

## SUMMARY

COSMAS A.I. WARDOJO. The Effect of Working Capital Linquidity on the Profitability of the Poultry Sector Companies Listed in Indonesia Stock Exchange. Supervised by LUKYTAWATI ANGGRAENI dan HENDRO SASONGKO.

Working Capital Management was always a topic for discussions, companies search for liquidity and operational efficiency by managing their working capital. The purpose of the study was to examine whether working capital management add to corporate profitability and shareholder value? The efficiency of working capital management can be determined by the cash conversion cycle components and the net trade cycle, Then testing these variables with corporate profitability. In this study, four companies public listed Poultry Business in Indonesia Stock Exchange in the period of 2006-2014 is considered to represent the poultry Industry.

The analysis results of the working capital policy, net working capital at the company's poultry sector has increased in the period 2006-2014 in line with the increase in sales, it can be concluded that the company maintain liquidity by managing DSO, CCC and short-term loans. The poultry sector companies implement an aggressive working capital policy instead of conservative to maintain liquidity and improve profitability even though sales of the poultry feed, day-old chicks ( Day Old Chick / DOC ) to integration farmers and commercial partnerships .

The Financial performance and profitability of the company sector of poultry is strongly influenced by the DSO and NTC, empirically it can be seen on the company's performance with a smaller gap of DSO and NTC average value compared to the industry benchmark. NTC strongly influenced by net sales, as a result higher net sales gives a better NTC. The analysis model used was panel regression model using Fixed Effect Model based on Chow test has been done. Classical assumption test and Goodness of Fit Test has also been conducted to examine the data used. The panel regression model result concludes that working capital management had a statically significant affect to the company's profitability. By analyzing each component of working capital (DSO, DIO, DPO and NTC) separately, the companies in the poultry industry in this study could substantially improve their profitability by managing their working capital more efficiently.

The effectiveness of the company's within the poultry sector in managing its working capital liquidity is by minimizing thei working capital. Minimize working capital management can be achieved by accelerating the collection of accounts receivable including sales, increasing inventory turnover and reducing spending with cash.

Keywords: cash conversion cycle, net trade cycle, net working capital, profitability, working capital management