Working Capital Management Analysis to Assess ROI
(Cement Sub-Sector Listed on IDX in 2019-2022)

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ABSTRACT

This study aims to determine the management of working capital in assessing oninvestment returns (ROI). The object used in this study is the cement sub-sector listed on the IDX in 2019-2022. With samples used by 5 companies. Included in descriptive research is research conducted to determine the value of a variable. In this case, the variables are independent or more (independent) without making comparisons or linking with other variables. It is used to determine working capital management to assess ROI. Data is obtained using documentation and library techniques. Analysis of data used case studies (nonhypothetical). From the results of the analysis of working capital management in the cement sector in 2019-2022, it shows that the turnover of working capital in the cement sub-sector is included in the good category because the results are above the average standard ratio. In the company's receivables turnover, the cement sub-sector shows unfavorable results because the average receivables are lower than sales and can affect a company's cash. In the cash turnover of the cement sub-sector shows a fairly good average result, because the increased cash turnover will have a positive impact on the company's working capital turnover. Inventory turnover in the cement sub-sector shows very good results because the higher the inventory turnover rate, the greater the level of profit (profitability) obtained by the company.

Keywords: capital management, ROI, cement sector

INTRODUCTION

High revenue is the goal of all Companies. To achieve this, adequate working capital availability is needed so that operational activities can run effectively and efficiently, Proper capital management is a condition for success in a company. With capital, the Company can run smoothly because all needs for the production process have been met. Working capital is the Company's investment in the form of cash, valuable votes, inventory minus current liabilities used for financing current assets. Working capital is very important to the Company's operational activities, because it is necessary for the best possible working capital management arrangements. By managing good working capital, a Company can make a profit or increase profitability to the maximum so that the Company can operate economically and efficiently.

According to that profitability is the Company's ability to earn profits from the capital used to generate these profits. Profitability related to sales includes gross profit margin, operating profit margin, and net profit margin. As for profitability related to investment, namely Return On Investment and Return On Equity. (Agus Harjito and Martono, 2011)

ROI (Return On Investment) is measuring the Company's ability to generate profits with the total number of assets available in the Company. The greater the value of this ratio, the better the condition of a company. The progress of a company can be seen from a good level of profitability. One measure to measure the progress of a company is sales volume. Increased sales volume can affect the Company's revenue to be high. Thus, the Company can reduce costs that make the Company efficient capital for business development. To get the maximum profitability value, the Company is faced with several problems, namely capital turnover which can result in decreased profitability, then the smaller the turnover of receivables of a Company can cause the uncollectible receivables to be greater and this will affect the Company's bad receivables. Problems that often occur in the Company are collection of receivables that are past the maturity of receivables and bad debts, and Company managers have difficulty using their own capital in business development.

The increase in development can also mean the continued increase in consumer demand for cement, therefore every company needs to have good management capabilities so that the company being run is able to compete with existing companies. Every company must have a strategy to increase its sales, so that the product is able to attract consumers to increase product sales, and has an impact on increasing the Company's profitability.

Based on this description, researchers are interested in researching with the aim of knowing working capital management to assess Return On Investment (Cement Sub-Sector listed on the IDX in 2016-2020).

METHOD (font size 12pt)

The population in this study is the cement sub-sector listed on the IDX in 2019-2022. The samples used in this study were 5 companies. Data sources in this study according to secondary data are data sources that do not directly provide data to data collectors, for example through other people or through documents. Data in the form of company financial statements taken on the IDX. The data source can be from the site (Sugiono, 2016)www.idx.co.id and literature studies through books and scientific journals and other written sources related to the information needed.

The data analysis techniques used are: According to Financial Ratio Analysis, it is a disclosure of the mathematical relationship of one amount with another number or a comparison between one post and another. (Prastowo , 2002)

1. **Calculating working capital management**

Analysis to determine the extent of the company's efficiency in managing working capital consisting of:

a. **Working capital turnover**

To assess the effectiveness of working capital, the ratio of sales divided by current assets minus current debt can be used. which is formulated as follows (Munawir, 2014):

$$perputaran\ modal\ kerja = \frac{penjualan}{aktiva\ lancar - hutang\ lancar}$$

b. **Receivables turnover**

The formula used to calculate the turnover of receivables is as follows: (Cashmere, 2019)

$$perputaran\ piutang = \frac{penjualan}{rata - rata\ piutang}$$

c. **Cash turnover**

To calculate the cash turnover rate in a certain period, the cash turnover formula according to Subramanyam translated by is as follows:(Jadongan Sijabat & Monica Indriyani Sijabat, 2021)

$$perputaran\ kas = \frac{penjualan}{rata - rata\ kas}$$

d. **Inventory turnover**

The inventory turnover formula according to can be calculated as follows: (Agus Sartono , 2012)

$$perputaran\ persediaan = \frac{harga\ pokok\ penjualan}{rata - rata\ persediaan}$$

e. **Calculating non-investment returns (ROI)**

According to (cashmere, 2019) Return on investment shows the company's ability to generate profits from the assets used. To measure ROI can be used the formula:(Sa'adah, 2020)

$$ROI = \frac{EAT}{Total.Aktiva}$$

RESULTS AND DISCUSSION (font size 12pt)
Working Capital Turnover

The following is data from the turnover of working capital in the cement sub-sector listed on the Indonesia Stock Exchange for 2019-2022.

Table 1

Working capital turnover industry standard

No.	Value	Standard
1.	≥ 6 times	Excellent
2.	5 – 6 times	Good
3.	3 – 4 times	Good enough
4.	1 – 2 times	Not good
5.	≤ 1 time	Bad

Source: (Cashmere, 2016)

Based on the results obtained from the calculation of working capital turnover in INTP companies, the average obtained is 4.90. Based on the standard value criteria above, the working capital turnover in INTP companies can be said to be quite good. In the company, SMBR shows an average value of 3.88 so it can be said to be included in the category of quite good. In SMCB companies, the average yield is 7.70, therefore the working capital turnover in the cement sub-sector can be said to be very good because it exceeds industry value standards. In SMGR companies, the average is 5.98, so from these results it can be said to be good because according to industry standards if the value is 5-6 times, it is included in the good category. In the WTON company showed a result of 4.51 so it can be said to be quite good.

Receivables Turnover

The following is the calculation of the receivables turnover in the cement sub-sector in 2019-2022:

Table 2

Receivables turnover industry standard

No.	Value	Criterion
1	≥12 times	Excellent
2	10 - <12 times	Good
3	8 - <10 times	Good enough
4	6 - <8 times	Not good
5	< 6 times	Bad

Source: (Rimbano , 2016)

Based on the calculation of receivables turnover in INTP companies in 2019-2022, the average obtained is 5.60. Based on the industry standards above, it can be said that it is not good because it < 6 times. In SMBR companies in 2019-2022, the average obtained is 5.67. Based on these results, it can be said that it is not good. In SMCB companies in 2019-2022, the average obtained was 5.71. From these results, it can be said that it is not good because it has not reached the existing industrial standards. In SMGR companies in 2019-2022, the average obtained is 6.27. It can be said that it is not good because the value is still in between 6 - <8 times. On WTON companies showed results with an average of 5.89. It can be said that it is not good because it has not met industry standards.

Cash Turnover

The following is data from cash turnover in the cement sub-sector listed on the Indonesia Stock Exchange for 2019-2022.

Table 3

Industry standard cash turnover

Industry standard	Criterion
> 10 times	Excellent
6 – 10 times	Good

1 – 5 times	Good enough
< 5 times	Not good

Source: (Lukviarman ., 2016)

Based on the calculation of cash turnover in the cement sub-sector at INTP companies in 2019-2022, results were obtained with an average of 2.30, meaning that the value is included in the standard value which is quite good. In SMBR companies, it shows an average result of 5.08 based on industry value standards, including in the fairly good category. SMBC companies obtained an average result of 30.52, therefore SMCB companies are included in the very good category. In SMGR companies, the results showed an average of 8.99 and were included in the good category. WTON companies in 2019-2022 obtained an average value standard of 3.77 and in industry standards are included in the poor category.

Inventory turnover

The following is data from inventory turnover in the cement sub-sector listed on the Indonesia Stock Exchange for 2019-2022.

Table 4
Industry standard inventory turnover

Industry Standard	Criterion
> 3.4 times	Excellent
2.5 – 3.4 times	Good
2 – 2.4 times	Good enough
< 2 times	Not enough

Source: (Lukviarman ., 2016)

Based on the results obtained from calculating inventory turnover in the cement sub-sector in 2019-2022. INTP companies obtained results with an average of 4.90 so that it can be categorized very well because it > 3.4 times. In the company, SMBR showed a result of 3.88 and was included in the very good category because it >3.4 times. In SMCB companies obtained results of 7.70 and were categorized as very good because > 3.4 times. In SMGR companies, the results showed an average result2 of 5.98 included in the very good category because the industry standard was above > 3.4 times. In the WTON company, the calculation for 2019-2022 shows a result of 4.51 can be said to be very good because it is more than the industry standard of >3.4.

ROI Calculation

The following is data from the ROI in the cement sub-sector listed on the Indonesia Stock Exchange for 2019-2022.

Table 5
Industry standard ROI

Industry Standard	Criterion
>5.98%	Excellent
4,00%-5,98%	Good
2,50%-3,98%	Good enough
1,50%-2,49%	not good enough
>1.50%	Bad

Source: (Lukviarman, 2016)

From the calculation of INTP companies for 2019-2022, the average obtained of 6.81% is included in the very good category because of the value of >5.98%. In SMBR companies in 2019-2022, getting a value of 0.89 can be called not good because it has not been included in the industry standard, which is >1.50 is said to be not good. In SMCB companies in 2019-2022, the value obtained by 3.23% is included in the fairly good category. In SMGR companies in 2019-2022, the average obtained is 3.03%, so it can be read quite well because the value is between 2.50%-3.98%. In WTON companies, the average of which is

2.27, it is not good.

DISCUSSION

Working capital turnover of the cement sub-sector in 2019-2022

Based on the results obtained from the calculation of working capital turnover in INTP companies, the average obtained is 4.90. Based on the standard value criteria above, the working capital turnover in INTP companies can be said to be quite good. In the company, SMBR shows an average value of 3.88 so it can be said to be included in the category of quite good. In SMCB companies, the average yield is 7.70, therefore the working capital turnover in the cement sub-sector can be said to be very good because it exceeds industry value standards. In SMGR companies, the average is 5.98, so from these results it can be said to be good because according to industry standards if the value is 5-6 times, it is included in the good category. In the WTON company showed a result of 4.51 so it can be said to be quite good.

According to the higher the rate of working capital turnover will please short-term creditors. Because they get certainty with high speed and debt will be paid off quickly. While according to (Wahyudi, 2016)(Cashmere, 2019)**if** Working Capital Turnover is below the industry average, this is because the results of low working capital turnover can mean that the Company is overworking capital.

This research is in line with the research, namely the results of the calculation of the company's working capital turnover of PT Gudang Garam, Tbk in 2016-2020 in a bad condition because it has not been able to achieve the industry average of 6 times, this can be interpreted that management must work even harder to increase the working capital turnover ratio to at least reach or equal to the industry average ratio. And in line with the research conducted is from the working capital development data analyzed at PT Semen Indonesia (Persero) Tbk for the 2014-2018 period stated that it was not good. Because the company's cash tends to decline, and the company's working capital had experienced the most drastic decline in 2015 and 2016. The decline in the Company's working capital was caused by the successive decline in the company's current assets.(Utami Et Al. , 2023)(Adabia , 2020)

Receivables turnover of the cement sub-sector in 2019-2022

Based on the calculation of receivables turnover in INTP companies in 2019-2022, the average obtained is 5.60. Based on the industry standards above, it can be said that it is not good because it < 6 times. In SMBR companies in 2019-2022, the average obtained is 5.67. Based on these results, it can be said that it is not good. In SMCB companies in 2019-2022, the average obtained was 5.71. From these results, it can be said that it is not good because it has not reached the existing industrial standards. In SMGR companies in 2019-2022, the average obtained is 6.27. It can be said that it is not good because the value is still between 6 - <8 times. On WTON companies showed results with an average of 5.89. It can be said that it is not good because it has not met industry standards.

According to receivables turnover is a ratio used to see the length of time to convert receivables into cash. The receivables ratio is used to show the efficiency of accounts receivable management in a company. According to (cashmere, 2011) the higher the turnover of receivables indicates that the working capital invested into receivables is lower. According to (Bambang Riyanto, 2001)(Ramadan & Rashid, 2019) This condition is good for the company because if on the contrary the turnover of receivables is getting lower then there is an excess of working capital invested in receivables. So the higher the turnover of receivables, the faster the return of collectible receivables.

Cash turnover of cement sub-sector in 2019-2022

Based on the calculation of cash turnover in the cement sub-sector at INTP companies in 2019-2022, results were obtained with an average of 2.30, meaning that the value is included in the standard value which is quite good. In SMBR companies, it shows an average result of 5.08 based on industry value standards, including in the fairly good category. SMBC companies obtained an average result of 30.52, therefore SMCB companies are included in the very good category. In SMGR companies, the results showed an average of 8.99 and were included in the good category. WTON companies in 2019-2022 obtained an average value standard of 3.77 and in industry standards are included in the poor category.

This research is in line with research conducted by (Regards, 2017) which stated that the company's cash turnover PT Pupuk Sriwidjaya Palembang showed quite good results. Because cash turnover increases every year, it has a positive impact on the company's working capital turnover. The increase in the cash turnover ratio is due to the smaller capital embedded in cash so that efficiency in using Its cash increased which caused sales to increase as well.

Inventory turnover of the cement sub-sector in 2019-2022

From the calculation of INTP companies for 2019-2022, the average obtained of 6.81% is included in the very good category because of the value of >5.98%. In SMBR companies in 2019-2022, getting a value of 0.89 can be called not good because it has not been included in the industry standard, which is >1.50 is said to be not good. In SMCB companies in 2019-2022, the value obtained by 3.23% is included in the fairly good category. In SMGR companies in 2019-2022, the average obtained is 3.03%, so it can be read quite well because the value is between 2.50%-3.98%. In WTON companies, the average of which is 2.27, it is not good.

The inventory turnover ratio is used to see the journey of inventory until it returns to cash (Moeljadi , 2006). According to the inventory turnover ratio, it shows the efficiency of the company in the process of managing its inventory. (Muhardi, 2013)According to Raharjaputra (2009) in stating that the higher the inventory turnover rate, the greater the profit (profitability) obtained by the company. Conversely, if the inventory turnover rate is low, the smaller the profit (profitability) obtained by the company.(Sufiana & Ni Ketut Retired , 2013)

This research is in line with research conducted by Based on table 3.1 of the development of inventory turnover of PT. Kalbe Farma Tbk. for the last 5 years, namely from 2015-2019, obtained an average value of 3.15 times and tends to show fluctuating turnover rates. In 2015 the inventory turnover obtained was 3.05 times. Then in 2016 it experienced a slight increase to 3.11 times, this is because the increase in average inventory is equivalent to an increase in cost of goods sold(Hamid, 2021).

CONCLUSION

Based on this study, researchers use descriptive qualitative research methods, namely research results delivered through narratives, from research results *Return on investment* namely in the Cement Sector, with the ratio of working capital turnover and receivables turnover*,* Then it can be concluded:

1. Working capital turnover in sub cement shows very good results because the yield is above the average standard ratio
2. The turnover of receivables in the cement sub-sector shows many unfavorable results because the average receivables are smaller than sales.
3. Cash turnover in the cement sub-sector with the results showing that the average yield shows satisfactory because sales are greater than cash turnover, therefore the company will be able to manage cash well.
4. Inventory turnover in the cement sub-sector showed very good results because COGS was greater than the average inventory. So, companies can increase sales without piling up.

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