WORKING CAPITAL TO THE PROFITABILITY OF FOOD AND BEVERAGE SUB-SECTOR COMPANIES

Rian Agus Wanto, Muhaimin Dimyati, Emmy Ermawati

STIE Widya Gama Lumajang
Email: rianaguswanto@gmail.com

Abstract

Working capital is a very important element in the company because without adequate working capital, the operational activities of a company can not be held. With the rapid development of this business world so that there is intense competition between similar companies, get the capital adequacy of work it becomes the main factor that pay attention. To be able to compete with other companies, companies must be able to manage all the wealth possessed effectively so that the company can run well. This study was conducted to determine whether cash turnover and receivable turnover affect the profitability (ROA), this study uses secondary data that is the annual financial statements of food and beverage sub-sector manufacturing companies listed in the Indonesian Stock Exchange for the period of 2016-2018.. Data analysis techniques used in this study is multiple linear regression analysis techniques with the help of SPSS version 24. The results showed the influence between cash turnover variables and receivables turnover to ROA

Keywords : Working Capital, Cash Turnover, Accounts Receivable Turnover, Inventory Turnover Profitability (ROA)

INTRODUCTION

Working capital is very necessary to facilitate the daily activities of the company and influence the company itself. Working capital can be in the form of cash and short term receivables. If working capital can be managed effectively, there will not be many difficulties when carrying out company activities. Conversely, when operating working capital that is less effective it can disrupt the company's activities. Operating profit or commonly known as operating profit is a measure of the company's profit from ongoing operating activities. The higher the operating profit, the company can maintain its survival, and can operate the company, working capital will continue to rotate every period within the company (Supriadi & Puspitasari, 2015)

Working Capital Efficiency is the effectiveness of running everything that does not waste time, energy, costs and can use working capital, which is to keep working capital sufficient in the sense that the available working capital is neither excess nor deficient. To be able to determine the amount of effective work, it can be measured from the element of capital (Ambarwati, Yuniarta, & Sinarwati, 2015)

In determining an effective and efficient working capital, each company will assess the benefits received on the paid working capital, so that it is necessary to measure profitability. Profitability is the ability of a company to generate profits during a certain period at the level of sales, assets and share capital. certain. The profitability of a company can be assessed in various ways depending on the profit and assets or capital that will be compared with one another. Measuring profitability using measuring tools, namely: Return on Assets (ROA) and Return on Equity (ROE). Profitability is measured by using Return On Assets (ROA), this means that in managing working capital it must be done as effectively as possible, in order to get the level of company operating profit, so that the company can finance its daily operations. What's more, competition in the global market has increased drastically and companies are forced to survive (Nawalani & Lestari, 2017).
The most important factor for the company, the company must have sufficient working capital to pay for its daily activities such as purchasing raw materials, paying employees' wages, paying debts and other payments.

METHOD
This research model uses associative quantitative research, namely associative research is research that is intended to see the effect or also the relationship between two or more variables. This study has the highest level of comparison with descriptive and comparative measures, because this research can build a theory that can work on the interpretation and prediction of symptoms and controls (Sugiono, 2003).

The variables or interests in this study are working capital with sub cash turnover, accounts receivable turnover and profitability. The object of this research is the financial statements of sub-food and beverage manufacturing companies listed on the IDX. The data source in this study is internal data on the company's annual reports with financial reports that have been published during the 2016-2018 period. The type of data used in this study is secondary data. The type of data used in this study is secondary data (Indrianto & Supomo, 2009).

Secondary data is data collected by data collection agencies and distributed to the data user community. The data used were obtained from financial reports on the subject of the problem under study (Mudrajad, 2003). The data are published annual report, in the form of financial statements of companies manufacturing food and beverage sub-sector which terdaftar in BEI Year 2016-2018.

Population is a combination of all elements in the form of events, objects, or people with the same characteristics which are at the heart of the researcher's attention, because it is seen as a research universe (Ferdinand, 2006). The population in this study is the financial statements of food and beverage sub-sector manufacturing companies which are listed on the Indonesia Stock Exchange and 26 companies are listed.

The sampling technique in this study was purposive sampling. The sample in this study is a food and beverage sub-sector manufacturing company that is listed on the Indonesia Stock Exchange with financial reports that have been published for 3 years for the 2016-2018 period.

RESULTS AND DISCUSSION
The results of descriptive calculation indicate that of the 78 research samples, the ROA variable has a minimum value of -0.25, namely the Sekar Bumi Tbk company in 2018, while the maximum value is 0.54, namely the Garuda Food Putra Putri Tbk company in 2018. The average value is 0.0831 with a standard deviation of 0.09888.

The results of this descriptive calculation indicate that of the 78 research samples, the Cash Turnover variable has a minimum value of 0.18, namely the Indofood CBP Sukses Makmur Tbk company in 2016, while the maximum value is 4.80, namely the company Sekar Bumi Tbk Bersama Infrastructure Tbk. in 2018. The average value is 1.4393 with a standard deviation of 1.11063.

The results of this descriptive calculation indicate that of the 78 research samples, the Accounts Receivable Turnover variable has a minimum value of 0.23, namely the Campina Ice Cream Industry Tbk. in 2018, while for the maximum value of 1.27 is Campina Ice Cream Industry Tbk Tbk. in 2016. The average value is 0.6793 with a standard deviation of 0.18479.

The results of this descriptive calculation show that of the 78 research samples, the Inventory Turnover variable has a minimum value of 0.07, namely Mayora Indah Tbk. in 2016, while the
maximum value is 1.60, namely Mayora Indah Tbk. year 2018. The average value is 0.6803 with a standard deviation of 0.18079.

Classic assumption test
The normality test is used to determine whether the variables ROA (Y), Cash Turnover (X1), Accounts Receivable Turnover (X2), and Inventory Turnover (X3) are normally distributed, close to normal or not. The data normality test was performed through statistical analysis, one of which can be seen using the Kolmogorov-Smirnov test (KS). The results of the analysis are then compared with the critical value of sig, or significance or probability value > 0.05, the distribution is normal. Data normality testing using statistical analysis was carried out using the Kolmogorov-Smirnov. The results of the Kolmogorov-Smirnov (KS) non-parametric statistical test is an asymptotic significance value of more than 0.05, namely 0.291, which means that the data is normally distributed.

Multicollinearity test was conducted to determine whether each independent variable, namely Cash Turnover (X1), Accounts Receivable Turnover (X2), and Inventory Turnover (X3) were linearly related. If some or all of the independent variables have a strong correlation, it means that multicollinearity occurs. Multicollinearity test can be seen by calculating the Variance Inflation Factor (VIF) value and tolerance value for each independent variable. Data is said to be free from multicollinearity if the VIF value is <10 and the tolerance value > 0.10. Tolerance value for the variables of Cash Turnover (0.910), Accounts Receivable Turnover (0.930), and Inventory Turnover (0.978) stated that there is no symptom of multicollinearity because the tolerance value is > 0.10. The VIF value for the variable Cash Turnover (1.099), Accounts Receivable Turnover (1.076), and Inventory Turnover (1.022) stated that there was no multicollinearity symptom due to vip <10

heteroscedasticity test is performed to determine whether in a regression model there is an inequality of variance from the residuals of one observation to another. To test the data in this study, it can be used by using the scatterplot chart. This graph is one of the heteroscedasticity tests that is easy to analyze because if the point distribution graph pattern spreads around the number 0 then there is no heteroscedasticity.

Autocorrelation test is used to find out whether in a linear regression model there is a strong relationship, either positive or negative, between the data on Cash Turnover (X1), Accounts Receivable Turnover (X2), and Inventory Turnover (X3), and ROA (Y). To detect autocorrelation, a statistical test can be done through the Durbin Washton test (DW test). The autocorrelation test is used to ensure that there is no correlation between the residual error in period t and the residual error in period t-1 in the linear regression model. The occurrence of a correlation is known as the autocorrelation problem. The cause of the emergence of autocorrelation is due to the research being carried out in a sequence and interrelated and this also causes the residual (confounding error) in one observation to be correlated with the residual in the other observation. This study detects autocorrelation with the Durbin Watson (DW) test, which is as follows:
1) If the value 0 <DW <dL mean H0 rejected
2) If the value of dL ≤ DW ≤ dU means the area of doubt or no decision
3) If the value of 4-dL <DW <4 means H0 rejected
4) If the value 4-dU ≤ DW ≤ 4-dL means the area of doubt or no decision
5) If the value of dU <DW <4-dU means H0 received.
To determine whether autocorrelation exists or not, the DW test values can be seen as follows:
From the results of the autocorrelation test above, it shows that the Durbin Watson (DW) value is 2.253. By looking at the Durbin Watson table, the dL value is 1.5502 while the dU value is 1.7117. If put into the DU <DW <(4-DU) formulation the result is 1.7117 <2.253 <2.2883. So it can be concluded that the linear regression model HO is accepted, which states that there is no autocorrelation and there is no lag variable between the independent variables.

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Based on the results of regression analysis processing with 3 independent variables, namely Cash Turnover, Accounts Receivable Turnover, and Inventory Turnover and the dependent variable, namely ROA, the following analysis results are obtained: a is a constant value of 0.277 indicating that if Cash, Accounts Receivable and Inventory Turnover, if it is worth 0, then the ROA will be 0.227. The regression coefficient value of Cash Turnover is 0.045 with a positive value. So it can be assumed that if the other independent variables are constant, it means that every decrease in cash turnover of 1 unit, the potential for ROA will experience an increase of 0.045 units.

The regression coefficient value for Accounts Receivable Turnover is 0.018 with a positive value. So it can be assumed that if the other independent variables are constant, it means that for every decrease in Accounts Receivable Turnover by 1 unit, the potential for ROA will increase by 0.018 units. The coefficient value of Inventory Turnover is -0.008 with a negative value. So it can be assumed that if the other independent variables are constant, it means that for each increase in Inventory Turnover by 1 unit, the potential ROA will decrease by -0.008 units.

In the calculation of this regression model, the R value of 0.271 means that the dependent variable ROA can be explained by the independent variable Cash Turnover, Accounts Receivable Turnover and Inventory Turnover of 27.1% are classified as high-level ROA and the rest is explained by other variables outside the model in this study. The independent variable as a whole and the remaining 72.9% from other variables that are not explained and examined in this study.

The t test is used to partially test the significance of the effect of each independent variable on the dependent variable. The criterion used in decision making is H is accepted if Sig t <significant level a (0.05). In the ta (alpha) 0.05 test on the independent variable, after being tested it produced the following findings: (1) in the independent variable cash turnover, it was found that the significance value was ≤ 0.05, namely 0.021. This indicates that H1 is acceptable and this means that cash turnover has a significant effect on ROA. (2) In the independent variable Accounts Receivable Turnover, it is found that the significance value is 0.05, namely 0.741. This indicates that the H1 may be refused and this means receivable turnover no significant effect on ROA. (3) In the independent variable inventory turnover, it was found that the significance value was ≥ 0.05, namely 0.952. This indicates that H can be rejected and this means that inventory turnover has no significant effect on ROA.

The results of hypothesis testing show that the significance value is ≤ 0.05, namely 0.021. This indicates that H1 is acceptable and this means that cash turnover has a significant effect on ROA. Due to the larger cash turnover, the more effective it will be, because it shows the more efficient use of cash. With the amount of cash that is rotating, it is not good because it cannot meet the needs of the company. But with the high amount of cash that is rotating, it will be better too. The results of this study are supported by research conducted by Worokinasih, (2018) with research results which state that the Cash Turnover variable has a significant positive effect on financial statement fraud. Because the cost of goods sold increases so that the higher the GPM, the better the condition of the company, because the average ratio is above 30% of the average normal value of the ratio.

The results of hypothesis testing show that the independent variable of Accounts Receivable Turnover is found that the significance value is > 0.05, namely 0.741. This indicates that H2 can be rejected and this means that accounts receivable turnover has no significant effect on ROA. This is due to the efficiency of accounts receivable management in the company. The higher the percentage refers to the working capital invested in low receivables. The results of this study are supported by research conducted by Zulia Hanum, SE, M.Si (2012) with the results which state that the Accounts Receivable Turnover variable has no significant effect on ROA. Because the net profit margin with profit after tax has decreased so that the lower the NPM value, the worse the operational level of a company is because the average value of the ratio is below the normal average, which is less than 20%.

The results of hypothesis testing show that the inventory turnover on the independent variable found that the significance value is > 0.05, namely 0.952. This indicates that H3 can be rejected.
and this means that inventory turnover has no significant effect on ROA, this is because the inventory of items that are not suitable in turnover, which are always bought and sold, do not undergo further processing in the company which results in changes. The form of the goods concerned. The results of this study are supported by research conducted by Zulia Hanum, SE, M.Si (2012) with the results of the research which states that the Inventory Turnover variable does not have a significant effect on ROA. Because the low net profit after taxes with own capital can affect the worse the condition of a company, the weaker the condition of the owner of a company, due to the normal level of the average rate of profit ratio of 40% of the standard ratio.

CONCLUSION
The conclusion of this study is (1) in the independent variable cash turnover, it was found that the significance value was ≤ 0.05, namely 0.021. This indicates that H1 is acceptable and this means that cash turnover has a significant effect on ROA. Due to the greater the cash turnover, the more effective it will be, because this shows the more efficient use of cash. With the amount of cash in circulation, it is not good because it cannot meet the needs of the company. but the higher the cash that rotates the better. (2) in the independent variable Accounts Receivable Turnover, it is found that the significance value is> 0.05, namely 0.741. This indicates that the H2 may be refused and this means receivable turnover no significant effect on ROA. This is due to the efficiency of accounts receivable management in the company. The higher the percentage refers to the working capital that is invested in low receivables. (3) in the independent variable inventory turnover it is found that the significance value is> 0.05, namely 0.952. This indicates that H3 can be rejected and this means that inventory turnover has no significant effect on ROA. this is due to the inventory of goods that are not suitable in circulation, which are always bought and sold, which do not undergo further processing in the company which results in changes in the shape of the goods concerned.

REFERENCES


