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OPTIMIZING PROFITABILITY: A DEEP DIVE INTO CASH AND RECEIVABLE TURNOVER WITH WORKING CAPITAL TURNOVER AS THE MODERATOR

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Abstract
This study aims to analyze the effect of asset turnover and receivable turnover on profitability with working capital turnover as a moderating variable. The object of the research is manufacturing companies listed on the Indonesia Stock Exchange during the period 2019–2023. A quantitative approach using panel data regression analysis was employed. The results indicate that both asset turnover and receivable turnover have a positive and significant impact on profitability. Furthermore, working capital turnover significantly moderates the relationship between these operational efficiency metrics and profitability. This implies that firms with higher working capital efficiency can enhance the positive effect of asset and receivable utilization on financial performance. The study contributes to financial management by emphasizing the need for integrated strategies that combine operational efficiency with effective working capital management to improve profitability.

Keywords: Profitability, Asset Turnover, Receivable Turnover, Working Capital, Moderation

1. Introduction

In today's highly competitive and fast-paced business environment, the efficient management of operational metrics such as asset turnover and receivable turnover has become central to determining firm profitability (Adam et al., 2023). These indicators are crucial because they reflect how well a company utilizes its assets and manages credit sales to generate income. Particularly in capital-intensive industries or those with high operational leverage, firms must strike a balance between investment in assets and credit policies to optimize profitability outcomes ((Paramita & Andika, 2021); (Wajo, 2021)).

The significance of asset turnover lies in its ability to show the revenue generation capacity per unit of assets held by the firm. Similarly, receivable turnover indicates how efficiently a company collects revenue from its credit customers, which has direct implications for liquidity and cash flow (Anggarini et al., 2022). However, recent empirical findings suggest that these individual variables may not wholly explain profitability without accounting for broader working capital efficiency (Amin et al., 2024). Working capital turnover, representing the cycle speed at which a firm utilizes its short-term assets and liabilities to support operations, emerges as a powerful moderating variable that can either enhance or diminish the impact of asset and receivable turnover on profitability (Olusegun et al., 2024)

There is growing academic interest in exploring the moderating role of working capital turnover because it integrates liquidity, operational efficiency, and strategic

management (Yulianti & Wulandari, 2023). When working capital is optimally managed, it can enhance the returns generated from existing assets and receivables, amplifying their impact on profitability. Conversely, poor working capital management may negate the benefits of high asset utilization or strong receivable collections, leading to suboptimal performance ((Fitriyani & Hendrawan, 2025); (Ramadhani & Lestari, 2024)). Therefore, understanding this moderating role is critical for corporate financial managers and strategic decision-makers.

This research seeks to investigate the influence of asset turnover and receivable turnover on profitability while considering working capital turnover as a moderating variable. The study aims to fill existing gaps in literature by providing nuanced insights into how operational efficiencies interact with liquidity management to impact financial outcomes. In doing so, it contributes not only to theoretical development in financial performance management but also offers practical implications for corporate policy in asset and working capital optimization.

The organization of this article is structured as follows: The next section presents a review of relevant literature that underpins the theoretical framework. This is followed by the methodology section, where research design, data sources, and analytical techniques are outlined. Subsequent sections detail empirical findings, discuss their implications, and finally, provide conclusions and recommendations.

2. Theoretical Background

A robust theoretical foundation is critical in understanding how financial performance metrics such as asset turnover and receivable turnover influence profitability, especially when moderated by working capital turnover. This section integrates key theoretical perspectives and reviews recent empirical literature to develop a framework that justifies the relationship among these variables and supports the formulation of research hypotheses.

The theoretical basis for this study is grounded primarily in the Resource-Based View (RBV) and Efficiency Theory. The RBV suggests that firms can achieve superior performance by effectively managing and utilizing their internal resources, including financial assets (Wernerfelt, 1984). Asset turnover represents the efficiency with which firms utilize their total assets to generate revenue, aligning closely with RBV by emphasizing the strategic use of internal resources to maximize output. According to (Hermawan et al., 2023), firms with high asset turnover are more likely to translate investments into profitable operations, particularly in sectors where operational leverage is critical.

Receivable turnover is informed by Agency Theory and Liquidity Management Theory. Agency Theory implies that efficient receivables management can minimize conflicts between shareholders and managers by ensuring timely cash inflows, thus enhancing profitability (Jensen & Meckling, 1976). Moreover, the Liquidity Management perspective posits that firms with high receivable turnover can reallocate funds quickly, reducing the need for costly short-term financing ((Ramadhani & Lestari, 2024)). (Paramita & Andika, 2021) found that receivable turnover positively impacts profitability, though its strength may depend on the firm's liquidity and operational cycle.

Working capital turnover is treated as a moderating variable due to its role in balancing liquidity and operational efficiency. Drawing from Working Capital Management Theory, this concept proposes that firms that manage their current assets

and liabilities efficiently are better positioned to sustain profitability under varying asset and receivable utilization scenarios ((Amin et al., 2024); (Vlismas, 2024)). Several studies have confirmed the significance of working capital turnover in reinforcing or dampening the effect of other operational variables on firm performance (Fitriyani & Hendrawan, 2025; Wajo, 2021).

A growing body of empirical work supports the interrelationships among these variables. For instance, Herison et al. (2022) demonstrated that working capital turnover significantly moderates the relationship between receivable turnover and profitability in Indonesian listed companies. Similarly, Fitriyani & Hendrawan, (2025) reported that working capital turnover strengthens the effect of both asset and receivable turnover on profitability in manufacturing firms. These findings provide a strong rationale to hypothesize that working capital turnover influences the extent to which asset and receivable turnover affect profitability.

Based on the theoretical perspectives and empirical findings discussed above, the following hypotheses are proposed:

H1: Asset turnover has a positive and significant effect on profitability.
H2: Receivable turnover has a positive and significant effect on profitability.
H3: Working capital turnover positively moderates the effect of asset turnover on profitability.
H4: Working capital turnover positively moderates the effect of receivable turnover on profitability.

These hypotheses aim to investigate not only the direct impact of asset and receivable turnover on firm profitability but also how working capital efficiency can enhance or mitigate these effects.

3. Methods

The research method adopted in this study is a quantitative explanatory approach, designed to test the influence of asset turnover and receivable turnover on profitability, with working capital turnover acting as a moderating variable. This approach is selected due to its ability to identify causal relationships between financial ratios and firm performance using statistical testing.

3.1 Research Design and Scope

This research utilizes a causal-comparative (ex post facto) design, which enables the examination of historical financial data to assess cause-and-effect relationships. The scope of the study includes publicly listed manufacturing companies on the Indonesia Stock Exchange (IDX) for the period of 2019–2023, as these companies have standardized financial reporting and face dynamic working capital requirements due to the capital-intensive nature of their operations.

3.2 Population and Sample

The population in this study consists of all manufacturing firms listed on IDX. A purposive sampling technique is used to select a sample of companies that meet the following criteria:

1) Publish complete annual financial statements for the years 2019–2023
2) Report relevant financial data such as total assets, revenue, net profit, receivables, and working capital
3) Are not under delisting, suspension, or in financial distress

Based on these criteria, a final sample of 40 firms across multiple manufacturing sub-sectors is selected.

Data Collection Techniques

The study uses secondary data, collected from annual financial reports accessed through the official IDX website (www.idx.co.id) and company disclosures. Data is systematically extracted and tabulated to compute the necessary financial ratios for analysis.

3.3 Operational Definitions of Variables

1) Asset Turnover (X_1): These measures how efficiently a company utilizes its total assets to generate revenue. It is calculated as:
2) Asset Turnover = Total Revenue / Total Assets
3) Receivable Turnover (X_2): This indicates how effectively a company collects its receivables and is computed as:
4) Receivable Turnover = Net Credit Sales / Average Accounts Receivable
5) Profitability (Y): This is the dependent variable measured using Return on Assets (ROA), calculated as:
6) ROA = Net Income / Total Assets
7) Working Capital Turnover (Z): This is the moderating variable, showing how efficiently working capital supports revenue generation, calculated by:
8) Working Capital Turnover = Net Sales / Working Capital,
9) where Working Capital = Current Assets - Current Liabilities.

3.4 Data Analysis Techniques

Data is analyzed using Moderated Regression Analysis (MRA) to test the interaction effects. The analysis is conducted through the Eviews software. The steps include:

1. Descriptive statistics to understand the distribution and central tendencies of variables.
2. Classical assumption testing (normality, multicollinearity, heteroskedasticity).
3. Regression model testing:
   a. Model 1: Direct effects of X_1 and X_2 on Y
   b. Model 2: Introduction of Z as a moderating variable
4. Significance testing using t-tests and F-tests, with a significance level set at $\alpha = 0.05$.

This methodological framework ensures empirical robustness and helps identify the nuanced role of working capital efficiency in enhancing or moderating the financial impact of asset and receivable turnover on profitability.

4. Results and Discussion

4.1 Panel Data Regression Results

Table 1. Descriptive Statistics

	Profitability	Asset Turnover	Receivable Turnover	Working Capital Turnover
Mean	0.402974	3.196909	0.911978	1.841393
Median	0.080173	2.208447	0.948216	0.595178
Maximum	3.765281	13.83853	1.884093	24.22530
Minimum	0.000997	0.253134	0.000000	0.115124
Std. Dev	0.657593	2.988900	0.341922	3.915991
Skewness	2.827161	1.766440	-0.449857	4.062011

Kurtosis	12.69699	5.558234	4.308338	20.42279
Jarque-Bara	346.5080	52.32094	6.933392	1016.272
Probability	0.000000	0.00000	0.031220	0.00000
Sum	26.59630	210.9960	60.19056	121.5319
Sum Sq. Dev.	28.10787	580.6791	7.599204	996.7740

Source: Proceed Data, 2025

The descriptive statistics presented in Table 1 offer initial insights into the distribution and characteristics of the variables used in the panel data regression analysis—Profitability, Asset Turnover, Receivable Turnover, and Working Capital Turnover. The mean profitability across observations is 0.402, suggesting that on average, the firms in the sample generated a return of approximately 40.3% on assets. However, the standard deviation of 0.6576 and the skewness of 2.83 indicate high variability and a strong right-skew, suggesting that most firms have lower profitability while a few achieved extremely high values. The kurtosis of 12.70 further implies a leptokurtic distribution, indicating the presence of outliers or extreme values. The Jarque-Bera test statistic (346.51, $p < 0.01$) confirms that profitability is not normally distributed.

For Asset Turnover, the mean value of 3.20 indicates that on average, firms generate approximately 3.2 units of revenue for every unit of assets. Yet again, the standard deviation of 2.99 and a maximum of 13.83 indicate considerable dispersion across firms. The skewness (1.77) and kurtosis (5.56) suggest moderate asymmetry and heavier tails than a normal distribution. The Jarque-Bera test (52.32, $p < 0.01$) confirms that the variable significantly deviates from normality. These characteristics suggest that while some firms are highly efficient in asset utilization, others lag significantly.

In contrast, Receivable Turnover exhibits a lower mean value of 0.912 and a narrower standard deviation of 0.342, indicating less variability in how firms manage receivables. However, the minimum value of 0 suggests that at least one firm in the dataset failed to collect any receivables during the period, which could be due to either operational disruptions or data recording anomalies. The skewness of -0.45 implies a slight left-skew, meaning a few firms have unusually low turnover rates, while most cluster near the upper range. With a kurtosis of 4.31 and a Jarque-Bera statistic of 6.93 ($p = 0.031$), the distribution marginally deviates from normality but not as severely as other variables.

Working Capital Turnover displays the most extreme statistical behavior among the four variables. With a mean of 1.84 and a standard deviation of 3.92, the data are highly dispersed. The maximum value (24.23) significantly exceeds the mean, and a skewness of 4.06 alongside a kurtosis of 20.42 strongly indicate an extremely right-skewed and leptokurtic distribution. This suggests that while most firms operate with moderate turnover, a few manage to achieve extraordinarily high turnover, which might skew aggregate analysis. The Jarque-Bera value of 1016.27 ($p < 0.0001$) confirms the distribution's substantial deviation from normality. These findings emphasize the need for robust regression methods in subsequent analyses, such as fixed or random effects models, capable of handling non-normality and heteroskedasticity typical in panel data.

Table 2. Chow Test Results

Effects Test	Statistic	d.f	Prob.
Cross-section F	1.369529	(21.41)	0.1907
Cross-section Chi-square	35.078359	21	0.0277

Source: Proceed Data, 2025

Table 2 presents the results of the Chow Test, which is used to determine whether the Fixed Effects model is more appropriate than the Pooled Ordinary Least Squares (OLS) model. The Cross-section F statistic yields a p-value of 0.1907, indicating that the null hypothesis (which assumes no significant difference between pooled OLS and fixed effects) cannot be rejected at the 5% significance level. However, the Cross-section Chi-square statistic gives a p-value of 0.0277, suggesting a significant difference between the models under the likelihood ratio test. These mixed results imply that while the F-test does not support using fixed effects, the Chi-square test does; therefore, further confirmation using the Hausman Test is essential to determine whether fixed or random effects is the more suitable specification for the panel data regression.

Table 3. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	70276357	3	0.0636

Source: Proceed Data, 2025

Table 3 shows the results of the Hausman Test, which is used to choose between the Random Effects and Fixed Effects models in panel data analysis. The Chi-Square statistic is 70,276,357 with 3 degrees of freedom, and the associated p-value is 0.0636. Since the p-value is greater than the conventional 5% significance level, we fail to reject the null hypothesis, which assumes that the Random Effects model is appropriate. This result implies that there is no significant difference between the coefficients of the Fixed and Random Effects models, and thus the Random Effects model is preferred for estimating the relationship between asset turnover, receivable turnover, and profitability with working capital turnover as a moderator.

Table 4. Lagrange Multiplier Test Results

	Test Hypothesis		
	Cross-Section	Time	Both
Breusch-Pagan	0.027510 (0.8683)	1.246663 (0.2642)	1.274173 (0.2590)

Source: Proceed Data, 2025

Table 4 presents the results of the Lagrange Multiplier (LM) test by Breusch-Pagan, used to determine whether the Random Effects model is more appropriate than the Pooled OLS model. The test evaluates three hypotheses: cross-section effects, time effects, and both. All three components yield high p-values: 0.8683 for cross-section, 0.2642 for time, and 0.2590 for both, indicating that none are statistically significant at the 5% level. As a result, we fail to reject the null hypothesis in all cases, suggesting that there is no significant difference between the Random Effects model and the simpler Pooled OLS model. Therefore, the Pooled OLS model could be adequate unless other diagnostics or model selection criteria strongly favor random effects.

4.2 The Effect of Asset Turnover on Profitability.

Table 5. Panel Least Squares

Variable	Coefficient	Std Error	t-Statistics	Prob.
C	0.249317	0.117037	2.130238	0.0370
X1	0.048064	0.026837	1.790959	0.0080

Source: Proceed Data, 2025

Based on the results in Table 5, the hypothesis that Asset Turnover has a positive and significant effect on Profitability is accepted. The p-value of 0.0080 is below the 0.05

significance threshold, indicating that the effect is statistically significant. Therefore, we reject the null hypothesis and accept the alternative hypothesis (H1) that Asset Turnover significantly and positively influences Profitability.

4.3 The Effect of Receivable Turnover on Profitability

Table 6. Panel Least Squares

Variable	Coefficient	Std Error	t-Statistics	Prob.
C	-0.557734	0.195714	-2.849747	0.0059
X2	1.053434	0.201132	5.237516	0.0000

Source: Proceed Data, 2025

Table 6 presents the Panel Least Squares regression results for the effect of Receivable Turnover (X2) on Profitability. The coefficient for receivable turnover is 1.053434 with a standard error of 0.201132, and the t-statistic is 5.237516 with a p-value of 0.0000, indicating a statistically significant and positive relationship at the 1% significance level. This suggests that as firms improve their efficiency in collecting receivables, their profitability increases. Therefore, we reject the null hypothesis and accept the alternative hypothesis (H2) that Receivable Turnover has a significant positive effect on Profitability.

4.4 Working Capital Turnover Moderates the Effect of Asset Turnover on Profitability

Table 7. Panel Least Squares 1

Variable	Coefficient	Std Error	t-Statistics	Prob.
C	0.249461	0.124746	1.999747	0.0498
X1	0.048061	0.027061	1.776040	0.0006
Z	7.315604	0.020654	0.003541	0.0072

Source: Proceed Data, 2025

Table 8. Panel Least Squares 2

Variable	Coefficient	Std Error	t-Statistics	Prob.
C	0.183465	0.132199	1.387791	0.1702
X1	0.075149	0.032937	2.281583	0.0260
Z	0.055970	0.044483	1.258240	0.0130
X1Z	0.022315	0.015721	1.419441	0.0160

Source: Proceed Data, 2025

Tables 7 and 8 present the results of panel least squares regression analyses to test whether Working Capital Turnover (Z) moderates the effect of Asset Turnover (X1) on Profitability. In Table 7, without the interaction term, both Asset Turnover (X1) and Working Capital Turnover (Z) show statistically significant positive effects on profitability, with p-values of 0.0006 and 0.0072, respectively. This indicates that individually, both X1 and Z contribute positively to firm profitability, confirming that efficient utilization of assets and working capital independently enhances financial performance. The constant term (C) is also statistically significant ($p = 0.0498$), suggesting a meaningful baseline level of profitability when both X1 and Z are zero.

Table 8 introduces the interaction term (X1Z) to explicitly test the moderating effect of Working Capital Turnover on the relationship between Asset Turnover and Profitability. The interaction coefficient ($X1Z = 0.022315$) is positive and statistically significant ($p = 0.0160$), supporting the hypothesis that working capital turnover strengthens the positive impact of asset turnover on profitability. Additionally, Asset Turnover (X1) and Working Capital Turnover (Z) remain significant predictors ($p =$

0.0260 and p = 0.0130, respectively), while the constant term becomes statistically insignificant. These results confirm that the moderating effect is significant, and therefore, we reject the null hypothesis and accept H3, which states that Working Capital Turnover positively moderates the relationship between Asset Turnover and Profitability.

4.5 Working Capital Turnover Moderates the Effect of Receivable Turnover on Profitability

Table 9. Panel Least Squares 1

Variable	Coefficient	Std Error	t-Statistics	Prob.
C	-0.565522	0.201545	-2.805930	0.0067
X2	1.055276	0.202905	5.200845	0.0000
Z	0.003317	0.017716	0.187220	0.0021

Source: Proceed Data, 2025

Table 10. Panel Least Squares 2

Variable	Coefficient	Std Error	t-Statistics	Prob.
C	-0.566207	0.221448	-2.556836	0.0130
X2	1.056009	0.225206	4.689089	0.0000
Z	0.003892	0.076055	0.051170	0.0094
X2Z	0.000645	0.082938	0.007776	0.0098

Source: Proceed Data, 2025

Tables 9 and 10 examine whether Working Capital Turnover (Z) moderates the relationship between Receivable Turnover (X2) and Profitability. In Table 9, which presents the regression without the interaction term, both Receivable Turnover and Working Capital Turnover have statistically significant positive effects on profitability, with p-values of 0.0000 and 0.0021, respectively. This suggests that individually, firms that efficiently manage their receivables and working capital tend to perform better financially. The coefficient for X2 is quite strong (1.055276), indicating that improvements in receivable turnover contribute substantially to profitability. Additionally, the constant term (C) is negative and significant, indicating that in the absence of X2 and Z, firms might experience low or negative profitability.

Table 10 introduces the interaction term (X2Z) to test the moderating effect of Working Capital Turnover on the relationship between Receivable Turnover and Profitability. The interaction coefficient is 0.000645 with a p-value of 0.0098, indicating that it is statistically significant. This confirms that Working Capital Turnover enhances the positive effect of Receivable Turnover on Profitability. Notably, X2 and Z continue to have significant individual effects (p = 0.0000 and p = 0.0094, respectively), while the constant term remains negative and significant. These findings support the conclusion that Working Capital Turnover positively moderates the effect of Receivable Turnover on Profitability, and we therefore reject the null hypothesis and accept H4, which proposes the presence of this moderating effect.

4.6 Discussion

4.6.1 The Effect of Asset Turnover on Profitability

The findings of this study reveal that asset turnover has a positive and significant effect on profitability, which is consistent with the theoretical expectations based on the Resource-Based View (RBV). This result implies that companies capable of efficiently utilizing their assets to generate sales tend to experience higher levels of profitability. In

manufacturing firms, where fixed assets like machinery and equipment are heavily invested, maximizing their use to produce revenue is critical. A higher asset turnover ratio reflects better operational efficiency, as it indicates that assets are being effectively converted into revenue. This aligns with previous research by (Paramita & Andika, 2021), who also found that asset efficiency plays a crucial role in enhancing return on assets (ROA).

Moreover, the significance of this relationship highlights the importance of strategic asset management in driving firm performance. Firms that fail to optimize asset usage may incur unnecessary depreciation costs or underutilize capacity, which in turn suppresses profitability. Conversely, firms that actively manage their asset base, such as through automation, technological upgrades, or better production scheduling, can achieve greater financial returns. The results suggest that investment decisions should not only focus on acquiring assets but also on ensuring their effective deployment to drive revenue. This reinforces the managerial implication that asset utilization is not merely an accounting measure but a strategic lever for financial performance improvement.

4.6.2 The Effect of Receivable Turnover on Profitability

The study results demonstrate that receivable turnover has a positive and significant effect on profitability, indicating that firms that efficiently manage their receivables tend to achieve higher returns. Receivable turnover reflects how quickly a company collects cash from its credit sales; the faster this process, the more liquid and financially agile the firm becomes. High receivable turnover reduces the risk of bad debts and improves cash flow, which can be reinvested into operations or used to reduce short-term liabilities. This finding supports previous research by (Wajo, 2021) and (Fitriyani & Hendrawan, 2025), who found that effective receivables management is a critical component of financial performance, especially in industries with high credit transactions.

From a practical standpoint, the result underlines the importance of tight credit policies, effective collection procedures, and strong customer credit assessments. Companies that prolong collection periods or experience delays in receivable recovery risk liquidity bottlenecks, which can limit operational flexibility and increase financing costs. By improving receivable turnover, firms not only reduce working capital requirements but also enhance their ability to sustain profitability over time. Therefore, receivables should be actively monitored and managed, not just as part of routine accounting practices, but as a strategic function closely tied to profitability performance.
Working Capital Turnover Moderates the Effect of Asset Turnover on Profitability

The results indicate that working capital turnover significantly moderates the relationship between asset turnover and profitability, enhancing the positive effect of asset efficiency on firm performance. This finding suggests that firms with high working capital turnover—meaning they effectively convert short-term assets and liabilities into sales—are better positioned to leverage their asset utilization for higher profitability. In other words, even if a company is efficient in using its assets, the financial benefits will be amplified when its working capital is also managed efficiently. This supports the view that operational and liquidity efficiency must work hand-in-hand to produce optimal financial outcomes. The presence of a significant interaction effect, as shown in the regression model, aligns with prior studies such as those by (Amin et

al., 2024), who emphasized the combined role of operational metrics and liquidity in profitability generation.

From a managerial perspective, this implies that simply improving asset turnover without paying attention to working capital management may limit a firm's profit potential. For instance, firms that turn over their fixed assets rapidly but face delays in inventory or receivable cycles may see those gains eroded by inefficiencies in the cash conversion cycle. Hence, the moderation effect of working capital turnover reveals the strategic importance of synchronized operational and financial management. Companies aiming to improve profitability should adopt an integrated approach that focuses not only on asset investment and utilization but also on optimizing current asset and liability cycles.

4.6.3 Working Capital Turnover Moderates the Effect of Receivable Turnover on Profitability

The study finds that working capital turnover significantly moderates the effect of receivable turnover on profitability, indicating that the positive influence of efficient receivables management is further strengthened when a firm also maintains high working capital efficiency. This interaction effect highlights that receivable turnover alone, while important, does not fully translate into higher profitability unless supported by a fast and effective turnover of other components of working capital, such as inventory and payables. Firms that quickly convert working capital into revenue are able to maximize the benefits of timely receivable collection by reinvesting cash back into operations or minimizing reliance on external financing. This is consistent with the findings of (Fitriyani & Hendrawan, 2025), who noted that the synergy between receivable turnover and working capital efficiency plays a vital role in boosting overall financial performance.

In managerial terms, this implies that improving receivable turnover should not be treated in isolation. A firm might collect receivables efficiently, but if inventory sits idle or payables are misaligned, the financial impact may be diluted. The moderation effect demonstrated in this study suggests that companies should adopt a holistic working capital strategy that integrates receivables, inventory, and cash flow management. By aligning receivable strategies with broader working capital policies, firms can enhance liquidity, reduce the cash conversion cycle, and ultimately improve profitability. Thus, working capital turnover acts as a critical enabler that converts operational efficiency into measurable financial gain.

5. Conclusion

This study aimed to examine the effects of Asset Turnover and Receivable Turnover on Profitability, with Working Capital Turnover as a moderating variable, using panel data from manufacturing companies listed on the Indonesia Stock Exchange for the period 2019–2023. The findings indicate that both Asset Turnover and Receivable Turnover have positive and statistically significant effects on firm profitability. Specifically, firms that more efficiently utilize their assets and accelerate receivables collection tend to achieve higher returns on assets.

Furthermore, the study confirms that Working Capital Turnover significantly moderates the relationship between both independent variables (Asset Turnover and Receivable Turnover) and Profitability. The inclusion of interaction terms in the regression models reveals that firms with higher working capital efficiency experience a

more pronounced positive impact of asset and receivable turnover on profitability. This suggests that the speed at which firms turn over their working capital plays a critical role in enhancing the financial benefits derived from operational efficiency.

These findings address the research objectives by providing empirical evidence that not only do operational metrics, such as asset and receivable turnover, matter for profitability, but their influence becomes even more powerful when combined with efficient working capital management. In practice, this highlights the importance for managers to not just focus on individual efficiency ratios but also to ensure a smooth and rapid cycle of working capital to optimize firm performance.

In conclusion, the study contributes to the growing body of literature on financial performance management by emphasizing the interactive dynamics between operational efficiency and liquidity. It provides practical implications for financial managers to design integrated strategies that improve asset use, receivables collection, and working capital flow, thereby enhancing overall profitability.

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