

ABSTRACT

This study aims to examine the effect between management working capital towards profitability. Management working capital in this study is measured by working capital turnover, cash turnover, inventory turnover, and receivable turnover. Profitability in this study is measured by Gross Profit Margin, Net Profit Margin, Operating Profit Margin, and Return on Assets. Samples in this study are food and beverages companies listed on Indonesia Stock Exchange period 2009 – 2012.

The results show that working capital turnover and cash turnover have negative and significant effect to all measures of profitability. Inventory turnover has positive and significant effect to GPM, NPM, and ROA and receivable turnover has negative and significant effect to GPM and NPM.

Keywords: Management Working Capital, Profitability.