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Investigation of Financial Performance of Companies Operating in BIST Wood, Paper & Printing Components Index (XKAGT)[i]

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ABSTRACT

Purpose - The aim of this study is to examine the financial performances of 14 companies operating in the Borsa Istanbul Wood, Paper & Printing Components Index.
Design/methodology/approach –The fact that the outputs of the enterprises operating in this sector have a strategic share, the active use of paper in the labor market and its need in every field, the fact that the printing press has a great importance in education, news and other administrative works indicates the importance of the sector. For this purpose, the financial performances of the firm operating in the BIST Wood, Paper & Printing Index were investigated using financial ratios. The dependent variable of the research is the return on assets and equity of the firms. Receivable Turnover, Inventory Turnover, Average Collection Time of Receivables, Time to Cash in Stock, Equity Turnover, Asset Turnover, Current Asset Turnover, Tangible Fixed Assets Turnover, and Commercial Debt Turnover were used as dependent variables in this study. Data for the period 2010 Q1 – 2021Q1 analyzed quarterly. Pedroni Cointegration test and FMOLS coefficient estimator were used as methods in the study.
Findings –As a result of the study, it was concluded that the activity rates of the companies operating in the index affect the financial performance of the companies.
Originality/value –It is expected that the study will contribute to the examined sample sector. It is expected that the transition to online working and education life will affect the sector, especially during the pandemic period.In addition, it is expected that the study will contribute to the literature in terms of including the pandemic period. It will contribute to the improvement of the financial performance of companies operating in the BIST Wood, Paper and Printing Components Index. It also reveals the importance of activity ratios for these companies.

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1. Introduction

Financial data has strategic importance for the country's economy in the macro sense, and for individuals and businesses in the micro sense. Especially for national economies, financial data has strategic importance not only in terms of financial management but also in areas such as health and education. Necessary financial data for governments, businesses and individuals are collected and systematized for the relevant units (Keleş ve Özulucan, 2020: 505). This financial information plays a role in shaping the steps to be taken.

[i] This study is an extension and developed of the paper titled as summary "Investigation of Financial Performance of Firms Operating in BIST Wood, Paper & Printing Components Index (XKAGT)" presented at The 3rd Asia Conference on Business and Economic Studies (ACBES 2021) symposium held on 26-28 August 2021

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Especially for businesses, financial data and information are guiding in line with their main objectives of profit maximization and continuity. For this reason, the financial data of the enterprises are processed and converted into financial statements. As a result of the analyzes made with the data taken from the financial statements, the rate of realization of the targets of the enterprises is measured. It will be difficult for businesses that are far from realizing their goals to survive in a perfectly competitive market.

One of the most widely used techniques of financial analysis of the firms is analysis with the ratio method. The financial ratio is the value found by taking the necessary data from the financial statements of the enterprises and dividing them by each other. Financial performance is measured and evaluated by comparing the obtained value with ideal ratios and industry ratios.

The Wood, Paper & Printing Components sector is a sector of great importance as it supplies raw materials to both the construction sector, the forest products sector and the paper sector. In addition, it has been observed that, as of March 2020, the transition to distance education in Turkey due to the pandemic, the implementation of the flexible working model of some public institutions and the interruption of the activities of the private sector from time to time due to closures have affected the financial structures of the companies operating in this index. Turkey has been significantly affected by the pandemic due to health, economic and other reasons. For all that, forest fires that occurred both in Turkey and in different countries of the world seriously affected the sector. Because millions of trees, which are the necessary raw materials in the sector, were burned and the supply of raw materials decreased. This event highlights the importance of the current study. In this context, the financial performances of the firm operating in the BIST Wood, Paper & Printing Index were investigated by using the financial ratios. As Turkey is economically affected negatively from the pandemic as in other countries and unfortunately, from big forest fires, Turkey was taken as a sample in the study.

In the current study, the financial performances of 14 companies operating in the Borsa Istanbul Wood, Paper & Printing Index are investigated. For this purpose, the financial performances of the firm operating in the BIST Wood, Paper & Printing Index were investigated by using the financial ratios. As the dependent variable in the study, the return on assets and equity of the firms; As independent variables, Receivable Turnover Rate, Inventory Turnover Rate, Average Collection Period of Receivables, Time to Cash in Stocks, Turnover of Equity, Turnover of Assets, Turnover of Current Assets, Turnover of Tangible Fixed Assets, Trade Payables Turnover Ratios were used. The data were analyzed quarterly. Pedroni cointegration test and FMOLS coefficient estimator were used as methods. The literature review reveals that activity ratios have an effect on the financial performance of firms. Therefore, it is expected that there will be a relationship between the activity ratios of the companies operating in this index and their financial performances.

2. Literature Review

The concept of financial performance has been the subject that has inspired almost the most studies in the finance literature. However, in some studies, sample countries differ in some studies, sample sectors in some studies, and in terms of period, method and variables in some studies.

Ege, Topaloğlu and Özyamanoğlu (2013) investigated the financial performance of companies operating in the BIST Corporate Governance Index for the period 2009-2011 using the Topsis method. As a result of the study, they concluded that there is no relationship between the success of the companies in terms of performance and corporate governance grades. In another study Yetiz and Kılıç (2021) analyzed the financial performances of public and private deposit banks operating in Turkey for the period 2015-2019. They used the Vikor technique as a method in the study. As a result of the study, the most successful banks in terms of financial performance in Turkey were T.C. Ziraat Bank, ING Bank, and the banks with the lowest success were HSBC Bank and Alternatif Bank.

Keleş and Özulucan (2020); Gümüş and Bolel (2017); Kızıl and Aslan (2019) examined the financial performances of publicly traded aviation companies in Turkey with financial ratios. The authors examined different periods in their studies. As a result of the studies, it has been understood that both companies work mainly on foreign resources, differ in terms of liquidity ratios, and their financial structure ratios are close to each other. In other words, it was tested that Pregasus Airlines A.Ş., financially differs, have better finacial performance than Turkish Airlines A.Ş.

Ayçin and Güçlü (2020) studied the financial ratios and financial performances of companies operating in the BIST Trade Index. They used Entropy and MAIRCA Methods in the study. It was determined that the cash ratio, acid test ratio and asset turnover ratio are more important in determining the financial performance of these companies. Islam (2014) aimed to measure the financial performance of National Bank Limited, one of the largest and leading private commercial banks in Bangladesh, in the period 2008-2013 and to determine whether there is any difference between the operating years of a bank and the classification performance of the two periods. The author revealed that the most important factor affecting the financial performance of this bank is non-performing loans, which also concern Bangladesh in general, and there is a difference in its financial performance

over the years. Koley (2019) evaluated the financial performance of India's largest public and private bank in the period of 2013-2018. As a result of the Camels analysis, it has been observed that the largest private sector bank HFDC haa better financial performance and efficiency compared to the largest public sector bank SBI; and also it was understood that important parameters such as capital adequacy, asset quality, management efficiency, earning ability and liquidity are more effective on financial performance.

Al Karim and Alam (2013) investigated the financial performance of 5 selected private sector banks that were listed on both the Dhaka Stock Exchange and the Chittagong Stock Exchange. The 2008-2012 period was analyzed using the regression method. It is concluded that bank size, credit risk, operational efficiency and asset management have a significant impact on the financial performance of Bangladeshi commercial banks.

Borhan, Mohamed and Azmi (2014) examined the effect of financial ratios of LyondellBasell Industries (LYB), a chemical company operating in the Netherlands, on its financial performance. The period of the study was 2004-2011. Multiple regression analysis indicated that current ratio, quick ratio, debt ratio and net profit margin had positive relations with their financial performance. However, debt equity ratio and operating profit margin negatively related with financial performance. Also it was concluded that current ratio, debt ratio and net profit margin were more effective in determining financial performance.

Activity ratios are also used in the Altman Z-Score calculations, which companies use without measuring bankruptcy risk. In the studies of Silitonga and Daryanto (2020), it is seen that one of the variables that measure the bankruptcy risk of companies is the Loan Turnover Rate, which is one of the activity ratios.

The dividend policies of the companies have an impact on their financial performance, and their financial ratios also have an impact on their dividend policies. Arsyad, Haeruddin, Muslim, Pelu (2021) studied the effects of activity ratios, liquidity ratios and profitability ratios on the dividend policies of companies in the consumer goods industry in the Indonesian Stock Exchange. As a result of the multiple regression analysis, they concluded that the liquidity ratios and the activity ratios do not have an effect on the dividend policy of the companies, but the profitability ratios do.

Perdana, Ustriyana and Djelantik (2021) examined the effect of firms' solvency on their profitability by using activity ratios in their study. Correlation coefficient analysis, determination coefficient analysis, t test, regression analysis, classical assumption methods were used in the study. Solvency represented by the total debt ratio (DR) was used as the independent variable. The dependent variable was used with profitability represented by return on assets (ROA) and an intermediary variable represented by total asset turnover (TATO). Kabajeh et al. (2012) aimed to examine the relationship between the share prices of Jordanian insurance public companies and their ROA, ROE and ROI ratios together and separately during the 2002-2007 period. Based on empirical evidence, it has been determined that there is a positive relationship between the share prices of Jordanian insurance public companies and their ROA, ROE and ROI ratios. In addition, when the relationship is examined separately, the results show that there is a low positive relationship between the share prices of Jordanian insurance public companies and the ROA and ROI ratio, but there is no relationship with the ROE ratio.

Ningsih and Sari (2019) aimed to determine the effect of financial ratios on firm value in publicly traded companies in the automotive and components sub-sectors. Financial ratios used for analysis are current ratio (CR), debt/total asset ratio (DAR) and return on assets (ROA). In this study, quantitative data analysis was chosen as the analysis method to estimate the effect of independent variables on the dependent variable simultaneously (together) or partially (individually). The partial analysis test results show that CR and DAR do not affect the firm value in automotive and supplier industry companies as they have a significance value greater than 0.05, 0.0875 and 0.084. ROA has a significance value of 0.00> 0.05, which means that ROA affects the value of the firm. Concurrent test results show that variables jointly affect company value in automotive and component companies. Baraja and Yosya (2019) examined the effect of liquidity, profitability, solvency and activity ratio on the change in incomes. In this research, multiple linear regression was used to determine the change in earnings on an asset. Data were obtained from manufacturers listed in BEI for the period 2014-2017. The results of the study showed the net profit margin as the rate of profitability had a significant effect on the variation in incomes. Other results provided evidence that the liquidity ratio as measured by the current ratio, the operating ratio as measured by the total asset turnover ratio, and the solvency ratio as measured by the debt-to-equity ratio have an insignificant effect on the change in incomes.

In another study, Oktavia and Norita (2016) analyzed the development of variables that can be obtained from financial statements such as profit management, liquidity ratios, leverage ratios, operating ratios, profitability ratios and firm size, and the effect of each variable, and the public in the Indonesian Stock Exchange (BEI). The aim of the study was to analyze the interaction with the stock returns of the telecommunication company opened. In the study, data were collected using secondary data, documentation and literature research methods. The universe and sample in the research are six telecommunications companies

traded on the Stock Exchange between 2010-2014. Descriptive quantitative panel data regression analysis using a fixed effect and hypothesis testing were performed. The results showed that all variables have a significant effect on stock returns at the same time. The coefficient of determination shows that the dependent variable can be explained by the independent variable at a rate of 84.99%. Liquidity ratios, activity ratios, profitability ratios and firm size have partially significant effects on stock returns. On the other hand, incomes management and leverage ratio do not have a significant effect on stock returns.

Gunadi et al. (2020) discussed the effect of profitability ratios and activities on firm value with stock prices as an intervening variable. The study was conducted on 39 real estate and construction companies traded on the Indonesian Stock Exchange for 10 years. The results indicate that profitability and activity had a positive effect on stock prices, but did not affect the value of the company. Stock prices can mediate the impact of profitability and operation on firm value. The results of the research led to higher profitability and activity rates, higher stock prices and an increase in the value of the company.

Blaao (2016) made a financial evaluation of commercial banks for the years of between 2013 and 2015. It has been investigated whether the profitability ratios have an effect on the financial status of commercial banks operating in Libya to evaluate the performance of commercial banks, Significant results were obtained indicating that the major failures of commercial banks were instrumental in the return of huge investments of tens of billions in deposits, loans and assets.

In another study in Indonesia, Arsyad et al. (2021) used manufacturing companies in the consumer goods industry traded on the Indonesian Stock Exchange between 2015 and 2019 as a sample. Multiple regression analysis results showed that return on investment has a positive and significant effect on dividend payout ratio. This result has been a positive signal regarding the company's dividend policy for investors in the capital market of the profitability ratio. With the literature review, it has been observed that there are many studies that examine the effect of financial ratios of companies on their financial performance or determine the financial ratios that are effective in determining the financial performance of companies. However, the fact that there is no study on BIST Wood, Paper & Printing Components Index (XKAGT), especially in Turkey, reveals the originality of this current study. Recently, the sector has come to the fore both due to the effect of the pandemic and the fires that have occurred in different parts of the world.

3. Research Methodology and Data

In this part of the study, the ratios of 14 companies operating in the BIST Wood, Paper & Printing Index were analyzed. Some variables in the Activity ratios group, one of the ratio groups, were used. However, one of the firm's financial data was not included in the analysis because it was not suitable for the data set. For this reason, the company cross-section in this study is 14.

The variables used in the study and the formula of the variables are as follows:

Table 1. Variables Of The Research Model

	Abbr.	**Variables**	**Calculation**
Dependent Variables	ROA	Return on Asset	Net Profit / Total Assets
	ROE	Return on Equity	Net Profit / Total Equity
Independent Variables	ALDH	Receivable Turnover Rate	Net Sales/ Average Trade Receivables
	SDH	Stock Turnover	Cost of Sales/Average Stocks
	ODH	Equity Turnover Rate	Net Sales/Equity
	ADH	Asset Turnover	Net Sales/Total Assets
	DÖDV	Current Asset Turnover Rate	Net Sales/Current Assets Total
	MDVDH	Real Asset Turnover Rate	Net Sales/ Total Real Asset

Two different models were created because two dependent variables were used as it shown in Table 1. The models of the study are as follows:

Model 1

$$ROA_{it}=\beta_{0\,it}+\beta_1\,\mathrm{ALDH}_{it}+\beta_2\,\mathrm{SDH}_{it}+\beta_3\,\mathrm{ODH}_{it}+\beta_4\,\mathrm{ADH}_{it}+\beta_5\,\mathrm{DÖDV}_{it}+\beta_6\,\mathrm{MDVDH}_{it}+\varepsilon_{it}$$

Model 2

$$ROE_{it}=\beta_{0\,it}+\beta_1\,\mathrm{ALDH}_{it}+\beta_2\,\mathrm{SDH}_{it}+\beta_3\,\mathrm{ODH}_{it}+\beta_4\,\mathrm{ADH}_{it}+\beta_5\,\mathrm{DÖDV}_{it}+\beta_6\,\mathrm{MDVDH}_{it}+\varepsilon_{it}$$

In the models, i is the cross section units, t is the time dimension, β0 is the constant variable, βn is the slope coefficient of the nth variable, ALDH represents Receivable Turnover Rate, SDH represents Stock Turnover, ODH represents Equity Turnover

Rate, ADH represents Asset Turnover, DÖDV represents Current Asset Turnover Rate, MDVDH represents Real Asset Turnover Rate, ε represents the error term. The relationship of the independent variables with the dependent variables ROA and ROE will be examined y these models.

First of all, the frequency values of the variables were examined. Since the variables were unevenly distributed, the analysis was continued by taking the logarithm of the variables. Pedroni cointegration test and FMOLS coefficient estimator were used as methods in the current study.

Pedroni cointegration test is one of the cointegration tests that investigates the existence of a long-term relationship between variables. One of the assumptions of the test is that the variables are heterogeneous. In addition, allowing more than one explanatory variable (regressor) in this method, the diversity of the cointegration vector along different parts of the panel can be expressed as the advantages of the method (Asteriou and Hall, 2007:374; Gülmez and Yardımcıoğlu, 2012: 345).

Cointegration tests investigate the existence of a cointegrated relationship between variables. One of the methods applied to determine the direction of the cointegrated relationship is the coefficient estimator methods. One of these methods is FMOLS. This method corrects for possible deviations in standard fixed-effect estimators (caused by problems such as autocorrelation, varying variance). This method also includes dynamic elements in the static regression in the DOLS method, eliminating the deviations that may arise from internality, and also takes into account the existence of possible correlations (Kök et al., 2010:8; Pedroni, 2001:96).

4. Results

In this part of the study, the results of the analysis of the variables will be included. The frequency values of the variables are given in Table 2.

Table 2. Frequency Values of Variables

	ROA	**SDH**	**ODH**	**MDVDH**	**DODH**	**ALDH**	**ADH**	**ROE**
Mean	0.336980	0.645421	0.420045	0.414765	0.253303	0.362598	0.375414	0.748796
Median	0.421604	0.582062	0.336460	0.313862	0.221849	0.336851	0.309804	0.802774
Maximum	1.556303	1.954821	2.698970	2.114644	1.154902	1.378761	1.522879	3.688907
Minimum	-2.000010	0.004365	1.00E-05	1.00E-05	1.00E-05	1.00E-05	1.00E-05	-2.000010
Std. Dev.	0.595415	0.419453	0.357624	0.406746	0.193650	0.247937	0.304715	0.727496
Skewness	-0.867273	0.866965	1.782272	2.031416	1.485960	0.529391	0.935166	-0.062294
Kurtosis	3.887696	3.369606	7.923123	7.298362	6.432205	2.684980	3.561203	4.605488
Jarque-Bera	99.66222	82.50695	969.7567	918.2911	541.0739	32.03175	100.0937	68.06920
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	212.2977	406.6155	264.6284	261.3017	159.5807	228.4367	236.5107	471.7416
Sum Sq. Dev.	222.9927	110.6668	80.44613	104.0634	23.58773	38.66627	58.40326	332.8984
Observations	630	630	630	630	630	630	630	630

In Table 2, it is seen that there are great differences in the activity ratios of the companies over the years. It can be said that they have different attitudes in basic policies such as stock and receivables, due to the fact that the sales revenues in the share of the activity ratios are different.Variables must be stationary in order to be analyzed. The stationarity of the variables was examined with the Hadri unit root test.

Table 3. Hadri Unit Root Test Results

	Hadri	
	T-İstatistik	**Olasılık**
ROA	3.45852	0.0003
ROE	7.17508	0.0000
SDH	8.09377	0.0000
ODH	13.6750	0.0000
MDVDH	11.9901	0.0000

DODH	3.45519	0.0003
ALDH	5.47673	0.0000
ADH	3.62271	0.0001

When the Hadri unit root test probability values of the dependent and independent variables are examined, since the values are below 5%, the hypothesis of H0: There is no unit root between the variables, the variables are stationary is rejected. That is, the variables are not stationary at the level, that is, they contain a unit root.

Pedroni cointegration test is a method that should be used when the variables are heterogeneous. Therefore, heterogeneity of the variables should be investigated before performing the cointegration test.

Table 4. Swamy S Homojenlik Test Results

	Chi²	**Prob**
Model-1 (Bağ. Değ: ROA)	370.66	0.0000
Model-1 (Bağ. Değ: ROE)	555.12	0.0000

For both models, the hypothesis stating that the variables are homogeneous is rejected, that is, the variables are heterogeneous. This allows the use of the Pedroni cointegration test. The results of the Pedroni cointegration test developed by Pedroni to investigate the existence of a cointegrating relationship between the variables are as follows:

Table 5. Pedroni Cointegration Test Results

	Model-1 (Bağımlı Değişken: ROA)				**Model-2 (Bağımlı Değişken: ROE)**			
Within Dimension	**İst.**	**Olasılık**	**Ağır İst.**	**Olasılık**	**İst.**	**Olasılık**	**Ağır İst.**	**Olasılık**
Panel v-Statistics	-1.889381	0.9706	-2.904545	0.9982	-1.945316	0.9741	-2.568029	0.9949
Panel rho-Statistic	-1.650696	0.0494**	-1.570424	0.0582	-1.810717	0.0351**	-1.650356	0.0494
Panel PP-Statistic	-4.875596	0.0000***	-4.967789	0.0000	-5.167955	0.0000***	-5.114016	0.0000
Panel ADF-Statistic	-4.888817	0.0000***	-5.050990	0.0000	-5.120707	0.0000***	-5.149887	0.0000
Between Dimension	**İst.**		**Olasılık**		**İst.**		**Olasılık**	
Group rho-Statistic	0.292281		0.6150		0.063149		0.5252	
Group PP-Statistic	-3.676462		0.0001***		-4.048384		0.0000***	
Group ADF Statistic	-4.140012		0.0000***		-4.428318		0.0000***	

**** indicates 1% level of significance, ** indicates 5% level of significance.*

It has been concluded that there is a cointegrating relationship between the variables in the long run in both models, both within the dimension and between the dimensions, and there is a relationship between the activity ratios of the firms and ROA and ROE.

As a result of the existence of a long-term cointegrated relationship between the variables, the FMOLS coefficient estimator results made to determine the direction of this relationship are given in Table 6.

Table 6. Panel FMOLS Coefficient Estimator Results

	Model 1 (Dependent Variable: ROA)			**Model 2 (Dependent Variable: ROE)**		
	Coefficient	**T-Stat.**	**Prob.**	**Coefficient**	**T-Stat.**	**Prob.**
ST	0.229068	4.268281	0.0000***	0.392519	7.021130	0.0000***
ODH	-0.004805	-0.084483	0.9327	0.799017	13.33334	0.0000***
MDVDH	0.156916	2.807372	0.0052***	0.061277	1.060969	0.2891
CAT	-0.645894	-4.216841	0.0000***	-1.023004	-6.503834	0.0000***
ALDH	0.859971	11.08192	0.0000***	1.048211	13.45988	0.0000***
ADH	-0.110957	-1.339623	0.1809	-0.142181	-1.650424	0.0994*
	Number of obs: 616 Number of Groups: 14			Number of obs: 616 Number of Groups: 14		

	R-squared : 0.245676 Adjusted R-squared : 0.239493	R-squared : 0.226595 Adjusted R-squared : 0.220256

According to the FMOLS coefficient estimator results, in Model-1, where ROA is the dependent variable, it was tested that STR (Stock Turnover Rate), TFATR (Tangible Fixed Asset Turnover Rate), CATR (Current Asset Turnover Rate) and RTR (Receivable Turnover Rate) were effective on the Active Profitability (ROA).

In Model-2, where ROE is the dependent variable, it as tested that Stock Turnover (ST), Equity Turnover Rate (ETR), Current Asset Turnover Rate (CATR), Receivable Turnover Rate (RTR) and Active Turnover Rate (ATR) were effective on Return on Equity (ROE).

5. Implication and Conclusions

In the current study, the effect of the activity ratios of 14 companies operating in the Borsa Istanbul BIST Wood, Paper & Printing (XKAGT) Index on their financial performance was investigated. In Model-1 where Return on Assets (ROA) is the dependent variable; It was concluded that inventory turnover, current asset turnover and receivables turnover were strongly effevtive at the 1% significance level, while the tangible asset turnover was weakly effective at the 10% significance level. In other words, a 1-unit change in the inventory turnover rate increases the return on assets by 0.22. This case reveals the importance of stock mobility for companies included in the Borsa Istanbul Wood, Paper & Printing Index. In other words, increasing the stock turnover rate of the companies will increase their profitability from their assets. An increase of 1 unit in the tangible asset turnover increase the return on assets of the enterprises by 0.15.

Firms that want to increase their profitability need to increase their production volumes/capacities, and to increase their production capacity, they need to increase their fixed investments such as tangible assets. An increase of 1 unit in the current asset turnover reduces the return on assets of the enterprises by 0.64. It is expected that the balance sheets of production enterprises will be fixed asset weighted. These businesses should produce raw materials, convert them into finished products and sell them instead of working mostly on stock. In this case, they are expected to operate mainly on fixed assets. It is recommended that the companies in this index increase their asset profitability by increasing their inventory turnover rate by producing and selling more instead of increasing their items such as stocks and receivables. Lastly, 1 unit increase in receivables turnover increase the return on assets of the enterprises by 0.85. For this reason, firms should focus on their short-term receivables in a way that will reduce their doubtful trade receivables by following an effective receivables policy. In this case, the receivables turnover rate of the enterprises will increase and the collection period of the receivables will decrease. This will contribute to an increase in the return on assets.

In Model-2 where Return on Equity (ROE) is the dependent variable; one unit change in inventory turnover increases ROE by 0.39, one unit change in equity turnover increases ROE by 0.79, and one unit change in receivables turnover increases ROE by 1.048. One unit change in current asset turnover reduces ROE by 1.023 and one unit change in asset turnover reduces ROE by 0.14. However, since the relationship between asset turnover rate and ROE is very close to 10% (0.0994), it can be said that there is no relationship. In line with these results, companies that want to increase their equity profitability should convert the raw materials they buy into production instead of speculating in their stocks and turn them into products and sell them in the short term. Thus, the inventory turnover rate will increase. In addition, to the extent that companies use their equity capital effectively, also the equity turnover rate will increase. The capital made by the business partners should be used effectively and not wasted and should be channeled into optimal investments. Since the receivables turnover rate shows the efficiency in the receivables of the firms, it is expected that the firms will adopt an effective receivable policy, collect their receivables and shorten the efficiency period. At the same time, the risk of receivables of companies will be reduced. The decrease in the return on equity as the current asset rate increases can be explained by the fact that the businesses traded in this index are production businesses. It is known that production enterprises also work on fixed assets. It is seen that there is an inverse relationship between asset turnover and ROE. In order for the asset turnover rate to increase, either net sales must increase or the total assets must decrease. The decrease in assets reduces the return on equity of the enterprise. In summary, the optimal decision-making of the companies operating in this index on stock, receivables and investment policies will be effective in the asset and equity profitability of the companies.

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