ART	0.001742	0.001330	1.310209	0.1938

Based on Table 5, the results of the heteroscedasticity test showed the significance value of the WCT variable of 0.2411, ITR of 0.9145, and ART of 0.1938. The three values were above the significance limit of 0.05, so there was no indication of heteroscedasticity in the regression model used. This condition indicates that the residual spread is constant and is not affected by independent variables, so the homoskedasticity assumption is met.

Autocorrelation Test

Table 6. Autocorrelation Test

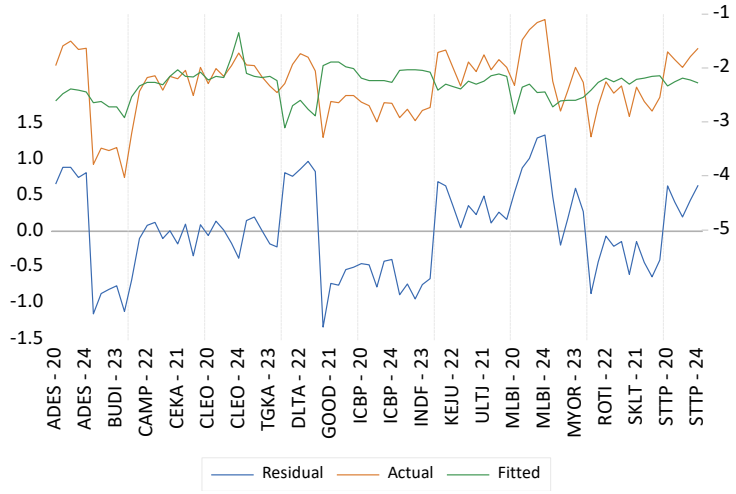
Durbin-Watson stat	1.034055

Based on Table 6, the results of the autocorrelation test obtained a Durbin-Watson value of 1.034055. This value is below the number 2, so it expressly indicates the existence of a positive autocorrelation in the regression model used. This condition indicates that the residual is not random, but rather forms a systematic pattern that tends to repeat over time, so that the

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model has not been able to explain the variation of the data optimally and has the potential to cause parameter estimation to be less efficient.

Figure 5. Autocorrelation Test Results Graph



In Figure 5, it can be seen that there is a positive autocorrelation tendency shown by residual patterns moving in a certain direction, thus indicating a correlation between residuals in different periods. This condition can occur due to external factors that are persistent and not fully included in the research model, such as the impact of the COVID-19 pandemic and fluctuations in raw material prices, which in the 2020–2024 period are characterized by supply chain disruptions, restrictions on activities during COVID-19, changes in consumer demand patterns, and instability in raw material prices that occur repeatedly, causing residual patterns that are interrelated between times.

According to Gujarati & Porter (2009), autocorrelation can arise due to the presence of variables that are not included in the model (omitted variables) or the existence of influences that are repetitive over time, so that the residuals between periods become intercorrelated. Thus, the residual patterns formed not only reflect the limitations of the model, but also represent the real economic conditions that occur sustainably in the food and beverage industry.

Regression Data Panel

Based on the results of the selection of panel data regression models through the Chow test, Hausman test, and Lagrange Multiplier test, the model selected in this study is the Random Effect Model (REM). The panel data regression model in this study can be formulated as follows:

$$LOG(ROA)_{it} = a + LOG(WCT) + LOG(ITR) + LOG(ART) + e$$

$$\boldsymbol{LENGTH = -3.652981 + 0.130251WCT + 0.004650ITR + 0.595737ART + e}$$

The constant (α) of −3.652981 indicates that when the turnover of working capital, inventory, and receivables is zero, then the ROA is at the level of −3.652981 which reflects the influence of factors outside the model. The Working Capital Turnover (WCT) variable has a coefficient of −0.130251, which shows that the increase in WCT actually decreases the ROA by 0.130251 assuming that other variables are fixed. The Inventory Turnover (ITR) variable has a positive coefficient of 0.004650, which means that every increase in ITR will increase the ROA by 0.004650. Meanwhile, Accounts Receivable Turnover (ART) has a positive coefficient

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of 0.595737, which indicates that an increase in ART will increase the ROA by 0.595737 assuming other variables are constant.

Model Feasibility Test
Simultaneous Test (F)

Table 7. F Test Results

F-statistic	8.274496
Prob(F-statistic)	0.000072

Based on Table 7, the results of the F (simultaneous) test obtained an F value of 8.274496 which is greater than the F of the table of 2.717343 and a significance value of 0.000072 which is smaller than 0.05. So it can be concluded that the regression model in this study is feasible to use. This shows that together the variables WCT, ITR, and ART are able to explain variations in the company's financial performance.

Coefficient of Determination ()R^2

Table 8. Determination Coefficient Results

R-squared	0.234574
Adjusted R-squared	0.206225

Based on Table 8, the results of the determination coefficient test obtained an Adjusted R Square value of 0.206225 or 20.62%. This shows that the WCT, ITR, and ART variables were only able to explain the influence on ROA by 20.62%, while the remaining 79.38% were influenced by other factors outside the model. This value indicates that the model's ability to explain changes in ROA is still relatively limited, because the company's profitability is not only determined by working capital efficiency, but is also influenced by other variables such as net profit margin, capital structure (leverage), firm size, and sales growth (sales growth). In addition, external conditions in the 2020-2024 period, which were marked by the COVID-19 pandemic, also put pressure on financial performance through supply chain disruptions, rising raw material prices, and a decrease in people's purchasing power, also affecting the company's performance. Therefore, the low value of Adjusted R Square not only reflects the limitations of the model, but also indicates that the ROA is influenced by a variety of more complex factors both from the internal and external sides of the company.

Hypothesis Test
Partial Test (t)

Table 9. Test Results t

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	-3.652981	0.407757	-8.958724	0.0000
LOG(WCT)	0.130251	0.171885	0.757780	0.4508
LOG(ITR)	0.004650	0.166825	0.027876	0.9778
LOG(ART)	0.595737	0.134233	4.438085	0.0000

Based on the results of the t-test (partial), Working Capital Turnover (WCT) has no significant effect on Return on Assets (ROA) because the t-value is calculated (0.757780) < t table (1.98896) and the significance value (0.4508) > 0.05. Inventory Turnover (ITR) also had no significant effect on ROA with t calculation (0.027876) < t table (1.98896) and significance (0.9778) > 0.05. Meanwhile, Accounts Receivable Turnover (ART) has a positive and

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significant effect on ROA, as shown by t calculation (4.438085) > t table (1.98896) and significance value (0.0000) < 0.05.

Discussion

The Effect of Working Capital Turnover (WCT) on Return on Assets (ROA)

The results of this study indicate that Working Capital Turnover (WCT) does not have a significant partial effect on Return on Assets (ROA) in manufacturing companies in the food and beverage subsector. This indicates that a high or low working capital turnover rate does not necessarily improve a company's ability to generate profits from its total assets. In other words, even if a company has a fast working capital turnover, this does not directly guarantee increased profitability.

The insignificant Working Capital Turnover (WCT) results in the 2020–2024 period can be explained by the unstable economic conditions caused by the pandemic, which triggered a global increase in raw food prices. In this situation, an increase in working capital turnover does not fully reflect increased operational efficiency, as the majority of circulating funds are allocated to cover the high cost of production (Anjelia, 2023). As a result, although the company was able to accelerate its working capital cycle, this was not strong enough to drive an increase in net profit, thus not having a significant impact on Return on Assets (ROA).

This study's findings also align with research conducted by Kusumawati & Nurwita (2024), Anjelia (2023), and Fatimah & Novian (2021), which stated that Working Capital Turnover (WCT) had no significant effect on Return on Assets (ROA). These similar results indicate that working capital turnover is not necessarily a determining factor in increasing a company's profitability.

The Effect of Inventory Turnover (ITR) on Return on Assets (ROA)

The results of this study indicate that Inventory Turnover (ITR) does not have a significant partial effect on Return on Assets (ROA) in manufacturing companies in the food and beverage subsector. This suggests that a high or low inventory turnover rate does not necessarily improve a company's ability to generate profits from its total assets. In other words, even if a company is able to manage inventory quickly through sales, this does not directly guarantee increased profitability.

The insignificant Inventory Turnover (ITR) results in the food and beverage industry are normal, given the characteristics of its products, which have limited shelf lives or expiration dates. This condition requires companies to maintain a fast inventory turnover as part of their standard operating procedures (SOPs). Therefore, a high inventory turnover rate reflects efforts to maintain product quality and minimize the risk of damage, rather than an indicator of increased profits. Therefore, it does not significantly impact Return on Assets (ROA) (Febiyanti Putri & Santoso, 2024).

This study's findings also align with research conducted by Setiawan & Gunawan (2022), Febiyanti Putri & Santoso, (2024), and Hidayanti & Widyastuti (2025), which showed that Inventory Turnover (ITR) does not significantly impact Return on Assets (ROA). The similarity of these results shows that the inventory turnover rate is not necessarily a determining factor in increasing a company's ability to generate profits from its total assets.

The Effect of Accounts Receivable Turnover (ART) on Return on Assets (ROA)

The results of the study indicate that Accounts Receivable Turnover (ART) has a significant partial effect on Return on Assets (ROA). This indicates that the higher a company's receivables turnover, the better its ability to manage receivables, thus supporting increased

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profitability. A faster receivables turnover reflects a company's effectiveness in collecting receivables from customers, allowing funds to be reinvested in operational activities and generating profits.

Conversely, Accounts Receivable Turnover (ART) is the most significant variable influencing ROA. This condition can be explained by the economic situation in 2020–2024, which experienced pressure due to the COVID-19 pandemic, causing many debtors, such as agents and distributors, to delay payments. In this situation, companies that are able to manage receivables collection more effectively and timely have an advantage in maintaining smooth cash flow (Fatimah & Novian, 2021). By maintaining liquidity, companies can maintain stable operational activities, ultimately contributing to increased profitability.

The results of this study are also supported by several previous studies conducted by Herison et al. (2022), Fatimah & Novian (2021), and Rismansyah et al. (2022), which showed that Accounts Receivable Turnover (ART) has a significant impact on Return on Assets (ROA). These similar findings strengthen empirical evidence that effective accounts receivable management can play a role in increasing a company's profitability.

CONCLUSION

This study shows that working capital efficiency has a distinct impact on the financial performance of food and beverage subsector companies listed on the Indonesia Stock Exchange for the 2020–2024 period. The analysis using EViews 12 shows that Working Capital Turnover and Inventory Turnover do not significantly impact Return on Assets (ROA), suggesting that improving the efficiency of working capital and inventory management has not been able to directly increase company profitability. Conversely, Accounts Receivable Turnover has a positive and significant impact on ROA, indicating that effective accounts receivable management can accelerate cash flow and improve company financial performance.

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