

**THE IMPACT OF INVENTORY TURNOVER AND SALES
ON NET PROFIT**

(A Case Study of CV. Mulya Motor Ujung Gading, West Pasaman Regency)

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Abstract

This study attempts to determine how Inventory Turnover and Sales influence Net Profit at CV. Mulya Motor Ujung Gading, West Pasaman Regency. This form of research is quantitative research, and the data utilized are quantitative data. Mulya Motor Ujung Gading, West Pasaman Regency's monthly financial statements serve as the source of information for this study's data collecting. Based on the sample collection undertaken using the approach of purposive sampling, a total of 36 research samples from 60 populations were acquired. In this study, descriptive statistical tests, classical assumption tests including the normality test, autocorrelation test, multicollinearity test, and heteroscedasticity test, multiple linear regression analysis, and hypothesis testing including the t-test, F test, and the coefficient of determination were used to analyze the research sample collected between 2017-2019. The partial test results indicate that inventory turnover has a favorable and statistically significant influence on net income at CV. Mulya Motor Ujung Gading, West Pasaman Regency. CV. Mulya Motor Ujung Gading, West Pasaman Regency's sales have a positive and significant impact on net income. In addition, net income is significantly affected by the outcomes of inventory turnover and sales simultaneously.

Keywords: *Inventory Turnover, Net Profit, Sales*

1. INTRODUCTION

The development of the business world, both trade and the service industry in this era of globalization, has grown very rapidly and has undergone a continuous metamorphosis. Private companies and government agencies, both companies engaged in industry, services and trade or other businesses are required to follow the development of their business life. This is done as an effort so that these companies can maintain the viability of the company. The development of the business world that is growing rapidly and along with technological developments has had a major influence on the Indonesian economy (Apdillah et al., 2022). This can be seen by the increasingly fierce competition in the business world as well as the number of new companies that have sprung up. This increasingly fierce competition requires companies to always advance and develop by optimally managing all existing resources so that the company's goal of obtaining maximum profit can be achieved and can survive in the business world.

CV. Mulya Motor Ujung Gading is one of the motorcycle companies under the auspices of Yamaha Tjahaja Baru, West Sumatra. CV. Mulya Motor was founded in 1992

by H. Ali Munar which is located on Jalan Nusantara Barat, Ujung Gading village, West Pasaman Regency. At first CV. Mulya Motor Ujung Gading is a company that sells various motorcycle products from several different brands, which are then focused on selling motorcycles under the Yamaha brand. Currently the company is engaged in sales, motorcycle service, and spare parts for Yamaha motorcycles. One of the goals of this company is to make a profit.

Phenomenon that can be seen in CV. Mulya Motor Ujung Gading is the lack of attention of the company's management in analyzing the level of inventory turnover and the level of sales. Inventory turnover at this company tends to decrease from 2018 to 2019. In 2018 the average inventory turnover decreased by 0.26%, from 0.93 in 2017 to 0.68 in 2018, this decline in inventory turnover was also followed by with a decrease in net income. Then the decline in 2019 the average inventory turnover decreased by 0.04%, from 0.68 in 2018 to 0.65 in 2019, the decline in inventory turnover this year was not followed by a decrease in net profit. According to Lukviarman, inventory turnover is said to be very good if the value is > 3.4 times. From here it can be seen that the inventory turnover in CV. Mulya Motor Ujung Gading in 2017-2019 was far below the industry standard inventory turnover of 3.4 times.

Table 1. Data Turnover Inventory, Sales and Net Profit of CV. Mulya Motor Ujung Gading 2017-2019

Year	Supply	Inventory Turnover	Sales (Rp)		Net profit	
	(Rp)	(Time)	%	%	(Rp)	%
2017	275.371.861	11.12	217,325,000	198,172,387		
2018	299.828.407	8.19	0.26 193.125.000	11.13 151.489000	23.55	
2019	340.031.448	7.83	0.04 212.425.000	-9.99 169,597,100	-11.95	

Source: CV. Mulya Motor Ujung Gading, Data processed in 2021

Based on table 1 above, it can be seen that the value of inventory turnover for the 2017-2019 period of CV. Mulya Motor Ujung Gading tends to decrease in the last 3 years. Inventory turnover in 2018 decreased by 0,26% from 2017, which was also followed by a decrease in profit to Rp151.489.000. Inventory turnover in 2019 decreased by 0,04% compared to 2018, but net profit increased by 11,95% from Rp151.489.000 in 2018 to Rp169.597.100 in 2019. This indicates that the smaller the inventory turnover, the higher the company's profit margin. This contradicts Raharjaputra's theory that "the higher the inventory turnover rate, the more probable the company will generate a profit."

In 2018 sales decreased by 11.13%, namely Rp24.200.000 compared to 2017 with net profit which also decreased from Rp198.172.387 in 2017 to Rp151.489.000 in 2018. This means that the lower the sales, the smaller the company will gain from its sales. This is consistent with Suad Husnan's theory that "sales growth can also effect a company's profitability." The greater the company's net sales, the greater the gross profit that may be obtained, which encourages the company's profitability to increase.

In 2018 net profit on CV. Mulya Motor Ujung Gading decreased by 23,55% from Rp198.172.387 to Rp151.489.000. This is due to a decrease in sales of 11,13% and inventory turnover of 0,26%. In 2019 net profit on CV. Mulya Motor Ujung Gading experienced an increase of 11,95% from Rp151.489.000 in 2018 to Rp169.597.100 in 2019. This happened because sales in 2019 also increased by 9,99%, namely Rp19.300.000, but inventory turnover in that year decreased by 0,36 times. This means that the lower inventory turnover but the higher sales, the greater the profit to be obtained.

After doing research on CV. Mulya Motor Ujung Gading, West Pasaman Regency, the author concludes that the problem that occurs in this company is the lack of attention from the company's management in analyzing the level of inventory turnover and the level of sales. So that there is an increase and decrease in the level of inventory and sales turnover which results in net profit on sales at the company also decreasing at a certain time.

Based on previous research conducted by Simangunsong et al. (2019) with the title "*Pengaruh perputaran persediaan, perputaran piutang, penjualan bersih dan hutang usaha terhadap laba bersih pada perusahaan Manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) periode 2013-2016*" reveals that inventory turnover has a partly negative and small effect on net income, whereas net sales have a partial positive and substantial influence on net income for manufacturing companies listed on the Indonesia Stock Exchange from 2013 to 2016.

While the research conducted by Wahyuni (2019) with the research title "*Pengaruh Perputaran Persediaan, Modal kerja, dan Volume Penjualan Terhadap Laba Bersih (Survei Pada Perusahaan Manufaktur Sektor Industri Dasar dan Kimia Sub Sektor Semen yang Terdaftar di BEI Periode 2009–2018)*" states that partially inventory turnover has a positive and significant effect to net income. Then the research conducted by Diana et al. (2021) with the research title "*The effect of debt, working capital and sales on net income in the Food and Beverage Sector listed on the Indonesia Stock Exchange in 2014-2018*" explains that partial sales have no bearing on net income in the food and beverage sector listed on the New York Stock Exchange. Indonesian Securities from 2014 until 2018. According to prior study, there are still anomalies or discrepancies in the research results about the elements that influence net income.

Based on the description that has been described in the background above, this study aimed to examine the effect of Inventory Turnover and Sales on Net Profit at CV. Mulya Motor Ujung Gading, West Pasaman Regency.

2. THEORETICAL FOUNDATION

2.1. Inventory Turnover

Inventory turnover is a ratio that measures the frequency with which a company's invested capital in its inventory is recirculated over a given time period. Inventory turnover measures a company's capacity to transform existing inventory into revenue. This is an approximate number. According to Kasmir, inventory turnover is a ratio that quantifies the frequency with which monies invested in inventory are recirculated within a given time period.

According to Margaretha Abdullah & Siswanti (2019), the factors that affect the amount of inventory are:

- 1) Sales volume The volume of sales is the total amount generated through the sale of items. The bigger the amount of sales that a company generates, the greater the likelihood that a profit will be produced.

- 2) The period of the production process The period of the production process is how long the company uses to produce an item.
- 3) End product durability or fashion factor. Regarding how long the product can continue to be used

Inventory turnover on the company's profit must consider the profit % since, as profit increases, so does inventory turnover on profit. Inventory turnover is a metric that indicates the frequency of inventory rotation during a certain time period. If the inventory turnover rate is high, sales will be high, resulting in a rise in revenue and operational profit (Riyanto, 2007). If the inventory turnover rate is low, sales will likewise be low, resulting in a decline in revenue. This will result in a drop in operational profit since the company must incur additional expenses, such as maintenance expenditures and the cost of storing item inventories. Meanwhile, there are several factors of inventory turnover on profits, including Time factor; Average Raw Material Usage; and Risk of Out of Stock (Prihadi, 2019).

2.2. Sales

Sales is a transaction involving sellers and purchasers in a commercial activity involving the delivery of goods or services. According to Mulyadi, sales is the activity of selling goods or services on credit or for cash. The primary objective of sales is to generate profits or profits from products or things created by manufacturers who practice effective management. Cash sales are sales for which immediate payment can be received (in full). Credit sales are noncash sales, yet in this situation the anticipated profit is bigger than cash sales (Sudaryono, 2016).

There are several factor that affects sales on profits, including the following: (Sadeli, 2008)

- 1) Increase in Sales

In increasing the number of sales, it will require more costs in the production of inventories which have the effect of reducing profits as a result of the costs incurred, but from the increase in sales, it will increase profits due to increased sales.

- 2) Market Conditions

The market as a collection of buyers or parties targeted by sales activities can also influence sales operations. If sales activities run smoothly or target consumers are right, it will affect a lot or at least the goods sold which affect profits.

- 3) Capital

Capital is used as the basis for running a business and if sales are smooth, it will reduce the amount of capital invested in the company and will increase profits.

2.3. Net profit

The income statement is a report that details the revenues and expenses of a business unit within a certain time period. The company's profit or loss is determined by the difference between sales and expenses. Therefore, the income statement is a component of a company's financial statements for a given accounting period that details the company's income and expenses in order to calculate its net profit (or loss) (Al Amin, 2018).

The factors that affect the profit are as follows: (Mulyadi, 2014)

- 1) Changes in Selling Price. This means that the budgeted selling price changes with the selling price in the previous period, which will result in fluctuations in profit.
- 2) Changes in the Quantity (Volume) of Goods Sold. That is, the change in the number of goods sold from the budgeted amount to the amount of the previous period. Same as selling price, for example from the targeted amount.
- 3) Changes in Cost of Goods Sold This means changes in the cost of goods sold from the budgeted cost of goods sold in the previous period. This change may be due to an increase in the cost of goods sold from the main source, for example an increase or decrease in the price of raw materials or due to an increase in costs charged from before.

2.4. Conceptual Framework

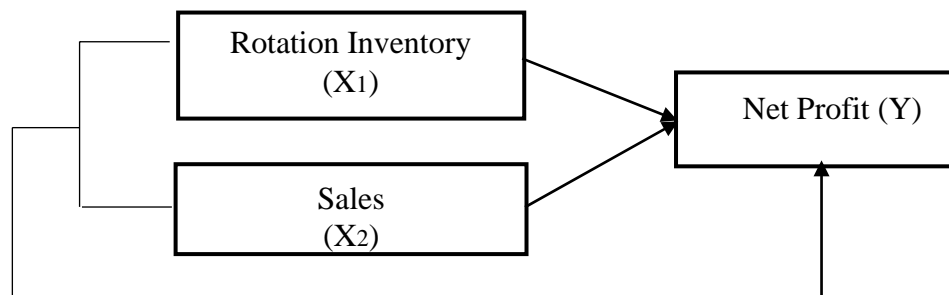


Figure 1. Conceptual Framework

2.5. Hypothesis Development

H01 : There is no effect of inventory turnover on net profit on CV. Mulya Motor Ujung Gading

Ha1 : There is an effect of inventory turnover on net income at CV. Mulya Motor Ujung Gading

H02 : There is no effect of sales on net income in CV. Mulya Motor Ujung Gading

Ha2 : There is an effect of sales on net income in CV. Mulya Motor Ujung Gading

H03 : There is no effect of inventory turnover and sales on net income at CV. Mulya Motor Ujung Gading

Ha3 : There is an effect of inventory turnover and sales on net income at CV. Mulya Motor Ujung Gading

3. RESEARCH METHODS

This research was conducted with quantitative research methods. This study examines the effect of inventory turnover and sales on profit, based on data that has been collected from CV. Mulya Motor Ujung Gading. This research was conducted on CV. Mulya Motor Ujung Gading, Lembah Melintang District, West Pasaman Regency. The population in this study are all monthly financial reports published by CV. Mulya Motor Ujung Gading from 2015 to 2019 as many as 60 months in the form of inventory, sales

and net profit data. The sampling technique in this study used purposive sampling method. The criteria for sampling set out in this study are as follows:

Table 2. Research Sampling

No.	Sample Criteria	Total
1	Monthly financial report CV. Mulya Motor Edge Gading West Pasaman Regency 2015-2019	60
2	Monthly financial report CV. Mulya Motor Edge The incomplete Gading of West Pasaman Regency	24
Number of Research Samples		36

Based on these criteria, the sample used in this study is the monthly balance sheet and profit/loss report published by CV. Mulya Motor Ujung Gading since 2017-2019. The sample collected was 36 samples consisting of financial statements for 3 periods 2017-2019 by taking monthly reports. Secondary data in this study in the form of monthly financial statements CV. Mulya Motor Ujung Gading West Pasaman Regency from 2017-2019. The data collection technique used in this research is the Documentation Study. Data collection with documentation study is done by viewing and assessing historical data.

Multiple linear regression analysis was employed to analyze the data for this investigation. This technique is used to anticipate the effect of a dependent variable (the company's net profit) on the basis of an independent variable (inventory and sales turnover). The acquired data were then analyzed by multiple linear regression using the SPSS 22 (Statistical Package for the Social Sciences) software, and were then described in a descriptive manner.

4. RESULTS AND DISCUSSION

4.1. Research Results

4.1.1. Descriptive Statistical Analysis Results

Descriptive statistical analysis is a statistic used to evaluate data by summarizing or characterizing the acquired data as it is, without drawing inferences applicable to the general population.

Table 3. Descriptive Statistical Test Results

	N	Min	Max	Mean	Std. Deviation
Inventory Turnover	36	.26	2.00	.7631	.39416
Sale	36	7275000	33550000	17302083.33	5791389,468
Net profit	36	1201000	32967746	14423846.86	6630470.675
Valid N (listwise)	36				

Source: Data processed by SPSS 22, 2021

Based on the data in table 3 above, information about the research variables is obtained, namely:

- 1) The net income variable has a maximum value of 32967746, a minimum value of 1201000, an average value (mean) of 14423846,86, and a standard deviation of 6630470,675, with a total of 36 research data. CV. Mulya Motor Ujung Gading the highest occurred in June 2017. While the lowest net profit rate occurred in October

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2018.

- 2) The inventory turnover variable has a maximum value of 2, a minimum value of 0,26, an average value (mean) of 0,7631, and a standard deviation of 0.39416, with a total of 36 research data. CV. Mulya Motor Ujung Gading the highest occurred in June 2017. While the lowest inventory turnover rate occurred in December 2017.
- 3) The sales variable has a maximum value of 33550000, a minimum value of 7275000, an average value (mean) of 17302083,33, and a standard deviation of 5791389,468, with a total of 36 research data. CV. Mulya Motor Ujung Gading the highest occurred in June 2017. While the lowest level of sales occurred in February and March 2018.

4.1.2. Classic Assumption Test

1) Normality test

If the value is significant or the probability is more than 0.05, then the data are regularly distributed, as determined by statistical analysis employing the Kolmogorov-Smirnov technique. The results of the normalcy test are shown in the following table:

Table 4. Data Normality Test Results

		Unstandardized Residual
N		36
Normal Parameters, b	mean	.0000000
	Std. Deviation	3632126.76893
	MostExtreme Differences	.232
	Absolute	.072
	Positive negative	.065 -.072
Test Statistics		.072
asymp. Sig. (2-tailed)		.200c,d

Source: Data processed by SPSS 22, 2021

The value of Sig. (2-tailed) is 0.200, which is greater than 0.05, hence it can be concluded that the entire sample employed in this study was drawn from a population with a normal distribution.

2) Autocorrelation Test

This study's testing method employs the Durbin-Watson (DW) test, with the decision criterion that if $DU \leq DW \leq 4 - DU$, then H_0 is accepted, indicating that there is no autocorrelation. The outcomes of the autocorrelation test are shown in the following table.

Table 5. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.837a	.700	.682	3740572.271	1.644

Source: Data processed by SPSS 22, 2021

Based on table 5 above, it can be seen that the Durbin-Watson (DW) value is 1.644. Then on the Durbin-Watson (DW) table with Sig. 5%, the number of samples is 36 (n), and the number of independent variables is 2 (K=2), so the DU value is 1.5872 and the DL value is 1,3537. This shows 1,5872 (DU) < 1.644 (DW) < 2,4128 (4-DU), so it can be concluded that the multiple linear regression model has no autocorrelation symptoms.

3) Multicollinearity Test

Multicollinearity testing can be performed by comparing the tolerance value and Variance Inflation Factor (VIF) to the decision criterion. There is no multicollinearity if the tolerance value is > 0.10 and the VIF is < 10. The outcomes of the multicollinearity test are displayed in the table that follows.

Table 6. Multicollinearity Test Results

Model	Collinearity Statistics	Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	X1	.377	2.650
	X2	.377	2.650

Source: Data processed by SPSS 22, 2021

The tolerance value is 0.377% > 0.10, while the VIF is 2.650 < 10. It is possible to conclude that there is no multicollinearity among the independent variables.

4) Heteroscedasticity Test

This study's test method employs the Glejser test with decision-making criteria; if the significance value (Sig.) is > 0.05, then the regression model does not exhibit heteroscedasticity.

Table 7. Heteroscedasticity Test Results

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.		
					B	Std. Error
1	(Constant)	2630710.822	1260842.857		2,086	.045
	X1	932358.864	1617176.484	.162	.577	.568
	X2	-.031	.110	-.080	-.284	.778

Source: Data processed by SPSS 22, 2021

The significance value (Sig.) of the inventory turnover variable (X1) is seen to be 0,568, and the significance value (Sig.) of the sales variable (X2) is observed to be 0,778, as shown in the table 7 that was shown earlier in this section. Due to the fact that this demonstrates that the significance value (Sig.) of the two variables is > 0,05, it is possible to draw the conclusion that the regression model does not contain any heteroscedasticity

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symptoms.

5) Coefficient of Determination Test (R^2)

The purpose of the coefficient of determination test is to assess how well the model can explain the fluctuation of the dependent variable. The coefficient of determination has a value between zero and one. The outcomes of the test for the coefficient of determination are shown in the table below:

Table 8. Determination Coefficient Test Results (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.837a	.700	.682	3740572.271

Source: Data processed by SPSS 22, 2021

The R-Square value was calculated to be 0,700 using the information presented in table 8, which can be found above. Which suggests that the independent variable, inventory and sales turnover, may explain 70% of the variation in the dependent variable, net income, while the remaining 30% of the variation in net income can be explained by other variables that are not part of the study.

6) Partial Test (t Test)

The t-test decision criteria are as follows: if $t_{\text{statistic}} > t_{\text{table}}$ and $\text{Sig. } t < \alpha = 0,05$, it is possible to conclude that the independent variable has a significant effect on the dependent variable. Consequently, if $t_{\text{statistic}} < t_{\text{table}}$ and $\text{Sig. } > \alpha = 0,05$, it can be argued that the independent variable has a marginally insignificant effect on the dependent variable.

Table 9. Partial Test Results (t Test)

Model	Unstandardized Coefficients			Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-398989.301	2035940.608		-196	.846
	X1	6469712.126	2611328.807	.385	2.478	.019
	X2	.571	.178	.499	3.215	.003

Source: Data processed by SPSS 22, 2021

The following conclusions can be taken from the data shown in Table 9:

a) Inventory Turnover Variable

Based on the results of the t test, the $t_{\text{statistic}}$ value is 2.478, while the t_{table} value ($\alpha = 0.05$ and $df = 33$) is 2,03452. Thus, the value of $t_{\text{statistic}}$ is greater than the value of t_{table} ($2,478 > 2,03452$). Then when viewed from the value of Sig. t ($0,019 < 0,05$). As a result, H_{a1} is accepted, so it can be concluded that inventory turnover has an effect on net income.

b) Sale

Based on the results of the t-test, the $t_{\text{statistic}}$ value is 3.215, while the t_{table} value ($\alpha = 0,05$ and $df = 33$) is 2,03452. Thus, the value of $t_{\text{statistic}}$ is greater than the value of t_{table} ($3,215 > 2,03452$). Then when viewed from the value of Sig. t ($0,03 < 0,05$). In other

words, H_{a2} is accepted, so it can be concluded that sales have an effect on net income.

7) Simultaneous Test (F Test)

If $F_{\text{statistic}} > F_{\text{table}}$ and $\text{Sig. } F < \alpha = 0,05$, it can be argued that the independent factors have a substantial influence on the dependent variable. If $F_{\text{statistic}} < F_{\text{table}}$ and the value of $\text{Sig. } F > \alpha = 0.05$, it can be stated that the independent variables have no significant influence on the dependent variable. The results of the concurrent test (F test) are shown in the table following table:

Table 10 Simultaneous Test Results (Test F)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1076977877589624.000	2	53848893879 4812.200	38.486	000b
Residual	461732070295816.200	33	13991880918 055.035		

Source: Data processed by SPSS 22, 2021

Based on table 10 above, it is known that the $F_{\text{statistic}}$ value is 38,486 while the F_{table} value ($\alpha = 0,05$, $df1 = 2$, $df2 = 33$) is 3,28. Thus, the value of $F_{\text{statistic}}$ is greater than the value of F_{table} ($38,486 > 3,28$). Then when viewed from the value of $\text{Sig. } F$ indicates a number of 0.000 which means it is smaller than the value of $\alpha = 0,05$. Hence, H_{a3} is accepted, means that the inventory turnover and sales variables simulatenously has an effect on net income.

4.2. Discussion

4.2.1. Inventory Turnover Effect on Net Profit

According to the findings of the study, inventory turnover has a considerable beneficial impact on net profitability. This is evident from the significance value of 0,019, which is less than 0,05, and the $t_{\text{statistic}}$ value, which exceeds the t_{table} value ($2,478 > 2,03452$). The regression coefficient is 6469712.126, indicating a positive relationship between inventory turnover and net income; the larger the inventory turnover, the greater the net profit.

This study's findings support I Made Sudana's theory "that the higher a company's inventory turnover rate, the greater the likelihood that it will earn a high net profit from sales". And vice versa, if the inventory turnover rate is low, it is less probable that the company will generate a profit, as the company's sales activity will have a minimal effect on its income.

The findings of this study are backed by studies completed previously by Muhajir (2020) It which argues that inventory has a considerable and positive effect on net income. Wahyuni (2019) which asserts that inventory turnover has a favorable and substantial impact on net income. Nurafika & Almadany (2018) which states that inventory turnover has an influence on profitability. Renadi et al. (2017)which states that inventory turnover has a significant effect on profitability.

However, the results of this study are not in line with the results of research conducted by Simangunsong et al. (2019) which states that inventory turnover has no positive and significant effect on net income. Mulyana & Pethy (2018) which states that inventory turnover has no effect on net income.

4.2.2. Sales Effect on Net Profit

According to the findings of the study, sales have a considerable beneficial effect on net income. This is evident from the significance value of 0,03, which is less than 0,05, and the fact that $t_{\text{statistic}}$ is bigger than t_{table} value ($3,215 > 2,03452$). The regression coefficient is 0,571, indicating that there is a positive relationship between sales and net income; the bigger the sales, the greater the net income.

The results of this study are in line with the theory Husnan (2019) "That sales growth can also affect the company's profitability. The higher the net sales made by the company, the higher the gross profit that can be obtained, so that it can encourage the higher the profitability of the company".

Previous research conducted by Nurazhari & Dailibas (2021) indicates that sales have a considerable beneficial effect on net income, which supports the findings of this study. According to Muhajir (2020) sales have a favorable and considerable effect on net income. According to Simangunsong et al. (2019) net sales have a large and partial effect on net income for manufacturing businesses listed on the Indonesia Stock Exchange from 2013 to 2016. According to Susilawati & Mulyana (2018) sales impact net income. According to Casmadi (2018) there is a considerable positive correlation between sales and net income. However, the findings of this study contradict the findings of Diana et al. (2021) which concluded that sales have no effect on net income.

4.2.3. Effect of Inventory Turnover and Sales on Net Profit

According to the results of testing the hypothesis, both inventory turnover and sales variables have a considerable impact on net income. This is evident from the significance value of 0,000 was being less than 0,05 and the Fstatistic value was being bigger than the Ftable value ($38,486 > 3,28$). This implies that a company's turnover will expand proportionally to its sales, resulting in a substantial profit.

The R-Square score of 0,700, or 70%, indicates the extent of the independent variable's influence on the dependent variable. This indicates that 70% of the variance in net income can be explained by the independent variable (inventory and sales turnover), while the remaining 30% can be explained by variables outside the scope of this study.

5. CONCLUSION

Based on the findings and discussion above, this study concludes that at CV. Mulya Motor Ujung Gading, West Pasaman Regency, inventory turnover has a positive and significant impact on net income. This indicates that inventory turnover is one of the elements affecting the company's annual net income growth or decline. Likewise, the impact of sales on net income at CV. Mulya Motor Ujung Gading, West Pasaman Regency is positive and significant. This indicates that sales contribute to the annual increase and reduction in net profit made by the company. Further, net profit is significantly influenced by its inventory turnover and sales volume simultaneously, which means that high or low independent factors might affect the net income of the organization.

According to the conclusion stated above, we suggest that the company or financial management consider this work in enhancing the company's financial performance, particularly in terms of inventory turnover, sales, and net income. The company is

expected to boost inventory turnover to at least match or above the industry average ratio. Companies should pay greater attention to the quantity of sales volume accomplished in order to increase their net profit. Increased sales will result in increased inventory turnover, which will enhance company earnings. It is expected that future researchers will improve their research by include a greater number of independent variables that affect earnings, such as receivables turnover, debt, cost of products sold, working capital, operating costs, manufacturing costs, and so on. Later, extend the year of observation to evaluate more data, as well as include companies from different sectors.

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