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The Effect Of Working Capital Management, Leverage, And Institutional Ownership On Profitability With Company Size As A Moderation Of Consumer Goods Companies Listed On The Indonesia Stock Exchange In The Period 2019-2023

Pengaruh Manajemen Modal Kerja, Leverage, Dan Kepemilikan Institusional Terhadap Profitabilitas Dengan Ukuran Perusahaan Sebagai Moderasi Pada Perusahaan Consumer Goods Yang Terdaftar Di Bursa Efek Indonesia Periode 2019-2023

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ABSTRACT
Economic progress in Indonesia cannot be separated from the contribution of various industries operating domestically. One sector that plays an important role in Indonesia's economic development is the consumer goods sector. This study uses a quantitative approach. The data used in this study are secondary data obtained from the annual financial reports of consumer goods companies that have gone public from 2019-2023. The population in this study were all consumer goods companies listed on the IDX in 2019 - 2023, namely 94 companies. This study uses a non-probability sampling method with a purposive sampling technique. The data analysis method used in this study is Moderated Regression Analysis (MRA). The results of the study show that working capital management has an effect on profitability, leverage has an effect on profitability, institutional ownership has an effect on profitability, company size cannot moderate the effect of working capital management on profitability, company size can moderate the effect of leverage on profitability, company size cannot moderate the effect of institutional ownership on profitability.
Keywords*: Working Capital Management, Leverage, Company Size, Institutional Ownership, Profitability*

ABSTRAK
Kemajuan ekonomi di Indonesia tidak dapat dipisahkan dari kontribusi berbagai industri yang beroperasi di dalam negeri. Salah satu sektor yang berperan penting dalam pembangunan ekonomi Indonesia yaitu sektor barang konsumsi atau consumer goods. Penelitian ini menggunakan pendekatan kuantitatif. Data yang digunakan dalam penelitian ini data sekunder yang diperoleh dari laporan keuangan tahunan perusahaan consumer goods yang sudah go public dari tahun 2019-2023. Populasi dalam penelitian ini seluruh perusahaan consumer goods yang terdaftar di BEI pada tahun 2019 – 2023 yaitu sebanyak 94 perusahaan. Penelitian ini menggunakan metode non-probability sampling dengan teknik purposive sampling. Metode analisis data yang digunakan dalam penelitian ini Moderated Regression Analysis (MRA). Hasil penelitian menunjukkan manajemen modal kerja berpengaruh terhadap profitabilitas, leverage berpengaruh terhadap profitabilitas, kepemilikan institusional berpengaruh terhadap profitabilitas, ukuran perusahaan tidak dapat memoderasi pengaruh manajemen modal kerja terhadap profitabilitas, ukuran perusahaan dapat memoderasi pengaruh leverage terhadap profitabilitas, ukuran perusahaan tidak dapat memoderasi pengaruh kepemilikan institusional terhadap profitabilitas.
Kata Kunci: Manajemen Modal Kerja, Leverage, Ukuran Perusahaan, Kepemilikan Institusional, Profitabilitas

1. Introduction

Economic progress in Indonesia cannot be separated from the contribution of various industries operating domestically. One sector that plays an important role in Indonesia's economic development is the consumer goods sector. This industry focuses on the production of goods that are consumed directly by the community, which are then sold to consumers for daily needs. The high public interest in this industry is due to its role in meeting basic daily needs. In addition, with Indonesia's large population, the consumer goods sector has a large market potential, making it one of the most popular industrial sectors in Indonesia. One of them was experienced by PT Unilever Indonesia Tbk, which earned a net profit of IDR 4.8 trillion, with profit before tax (PBT) increasing by 16.1 percent at the end of 2023. Unilever Indonesia also recorded net sales of IDR 38.6 trillion with a gross margin increase of 346 bps compared to 2022. However, in November and December 2023, the impact of the shift in sentiment caused by the geopolitical situation resulted in Unilever Indonesia's domestic sales for the fiscal year ending in 2023 being minus 5.2 percent.

Average return on assets (ROA) data from companies in the consumer goods sector in Indonesia from 2019 to 2023. The fluctuations can be seen in the graph below.

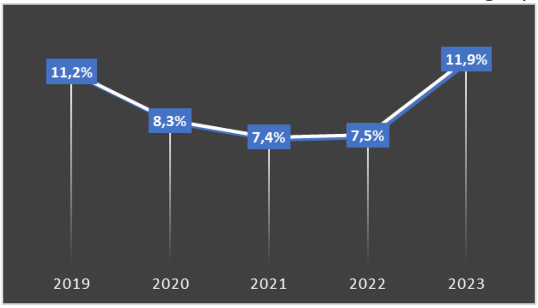

Figure 1. Average ROA of Consumer Goods Companies for the Period 2019 – 2023

Overall, the average ROA data shows that although the consumer goods sector has experienced challenges over the past few years, the long-term outlook remains positive, especially with the large market potential in Indonesia. From this data, companies need the right strategy to grow because a growing economy produces tight competition. Before making a strategy, companies must first know the extent of their capacity to generate profits that can be measured using profitability ratios. Therefore, it is important to know what factors can affect the company's profitability.

One of the factors that can affect a company's profitability is working capital management. The thing that can cause the level of profitability to decrease is when the company gets excess working capital, but if the company experiences a lack of working capital, the growth of the company's operational rate will be hampered. The next factor that can affect a company's profitability is leverage. Leverage refers to the use of funds from debt to finance the company's operations and investments. The use of debt as a source of financing aims to increase the company's investment capacity and growth, but on the other hand it also increases financial risk. Furthermore, institutional ownership is considered important because these institutions generally have access to better information, strong analytical capabilities, and a long-term focus that can encourage better corporate governance. Institutional shareholders have the ability to monitor management activities more effectively, so that management is more motivated to work in the interests of all shareholders. This can have an impact on increasing the company's profitability.

In this study, there is a moderating variable, namely company size, this is because company size is one of the important factors that can affect financial performance, including profitability. As a moderating variable, company size can affect how strong or weak the relationship is between the main research variables and profitability. Company size is proxied by the company's total assets each year. Large companies have large total assets, so that the company is able to optimize company performance, with the assets it has. Therefore, company size is one of the factors that determines the company's ability to generate profitability. In line with this, Lorenza et al. (2020) explained that high company size makes a real contribution to increasing company profits.

2. Literature Review

Profitability

Profitability is a ratio to assess a company's ability to make a profit. This ratio also provides a measure of the level of effectiveness of a company's management. This is indicated by the profit generated from sales and investment income. The point is that the use of this ratio shows the efficiency of the company (Shalini et al., 2022). According to Nadhilah, et al. (2022) profitability is one of the factors that plays an important role in influencing the value of the company. Profitability is an important indicator when evaluating the success of a company and as a measure of the level of effectiveness of management in obtaining profit.

The ratio used to measure profitability in this study is Return on Asset (ROA), with the formula used to measure ROA in this study Zulfikar et al (2023):

$$\mathrm{ROA} = \frac{\text{Profit After Tax}}{\text{Total Asset}}$$

Working Capital Management

Working capital is the amount of cash a company uses for operational activities including purchasing raw materials to produce products that will then be sold to generate income. Working capital management is a management science that provides direction to realize a working capital concept that is in accordance with the expectations of the company and commissioners (Shalini et al., 2021).

The measurement of working capital management in this study uses the cash conversion cycle (CCC) proxy, which is a simple sum of the number of days of receivables (DSO) and the number of days of inventory sales (DSI) minus the number of days of payments outstanding (DPO) (Keown, 2010:245). From the research of Wahyuningrum & Suzan (2023) Working capital management can be measured using the cash conversion cycle (CCC).

Leverage

Leverage is a ratio that is useful as an instrument to calculate how a company's assets are funded using debt. This means how much of the debt burden is imposed on the company compared to the number of assets (Sudiartana & Yudantara, 2020). According to (Fadhila & Andayani, 2022) Leverage is one way to maintain the survival of the company because leverage is a ratio used to measure the size of the use of debt used to finance company assets. Assets and funding sources that cause burdens or costs from operational activities are the cause of leverage.

Jessica & Rasyid (2021) Leverage in this study is proxied by the Debt to Equity Ratio. The following is the formula used to measure leverage in this study.

$$\mathrm{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Institutional Ownership

Institutional ownership is the ownership of company shares owned by institutions or institutions such as insurance companies, banks, investment companies and other institutional ownership. Institutional parties who own more shares than other shareholders can supervise government policies (Sanchez & Mulyani, 2020). According to El-Haq et al. (2019) a large proportion of institutional ownership is expected for management performance and encourages management to implement conservative accounting principles.

Institutional ownership is shares owned by institutions. With the presence of institutional investors, it is considered to be a mechanism for monitoring company managers so that there is no asymmetry in the company's financial information (Runtu et al., 2019). Based on research by Panda and Leepsa (2019:361), the measurement of institutional ownership is as follows:

$$\text{IOWN} = \frac{\text{Number of shares owned by the Institution}}{\text{Number of shares outstanding}}$$

Company Size

Company size is an economic entity that operates in the financial, industrial and trade sectors continuously and in a structured manner, with the aim of making a profit. Company size can be determined by the company's value and calculate it in the algorithm value (Sopiani & Syarif, 2024). According to Irawan & Kusuma (2019) company size is seen from the total assets owned by the company that can be used for the company's operational activities.

In general, a company is a certain activity unit that changes economic resources into more valuable goods or services with the aim of gaining profit and other purposes. The way to measure the size of this company is by using the following formula:

$$\text{Company Size} = \text{LN Total Asset}$$

The proxy above is supported by previous research conducted by Anisa & Febyansyah (2024) in measuring company size, the proxy used was (LN Total Assets).

Framework

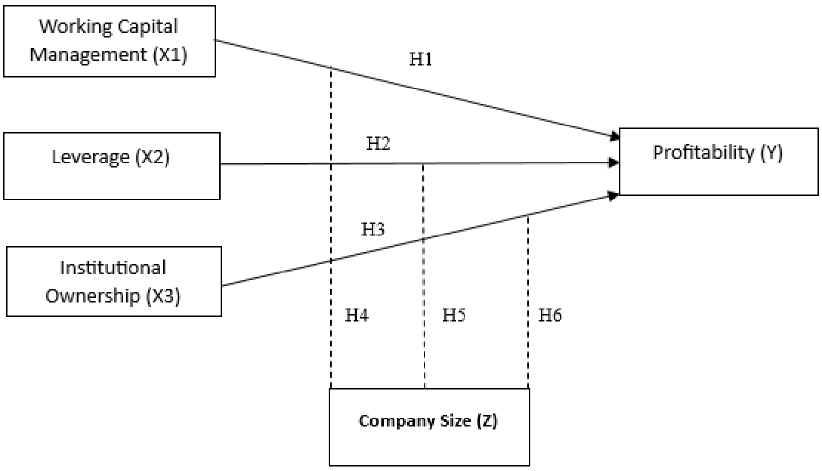

Figure 2. Framework of Thought

Hypothesis

The Influence of Working Capital Management on Profitability

Birgham & Houston (2020) stated that working capital greatly influences the survival of a company. Working capital is a company's investment in its short-term assets such as cash, securities, inventory, and receivables. Profitability is a measure used by management to control working capital efficiently. A company with high working capital will allow smooth operational activities in a company. Positive and effective working capital management can indirectly increase profitability (Hasanah and Setyawan, 2020). Working capital management is

important when considering liquidity and profitability issues that require decisions regarding the size and composition of current assets and their funding. The greater the proportion of current assets, the lower the risk of running out of cash. The results of research conducted by Rahayuningsih & Suselo (2023) show that working capital management has a significant effect on profitability.
H1: Working Capital Management has a significant effect on Profitability.

The Effect of Leverage on Profitability

According to Nasir (2020), leverage is one of the important factors that affect profitability because it can increase the company's capital with the aim of increasing profits. Because although debt can increase productivity, good management is needed, if the company uses more debt than its own capital, the solvency level will decrease, so that the interest burden that must be borne will also increase. This will have an impact on decreasing profitability. The results of research conducted by Ikram & Zainul (2023) show that leverage has a significant effect on profitability.
H2: Leverage has a significant effect on Profitability.

The Influence of Institutional Ownership on Profitability

Institutional ownership is the most influential party in decision-making because of its nature as the majority shareholder, in addition, institutional ownership is the party that gives control to management in the company's financial policies (Nuridah, 2023). In line with that, a study conducted by Nuridah (2023) found that institutional ownership has a significant effect on profitability. In this context, the better the supervision carried out by institutional ownership, the higher the company's profitability. Share ownership by institutional parties in the company encourages tighter supervision of management so that it can align the interests of the owner with the agent and have a positive impact on the company's financial performance.
H3: Institutional Ownership has a significant effect on Profitability.

The Influence of Working Capital Management on Profitability Moderated by Company Size

The size of the company determines whether it obtains internal or external funding. Good funding management by company management will convey a signal about the company's internal conditions that can be used as a reference by potential investors. Investors tend to look at large-scale companies because they are in stable conditions. Investor interest in share ownership will drive demand for shares in the market (Fadhilah et al., 2021). So it can be concluded that Working Capital Management which is moderated by Company Size has an effect on Profitability. The results of research conducted by Rahayuningsih & Suselo (2023) show that Working Capital Management has a significant effect on profitability. Then the results of research conducted by Kamsari & Setijaningsih (2020) show that company size has an effect on profitability. So in this case, the more funds used as working capital should be able to increase profit.
H4: Working Capital Management moderated by Company Size has a significant effect on Profitability.

The Effect of Leverage on Profitability Moderated by Company Size

The higher the leverage level of a company, the greater the value of a company. According to Andayani (2021), more debt can increase the value of a company because interest costs on debt can reduce taxable income. The company's debt will later reduce taxable income and have a direct impact on the amount of tax to be paid. The debt financing used will also increase the bankruptcy ratio, but this will further encourage company management to

work more efficiently so that bankruptcy does not occur. The results of research conducted by Ikram & Zainul (2023) show that leverage has a significant effect on profitability. Then the results of research conducted by Kamsari & Setijaningsih (2020) show that company size affects profitability. Large companies tend to be better able to utilize leverage to increase profitability with more controlled risks than small companies, which may be more vulnerable to the negative effects of leverage if not managed properly.
H5: Leverage moderated by Company Size has a significant effect on Profitability.

The Effect of Institutional Ownership on Profitability Moderated by Company Size

Institutional ownership is the percentage of voting rights held by an institution. According to Anggreni & Mulyani (2020), institutional ownership has the ability to monitor the performance of managers in managing the company so that ownership by other institutions is expected to have a maximum impact on the company. The high profitability of a company will attract investors to invest in the company (Andayani & Trisyonowati, 2021). Company size plays a role in indicating the dividend payout ratio of a company. Large companies tend to value dividends higher than small companies. Therefore, if the company can achieve good stability and profitability. The results of research conducted by Nuridah (2023) found that institutional ownership has a significant effect on profitability. Then the results of research conducted by Kamsari & Setijaningsih (2020) showed that company size affects profitability. In this case, company size can strengthen the relationship between institutional ownership and profitability.
H6: Institutional Ownership moderated by Company Size has a significant effect on Profitability.

3. Research Methods

This study uses a quantitative approach, where the quantitative approach was chosen because in this study the research data was in the form of numbers and data analysis used statistics (Sugiyono, 2021:7). This research is included in the type of explanatory research , namely explaining the causal relationship between variables through hypothesis testing, which aims to determine the effect of independent variables on dependent variables (Sugiyono, 2021:13).

This research will be conducted on companies included in the consumer goods sector and listed on the Indonesia Stock Exchange (IDX). The data used in this study are secondary data obtained from the company's annual financial reports that have been published on the official IDX website and, scientific journals, and other related publications.

The population in this study were all consumer goods companies listed on the IDX in 2019 - 2023, which were 94 companies. In this study, sampling was carried out using the non-probability sampling method with the purposive sampling technique. The non-probability sampling method is a sampling technique that does not provide equal opportunities for each element or member of the population to be selected as a sample. While the purposive sampling technique is a sampling determination technique with certain considerations or criteria. The samples in this study were consumer goods companies which meets the following criteria:

1. Consumer goods company listed on the IDX for the period 2019 – 2023.
2. Consumer goods company which consistently publishes annual reports for the period 31 December 2019 - 2023.
3. Consumer goods companies that have profit data for the 5-year period December 31, 2019-2023 .

The research data comes from sources collected using various techniques, during the research activities (Mulyadi, 2016:143). This research data uses secondary data in the form of financial report data from consumer goods companies that have gone public from 2019-2023.

The data analysis method used in this study is Moderated Regression Analysis (MRA). MRA is a special application of multiple linear regression where the regression equation contains interactions or multiplications of two or more independent variables. MRA or interaction test is a special application of linear multiple regression where the regression equation contains an interaction element (multiplication of two or more independent variables).

4. Results and Discussion

Description of Research Object

The population in this study is all consumer goods companies listed on the IDX in 2019 - 2023, which is 94 companies. The purposive sampling method is used in selecting samples based on several criteria and has been adjusted to the needs of this study. The research sample was obtained based on the specified criteria. A summary of the sample selection procedure is presented in the following table:

Table 1. Sampling Criteria

No	Criteria	Population
1.	Consumer goods company listed on the IDX for the period 2019 – 2023.	94
2.	Consumer goods company which inconsistently published annual reports for the period 31 December 2019 - 2023 .	(38)
3.	Consumer goods companies that do not have profit data for the 5-year period December 31, 2019-2023 .	(21)
Consistent Research Sample		35
Total Consistent Sample (35 x 5 years)		175

Source: Data Processing Results with SPSS

Descriptive Statistical Test

Descriptive statistical tests are used to describe data presented in the form of minimum values, maximum values, average values, and standard deviations (Ghozali, 2020). The following are the results of descriptive statistical tests in this study.

Table 2. Results of Descriptive Statistical Tests

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
ROA	175	-,21	,94	,0925	,13360
CCC	175	-52.72	5343.37	190.5462	532.86863
DER	175	-2.13	17.04	1.0149	1.82570
INST	175	,05	,93	,6843	,20701
SIZE	175	11.54	19.04	14.9472	1.72045
Valid N (listwise)	175				

Source: Data Processing Results with SPSS

Based on the data processing that has been done, it can be seen that the profitability variable has a mean or average value of 0.0925 with a maximum value of 0.94 and a minimum value of - 0.21. With a standard deviation of 0.13360 which means that there is a significant difference between companies in terms of their profitability. The working capital management variable has a mean or average value of 190.5462 with a maximum value of 5434.37 and a minimum value of - 52.72. With a standard deviation of 532.86863 which means that there is a very large variation, the standard deviation indicates how far the individual values in the data set spread from the average value. The leverage variable has a mean or average value of 1.0149 with a maximum value of 17.04 and a minimum value of - 2.13. With a standard deviation of 1.82570 which means that this shows that there is a significant variation in the leverage value among the samples analyzed. The institutional ownership variable has a mean or average value of 0.6843 with a maximum value of 0.93 and a minimum value of 0.05. With a standard deviation of 0.20701, which means that the institutional ownership variable has sufficient variation among the samples analyzed. The company size variable has a mean or average value of 14.9472 with a maximum value of 19.04 and a minimum value of 11.54. With a standard deviation of 1.72045, which means that there is a significant variation in company size among the samples analyzed.

Moderated Regression Analysis (MRA)

Moderated Regression Analysis (MRA) is used as a panel data regression equation because in this study there is a moderating variable, where Information Technology Utilization is a moderating variable. The following table of regression results is:

Table 3. Multiple Linear Regression Test Results Model 1

Coefficients [a]						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	,030	,028		1,046	,297
	CCC	-2.792E-5	,000	-,144	-1,900	,0 4 9
	DER	-,012	,004	-,203	-2,674	,008
	INST	,102	,039	,199	2,623	,010
a. Dependent Variable: ROA						

Data Processing Results with SPSS

ROA = α – 2.792 – 0.012 + 0.102 + ε

From the results in the table above, it can be seen that the coefficient figures for the working capital management variables namely -2.792 which means working capital management has a negative relationship with profitability, then on the leverage variable, the coefficient number is -0.012, which means that leverage has a negative relationship with profitability, and on the institutional ownership variable, the coefficient number is 0.102, which means that institutional ownership has a positive relationship with profitability.

Table 4. Multiple Linear Regression Test Results for Model 2

Coefficients [a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-,213	,246		-,865	,388
	CCC	,000	,000	1,756	,821	,413
	DER	-,215	,069	-3,771	-3,114	,002
	INST	,238	,344	,465	,693	,489
	SIZE	,017	,017	,279	1,028	,306
	CCC_SIZE	-2,701E-5	,000	-1,835	-,863	,390
	DER_SIZE	,015	,005	3,591	2,970	,003

	INST_SIZE	-,012	,024	-,389	-,518	,605
a. Dependent Variable: ROA						

Source: Data Processing Results with SPSS

ROA = α + 0.000 – 0.215 + 0.238 + 0.017 – 2.705 + 0.015 -0.012 + e

From the results of the table above in model 2, it can be seen that the company size variable moderates the influence of working capital management on profitability the coefficient value obtained is -2.701 with a sig of 0.390, which means it has a negative relationship and cannot moderate, then on the company size variable moderates the effect of leverage on profitability the coefficient value obtained is 0.015 with a sig of 0.003, which means that there is a positive relationship and company size can moderate, and on the company size variable moderates the influence of institutional ownership on profitability the coefficient value obtained is -0.012 with sig 0.605 which means it has a negative relationship and cannot moderate.

Hypothesis Testing

Simultaneous Test (F Test)

Simultaneous significance test (F test) is conducted to determine whether all independent variables used have a joint influence on the dependent variable. The results of the simultaneous test (F test) in this study are as follows:

Table 5. Simultaneous Test of Model 1

ANOVA [a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,179	3	,060	5,673	,001 [b]
	Residual	1,655	157	,011		
	Total	1,834	160			
a. Dependent Variable: ROA						
b. Predictors: (Constant), INST, DER, CCC						

Data Processing Results with SPSS

The F-Statistic value in model 1 is 5.673 with a Prob F-statistic value of 0.001. The probability value of the F statistic is smaller than the significant value of α = 5%, so it can be concluded that the independent variables in this study, namely working capital management, leverage and institutional ownership together have a significant effect on profitability.

Table 6. Simultaneous Test of Model 2

ANOVA [a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,446	7	,064	7,028	,000[b]
	Residual	1,388	153	,009		
	Total	1,834	160			
a. Dependent Variable: ROA						
b. Predictors: (Constant), INST_SIZE, DER_SIZE, CCC_SIZE, SIZE, INST, DER, CCC						

Source: Data Processing Results with SPSS

The F-Statistic value in model 2 is 7.028 with a Prob F-statistic value of 0.000. The probability value of the F statistic is smaller than the significant value of α = 5%, so it can be concluded that the independent variables in this study, namely working capital management, leverage and institutional ownership together have a significant effect on profitability which is moderated by company size.

Partial Test (T-Test)

Partial hypothesis testing or t-test is conducted to determine the effect of each independent variable on its dependent variable. The basis for decision making is based on the significance value, if the significance value is smaller than the 5% error rate (sig. <0.05) then the hypothesis is accepted, and vice versa. The results of the hypothesis testing will be explained below.

Table 7. Partial Test of Model 1

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	,030	,028		1,046	,297
	CCC	-2,792E-5	,000	-,144	-1,900	,049
	DER	-,012	,004	-,203	-2,674	,008
	INST	,102	,039	,199	2,623	,010

a. Dependent Variable: ROA

Data Processing Results with SPSS

The working capital management variable on profitability obtained a beta coefficient value with a negative relationship direction of -2.792, a t-count value of -1.900 and a significance value of 0.049 < 0.05. Thus, the first hypothesis is accepted . This means that working capital management has an effect on profitability. The leverage variable on profitability obtained a beta coefficient value with a negative relationship direction of -0.012, a t-count value of -2.674 and a significance value of 0.008 < 0.05. Thus, the second hypothesis is accepted . This means that leverage affect profitability. The institutional ownership variable on profitability obtained a beta coefficient value with a positive relationship direction of 0.102, a t-value of 2.623 and a significance value of 0.010 < 0.05. Thus, the third hypothesis is accepted . This means that institutional ownership affects profitability.

Table 8. Partial Test of Model 2

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-,213	,246		-,865	,388
	CCC	,000	,000	1,756	,821	,413
	DER	-,215	,069	-3,771	-3,114	,002
	INST	,238	,344	,465	,693	,489
	SIZE	,017	,017	,279	1,028	,306
	CCC_SIZE	-2,701E-5	,000	-1,835	-,863	,390
	DER_SIZE	,015	,005	3,591	2,970	,003
	INST_SIZE	-,012	,024	-,389	-,518	,605

a. Dependent Variable: ROA

Data Processing Results with SPSS

The working capital management variable has an effect on profitability moderated by company size, obtaining a beta coefficient value with a negative relationship direction of -2.701, a t-count value of -0.863 and a significance value of 0.390 > 0.05. Thus, the fourth hypothesis is rejected . This means that company size cannot moderate the effect of working capital management. The leverage variable has an effect on profitability moderated by company size, obtaining a beta coefficient value with a positive relationship direction of 0.015, a t-count value of 2.970 and a significance value of 0.003 < 0.05. Thus, the fifth hypothesis is accepted . This means that company size can moderate the effect of leverage on profitability. Institutional ownership variables affect profitability moderated by company size, obtaining a beta coefficient value with a negative relationship direction of -0.012, a t-value of -0.518 and a significance value of 0.605 > 0.05. Thus, the sixth hypothesis is rejected . This means that company size cannot moderate the effect of institutional ownership on profitability.

Discussion

The Influence of Working Capital Management on Profitability

The results of the first hypothesis test show that working capital management has an effect on profitability, this indicates that companies that are able to manage working capital well tend to increase their profitability. A company has high working capital, which will allow smooth operational activities in a company. Positive and effective working capital management can indirectly increase profitability (Hasanah and Setyawan, 2020). The results of this study are in line with research conducted by Chandra and Apriyono (2021) which shows that working capital management has an effect on profitability, these results are also in line with research conducted by Sari (2021) which shows that working capital management has an effect on profitability.

The Effect of Leverage on Profitability

The results of the second hypothesis test show that leverage has an effect on profitability, this shows that increasing leverage (greater use of debt) actually reduces the company's profitability. This means that the more debt a company uses, the smaller the profit it generates, and vice versa if the company uses little debt, the greater the profit it generates. Research conducted by Sutanto (2021) found that Leverage has a positive and significant effect on profitability. Then research conducted by Lamba and Atahau (2022) found that Leverage has a negative and significant effect on profitability.

The Influence of Institutional Ownership on Profitability

The results of the third hypothesis test show that institutional ownership affects profitability, this shows that the level of ownership by institutions in a company can affect the company's ability to generate profits with the influence of institutional ownership, companies tend to focus more on efficiency and long-term strategies. In line with that, a study conducted by (Nuridah, 2023) found that institutional ownership has a significant effect on profitability. The same results were shown by (Sari & Purwaningsih, 2023) who found that institutional ownership has a positive and significant effect on profitability.

The Influence of Working Capital Management on Profitability Moderated by Company Size

The results of the fourth hypothesis test show that company size cannot moderate the effect of working capital management on profitability, this result indicates that company size does not determine how much influence working capital management has on profitability, so focusing on effective working capital management is more important to improve financial performance. The finding that company size does not moderate the relationship between working capital management and profitability suggests that larger companies may not experience a significant impact from working capital management compared to smaller companies. Megawati and Sedana (2019) found that in the consumer goods sector, company size does not affect the relationship between working capital management and profitability. This result indicates that the efficiency of working capital management plays an important role, regardless of the size of the company.

The Effect of Leverage on Profitability Moderated by Company Size

The results of the fifth hypothesis test show that company size can moderate the effect of leverage on profitability, company size can weaken the positive effect of leverage on profitability. In large companies, better managerial capabilities and resources can reduce the positive impact of leverage on profitability. Conversely, small companies may experience a greater impact of work leverage on their profitability due to limitations in managing debt. This study is in line with the research of Prabhasyahrani & Khuzaini (2022) which states that company size moderates the negative effect of leverage (DER) on profitability (ROA). Likewise, Prasasti & Takarini (2022) showed that company size moderates the negative effect of solvency (DER) on financial performance (ROA).

The Effect of Institutional Ownership on Profitability Moderated by Company Size

The results of the sixth hypothesis test indicate that firm size cannot moderate the effect of institutional ownership on profitability, the inability of firm size to moderate the effect of institutional ownership on profitability indicates that institutional ownership has a relatively independent impact on firm size. Institutional ownership, which refers to the ownership of shares by financial institutions such as pension funds, insurance companies, and other institutional investors, may have a consistent effect on firm profitability regardless of firm size.

5. Conclusion

Working Capital Management affects Profitability in consumer goods companies listed on the IDX for the period 2019-2023. Leverage affects Profitability in consumer goods companies listed on the IDX for the period 2019-2023. Institutional Ownership affects Profitability in consumer goods companies listed on the IDX for the period 2019-2023. Company Size cannot moderate the effect of Working Capital Management on Profitability in consumer goods companies listed on the IDX for the period 2019-2023. Company Size can moderate the effect of Leverage on Profitability in consumer goods companies listed on the IDX for the period 2019-2023. Company Size cannot moderate the effect of Institutional Ownership on Profitability in consumer goods companies listed on the IDX for the period 2019-2023.

Suggestion

Companies must ensure that they have sufficient working capital to support operations without experiencing liquidity shortages. Improve inventory turnover, accounts receivable management, and accounts payable to improve profitability. Although leverage can improve profitability, companies must ensure that the debt used can be managed well and does not burden the company with high financial risks. Given that institutional ownership affects profitability, companies must strive to meet the expectations of institutional investors and maintain good relations with them through accurate financial statements and clear business strategies. To improve profitability, companies must focus on effective working capital management, prudent use of leverage, and maintaining good relations with institutional shareholders.

This study only focuses on Consumer Goods companies listed on the Indonesia Stock Exchange (IDX) 2019-2023, so the results of the study cannot be generalized to other types of industries. It is also hoped that further researchers can expand the independent variables studied so that they can find out other dominant factors in influencing Profitability. Further researchers can explore other moderating variables that may affect the relationship between working capital management, leverage, institutional ownership, and profitability.

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