

The Effect of Inventory Turnover and Turnover Current Assets on Economic Profitability At UD. Rambe Sitahuis District Central Tapanuli District

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Article Info	ABSTRACT
<p>Corresponding Author: Sulastri Deviana Hutagalung E-mail: sulastrihutagalung20@mail.com</p>	<p>The aim of this research is to determine the effect of inventory turnover and current asset turnover on economic profitability at UD. Rambe, Sitahuis District, Central Tapanuli Regency by drawing the hypothesis that there is an influence of inventory turnover and current asset turnover on economic profitability at UD. Rambe, Sitahuis District, Central Tapanuli Regency. The research results show that there is a positive relationship between inventory turnover and economic profitability and current asset turnover and economic profitability at UD. Rambe, Sitahuis District, Central Tapanuli Regency is 0.958 and 0.858 respectively, so that when interpreted on a value scale it can be categorized as very strong. The regression equation obtained is $Y = -0.973 + 0.412X + 0.070X^2$ which shows the influence of inventory turnover and current asset turnover on economic profitability. The t test shows that the hypothesis proposed is rejected as true, where the t count is $2.141 > 3.18245$ for inventory turnover and the t count is $0.206 < 3.18245$ for current asset turnover, where both ratios have a positive effect on economic profitability which is not significant, which means it is not certain increases by the respective regression coefficient/slop of 0.412 and 0.070 if the inventory turnover and current asset turnover variables are increased by one unit. Meanwhile, the coefficient of determination shows that inventory turnover and current asset turnover only play a role of 92% in UD's economic profitability. Rambe, Sitahuis District, Central Tapanuli Regency and the remaining 8% is influenced by other factors not included in the model.</p> <p>Keywords: Inventory Turnover, Current Asset Turnover, Economic Profitability</p>

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INTRODUCTION

The development of the trade industry in Indonesia is currently continuing to increase, Indonesia is a country with a population and purchasing power that continues to increase, resulting in huge market potential and attracting the interest of business actors abroad to enter and develop the market. Many new companies have emerged and foreign investors have begun to invest their capital, thereby enlivening business competition in Indonesia.

Inventory is an investment made for the purpose of obtaining a return through sales to customers. Therefore, the allocation of funds to inventory must be in accordance with the

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company's needs. If there is an error in determining inventory, it will have a direct effect on the profits generated by the company (I. K. D. A. Saputra et al., 2022). If there is not enough inventory, sales volume will decrease below the level that should be achieved, but on the other hand, if there is too much inventory, the company will face storage costs, insurance, taxes, obsolescence and physical damage.

It can also be interpreted that inventory turnover is a ratio that shows how many times the number of inventory items is replaced in one year. The smaller this ratio, the worse it is and vice versa. Every company must run its business economically to obtain maximum profits, both with capital originating from the owner and capital originating from other parties (foreign capital). A company's ability to earn profits can be seen from its level of profitability. Profitability can be influenced by several factors, one of which is sales volume. Sales made by the company, whether in cash or credit, must be managed well, the company must pay attention to the level of competition that exists in the business world, especially similar businesses. With a high sales volume, the company's inventory will be quickly replaced because it has been sold, this will result in inventory turnover turning faster. With a good sales volume the company will obtain maximum profits. However, maximum profits do not necessarily reflect a high level of profitability, because profitability is also influenced by own capital and foreign capital used to obtain these profits.

A company definitely has goals to achieve. One of them is achieving optimal profits. With the development of technology and the increasing number of companies competing to become big, the capital production factor has an important meaning for company development (Aripin & Paramarta, 2024; Budiman et al., 2024; Paramarta et al., 2024; Setrojoyo, Sutrisno, et al., 2023). Production factors that are important and can support a company's survival are the elements contained in current assets. Current assets are elements of assets that have a useful life of no more than one year consisting of the most liquid to the illiquid components (Prihadi, 2019). Current assets, also known as gross working capital, are important and are always needed by every company because they are used to meet financial needs in carrying out daily operational activities, for example to buy raw materials and pay labor wages or employee salaries. (Ali et al., 2023; Paramarta & Aripin, 2024; Setrojoyo, Rony, et al., 2023). It is hoped that the funds that have been spent to meet the company's financial or operational needs will be returned within a short time through the proceeds from the sale of its production.

Companies must be able to manage their resources, especially those contained in current assets, well so that these resources can be utilized efficiently and rotate more quickly. Therefore, fast asset turnover in the company must rotate optimally in the sense that it must be able to meet the company's daily operational needs. Sufficient current asset turnover will benefit the company because it allows the company to operate economically and the company does not experience financial difficulties.

Excessive current assets indicate the existence of unproductive funds. The excess value of current assets that will be operational causes losses for the company because there are idle funds. Idle funds will be detrimental to the company because these funds can actually be used for activities that can increase profits for the company, such as investment.

Profitability is the ability of a company with the capital working in it to generate profits. Through profitability, it will be possible to know whether capital has been used efficiently or not. Profitability can be calculated by comparing the profits obtained with the capital used to



generate profits, which is called economic profitability. In an effort to increase profitability, it is closely related to working capital, namely current assets used in company operations to generate sales and determine the amount of profit. The faster the turnover of gross working capital contained in the company's current assets, the company's ability to generate profits through sales will increase because the capital used to generate profits rotates quickly so that it can immediately be used again by the company to continue its operational activities. Thus, current asset turnover influences the company's profitability level.

The previous research that supports this research is by (Wibisana et al., 2018; Wulandari, 2022) which explains that: (1) the influence of receivables turnover has a positive and insignificant effect on profitability (2) inventory turnover has a positive and insignificant effect on profitability (3) the current ratio has a positive and insignificant effect on profitability. Further research by (Sulastri, 2022) which obtained results simultaneously showed that the variables of current asset turnover, inventory turnover, and cash conversion cycle simultaneously had a significant effect on profitability. And partially, current asset turnover and inventory turnover each have no significant effect on profitability. Next by (Henia, 2018; Karim, 2023) which shows that receivables turnover partially has a positive effect on profitability, partially inventory turnover has a positive effect on profitability, simultaneously receivables turnover and inventory turnover has an effect on profitability.

Based on this background, the author is interested in conducting research on the Effect of Inventory Turnover and Current Asset Turnover on Economic Profitability at UD. Rambe, Sitahuis District, Central Tapanuli Regency

METHOD

The type of research used in this research is the research approach used is research using associative descriptive methods. In this research, the author wants to know the effect of inventory turnover and current asset turnover on economic profitability at UD. Rambe, Sitahuis District, Central Tapanuli Regency. The type of data for this research includes quantitative research, namely data that contains certain numbers or numbers (Ibrahim et al., 2023; Permana et al., 2024; I. W. K. W. Saputra et al., 2024; Wada et al., 2024). This research uses secondary data in the form of financial reports at UD. Rambe, Sitahuis District, Central Tapanuli Regency. This research was conducted at UD. Rambe, Sitahuis District, Central Tapanuli Regency. The location of this research is Jl. Raya Sibolga Tarutung, Sitahuis District. The sample in the financial reports of UD Rambe, Sitahuis District for the last 5 years is the most recent and relevant sample, so that the research results in this sample can reflect the current state of the research object.

The data collection techniques that the author uses in this research are as follows:

1. Literature Study, namely by studying various reading sources that are closely related to the research problem, both in the form of scientific books and statutory regulations.
2. Field studies, namely by collecting data directly from the research location which is carried out by:
 - a. Interview, which is a method of collecting data by holding face-to-face questions and answers with parties who can provide information about income



and the number of assets depicted in the profit and loss statement and balance sheet which is a research factor.

- b. In this research, the data collection technique is a documentation technique, namely data from financial reports in the form of financial reports issued by UD. Rambe, Sitahuis District, Central Tapanuli Regency, the data collected is in the form of a financial report in the form of a balance sheet describing the total assets and equity used as well as a profit and loss report describing income.

The analytical method used for testing and proving hypotheses is the descriptive associative approach method (Kurniawan et al., 2023) and all formula calculations were carried out using the Statistical Package For Social Sciences (SPSS) Software Version 21 Windows with several stages for analyzing the data as follows:

- A. Classic assumption test
- B. Autocorrelation Test
- C. Multiple Linear Regression Test
- D. T test
- E. F test

RESULTS AND DISCUSSION

Descriptive statistics

a. Inventory Turnover Variable (X1)

There is a table 1, table 2, table 3. Next, the Inventory Turnover data (X1) for each item will be tabulated. Next, the Inventory Turnover data (X1) for each item is interpreted as the average value above shows that the Inventory Turnover (X1) at UD. Rambe, Sitahuis District, is good, this can be seen from the values in table 1 below.

Table 1. Time Series Data Regarding Inventory Turnover

Year	Sale	Initial inventory	Final ending inventory	Average Inventory	Inventory Turnover	Growth
2018	877,560,000	-	346,580,000	346,580,000	2,532	-
2019	890,500,000	346,580,000	358,760,000	352,670,000	2,525	-0.003
2020	898,500,000	358,760,000	353,450,000	356,105,000	2,523	-0.001
2021	917,680,000	353,450,000	357,650,000	355,550,000	2,581	0.023
2022	954,850,000	357,650,000	354,870,000	356,260,000	2,680	0.038
Amount	4,539,090,000	1,416,440,000	1,771,310,000	1,767,165,000	12,841	0.058
Average	907,818,000	283,288,000	354,262,000	353,433,000	2,568	0.014

Source: UD. Rambe, Sitahuis District, 2023

Based on the interpretation of the average value above, it shows that UD's Inventory Turnover. Rambe, Sitahuis District is good, this can be seen from the average value of inventory turnover per year for five years growing by 0.014 (1.4%). For 2018 inventory turnover was 2,532. Meanwhile in 2019 it was 2,525, a decrease of 0.003, while for 2020 inventory turnover was 2,523, a decrease of 0.001. In 2021, inventory turnover was 2,581, an increase of 0.023 (2.3%), while in 2022 there was an increase of 0.038 or 3.8% from 2021.

b. Current Asset Turnover

The independent variable (X2) used in this research is the activity ratio with a measuring instrument, namely current asset turnover. The activity ratio is a financial ratio that is used to measure how efficiently the company's available assets are used. The following are the results of calculating inventory turnover at UD. Rambe Sitahuis District for the 2018-2012 period.

Table 2 Time Series Data Regarding Current Asset Turnover

Year	Sale	Current assets	Smooth asset turnover	Growth
2018	877,560,000	433,210,000	2,026	-
2019	890,500,000	435,140,000	2,046	0.010
2020	898,500,000	440,510,000	2,040	(0.003)
2021	917,680,000	451,100,000	2,034	(0.003)
2022	954,850,000	450,190,000	2,121	0.043
Amount	4,539,090,000	2,210,150,000	10,267	0.047
Average	907,818,000	442,030,000	2,053	0.012

Source: UD Financial Report. Rambe, Sitahuis District (2023)

From Table 2 it can be seen that the average turnover of UD's current assets. Rambe, Sitahuis District, experienced increases and decreases. The value of current asset turnover which increased from 2018 to 2019 was only 0.010 or 1%, from 2.026 times to 2.046 times in 2019. The decrease occurred in 2020 compared to 2019 by 0.003 or 0.3% from 2.046 times in 2019 to 2.040 times in 2020 and for 2021 there was another decrease of 0.003 or 0.3% compared to 2020, for 2022 there was another increase of 0.043 or 4.3% compared to 2021 from 2,034 times current asset turnover to 2,121 times For 2022 Overall, current asset turnover has increased by an average of 0.012 or 1.2% over 5 years, this shows that the increase in current asset turnover is higher, reflecting the sales that occur at UD. Rambe, Sitahuis District, the faster the inventory that is ready to be sold becomes cash, which includes the profit obtained from each rupiah of sales.

c. Economic Profitability

The dependent variable (Y) used in this research is profitability with a measuring tool, namely economic profitability. Profitability is a ratio used to measure the ability of company management to obtain profits and manage the company's overall business efficiency level.

The following are the results of calculating economic profitability at UD. Rambe, Sitahuis District, period 2018-2022.

Table 3. Time Series Data on Economic Profitability

Year	Net profit	Total Assets	ROA	Change
2018	185,905,000	883,010,000	0.211	-
2019	177,522,000	870,590,000	0.204	-0.031
2020	187,885,000	861,990,000	0.218	0.069
2021	199,660,000	858,880,000	0.232	0.067
2022	232,962,000	844,535,000	0.276	0.187
Amount	983,934,000	4,319,005,000	1,141	0.291
Average	196,786,800	863,801,000	0.228	0.073

Source: UD. Rambe, Sitahuis District, Processed, 2023

Based on the interpretation of the average value above, it shows that economic profitability at UD. Rambe, Sitahuis District, is good, this can be seen from the average value of economic profitability of 0.228 (22.8%) for 5 years (2018-2022). For 2018, economic profitability was 0.211, while in 2019 there was a decrease of 0.031 (3.1%), to 0.204. In 2020 there was an increase of 0.069 (6.9%) to 0.218 (21.8%). In 2021, economic profitability will increase again by 0.067 (6.7%) to 0.232 (23.2%) compared to the previous year. Furthermore, in 2022 economic profitability will increase by 0.187 (18.7%) to 0.276 (27.6%).

Classic assumption test

a) Normality test

There are two ways that can be used to detect whether the residuals are normally distributed or not, namely by graphic analysis and statistical tests. In this research, two methods were used:

1) Graphic Analysis

The graphic analysis that the author uses in this research is histogram graphic analysis. On a histogram graph, data that follows or approaches a normal distribution is a bell-shaped data distribution. In this study, the data on the histogram graph is bell-shaped so it can be concluded that the data distribution is normal. It can be seen in the following image:

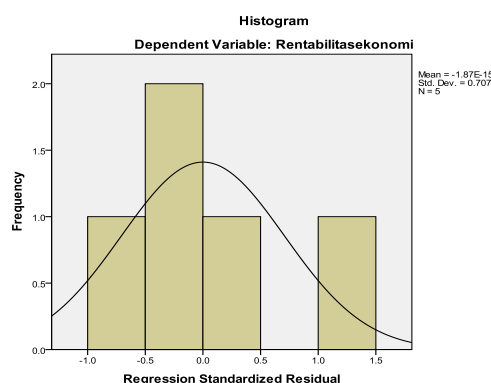


Figure 1. Histogram Graph of Inventory Turnover Variables, Current Asset Turnover and Economic Profitability (Source: SPSS 23 processed results)

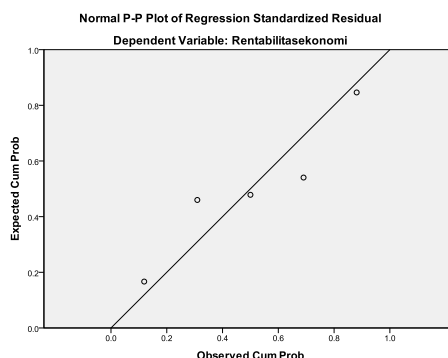


Figure 2. Normal graph PP Plot of Standardized Regression Residual (Source: SPSS 23 processed results)

Based on the picture and graph above (histogram graph) it shows that the distribution of data from the variables Inventory Turnover, current asset turnover and economic profitability is close to normal. This is shown by the points on the scatter plot which appear to follow the data along the diagonal line.

2) Statistical analysis

One of the statistical tests to test normality is the Kolmogorov Smirnov (KS) statistical test. This test is carried out by making a hypothesis: If the probability (Asymp. Sig) is below 0.05 and the KS Z value is above the Z value for 0.05 of 1.97, then H_a is rejected, meaning the residual data is not normally distributed, if the probability is above 0.05 and the KS Z value is below the Z value for 0.05 which is 1.97, meaning the residual data is normally distributed. The results of the Kolmogorov Smirnov test can be seen in the following table:

Table 4. One sample Kolmogorov Smirnov Test

		Unstandardized Residuals
N		5
Normal Parameters, b	Mean	.0000000
	Std. Deviation	.00970427
Most Extreme Differences	Absolute	.237
	Positive	.237
	Negative	-.224
Kolmogorov-Smirnov Z		.531
Asymp. Sig. (2-tailed)		.941

a. Test distribution is Normal.

b. Calculated from data.

Source: Source: SPSS 23 processed results

From the table above it can be seen that Asymp. The sig is 941 above the probability value of 0.05 and the Kolmorov Smirnov Z value is 0.53 1 smaller than the Z value for sig 5%, namely 1.97, which means that the three variable data are normally distributed.

3) Statistical analysis

One of the statistical tests to test normality is the Kolmogorov Smirnov (KS) statistical test. This test is carried out by making a hypothesis: If the probability (Asymp. Sig) is below

0.05 and the KS Z value is above the Z value for 0.05 of 1.97, then H_a is rejected, meaning the residual data is not normally distributed, if the probability is above 0.05 and the KS Z value is below the Z value for 0.05 which is 1.97, meaning the residual data is normally distributed. The results of the Kolmogorov Smirnov test can be seen in the following table:

Table 5. One sample Kolmogorov Smirnov Test

		Unstandardized Residuals
N		5
Normal Parameters, b	Mean	.0000000
	Std. Deviation	.01739974
Most Extreme Differences	Absolute	,147
	Positive	,147
	Negative	-.122
Kolmogorov-Smirnov Z		,328
Asymp. Sig. (2-tailed)		1,000

a. Test distribution is Normal.

b. Calculated from data.

Source: Source: SPSS 26 processed results

From the table above it can be seen that Asymp. The sig of 1,000 is above the probability value of 0.05 and the Kolmorov Smirnov Z value of 0.328 is smaller than the Z value for sig 5%, namely 1.97, which means that the three variable data are normally distributed.

Autocorrelation Analysis

The autocorrelation test is used to determine whether or not there are deviations from the classic assumption of autocorrelation, namely the correlation that occurs between the residuals in one observation and other observations in the regression model. The prerequisite that must be met is the absence of autocorrelation in the regression model. The test method that is often used is the Durbin-Watson test (DW test) with the following conditions:

- 1) If d is smaller than d_L or greater than $(4-d_L)$ then the null hypothesis is rejected, which means there is autocorrelation.
- 2) If d lies between d_U and $(4-d_U)$, then the null hypothesis is accepted, which means there is no autocorrelation.
- 3) If d lies between d_L and d_U or between $(4-d_U)$ and $(4-d_L)$, then it does not produce a definite conclusion.

The d_U and d_L values can be obtained from the Durbin Watson statistical table which depends on the number of observations and the number of explanatory variables.

Table 6. Auto Correlation Test Results
Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.959a	,920	,839	.01249	3,041

a. Predictors: (Constant), Current Perpaktiva, Persupply

b. Dependent Variable: Economic profitability

Source: SPSS 23 processed results

From the output results above, the DW value resulting from the regression model is 3.041. Meanwhile, from the DW table with a significance of 0.05 and the amount of data (n) = 15, and k = 2 (k is the number of independent variables) a dL value is obtained of 0.9455 and dU of 1.5432 (see attachment). Because the DW value (3.041) is in the area between dU and (4-dU), which does not mean there is autocorrelation.

Multiple Linear Regression

Next, to determine the significant influence between variables X and Y, a simple linear regression calculation is carried out as follows:

Table 7. Regression coefficient output and hypothesis testing (t test)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.973	,359		-2,713	,113
	Supplies	,412	,192	,884	2,141	,166
	Perpaset smoothly	,070	,340	,085	,206	,856

a. Dependent Variable: Economic profitability

Source: SPSS 23 processed results

From the calculations in table 4.11 above, the following regression equation is obtained: $Y = -0.973 + 0.412X_1 + 0.070X_2$, this can be interpreted as follows:

- 1) The regression constant value is -0.973, indicating that when inventory turnover and current asset turnover are constant or $X = 0$, the economic profitability at UD. Rambe, Sitahuis District, is -0.973.
- 2) Variable X_1 (inventory turnover) has a regression coefficient of 0.412, has a positive influence on Y (economic profitability). This means that if the inventory turnover variable increases with the assumption that other variables are constant, then this can increase economic profitability at UD. Rambe, Sitahuis District, was 0.412 or 41.2%.
- 3) Variable X_2 (current asset turnover) has a regression coefficient of 0.070, has a positive influence on Y (economic profitability). This means that if the current asset turnover variable increases with the assumption that other variables are constant, then this can reduce economic profitability at UD. Rambe, Sitahuis District, is 0.070 or 7%.

Hypothesis Test (t Test)

1) Inventory Turnover Variables

Once the regression coefficient value is known, the next step is to test the coefficients individually or partially. Hypothesis: There is an influence of inventory turnover on economic profitability at UD. Rambe, Sitahuis District.

a). Testing steps

$H_0 = b_1 = 0$ meaning that there is no significant influence between the inventory turnover variable on economic profitability at UD. Rambe, Sitahuis District.

$H_a = b_1 \neq 0$ meaning that there is a significant influence between the inventory turnover variable on economic profitability at UD. Rambe, Sitahuis District.

- b) Conventional testing criteria found that the error level $\alpha = 0.025$ (two-sided test) with $df = nk$ or $5-2=3$, the results are known. For t table = 3.18245 and calculated $t = 2.141$. Because t count $<$ t table, the inventory turnover variable (X1) has no significant effect on economic profitability, meaning that H_0 is accepted, H_a is rejected.
- c) The SPSS test criteria are by looking at the significance probability (P-value) = 0.166 or 16.6% greater than 5%, then H_0 is accepted, H_a is rejected so it can be said that the inventory turnover variable (X1) has an insignificant effect on economic profitability at UD. Rambe, Sitahuis District, thus the proposed hypothesis is not proven.

2) Current Asset Turnover Variables

Hypothesis: There is an influence of current asset turnover on economic profitability at UD. Rambe, Sitahuis District.

- a). Testing steps
 $H_0 = b_1 = 0$ This means that there is no significant influence between the current asset turnover variable on economic profitability at UD. Rambe, Sitahuis District.
 $H_a = b_1 \neq 0$ This means that there is a significant influence between the current asset turnover variable on economic profitability at UD. Rambe, Sitahuis District.
- b) Conventional testing criteria found that the error level $\alpha = 0.025$ (two-sided test) with $df = nk$ or $5-2=3$, the results are known. For t table = 3.18245 and calculated $t = 0.206$. Because t count $<$ t table, the current asset turnover variable (X2) has no significant effect on economic profitability, meaning that H_0 is accepted, H_a is rejected.
- c) The SPSS test criteria are by looking at the significance probability (P-value) = 0.856 or 85.6% which is greater than 5% then H_0 is accepted, H_a is rejected so it can be said that the current asset turnover variable (X2) has an insignificant effect on economic profitability in UD. Rambe, Sitahuis District, thus the proposed hypothesis is not proven.

F test (together/simultaneously or simultaneously)

This test is intended to determine the proposed hypothesis, namely: there is an influence between the inventory turnover variables, current asset turnover simultaneously on economic profitability at UD. Rambe, Sitahuis District, proven whether it is true or not using the F test. This test was carried out to test the influence of X1 and X2 on Y together.

Table 8. Simultaneous Test Results
ANOVA^b

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,004	2	,002	11,443	.080a
	Residual	,000	2	,000		
	Total	,004	4			

a. Predictors: (Constant), Current Perpaset, Persupply

b. Dependent Variable: Economic profitability

Source: SPSS 23 processed results

F test used to test the significance of the influence of variables X1 and X2 on variable Y.

- a. $H_0: b_1, b_2, = 0$:This means that there is no influence of the inventory turnover and current asset turnover variables simultaneously on economic profitability at UD. Rambe, Sitahuis District.
- b. $H_a: b_1, b_2, \neq 0$:This means that there is an influence of inventory turnover and current asset turnover simultaneously on economic profitability at UD. Rambe, Sitahuis District.

Test criteria

- 1) Conventionally at a real level = 0.05 with df numerator = 2 and df denominator = 5 (obtained from the results of df, $(nk-1) = (5-2-1) = 2$ it is known that F table = 19.00 and F calculated = 11.443. Because F calculate < F Table, then H_0 is accepted, and H_a is rejected so that the inventory turnover and current asset turnover variables have no significant effect on economic profitability at UD Rambe, Sitahuis District,
- 2) SPSS that is, by looking at the significance probability (P-value) = 0.080 or 8% greater than 5% then H_0 is accepted, H_a is rejected so it can be said that the inventory turnover and current asset turnover variables have no significant effect on economic profitability at UD. Rambe, Sitahuis District, thus the proposed hypothesis was not proven to be accepted.

Discussion

From the results of the analysis using the SPSS version 23 program, it shows that the normality test is seen in the Asymp. Sig. (2-tailed) is 0.941, so the value of Asymp. Sig. (2-tailed) > α 0.05, and Kolmogorov Smirnov Z of 0.531 is smaller than 1.97, then the data is normally distributed. Meanwhile, in the Multicollinearity Test, it can be seen that the independent variables, namely inventory turnover and current asset turnover, have a Variance Inflation Factor value of 4.239 (not exceeding 10), so that multicollinearity does not occur in the independent variables of this research. And in the Heteroscedasticity Test it can be seen that the points are spread randomly, do not form a regular/unclear pattern, and are spread both above and below the number 0 on the Y axis. Thus this does not happen in the regression model.

In the multiple liner regression analysis model, a value of Sig = 0.166 was obtained for the inventory turnover variable, which means > the significant criteria (0.05), thus the effect of inventory turnover on economic profitability is not significant, while the current asset turnover variable obtained a sig of 0.856, which means > from the significant criteria (0.05) so it can be interpreted that current asset turnover has no significant effect on economic profitability at UD. Rambe, Sitahuis District. Then, when testing the hypothesis simultaneously using the summary model, it can be seen that the coefficient of determination (R Square) is 0.920 and Sig.(2-tailed) 0.080, which means that the influence of inventory turnover and current asset turnover has an insignificant effect on economic profitability at UD. Rambe Sitahuis District is 92% and the remaining 8% is influenced by other factors not included in the model.

The results of the research follow what is required by statistical research theory by carrying out several tests before being included in the model. Likewise, this research has the same results as research conducted partially where inventory turnover has no significant effect on economic profitability. Next, partial research results (Astakoni & Utami, 2019; Islamiyah et al., 2018) Inventory turnover has a significant effect on company profitability. The difference with this research is that the effect is not significant. Meanwhile, previous research was carried out (Karlina, 2018) produces conclusions showing that partially current



asset turnover, inventory turnover has an insignificant effect on profitability.

The results of the two studies both conclude that Inventory Turnover has an influence on profitability, but Karlina's research (2018) concludes that current asset turnover and inventory turnover have an insignificant positive effect, the same as the results of this study, where inventory turnover, current asset turnover, have a positive and insignificant effect, both simultaneously and partially, for each inventory turnover and current asset turnover variable on economic profitability at UD. Rambe, Sitahuis District.

CONCLUSION

Based on the description of research results regarding the influence of Inventory Turnover (X) on economic profitability at UD. Rambe, Sitahuis District, it can be concluded as follows: a) The multiple linear regression equation obtained is $Y = -0.973 + 0.412 \text{ inventory (X1)}$ is increased by one unit. The current asset turnover variable (X2) shows a positive influence on economic profitability of 0.070 at UD. Rambe, Sitahuis District. A constant of -0.973 indicates that inventory turnover, current asset turnover, under constant conditions or $X = 0$, means economic profitability at UD. Rambe, Sitahuis District, is -0.973. b) Based on the t test (hypothesis test) which was carried out by comparing the calculated t value with the t table, it was found that the positive calculated t value was greater than the t table, namely $2.141 < 3.18245$. Because the calculated t is smaller than the t table and the probability value obtained is $0.166 > 0.05$, it can be concluded that there is an insignificant influence between inventory turnover (X1) on economic profitability (Y) at UD. Rambe, Sitahuis District and the proposed hypothesis was rejected. For the hypothesis of the influence of the current asset turnover variable (X2) on economic profitability (Y) at UD. Rambe Sitahuis District is also not proven because the t count of 0.206 is greater than the t table of 3.18245 or the probability value is $0.856 > \alpha 0.05$ (5%) so it can be concluded that current asset turnover (X2) has no significant effect on economic profitability at UD. Rambe, Sitahuis District. a) Based on the F test, where the calculated F is $11.443 < F$ table of 19.00 and the probability of significance obtained is $0.080 > \alpha 0.05$ so that the proposed hypothesis is that there is an influence of inventory turnover and current asset turnover simultaneously on economic profitability at UD. Rambe, Sitahuis District, can be rejected or not significant.

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