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The Effect of Cash Turnover and Accounts Receivable Turnover on Profitability of Food and Beverage Companies on the IDX

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Abstract. This research was conducted because of the discrepancy between the theory of cash turnover, receivables turnover and profitability with the existing conditions in food and beverage companies on the IDX in 2016-2020. The purpose of this study was to determine the effect of partially and simultaneously cash turnover, accounts receivable turnover on profitability. The independent variables in this study are cash turnover and receivables turnover, the dependent variable in this study is profitability as measured by Return On Assets (ROA). The results show that there is a positive and significant effect between cash turnover on company profitability, then there is no effect There is a significant relationship between accounts receivable turnover on profitability and there is a positive and significant effect between cash turnover and accounts receivable turnover simultaneously on the company's profitability.

Keywords: *cash turnover, accounts receivable turnover, profitability*

1. Introduction

The Covid-19 pandemic has paralyzed the country's economy, the apprehensive economic conditions prompted the government to return to normal conditions. So that several policies were implemented such as social distancing, lockdown, work from home, and online learning (Aswasulasikin, 2020). Some business sectors are gradually declining, termination of employment almost occurs in every company (Rohmah, 2020). Unemployment has an inversely proportional effect on the level of people's purchasing power (Hidayati & Maskuri, 2020). The decline in demand for goods and services greatly affects the sustainability of a company (Yuniati & Amini, 2020).

In general, the company aims to achieve upward profit growth. . To support the company's activities in generating profits during the pandemic, effective working capital management is needed. Basically, working capital consists of several components such as cash and receivables, because these two components have the highest percentage of influence on working capital. Based on the results of the study (Sholihah, 2020) is the turnover of working capital on the cash and receivable components affect the level of company profitability. Companies can use profitability ratios to assess the effectiveness of overall management which is shown in the level of profit obtained from sales and investments (Alimin, 2016).

In this study, the calculation in measuring profitability uses ROA. The higher the ROA level makes the effectiveness of the company's asset management to generate better profits (Budiang et al., 2017). The research was conducted on companies listed on the Indonesia Stock Exchange in the food and beverage sub-sector. The growth of food companies follows the path of economic development, economic conditions have an impact on company profitability (Anugrah et al., 2020). Based on data from the Indonesian Central Statistics Agency, the food and beverage industry until 2020 experienced a positive growth of 1.58% (Industry Data, 2021).

The results of previous studies found inconsistent indications between variables that affect profitability. Suheny & Muamalah (2020) conducted research in property and real estate companies stating that cash turnover does not partially affect the company's profitability, then receivables turnover has a positive and significant effect on company profitability partially and cash turnover and accounts receivable turnover has a positive and significant effect on profitability simultaneously. Ayu & Almadany's research (2018) in cement companies states that cash turnover has an effect on profitability and accounts receivable turnover does not partially affect profitability and cash turnover and accounts receivable turnover affects profitability simultaneously, then Hidayat & Parlindungan (2018) states that turnover and accounts receivable turnover have an effect significant effect on profitability partially and cash turnover and accounts receivable turnover significant effect on profitability simultaneously. As for when different companies or industries cause differences in research results such as those carried out in property and real estate companies with cement companies, there are those who have influence and do not have influence, therefore if it is deemed necessary to conduct further research on other companies or industries or different results to find out if the research conducted on food and beverage companies will produce different results or are they still the same.

2. Literature Review

2.1. Cash Turnover

Cash turnover is the period of cash that rotates since the cash is used until it returns to cash to pay off costs incurred in connection with sales (Widasari & Apriyanti, 2017). The cash turnover rate is the company's benchmark in converting its current assets into cash back through sales.

Accounts receivable turnover is a marker of how long it takes to collect receivables owned by the company both from customers and from other parties into cash back then spent into inventory and then sold on credit to become receivables again (Nugroho et al., 2019).

2.2. Tax Incentives

Profitability is a benchmark for the company as a whole or the effectiveness of its management to earn profits related to sales and the like (Munthe, 2018). The purpose of the profitability ratio is to find the company's profit in a certain period, compare the company's profit in the previous year and the current year and calculate the use of all capital used.

3. Research Methods

Quantitative methods are methods in research that are intended to examine populations and samples with random sampling techniques, the use of research instruments in collecting data, and statistical analysis aimed at testing predetermined hypotheses (Darna & Herlina, 2018). The research population is companies that are included in the food and beverage sub-sector that have been and are still listed on the IDX for the 2016-2020 period as many as 26 of these companies are accessed through the www.idx.co.id. The method used is purposive sampling, by carrying out certain considerations or criteria (Sugiyono, 2019). The criteria for selecting the sample to be studied are as follows:

Table 1. Reseach Sample

No	Reseach Sample	Number of companies
1	Food and beverage companies that have been and are still listed on the IDX in the 2016-2020 period.	26
2	Food and beverage companies that do not provide audited financial statements in the 2016-2020 period.	(15)
	Number of sample companies	11
	Number of observations (2016-2020)	55

Source: www.idx.co.id, processed data 2021

4. Result and Discussion

4.1 Normality Test

Testing with Kolmogorov-Smirnov to examine whether the data used is normally distributed or not. The results are seen in Table 1 below:

Table 2. Normality Test

		Unstandardized Residual
N		55
Normal Parameters[a.b]	Mean	0.0000000
	Std. Deviation	8.33776580
Most Extreme Differences	Absolute	0.082
	Positive	0.082
	Negative	-0.080
Test Statistic		0.082
Asymp. Sig. (2-tailed)		0.200

Based on Table 1, the significance value of the unstandardized residual shows a result of 0.200. With this, it can be said that the significance value is greater than 0.05, so it can be concluded that the data used is normally distributed.

4.2 Multicollinearity Test

To determine the occurrence of multicollinearity between independent variables, VIF is used with a limit of 10 and a tolerance of 0.10. In order to avoid multicollinearity tolerance value > 0.10 and VIF value < 10. According to the SPSS calculation results, the values of tolerance and VIF are shown in Table 4.3 below:

Table 2. **Multicollinearity Test**

Model		Collinearity Statistics	
		Tolerance	VIF
1	Cash Turnover	0.987	1.013
	Accounts Receivable Turnover	0.987	1.013

Based on Table 2 shows the value of tolerance 0.987 > 0.10 and VIF 1.013 < 10. With this it can be stated that there is no multicollinearity in the data.

4.3 Heteroscedasticity Test

The Glejser test is used to determine the occurrence of differences in the variation of the residual of one observation with another observation as shown in Table 3 below:

Table 3. Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	8.348	1.615		5.168	0.000
	Cash Turnover	0.010	0.051	0.026	0.193	0.848
	Accounts Receivable Turnover	-0.150	0.078	-.0260	-1.932	0.059

From Table 3, it can be seen that the dependent variable, namely cash turnover and receivables turnover, has a significance value of 0.848 and 0.059 > 0.05, so it can be concluded that there is no heteroscedasticity.

4.4 Autocorrelation Test

The results of this autocorrelation test are shown in Table 4 below:

Table 4. Autocorrelation Test

Model	R	R *Square*	Adjusted R *Square*	Std. Error of the Estimate	Durbin-Watson
1	0.329[a]	0.108	0.073	7.53109	1.661

In Table 4, the results that can be concluded are d = 1.661, dL = 1.490 and dU = 1.641 and n = 55 according to the Durbin-Watson table. So the result is dU < d < 4-dU or 1.641 < 1.661 < 2.359, so it can be concluded that Ho is accepted, which means there is no autocorrelation.

4.5. Multiple Linear Regression Test

The results of multiple linear regression testing in this study are shown in Table 5 below:

Table 5. Multiple Linear Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	12.695	2.846		4.460	0.000
	Cash Turnover	0.270	0.096	0.396	2.818	0.007
	Accounts Receivable Turnover	0.006	0.161	0.005	0.037	0.971

In Table 5, multiple linear regression equations can be described as follows:
Y = 12.695 + 0.396 Cash Turnover + 0.005 Accounts Receivable Turnover + 95%.

The constant is 12.695, which means that if the cash turnover and receivables turnover rate = 0, then the profitability is 12.695%. The cash turnover coefficient is 0.396, meaning that if the cash turnover

has increased by 1 time using the assumption that the other variables are fixed, the profitability will increase by 0.396%. The receivable turnover coefficient is 0.005, meaning that if the receivables turnover has increased by 1 time using the assumption that the other variables are fixed, the profitability will increase by 0.005%.

4.6. Coefficient of Determination Test

The value of the coefficient of determination is between 0 - 1. The results of this test are shown in Table 6 below:

Table 6. Coefficient of Determination Test

Model	R	R *Square*	Adjusted R *Square*	Std. Error of the Estimate
1	0.394[a]	0.155	0.123	6.14377%

Table 6 shows that the R Square value is 0.155 or 15.5% the effect of cash turnover and receivables turnover on profitability, while the remaining 84.5% can be further elaborated by other variables not included in this research.

5. Conclusion

Cash turnover has a positive and significant effect on profitability partially as measured by ROA. The calculation results show the t value of the cash turnover statistic is 0.007 <0.05, which means Ha1 is accepted and Ho1 is rejected, which means that there is a significant effect of the cash turnover variable on profitability. Accounts receivable turnover has no significant effect on profitability partially as measured by ROA. The calculation results show that the t-value of the receivables turnover statistic is 0.971 > 0.05, which means that Ha2 is rejected and Ho2 is accepted, which means that there is no significant effect of the receivables turnover variable on profitability. Cash turnover and accounts receivable turnover have a positive and significant effect on profitability simultaneously. The results of the calculation show that the F statistic value is 0.012 < 0.05, which means Ho3 is rejected and Ha3 is accepted, which means that there is a positive and significant effect simultaneously on the cash turnover variable and the accounts receivable turnover variable on profitability.

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