

**THE EFFECT OF WORKING CAPITAL MANAGEMENT ON
PROFITABILITY OF PT. MALUKU MAYA MANDIRI**

By

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STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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ABSTRACT

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A working capital management ensures a company has sufficient cash flow to meet its current liabilities. Working capital management is a part of corporate strategy and can have a significant impact toward the liquidity and profitability of the company, therefore an effective working capital management is very important for every organization. The research question focused on whether the working capital management has significant effects towards the profitability of PT. Maluku Maya Mandiri. Cash conversion cycle (CCC) has been considered as a useful way to measure the efficiency of working capital management. This study use descriptive statistic and structural equation modelling (SEM) analysis and the data is done with Microsoft Excel 2013, SPSS and AMOS ver.22 software. The independent variable in this research will be the working capital management and it is measured by 4 indicators, day inventories held (DIH), day sales outstanding (DSO), day payable outstanding (DPO) and CCC while the dependent variable is the profitability and it is measured by ROA and gross profit margin. The results show that there are positive significant affects of DIH, DSO, DPO and CCC towards the firm profitability. This result suggests that the company can increase profit by having a longer cash cycle.

Keywords: Working Capital Management, Profitability, and Cash Conversion Cycle



DEDICATION

I dedicate this thesis to my beloved family, lecturers and friends.



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