EFFICIENCY OF WORKING CAPITAL ON COMPANY PROFITABILITY IN GENERATING ROA (CASE STUDIES IN CV. TOOLS BOX IN SURABAYA)

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ABSTRACT

The purpose of this study is to investigate the influence of the working capital efficiency ratio toward profitability. The working capital efficiency ratios used in this study are a current ratio, a receivable turnover, and a net working capital turnover. On the other hand, corporate profitability used in this study is measured by return on assets (ROA). This research is conducted as the case study in a company, namely CV. Tools Box. The data are the monthly financial reports from January 2008 until December 2009. For data analysis, the researcher used a multiple regression analysis, t-test, F-test, coefficient of determination, partial correlation, and classical assumptions. The result of this study indicates that only partially net working capital turnover has a significant effect on ROA. In Addition, the current ratio, receivable turnover, and net working capital turnover simultaneously has a significant effect on ROA.

Key words: working capital efficiency, current ratio, net working capital turnover, returns on assets, receivable turnover.

PENGARUH EFISIENSI MODAL KERJA TERHADAP RENTABILITAS PERUSAHAAN (STUDI KASUS PADA CV. TOOLS BOX DI SURABAYA)

ABSTRAK

Tujuan dari penelitian ini adalah untuk mengetahui pengaruh rasio efisiensi modal kerja terhadap profitabilitas. Rasio efisiensi modal kerja yang digunakan dalam penelitian ini adalah rasio lancar, perputaran piutang, dan perputaran modal kerja bersih. Di sisi lain, profitabilitas perusahaan digunakan dalam penelitian ini diukur dengan return on assets (ROA). Penelitian ini dilakukan dengan studi kasus di sebuah perusahaan, yaitu CV. Tool Box. Data yang digunakan adalah laporan keuangan bulanan dari Januari 2008 sampai Desember 2009. Untuk analisis data, digunakan analisis regresi berganda, t-test, F-test, koefisien determinasi, korelasi parsial, dan asumsi klasik. Hasil penelitian ini menunjukkan bahwa hanya sebagian perputaran modal kerja bersih memiliki dampak yang signifikan terhadap ROA perusahaan. Sebagai tambahan, rasio lancar, perputaran piutang, dan perputaran modal kerja bersih secara simultan mempunyai pengaruh yang signifikan terhadap ROA perusahaan.

Kata Kunci: efisiensi modal kerja, rasio lancar, perputaran modal kerja bersih, pengembalian aset, perputaran piutang.

INTRODUCTION

For maintaining the continuity and development of business, companies are required to have a good management system. They should show a good management system in the financial section especially the management of working capital. This management of working capital in a company is considered important. This is due to working capital which is closely related to the current account (estimates of current assets and current liabilities). In the implementation, the management of working capital is directly related to the smooth day-to-day operations of the company. Such a system cannot be separated from the function of its own working capital, which is to finance the operations of the company. In order for these operations can run well, companies need to manage working capital as effectively as possible so that the working capital can be adequate.

When assessing the effectiveness of the company for generating profits, profitability ratios are commonly called the profitability ratio. In this case, the higher value of this ratio the better. There are various ways to achieve high profitability, in which one of them is by increasing the efficiency of working capital.

Working capital efficiency can be interpreted as the precision of the way whether it is in a business or employment in the process of existing working capital. In connection with this, there are some ratios that can be used to measure the efficiency of working capital in a company such as current ratio, receivable turnover, and net working capital turnover (Munawir, 2010).

The first ratio is related to the liquidity factor of the company. Liquidity as defined, it is the ability of the company to meet its financial obligations must be repaid. Yet, the ratio of the other two factors relate are related to the efficient of using corporate assets. Current ratio measures the company's ability to meet its short term debts by using the smoothness property (Widarjo and Setiawan, 2009). The current assets include cash, marketable securities, accounts receivable, inventory, and item-item other current assets. Generally, the current ratio of two or sometimes 200% is satisfactory for the company. Current ratio is too high when it indicates the presence of excess working capital compared with that as needed presently. If this occurs, it is likely to create idle funds (funds that are not benefited) and an increase in opportunity cost, such as storage costs and maintenance costs, which in turn, also decrease the profitability and vice versa.

Another factor is receivable turnover which measures the number of times for the turnover of receivables in each period (Munawir, 2010). The higher this ratio is, the better it will be. This is because it shows that the working capital invested in the form of receivables faster again. This will impact on increasing profitability. Conversely, if the value of this ratio is lower, it means there is over-investment in receivables. Over investment in accounts receivable due to the possibility of inefficiency in the conduct of an enterprise billing. This can impact on the profitability of the company.

Still other factor is the net working capital turnover. It measures the number of sales dollars earned for each company's net working capital (Munawir, 2010). Net working capital is the difference of current assets to current liabilities. The higher this ratio the better the record companies still liquid because it indicates that the company has been effective in managing net working capital. This will naturally have an impact on improving profitability.

Based on the arguments above, the efficiency of working capital may affect the profitability of the company. The various ratios that can be used to measure the profitability of the company is the return on assets (ROA). This ratio measures the ability of a company in generating profits by using all the assets owned. (Weaver and Fred, 2007). The greater this ratio it indicates more efficient management of assets by an enterprise to generate profit (profit).

Yusuf and Ayodya (2006) define profit-

Table 1
Comparison of Working Capital Ratio and Rentability of Year 2008-2009

Description	Period	
	2008	**2009**
Current Ratio	2.17	5.80
Receivable Turonver	8.85	6.23
Net Working Capital Turnover	3.53	3.04
Return on Assets (ROA)	26.66%	21.36%

Source: Financial Statement of CV. Tools Box, processed.

ability as the net result of a series of policies and decisions. There are several ratios to calculate the degree of probability. While the probability ratio also shows the combined effects of liquidity, asset refineries, the refineries of debt to operating results is ROA.

As in Table 1, the company's current ratio increased to 5.80. If this is compared with standard values in general that is equal to two, it indicates the existence of excess working capital, which is quite large compared to the required current. In addition, receivable turnover and net working capital turnover decreased respectively to 6.23 and 3.04. In the same period, ROA of the company decreased to 21.36%. This indicates a problem, where the level of working capital efficiency has decreased and this can affect the company's earnings decline as well.

In reference to the theoretical consideration above, the researcher tries to raise the research problem whether there is an influence of the company's working capital efficiency ratio, ie ratio of the current profitability toward the rentability of the company. Secondly, it is whether there is any influence of the company's working capital efficiency ratio, which is receivable turnover of the company's profitability?, Is there influence the company's working capital efficiency ratio, which is net working capital turnover toward the company's profitability. Thirdly, it is whether there is influence between the efficiency of working capital ratio (current ratio, receivable turnover, and net working capital turnover) to the company's profitability.

The purposes of this study are manifold. First, it is to investigate whether there are variables that influence the efficiency of capital expenditure, ie current ratio of corporate earnings. Second, whether there are variables which influence the efficiency of capital expenditure, such as receivable turnover on profitability of the company. Third, whether there are variables that influence the efficiency of Capital Company's work, such as net working capital turnover toward the company's profitability. Finally, whether there are variables that influence the efficiency of working capital (current ratio, receivable turnover, and net working capital turnover) to the company's profitability

Scope of the Research
Working capital efficiency refers to the precision of the way, be it business or work in processing the existing working capital. There are many ratios that can be used to measure the level of efficient use of working capital. However, due to limitations of time and effort, the researcher focuses on the use of the following three ratios: current ratio, receivable turnover, and net working capital turnover (Munawir, 2007). The company's profitability is the use of ROA. This ratio can explain the company's ability to generate profits as a whole with all the company's capital used, either from its own capital or foreign capital that is the debt of the bank (and Fred Weaver, 2007).

The high and low levels of working capital efficiency of an enterprise refer to historical data from the company for comparison. The comparisons are performed for

each ratio. If the value of the ratios of working capital efficiency in which the current ratio goes up, then this indicates an increase in working capital efficiency and vice versa. Especially for the current ratio, the authors assume that the ideal value of the company amounted to two according to the ideal values in general (Sawir, 2005). For that reason, getting closer to the ideal value can indicate there is an increase in working capital efficiency or vice versa.

The limited data that that were taken prior to 2007 did not yet have a good management system, so that the documents and financial statements of the company were still difficult to trace. For this, the authors only used the data of two years, starting from the period 2008-2009. Therefore, the researchers conducted an analysis for each month during to provide representative results. In addition, the authors also use the average value as a benchmark. If the value for each ratio of working capital efficiency, unless the current ratio, is higher than the average value during the year, this indicates an increase in working capital efficiency and vice versa. In this study, the researchers also apply a similar benchmark for ROA.

THEORETICAL FRAMEWORK
According to Soedorowerdi (2007) who conducted a study on the influence of capital structure and working capital turnover toward the financial performance of small industries with jobbing processes in East Java. The variables studied in this research were working capital turnover ratio, the ratio of debt to equity, and changes in net income. This study uses a sample of 45 SMEs in East Java by analyzing financial statements. In addition, the method of analysis used was multiple linear regression analysis. The results of this study indicate that the turnover of working capital and capital structure simultaneously and partially have no significant effect on the financial performance of small industries with jobbing processes in East Java.

According to Menuh (2008) there is an influence of the effectiveness and efficiency of working capital toward the economic profitability of the cooperative public servants "Kamadhuk" Sanglah Hospital Denpasar. The variables examined cover the turnover ratio of cash, accounts receivable turnover ratio, inventory turnover ratio, the ratio of return on working capital, and economic profitability ratio.

In this case, economic profitability ratio can be measured by comparing the net income before interest and tax to capital is used. In addition, the method of analysis used was multiple linear regression analysis. The results indicate that only the variable return on working capital which is partially affected significantly. The effect is positive.

As in the study by Raheman and Mohamed Nasr (2007), the variables examined were the average collection period, inventory turnover in days, average payment period, the cash conversion cycle, current ratio, debt ratio, the natural logarithm of sales, financial assets to total assets, and net operating profitability. Analytical methods used were correlation analysis and multiple linear regressions. Working capital management (the average collection period, inventory turnover in days, average payment period, the cash conversion cycle, and the current ratio) has a strong negative relationship with net operating profitability.

Again in the study by Walida (2010) there was no significant effect partially between the working capital, to calculate the profitability with significance value of 0336 or 0336> 0.05.

Samiloglu and K. Demirgunes (2008) found the variable accounts receivable period, inventory period, and the leverage ratios significantly influence the ROA.

Falope (2010) provides empirical evidence on the impact of working capital management on profitability in the non-financial corporate Nigeria 1996-2005 period. The researchers used ROA as the dependent variable. The sample used non-financial companies listed a total of 100 companies. The result is a significance relationship was

found with a negative rate of working capital management of the company's profitability. Rejesh (2011) research components of working capital also influence of working capital management on profitability at the company Amararaja Batteries Limited. With the existing eight independent variables, only the working capital turnover ratio, working capital ratio, inventory turnover ratio and the debtor's turnover ratio have a positive correlation and a significant effect on corporate profitability.

Working Capital

Nazir and Afza in Karaduman et.al (2010) argue that working capital management is also very important field of corporate finance, because of its considerable effect on the firm's profitability and liquidity. Companies that do not have sufficient working capital will be difficult to carry out its activities, or be bogged down operations. According to Munawir (2010) the use of working capital will lead to changes in many forms and decrease the amount of liquid assets held by the company, but the use of current assets are not always followed by a change in or decrease the amount of working capital held by the company.

Akram et. al. (2011) also argues that the financial ratios are for the decision-making considerations for working capital management the early stages, but relatively few of the researchers using it as a policy. However, some research indicates that the average financial ratios tend to vary from time to time for all industries. Therefore we can conclude further means that the average profits of all industries are also relatively varied in this model. Durer S. (2010) found that working capital management is no doubt for all companies listed on ISE. Similar findings with previous studies that focus on the company working capital in an effort to increase corporate profits are to be taken seriously.

Efficiency of Working Capital Ratio Estimator

According to Husnan in Menuh (2008)

working capital efficiency is measured by comparing the operating profit with current assets. The ratio can be measured by means of the efficiency ratio, return on working capital. Chiou Jeng Cheng Li Ren (2006) describes the relationship between debt ratio and WCR, a higher debt ratio is due to lack of capital for daily operations. In such circumstances, companies may need to raise capital from outside if you have a lack of capital, plus the careful management of working capital in order not to exacerbate the shortage of capital and working capital will be used most efficiently at this time with a higher debt ratio, efficient capital management work which will avoid the occurrence of the triggering effect of external loan.

There are several ratios that can be used to measure the efficiency of working capital in a company. In general, these ratios include current ratio, receivable turnover, and net working capital turnover. The following is an explanation for each ratio (Munawir, 2010):

Current Ratio

Current ratio measures the company's ability to meet its short-term debt using current assets. While current liabilities include accounts payable, notes payable, taxes payable, expenses to be paid, and items other current liability.

The formulation of the current ratio according to Munawir (2010) is as follows:

$$CurrentRatio = \frac{CurrentAssets}{CurrentLiability} \qquad (1)$$

Receivable Turnover

Receivable turnover of the company has a close relationship with the volume of credit sales, while the rotation of receivable turnover is done by dividing total credit sales (net) with an average of it. The higher ratio indicates that the working capital invested in low receivable turnover (Munawir, 2010). The items being compared are credit sales by the end of the period with an average

value of the same receivables (Riyanto in Menuh, 2008). Therefore, the size of this ratio is influenced by the relationship changes with changes sales turnover.

$$ReceivableTurnover = \frac{Total\ Credit\ Sale}{Receivable\ Average} \quad (2)$$

Net Working Capital Turnover
Net working capital turnover assess the ratio between the total sales by the number of average working capital. This ratio shows the relationship between working capital to sales and shows the number of sales that can be obtained by the company (the rupiah/IDR) for each rupiah (IDR) working capital. The higher this ratio the better the record companies still liquid because it indicates that the company has been effective in managing net working capital. Vice versa, a low turnover ratio indicates the existence of inefficiency in managing net working capital which may be due to low inventory turnover, accounts receivable, or cash balances that are too large.

The formulation of the net working capital turnover by Munawir (2007) as follows:

$$Net\ Working\ Capital\ Turnover = \frac{Sales}{WorkingCapitalAverage} \quad (3)$$

Understanding Profitability
Riyanto in Menuh (2008) states a measure of profitability shows the comparison between income or capital assets that generate those profits. It is the company's ability to generate capital gains by all who work in it. According to Mubiatiningrum (2007), one of the main measures of success in the management of the company is in managing earnings. The ratio of earnings is the ratio that measures the effectiveness of a company in generating profits for a certain period. Mubiatiningrum (2007) also reiterated that profitability can be used as a gauge of capital in the companies concerned. Measuring the profitability in the company, generally use the rate on ROA or the rate of ROI.

Return on Assets (ROA)
This ratio is used to measure the profitability of the company. It shows a company's ability to generate profits for the whole property or assets owned. The greater this ratio indicates more efficient management of assets by an enterprise to generate profits and vice versa. The ratio can be calculated according to Riyanto (2007) in the following way:

$$ROA = \frac{NetProfit}{TotalSale} \times 100\% \quad (4)$$

For further analysis, the ratio can be broken down into the following.

$$ROA = NetProfitMargin \times TotalAssetsTurnOver \quad (5)$$

$$ROA = \frac{NetProfit}{TotalSale} \times \frac{TotalSale}{TotalBusinessAssets} \quad (6)$$

Net profit margin ratio measures how efficient a company makes a profit in connection with the sale. On the contrary, the total assets turnover measures how efficient a company with a view to the turnover is of assets in a given period.

There are several ways to increase return on assets are as follows (Riyanto, 2008):
Raise Profit Margin: by increasing the cost of business to the extent that sought the achievement of additional sales. These additional sales must be greater than the additional operating costs and to reduce sales to the extent that sought the achievement of cost reduction efforts. This cost reduction should be greater than the decline in sales.
Raising the Total Assets Turnover can be done by adding capital or operating funds to the extent that sought the achievement of additional sales. These additional sales must be greater than the additional capital or business and to reduce sales to the extent that sought the achievement of reduction of capital or operating funds. Reduction in capital or operating funds must be greater than the decline in sales.
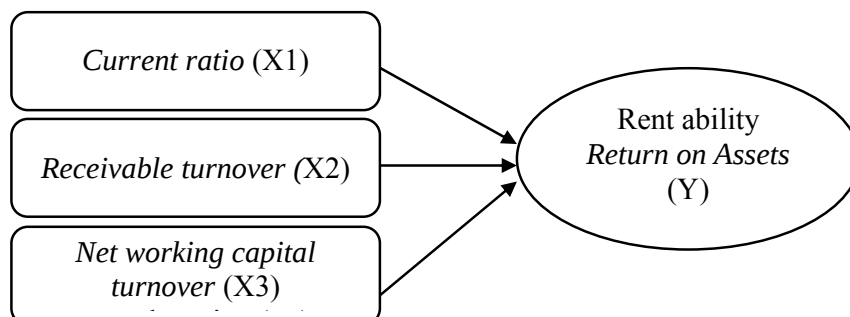
Influence of the Current Ratio Return on Assets
Mehmet (2009) stated that the current ratio significantly influence the return on assets.

Figure 1
Model of Analysis

The effect is negative. This means that the greater the current ratio will affect the company's return on assets decline in value of the company and vice versa. The higher the current ratio values indicate the presence of excess working capital than was needed now. If this occurs, it is likely to be idle funds (funds are idle). This will result in inefficiency because these funds should be used to increase the return through other investments are profitable. Ultimately, this could affect the return on assets decline in value. Likewise with the other hand, if the company wants to increase the return on assets, this could affect the current reduction ratio which can disrupt the company's liquidity.

Influence of Receivable Turnover Return on Assets
As Susani (2005) stated that the turnover of receivables significantly influences the return on assets. The effect is positive. This means that the larger the value receivable turnover will have an impact on increasing the return on assets and vice versa. The higher the value receivable turnover ratio indicates that the working capital invested in the form of receivables faster again.

Effect of Net Working Capital Turnover on Return on Assets
Mubiatiningrum (2007) suggests that the net working capital turnover significantly influences the return on assets. The effect is positive. This means that the larger the value of net working capital turnover, it will have an

impact on increasing the return on assets and vice versa.

Model Analysis
As argued in the previous discussion, it can be presented a model analysis of the influence of the efficiency ratios of working capital toward the company's earnings as follows:

RESEARCH METHOD
Overview of CV. Tools Box
The specific profile of the Tools Box is that it is a trading company established in 2001. It is located in central Surabaya. Since the 2005 reform, it has been carried out by placing a few employees that have the characteristics of the spirit that would work or hard work. The company is engaged in supplying the needs of industry, especially the chemical industry. Generally, the products offered by this company include tools, pipe-fittings and other industrial equipments.

In financing activities of daily operations, the company is using the working capital comes from two sources, namely equity and debt from banks. The capital used to finance operating needs, including payment of salaries, transportation costs, utilities, office supplies, and taxes payable. In addition, equity is also used for private decision or personal interests outside the company's operations. Meanwhile, loans from the bank used exclusively for purchases of merchandise from the vendor and receivables financing to the buyer.

CV. Tools Box at the end of 2007 was

Table 2
Current Ratio 2008-2009

Year	Month	Current Asset (Rp)	Current Liability (Rp)	Current Ratio
2008	January	528,563,344	188,664,956	2.80
	February	482,326,066	118,468,767	4.07
	March	390,922,182	52,017,913	7.52
	April	440,313,170	89,479,088	4.92
	May	474,552,442	107,338,903	4.42
	June	452,484,588	105,898,574	4.27
	July	530,147,885	144,115,738	3.68
	August	523,137,065	116,144,633	4.50
	September	435,925,110	84,699,836	5.15
	October	478,348,829	114,574,396	4.18
	November	585,258,854	209,811,291	2.79
	December	585,666,196	215,945,781	2.71
2009	January	585,125,034	205,991,765	2.84
	February	629,140,497	224,489,353	2.80
	Mach	530,697,033	124,056,788	4.28
	April	483,213,197	65,190,563	7.41
	May	510,966,600	76,026,410	6.72
	June	540,609,737	110,835,207	4.88
	July	766,948,741	311,237,202	2.46
	August	885,752,635	409,616,390	2.16
	September	749,207,839	254,147,377	2.95
	October	648,997,157	158,026,526	4.11
	November	557,795,889	58,091,425	9.60
	December	615,855,689	106,096,398	5.80

Sources: Financial statements CV. Tools Box, processed.

believed to regularly and successfully supplying PT. Petrokimia Gresik and PT. Puspetindo. The two factories are both located in Gresik, East Java. In cooperation with the buyer-buyer, CV. Tools Box offers several advantages as shown in Figure 1.

Its Experience
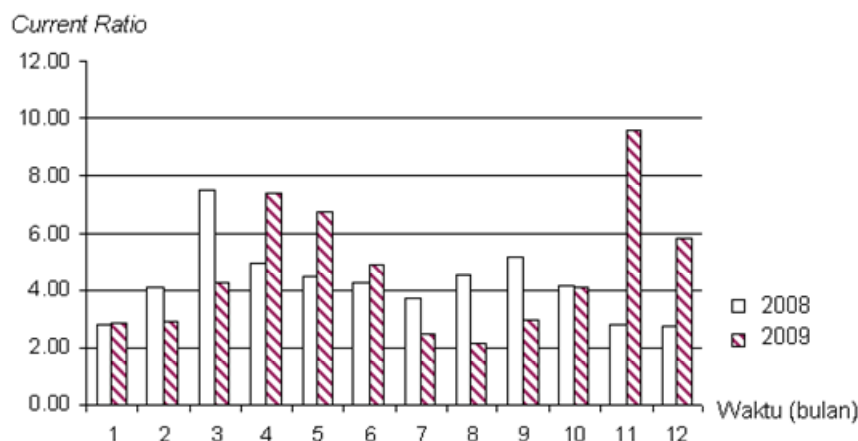
Tools Box has already experienced in this area initially it received some complaints, so that it makes improvements and operational and financial level. The focus is on an ongoing basis so that until the last image that was built so far is pretty good in the eyes of his buyer. Examples are always trying to offer the goods in accordance with the specifications of the request from the buyer. In addition, freight is also quick and timely manner.

Its competitive goods prices and credit terms are so beneficial so that they can define much cheaper price and debt facilities. Generally, the credit facility to obtain maximum is 30 days. Therefore, the CV. Tools Box can offer the goods with competitive prices and favorable credit terms (30 days).

The goods are shipped completed with certificate of test trials to ensure the quality of goods. The test is administered the test certificate is genuine and direct from the factory. In meeting the demand for goods in accordance with the specifications of the buyer, CV. Tools Box relies on business partners or vendors whose names are well known. The vendor is not limited only domestically but also abroad such as Surabaya, Jakarta, and Bandung and for overseas are Singapore, Taiwan, and Japan. By relying on

Figure 2
Comparison of Current Ratio of 2008 and 2009

these vendors, is expected to meet the goods in accordance with the specifications of the buyer.

This is a descriptive that aims to explain the phenomenon, relationship, or an individual or group characteristics accurately. It was carried out with a case study approach that aims to obtain a clear and detailed picture of the background and the specific nature of the object under study or a single unit. Population covers staff, object, transaction, or event. The researchers are keen to learn and make it as an object of study (Kuncoro, 2009). All monthly financial statements (balance sheet and income statement), ranging from the establishment of the company until the month when the study was conducted as a population of 219 were taken.

DATA ANALYSIS AND DISCUSSION
Current Ratio
This ratio measures the ability of the company's liquidity using current assets as presented in Table 2.

As presented in Table 2, it can be concluded that the level of working capital efficiency as measured from the current ratio per month during the year 2008-2009, identified by the of 4:46. This figure is still higher than the ideal value which in general is two.

In Figure 2, it can be seen that the value of current ratio fluctuates each month, either in the 2008 and in 2009, In addition, the highest value of the current ratio is 9.60 occurred in November 2009, while the lowest is 2:16 occurred in August 2009.

Receivable Turnover
Receivable turnover ratio measures the turnover measures the number of times each period. It can be calculated by comparing the value of credit sales with an average value of receivables in the period. Table 3 presented the calculation results in a company's receivable turnover CV. Tools Box.

As in Table 3, it can be concluded that the level of working capital efficiency as measured each month of the year 2009 receivable turnover tends to decrease when compared to the year 2008. When compared with the average value of receivable turnover per month, which is 0.66, it can be concluded that in the year 2009, the company is not efficient in managing working capital invested in the form of accounts receivable. The Company is only able to record achievement above the average in certain months only, i.e. February, May, June, July and December 2009.
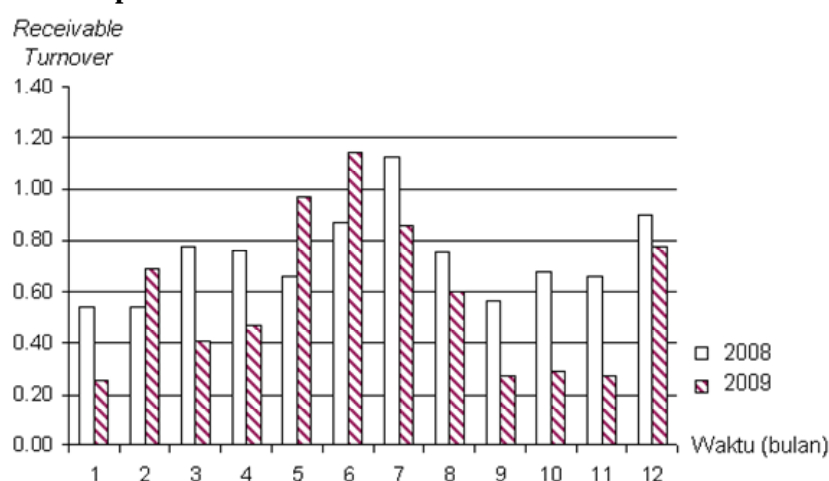
From Figure 3, the receivable turnover in the year 2009 tends to decrease when compared to the year 2008. In addition, the highest value of the receivable turnover, which is 1.15, occurred in July 2009. The lowest value, namely 0.25 occurred in January 2009.

Table 3
Receivable Turnover of 2008-2009

Year	Month	Credit Selling (Rp)	Average Receivable (Rp)	Receivable Turnover
2008	January	105,063,984	194,801,054	0.54
	February	84,144,200	156,927,751	0.54
	March	95,206,500	122,342,385	0.78
	April	82,981,500	109,652,400	0.76
	May	72,002,000	108,438,825	0.66
	June	111,655,500	128,450,025	0.87
	July	189,137,000	167,608,375	1.13
	August	114,396,000	153,000,650	0.75
	September	63,195,000	111,516,900	0.57
	October	71,550,000	104,492,400	0.68
	November	92,946,000	141,472,200	0.66
	December	190,450,500	210,570,525	0.90
2009	January	62,428,000	245,051,125	0.25
	February	154,120,000	223,749,900	0.69
	March	79,906,000	193,868,400	0.41
	April	61,029,000	129,221,950	0.47
	May	82,979,000	85,804,400	0.97
	June	136,876,200	119,302,150	1.15
	July	196,227,200	228,539,410	0.86
	August	235,041,000	392,462,510	0.60
	September	115,090,600	431,415,930	0.27
	October	98,565,000	338,770,460	0.29
	November	51,944,000	190,807,530	0.27
	December	76,573,500	97,645,950	0.78

Sources: Financial statements CV. Tools Box, processed.

Figure 3
Comparison of Receivable Turnover Year 2008 and 2009

Net Working Capital Turnover
This ratio measures the number of sales dollars earned for each company's net working capital. The ratio can be calculated by comparing the value of sales with an average value of net working capital during the year.

Table 4
Net Working Capital Turnover of 2008-2009

Year	Month	Sales (Rp)	Average Net WC (Rp)	Net Working Capital Turnover
2008	January	105,063,984	334,352,371	0.31
	February	84,144,200	351,877,844	0.24
	March	95,206,500	351,380,784	0.27
	April	82,981,500	344,869,176	0.24
	May	72,002,000	359,023,811	0.20
	June	111,655,500	356,899,777	0.31
	July	189,137,000	366,309,081	0.52
	August	117,583,500	396,512,290	0.30
	September	68,795,000	379,108,853	0.18
	October	71,550,000	357,499,854	0.20
	November	92,946,000	369,610,998	0.25
	December	190,450,500	372,583,989	0.51
2009	January	64,138,000	374,426,842	0.17
	February	154,120,000	391,892,207	0.39
	March	79,906,000	405,645,695	0.20
	April	61,029,000	412,331,440	0.15
	May	83,354,000	426,481,412	0.20
	June	136,876,200	432,357,360	0.32
	July	196,227,200	442,743,035	0.44
	August	235,041,000	465,923,892	0.50
	September	115,090,600	485,598,354	0.24
	October	98,565,000	493,015,547	0.20
	November	51,944,000	495,337,548	0.10
	December	89,698,500	504,731,878	0.18

Sources: Financial statements CV. Tools Box, Processed.

Table 4 presented the results of the calculation of net working capital turnover in the company's CV. Tools Box.

Again, as in Table 4, the level of working capital efficiency as measured monthly from net working capital turnover in the year 2009 tended to decrease when compared to the year 2008. When compared with the average value of net working capital turnover per month, which is 0.28, it can be concluded that in the year 2009, the company is not efficient in managing existing working capital. The Company is only able to record achievement above the average in certain months only, i.e. in February, June, July and August 2009.

Clearly as presented in Figure 4, the value of net working capital turnover in the year 2009 tended to decrease when compared to the year 2008. The highest value of this ratio, namely 0.52 occurred in July

2008. The lowest value, namely 0.1 occurred in November 2009.

Return on Assets (ROA)
This ratio measures the ability of a company in generating profits by using all the assets owned. The ratio can be calculated by multiplying the net profit margin to total assets turnover in the period. Table 5 presented the results of calculation of return on assets in the company's CV. Tools Box.

In Table 5 above, the return on assets of each month in the year 2009 tended to decrease when compared to the year 2008. When compared with the average return on assets of each month, which is 2.08%, it can be concluded that in the year 2009, the company is not efficient in generating profits by using all the assets owned. The Company is only able to record achievement above the average in certain months only, i.e. Febru-

Figure 4
Comparison of Working Capital Turnover Year 2008 and 2009
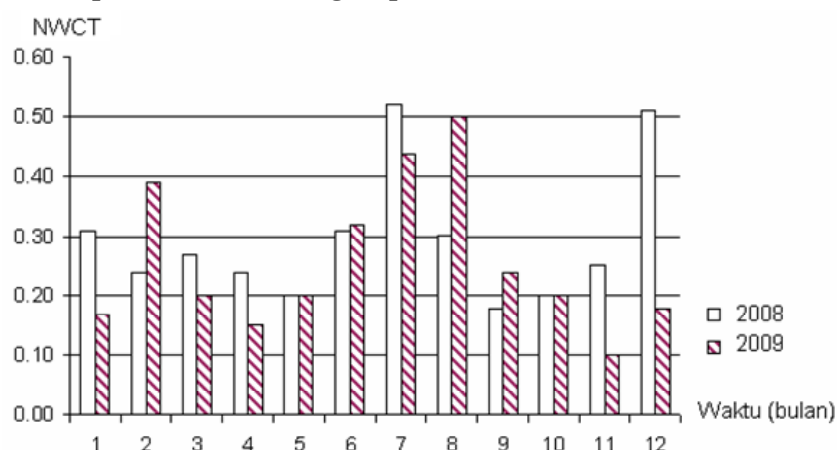
Table 5
Return on Assets (ROA) of 2008-2009

Year	Month	Net Profit Margin (%)	Total Asset Turnover	ROA (%)
2008	January	8.38	0.14	1.17
	February	25.76	0.12	3.09
	March	13.41	0.15	2.01
	April	11.62	0.12	1.39
	May	19.58	0.10	1.96
	June	15.31	0.16	2.45
	July	19.65	0.25	4.91
	August	15.88	0.16	2.54
	September	17.37	0.10	1.74
	October	14.35	0.10	1.44
	November	10.10	0.12	1.21
	December	22.05	0.24	5.29
2009	January	11.12	0.08	0.89
	February	15.08	0.18	2.71
	March	12.15	0.11	1.34
	April	14.91	0.09	1.34
	May	17.56	0.12	2.11
	June	16.48	0.18	2.97
	July	12.05	0.20	2.41
	August	7.72	0.22	1.70
	September	14.46	0.12	1.74
	October	13.83	0.12	1.66
	November	12.42	0.07	0.87
	December	8.66	0.11	0.95

Sources: Financial statements CV. Tools Box, processed.

ary, May, June, and July 2009.
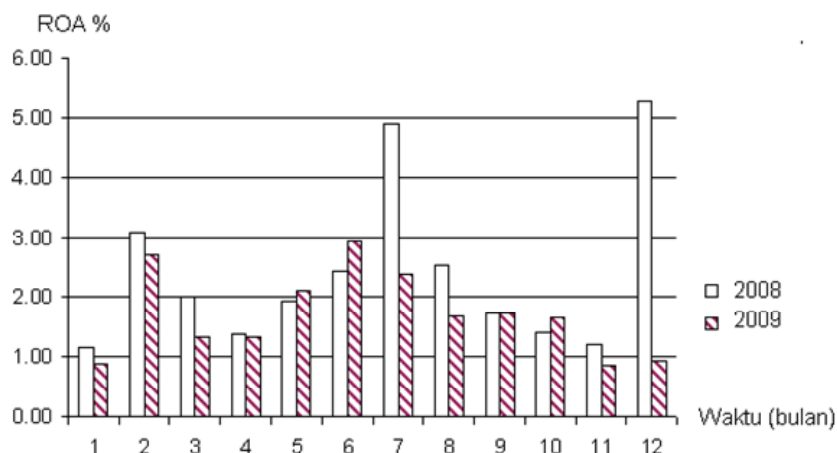
Again in Figure 5 above, the return on assets in the year 2009 the company tends to decrease when compared to the year 2008. The highest value, i.e. 5.29% occurred in December 2008. The lowest value, i.e.

0.87% occurred in November 2009.

In reference to Table 7, on the columns unstandardized coefficients, the regression equation can be made as follows: ROA = - CR + 0841 + 0087 + 6546 1098 RT NWCT

Such a Regression equation shows the

Figure 5
Comparison of Return on Assets Year 2008 - 2009

constant in the regression equation is equal to -0.841. In addition, the coefficient for the current ratio (CR), receivable turnover (RT), and net working capital turnover (NWCT) respectively as follows 0.087, 1.098 and 6.546. Coefficient of current ratio (CR) of 0.087 indicates that every increase of one unit in the CR with the assumption that other variables constant will be followed by an increase of 0.087% ROA and vice versa. On the contrary, the coefficient receivable turnover (RT) of 1.098 indicates that every increase of one unit at RT with the assumption that other variables constant will be followed by an increase of 1.098% ROA and vice versa. While the coefficient of net working capital turnover (NWCT) of 6.546 indicates that every increase of one unit on NWCT assuming that other variables constant will be followed by an increase of 6.546% ROA and vice versa. The interpretation of this statement is still temporary.

T Test (Test in Partial)
The significance value of the constants in the regression equation of 0.331, indicating that this value is greater than α as used, namely 0.05. Therefore, the value of the constants in this equation can be deduced not significant. Significance value of the current ratio (CR) of 0.461, indicating that this value is greater than the value of α is used, namely 0.05. Therefore, H0 is accepted, which means that the current ratio is partially no significant

effect on return on assets. In addition, the CR coefficient of 0.087 is not significant. The significance value of the receivable turnover (RT) of 0.194, indicating that this value is greater than the value of α is used, namely 0.05. Therefore, H0 is accepted, which means that the receivable turnover is partially no significant effect on return on assets. In addition, RT coefficient of 1.098 is not significant.

The significance value of the net working capital turnover (NWCT) of 0.008, indicating that this value is smaller than the value of α is used, namely 0.05. Therefore, Ho is rejected which means that the net working capital turnover is partially significant effect on return on assets. In addition, the coefficient of 6.546 is significant NWCT. This shows that every increase of one unit on NWCT assuming other variables constant, it will be followed by an increase of 6.546% ROA and vice versa.

Testing F Value (Simultaneous)
As presented in Table 8, the obtained value or significance probability is 0.000. Significance value is less than the value of α is used, namely 0.05. Therefore, H0 is rejected, in which the ratios of working capital efficiency as measured by current ratio (CR), receivable turnover (RT), and net working capital turnover (NWCT) simultaneously or jointly significant effect on return on assets (ROA).

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Table 7
Results of t Test

Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1. (Constant)	-.841	.844		-.996	.331
CR	.087	.116	.143	.751	.461
RT	1.098	.817	.248	1.344	.194
NWCT	6.546	2.205	.683	2.969	.008

a. Dependent Variable: ROA
b. Sources: Financial statements CV. Tools Box, processed with SPSS 17.

Table 8
Results of F Test

Model	Sum of Square	df	Mean Square	F	Sig.
1. Regression	18.132	3	6.044	10.848	.000[a]
Residual	11.143	20	.557		
Total	29.275	23			

a. Predictors: (Constant), NWCT, RT, CR
b. Dependent Variable: ROA
Source : Financial statement of CV Tools Box, processed by SPSS 17

Table 9
Results of Coefficient Determination test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.787[a]	.619	.562	.74641

a. Predictors: (Constant), NWCT, RT, CR
b. Dependent Variable: ROA
Source: Financial statement by CV. Tools Box. Processed.

Coefficient of Determination

The coefficient of determination ($R2$) measures how far the regression equation in explaining the variation in the dependent variable. Table 9 is the output of the program SPSS 17 corresponding coefficient of determination of this test.

As presented in Table 9, the obtained results of coefficient of determination ($R2$) are 0.619 or 61.9%. This means that 61.9% of the variation of the company's return on assets CV. Tools Box is affected by the current ratio, receivable turnover, and net working capital turnover. Meanwhile, the remaining 38.1% influenced by other factors not included in the regression equation.

CONCLUSION, IMPLICATION, SUGGESTION AND LIMITATIONS

As analyzed and discussed, the researchers generalize as the following. The T test results, current ratio, receivable turnover is partially no significant effect on return on assets. It is evident from the significance of the current ratio (CR) and the result of receivable turnover is greater than the value of α is used, i.e. 0.05 so that the second hypothesis is rejected. Further results of the t test; net working capital turnover is partially significant affect ROA. It is observed from the significance of net working capital turnover (NWCT) obtained is lower than the value of α is used, i.e. 0.05 so that the hypothesis of three acceptable.

The influence of net working capital turnover is positive. This means that the larger the value of net working capital turnover, it will have an impact on increasing the return on assets and vice versa. In addition, the partial correlation of test results also

showed that statistically, net working capital turnover to have a closer relationship with return on assets compared with the other independent variables tested in this study.

The F test results, current ratio, receivable turnover, and net working capital turnover have a simultaneous significant effect on ROA. When viewed from the value of the correlation coefficient, it is obvious that the current relationship ratio, receivable turnover, and net working capital turnover to the company's return on assets in Box CV. Tools greater than 0.60, meaning that it shows a positive relationship and a high degree of relationship.

It is advisable that the companies concerned as well as for further research do as the following. For companies, they should pay attention to the efficiency of working capital held (current ratio, receivable turnover, and net working capital turnover) because these variables are working capital efficiency simultaneously significant effect on profitability. Companies should focus on improving net working capital turnover because these variables have statistically closer ties with the return on assets compared with the other independent variables tested in this study. In addition, net working capital turnover is also shown to be partially significant effect on return on assets.

The effort of increasing the net working capital turnover can be done to make use of any additional working capital in such a way as to achieve incremental sales, both in terms of volume of goods and the selling price of goods. The sale must be greater than the additional working capital. In addition, the company can also increase the turnover of working capital components owned, including cash, receivables, and inventories in order to reach an increase in net working capital turnover. In the end, it will impact on improving the company's profitability as measured by return on assets.

For further research, they should add the other independent variables or the use of different variables that can affect the expected profitability of the company. In addi-

tion, the data used should cover bigger ones, on the environment of certain industrial SMEs. If possible, research should be done using many companies that can do the benchmark.

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