



THE EFFECT OF CASH TURNOVER, ACCOUNTS RECEIVABLE TURNOVER, INVENTORY TURNOVER AND COMPANY GROWTH ON PROFITABILITY IN VARIOUS INDUSTRIAL SECTOR MANUFACTURING COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE IN 2018-2020

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Abstrak

Menurunnya pendapatan usaha merupakan salah satu dampak negatif dari pandemi Coronavirus Disease atau yang lebih kita kenal dengan istilah COVID-19 yang menyerang seluruh dunia termasuk Indonesia. Profitabilitas perusahaan dapat dipengaruhi oleh sejumlah faktor keuangan yang diukur dengan rasio keuangan. Penelitian ini bermaksud untuk menganalisis hubungan antara arus kas, arus piutang, arus persediaan dan pertumbuhan perusahaan dengan keuntungan perusahaan manufaktur di sektor industri pada Bursa Efek Indonesia tahun 2018-2020. Analisis ini berfokus pada perusahaan industri di Bursa Efek Indonesia tahun 2018-2020. 42 perusahaan yang dipilih sebagai sampel di penelitian ini melalui cara purposive sampling. Analisis dilaksanakan dengan regresi berganda. Menurut temuan studi, secara parsial (Uji T) ada hubungan negatif dan signifikan antara profitabilitas dan perputaran kas, perputaran piutang dan pertumbuhan perusahaan serta hubungan positif dan signifikan antara profitabilitas dan perputaran persediaan. Meskipun secara simultan (Uji F), ROA secara serentak dipengaruhi signifikan oleh perputaran kas, perputaran piutang, perputaran persediaan dan pertumbuhan perusahaan.

Kata kunci: Perputaran Kas, Perputaran Piutang, Perputaran Persediaan, Pertumbuhan Perusahaan, ROA.

Abstract

The decline of business income is one of the negative impact by the Coronavirus Disease Pandemic or we known as COVID-19 which attack all of the world included Indonesia. Company profitability can be affected by many factors of finance, which all are measured with finance ratio. This research intended to analyze the connection between cash flow, accounts receivable turnover, supply flow and company growth with manufacture company profitability at Industry sector on Indonesia Stock Exchange in 2018-2020. This analyze focus on industry company at Indonesia Stock Exchange in 2018-2020. 42 companies are selected as sample in this research with purposive sampling method. This research done with multiple regression analysis. According to the research, partially the results of the T test has negative connection and significant between profitability and cash turnover, accounts receivable turnover, and company growth also has positive connection and significant between profitability and inventory turnover title. Although with simultaneous the results of the F test, ROA simultaneously influenced significant by cash turnover, accounts receivable turnover, inventory turnover and company growth.

Keywords: Cash Turnover, Accounts Receivable Turnover, Inventory Turnover, Company Growth

INTRODUCTION

Every business, whatever business it is, every company leader will always remember that the ultimate goal of the business is to make a profit because it will extend the life of a company. With this, it can be said that the ability of a business to maintain a high level of profit is very important as it serves as a reflection on future. The issue of profit is very important for businesses as it can help to attract outside funds or investments from outside parties. Profit can also be seen as one of the indicator used by business executives to evaluate the success or as progress for their company has made, as well as an indicator used by employees to identify potential salary increases if the company experiences high profits.

Large profits trigger rapid growth rates and capital inflows from several sources. Manufacturing companies have an important part in contributing to a country's Gross Domestic Product (GDP), so they have the potential to support a country's economy. Year-on-year changes in the manufacturing index are becoming more pronounced. However, when the novel coronavirus pandemic hit at the end of 2019, many companies had achieved high growth and then suddenly went bankrupt, which continued into 2020. The reasons include high raw material prices due to scarcity, controllable receivables, slowing growth and declining profitability.

According to a study by the Central Bureau of Statistics, Indonesia's economic growth reached 2.97% in the first quarter of 2020 at the start of the Covid-19 outbreak. This is a significant correction compared to

5.02% in the same quarter of 2019. In fact, it fell by -5.32% and -3.9% in the second and third quarters of 2020. According to the Ministry of Finance, economic growth in 2020 will remain at -1.7% to 0.6%. The slowdown in national economic growth will also affect Indonesia's manufacturing sector.

Looking at a company's profits helps determine whether the company is performing well or poorly. The profit indicator is an indicator to assess the working of a business. It is a measure of a company's operational efficiency. For the examples are return on sales & return on investment. This ratio serves to measure organization effectiveness is the main idea (Kasmir 2016: 196).

It is not easy for a company to make efforts making the company profitable. There are several factors that affect profits such as working capital. Working capital is usually referred as net capital. This refers to the amount of value used to fund operating expenses. Net working capital refers to the company's existing cash and cash equivalents minus current liabilities. Net working capital usually includes cash, accounts receivable and merchandise inventory.

Sales growth has an impact on company growth as well. Profits will also be affected by company growth. To measure the growth of a company, it can be seen from the overall value of its assets. A growing business usually has rapidly increasing revenue and is supported by a strong promotion plan.

This research based on the background information above is to assess the profitability of manufacturing companies in various industrial sectors on the Indonesia Stock Exchange in 2018 - 2020 in terms of

cash turnover, accounts receivables turnover, inventory turnover and company growth. This research aims to study the effect of cash turnover, accounts receivables turnover, inventory turnover and company growth both partially and simultaneously on the profitability of manufacturing companies in various industrial sectors on the Indonesia Stock Exchange in 2018 - 2020.

THEORY BASIC

Cash Turnover

Cash turnover shows how many times the company's cash rotates through sales in a certain period.

Accounts Receivables Turnover

Accounts receivable turnover is a ratio applied to see how long it takes to collect receivables in a certain period.

Inventory Turnover

Inventory turnover is a ratio applied to see inventory turnover by calculating the cost of goods sold (COGS) divided by the average value of inventory stored within a certain period of time.

Company Growth

Company growth is used to measure the extent a business can continue to expand despite changes in the market and economy.

Profitability

The business potential to generate profits with the current level of investment.

Theory of the Effect of Cash Turnover on Profitability

Gill in Kasmir (2017:140) states that cash turnover is to evaluate how well a business has set aside money each month to cover operating costs and sales of funds.

According to Sutrisno (2012:67), the movement of cash through a business is analogous to the circulation of blood. The movement of cash is critical to the smooth functioning of the entire business. Consequently, similar to how the health of a body component declines when it is cut off from blood circulation, the same thing happens when something is cut off from the flow of information.

Theory of the Effect of Accounts Receivables Turnover on Profitability

Accounts receivable turnover as defined by Hery (2016: 178), measures the frequency of spending the company's cash flow from purchases within a certain period of time.

According to Kasmir (2016: 176), the accounts receivable turnover ratio measures the frequency of using available funds in this organizational cycle or the rate of payment of liabilities over a certain period of time. The faster the rate of change in collections, the faster the time interval between credit and receivables, and vice versa.

Theory of the Effect of Inventory Turnover on Profitability

Kasmir (2016: 180) states that the ratio known as inventory turnover is used to determine how often stock investments over a certain period of time. Usually, the higher of the inventory turnover, the more effective and efficient the business is in managing inventory. Increased inventory turnover is effective management and good inventory credit in business.

According to Jumingan (2016), inventory turnover shows goods sold and held back during a period. Companies that not only buy and sell commodities but also produce commodities, so these companies

will have inventories of raw materials, work in process and finished products at the end of the year.

Theory of the Effect of Company Growth on Profitability

According to Suprantiningrum (2013), company growth is an increase or decrease in total assets owned by the company. Company growth is calculated as a percentage change in assets in a certain year against the previous year.

METHOD

This research used a type of quantitative method. The sample in this research focuses on industrial companies on the Indonesia Stock Exchange in 2018-2020. The data was selected using purposive sampling and obtained a total of 14 data. The analysis techniques used are descriptive statistics, classical assumption tests and hypothesis tests.

RESULT AND DISCUSSION

Descriptive Statistics

Based on table 3.1 above, we conclude as follows:

In 2020, PT Multi Prima Sejahtera Tbk had a minimum cash turnover value of 1.16 times and in 2018 PT Ateli

Tabel 3.1
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Perputaran Kas	42	1,161848829	68,24654259	20,96900240	17,23926916
Perputaran Piutang	42	1,282403961	8,642223558	3,961567268	1,662609073
Perputaran Persediaan	42	,5257386569	8,191266926	3,239287400	2,022060506
Pertumbuhan Perusahaan	42	-20,0612723	110,3196858	8,652698658	23,82795914
ROA	42	,0674371403	22,61706845	5,098867555	5,113093839
Valid N (listwise)	42				

ers Mekaniques D'Indonesie Tbk had a

maximum cash turnover value of 68.24 times. The average is 20.96.

In 2020, PT Nusantara Inti Corpora Tbk has a minimum accounts receivable turnover value of 1.28 times and in 2020 PT Supreme Cable Manufacturing and Commerce Tbk has a maximum accounts receivable turnover value of 8.64 times. The average is 3.96.

In 2020 PT Nusantara Inti Corpora Tbk had a minimum inventory turnover value of 0.53 times and in 2018 PT Astra International Tbk had a maximum inventory turnover value of 8.19 times. The average is 3.24.

In 2020 PT Kabelindo Murni Tbk has a minimum company growth value of -20.61% and in 2019 PT Indospring Tbk has a maximum company growth value of 110.32%. The average is 8.65%.

In 2020 PT Nusantara Inti Corpora Tbk had a minimum Return On Assets value of 0.067% and in 2018 PT Selamat Sempurna Tbk had a maximum Return On Assets value of 22.62%. The average is 5.1%.

Classical Assumptions Test Normality Test

Table 3.2

One-Sample Kolmogorov-Smirnov Test

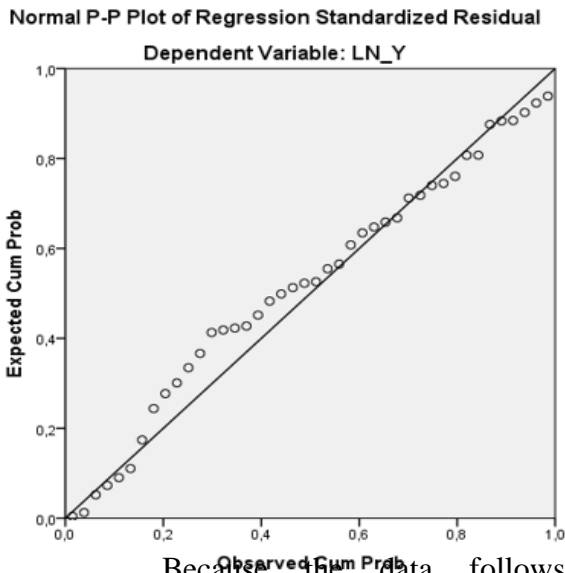
		Unstandardized Residual
N		42
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	4,76859744
Most Extreme Differences	Absolute	,229
	Positive	,229
	Negative	-,140
Test Statistic		,229
Asymp. Sig. (2-tailed)		,000 ^c

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

In table 3.2, it can be seen that the significance number in the Kolmogoro-Smirnov test results is 0.00 where this number is lower than 0.05, which indicates that this data is not normally distributed.

Natural Logarithm (LN) is used as a minus data transformation because the data is not normally distributed. After data transformation, the results of the normality test are as follows:

Gambar 3.1
P - P Plot



Because the data follows the diagonal line in Figure 3.1, so we can say that the data is normally distributed because it has fulfilled the requirements.

Tabel 3.3
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		42
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	1,23508201
Most Extreme Differences	Absolute	,123
	Positive	,052
	Negative	-,123
Test Statistic		,123
Asymp. Sig. (2-tailed)		,113 ^c

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

We conclude that the data in table 3.3 is normally distributed after LN transformation because the significant number in the table above is 0.113 and $0.113 > 0.05$.

Multicollinearity Test

This test is tested after the normality test. To see if there is a connection between the independent variables, we can look at the tolerance and VIF values.

Tabel 3.4
Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	LN_X1	,877	1.141
	LN_X2	,449	2.226
	LN_X3	,459	2.180
	LN_X4	,952	1.050

Table 3.4 shows that the data in this research does not show multicollinearity because the tolerance value of the four variables has met the requirements, which is greater than 0.10 and the VIF value on each independent variable does not exceed 10, which means that there is no correlation between the independent variables.

Autocorrelation Test

This test is a necessary procedure in the analysis of time series. Auto correlation testing uses the Durbin Watson test method which can be calculated and seen from table 3.5 below.

Tabel 3.5
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,535 ^a	,287	,210	1.30013	2.208

- a. Predictors: (Constant), LN_X4, LN_X1, LN_X3, LN_X2
- b. Dependent Variable: LN_Y

The guidance from the Durbin Watson table is k (4) and n (42) so :

$$dL = 1,3064$$

$$4 - 1,3064 = 2,6936$$

$$dU = 1,7202$$

$$4 - 1,7202 = 2,2798$$

The test results on the data above show no autocorrelation because $dU < d < 4-dU / 1.7202 < 2.208 < 2.2798$.

Heteroscedasticity Test

The glejser method was used in this test. The following are the results.

Tabel 3.6
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.006	.910		1.105	.276
	LN_X1	.083	.131	.101	.632	.531
	LN_X2	-.101	.388	-.058	-.261	.795
	LN_X3	-.383	.247	-.342	-1.549	.130
	LN_X4	.044	.162	.041	.271	.788

a. Dependent Variable: Abs_Res

Table 3.6 shows that the significance level of the four independent variables is above > 0.05 and we can assume that there is no heteroscedasticity in the observed data.

Hypothesis Test

Multiple Linear Regression Analysis

Tabel 3.7
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.530	1,543		.343	.733
	LN_PerputaranKas	-.204	.222	-.136	-.919	.364
	LN_PerputaranPiutang	.236	.657	.074	.359	.722
	LN_PerputaranPersediaan	.908	.419	.444	2,166	.037
	LN_PertumbuhanPerusahaan	-.040	.274	-.021	-.146	.885

a. Dependent Variable: LN_ROA

The followings are description of the equation based on the test results from the table above:

$$ROA = 0,530 - 0,204 \text{ LN_Cash Turnover} + 0,236 \text{ LN_Accounts Receivable Turnover} + 0,908 \text{ LN_Inventory Turnover} - 0,040 \text{ LN_Company Growth}$$

The following is an explanation for the formula above:

1. ROA is worth 0.530 units if the independent variable is fixed / has a value of 0.
2. The coefficient value of variable X1 is -0.204, which means that if the cash turnover increases by 1 unit, ROA also decreases by 0.204 units.
3. The value of the X2 variable coefficient is 0.236, which means that if the accounts receivable turnover increases by 1 unit, ROA also increases by 0.236 units.
4. The coefficient value of variable X3 is 0.908, which means that if the inventory turnover increases by 1 unit, ROA increases by 0.908 units.
5. The coefficient value of variable X4 is -0.040, which means that if company growth increases by 1 unit, ROA will decrease by 0.040 units.

Determination Coefficient

Tabel 3.8
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.535 ^a	.287	.210	1,30013

a. Predictors: (Constant), LN_PertumbuhanPerusahaan, LN_PerputaranKas, LN_PerputaranPersediaan, LN_PerputaranPiutang

Adjusted R Square obtained from table 3.8 is 0.21. This means that variable X has an effect on variable Y by 21%.

F Test

Tabel 3.9
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25,142	4	6,286	3,719	,012 ^b
	Residual	62,543	37	1,690		
	Total	87,685	41			

a. Dependent Variable: LN_ROA

b. Predictors: (Constant), LN_PertumbuhanPerusahaan, LN_PerputaranKas, LN_PerputaranPersediaan, LN_PerputaranPiutang

For df 1 (4) and df 2 (37), the value of F table is 2.619. From table 3.9, we can see that the significant number is 0.012 < 0.05 and F count (3.719) > F table 2.619 so that Ha is accepted. The acceptance of Ha means that the four variables simultaneously have a significant influence on ROA in industrial companies.

T Test

Tabel 3.10
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,530	1,543		,343	,733
	LN_PerputaranKas	-,204	,222	-,136	-,919	,364
	LN_PerputaranPiutang	,236	,657	,074	,359	,722
	LN_PerputaranPersediaan	,908	,419	,444	2,166	,037
	LN_PertumbuhanPerusahaan	-,040	,274	-,021	-,146	,885

a. Dependent Variable: LN_ROA

The value of the t table at 0.05 profitability with a 2-way significance test level and df 37 is 2.02619. The following is a summary of the meaning of the t-test results above :

1. H0 is accepted because the -t count is -0.919 > -t table -2.026 and the significant number is 0.364 > 0.05 which means that cash turnover has no effect on ROA of manufacturing companies in 2018-2020.
2. H0 is accepted because the t count is 0.359 < t table 2.026 & the significant number is 0.722 > 0.05 which means that accounts receivable turnover has no effect on ROA of manufacturing companies in 2018 - 2020.
3. Ha is accepted because the t count is 2.166 > t table 2.026 and the

significant number is 0.037 < 0.05 which means that inventory turnover has an effect on ROA of manufacturing companies in 2018 - 2020.

4. H0 is accepted because the -t count is -0.146 > t table -2.026 & a significant figure of 0.885 > 0.05 which means that company growth has no effect on ROA of manufacturing companies on the Indonesia Stock Exchange from 2018 to 2020.

CONCLUSIONS AND SUGGESTIONS

Conclusions

The conclusions that can be drawn are as follows :

1. The profitability of manufacturing companies in various industrial sectors on the Indonesia Stock Exchange from 2018 to 2020 is not affected by cash turnover.
2. The profitability of manufacturing companies in various industrial sectors on the Indonesia Stock Exchange from 2018 to 2020 is not affected by accounts receivable turnover.
3. The profitability of manufacturing companies in various industrial sectors on the Indonesia Stock Exchange from 2018 to 2020 is affected by inventory turnover.
4. The profitability of manufacturing companies in various industrial sectors on the Indonesia Stock Exchange from 2018 to 2020 is not influenced by company growth.
5. The four independent variables all affect profitability simultaneously. With the Adjusted R Square of 21%.

Suggestions

The suggestion we want to make is :

1. It is advisable that future researchers who plan to examine similar studies should replace variables that have been shown not to impact profitability with other independent variables that affect profitability.
 2. It is advisable for each company to continuously increase its profits because a profitable company can help attract investment from outside parties.
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