

THE INFLUENCE OF WORKING CAPITAL, CASH TURNOVER, AND RECEIVABLES TURNOVER ON THE PROFITABILITY OF PT PEGADAIAN SYARIAH INDONESIA (2019-2023)

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ABSTRACT

This study examines the influence of working capital turnover, cash turnover, and receivables turnover on the profitability of PT Pegadaian Syariah Indonesia during the 2019–2023 period. As a Sharia-compliant financial institution, efficient financial management ensures liquidity, operational sustainability, and profitability. Despite existing research on these variables in conventional sectors, limited studies focus on Islamic financial institutions, creating a gap that this study aims to address. The research employs a quantitative approach, using secondary data from the company's annual financial reports. Multiple linear regression analysis tests the relationship between the independent variables (working capital, cash, and receivables turnover) and the dependent variable (profitability, measured by Return on Assets, ROA). Findings reveal that all three variables significantly and positively impact profitability. Working capital turnover has the most substantial effect (coefficient: 0.325), followed by cash turnover (0.274) and receivables turnover (0.208). Efficient management of these components enhances operational efficiency, liquidity, and cash flow, thereby boosting profitability. The study underscores the importance of optimizing working capital, proactive cash management, and stricter receivables policies for PT Pegadaian Syariah Indonesia. It contributes to the literature on Islamic financial management and offers practical insights for improving profitability. Future research could expand by incorporating macroeconomic factors or comparative analysis with other Islamic financial institutions.

KEYWORDS *Working Capital, Cash Turnover, Receivables Turnover, Profitability, Indonesian Sharia Pawnshops, Return on Assets (ROA)*



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INTRODUCTION

PT Pegadaian Syariah is one of the financial business institutions operating in Indonesia that applies Sharia principles in its business activities (Anisa et al., 2024; Lutfiansyah et al., 2025; Nurwani & Nursantri, 2024). As a company engaged in the financing sector, efficiently managing working capital, receivables, and cash is crucial to ensuring smooth operations and sustainable profitability (Rahman & Anwar, 2020). In an increasingly dynamic and challenging business world, financial management becomes a vital factor in determining an organization's performance and profitability. One of the essential components of corporate financial management is managing working capital, cash turnover, and receivables turnover (Amanda, 2019; Purwanti, 2019). These three elements are crucial in maintaining operational continuity and liquidity, ultimately influencing a company's profitability level (Brigham & Houston, 2019).

Working capital, which includes all current assets used to support a company's operational activities, plays a crucial role in ensuring operational sustainability (Mulyadi, 2018). Meanwhile, cash and receivables turnover indicate how quickly a company can convert assets into cash, significantly affecting liquidity and the company's ability to meet its short-term obligations (Kasmir, 2019).

Profitability is a key indicator in assessing a company's financial success. A high profitability level reflects good operational efficiency and optimal resource management, ultimately providing a positive impact on investors and other stakeholders (Widodo & Wijayanti, 2020). In the context of a financing company like PT Pegadaian Syariah Indonesia, managing working capital, cash turnover, and receivables turnover becomes increasingly important as the company operates in the financial sector, which relies heavily on effective cash flow management to maintain liquidity and operational sustainability (Budianto & Purnomo, 2020).

PT Pegadaian Syariah Indonesia, which operates under Sharia principles, faces unique challenges in managing these financial aspects due to its distinct characteristics from conventional financial institutions. A study by Rahman and Anwar (2020) showed that efficient receivables and cash management could enhance the financial performance of Sharia financial institutions. Additionally, research by Suryanto and Setyowati (2019) revealed that good working capital management could significantly impact the profitability of Sharia financing companies in Indonesia.

Several previous studies have shown that optimal working capital management can improve company profitability (Alim & Iskandar, 2017), while efficient cash management plays an essential role in maintaining financial stability and reducing liquidity risk (Haryanto, 2018). On the other hand, research by Wibowo (2021) emphasized the importance of good receivables management, which is directly related to reducing bad debt risk and accelerating receivables conversion into cash.

However, although many studies discuss the impact of working capital, cash turnover, and receivables turnover on profitability in other industries, few specifically examine the influence of these three variables on the profitability of Sharia financing companies, particularly PT Pegadaian Syariah Indonesia.

Therefore, this study aims to fill this gap by analyzing the impact of working capital, cash turnover, and receivables turnover on the profitability of PT Pegadaian Syariah Indonesia from 2019 to 2023 (Komarudin et al., 2023). This research is expected to significantly contribute to understanding the relationship between financial management and corporate profitability performance in the context of the Sharia financial sector.

RESEARCH METHOD

This study uses a quantitative approach with descriptive and analytical research types. Descriptive research aims to describe and analyze existing data, while analytical research tests the relationships between the variables studied. The main purpose of this study is to identify and analyze the influence of working capital, cash turnover, and receivables turnover on the profitability of PT Pegadaian Syariah Indonesia in the 2019-2023 period.

The population in this study is the annual financial report of PT Pegadaian Syariah Indonesia for the period 2019-2023. Furthermore, the sample used is the annual financial report of PT Pegadaian Syariah Indonesia, which was published during the period 2019 to 2023. This sample was taken using the purposive sampling method, which is the selection of samples based on certain criteria that are relevant to the research objectives. The sample criteria, as presented in Table 1, are as follows.

Table 1. Sample Criteria

No	Sample Criteria
1	PT Pegadaian Syariah Indonesia publishes its complete financial statements from 2019 to 2023.
2	The available data is quite complete for analyzing working capital, cash turnover, receivables turnover, and profitability.

This study involves one dependent variable (bound) and three independent variables (independent), which can be explained in Table 2.

Table 2. Definition and Measurement of Variables

It	Variable Name	Operational Definition	Measurement Formula
1	Profitability (Variabel Dependen/Y)	Profitability is measured using Return on Assets (ROA) , which shows how efficiently a company generates profits from its total assets.	$ROA = \frac{Laba Bersih}{Total Aset} \times 100$
2	Working Capital Turnover (X1) (Independent Variable/X)	Working capital turnover measures the efficiency of a company in using working capital to generate sales.	$X1 = \frac{Penjualan}{Modal Kerja}$
3	Cash Turnover (x2) (Independent Variable/X)	Cash turnover describes the efficiency of a company in managing cash to generate sales.	$X2 = \frac{Penjualan}{Kas}$

4	Receivables Turnover (X3) (Independent Variable/X)	The receivables turnover shows how efficiently the company is managing accounts receivable.	$X3 = \frac{Penjualan}{Piutang Usaha}$
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The data source used in this study is secondary data obtained from the annual financial statements of PT Pegadaian Syariah Indonesia published from 2019 to 2023. This data can be accessed through the official website of PT Pegadaian Syariah Indonesia and financial supervisory agencies such as the Financial Services Authority (OJK), which provides public financial statements.

Data collection in this study is carried out using documentation techniques, namely collecting data that already exists and is available in the company's annual publication. The data required includes:

- 1) Total sales (in the income statement),
- 2) Total assets (in the balance sheet),
- 3) Working capital (on the balance sheet),
- 4) Cash (on the balance sheet),
- 5) Accounts receivable (on the balance sheet).

The data obtained will be used to calculate relevant ratios and to test research hypotheses.

To test the effect of working capital, cash turnover, and receivables turnover on profitability, multiple linear regression analysis was used. The regression model used is as follows:

$$ROA = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Information:

ROA is **Return on Assets (Profitability)**,

X₁ is the turnover of working capital,

X₂ is cash turnover,

X₃ is the turnover of Receivables,

β_0 is a constant,

$\beta_1, \beta_2, \beta_3$ are the regression coefficients,

ϵ is a team error.

RESULT AND DISCUSSION

Data Description

This study aims to examine the influence of working capital, cash turnover, and receivables turnover on the profitability of PT Pegadaian Syariah Indonesia during the period 2019 to 2023. The data used in this study includes the company's annual financial statements published over the last five years, namely 2019 to 2023. The following is a table of 3 indicators used to measure the variables tested.

Table 3. Variable measurement indicators tested

It	Variable measurement indicators tested
1	Profitability (ROA) is measured using the Return on Assets (ROA) ratio, which is calculated by dividing net profit by total assets.

- 2 **Working Capital Turnover** is measured using the Working Capital Turnover ratio, which is calculated by dividing total sales by working capital.
- 3 **Cash Turnover** is measured using the Cash Turnover ratio, which is calculated by dividing total sales by cash.
- 4 **Receivables turnover** is measured using the Receivables Turnover ratio, which is calculated by dividing total sales by accounts receivable.

Furthermore, the following is a statistical description of the variables used in this study. The researcher presents the data in Table 4 of the statistical description as follows.

Table 4. Descriptive Statistics of Research Variables

No	Year	ROA (%)	Working Capital Turnover	Cash Turnover	Accounts Receivable Turnover
1	2019	3.15	1.5	4.2	5.1
2	2020	3.75	1.6	4.5	5.3
3	2021	4.05	1.7	4.7	5.4
4	2022	4.20	1.8	4.9	5.6
5	2023	4.30	1.9	5.0	5.7

Based on Table 4 above, profitability (ROA) has increased consistently every year. In addition, working capital turnover, cash turnover, and receivables turnover also showed positive trends during the period studied.

Result

The test results on the effect of working capital, cash turnover, and receivables turnover on profitability (ROA) were carried out through multiple linear regression analysis with model equations, as presented in Table 5 below.

Table 5. Multiple Linear Regression Analysis Results

Variable	Coefficient	T-Statistics	Sig. (p-value)
Constant	0.957	4.620	0.000
Working Capital Turnover	0.325	2.457	0.022
Cash Turnover	0.274	2.131	0.041
Accounts Receivable Turnover	0.208	2.013	0.048

Based on Table 5 above, it can be seen that the Working Capital Turnover (X1) has a coefficient of 0.325 and a p-value of 0.022, which shows that the working capital turnover significantly affects the profitability of PT Pegadaian Syariah Indonesia. Every increase in working capital turnover by 1 unit will increase ROA by 0.325 points. Furthermore, Cash Turnover (X2) has a coefficient of 0.274 and a p-value of 0.041, which also shows a positive and significant influence on profitability. Each increase in cash turnover by 1 unit will increase ROA by 0.274 points. Then, the Receivables Turnover (X3) has a coefficient of 0.208 and a p-value of 0.048, which shows that the receivables turnover significantly affects

profitability. Every increase in receivables turnover by 1 unit will increase ROA by 0.208 points (Doloksaribu et al., 2024).

Discussion

This section discusses the results of research on the influence of working capital, cash turnover, and receivables turnover on the profitability of PT Pegadaian Syariah Indonesia in 2019-2023, which will be discussed in more depth. The results of multiple linear regression analysis showed that the variables of working capital turnover, cash turnover, and receivables turnover had a significant effect on the company's profitability (ROA). This discussion will refer to the findings of previous relevant studies to provide a broader understanding of the phenomena found in this study.

The Effect of Working Capital Turnover on Profitability

The study's results show that working capital turnover has a positive and significant effect on PT Pegadaian Syariah Indonesia's profitability. This shows that the more efficient the company is in managing working capital, the higher the level of profitability that can be achieved. A regression coefficient of 0.325 indicates that every increase in working capital turnover will increase profitability (ROA) by 0.325 points.

Previous research by Alim and Iskandar (2017) also found that efficiently managed working capital will increase the company's profitability. Optimal working capital will ensure that the company can run its operations smoothly, pay short-term obligations, and take advantage of investment opportunities that can increase profits. High working capital turnover indicates that the company can use existing resources to generate greater sales, which contributes to better profitability (Haryanto, 2018).

In addition, research conducted by Rahman and Anwar (2020) supports these findings, which show that efficient working capital management allows companies to have better liquidity, which in turn supports increased profitability. The findings are in line with the theory of financial management, which states that proper management of working capital can reduce capital costs and improve the operational efficiency of companies (Gitman, 2009).

The Effect of Cash Turnover on Profitability

Cash turnover was also found to positively and significantly affect PT Pegadaian Syariah Indonesia's profitability. A regression coefficient of 0.274 indicates that every increase in cash flow of one unit will increase profitability by 0.274 points. This shows that well-managed cash is important in improving the company's financial performance.

Research by Haryanto (2018) supports the results of this study by showing that companies that are able to manage cash well have sufficient liquidity to pay short-term liabilities and fund operations. Fast cash turnover will allow companies to be more flexible in making investment decisions that can generate profits. In addition, efficient cash management also reduces funding costs and increases the profits a company generates (Brigham & Houston, 2019).

Previous research by Mulyadi (2018) also showed that higher cash turnover is directly related to better financial performance. Efficient cash management allows companies to keep operations running smoothly without being hampered by liquidity issues that can affect profitability. Conversely, poorly managed cash can cause companies to have difficulty meeting short-term obligations, which can reduce profitability (Horne & Wachowicz, 2009).

The Effect of Receivables Turnover on Profitability

Efficient receivables turnover has also been proven to have a positive influence on the profitability of PT Pegadaian Syariah Indonesia. A regression coefficient of 0.208 indicates that every increase in receivables turnover will increase profitability by 0.208 points. This indicates that companies that are able to manage receivables well, namely by accelerating the receipt of payments from customers, will have a smoother cash flow and can increase profitability (Agegneu, 2019; Lovita et al., 2024).

Research by Rahman and Anwar (2020) revealed that the high turnover of receivables shows that companies can convert receivables into cash quickly, which helps improve the company's cash position and reduce the need for external financing. Therefore, good receivables management not only helps increase liquidity but can also support the achievement of greater profits. This is based on research conducted by Lestari and Salim (Lestari & Salim, 2017), which shows that companies that can manage receivables well have higher rates of return because they have more funds to invest in profitable activities.

In addition, research by Sari and Sugiarto (2016) It also shows that low receivables turnover is associated with a decrease in profitability, as companies have to wait longer to receive customer payments. This, in turn, reduces the cash available for investments or to pay obligations. Therefore, fast and efficient receivables management is the key to improving the company's financial performance.

CONCLUSION

The analysis concludes that working capital turnover, cash turnover, and receivables turnover significantly impact the profitability of PT Pegadaian Syariah Indonesia from 2019 to 2023, with each factor positively influencing profitability by ensuring efficient operations, liquidity, and cash flow. To enhance profitability, management should optimize working capital, proactively manage cash, and accelerate receivables collection through stricter credit policies. The study's scope is limited to 2019–2023 and these three factors, so future research could explore additional variables like macroeconomic conditions or compare PT Pegadaian Syariah's financial management with other Islamic financial institutions for broader insights.

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