The Aggressive vs Conservative Working Capital Management: The Influence of Excess Net Working Capital on Long-Term Investment and Performance of Indonesian Manufacturing Firms from 2015-2024 = Manajemen Modal Kerja Agresif vs Konservatif: Pengaruh Excess Net Working Capital terhadap Investasi Jangka Panjang dan Kinerja Perusahaan Manufaktur Indonesia pada Periode 2015-2024

Raditya Sutan Syahban, author

Abstrak

<i>This study investigates the relationship between excess net working capital (ENWC) and both long-term investment, as measured by capital expenditure (CAPEX), and firm performance, as measured by return on assets (ROA), in Indonesian manufacturing companies from 2015 to 2024. Excess net working capital is employed to reflect the manufacturing firm's working capital management strategy, where positive excess net working capital (above the industry median value) indicates a conservative approach, and negative excess net working capital (below the industry median value) represents an aggressive approach. The sample consists of 102 manufacturing firms listed on the Indonesia Stock Exchange (IDX) over the 2015–2024 period. Generalized Least Squares (GLS) estimation is applied to address issues of heteroscedasticity and autocorrelation in the panel data. The findings reveal that excess net working capital and positive excess net working capital have a significant positive effect on long-term investment but a significant negative effect on firm performance. This suggests that while conservative working capital management can support manufacturing firm’s long-term investment capacity, it reduces profitability due to inefficient operating cycle and excess cash tied up in the working capital account. </i>
......Penelitian ini menyelidiki hubungan antara excess net working capital (ENWC) dengan investasi jangka panjang, yang diukur melalui belanja modal (capital expenditure/CAPEX), serta kinerja perusahaan, yang diukur dengan return on assets (ROA), pada perusahaan manufaktur di Indonesia selama periode 2015 hingga 2024. Excess net working capital digunakan untuk merefleksikan strategi manajemen modal kerja perusahaan manufaktur, di mana ENWC positif (di atas nilai median industri) mencerminkan pendekatan konservatif, sedangkan ENWC negatif (di bawah nilai median industri) mencerminkan pendekatan agresif. Sampel terdiri dari 102 perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2015–2024. Estimasi Generalized Least Squares (GLS) digunakan untuk mengatasi permasalahan heteroskedastisitas dan autokorelasi dalam data panel. Temuan menunjukkan bahwa ENWC dan ENWC positif berpengaruh positif signifikan terhadap investasi jangka panjang, namun berpengaruh negatif signifikan terhadap kinerja perusahaan. Hal ini menunjukkan bahwa meskipun manajemen modal kerja yang konservatif dapat mendukung kapasitas investasi jangka panjang perusahaan manufaktur, pendekatan ini mengurangi profitabilitas karena siklus operasi yang tidak efisien dan kas yang berlebih terikat dalam akun modal kerja.