The Influence of Working Capital Turnover and Company Size on Company Value with Profitability As A Mediating Variable

Pedro Avelino Sugianto
Universitas Bunda Mulia
E-mail: avelino.pedro28@gmail.com

*Correspondence: avelino.pedro28@gmail.com

KEYWORDS

ABSTRACT
This study aims to determine the effect of working capital turnover and company size on company value which is mediated by profitability in the hotel, resort and cruise ship subsector companies on the Indonesia Stock Exchange for the period 2015 - 2019. This research technique was carried out by purposive sampling with a sample of 14 companies in the hotel, resort and cruise ship subsector that published financial reports and were listed on the Indonesia Stock Exchange for the 2015-2029 period. Testing in this research was carried out with the SEM-PLS software program. The results of this study prove that capital turnover has a negative and significant effect on profitability, company size has a positive and significant effect on profitability, capital turnover has no significant effect on firm value, company size has a positive and significant effect on firm value, profitability has a positive and significant effect on firm value.

Introduction
The tourism sector has become a key component of the service sector capable of driving the economic growth of countries worldwide. According to the World Travel and Tourism Council, in 2019 and 2021, Indonesia was among the top 5 countries with the highest employment rates in the travel and tourism industry. Additionally, Indonesia was also listed among the top 20 preferred destinations for international tourists. The development of tourism has played a significant role in accelerating economic growth. Tourism generates demand for both consumption and investment, both of which stimulate the production of goods and services (Nasution et al., 2023).

Indonesia has high tourism potential compared to other Southeast Asian countries. Therefore, companies in the hotel, resort, and cruise subsectors still have opportunities to attract investors. Moreover, Indonesia has various infrastructure elements that support the development of the tourism sector, such as hotels, restaurants, and entertainment venues. Factors such as low crime rates, the availability of healthcare facilities, and ease of doing business also contribute to the improvement of the tourism sector.
Generally, a company is established with two main objectives: economic and social. The economic objective of a company is to generate profit. Social objectives are usually related to the desires of investors, employees, suppliers, and the community. Profit-oriented companies focus on activities that enhance the company's value and provide prosperity to stakeholders in both the short and long term. One way to measure shareholder prosperity is through an increase in stock prices, as higher stock prices reflect effective management, according to (Kieso et al., 2014) as cited in (Saputra & Setiawan, 2018).

Investor perceptions of a company's success can be observed through the company's value, which is often associated with stock prices. Therefore, the company's value is an essential indicator as it reflects the company's growth and performance. In other words, an increasing stock price indicates a higher company value and greater profits for investors (Paramitha & Idayati, 2020). An increasing company value has a positive impact on the well-being of shareholders and investors, as investors expect future profits, reflected in market evaluation indicators observed in the company's value (Sintyana & Artini, 2019).

Company value can be measured through various aspects, one of which is the stock market price. The stock market price represents the central assessment of all market participants and also serves as a barometer of a company's management performance. If a company's value can be approximated by stock prices, maximizing the company's market value is equivalent to maximizing the stock market price. In this study, company value is proxied by Price to Book Value (PBV). According to Prayitno, as cited in (Atina & Rahmi, 2019), PBV reflects how the market values the book value of a company's stock. A higher PBV ratio indicates that the market has confidence in the company's prospects. Increasing company value can be achieved by effectively managing working capital. According to (Agusentoso, 2017), a company's value is influenced by how much working capital is used to generate sales. Working capital comprises all short-term assets or current assets, including cash, marketable securities, inventory, and accounts receivable. Working capital is flexible and can be increased or decreased according to a company's needs. Adequate working capital is essential for a company, and a company without sufficient working capital will struggle to operate effectively. Both excess and insufficient working capital have negative consequences for a company. Excessive working capital indicates unproductive financial conditions, resulting in losses due to unused capital (Zulkarnain et al., 2019). The period of tied-up working capital is the time it takes for cash to be invested in working capital components until it becomes cash again. Working capital turnover is a ratio used to measure a company's efficiency in managing working capital over a specific period (Santoso, 2013). The working capital turnover period begins when cash is invested in working capital components and ends when it becomes cash again. In other words, it measures how much working capital is turned over during one period (Riyanto, 2013) The components of working capital turnover are a crucial aspect in assessing a company's overall operations.

Company size is one variable considered in determining a company's value. The size of a company, whether large or small, is considered one of the most important indicators in explaining profitability (Isik & Unal, 2023). According to (Rahmawati & Mahfudz, 2018), larger companies tend to have larger asset amounts, which is one way companies can optimize their performance. (Martini et al., 2014), as cited in Maheswari and Sedana (2022), stated that company size reflects the scale of assets owned by the company. Assets encompass all resources or values owned by an entity. The larger the
company's size, the easier it is for the company to obtain internal or external sources of funding.

Another factor influencing a company's value is profitability. The importance of a company's value to investors drives companies to optimize their performance to achieve high profitability with the resources they have. Profitability is the company's capacity to generate profit. Shareholders are interested in investing their capital in companies with high-profit levels (Iswajuni et al., 2018). This is supported by previous research, which stated that one crucial factor influencing a company's value is profitability. Profitability is inseparable from the calculation of working capital turnover and company size. Therefore, this study uses profitability as a mediator because profitability is also used as a benchmark for a company's ability to fulfill obligations to stakeholders. Additionally, profitability will refer to the public's perception of a company's value and prospects in the future (Carolina et al., 2017).

The Central Statistics Agency (BPS) of Indonesia released data regarding Indonesia's economic condition in 2020, showing that the country experienced a 2.07% year-on-year economic contraction compared to 2019. The data also revealed that the most affected sectors were the accommodation and food/beverage services sector, which experienced a significant decline in revenue, at 92.47%. This was followed by other service sectors, which saw the second-largest decrease, at 90.90%, along with other sectors.

Based on the background information, the research problems can be formulated as follows: 1. Does working capital turnover have a positive and significant impact on profitability? 2. Does company size have a positive and significant impact on profitability? 3. Does working capital turnover have a positive and significant impact on company value? 4. Does company size have a positive and significant impact on company value? 5. Does profitability have a positive and significant impact on company value? 6. Does working capital turnover have a positive and significant impact on company value through profitability as a mediator? 7. Does company size have a positive and significant impact on company value through profitability as a mediator?

The objectives of this study are to analyze the relationship and impact of working capital turnover and company size on company value, mediated by profitability. The research objectives can be summarized as follows: 1. To analyze the impact of working capital turnover on profitability in companies in the hotel, resort, and cruise subsectors. 2. To analyze the impact of company size on profitability in companies in the hotel, resort, and cruise subsectors. 3. To analyze the impact of working capital turnover on company value in companies in the hotel, resort, and cruise subsectors. 4. To analyze the impact of company size on company value in companies in the hotel, resort, and cruise subsectors. 5. To analyze the impact of profitability on company value in companies in the hotel, resort, and cruise subsectors. 6. To analyze the impact of working capital turnover on company value through profitability as a mediator in companies in the hotel, resort, and cruise subsectors. 7. To analyze the impact of company size on company value through profitability as a mediator in companies in the hotel, resort, and cruise subsectors.

Research Methods

This research employs a causal research design to examine the influence of independent variables (working capital turnover and company size) on the dependent variable (company value) as well as the indirect relationships through the intervening variable (profitability).
The Influence of Working Capital Turnover and Company Size on Company Value with Profitability As A Mediating Variable

The data used in this study are derived from secondary sources, obtained through intermediaries such as financial reports and reliable sources. This research is hypothesis testing, aimed at determining whether the null hypothesis is rejected and the alternative hypothesis is supported. The unit of analysis in this research is companies in the hotel, resort, and cruise subsectors listed on the Indonesia Stock Exchange (BEI) from 2015 to 2019.

There are three types of variables in this study: independent variables (working capital turnover and company size), dependent variable (company value), and mediating variable (profitability). Each variable is measured using appropriate research instruments. Data are obtained from the financial reports of companies in the hotel, resort, and cruise subsectors listed on the BEI. The sample is selected using a non-probability method with purposive sampling techniques based on specific criteria, such as consistent listing and the availability of financial reports.

The research instruments involve validity and reliability measurements, as well as statistical analysis to test the relationships between variables. Data analysis is conducted using the Structural Equation Modeling-Partial Least Square (SEM-PLS) method, which includes testing the measurement model (outer model) and the structural model (inner model). The results of the analysis are expressed in terms of R-Square, Q-Square Predictive Relevance (Q2), and Goodness of Fit (GoF). Additionally, hypothesis testing is performed using the bootstrapping method, and mediation testing is conducted to evaluate indirect effects.

**Results and Discussions**

**Descriptive Statistical Test Results**

The description of research variables can be seen in Table 1 below.

<table>
<thead>
<tr>
<th>Table 1 Descriptive Statistics Table</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Descriptive Statistics</strong></td>
</tr>
<tr>
<td>-------------------------------------</td>
</tr>
<tr>
<td>PBV</td>
</tr>
<tr>
<td>WCOT</td>
</tr>
<tr>
<td>SIZE</td>
</tr>
<tr>
<td>ROA</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
</tr>
</tbody>
</table>

Source: Data processed, 2023

The descriptive statistics in Table 1 show the minimum, maximum, mean and standard deviation values of each variable, where the results provide information that:

1. The company value shown by PBV shows the lowest value (minimum) is 9.54 in companies with the code HOTL in 2015 while the highest value (maximum) is 671.87 in companies with the code HOME in 2016. In the data tabulation, an average value of 166.0580 was obtained, with a standard deviation value of 131.47452. The standard deviation value is smaller than the average value, meaning that the data of the company value variable is less variable.

2. The lowest (minimum) working capital turnover value shown by WCOT is 17.14 in companies with AKKU code in 2017 while the highest percentage of capital turnover is 310.48 in companies with ARTA code in 2015. Capital turnover has an average value of 98.3721 with a standard deviation value of 57.67182. The standard deviation value is smaller than the average value, meaning that the variable data on working capital turnover is less variable.
3. The value of company size shown by SIZE shows that the lowest value (minimum) is 25.72 in companies with the code HOME in 2015 while the highest value is 29.35 in companies with the code SHID in 2015. The company size has an average value of 28.0177 with a standard deviation value of 0.70362. The standard deviation value is smaller than the average value, meaning that the data on company size variables are less variable.

4. The profitability value shown by ROA shows that the lowest value (minimum) is 7.60 in companies with BUVA code in 2019 while the highest value is 89.21 in companies with SHID code in 2015. Profitability has an average value of 28.4104 with a standard deviation value of 22.84955. The standard deviation value is greater than the average value, meaning that the profitability variable data varies.

Inferential Analysis

Inferential analysis in this study, data processing was carried out using the Partial Least Square (PLS) method, using the SmartPLS 3 program. The stages of the analysis results can be described as follows.

Measurement Model Design (Outer Model)

Convergent validity

Convergent validity aims to determine the validity of each relationship between indicators and their latent constructs or variables. The variable is said to be valid if the outer loading coefficient is greater than 0.70 (Ghozali, 2018).

Table 2 Outer Loading Coefficient on Working Capital Turnover (WCOT), Company Size (SIZE), Profitability (ROA), and Company Value (PBV) Variables

<table>
<thead>
<tr>
<th></th>
<th>PBV</th>
<th>ROA</th>
<th>SIZE</th>
<th>WCOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Value (PBV)</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability (ROA)</td>
<td></td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company Size (SIZE)</td>
<td></td>
<td></td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Working Capital Turnover (WCOT)</td>
<td></td>
<td></td>
<td></td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: Data processed, 2023

The model shows that all variables have a loading factor value above 0.70, so that the constructs for all variables have met the convergent validity criterion.

Discriminant validity

Discriminant validity is done to ensure that each concept of each latent model is different from other variables. The table below shows the results of discriminant validity from the research model by looking at the cross loading value.

Table 3 Cross Loading Value on Working Capital Turnover (WCOT), Company Size (SIZE), Profitability (ROA), and Company Value (PBV) Variables

<table>
<thead>
<tr>
<th></th>
<th>PBV</th>
<th>ROA</th>
<th>SIZE</th>
<th>WCOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Value (PBV)</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability (ROA)</td>
<td>-0.063</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company Size (SIZE)</td>
<td>-0.537</td>
<td>0.397</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Working Capital Turnover (WCOT)</td>
<td>-0.148</td>
<td>0.109</td>
<td>0.118</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: Data processed, 2023

The results of the cross loading estimation in Table 3 show that the loading value of each variable against its construct is from the cross loading value. With that it can be
concluded that all latent constructs or variables already have discriminant validity better than indicators in other blocks.

Evaluating discriminant validity can be seen by the AVE (Average Variance Extracted) method for each latent construct or variable. The model has better discriminant validity if the square root of AVE (Average Variance Extracted) for each constituency is greater than the correlation between the two constructs in the model.

**Table 4 Results of Calculation of AVE $\sqrt{\text{AVE}}$ and Correlation Value Between Variables**

<table>
<thead>
<tr>
<th>Construct</th>
<th>AVE $\sqrt{\text{AVE}}$</th>
<th>PBV</th>
<th>ROA</th>
<th>SIZE</th>
<th>WCOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Value (PBV)</td>
<td>1.000</td>
<td>(1.000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability (ROA)</td>
<td>1.000</td>
<td>-0.063</td>
<td>(1.000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company Size (SIZE)</td>
<td>1.000</td>
<td>-0.537</td>
<td>0.397</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working Capital Turnover (WCOT)</td>
<td>1.000</td>
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<td>0.109</td>
<td>0.118</td>
<td>(1.000)</td>
</tr>
</tbody>
</table>

Source: Data processed, 2023

Based on Table 4, the AVE (Average Variance Extracted) root value of each construct and the number that is not bolded is the correlation value between the construct and other constructs in the model. So, it can be concluded from the output results that all constructs meet the criterion of discriminant validity. The AVE value also meets the recommended requirement of > 0.50.

Reliability

A measurement can be said to be reliable, if composite reliability and cronbach alpha have values greater than 0.70. Composite reliability and Cronbach alpha are measurements of reliability in research models. The results of composite reliability and Cronbach alpha calculations in this study that were processed with the SmartPLS 3 program, are shown in Table 5 below.

**Table 5 Composite Reliability and Cronbach Alpha Calculation Results**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Value (PBV)</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Profitability (ROA)</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Company Size (SIZE)</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Working Capital Turnover (WCOT)</td>
<td>1.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: Data processed, 2023

Table 5 regarding the calculation results of the composite reliability value and the Cronbach alpha value has a value greater than the test pass requirement of 0.70. This indicates that the variables used in this research model are reliable.

Based on the calculation of validity and reliability, which is carried out through several criteria, including: convergent validity, discriminant validity, and reliability. Overall, it is concluded that both the indicators that make up the variables, as well as the variables that make up the model in this study are valid and reliable.

**Structural Model Design (Inner Model)**

Structural Model / Inner Model evaluation is a measurement to evaluate the level of accuracy of the model in the research as a whole, which is formed through several variables along with indicators. In evaluating the structural model through the above approaches, it will be based on the results of the overview calculation (SmartPLS 3 calculation results), as in Appendix 4, as outlined in Table 4.6 below.
Structural Model Evaluation Through R-Square (R2)

R-Square (R2) can show the strong weak influence caused by exogenous variables on endogenous variables. R-Square (R²) can also show the strength and weakness of a research model shown in Table 7 as follows.

Table 7 Strong Weak Effect of Exogenous Variables on Endogenous Variables Based on R2 Value

<table>
<thead>
<tr>
<th>Coefficient R2</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.19</td>
<td>Weak Model</td>
</tr>
<tr>
<td>0.33</td>
<td>Moderate Model</td>
</tr>
<tr>
<td>0.67</td>
<td>Powerful Model</td>
</tr>
</tbody>
</table>

Source: Ghozali and Latan (2015: 81)

The R2 value of 0.324, shows that working capital turnover and company size affect the company's value by 32.4%. The R² value explains that the effect of working capital turnover and company size on company value is moderate, while 67.6% is influenced by other factors outside the research model.

An R2 value of 0.162 indicates that working capital turnover and company size affect profitability by 16.2%. The R2 value explains that the effect of working capital turnover and company size on profitability is weak, while the remaining 83.8% is influenced by other factors outside the research model.

Structural Model Evaluation through Q-Square Predictive Relevance (Q2)

Q-Square Predictive Relevance (Q2) is a measure of how well observations made provide results to the research model. The value of Q-Square Predictive Relevance (Q2) ranges from 0 (zero) to 1 (one). The closer to 0 the Q-Square Predictive Relevance (Q2) value, gives a clue that the research model is getting worse, while on the contrary the farther away from 0 (zero) and the closer to the value of 1 (one), this means that the research model is getting better.

The criteria for strong and weak models measured based on Q-Square Predictive Relevance (Q2) are shown in Table 8 as follows.
Table 8 Strong weak influence of Exogenous Variables on Endogenous Variables based on Q2 Value

<table>
<thead>
<tr>
<th>Coefficient Q2</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.02</td>
<td>Weak Model</td>
</tr>
<tr>
<td>0.15</td>
<td>Moderate Model</td>
</tr>
<tr>
<td>0.35</td>
<td>Powerful models</td>
</tr>
</tbody>
</table>

Source: Ghozali and Latan (2015:80)

The calculation formula of Q-Square Predictive Relevance (Q2), Ghozali and Latan (2015: 80) is:

\[
Q2 = 1 - (1 - R^2_1)(1 - R^2_2)
\]

\[
= 1 - (1 - 0.324)(1 - 0.162)
\]

\[
= 1 - (0.676)(0.838)
\]

\[
= 0.433512 \rightarrow \text{rounded 0.433}
\]

The Q2 calculation result of 0.433 shows that 43.3% of the model can be explained through the relationship between variables in the research model, while the remaining 56.7% are other factors outside the research model. Referring to the strong criteria of weak models based on Q-Square Predictive Relevance (Q2) values, as stated by Ghozali and Latan (2015: 80), this model is classified as strong.

Structural Model Evaluation through Goodness of Fit (GoF)

Goodness of Fit (GoF) is a measurement of the overall accuracy of the model, because it is considered a single measurement of the outer model measurement and the inner model measurement. The criteria for strong and weak models based on Goodness of Fit (GoF) measurements are shown in Table 9 as follows.

Table 9 Strong and weak influence of Exogenous Variables on Endogenous Variables based on Q2 Value

<table>
<thead>
<tr>
<th>Coefficient Q2</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.36</td>
<td>GoF Large</td>
</tr>
<tr>
<td>0.25</td>
<td>GoF Medium</td>
</tr>
<tr>
<td>0.10</td>
<td>GoF Small</td>
</tr>
</tbody>
</table>

Source: Ghozali and Latan (2015:80)

The formula for measuring the strength and weakness of the model based on Goodness of Fit (GoF), is:

\[
\text{GoF} = \sqrt{(\text{AVE} \times R^2)}
\]

\[
= \sqrt{[(1,000 + 1,000 + 1,000 + 1,000)/4 \times (0.324 + 0.162)/2]}
\]

\[
= \sqrt{[(4,000/4) \times (0.486/2)]}
\]

\[
= \sqrt{1,000 \times 0.243}
\]

\[
= \sqrt{0.243}
\]

\[
= 0.492950 \rightarrow \text{rounded to 0.493}
\]

The results of the GoF calculation above, showing a value of 0.493, then referring to the criteria of strong weak measurement models through Goodness of Fit (GoF) according to (Ghozali & Latan, 2020), this model is classified as the GoF Large category, meaning that the research model is able to explain measurements / estimates properly and correctly.
The structural model / inner model description in this study is as follows.

**Figure 1 Structural Model**
Source: Data processed, 2023

Information:
PBV = Company Value
ROA = Profitability
WCOT = Working Capital Turnover
SIZE = Company Size

**Hypothesis Testing**
Hypothesis testing using the SEM-PLS model aims to determine how the influence between the variables of working capital turnover, company size and profitability as well as company value directly or indirectly. In terms of hypothesis testing, the results of SmartPLS 3 data processing are displayed based on the results of processing at the data bootstrapping stage as shown in Table 4.10 below.

**Table 10 Path Coefficients (Direct Effect) between Working Capital Turnover, Company Size and Profitability and Company Value**

<table>
<thead>
<tr>
<th>Path Coefficient</th>
<th>T Statistics</th>
<th>P Values</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital Turnover -&gt; Profitability</td>
<td>-0.197</td>
<td>2.754</td>
<td>0.006</td>
</tr>
<tr>
<td>Company Size -&gt; Profitability</td>
<td>0.378</td>
<td>3.843</td>
<td>0.000</td>
</tr>
<tr>
<td>Working Capital Turnover -&gt; Company Value</td>
<td>0.132</td>
<td>1.240</td>
<td>0.215</td>
</tr>
<tr>
<td>Company Size -&gt; Company Value</td>
<td>-0.593</td>
<td>5.337</td>
<td>0.000</td>
</tr>
<tr>
<td>-&gt; Profitability Company Value</td>
<td>0.215</td>
<td>2.701</td>
<td>0.007</td>
</tr>
</tbody>
</table>

Source: Data processed, 2023
Based on Table 10, it can be described the testing of relationships between variables as follows:

**Testing the Effect of Working Capital Turnover on Profitability**

The results of the analysis showed that the value of the path coefficient between working capital turnover and profitability was -0.197 with a t-statistic coefficient of 2.754 > t-table of 1.96, and a significance value of 0.006 < 0.05. This explains that capital turnover has a negative and significant effect on profitability. The results proved hypothesis 1 (H1), which reads "capital turnover has a positive and significant effect on profitability" was rejected. Negative and significant influence means that the higher the percentage of working capital turnover, the profitability will decrease.

**Testing the Effect of Company Size on Profitability**

The results of the analysis showed that the value of the path coefficient between the size of the company and profitability was 0.378 with a t-statistic coefficient of 3.843 > t-table of 1.96, and a significance value of 0.000 < 0.05. This explains that the size of the company has a positive and significant effect on profitability. The results of this test prove hypothesis 2 (H2), which reads "the size of the company has a positive and significant effect on profitability" is accepted. A positive and significant influence means that the greater the percentage of company size, the profitability will increase.

**Testing the Effect of Working Capital Turnover on Company Value**

The results of the analysis showed the value of the path coefficient between working capital turnover and company value of 0.132 with a t-statistic coefficient of 1.240 < t-table of 1.96, and a significance value of 0.215 > 0.05. This explains that capital turnover does not have a significant effect on the value of the company. The test results of hypothesis 3 (H3), which reads "capital turnover has a positive and significant effect on company value" are rejected, meaning that if there is an increase or decrease in working capital turnover, it will not affect changes in company value.

**Testing the Effect of Company Size on Company Value**

The results of the analysis showed the value of the path coefficient between working capital turnover and company value of -0.593 with a t-statistic coefficient of 5.337 > t-table of 1.96, and a significance value of 0.000 < 0.05. This explains that capital turnover has a negative and significant effect on the value of the company. The results of testing hypothesis 3 (H3), which reads "capital turnover has a positive and significant effect on company value" were rejected. Negative and significant influence means that the greater the percentage of capital turnover, the value of the company will decrease.

**Testing the Effect of Profitability on Company Value**

The results of the analysis showed the value of the path coefficient between profitability and company value of 0.215 with a t-statistic coefficient of 2.701 > t-table of 1.96, and a significance value of 0.007 < 0.05. This explains that profitability has a positive and significant effect on the value of the company. The test results prove hypothesis 5 (H5), which reads "profitability has a positive and significant effect on the value of the company" accepted. A positive and significant influence means that the higher the profitability, the value of the company will increase.

Testing the indirect effect between capital turnover and company size on firm value through profitability as a mediation variable, as shown by the results of the total indirect effect in Table 11 below.
Table 11 Calculation of Total Indirect Effect

<table>
<thead>
<tr>
<th>Path Coefficient</th>
<th>T Statistics</th>
<th>P Values</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital Turnover -(\rightarrow) Profitability -(\rightarrow) Company Value</td>
<td>-0.042</td>
<td>1.653</td>
<td>0.099</td>
</tr>
<tr>
<td>Company size -(\rightarrow) Profitability -(\rightarrow) Company Value</td>
<td>0.081</td>
<td>2.012</td>
<td>0.045</td>
</tr>
</tbody>
</table>

Source: Data processed, 2023

The Effect of Working Capital Turnover on Company Value through Profitability

Table 11 shows the value of the path coefficient of -0.042 with a t-statistic value of 1.653 < t-table of 1.96 and a significance value of 0.099 > 0.05, so that working capital turnover does not have a significant effect on the value of the company through profitability as a mediation variable. The results of this test prove that hypothesis 6 (H 6), which reads "working capital turnover has a positive and significant effect on company value through profitability" is rejected.

The Effect of Company Size on Company Value through Profitability

The value of the path coefficient in the variables of company size, profitability and company value is 0.081 and has a t-statistic value of 2.012 > t-table of 1.96 and a significance value of 0.045 < 0.05, so that the size of the company has a positive and significant effect on the value of the company through profitability as a variable mediation. The results of this test prove hypothesis 7 (H7), which reads "company size has a positive and significant effect on company value through profitability" accepted.

Based on the calculation of path coefficients and total indirect effects, the total influence between independent variables and dependent variables through mediation variables is summarized in Table 12 and the relationship between capital turnover and capital size to company value through profitability Hotel, Resort & Cruise companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019 can be seen in Figure 12 below.

Table 12 Recapitulation of the Total Effect of Working Capital Turnover and Capital Size on Company Value through Profitability

<table>
<thead>
<tr>
<th>Path Coefficient</th>
<th>T Statistics</th>
<th>P Values</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital Turnover -(\rightarrow) Profitability</td>
<td>-0.197</td>
<td>2.754</td>
<td>0.006</td>
</tr>
<tr>
<td>Company Size -(\rightarrow) Profitability</td>
<td>0.378</td>
<td>3.843</td>
<td>0.000</td>
</tr>
<tr>
<td>Working Capital Turnover -(\rightarrow) Company Value</td>
<td>0.090</td>
<td>0.844</td>
<td>0.399</td>
</tr>
<tr>
<td>Company Size -(\rightarrow) Company Value</td>
<td>-0.512</td>
<td>4.862</td>
<td>0.000</td>
</tr>
<tr>
<td>-(\rightarrow) Profitability Company Value</td>
<td>0.215</td>
<td>2.701</td>
<td>0.007</td>
</tr>
</tbody>
</table>

Source: Data processed, 2023
The Influence of Working Capital Turnover and Company Size on Company Value with Profitability As A Mediating Variable

Information:
PBV = Company Value  
ROA = Profitability  
WCOT = Working Capital Turnover  
SIZE = Company Size  

Discussion of research results
The Effect of Working Capital Turnover on Profitability

The results of the path analysis for the relationship between working capital turnover and profitability obtained a negative marked path coefficient value of -0.197 with a t-statistic coefficient of 2.754 > t-table of 1.96, and a significance value of 0.006 < 0.05. This explains that capital turnover has a negative and significant effect on profitability. Therefore, hypothesis 1 (H1) is rejected, meaning that the higher the percentage of working capital turnover, the profitability will decrease. This is due to the ineffective working capital turnover in Hotel, Resort and Cruise Ship companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period. Companies need working capital to support operational activities when there is an increase in sales. On the other hand, sales fluctuations caused by seasonal and cyclical factors affect working capital requirements. Meanwhile, companies often find trade off problems between liquidity and profitability variables in determining efficient working capital policies. The company is also faced with the problem of determining the source of funds. If the company uses more debt than its own capital, the level of solvency will decrease because the interest expense that must be borne also increases. This will have an impact on decreasing profitability.

Based on descriptive statistics, it shows that the value of working capital turnover shown by WCOT is the highest at 310.48 percent, while the highest profitability value...
that the company can achieve is only 89.21 percent. In addition to providing exceptional services to service users, increasing revenue is the goal of every owner of a Hotel, Resort and Cruise hotel company. However, many of these businesses (both small and large) struggle with high operational costs. Running a Hotel, Resort and Cruise company business initially requires high costs that drain profit margins and threaten the financial health and long-term viability of the company. Therefore, companies that set working capital are likely to be able to maintain liquidity levels but the opportunity to obtain large profits will decrease (Van Horne et al., 2012), so companies prefer to maintain liquidity rather than focus on increasing profits received. With liquidity in a company, it becomes a crucial evaluation and assessment material for creditors and investors. This research is in line with agency theory which states that the principal, namely shareholders, will feel benefited if the company has high liquidity, because the principal will avoid the risks posed by the company such as the company's inability to pay debts, if the company is unable to pay its debts, it will certainly affect the company's financial condition and will actually lead to a decrease in the value of profits company (Ayem & Mison, 2022).

The results of this study support the research of (Karamina & Soekotjo, 2018), (Cahyani & Sitohang, 2020), (Maheswari, 2022) which explains that working capital turnover has a negative and significant effect on profitability.

The Effect of Company Size on Profitability

The results of the path analysis for the relationship between company size and profitability obtained a positive marked path coefficient value of 0.378 with a t-statistic coefficient of 3.843 > t-table of 1.96, and a significance value of 0.000 < 0.05. This explains that the size of the company has a positive and significant effect on profitability. Therefore, hypothesis 2 (H2) is accepted, meaning that the greater the percentage of company size, the profitability will increase. Based on the results of descriptive analysis, the highest percentage of company size was 29.35 while from 70 samples the average company size was 28.02 percent. These results indicate that the size of the company as seen from large total assets reflects that the company is experiencing good development so as to increase the company's profitability. This is also supported by signal theory, where the larger the size of the company, the more attractive investors are to invest in large companies because they are considered profitable.

The results of (Natnadiandi & Yuliantadhi, 2018) on Real Estate & Property companies listed on the Indonesia Stock Exchange in 2012 – 2016 argue that company size has a significant positive effect on profitability. In line with research conducted by (Pratama, 2022) on telecommunications companies listed on the IDX for the 2009-2013 period found that company size has a significant positive effect on profitability because companies with larger sizes It has a stronger drive to present higher levels of profitability compared to smaller companies because larger companies tend to be more scrutinized and viewed critically by investors.

The Effect of Working Capital Turnover on Company Value

The results of the analysis showed the value of the path coefficient between working capital turnover and company value of 0.132 with a t-statistic coefficient of 1.240 < t-table of 1.96, and a significance value of 0.215 > 0.05. This explains that capital turnover does not have a significant effect on the value of the company. The test results of hypothesis 3 (H3) are rejected, meaning that if there is an increase or decrease in working capital turnover, it will not affect changes in company value. Working capital management that is not managed properly causes low investment in working capital in the company so that it makes the company in producing a product not optimal, causing a
decrease in the sales process within a company. With the decline in sales within the company, it certainly causes a decrease in company value because it makes people's views of the company decrease so that it certainly makes investors and the public feel hesitant to invest, thus giving a bad signal for investors.

The results of this study support the research of (Widyastuti, 2019), (Hardiana et al., 2019) and (Cendy Chandra, 2020) which states that working capital turnover is not significant to company value and according to state that working capital turnover is not significant to company value.

The Effect of Company Size on Company Value

The results of the analysis showed the value of the path coefficient between the size of the company and the value of the company of 0.378 with a t-statistic coefficient of 3.843 > t-table of 1.96, and a significance value of 0.000 < 0.05. This explains that the size of the company has a positive and significant effect on the value of the company. Therefore hypothesis 4 (H4) is accepted, meaning that the larger the size of the company, the value of the company will increase. The relationship between company size and signal theory can be seen from the larger the size, the better the company's investment management. Because investment decisions can provide good signs / signals for interested parties in the form of information about their finances. The higher the size, the better the company's investment management. Because investment decisions can provide positive signals for investors so that the company is able to manage well to make a profit. According to research conducted by (Dewi & Abundanti, 2019) shows that company size has a significant positive effect on company value. This is also in line with research conducted by (Dewantari et al., 2019) stating that company size has a significant effect on company value. Apart from the two studies above, research conducted by (Dewi & Abundanti, 2019) on manufacturing companies listed on the Indonesia Stock Exchange in the 2015-2017 period also resulted in the conclusion that company size has a significant effect on company value.

The Effect of Profitability on Company Value

The results of the analysis showed the value of the path coefficient between profitability and company value of 0.215 with a t-statistic coefficient of 2.701 > t-table of 1.96, and a significance value of 0.007 < 0.05. This explains that profitability has a positive and significant effect on the value of the company. Therefore hypothesis 5 (H5) is accepted. The existence of good profitability in a company reflects that the company has processed company assets well so as to obtain profits in a company. With these benefits, investors are interested in investing in the company because of these profits. Actions taken by investors are certainly able to cause an increase in stock prices and can affect the value of the company so that there is also an increase in the value of the company. The results of research found by (Ambarwati & Vitaningrum, 2021) that profitability is proxied with return on assets affects company value. This is also in line with (Hapsoro & Falih, 2020) research which shows that profitability has a significant role in increasing company value. Apart from the two studies above, research conducted by (Dewi & Abundanti, 2019) on manufacturing companies listed on the Indonesia Stock Exchange in the 2015-2017 period also resulted in the conclusion that profitability has a significant effect on company value. The results of research conducted by (Suryana & Rahayu, 2018) have different results from the three studies above, because the results of the research show that profitability has a negative but not significant effect on the value of pharmaceutical companies.
The Effect of Working Capital Turnover on Company Value through Profitability

The relationship between working capital turnover to company value through profitability based on indirect influence shows a path coefficient value of -0.042 with a t-statistic value of 1.653 < t-table of 1.96 and a significance value of 0.099 > 0.05, so that working capital turnover does not have a significant effect on company value through profitability as a mediation variable. Therefore, hypothesis 6 (H6) is rejected, meaning that profitability is unable to mediate the effect of working capital turnover on the value of the firm.

The Effect of Company Size on Company Value through Profitability

The relationship between working capital turnover to company value through profitability based on indirect influence shows the value of the path coefficient on the variables company size, profitability and company value is 0.081 and has a t-statistical value of 2.012 > t-table 1.96 and a significance value of 0.045 < 0.05, so that the size of the company has a positive and significant effect on the value of the company through profitability as a variable mediation. Therefore, hypothesis 7 (H7) is accepted, meaning that profitability is able to mediate the effect of firm size on firm value. Profitability as part mediation in the effect of company size on company value.

Conclusion

Here are some conclusions that can be drawn from the description and analysis of this research: 1. Working capital turnover has a negative and significant impact on profitability. This means that as the percentage of working capital turnover increases, profitability in the Hotel, Resort, and Cruise companies listed on the Indonesia Stock Exchange (BEI) during the period 2015-2019 decreases. 2. Company size has a positive and significant impact on profitability. This means that as the percentage of company size increases, profitability in the Hotel, Resort, and Cruise companies listed on the Indonesia Stock Exchange (BEI) during the period 2015-2019 increases. 3. Working capital turnover does not have a significant impact on company value. This means that whether there is an increase or decrease in working capital turnover, it does not affect the change in company value in the Hotel, Resort, and Cruise companies listed on the Indonesia Stock Exchange (BEI) during the period 2015-2019. 4. Company size has a positive and significant impact on company value. This means that the larger the company size, the company value in the Hotel, Resort, and Cruise companies listed on the Indonesia Stock Exchange (BEI) during the period 2015-2019 will increase. 5. Profitability has a positive and significant impact on company value. This means that the higher the percentage of profitability, the company value in the Hotel, Resort, and Cruise companies listed on the Indonesia Stock Exchange (BEI) during the period 2015-2019 increases. 6. Working capital turnover does not have a significant impact on company value through profitability as a mediating variable. This means that profitability is not able to mediate the influence of working capital turnover on company value in the Hotel, Resort, and Cruise companies listed on the Indonesia Stock Exchange (BEI) during the period 2015-2019. 7. Company size has a positive and significant impact on company value through profitability as a mediating variable. Profitability in this research is a partial mediator in the influence of company size on company value. This means that profitability can mediate the influence of company size on company value.
The Influence of Working Capital Turnover and Company Size on Company Value with Profitability As A Mediating Variable

References


Vedo Avelino Sugianto

Edition: John Willey & Sons. Inc.