

CHAPTER V

CONCLUSSION

5.1 Research Conclusion

This research focus on the relationship between working capital management towards profitability of basics industry and chemical company Indonesia Stock Exchange. The period of investigation is 2010 to 2014 by using the sample of 33 companies. The research stated that the conclusions are as follows:

1. There is no relationship between number of day's accounts receivable and profitability.
2. There is no relationship between number of day's inventories and profitability.
3. There is no relationship between number of day's accounts payable and profitability.
4. There is no relationship between net trade cycle and profitability.

5.2 Research Limitation

The period used is short term, which is 5 years, that is because the previous year of financial statements is incomplete & inconsistent.

5.3 Suggestion

1. Moreover, this research only uses one measure to measure the profitability and degree of aggressiveness of working capital policy. However there are lots of measures of profitability (ROE, ROI, etc.) and degree of aggressiveness of the working capital policy (Current Ratio).

More research can be carried out by considering different measures of profitability and degree of aggressiveness of working capital policy in order to explore the relationship between working capital policy and profitability of the firm. Results can differ from this study by the use of different measures of profitability and degree of aggressiveness of working capital policy.

2. In order to find out the relationship between working capital management and profitability most of the empirical studies focused on the accounting measures of profitability. Research can be repeated by considering the performance measures of profitability e.g. economic value added, market value added etc.
3. Use the longer time period of observation, the longer time period more good opportunity to obtain reliable information about the variables to make accurate forecasting

5.4 Implication

This research will be useful for certain parties are used for their intended purpose, which are:

1. For company, especially financial managers when planning and control of working capital in order to effectively and efficiently, as well as pay more attentions to variables that determine the profitability of the company, so it can be considered and evaluated again.

2. For academics, authors hope the results of this study can be useful to learn more about the effect on profitability and working capital may be a reference as well as a comparison for future studies.

