
**ANALYSIS OF WORKING CAPITAL TURNOVER TO OPTIMIZE PROFIT
GROWTH IN PERUSAHAAN DAERAH AIR MINUM (PDAM) TIRTA MALEM
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ABSTRACT

This research aims to analyze the working capital turnover of the Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe to optimize profit growth in the five year period (2015-2019). The data analysis method starts from collecting data, analyzing data, and drawing conclusions. The research results show that the working capital turnover of the Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe cannot be said to be optimal, because the working capital the company has each year is negative. This tendency can be caused by the company's current debt continuing to increase and cannot be met or financed by current assets. This indicates that the company's sales activities still involve a lot of current debt. Profit growth experienced fluctuations which tended to be significant as a result of the losses experienced by the company during 2015, 2017 and 2018. The working capital turnover of the Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe has not been able to optimize the company's profit growth.

Keywords : Working Capital, Profit Growth

ABSTRAK

Penelitian ini bertujuan untuk menganalisis perputaran modal kerja Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe untuk mengoptimalkan pertumbuhan laba periode lima tahun (2015 - 2019). Metode analisis data dimulai dari pengumpulan data, analisis data, dan penarikan kesimpulan. Hasil penelitian menunjukkan bahwa perputaran modal kerja Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe belum dapat dikatakan optimal, karena modal kerja yang dimiliki perusahaan setiap tahunnya bernilai negatif. Kecenderungan ini dapat disebabkan oleh utang lancar perusahaan yang terus bertambah dan tidak dapat dipenuhi atau dibiayai oleh aktiva lancar. Hal ini menunjukkan bahwa aktivitas penjualan perusahaan masih banyak melibatkan utang lancar. Pertumbuhan laba mengalami fluktuasi yang cenderung signifikan akibat dari kerugian yang dialami perusahaan selama tahun 2015, 2017 dan 2018. Perputaran modal kerja Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe belum mampu mengoptimalkan kinerja perusahaan. pertumbuhan keuntungan

Kata Kunci : Modal Kerja, Pertumbuhan Laba

I. INTRODUCTION

One of the regional apparatus organizations is the Regional Owned Enterprises (BUMD). Based on Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government Chapter 1 Article 1 "Regionally Owned Enterprises, hereinafter abbreviated as BUMD, are business entities whose capital is wholly or largely owned by the Region". So that regions can establish BUMD. The establishment of BUMD aims to: (1) provide benefits for regional economic development in general; (2) carrying out public benefits in the form of providing quality goods and/or services to fulfill people's livelihood in accordance with the conditions, characteristics and potential of the region concerned based on good corporate governance; and (3) obtain profits and/or profits. The establishment of BUMD is also based on regional needs and the feasibility of the BUMD business sector to be established.

In connection with the problem of providing clean water in Indonesia, the handling is carried out by the Drinking Water Company in the form of the Regional Drinking Water Company (PDAM). In this case, there are two responsibilities of PDAM as a regional company. Firstly, as a regional government apparatus carrying out a non-commercial mission and secondly, as a business entity which is required to earn income.

The success of a company is determined by management's decision to run the business, while decisions in the financial sector are one of the determining factors in management decision making. This is because decisions in the financial sector will affect the company's efficiency, for example decisions regarding the company's funding sources. Each source of funding has its own characteristics, such as: costs, maturity, when it will be obtained, charges on assets and other required matters. By paying attention to these factors, it can be determined which decision is the best among the available options, which will ultimately reflect the company's efficiency.

The main goal of every company is to obtain large profits from the business operations it carries out. These profits will be achieved if the company can work effectively and efficiently. In carrying out company activities, production factors are needed, one of which is working capital. Working capital has a very important meaning for the operations of a company.

With sufficient working capital, the company can also maximize its profit. Companies that lack capital will endanger the survival of the company concerned, due to not meeting the desired liquidity and profit targets. Working capital adequacy is also a measure of management performance. A profit-oriented company or business entity always has the ultimate goal of obtaining maximum profits. Profit or profit is an important means of maintaining the company's survival. The higher the expected profit, the company will be able to survive, grow and develop and be resilient in facing competition in the future. Working capital is needed by every company to maintain its existence.

Working capital is also needed to maintain the company's sustainable development, to finance daily business activities. A company often experiences problems in improper management of working capital. With good working capital management, the company will not experience a buildup of funds and will be able to earn good profits. Profit is the result obtained by the company after deducting capital. The profits obtained can be used to pay the company's existing obligations or be re-managed as a source of funds. Working capital turnover is a tool to measure or assess the effectiveness of a company's working capital in a certain period. Working capital turnover is calculated by comparing net sales with working capital or average working capital. Through the turnover of working capital, the company will be able to determine the size of the profits earned in a certain period for the effectiveness of the company's activities.

Water is a vital need for people to use every day, so local governments throughout the archipelago have established and managed and provided clean water facilities for the community to meet their needs. A Clean Water Company is a company/business that carries out procurement, purification, supply and distribution of clean water directly through distribution pipes or tank cars to household, industrial and other consumers for commercial purposes. Clean water

companies/businesses covered are Drinking Water Companies (PAM), Regional Drinking Water Companies (PDAM) and Drinking Water Management Agencies (BPAM) as well as other private companies/businesses.

The working capital turnover that occurs at PDAM Tirta Malem Kabanjahe will show how sales compare with working capital to optimize profit growth within the company. The Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe is engaged in the production of drinking water supplies for Kabanjahe residents, located on Jl. Letjen Jamin Ginting No. 11A, Kp.Dalam, Kabanjahe, Kabupaten Karo, Sumatera Utara. This company can be said to be a company that is really needed by the people of Kabanjahe where life around the city really needs clean water for survival. Of course, the management of the company cannot be separated from the influence of business capital, whether it comes from loan capital or from the company's production results.

The following is a table of Working Capital at PDAM Tirta Malem Kabanjahe 2015 - 2019:

Table 1
Working Capital of PDAM Tirta Malem
Kabanjahe 2015 - 2019

Num.	Years	Working Capital
1	2015	2.792.116.009
2	2016	2.896.454.878
3	2017	2.058.244.812
4	2018	1.969.489.395
5	2019	1.724.909.920

Source: Processed by Company (2015 - 2019)

Based on the table above, it can be seen that every year working capital experiences increases and decreases (fluctuations) which are of course influenced by working capital in the company's operations, so this is the basis for the author to study further. So the author is interested in conducting research with the title: "Analysis of Working Capital Turnover to Optimize Profit Growth at the Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe".

II. LITERATURE REVIEW

Definition Working Capital

Working capital is the funds a company needs to meet daily needs, such as purchasing raw materials, paying labor wages, paying debts, and other payments (Kasmir, 2016). Working capital is the total current assets owned by a company, or it can also be intended as funds that must be available to finance the company's daily operations. Working capital is capital used to carry out operational operations. Working capital is defined as investment invested in current assets such as cash, banks, securities, receivables, inventories and other current assets (Harahap, 2015).

Based on the definitions above, it can be concluded that working capital is the amount of funds that are always available in the company which are used to fund the company's operations. Operations of a company can begin if there are funds that have been spent and can be received back within one year. Working capital management can be successful if the company can manage its elements well. The elements of working capital include current assets which generally consist of cash, receivables, inventory and current liabilities. The level of working capital efficiency can be measured from working capital turnover, the faster the working capital turnover, the higher the company's level of profitability.

Definition of working capital according to (Jumingan, 2017) Working capital is the excess of current assets over short-term debt. This excess is called net working capital. This excess is the amount of current assets originating from long-term debt and own capital. This definition is qualitative because it shows the possibility of greater availability of current assets than short-term debt and shows the level of security for short-term creditors and guarantees business continuity in the future.

Etymologically, performance is a word which in Indonesian comes from the basic word "work" which translates the word from a foreign language, achievement, which can also be the result of work. The definition of performance according to Peraturan Menteri Dalam Negeri Nomor 21 Tahun 2011 tentang Pedoman Pengelolaan Keuangan Daerah is the output or results of activities or programs that will or have been achieved in connection with the use of the budget with measurable quality and quantity.

Working capital can also be interpreted as investment invested in current assets or short-term assets such as cash, securities, receivables, inventory and other current assets. The size of the company's working capital depends on the type of company. Working capital is one of the most important production factors in carrying out a company's operational activities. The use of working capital by a company in its daily operational activities is to finance its operations in an effort to increase production results with the aim of obtaining maximum profits. Therefore, every company requires sufficient working capital.

Apart from that, the definition of performance according to Keputusan Menteri Keuangan Republik Indonesia No. 467/KMK.01/2014 tentang Pengeolaan Kinerja di Lingkungan Kementerian Keuangan is the result of implementing the duties and functions of organizations and employees during a certain period. Performance is the result or output of a process. This opinion explains that performance is a result (output), namely the profit obtained from an activity after going through a process based on the resources used (input). From the definition above, it can be concluded that performance is the overall output or result of an activity after going through a process to reflect or describe the condition of the organization in a certain period.

Performance assessment is a periodic determination of the operational effectiveness of an organization, parts of the organization and its employees based on previously established targets, standards and criteria. Meanwhile, the main objective of performance appraisal is to motivate employees to comply with predetermined standards of behavior, in order to produce the desired actions and results. Financial performance is an analysis carried out to see the extent to which a company has implemented financial implementation rules properly and correctly. Financial performance is a description of the company's success in the form of results that have been achieved thanks to the various activities that have been carried out. Financial performance is a description of the level of financial achievement of an activity or program or policy in realizing the goals, objectives, mission and vision of an organization as stated in the formulation of an organization's strategic scheme (strategic planning).

From the above definition, it can be concluded that financial performance is an analysis of the level of financial achievement that describes the extent to which the company has used or implemented financial implementation rules properly and correctly in line with the goals, objectives, mission and vision of the organization as stated in the formulation of the strategic scheme (strategic planning) of an organization.

Types of Working Capital

Management must be able to know and determine the type of working capital that must always be available or which is only available when needed.

According to (Sawir, 2015) Working capital consists of several types:

1. Permanent working capital, namely working capital that must remain with the company to be able to carry out its functions or in other words working capital that is continuously needed for the smooth running of the business. This permanent working capital can be divided into:
 - a. Primary working capital, namely the minimum working capital that a company must have in order to continue operating.
 - b. Normal working capital, namely working capital that must exist in the company so that it can operate at normal capacity.
2. Variable working capital is working capital whose amount changes depending on changes in circumstances. This variable working capital can be differentiated into:

- a. Seasonal working capital, namely working capital whose amount changes according to changes in season/demand, for example large demand during holidays.
- b. Emergency working capital, namely working capital that changes according to circumstances that occur beyond the company's capabilities.

Working Capital Components

In general, working capital components include assets, securities, receivables and inventory. According to (Rudianto, 2015) states that "Fixed assets are tangible goods belonging to a company that are relatively permanent and are used in the company's normal activities, not for sale and purchase." The management of the Regional Drinking Water Company (PDAM) Tirta Malem Kabanjahe must be able to manage this PDAM effectively and efficiently so that it develops in accordance with the goals set in the vision, mission and goals of PDAM Soppeng Regency. One way for a company to continue operating is through proper working capital management, because proper working capital management is a condition for the company's success.

Working capital is funds that they use to finance the operational activities of PDAM Soppeng Regency, for example capital to buy raw materials, pay salaries and wages and so on. Working capital is a calculation of total current assets minus total short-term liabilities. Good working capital management is very important so that business continuity in a company can be maintained so that it does not experience bankruptcy. In managing working capital, the manager of a company must be careful in managing working capital so that working capital is available.

Sources and Uses of Working Capital

A. Sources of Working Capital.

According to (Kasmir, 2015), several sources of working capital that can be used are:

- a. Company operating results
- b. Profit from sale of securities
- c. Stock sales
- d. Sale of fixed assets
- e. Bond sales
- f. Obtaining a loan
- g. Grant funds, and
- h. Other sources

B. Use of Working Capital.

The use of working capital will influence the amount of working capital (Kasmir, 2015) Companies can use working capital to:

1. Expenditures for salaries, wages and other company operating costs. This means that the company spends a certain amount of money to pay salaries, wages and other operating costs used to support sales.
2. Expenditures to purchase raw materials or merchandise. What this means is the amount of raw materials purchased which will be used for the production process and purchasing merchandise for resale.
3. Long term debt repayment. There are long-term debt payments that are due, such as repayment of bonds, mortgages and long-term bank debt.

Benefits of Working Capital

The following are the benefits of having working capital available according to (Munawir, 2015) as follows:

1. Protects the company against working capital crises due to the decline in the value of current assets.
2. Makes it possible to pay all obligations on time.
3. Makes it possible to have sufficient inventory to serve consumers.
4. Makes it possible for companies to provide more favorable credit terms to their customers.
5. It makes it possible for companies to operate more efficiently because there is no difficulty in obtaining the goods or services needed.

The Importance and Purpose of Working Capital

According to (Kasmir, 2015) "In practice, a company's working capital will not change if:

- 1) Purchase of merchandise and other materials in cash.
- 2) Purchase of securities in cash.
- 3) Changes in the form of receivables, for example from trade receivables to notes receivable."

The objectives of working capital management for Kasmir companies (2016:253-254) are as follows:

1. To meet the company's liquidity needs.
2. With sufficient working capital, the company has the ability to fulfill its obligations on time.
3. Enables companies to have sufficient inventory to meet customer needs.
4. Allows the company to obtain additional funds from creditors, if its financial ratios meet the requirements.
5. Allows companies to provide credit terms that attract customers, given their capabilities.
6. To maximize the use of current assets to increase sales and profits.
7. Protect yourself in the event of a working capital crisis due to a decrease in the value of current assets.

From the opinion above, it can be seen that working capital has an important role and purpose in carrying out company activities such as meeting operational costs, purchasing sufficient inventory, paying obligations, providing credit to customers and so on.

Working Capital Management

According to (Kasmir, 2016) "Working capital is capital used to carry out company operational activities. Working capital is defined as investment invested in current assets or short-term assets, such as cash, bank, securities, receivables, inventories and other current assets." From the definition above, it can be concluded that working capital management is the management of current assets and current liabilities which illustrates a satisfactory level of safety (margin of safety) for the company. The importance of working capital management in a company is an activity that refers to structuring all current assets and current liabilities. Efforts in managing working capital include management of the following working capital elements:

1. Cash Turnover.

According to (Kasmir, 2015), the cash turnover ratio functions to measure the adequacy of the company's working capital needed to pay bills and finance sales. This means that this ratio is used to measure the level of cash availability to pay bills (debts) and costs related to sales. Working capital in this sense is said to be the net working capital owned by the company, while gross working capital or just working capital is the sum of current assets.

2. Receivables Turnover.

The receivables turnover period is linked by the terms of payment. The softer the payment terms, the longer the capital is tied up in receivables, which means the turnover rate is lower (Kasmir, 2015).

3. Inventory Turnover.

According to (Kasmir, 2015) "Inventory turnover is a ratio used to measure how many times the funds invested in inventory rotate in one period. Inventory turnover shows how long the company's inventory can be sold during one year.

Factors Affecting Working Capital

Because the management of working capital required by a company is influenced by several factors as follows (2015):

1. Nature or Type of Company.

The working capital of a service company will be relatively lower than the industry's working capital requirements. Service companies usually invest most of their capital in fixed assets which are used for service purposes to the community. On the other hand, industrial companies must make quite large investments in the company's current assets so that the company does not experience difficulties in carrying out its operations.

2. Credit Terms.

Credit or sales terms where payments are made in installments also greatly affect working capital. To increase sales can be done in various ways and one of them is through credit sales. Selling goods on credit provides flexibility for consumers to buy goods in installments several times over a certain period of time.

3. Production Time.

The time required to produce and obtain goods to be sold and the unit share price of these goods, the longer the time required. Apart from that, the greater the cost of goods per unit, the greater the working capital required.

4. Inventory Turnover Rate.

The effect of inventory turnover rate on working capital is quite important for companies. The smaller or lower the turnover rate, the higher the working capital requirement, and vice versa. Thus, a fairly high inventory turnover is needed in order to minimize the risk of losses due to price reductions and to be able to save on inventory storage and maintenance costs.

Working Capital Turnover

The Working Capital Turnover Indicator (Kasmir, 2016) is a ratio to measure or assess the effectiveness of a company's working capital during a certain period. This means how much working capital rotates during one period or several periods. The Regional Drinking Water Company of Banggai Regency is a business entity engaged in selling water to the community. The phenomenon that occurs when working capital management is a serious problem and is an aspect that companies often face. Many companies have gone bankrupt due to these conditions. Therefore, it is very important to carry out an analysis of working capital in order to determine the current working capital condition and then relate it to the financial situation in the future.

Hery (2017) reveals that the definition of working capital turnover is as follows "Working capital turnover is a ratio used to measure the effectiveness of working capital (current assets) owned by a company in generating sales. This ratio is calculated as the quotient between the amount of sales (cash and credit) and the average current assets."

$$\text{Working capital} = \text{Current asset}$$

$$\text{Working Capital Turnover} = \text{Working Capital Turnover} = \frac{\text{Sale}}{\text{Current asset}} \times 1 \text{ time}$$

Definition Profit

Profit is the difference between the realized income obtained from company transactions in a certain period minus the costs incurred to obtain income (Harahap: 2015). The profit value in each period can increase from year to year. With the increase from year to year, the profit value experiences a profit growth. To find out the value of profit growth in each period produced by the company, you can see it in the financial reports. Financial reports are an important source of information for users, especially in the context of decision making (Hery: 2015). There are several analytical techniques that can be used to analyze and assess a company's financial condition from financial reports. One of the techniques used is financial ratio analysis. Financial ratios are a ratio calculation using financial reports which function as a measuring tool to assess the financial condition of a company's performance (Hery: 2016). The financial ratios that can be used to determine and measure a company's effectiveness and efficiency in predicting profit growth are the current ratio, debt to total asset ratio, total asset turnover and profit margin. net (net profit margin). According to (Harahap, 2015) Profit is a portion of the amount that comes from reductions in the cost of production, other costs, and losses from income or operating income.

Net profit is the main indicator of a company's financial success. The profits generated by a company are not only influenced by income, but also by expenses incurred in daily operations. Proper working capital management can influence the amount of net profit generated by the company.

Activity level measures the effectiveness of a company in using its assets. And the level of profitability shows the extent to which the company can generate profits with existing capital.

Profit can be calculated in various ways so as to produce a certain profit. If profits are to depict useful information then the determination of profits must be made in such a way as not to benefit a particular group. Profit calculated according to accounting is based on a neutral concept view without paying attention to certain parties. The best indicator of performance is profit, so understanding profit, what is measured by profit and its components is important to be able to understand and interpret the financial condition of a company. Good profit changes indicate that the company has good finances which will ultimately increase the value of the company. The factor that really influences profits is capital, of course it will require very large capital to finance the expenses for each day-to-day operational activity. For companies that have large capital, they will not experience difficulties in developing their business.

In this research, PDAM Tirta Malem Kabanjahe expects profit growth in each year period, but in practice the profit obtained by the company for the coming year cannot be guaranteed so it is necessary to predict profit growth. By planning profit growth predictions, you can find out the company's perspective in the future, as well as the company's ability to continue operating its business with the obligations that each company has to bear. The estimates used by the company are by analyzing financial statements. Financial report analysis can be done through financial ratios. Financial ratio analysis can help business people, creditors and the government evaluate the company's financial condition in the past and present and predict profits for the coming year.

Types of Profit

According to (Kasmir, 2016) Types of profit are as follows:

1. *Gross Profit*

Gross Profit is the profit obtained before deducting costs that are borne by the company. Or in other words, gross profit is the overall profit that the company earns.

2. *Net Profit*

Net Profit is profit that has been deducted from costs which are the company's expenses in a certain period including taxes.

Profit Factor

According to (Jumingan, 2017) The factors that influence changes in a company's net profit are:

- 1) The rise and fall of the number of units sold and the selling price per unit.
- 2) The rise and fall of the cost of goods sold. Changes in the cost of goods sold are influenced by the number of units purchased or produced or sold and the purchase price per unit or cost price per unit.
- 3) The rise and fall of business costs which are influenced by the number of units sold, variations in price levels and the efficiency of company operations.
- 4) Increases and decreases in income items or non-operational costs which are influenced by variations in the number of units sold, variations in price levels and changes in policy in giving or receiving discounts.
- 5) The rise and fall of corporate taxes which are influenced by the size of the profits earned or the high or low tax rates.
- 6) There are changes in accounting methods.

Profit Growth

The growth ratio is a ratio that describes a company's ability to maintain its economic position amidst economic growth and its business sector. According to Kasmir (2016), the growth ratio is a ratio that describes a company's ability to maintain its economic position amidst economic growth and its business sector. Meanwhile, according to Harahap (2015) the growth ratio describes the percentage increase in company items such as sales, profits, earnings per share and dividends per share from year to year. To make the company's growth ratio continue to rise, management must make optimal efforts in its operations to make all posts in the company also increase.

Profit growth is the company's ability to increase the size of the company which can be seen from the increase in assets (Simanjuntak et al., 2020). Based on the definitions put forward by experts, it can be concluded that profit growth is the company's ability to increase the size of the company which can be seen from the annual changes in the total assets owned by the company (Situmorang & Simanjuntak, 2021).

Based on the several definitions above, it can be concluded that profit growth is the company's ability to increase the size of the company which can be seen from the increase in assets (Simanjuntak et al., 2023). Companies always need funds to grow and develop, apart from available internal funds, external funds are also needed, such as debt (Simanjuntak et al., 2023). Profit growth is the average growth in company wealth. If the initial wealth of a company is a fixed amount, then a high level of profit growth means that the final wealth of the company will be greater (Situmorang & Simanjuntak, 2019).

Profit growth is a condition in which a good company illustrates that the condition of the company's performance, especially in the financial sector, is also good, and if the economic conditions are good then the company's growth is good. Net income (profit) is often used as a performance measure or basis for other measures such as investment returns or earnings per share.

According to (Harahap, 2015) "Profit growth is a ratio that shows the company's ability to increase net profit compared to the previous year". Profit growth is formulated as follows:

$$\text{Profit Growth} = \frac{\text{Net profit for the year (t)} - \text{Net profit for the year (t - 1)}}{\text{Net profit for the year (t - 1)}}$$

According to (Mamduh & Halim, 2016) factors that influence profits are as follows:

- a. Size of the Company
The bigger a company, the higher the expected profit growth.
- b. Company Age
Newly established companies lack experience in increasing profits, so their performance is still low.
- c. Leverage Level
For companies that have high levels of debt, managers tend to manipulate profits so that they can reduce profit growth provisions.
- d. Sales Level
The higher the level of sales in the past, the higher the level of sales in the future so that profit growth will be higher.
- e. Changes in Past Profits
The greater the change in past profits, the more uncertain future profits will be.

Hypothesis

This research was conducted at the Tirta Malem Kabanjahe Regional Drinking Water Company (PDAM), Karo Regency, North Sumatra with a focus on financial performance research. PDAM financial performance is an analysis carried out to see the conditions or results that describe the financial condition of the Regional Drinking Water Company (PDAM) based on financial performance criteria which refer to Surat Keputusan Menteri Dalam Negeri Nomor 47 Tahun 1999. The research data used is; balance sheet, profit and loss report and Surat Keputusan Menteri Dalam Negeri Nomor 47 Tahun 1999 tentang Pedoman Penilaian Kinerja. A hypothesis is a temporary answer in a study until proven through the data collected. The author in this study did not use a hypothesis. Because the data used by the author in conducting research is qualitative methods and data management uses descriptive methods.

III. RESEARCH METHODS

The object of research is the Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe, which is located on Jl. Letjen Jamin Ginting No. 11A, Kp. Dalam, Kabanjahe, Kabupaten Karo,

Sumatera Utara. This research was carried out from November until completion using financial report data for 2015 - 2019. The data used in this research is secondary data. According to (Sugiyono, 2017), "Secondary data is data that supports primary data needs such as books and literature."

The data in this research was obtained from the Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe, in the form of a general description of the history of the Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe, vision and mission, organizational structure, company financial reports in the form of balance sheets and profit and loss reports. To obtain the data needed in this research is library research and field research. The data analysis method used in this research is a qualitative descriptive analysis method. This method is carried out by calculating. The stages of qualitative analysis used are:

- 1) Collect required data such as company financial reports in the form of balance sheets and profit and loss reports.
- 2) Analyze the company's financial reports based on existing data in the company in the form of the balance sheet and profit and loss report of the PDAM Tirta Malem Kabanjahe Company for the five year period (2015-2019).
- 3) Draw conclusions by calculating the company's working capital in order to optimize profit growth at the PDAM Tirta Malem Kabanjahe company.

IV. RESULTS AND DISCUSSION

Based on the research results above, we will then explain how to rotate working capital to optimize profit growth of the Perusahaan Daerah Air Minum (PDAM) Tirta Malem Kabanjahe.

Table 2
Working Capital Turnover and Profit Growth

Yers	Working Capital Turnover	Profit Growth
2015	2.747	-0.549
2016	2.646	-2.144
2017	3.794	-1.698
2018	3.821	1.058
2019	3.838	0.269

Source: Processed Data, 2023

Table 2 above shows that working capital turnover in 2015 was 2,747, in 2016 it was 2,646, in 2017 it was 3,794, in 2018 it was 3,821, and in 2019 it was 3,838. Based on these results, it shows that the working capital turnover of the Regional Drinking Water Company (PDAM) Tirta Malem Kabanjahe cannot be said to be optimal, because the amount of current assets tends to decrease from 2016 - 2019.

The losses experienced by the company during 2015, 2017, 2018 and 2019 indicate that the company's operational activities were less than optimal, which meant that profit growth also experienced significant fluctuations. Thus, the working capital turnover of the Tirta Malem Kabanjahe Regional Drinking Water Company (PDAM) has not been able to optimize the company's profit growth.

V. CONCLUSION

The results obtained after completing all the tests are as follows:

1. The working capital turnover of the Regional Drinking Water Company (PDAM) Tirta Malem Kabanjahe cannot be said to be optimal, because the amount of current assets tends to decrease from 2016-2019.
2. Profit growth experienced fluctuations which tended to be significant as a result of the losses experienced by the company during 2015, 2017 and 2018.
3. The working capital turnover of the Tirta Malem Kabanjahe Regional Drinking Water Company (PDAM) has not been able to optimize the company's profit growth.

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