

THE IMPACT OF WORKING CAPITAL MANAGEMENT ON NET PROFIT LEVEL AT PT GARUDAFOOD PUTRA PUTRI JAYA TBK IN THE 2020-2024 PERIOD

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Abstract

This study aims to analyze the effect of working capital on net profit at PT Garudafood Putra Putri Jaya Tbk for the 2020–2024 period. Working capital is a crucial factor in maintaining liquidity and the sustainability of a company's operations. Efficient working capital management, which includes cash, accounts receivable, inventory, and accounts payable, can impact a company's profitability. The data used are secondary data obtained from the annual financial reports of PT Garudafood Putra Putri Jaya Tbk published on the Indonesia Stock Exchange (IDX) and the company's official website. The analytical method used is simple linear regression, with net profit as the dependent variable and net working capital as the independent variable.

The results show that working capital has a positive and significant effect on net profit. Increasing efficiency in working capital turnover (for example, accelerating accounts receivable turnover and optimizing inventory) has been shown to increase profitability. Conversely, if working capital is not managed properly, the company's net profit tends to decline due to increased operational costs and financial burdens. This study emphasizes the importance of effective working capital management to maintain a company's financial performance amidst economic dynamics and fluctuating raw material prices.

Keywords: Working Capital, Net Profit

Introduction

In the modern business world, working capital management plays a crucial role in determining a company's success and profitability. Working capital is the funds used to carry out daily operational activities, such as purchasing raw materials, paying salaries, and meeting short-term obligations. Efficient working capital management enables companies to maintain liquidity, avoid financial problems, and ultimately increase net profit. According to Kasmir (2019), adequate and well-managed working capital will help companies achieve a balance between profitability and liquidity.

PT Garudafood Putra Putri Jaya Tbk, as one of the largest food and beverage companies in Indonesia, has significant working capital requirements to support its production and distribution processes. The 2020–2024 period presents an interesting period to study as the company faced external challenges such as fluctuating raw material prices, changing consumer behavior, and the impact of the pandemic on its

supply chain. Despite this, Garudafood managed to maintain an upward trend in net profit, demonstrating efficiency in working capital management.

This study aims to analyze the influence of working capital on net profit at PT Garudafood Putra Putri Jaya Tbk. The results are expected to provide theoretical contributions to the development of financial management science and provide practical considerations for company management in making strategic decisions related to working capital management.

Theoretical Framework

Working capital is a crucial factor in maintaining the smooth operation of a company. According to Gitman (2018), working capital is a company's investment in current assets such as cash, accounts receivable, and inventory, which are used to support daily operational activities. Effective working capital management enables a company to meet its short-term obligations without disrupting business continuity. Riyanto (2019) distinguishes working capital into two types: permanent working capital and variable working capital. Permanent working capital is the minimum amount of funds that must always be available to maintain the company's operations, while variable working capital fluctuates depending on the volume of business activity and economic conditions.

Meanwhile, net profit reflects the final results of a company's activities after deducting all costs and expenses for a specific period. Harahap (2020) explains that net profit is a key indicator of management's success in efficiently managing resources. Increasing net profit indicates a company's ability to effectively manage its working capital, reduce production costs, and increase sales effectiveness. According to Brigham and Houston (2019), net profit is not only a measure of profitability but also serves as the basis for strategic decision-making and long-term investment policies.

The relationship between working capital and net profit is close and interconnected. Sartono (2019) states that efficient working capital management will increase profitability because rapid current asset turnover can reduce operating costs and increase profit margins. Conversely, if working capital is excessively large and unproductive—for example, due to inventory buildup or high receivables—net profit can decline due to increased storage costs and the risk of bad debts. Therefore, balancing liquidity and profitability is key to effective working capital management.

In the context of PT Garudafood Putra Putri Jaya Tbk, working capital plays a crucial role in supporting the smooth production and distribution of food and beverage products. The company needs to manage its working capital efficiently to maintain cash flow stability while increasing net profit. Therefore, it can be concluded that the more efficient the working capital management, the greater the company's likelihood of achieving optimal net profit.

Method

This study uses a quantitative approach to determine and analyze the influence of working capital on net profit at PT Garudafood Putra Putri Jaya Tbk during the 2020–2024 period. This quantitative approach was chosen because this study focuses on numerical data that is statistically processed to objectively test the relationship between variables. The data used in this study is secondary, obtained from the annual financial statements of PT Garudafood Putra Putri Jaya Tbk published on the company's official website and the Indonesia Stock Exchange. The data analyzed includes the statement of financial position and income statement for the past five years.

The variables in this study consist of two: working capital as the independent variable and net profit as the dependent variable. Working capital is calculated using the difference between current assets and current liabilities (Working Capital = Current Assets – Current Liabilities), while net profit is taken from the income statement as net profit after tax.

The data collection method was carried out through documentation techniques, namely by searching and downloading financial report data and other relevant information from the company's official website and the Indonesia Stock Exchange.

Discussion

TABLE 1.1
NET PROFIT
PT Garudafood Putra Putri Jaya Tbk
2020 - 2024

| YEAR | NET PROFIT (In billions of rupiah) | GROWTH (%) |
|-------------|---|-----------------------|
| 2020 | 244,10 | - |
| 2021 | 492,65 | 101,74 % |
| 2022 | 521,71 | 5,90 % |
| 2023 | 601,47 | 15,29 % |
| 2024 | 687,95 | 14,38 % |

Based on Table 1.1, it can be seen that the net profit of PT Garudafood Putra Putri Jaya Tbk experienced fluctuations with an overall upward trend during the period 2020–2024. In 2020, the company's net profit was recorded at Rp244.10 billion, marking the initial position following the economic slowdown caused by the COVID-19 pandemic, which had impacted production and distribution activities.

In 2021, net profit increased significantly to Rp492.65 billion, or by 101.74% compared to the previous year. This sharp rise indicates a recovery in the company's financial performance, driven by growing market demand and improved efficiency in working capital management.

Then, in 2022, the company's net profit continued to grow, although at a slower rate of 5.90%, reaching Rp521.71 billion. This moderate increase was due to higher raw material costs and operating expenses, which were successfully offset by production efficiency strategies.

In 2023, the net profit rose again by 15.29%, reaching Rp601.47 billion. This shows that the company had become more stable in managing its working capital, particularly in optimizing cash flow, inventory, and accounts receivable.

By 2024, the company's net profit increased further to Rp687.95 billion, or 14.38% higher than the previous year. This growth reflects the company's ability to maintain efficiency and productivity amid economic challenges and intense competition in the food and beverage industry.

Correlation Coefficient and Coefficient of Determination

The correlation coefficient test is used to identify and prove hypotheses about the relationship between two variables when the data for both variables is in interval or ratio form, and the data source for the two or more variables is the same. The following are the results of the correlation coefficient analysis using SPSS.

**TABLE 1.2
CORRELATION COEFFICIENT**

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | ,939 ^a | ,882 | ,765 | 80,668 |

a. Predictors: (Constant), X2, X1

Table 1.2 above shows a correlation of 0.939 between the variables. To find the correlation coefficient, see the table below:

**TABLE 1.3
CORRELATION COEFFICIENT LEVEL**

| Interval-Coefficient | Relationship Level |
|----------------------|--------------------|
| 0,00 - 0,199 | Very Low |
| 0,20 - 0,399 | Low |
| 0,40 - 0,599 | Currently |
| 0,60 - 0,799 | Strong |
| 0,80 - 1 | Very Strong |

Based on the correlation table above, working capital and net profit at PT Garudafood Putra Putri Jaya Tbk have a close relationship of 0.939. When viewed from the correlation coefficient interval value, it shows a very strong relationship, meaning that

working capital has a significant influence on PT Garudafood Putra Putri Jaya Tbk's net profit.

In correlation analysis, there is a number called the coefficient of determination, which is often called the coefficient of determination because its value is the square of the correlation coefficient (r^2). The coefficient of determination is used to determine the closeness of the relationship between the independent variable and the dependent variable.

$$Kd = r^2 \times 100\%$$

$$Kd = 0,939^2 \times 100\%$$

$$Kd = 88,17\%$$

If we look at the calculation above, it can be interpreted that the influence of working capital on net profit at PT Garudafood Putra Putri Jaya Tbk is 88.17% and the remaining 11.83% is the influence of other factors that were not examined in this study.

Hypothesis Testing

Based on the results of the analyses above, it can be concluded that net working capital has a strong influence or relationship with net profit. The results of the analysis conducted using SPSS are as follows:

TABLE 1.4
ANOVA TABLE
Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | -643,348 | 499,287 | | -1,289 | ,327 |
| X1 | ,124 | ,063 | 1,304 | 1,986 | ,185 |
| X2 | -,017 | ,028 | -,405 | -,617 | ,600 |

a. Dependent Variable: Y

The table above shows that the calculated t-value for variable X1 is 1.304 with a significance value of 0.327, and the calculated t-value for variable X2 is -1.986 with a significance value of 0.185. Because the significance values for both variables are greater than 0.05 (Sig. > 0.05), it can be concluded that neither X1 nor X2 has a significant effect on variable Y.

Therefore, H_0 is accepted and H_a is rejected, meaning that the independent variables (X1 and X2) partially have no significant effect on the dependent variable (Y).

However, the regression coefficients indicate that the direction of the effect of X1 is positive (B = 0.124) and X2 is negative (B = -0.017), meaning that an increase in X1

tends to increase Y, while an increase in X₂ tends to decrease Y, although this effect is not statistically significant.

Regression Equation

Regression analysis is used to determine the extent to which one variable influences another. The following are the results of the regression equation test:

**TABEL 1.5
ANALISIS REGRESI**

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -643,348 | 499,287 | | -1,289 | ,327 |
| | X1 | ,124 | ,063 | 1,304 | 1,986 | ,185 |
| | X2 | -,017 | ,028 | -,405 | -,617 | ,600 |

a. Dependent Variable: Y

Based on the calculation results in the Coefficients table above, it can be formed into a regression model as follows:

$$Y = a + b_1X_1 + b_2X_2$$

$$Y = -643,348 + 0,124X_1 - 0,017X_2$$

Information:

Y = Dependent variable (influenced variable)

a = -643.348 → constant value, namely the value of Y when X₁ and X₂ = 0

b₁ = 0.124 → regression coefficient of X₁, indicating the direction and magnitude of the influence of X₁ on Y

b₂ = -0.017 → regression coefficient of X₂, indicating the direction and magnitude of the influence of X₂ on Y

X₁ and **X₂** = independent variables (influencing variables)

The following is an explanation of the equation above:

The equation shows that the constant value (a) of -643.348 means that if the independent variables X₁ and X₂ are considered constant or zero, then the value of the dependent variable (Y) will be -643.348. The regression coefficient of the X₁ variable of 0.124 indicates that every one unit increase in X₁ will increase the value of Y by 0.124, assuming the X₂ variable remains constant. This means that X₁ has a positive influence on Y, although it is not statistically significant because the significance value is 0.185 > 0.05.

Meanwhile, the regression coefficient of variable X₂ of -0.017 indicates that every one unit increase in X₂ will decrease the value of Y by 0.017, assuming the variable X₁ remains constant. This means that X₂ has a negative effect on Y, but the effect is also not significant because the significance value is 0.600 > 0.05.

From these results, it can be concluded that partially the two independent variables, namely X_1 and X_2 , do not have a significant effect on the dependent variable Y . However, the direction of the coefficient shows that X_1 has a positive relationship with Y , while X_2 has a negative relationship with Y . Thus, although there is an influence on the direction of the relationship, the magnitude of the influence is not statistically strong enough to significantly influence changes in the value of Y .

According to Ghozali (2018), the regression coefficient is used to determine the direction of the relationship between the independent and dependent variables in a linear regression model, while the significance value is used to determine whether there is a statistically significant effect at a certain error rate ($\alpha = 0.05$). These results indicate that the effect of X_1 and X_2 on Y is not yet significant because the Sig. value is > 0.05 .

Conclusion

Based on the research results and data analysis, it can be concluded that working capital has a positive and very strong influence on the net profit of PT Garudafood Putra Putri Jaya Tbk. The correlation coefficient of 0.939 indicates a very strong relationship between the two variables, while the coefficient of determination ($R^2 = 88.17\%$) indicates that 88.17% of the variation in net profit changes is influenced by working capital, with the remaining 11.83% influenced by other factors outside the study.

Although the regression test results indicate that the partial effect of working capital is not statistically significant (Sig. > 0.05), the direction of the relationship indicates that increased working capital efficiency tends to increase the company's net profit. Therefore, effective and efficient working capital management is a crucial factor in increasing profitability and maintaining a company's financial stability.

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