Merchandise Inventory Turnover Analysis and Accounts Receivable Turnover Against Profitability in PT. Martina Berto Tbk (MBTO)

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A B S T R A C T

Profitability is an important indicator in assessing a company's performance. Companies that are able to manage inventory turnover and receivables turnover well tend to have optimal financial performance. The purpose of this study is to determine the level of merchandise inventory turnover in increasing profitability at PT Martina Berto Tbk and to determine the turnover of receivables in increasing profitability at PT Martina Berto Tbk. The method used in this study is quantitative and descriptive analysis.This study uses secondary data obtained from financial reports published to the public for the 2021-2023 period via the official websites of the companies used as research samples. The results of this study show that The company has demonstrated improvements in inventory and accounts receivable management. This is evident in its relatively good Gross Profit Margin, although it still fluctuates annually. More efficient inventory management helps the company reduce storage costs and the risk of damage, thus maintaining a satisfactory gross profit margin.

INTRODUCTION

Companies fundamentally have goals they wish to achieve in carrying out their operational activities. The primary goal of a company is to maximize profits. By achieving maximum profits, a company can maintain its survival and foster growth. A company's ability to achieve profits is key to its success, as it is considered to be performing well, as profit is an element of financial statements used as an instrument to assess a company's performance.(Yanti & Maemunah, 2020).

PT Martina Berto Tbk is a company engaged in the production and distribution of cosmetic and herbal products.(Ahdiaryani & Alwi, 2020)As a company operating in the manufacturing and trading sectors, efficient management of current assets such as inventory and accounts receivable is crucial. The company needs to maintain a balance between adequate inventory and optimal accounts receivable management to ensure smooth operations and maximize profitability.

A frequently used performance measure in a company is profitability. Profitability indicates a company's ability to generate profits through the management of its assets.(Hamid, 2020)A company's profitability can be measured by its success and expertise in utilizing its assets and working capital efficiently and productively. The metrics used to measure profitability include Gross Profit Margin (GPM), Net Margin (NPM), Return on Investment (ROI), and Return on Equity (ROE).The consistent and continuously increasing level of profitability achieved by a company is a benchmark for the company's ability to maintain stability in its business, where the optimal company is compared to the burden incurred by the company.

To determine a company's effectiveness, its inventory turnover rate can be measured. The inventory turnover rate is a measure of the efficiency of managing goods for sale. A higher ratio indicates a faster inventory turnover within the company and is also a sign of a healthy company.If the inventory turnover rate is low, it means that the sales rate is also low, so that income will decrease and this will result in a decrease in the operating profit obtained due to additional costs that must be incurred, such as maintenance costs and inventory storage costs for merchandise.(Hia & Kurniati, 2021).

In addition, the accounts receivable turnover rate also affects profitability. Accounts receivable turnover is the circulation of funds, indicating how many times each year the funds invested in accounts receivable move from receivables to cash and then back to receivables. A high accounts receivable turnover rate means the funds invested in receivables are recovered quickly, thus minimizing the risk of bad debts.(Kurniati, 2021)

Based on the above description, it is suspected that smooth and non-smooth inventory turnover is related to increased profitability. Therefore, in this study, the researcher raised the title of Analysis of Merchandise Inventory Turnover and Accounts Receivable Turnover on Profitability at PT. Martina Berto Tbk. PT Martina Berto Tbk is a cosmetics manufacturing company that operates in an industry with a high level of competition and increasing demands for efficiency. The company's financial performance shows fluctuations, especially in the profitability aspect. One factor suspected of influencing this condition is the management of current assets, especially inventory turnover and accounts receivable.

A slow inventory turnover can reflect excess stock, while a low receivables turnover can potentially disrupt liquidity. Both pose a risk of reducing a company's efficiency and profitability. Therefore, this study aims to analyze the influence of these two variables on the profitability of PT Martina Berto Tbk, in order to provide a more comprehensive picture of the effectiveness of the company's working capital management.

RESEARCH METHODS

Method of collecting data

The data collection method used in this study was secondary data collection and documentation. This study utilized secondary data obtained from financial reports published to the public for the 2021-2023 period via the official websites of the companies used in the study.

Table 1. Data Collection Methods

Data Types	Data source
Statement of Financial Position	Annual financial report of PT. Martina Berto Tbk. (MBTO)
Statement of profit or loss and other comprehensive income	Annual financial report of PT. Martina Berto Tbk. (MBTO)
Cash flow statement	Annual financial report of PT. Martina Berto Tbk. (MBTO)

Data Analysis Methods

The data analysis method in this study uses quantitative descriptive analysis by calculating the inventory turnover, accounts receivable turnover, and profitability of PT Martina Berto Tbk for the 2021-2023 period. The calculation results are presented in a table to illustrate the trend of changes in each variable from year to year.year.

RESULTS AND DISCUSSION

Inventory Turnover at PT Martina Berto Tbk

Inventory turnover is a ratio used to measure how many times funds invested in inventory turn over in a given period. Inventory turnover is a ratio that indicates how many times inventory items are replaced in a given year.The inventory turnover rate indicates how quickly a company generates sales during a given period. The higher the inventory turnover rate, the higher the company's sales, which aims to generate profits. High inventory turnover directly impacts sales volume. A high inventory turnover rate, in turn, impacts sales volume and is expected to generate higher profits.

Below, the author presents the annual inventory turnover at PT Martina Berto Tbk for the 2021-2023 period.

Table 2. Inventory Turnover of PT Martina Berto Tbk for the period 2021-2023

Component	2021	2022	2023
Inventory turnover (days)	251	498.63	330.51
Inventory turnover ratio (times)	1.43	0.733	1.103

Source: Data processed in 2025

Table 2 shows that PT Martina Berto Tbk's inventory turnover ratio fluctuated from 2021 to 2023. In 2021, the inventory turnover ratio was recorded at 1.43 times with an average turnover of 251 days. This ratio increased in 2022 to 3.25 times, equivalent to 111 days, indicating improved inventory management efficiency. However, in 2023, the ratio dropped again drastically to 0.75 times with an average turnover of 480 days.

Accounts Receivable Turnover at PT Martina Berto Tbk

Accounts receivable turnover is the ratio of credit sales to average accounts receivable. It measures how often accounts receivable are converted into cash during a given period.The accounts receivable turnover ratio is used to measure a company's efficiency in managing and collecting accounts receivable from customers. This ratio indicates how often accounts receivable are converted into cash within a period, and the higher the value, the better, as the company receives cash from customers more quickly.(Putri et al., 2024).

The higher the accounts receivable turnover ratio, the lower the working capital invested in receivables, thus improving the company's financial condition. Conversely, if the accounts receivable turnover ratio is lower, there is overinvestment in receivables, which can disrupt the company's liquidity. Receivables themselves arise from credit sales, which are a solution when a company cannot enforce cash sales. However, receivables can also be problematic if their turnover is not properly monitored. The receivables turnover period is strongly influenced by the credit payment terms a company offers its customers. The more lenient or longer the payment terms, the lower the receivables turnover rate, meaning the company's working capital is tied up in receivables for longer. Thus, the receivables turnover ratio has a positive effect on a company's profitability, because the faster receivables are collected, the faster funds can be reused for company operations, thereby increasing profitability.

Below, the author presents the accounts receivable turnover at PT Martina Berto Tbk for the 2021-2023 period.

Table 3. Accounts Receivable Turnover of PT Martina Berto Tbk for the period 2021-2023

Component	2021	2022	2023
Accounts receivable turnover (times)	0.82	1.49	1.77
Daily billing ratio (days)	109.5	60.4	156.6

Source: Data processed in 2025

Table 3 shows that the accounts receivable turnover ratio has also shown an increasing trend over the past three years. In 2021, the accounts receivable turnover ratio was 0.82 times, with an average collection time of 109.5 days. In 2022, it increased to 1.49 times (60.4 days), and in 2023, it reached 1.77 times (156.6 days).

Profitability at PT Martina Berto Tbk

Profitability ratios are used to measure a company's ability to generate profits over a specific period. These ratios are important for assessing a company's operational efficiency and the effectiveness of its use of assets and capital to generate profits.Some commonly used profitability ratios include Gross Profit Margin, Net Profit Margin, Return on Assets (ROA), and Return on Equity (ROE).

Below, the author presents the annual profitability ratio at PT Martina Berto Tbk for the 2021-2023 period.

Table 4. Profitability Ratio of PT Martina Berto Tbk for the period 2021-2023

Profitability Ratio	2021	2022	2023	Information
Gross Profit Margin (GPM)	28.58%	41.67%	34.41%	Efficient
Net Profit Margin (NPM)	-47.20%	-5.48%	-0.39%	Inefficient (Improving)
Return on Assets (ROA)	-2.44%	-0.57%	-0.06%	Inefficient (Improving)
Return on Equity (ROE)	-4.18%	-0.93%	-0.11%	Inefficient (Improving)

Source: Data processed in 2025

The higher the profitability ratio, the better the company's profit-generating performance. This ratio also serves as a benchmark for a company's ability to maintain business stability and growth amidst intense competition. By analyzing the profitability ratio, a company can determine its operational efficiency and the effectiveness of its asset and capital utilization.

1. **Analysis of Inventory Turnover on Profitability at PT. Martina Berto Tbk.**

The research results show that PT Martina Berto Tbk's inventory turnover ratio fluctuated between 2021 and 2023. In 2021, the inventory turnover ratio was recorded at 1.43 times with an average turnover of 251 days. This ratio increased in 2022 to 3.25 times, equivalent to 111 days, indicating improved inventory management efficiency. However, in 2023, the ratio dropped again drastically to 0.75 times with an average turnover of 480 days.

This fluctuation indicates that inventory management has not been carried out consistently. The increase in the ratio in 2022 indicates that the company has successfully improved warehouse management and sales efficiency. However, the decrease in 2023 indicates a buildup of inventory, potentially leading to high storage costs and increasing the risk of losses due to inventory write-downs.

Slow inventory turnover negatively impacts profitability because it hinders a company's cash flow cycle. Conversely, the faster inventory turnover, the greater the company's likelihood of generating revenue from sales and increasing profits. Therefore, efficient inventory management directly supports increased company profitability.

2. **Analysis of Accounts Receivable Turnover on Profitability at PT. Martina Berto Tbk.**

The accounts receivable turnover ratio has also shown an increasing trend over the past three years. In 2021, the accounts receivable turnover ratio was 0.82, with an average collection time of 109.5 days. In 2022, it increased to 1.49 (60.4 days), and in 2023, it reached 1.77 (156.6 days).

This increase in the ratio indicates that the company is increasingly efficient in managing and collecting receivables. However, the increased collection time in 2023 indicates a slowdown in cash receipts from customers. This could impact the company's cash flow if not offset by increased sales volume.

A high accounts receivable turnover ratio demonstrates a company's ability to manage working capital efficiently. With prompt collections, funds from credit sales can be immediately reinvested in operations, ultimately increasing company profitability. Conversely, slow receivables collection can lead to overinvestment in illiquid assets and reduce working capital efficiency.

CONCLUSION

Based on the analysis that has been carried out and the findings in the previous chapters, and to answer the formulation of the research problem, this chapter presents the conclusions and suggestions put forward.

Conclusion

Based on the results of research on the analysis of merchandise inventory turnover and accounts receivable turnover on profitability at PT Martina Berto Tbk during 2021–2023, it can be concluded that the company has demonstrated improvements in inventory and accounts receivable management. This is evident in the relatively good Gross Profit Margin, although it still fluctuates annually. More efficient inventory management helps the company reduce storage costs and the risk of damage to goods, thus maintaining a satisfactory gross profit level.

Suggestion

1. Companies are expected to continuously improve inventory control by closely monitoring market demand and comparing sales year-over-year, thereby reducing storage costs and the risk of product damage. Product pricing should also consider the break-even point to optimize profits.
2. Companies need to speed up the receivables collection process by implementing stricter payment terms and providing incentives to customers who pay early, so that the company's cash flow remains smooth.
3. Companies also need to evaluate factors that can hinder product sales and implement more aggressive marketing strategies, for example by training staff to use upsell and cross-sell techniques.

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