ANALYSIS OF CASH PLAYBACK, RECEIVABLE ROUND AND INVENTORY PLAYING ON PROFITABILITY IN TEXTILE AND GARMENT COMPANIES LISTED ON BEI

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ABSTRACT

Profitability is the ability of a company to generate profits for a certain period. For companies in general the problem of profitability is more important than the problem of profit. The study aims to determine how the influence of variable cash turnover, accounts receivable balance and inventory turnover towards profitability measured through profitability (NPM) partially on textile and garment companies listed on the Indonesia Stock Exchange period 2015-2018.

The sample of this study was determined by purposive sampling. From 18 companies listed on the Indonesia Stock Exchange, there are 8 companies that meet the criteria to be used as research samples. The type of data used in this study is secondary data. Data analysis using multiple linear regression analysis using SPSS Statistics 21.

The results of this study indicate that partially Cash Turnover does not have a significant negative effect on profitability. Accounts Receivable Turnover and Inventory Turnover have a significant positive effect on the profitability of textile and garment companies listed on the IDX.

Keywords: Cash turnover, Account Receivable Turnover, Inventory Turnover and Profitability

PRELIMINARY

Textile and garment companies are strategic industries for the Indonesian economy. The Minister for National Development Planning, Bambang Brodjonegoro, said that textile and garment products will support Indonesia's economic growth going forward. Therefore, the government is committed to boost the competitiveness of this industry. The increase in the textile industry also affected the increase in investment realization. Because, the Indonesian textile and garment industry has played an important role in the global supply chain (Kamilah, 2019).

In general, the goals of every company whether it is service, trading and manufacturing companies have the same goal, which is to earn profits and maintain the sustainability of the company in the future. Along with the development of the economic era in Indonesia today the competition is getting tougher, the average Indonesian people choose to become entrepreneurs or establish a company. In addition, the AEC has begun to apply, where competition will be tighter in the free market, given that Indonesia is a country that has a lot of export and import companies so there needs to be good management by managing production resources to be more effective and efficient.

In maximizing profitability, companies need to maximize several components. Three components that must be maximized include cash, receivables and inventory. The author takes the object of companies engaged in the manufacturing sector of textiles and garments listed on the Indonesia Stock Exchange as research objects because these companies have profits that tend to decline and losses.

Based on this background, this study aims to determine the effect of cash, receivables and inventory turnover on profitability in textile and garment companies listed on the IDX.

LITERATURE REVIEW

Cash Turnover

Cash is the most liquid asset and means of payment which includes currency, deposit funds and cash checks and cash. Cash is the most liquid asset because it can be used to pay company obligations. Cash in entities is very important because without cash the activation of the company's operations cannot be carried out. According to Bambang Riyanto in Damanik (2017) cash turnover is a period of cash spinning which starts when cash is invested in the working capital component until when it returns to cash as the highest working liquidity working capital. Cash turnover is the ratio between sales and cash averages. The higher the cash turnover, the better, because this means that the higher the efficiency of the use of cash and the greater the benefits obtained. The formula used to get cash turnover, namely: = = ... times the Receivables Turnover

Receivables can arise not because of the sale of merchandise on credit, but may be due to other matters, such as accounts receivable to employees in the form of employee loans, receivables due to the sale of fixed assets on credit and so on. Slow inventory turnover indicates the longer the inventory is in the company, so that it can increase inventory costs, and will reduce corporate profits. Diana et al (2016) states inventory turnover shows the ability of funds in inventory can rotate in a period. The level of accounts receivable turnover can be known by dividing the amount of credit sales during a certain period by the average amount of receivables, as the formula below Riyanto (2010). = = ... times

Inventory Turnover

Inventory is a current asset that is very important for every company because it is an item that will be sold in the future by the company to make a profit. Meanwhile, according to Riyanto (2010: 70) Inventory turnover is the ratio between the cost of goods sold to the average inventory shows how quickly the inventory can be sold. The calculation is as follows: = Cost of Goods Sold Inventory average − average = ⋯

Profitability

According to Riyanto (2010: 35) Profitability is the company's ability to generate profits for a certain period. Profitability Ratio describes the ability of a company to generate relative profits. Relative here means that profits are not measured in absolute magnitude, but compared with other elements of the benchmark, because the acquisition of large profits does not necessarily indicate profitability which is also large. Net profit margin is a measure of a company's profitability from sales after accounting for all costs and income taxes. The formula is as follows: Net Profit After Sales Tax net Cash Turnover, Receivable Turnover, Inventory Turnover with Profitability

According to Rahma (in Canizio 2017) Cash turnover shows the ability of cash in generating income, so it can be seen how many times the cash revolves in a certain period. Kasmir (2012: 140) states that cash turnover is a comparison between sales and the average cash amount. Cash turnover shows the ability of cash in generating income so that it can be seen how many times the cash revolves in a certain period. The higher the cash turnover, the better the profitability.

Receivables are also the most liquid current assets after cash. For some companies, accounts receivable is an important item because it is part of the company's current assets which is quite large. Receivables arise because the company made credit sales. Hanafi in (Suarnami et al 2014) states that the faster the receivables revolve, the higher the efficiency of capital embedded in receivables, and the higher the receivables turnover, the shorter the collection time of receivables. This shows the company's

profitability also increased.

Inventory is an asset that must be managed well, mistakes in management will result in other asset components not being optimal, and can even result in losses. Management in terms of managing inventory turnover can be very decisive in the management of the continuation of company activities. In terms of costs, if inventory turns are getting longer, inventory will accumulate, so the costs incurred to maintain inventories are higher. This will further reduce profits, because profits are the result of revenue minus costs, so the greater the costs to the company, the smaller the profit Henia (2018) will get. Based on the theoretical study, a hypothesis can be drawn as follows: H1: Cash turnover (X1) affects the profitability of the company. H2: Receivables tur nover (X2) affects the profitability of the company

RESEARCH METHODS

This type of research used in this research is quantitative descriptive, where this research uses secondary data or indirect data. This research was conducted on various textile and garment sub-sector manufacturing companies on the Indonesia Stock Exchange (IDX). The data used in this study includes accounting data in the form of financial statements for each sample from 2016-2018.

The sampling technique in this study was purposive sampling. The criteria that must be met by the samples used in this study are (a) Textile and garment companies listed on the Indonesia Stock Exchange during the period

observations for 2016-2018. (b) Companies that have complete and clear financial statements for the 2016-2018 observation period. (c) Financial statements of companies that use the rupiah.

The independent variables in this study are cash turnover, accounts receivable turnover, and inventory turnover. The dependent variable in this study is profitability. The level of profitability is measured by Net Profit Margin (NPM) which is a measure of the company's profitability from sales after taking into account all costs and income taxes.

The population used in this study are garment and textile manufacturing companies listed on the IDX in the 2015-2018 period. The research sample was taken by purposive sampling, so that there were 8 (eight) companies that met the sampling criteria in the garment and textile sub-sector listed on the Indonesia Stock Exchange (IDX), namely PT. Polychem Indonesia Tbk, PT. Argo Pantes Tbk, PT. Eratex Djaya Tbk, PT. Ever Shine Tex Tbk, PT. Indo Rama Sythetic Tbk, PT. Pan Brothers Tbk, PT. Sri Rejeki Isman Tbk, PT. Asia Pacific Fibers Tbk.

Results and Discussion

Calculation results Before calculating multiple linear regression, it is necessary to first test the classical assumptions. The goal is that the multiple linear regression model that will be performed can be known the level of accuracy of the data, so that there needs to be some assumption tests that must be met. The classic assumption test consists of tests of normality, heteroscedasticity, autocorrelation, and multicollinearity.

Tabel 1 F test and t test

Uji F	Signifikansi 0,004
Uji t	
Profitabilitas chas turnover	Signifikansi 0,0500
Accounts receivable turnover	Signifikansi 0,001
inventory turnover	Signifikansi 0,20

Based on the results of the study in Table 1, it is known that there is a significant simultaneous effect on cash turnover, accounts receivable turnover and inventory turnover on profitability. Partially significant value of the variable cash turnover (X1) of 0.55 which shows that the cash turnover variable (X1) does not significantly influence profitability.

The significant value of the accounts receivable turnover variable (X2) is 0.001 which shows that the accounts receivable turnover variable (X2) has a significant effect on profitability. significant value of the inventory turnover variable (X3) of 0.20 which indicates that the inventory turnover variable (X3) has a significant effect on profitability.

Cash Turnover towards Profitability

The results of this study indicate that cash turnover has a negative effect on profitability. It is known from the results of partial testing that the cash turnover variable has a negative coefficient value which means that cash turnover has no effect on profitability. This result is not in accordance with hypothesis 1 which states that cash turnover affects the company's profitability. In order for profitability within a company to increase, the company must increase sales volume in cash or credit. By increasing sales it is expected that companies will add liquid assets from companies such as cash or receivables. If the level of cash turnover in the company continues to increase, the company will also have no difficulty in meeting its short-term obligations. Turnover Receivables from Profitability

The results of this study indicate that the accounts receivable turnover has a positive effect on profitability. It is known from the results of partial testing that the variable receivables turnover has a positive coefficient value which means that the accounts receivable turnover has an effect on

profitability. This result is in accordance with hypothesis 2 which states that the accounts receivable turnover affects the profitability of the company.

This shows that the accounts receivable turnover has been running well and smoothly so that it quickly turns into cash. This is also consistent with the statement of Sartono (2010) that the higher the rate of food receivables turnover the higher the profitability achieved.

Inventory Turnover towards Profitability

The results of this study indicate inventory turnover has a positive effect on profitability. It is known from the results of partial testing that the inventory turnover variable has a positive coefficient value which means inventory turnover affects profitability. This result is in accordance with hypothesis 3 which states that inventory turnover influences company profitability.
High inventory turnover ratio indicates strong sales because many companies make production to maintain the stability of inventory remain rational and market needs are still met. The speed and accuracy of a company in selling its supplies is very important in measuring the performance of business activities.

CONCLUSION

Based on the analysis of the results of research that has been done, it can be concluded that cash turnover, accounts receivable turnover and inventory turnover have a simultaneous effect on profitability. While partially cash turnover has no effect on profitability in textile and garment companies, accounts receivable turnover and inventory turnover have a significant effect on profitability in textile and garment companies. The results of this study are only cash turnover that does not significantly influence profitability, it is better for garment and textile manufacturing companies to pay more attention in managing cash effectively in order to achieve high profitability.

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