

**The Effect of Working Capital Turnover, Sales Growth, and Liquidity on Profitability  
(Coal Companies Listed on the Indonesia Stock Exchange for the Period 2019-2023)**

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**Abstract:** In recent years, Indonesia's coal industry has undergone price fluctuate, impacting the financial stability of enterprises. This situation requires companies to manage their resources optimally in order to maintain profitability. The purpose of this study is to determine and test the impact of working capital turnover, sales growth, and liquidity on profitability. Quantitative methods are applied in this research. 18 companies were selected as the number of samples through the purposive sampling method. Data analysis in the research used multiple linear regression analysis with the help of SPSS software version 26. The results of this study indicate that partially Working Capital Turnover has no effect on Profitability, Sales Growth has a positive effect on Profitability, and Liquidity has a positive effect on Profitability. Simultaneously Working Capital Turnover, Sales Growth, and Liquidity have a positive effect on Profitability in coal mining sub-sector companies listed on the IDX for the period 2019-2023.

**Keywords:** *Working Capital, Sales Growth, Liquidity, Profitability*

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## **1. INTRODUCTION**

Indonesia has a very abundant variety of natural resources, one of which is mining goods. In Indonesia, there are quite a number of mining companies. Production activities in the mining sector include the stages of searching, finding, processing and finally marketing mining materials of economic value. The mining sector has several subsectors including the coal subsector. Mining companies, especially in the coal subsector, are integral to strengthening the Indonesian economy. Coal is a primary export commodity that significantly enhances state revenues and fulfils domestic energy requirements (Rosyanti et al., 2022). Therefore, coal companies are in the spotlight, especially from their financial performance.

In recent years, to be precise in 2019-2023, coal subsector issuers have faced serious global challenges, especially regarding the significant decline in coal prices. The decline in coal prices is due to global market dynamics, changes in energy policy, and fluctuations in demand from major importing countries such as China and India. The Executive Director of the Indonesian Coal Mining Association (APBI) explained that coal prices fell due to low demand and high production in importing countries such as China and India. In addition, the rising value of the US dollar has also caused coal prices to fall. Typically, commodity prices are calculated in US dollars. So, if the US dollar strengthens, commodities will be more expensive for buyers who convert their currency into US dollars. The decrease in coal prices directly influences the company's revenue, impacting its financial health and overall commercial viability.

The decrease in coal prices has negatively impacted enterprises' capacity to maintain their financial performance, particularly regarding net profit. This impact is reflected in the declining level of net profit of several coal companies. For example, PT Bumi Resources Tbk recorded a decrease in net profit in 2023 worth USD23.2 million compared to 2022 which was worth USD556.7 million. The decline in profit also occurred at PT Adaro Energy Indonesia Tbk, which was known to have decreased by 36.31% from USD2.8 billion in 2022 to USD1.9 billion in 2023 (data processed). One of the main causes of the decline in profits of coal issuers is the decline in coal prices. The decrease in net profit adversely affects the profitability of coal issuers.

In an unstable market situation, profitability is the main measure that shows how strong and efficient a company is. According to Eksandy & Vera (2018) profitability is an essential factor for corporations. High profitability will help the company run smoothly and efficiently. In order to maintain profitability, companies must manage their resources well. Some of the relevant variables that are thought to have an influence on profitability are Working Capital Turnover, Sales Growth, and Liquidity. Previous studies indicate that these three variables play a crucial role.

The existence of sufficient working capital is a very important factor. Working capital is useful for managing the company's operational costs such as employee wages, buying materials for products, paying off debts, and handling various other expenses (Sugiarti et al., 2022). To streamline working capital, working capital turnover is needed. Maming (2018) asserts that the working capital turnover ratio illustrates the efficiency with which current assets generate sales within a specific financial quarter. The elevated ratio signifies efficient working capital utilization, hence positively influencing firm performance and fostering enhanced profitability.

Previous research was conducted by Triayuni et al. (2023) stated that the rate of sales growth is a crucial aspect for the operational sustainability of each business entity. Sales growth quantifies the fluctuation in sales observed periodically from one reporting time to the next. The increasing sales growth, the better the profitability.

Liquidity according to previous research was conducted by Nugraha & Lisandri (2021) serves as an indicator of the degree to which a company's current assets can be employed to fulfill impending short-term liabilities. A higher liquidity ratio, signifying that the firm's liquidity is adequate to settle all short-term liability, correlates with increased profitability.

Referring to the above discussion, this research seeks to examine the impact of working capital turnover, sales growth, and liquidity affect profitability in coal companies listed on the Indonesia Stock Exchange from 2019 to 2023, both partially and simultaneously. The results of this study are expected to contribute theoretically to the field of financial management and serve as a practical reference for company management and investors in optimizing financial management strategies to maintain profitability amid global market fluctuations.

## **2. LITERATURE REVIEW**

### **Agency Theory**

Jensen & Meckling (1976) in Ulfa & Listyorini (2020) agency theory defines the contractual link between business owners, or principals, and management, or agents, in the stewardship of corporate interests. To ensure that the contract between the two parties can function properly, shareholders give trust to management in order to make decisions aimed at improving company performance. Consequently, shareholders will hold management responsible for any acts undertaken in the administration of the organization. According to Septariyadi et al. (2024), agency theory posits that the link between the principal and the agent may incite conflict, primarily due to conflict of interest. Consequently, a monitoring mechanism is essential to safeguard the company's interests.

### **Signalling Theory**

According to Hakim et al. (2015) signal theory posits that firms communicate information to financial statement users through positive and negative signals. If the company faces negative news, it can be a bad (negative) signal that doubts investors to invest. Conversely, when the company delivers positive news, it will give good (positive) signals to investors, thus encouraging increased trust and interest in investing. Maulana & Euis (2023) reveal the importance of information delivery for information decisions from third parties highlighted by "signalling theory". As a tool for financial analysis, capital markets require investors to have access to comprehensive, pertinent, timely, and fast information.

### **Profitability**

According to Susilawati & Fatururrahman (2023) profitability is assessed through ratios that reflect the company's success rate in generating net profit in a certain period of time from daily business processes. In line with this, Wahyuniati & Adi (2021) state that profitability is a significant indicator in evaluating the

performance of business entities in obtaining decent profits, associated with sales, overall assets, and capital owned.

This study identifies Return On Assets as the measure of profitability. According to Winarso & Christina M.P (2019) assessing profitability through ratios helps determine how well a company converts capital investments into profits by optimizing existing assets. According to Utami & Gusganda (2021) a higher ROA shows enhanced performance, reflecting the company's capacity to maximise asset utilization for profit generating.

### **Working Capital Turnover**

Working capital is a vital element for business continuity, every company definitely needs working capital in carrying out its operational activities. With sufficient working capital, companies can operate more efficiently. Conversely, excessive working capital may result in losses due to ineffective utilisation of funds (Zuhroh & Utiyati, 2019). Thus, working capital needs to be managed effectively with an efficient working capital cycle. According to Ummah & David (2022) working capital turnover measures a company's efficiency in employing working capital within a specified period.

Such as research Lestari & Robianto (2023) which reveals that working capital turnover is a factor that can influence profitability. A high turnover rate indicates good working capital management. According to research Dewi & Idayati (2020) explains that funds allocated to current assets or short-term assets reflect the speed of working capital turnover within a certain period to support increased profitability, therefore, working capital turnover positively influences profitability. These research outcomes align with the results presented in the study conducted by Olivia et al. (2022); Oktaviani & Jamal (2022); and Nashirudi (2020) which explain that the positive relationship linking working capital turnover to profitability reflects the optimal level of effectiveness in managing its current assets, which ultimately increases the company's profits.

### **Sales Growth**

The sales success of a company is contingent upon the augmentation of sales volume. So, sales growth is very important for the company, Putri & Rahyuda (2020) explain that sales growth signifies that the company has successfully marketed its products, demonstrating its capacity to enhance market demand. Therefore, sales growth is a crucial factor for achieving profitability in accordance with expectations.

Prior reserach undertaken by Evadine (2020) indicates that the dynamics of sales growth positively influence profitability, with elevated sales growth enhancing profitability. Budiharjo (2023) revealed, when the company's sales increase, this indicates success in implementing the strategy. Increased anticipated sales correlate positively with enhanced firm profitability.

### **Liquidity**

A firm must fulfill its financial liabilities promptly and without delay to sustain its operations. Thus, liquidity is a crucial factor for the seamless operation of the company's business activities. According to Kustinah (2019) Liquidity is a crucial indicator that reflects a firm's capacity to fulfill short-term liability using its liquid assets. Liquidity measurement can be done through *Current Ratio* (CR), CR reflects a firm's capacity to fulfill its short-term liabilities within the forthcoming 12

months (Satria, 2022). A high CR does not ensure that the company possesses a robust financial position. *Idle* cash can indeed exacerbate the company's financial strain (Putri et al., 2022).

The results of studies conducted by Novi & Naryoto (2024) and Hutabarat (2022) indicates that liquidity is crucial and exhibits a significant positive correlation with a company's pursuit of optimal profitability. According to Prabhasyahrani & Khuzaini (2022), an augmentation of the liquidity ratio demonstrates the firm's ability to promptly settle liabilities, which is considered positive from the view of creditors, timely payment of current liabilities enhances the company's reputation, which in turn strengthens investor confidence and attracts their interest in investing capital.

### 3. RESEARCH METHODS

#### Type and Source of Research Data

This study employs quantitative approaches utilizing secondary data derived from the yearly financial statements of coal subsector companies listed on the IDX for the years 2019-2023.

#### Population and Research Sample

A total of 23 coal companies that are included in the IDX list and consistently submit annual reports in the period 2019 to 2023 became the population in this study. This study employed a purposive sampling method to identify a sample according to established criteria, resulting in the selection of 18 suitable firm, specifically:

1. Coal companies registered on the IDX in the period 2019 to 2023.
2. Coal companies that consistently submit financial reports to the IDX during the 2019-2023 period.
3. Coal companies that were not delisted in the 2019-2023 period.

#### Operational Definition and Variable Measurement

The variables used are Profitability as variable Y, while Working Capital Turnover, Sales Growth, and Liquidity as variable X.

#### Profitability

*Return On Assets* (ROA) as an indicator in this study, with the formula according to Vidyasari et al. (2021):

$$ROA = \frac{Earning\ After\ Tax}{Total\ Assets} \times 100\% \dots\dots\dots(1)$$

#### Working Capital Turnover

Working Capital Turnover (WCT) represents a ratio that is commonly useful for assessing working capital turnover. WCT assesses how well a company can manage working capital that can support productive use of assets. This can affect sales and increase company profits. The WCT formula according to Vidyasari et al. (2021) is:

$$WCT = \frac{Net\ Sales}{(Current\ Assets - Current\ Liability)} \times 100\% \dots\dots\dots(2)$$

### Sales Growth

Sales growth refers to *Sales Growth Ratio*, with the formula according to Vidyasari et al. (2021):

$$\text{Sales Growth} = \frac{\text{Sales } t - \text{Sales } t-1}{\text{Sales } t-1} \times 100\% \dots\dots\dots (3)$$

Where t is this year's sales, while t-1 is the previous year's sales.

### Liquidity

The level of liquidity is identified through the *Current Ratio* (CR) indicator, with the formula according to Vidyasari et al. (2021):

$$\text{CR} = \frac{\text{Current Assets}}{\text{Current Liability}} \times 100\% \dots\dots\dots (4)$$

### Data Analysis Method

In this research, all data processing and presentation were conducted using SPSS 26. This research applies multiple linear regression as a method for exploring the linkages among variables.

### Descriptive Statistical Test

Wahyuni (2020) explains that descriptive statistics function to process research data so that it can be displayed in a format that is more informative and easier to interpret. Researchers employ descriptive statistics to explain the characteristics of the variables being studied. Descriptive statistics are employed to compute the mean, mode, median, standard deviation, and other related measures.

### Classical Assumption Test

#### Normality Test

As stated by Rodliyah (2021), normality tests were conducted to ensure that the residual data distribution was normal. The tests used P-Plot graphs and Kolmogorov Smirnov tests with significance ( $\alpha$ ) greater than 0.05 as criteria.

#### Multicollinearity Test

According to Ghozali (2021) multicollinearity testing aims to identify overly strong relationships between independent variables. The test is conducted by looking at Tolerance values higher than 0.1 and VIF less than 10.

#### Heteroscedasticity Test

Ghozali (2021) explains that heteroscedasticity testing is used to identify differences in residual variance. The test is conducted using a scatterplot graph with a random distribution of points as an indicator of the absence of heteroscedasticity.

#### Autocorrelation Test

The autocorrelation test, as stated by Ghozali (2021), seeks to ensure that the residuals are not correlated between periods. The test is conducted using the Durbin-Watson test.

### Multiple Linear Regression Analysis

This research utilizes multiple linear regression as a technique for data analysis. According to Indartini & Mutmainah (2024) state that multiple linear regression analysis is a statistical technique for evaluating the extent of linear correlation between independent and dependent variables. The equation for multiple linear regression is:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 \dots\dots\dots (5)$$

Description:

- Y : Profitability
- $\alpha$  : Constant, the value of Y if variable X is zero
- $b_1b_2b_3$  : Multiple regression coefficients of independent variables on the dependent variable
- $X_1$  : Working Capital Turnover
- $X_2$  : Sales Growth
- $X_3$  : Liquidity

### **Coefficient of Determination Analysis**

R-square ( $R^2$ ) measures the extent to which the dependent variable explains fluctuations in the independent variable. In line with the opinion of Ghozali (2021), the coefficient of determination ( $R^2$ ) indicates the degree to which the independent variable affects variations in the dependent variable in a regression equation. The coefficient of determination is in the range of 0 to 1. The value of  $R^2$  approaching one signifies an enhanced predictive capability of the model.

### **Hypothesis Test**

#### **The t-test**

In regression analysis, the t test is utilized to assess the effect of the independent variable (X) on the dependent variable (Y) to determine its significance. This study employs a significance threshold of 5% for the t test.

#### **F test**

As mentioned by Ghozali (2021) the F test evaluates whether the independent variables simultaneously affect the dependent variable, with 0.05 serving as the reference for significance.

#### 4. RESULTS AND DISCUSSION

##### Analysis Results

**Table 1. Descriptive Statistics**

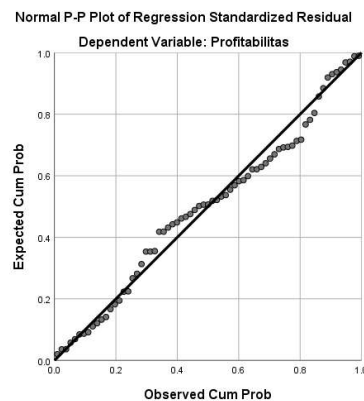
| Descriptive Statistics   |    |         |         |        |                |
|--------------------------|----|---------|---------|--------|----------------|
|                          | N  | Minimum | Maximum | Mean   | Std. Deviation |
| Working Capital Turnover | 90 | -170.97 | 177.43  | 5.8664 | 34.97824       |
| Sales Growth             | 90 | -0.70   | 1.69    | 0.1961 | 0.47402        |
| Liquidity                | 90 | 0.27    | 10.07   | 2.1587 | 1.75989        |
| Profitability            | 90 | -0.26   | 0.62    | 0.1374 | 0.17062        |
| Valid N (listwise)       | 90 |         |         |        |                |

Source: data processed (2025)

According to this table, the Working Capital Turnover obtained the bottom value of -170.97 and the topmost value of 177.43, an average of 5.8664, and a standard deviation of 34.97824, indicating that the data distribution is heterogeneous. The Sales Growth obtained the bottom value of -0.70 and the topmost value of 1.69, an average value of 0.1961, and a standard deviation of 0.47402, showing a heterogeneous distribution. The Liquidity obtained the bottom value of 0.27 and the topmost value of 10.07, an average value of 2.1587, and a standard deviation of 1.75989, suggesting the data is relatively heterogeneous. The Profitability obtained the bottom value of -0.26 and the topmost value of 0.62, an average of 0.1374, and a standard deviation of 0.17062, which also indicates a relatively heterogeneous distribution.

##### Classical Assumption Test

##### Normality Test



Source: data processed (2025)

**Figure. 1**  
**P Plot Graph**

The figure illustrates the distribution of t points adjacent to the diagonal line and aligned with its direction, so the dependent variable (Y), namely Profitabilitas, meets the criteria for normal data distribution.

### Multicollinearity Test

**Table 2. Multicollinearity Test Coefficients <sup>a</sup>**

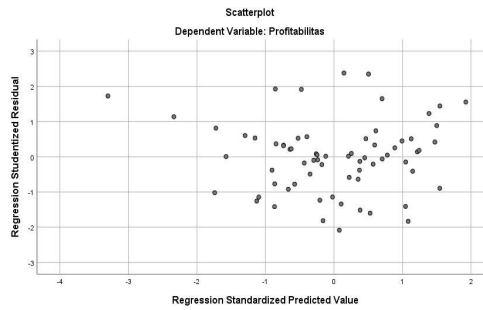
| Model |                          | Collinearity Statistics |       |
|-------|--------------------------|-------------------------|-------|
|       |                          | Tolerance               | VIF   |
| 1     | Working Capital Turnover | 0.996                   | 1.004 |
|       | Sales Growth             | 0.979                   | 1.021 |
|       | Liquidity                | 0.981                   | 1.019 |

a. Dependent Variable: Profitability

Source: data processed (2025)

Referring to these tests, each of the independent variables show *Tolerance* numbers exceeding 0.1 and VIF numbers lower than 10, demonstrating that the regression model is devoid of multicollinearity issues, hence satisfying the prerequisites for subsequent analysis.

### Heteroscedasticity Test



Source: data processed (2025)

**Figure. 2  
P-Plot Scatter Graph**

The heteroscedasticity test depicted in Figure 2, conducted using SPSS 26, demonstrates that the points on the scatterplot are randomly dispersed above and below the Y axis, devoid of any identifiable pattern. This condition signifies that the tested regression model does not demonstrate heteroscedasticity.

**Autocorrelation Test****Table 3. Autocorrelation Test**

| <b>Model Summary<sup>b</sup></b> |                    |          |                   |                            |               |
|----------------------------------|--------------------|----------|-------------------|----------------------------|---------------|
| Model                            | R                  | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1                                | 0.407 <sup>a</sup> | 0.165    | 0.126             | 0.16776                    | 2.013         |

a. Predictors: (Constant), LAG\_X3, LAG\_X1, LAG\_X2

b. Dependent Variable: LAG\_Y

Source: data processed (2025)

Table 3 indicates that the Durbin-Watson statistic in this research is 2.013, meaning that the value is between 1.7015 and 2.2985, proving that there is no autocorrelation in the regression model used.

**Multiple Linear Regression Analysis****The t-test****Table 4. The t-test**

| <b>Coefficients<sup>a</sup></b> |                          |                             |            |                           |       |       |
|---------------------------------|--------------------------|-----------------------------|------------|---------------------------|-------|-------|
| Model                           |                          | Unstandardized Coefficients |            | Standardized Coefficients | T     | Sig.  |
|                                 |                          | B                           | Std. Error | Beta                      |       |       |
| 1                               | (Constant)               | 0.168                       | 0.065      |                           | 2.584 | 0.012 |
|                                 | Working Capital Turnover | 0.005                       | 0.021      | 0.026                     | 0.236 | 0.814 |
|                                 | Sales Growth             | 0.260                       | 0.115      | 0.255                     | 2.263 | 0.027 |
|                                 | Liquidity                | 0.383                       | 0.135      | 0.320                     | 2.844 | 0.006 |

a. Dependent Variable: Profitability

Source: data processed (2025)

That table presents the t test outcomes as follows:

- From the table, the computed t value is  $0.236 < 1.66864$  from the t table, and the regression coefficient ( $\beta$ ) is 0.005 at a significance value of  $0.814 > 0.05$ . According to the results of the data analysis, working capital turnover does not have an influence on profitability.
- From the table, the computed t value is  $2.263 > 1.66864$  t table and the regression coefficient ( $\beta$ ) is 0.260 at a significance value of  $0.027 < 0.05$ . The data analysis indicates that sales growth positively and significantly effects profitability.
- From the table, the computed t value is  $2.844 > 1.66864$  t table and the regression coefficient ( $\beta$ ) is 0.383 at a significance value of  $0.006 < 0.05$ . The data analysis indicates that liquidity exerts a positive and significant influence on profitability.

**Multiple Linear Regression Analysis**

Table 5 displays outcomes of multiple linear regression analysis, described by the subsequent equation:

$$ROA = 0.168 + 0.005 WCT + 0.260 \text{ Sales Growth} + 0.383 CR$$

**Coefficient of Determination Analysis (R<sup>2</sup>)**

**Table 5. Analysis of the Coefficient of Determination**

| Model Summary |                    |          |                   |                            |
|---------------|--------------------|----------|-------------------|----------------------------|
| Model         | R                  | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1             | 0.438 <sup>a</sup> | 0.191    | 0.154             | 0.17055                    |

a. Predictors: (Constant), Liquidity, Working Capital Turnover, Sales Growth

Source: data processed (2025)

The table 5 displays the coefficient of determination (adjusted R<sup>2</sup>) = 0.154, These results indicate that all independent variables collectively account for the dependent variable by 15.4% whereas the remaining 84.6% is accounted for by variables excluded from this research.

**F test**

**Table 6. F test**

| ANOVA <sup>a</sup> |            |                |    |             |       |                    |
|--------------------|------------|----------------|----|-------------|-------|--------------------|
| Model              |            | Sum of Squares | df | Mean Square | F     | Sig.               |
| 1                  | Regression | 0.448          | 3  | 0.149       | 5.131 | 0.003 <sup>b</sup> |
|                    | Residual   | 1.891          | 65 | 0.029       |       |                    |
|                    | Total      | 2.339          | 68 |             |       |                    |

a. Dependent Variable: Profitability

b. Predictors: (Constant), Liquidity, Working Capital Turnover, Sales Growth

Source: data processed (2025)

From table 6, it is obtained f count of 5.131 > 2.75 f table and a significance number of 0.003 < 0.05, thus working capital turnover, sales growth, and liquidity simultaneously have a significant positive relationship to Profitability.

**Discussion**

**Effect of Working Capital Turnover on Profitability**

According to the t test, the results indicate that working capital turnover does not impact profitability. Referring to the test results, working capital turnover does not have an influence because the t count is 0.236 < 1.66864 t table and the significance number is 0.814 > 0.05, for that H<sub>0</sub> is accepted and H<sub>a</sub> is refused, indicating that WCT does not influence ROA in coal subsector companies on the IDX for the 2019-2023 period. This condition can be caused by high working capital turnover that is not balanced with optimal management of current assets to generate profits. In addition, even though working capital turns over quickly,

high operating costs or low profit margins can make the impact on profitability insignificant. Therefore, working capital turnover does not affect profitability.

In line with previous research from Alfida & Triyono (2023) which states, Working Capital Turnover has no effect on Profitability, because the high turnover of working capital does not necessarily ensure optimal management of the firm's current assets. In the coal mining sector, working capital is indeed needed to cover operational routines, ranging from wage payments, equipment upkeep, to short-term liabilities. Yet, given the industry's capital-intensive character and its strong dependence on fixed assets and volatile external drivers like coal prices, the role of working capital in shaping profitability becomes relatively marginal. This condition may clarify why, in this study, the turnover of working capital does not emerge as a significant determinant of profitability.

This explanation pertains to agency theory; in this context, shareholders will hold management responsible for any acts undertaken in the administration of the organization, including the management of working capital. High working capital turnover indicates that the firm can efficiently leverage current assets to achieve profit, which ultimately drives increased profitability. However, excessively high working capital indicates a lack of productivity in the management of funds by management (Ulfa & Listyorini, 2020). Therefore, working capital turnover does not guarantee an impact on profitability.

### **Effect of Sales Growth on Profitability**

According to the t test, it is known that Sales Growth for coal sub-sector companies exerts a positive influence on Profitability partially, because t count is  $2.263 > 1.66864$  t table and the significance number  $0.027 < 0.05$  for that  $H_0$  is refused and  $H_a$  is accepted, which means that Sales Growth and Profitability have a positive influence. In addition, the positive regression results indicate that increasing sales growth can affect the increase in profitability.

These results correspond with prior studies from Yuliani et al. (2024) which similarly increasing sales can encourage higher profits, hence affecting the firm's overall financial standing. A significant level of sales growth can expand potential revenue so that the company's operating costs can be paid, with that the company can get profits which will affect the value of the company's profitability. In the context of coal mining companies, however, sales growth is not merely achieved through excessive mining when prices decline. Instead, it can also be pursued by securing long-term contracts, expanding into new markets, or improving efficiency in production costs so that profitability can still be maintained even during price fluctuations.

This explanation relates to signal theory, in this case, if a significant increase in sales can increase company revenue within a certain period of time, it can be a positive signal for investors and creditors because significant sales growth can strengthen the company's assets and profits, which encourages investors and creditors to channel funds or loans (Kudus & Meidiyustiani, 2022). Substantial sales growth will yield enhanced earnings, culminating in solid financial conditions and higher profitability.

### **Effect of Liquidity on Profitability**

According to the t test, it is known that Liquidity for coal sub-sector companies has a positive effect on Profitability partially, because the t count is  $2.844 > 1.66864$  t table and the significance value is  $0.006 < 0.05$  for that rejection of  $H_0$

and acceptance of  $H_a$  indicates an influence between Liquidity and Profitability. In addition, the positive regression results indicate that increased liquidity can affect the increase in profitability.

This discovery reinforces the outcomes of prior research from Novi & Pambuko (2024) which states that adequate liquidity is a strong indicator for a company to maintain its business continuity, which consequently have a positive influence on profitability. An adequate level of liquidity indicates a healthy financial condition, which supports the growth of trust from investors and lenders. Thus, the company can carry out operational activities effectively, which in turn can increase the chances of achieving high profitability.

This explanation pertains to signal theory, in which managers provide signals to mitigate information asymmetry. High-quality information in financial statements can influence investor decisions and reduce information asymmetry, thus, enterprises must provide both financial and non-financial data, including details regarding short-term liabilities (Vidyasari et al., 2021). Timely payment of current liabilities would mitigate liquidity issues, hence enhance profits and profitability while conveying a positive signal to investors.

#### **Effect of Working Capital Turnover, Sales Growth, and Liquidity on Profitability**

According to the F test, Working Capital Turnover, Sales Growth, and Liquidity simultaneously exert a significant positive effect on Profitability. This is reflected through the calculated f number of all independent variables of  $5.131 > 2.75$  f table with a significance figure of  $0.003 < 0.05$  then  $H_0$  is refused and  $H_a$  is accepted indicating that Working Capital Turnover, Sales Growth, and Liquidity collectively exert a positive affect on Profitability. Thus, an increase in Working Capital Turnover, Sales Growth, and Liquidity simultaneously has an impact on Profitability which helps to realize stable and sustainable financial performance.

## **5. CONCLUSION**

### **Conclusion**

After the above testing and discussion, the researcher drew the following conclusions:

1. Working Capital Turnover has no affect on Profitability in Coal Subsector Mining Companies listed on the IDX for the period 2019-2023 in partial. This indicates that high working capital turnover is not necessarily a factor that affects profitability because coal companies are capital-intensive and rely more on fixed assets and external factors such as global coal prices rather than short-term asset management.
2. Sales growth positively affect profitability in coal subsector mining companies listed on the IDX from 2019 to 2023 in partial. This indicates that substantial sales growth may influence profitability because higher sales can generate greater revenue to cover operating costs. When operating costs are met, the remaining revenue becomes net profit, which directly increases the company's profitability.
3. Liquidity positively affect profitability in coal subsector mining companies listed on the IDX from 2019 to 2023 in partial. This indicates that sufficient liquidity enables companies to fulfill short-term obligations and ensure efficient operations. When operations remain efficient, companies can avoid financial distress and reduce the need for costly external funding, so more resources remain to generate profits. As a result, higher liquidity contributes to an increase in the company's profitability.
4. Working Capital Turnover, Sales Growth, and Liquidity have a positive effect simultaneously on Profitability in Coal Subsector Mining Companies listed on the IDX for the 2019-2023 period. This suggests that although working capital turnover alone does not significantly affect profitability, when combined with sales growth and liquidity, these factors collectively contribute to improving profitability.

### **Limitation**

This study is limited to coal mining companies listed on the Indonesia Stock Exchange, and is also limited to the period 2019–2023. This analysis only covers three independent variables, namely working capital turnover, sales growth, and liquidity, so other factors that may affect profitability are not examined. In addition, the relatively short research period may not fully describe long-term profitability.

### **Suggestion**

Future research could expand the scope by including longer observation periods or other independent variables, in addition to those studied, to provide a more comprehensive understanding of the factors that determine profitability. For practitioners and company management, it is recommended to maintain efficient liquidity management and support sustainable sales growth, while considering other operational and financial strategies to increase profitability.

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