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THE INFLUENCE OF WORKING CAPITAL TURNOVER, CASH TURNOVER, AND RECEIVABLES TURNOVER ON PROFITABILITY IN MANUFACTURING COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE (BEI) FOR THE 2021-2023 PERIOD

Mutmainna [1)], Darwis [2)], Syahriyah Semaun [3)], Sahrani [4)]

[1,2,3,4]Sharia financial management study program,Parepare State Islamic Religious Institute
Email: muttmainnah42@gmail.com[1], darwismuhsidin@iainpare.ac.id[2],
syahriyahsemaun@iainpare.ac.id[3], sahrani.sarahran@gmail.com[4]

ABSTRACT

The study was conducted to test whether there is an effect of working capital turnover, cash turnover and accounts receivable turnover on Return on Asset (ROA) of 7 automotive and component sub-sector companies for the period 2021-2023.This study uses a quantitative method with an associative quantitative approach that uses the field research type. Data processing using SPSS version 22. The data analysis technique uses classical assumption testing, multiple linear analysis and hypothesis testing. The results of the study obtained 1) Working Capital Turnover (X1) has a probability value (Sig.) Of 0.000 <0.05 and has a t count of 6.758> t table 2.10982 which means that Working Capital Turnover (X1) has a positive effect on Profitability (Y). 2) Cash Turnover (X2) has a probability value (Sig) of 0.118 > 0.05 and has a calculated t of -1.646 < t table 2.10982 which means that Cash Turnover (X1) has a negative effect on Profitability (Y). 3) Receivables Turnover (X3) has a probability value (Sig) of 0.047 < 0.05 and has a calculated t of -2.142 < t table 2.10982 which means that Receivables Turnover (X1) has a positive effect on Profitability (Y). 4) Working Capital Turnover (X1), cash turnover (X2) and Accounts Receivable Turnover (X3) have a probability (Sig) of 0.000 < 0.05 and show a calculated f value of 15.489 > f table 3.16, which means they simultaneously influence Profitability (Y).

Keywords: *Working capital turnover; cash turnover; accounts receivable turnover; Profitability; Return on Asset (ROA).*

INTRODUCTION

The Indonesian economy is entering a period of globalization, which provides opportunities for the business world to grow. Free trade has made competition increasingly fierce in recent years, so that in order for businesses to develop and continue to grow, they must be prepared to face various scenarios and circumstances. One industry that significantly increases the national economy is the automotive and component industry. The automotive and component industry consists of a supply chain that begins with component production, continues to the manufacture of actual vehicles, and ends with a network of official and general workshops and a network of spare parts businesses spread throughout Indonesia (Wijayanti et al., 2023). The increasing needs of the Indonesian people are the cause of the high interest of the industry in this product. In addition to passenger cars, business and commercial cars are also in great demand. Stock prices usually increase along with significant profit growth when there is high public interest in automotive goods. Since 2010, this sector has experienced growth as the impact of the global

JIMUPB Jurnal Ilmiah Manajemen
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crisis has begun to fade. This has contributed to the recovery of the global economy, especially in Indonesia and the Asia Pacific region (Ika Nurjannah et al., 2018). These issues impact the working capital, profitability, and cash flow of these organizations. These companies are no longer able to mass produce as before due to poor working capital due to the Covid-19 pandemic, inadequate liquidity, and the inability of company management to maintain market competition.

Profitability, or the estimated rate of return, is among the variables that investors consider when deciding whether to invest in a company. Financial statements are very important for understanding the current situation of the company (Kasmir, 2010). When the company's Return on Assets (ROA) ratio is high, it means that the assets it owns are able to generate a decent profit margin. Working capital is one of the many factors that can affect a company's profitability. Working capital is also known as current assets which account for about half of the organization's total assets. In other words, current assets are equal to or in other words exceed 50% of total assets (Kasmir 2010).

Receivables are one of the current assets that have an impact on the company's capital. Investing excessive capital will affect working capital turnover, which will limit the ability of small businesses to increase their sales volume. Business will make less money with decreasing sales volume. The amount of credit turnover increases along with profitability. Excessive billing causes poor or slow working capital turnover, thus hampering the company's capacity to increase sales. This will reduce the company's profit potential (Jumingan 2006).

Financial reports, according to (Kasmir, 2010) A written summary of the company's current financial condition and over a certain period of time is called a financial report. Financial reports are often intended to show financial information on an organization over a certain period of time. It is clear that individuals who are interested in the company.

According to (Bambang Riyanto, 2008) A corporation is considered profitable if its profits are compared to the assets used in running the operation. So that the company's profitability refers to its capacity to generate profits over a certain period of time. According to (Hanafi and Halim, 2007) The profitability ratio called return on assets (ROA) measures the business's capacity to earn profits in terms of sales, assets, and certain share capital.

Working capital is money used to finance the continuity of business operations, especially in the short term. Another method to describe working capital is the subtraction of current liabilities with current assets. In other words, working capital refers to the investment made in current or less than One year current assets including cash, stocks, bonds, merchandise, and credit. Usually, working capital is used for various purposes simultaneously. (Kasmir, 2010).

Cash turnover is a ratio used to see how well a company has enough working capital to cover its debts and finance sales. This can indicate that the ratio is used to assess how much cash is available to pay bill commitments other than sales costs (Kasmir, 2008). According to (Riyanto, 2008) The ratio called accounts receivable turnover is usually used to determine the time period used to convert bills into cash. Accounts receivable turnover that is directly correlated with sales volume.

LITERATURE

Working Capital Turnover

Working capital as funds used, especially in the short term, to finance ongoing business activities. One of the company's current assets minus its current liabilities is another way to define working capital. Or in other words, working capital is an investment made in current or short-term current assets, such as money, stocks, securities, goods, and receivables. Working capital is usually used for various purposes at once (Kasmir, 2008). According to Munawir, working capital turnover

JIMUPB Jurnal Ilmiah Manajemen
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shows a relationship between working capital and sales. The high and low profitability of a company is influenced by the working capital variable. High profitability greatly supports the company's operations as much as possible, because it affects the company's ability to achieve its goals (Munawir, 2014).

Cash Turnover

According to Bambang Riyanto, cash is the most easily converted working capital component or the most liquid asset to meet the company's short-term obligations. This means that the more money a company has, the more liquid the company is (Bambang Riyanto, 2008). Cash turnover is a ratio used to see how well a company has enough working capital to cover its debts and finance sales. This can indicate that the ratio is used to assess how much cash is available to pay bill commitments other than sales costs (Kasmir, 2008).

Receivables Turnover

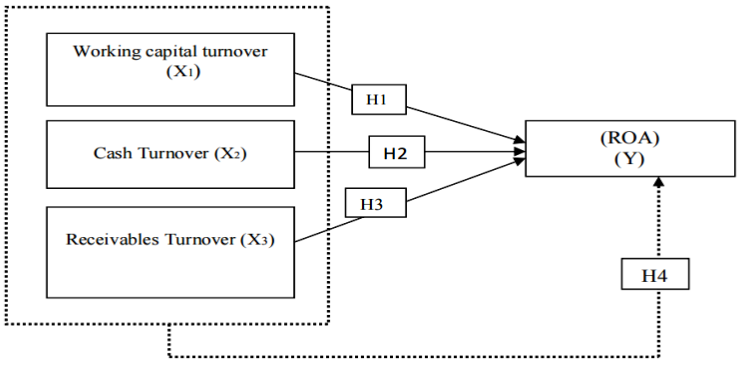
Receivables are sales made by a business that are paid in installments, rather than in full. Receivables are a common feature of businesses that offer goods and services. The practice of selling products or services on credit results in receivables.

According to (Riyanto, 2008) The ratio called receivables turnover is usually used in determining the time period used to convert bills into cash. Receivables turnover which is directly correlated with credit sales volume is obtained by dividing net credit sales by the average amount of bills from a company.

Return On Asset (ROA)

According to Bambang Riyanto, Return on Asset (ROA) is the ability of capital invested in all assets to generate net profit (Bambang Riyanto, 2008). According to (Hanafi and Abdul Halim, 2007) Return on Asset (ROA) is a profitability ratio, this ratio measures the company's ability to generate profit at a certain level of sales, assets and share capital.

Conceptual Framework



Gambar1. Conceptual Framework

Hypothesis

The hypothesis of this study is:

H1 = There is a positive effect of working capital turnover on profitability in Manufacturing Companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 Period.

H2 = There is a positive effect of cash turnover on profitability in Manufacturing Companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 Period.

H3 = There is a positive effect of accounts receivable turnover on profitability in

JIMUPB Jurnal Ilmiah Manajemen
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Manufacturing Companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 Period.

H4 = There is a simultaneous effect of working capital turnover, cash turnover, and accounts receivable turnover on profitability in Manufacturing Companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 Period.

METHOD

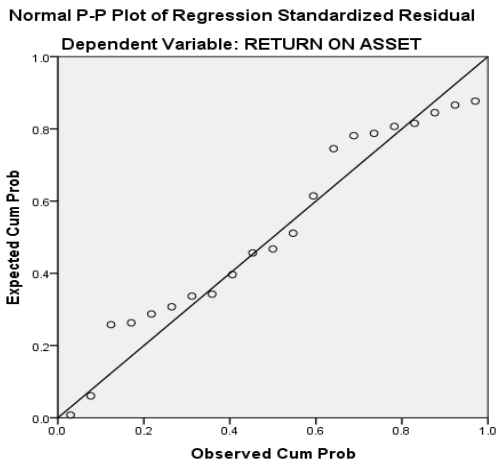
This study uses a quantitative associative method which is used to determine the correlation between two or more specific variables. The purpose of this study is to determine the correlation between the independent variables of working capital turnover (X1), cash turnover (X2), and accounts receivable turnover (X3) with the dependent variable return on assets (ROA). This study specifically focuses on the Automotive and Components sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2021 to 2023 with 7 research samples that have met the requirements. The financial data required for this study were obtained from www.idx.co.id, the official website of the Indonesia Stock Exchange. Bursa (IDX).

Table 1. Research variables

Variabels	Unit	Formula
Return On Asset (ROA) (Y)	%	$\boldsymbol{ROA = \frac{\text{Net profit before tax}}{total\ asset} x\ 100\%}$
Working Capital Turnover(X1)	Kali	$\mathbf{XI = \frac{Net\ Sales}{average\ working\ capita}}$
Cash Turnover (X2)	Kali	$\mathbf{X2 = \frac{Net\ Sales}{average\ cash}}$
Receivables Turnover (X3)	Kali	$\mathbf{X3 = \frac{Penjualan}{average\ receivables}}$

The data analysis method used in the research study is statistical analysis with SPSS software. The data analysis method used is to determine the number of independent variable components that affect the dependent variable is with the multiple linear regression formula.

RESULTS



JIMUPB Jurnal Ilmiah Manajemen
E-issn:2549-9491 P-issn:2337-3350

Gambar 2. P-P Plot Normality Test
Source: Research data processing results using SPSS 22,2024

To test the data deviation to ensure normal data distribution, the normality test is used. The normality threshold in the study with the Kolmogorov-Smirnov Test, the output of which is shown in the table below:

Table 2. One Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		21
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	4.87250734
Most Extreme Differences	Absolute	.145
	Positive	.104
	Negative	-.145
Test Statistic		.145
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Research data processing results using SPSS 22,2024

There is a table showing the Kolmogorov-Smirnov test analysis method where the Asymp. Sig. (2-tailed) value is 0.200> 0.05, meaning the data is normally distributed.

Table 3. Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	10.087	4.829		2.089	.052		
	Working capital turnover	76.017	11.248	.903	6.758	.000	.882	1.134
	Cash turnover	-.763	.463	-.222	-1.646	.118	.863	1.159
	Receivables turnover	-2.092	.977	-.289	-2.142	.047	.865	1.156

a. Dependent Variable: Return on Asset

Source: Research data processing results using SPSS 22,2024

JIMUPB Jurnal Ilmiah Manajemen
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There is a table above showing the VIF value of each research variable. All Tolerance Values of independent variables are > 0.10 while the overall VIF value of the independent variables is < 10.00. It is concluded that there are no symptoms of multicollinearity.

Table 4. Autocorrelation Test (Durbin Watson)

Model Summary[b]

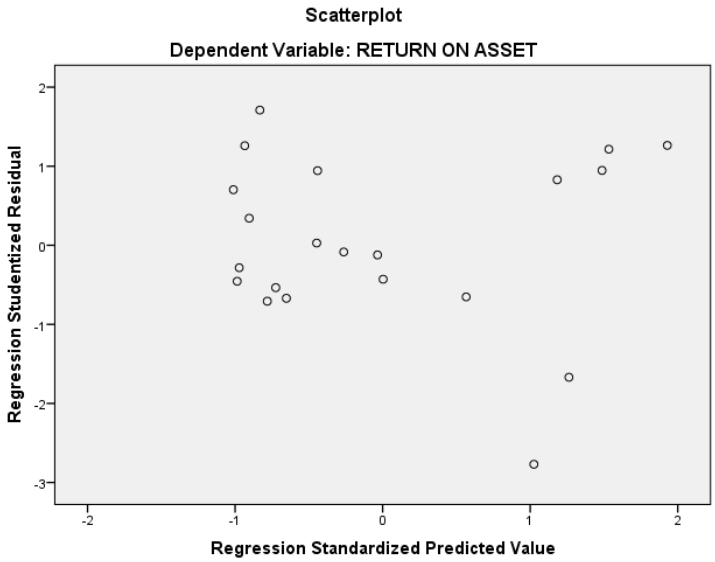
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.856[a]	.732	.685	5.28498	2.120

a. Predictors: (Constant), Receivables turnover, working capital turnover, cash turnover

b. Dependent Variable: Return On Asset

Source: Research data processing results using SPSS 22,2024

Note the Durbin-Watson number of 2.120 in the rightmost column, "Durbin-Watson." Using the formula (k; N), this value is compared to the DW table output with a significance level of 5%. At three independent variables and twenty-one samples, or "N," we obtain dL: 1.0262 and dU: 1.6694. According to the interpretation, there is no autocorrelation if dU < d < 4-dU (1.6694 < 2.120 and less than 4-1.6694).



Gambar 3. Scatterplot

Source: Research data processing results using SPSS 22,2024

The graph does not show a particular pattern and does not spread above or below the zero number of the Y axis, so it can be concluded that there is no symptom of heteroscedasticity, or it can be interpreted that the research model used is good. In addition, the Glejser Test can also be used to determine whether a regression model has an indication of heteroscedasticity.

JIMUPB Jurnal Ilmiah Manajemen
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Table 5. Glejser Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.561	.747		2.089	.052
	Working capital turnover	-2.164	1.741	-.298	-1.243	.231
	Cash turnover	.028	.072	.095	.394	.699
	Receivables turnover	-.120	.151	-.193	-.797	.437

a. Dependent Variable: Abs_Res

Source: Research data processing resultsusing SPSS 22,2024

The test values above obtained using the Glejser method show that the regression model shows symptoms of heteroscedasticity and significance values for the independent variables, namely working capital turnover, cash turnover, and accounts receivable turnover with values in the respective tables, namely, X1: 0.231, X2: 0.699, X3: 0.437.

Table 6. Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.087	4.829		2.089	.052
	Working capital turnover	76.017	11.248	.903	6.758	.000
	Cash Working capital turnover	-.763	.463	-.222	-1.646	.118
	Receivables Working capital turnover	-2.092	.977	-.289	-2.142	.047

a. Dependent Variable: Return On Asset

Source: Research data processing results using SPSS 22,2024

Based on the table above, it can be seen that the multiple linear regression analysis model used in this study is formulated as follows:

$$Y = 10{,}087 + 76{,}017 - 0{,}763 - 2{,}092$$

In the regression equation above, the interpretation of multiple linear regression with the following breakdown:

1. Constant value (Y) is 10.087, meaning that if X1, X2, and X3 are 0, then the Return on Asset (ROA) is 10.087.
2. Working Capital Turnover (X1) has a regression coefficient with a value of 76.017, which indicates that return on assets (ROA) is 76.017 and working capital turnover (X1) increases by 1%, so that other independent variables will remain stable.
3. Cash turnover (X2) has a regression coefficient of -0.763, which makes it so that when the others remain the same, cash turnover (X2) increases by 1%, making return on assets (ROA) decrease by 0.763.
4. Accounts Receivable Turnover (X3) has a regression coefficient of -2.092, which means that if Return on Asset (ROA) decreases by -2.092 and the other independent variables remain the same, Accounts Receivable Turnover (X3) will increase by 1%.

JIMUPB Jurnal Ilmiah Manajemen
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Table 7. T Test result

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.087	4.829		2.089	.052
	Working capital turnover	76.017	11.248	.903	6.758	.000
	Cash turnover	-.763	.463	-.222	-1.646	.118
	Receivables turnover	-2.092	.977	-.289	-2.142	.047

a. Dependent Variable: Return On Asset

Source: Research data processing results using SPSS 22,2024

Based on the table above, it can be interpreted that:

1. The effect of Working Capital turnover (X1) on ROA (Y) is seen in the table, it is known to produce a calculated t value = 6.758, which means that calculated t> t table 2.10982 and a significance value of 0.00 when compared to the degree of confidence (α) that has been determined, which is 0.05 so that 0.000 <0.05, which means that H0 is rejected and H1 is accepted. Thus, it can be concluded that Working Capital turnover partially has a positive effect on Return On Asset (ROA).
2. The effect of Cash turnover (X2) on ROA (Y) is seen in the table, it is known to produce a calculated t value = -1.646, which means that calculated t <t table 2.10982 and a significance value of 0.118 when compared to the specified degree of confidence (α) of 0.05, so that 0.118> 0.05, which means that H0 is accepted and H1 is rejected. Thus, it can be concluded that Cash turnover partially has a negative effect on Return On Asset (ROA).
3. The effect of Receivables turnover (X3) on ROA (Y) can be seen in the table, it is known to produce a calculated t value = -2.142, which means that the calculated t <t table 2.10982 and a significance value of 0.047 when compared to the specified degree of confidence (α) of 0.05, so that 0.047 <0.05 (seen from the analysis of 2 curves where the calculated t is in the H0 rejection area) which means that H0 is rejected and H1 is accepted. Thus, it can be concluded that Receivables Turnover partially has a positive effect on Return On Assets (ROA).

Table 8. F-testresults

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1297.857	3	432.619	15.489	.000[b]
	Residual	474.827	17	27.931		
	Total	1772.683	20			

a. Dependent Variable: Return On Asset

b. Predictors: (Constant), Receivables turnover, Working capital turnover, Cash turnover

Source: Research data processing results using SPSS 22,2024

JIMUPB Jurnal Ilmiah Manajemen
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Based on the table above, it can be seen that the calculated f value = 15.489, which means that the calculated f> f table is 3.16 and the significance value is 0.000 when compared to the specified degree of confidence (α) which is 0.05. The significance level is 0.000 <0.05 so that H0 is accepted, H1 is rejected, meaning that there is a simultaneous influence between variables (X1), (X2) and (X3) on variable (Y).

Table 9. Determinant coefficients results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.856[a]	.732	.685	5.28498

Source: Research data processing results using SPSS 22,2024

From the processed data, the output of the correlation coefficient was obtained with a value of 0.685 or 68.5%; where the relationship between variables (X) (working capital turnover, cash turnover, and accounts receivable turnover) simultaneously affects the variable (Y) (ROA) by 68.5%, and 31.5% is influenced by other variables not studied. Based on the output of the Adjusted R Square value of 0.685 with Adjusted R Square explaining the level of correlation between the independent variable (X) and the dependent variable (Y).

CONCLUSION

Based on data analysis and research results on Manufacturing Companies in the Automotive and Components sub-sector listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period regarding the effect of Working Capital Turnover, Cash Turnover and Receivables Turnover on Profitability, the following conclusions can be drawn:

1. Working Capital Turnover (X1) has a probability value (Sig.) of 0.000 <0.05 and has a calculated t of 6.758> t table 2.10982, which means that Working Capital Turnover (X1) has a positive effect on Profitability (Y) in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period.
2. Cash Turnover (X2) has a probability value (Sig.) of 0.118 > 0.05 and has a calculated t of -1.646 < t table 2.10982 which means that Cash Turnover (X1) has a negative effect on Profitability (Y) in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023.
3. Receivables Turnover (X3) has a probability value (Sig.) of 0.047 < 0.05 and has a calculated t of -2.142 < t table 2.10982 which means that H0 is rejected and H1 is accepted. Receivables turnover (X3) has a positive effect on Profitability (Y) in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023.
4. Working Capital Turnover (X1), cash turnover (X2) and Receivables Turnover (X3) have a probability (Sig) of 0.000 <0.05 and show a calculated f value of 15.489> f table 3.16 which means that the independent variables (working capital turnover, cash turnover and receivables turnover) have a simultaneous influence on the dependent variable Profitability in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023.

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