

Research.

Effect of Cash Turnover, Receivables Turnover and Inventory Turnover on The Profitability of Pharmaceutical

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Received: November 30, 2023 Accepted: December 17, 2023 Published: December 31, 2023

To cite this article: Ilmiyono, AF; Octavianty, E; Kurniawati, WA. (2023). Effect of Cash Turnover, Receivables Turnover and Inventory Turnover on The Profitability of Pharmaceutical. *The Accounting Journal of BINANIAGA.*, 8(2), 149-162. doi:10.33062/ajb.v8i02.39

Abstract. *The business run by the company aims to create the highest possible profit, this profit is expected to continue to be generated in the short and long term. Investment is very necessary in achieving maximum profit. The investment consists of working capital such as: Cash, Accounts Receivable, and Inventory. In increasing profitability, it is followed by cash turnover, receivables turnover and inventory turnover which can rotate effectively every period. This study aims to examine the effect of Cash Turnover, Receivable Turnover and Inventory Turnover on the profitability of the Pharmaceutical Sub-sector companies listed on the Indonesia Stock Exchange. The sampling technique used in this study was purposive sampling method. The analysis model of this research is Multiple Linear Regression Analysis. The results of the study partially show that Cash Turnover, Accounts Receivable Turnover and Inventory Turnover have no significant effect on the profitability of the pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange. Simultaneous research results show that cash turnover, accounts receivable turnover, and inventory turnover have no significant effect on the profitability of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange.*

Keyword: Cash Turnover, Inventory Turnover, Profitability, Receivable Turnover

INTRODUCTION

A Business run by the company aims to create the highest possible profit, which is expected to continue to be generated in the short and long term. Furthermore, with the rapid advancement of technology and knowledge that is increasingly easy to obtain, companies are always required to be reviewed and updated to maintain company projections. The company's goals can be achieved with the effectiveness of the travel functions of finance or spending, marketing, personnel, production and accounting administration.

Working capital helps carry out activities within the company, such as purchasing supplies, wages, salaries, and expenses. Working capital is used to carry out the company's operating activities (Kasmir, 2016). Investment is essential in achieving maximum profit. The investment consists of working capital such as Cash, Accounts Receivable, and Inventory. These three components must be ensured that they can be adequately managed in each period uniquely so that the company's goals of maximizing profitability and increasing company growth can be achieved. Working capital is very influential on the company's eagerness to operate. Companies that do not determine working capital properly can cause losses for the company.

The consumer goods industry sector is a sector that produces the daily needs of the

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general public. The industries in it include food and beverages, pharmaceuticals, cosmetics, and other household appliances. Even though there is a crisis, people still need their daily consumption, which has become this sector's advantage. This sector is classified as a stable sector because the demand will continue to grow in accordance with the increasing population. In this study, the pharmaceutical sub-sector was chosen as the research object because the pharmaceutical sub-sector will continue to develop as the world develops. Pharmacy is the most resilient sub-sector during the Covid-19 pandemic. When other sectors were battered, the pharmaceutical sub-sector gained a blessing amid a health crisis that hit Indonesia and the rest of the world.

Data from the Central Statistics Agency (BPS) shows that the majority of business actors surveyed stated that their income had decreased since the Covid-19 pandemic. Based on the Covid-19 Impact Survey on Business Actors conducted by BPS during 10-26 July 2020, the majority of micro and small businesses (UMK) and medium and large businesses (UMB) both reported a decline in their income. On the other hand, only about 13 percent of the UMK and 15 percent of the UMB stated that they had fixed income. Then, only 2 percent of the UMK and 3 percent of the UMB stated that there was an increase in income. Furthermore, which sector is making a profit during this pandemic? Health business and its derivatives, such as the pharmaceutical industry and its distributors. Hospitals are expanding by adding new buildings, telecommunications, and their derivatives, as well as packaged food businesses and the like (Source: www.marketnewsid.com)

Pharmaceutical issuers are busy scoring positive financial performances in the first half of 2020. Starting from Kimia Farma, Kalbe Farma, Phapros, to Sido Muncul. In one of the listed companies in the pharmaceutical sub-sector, namely PT Industri Jamu and Pharmaceutical Sido Muncul Tbk, during the first semester of 2020, Sido Muncul's net profit grew positively by 10.6% from IDR 374.1 billion in 2019 to IDR 413.8 billion in 2020. This profit was supported by sales which surged in the first six months. As of June 2020, Sido Muncul earned sales of IDR 1.45 trillion. It can be seen that an increase in sales causes an increase in profit, but this is contrary to what is experienced by PT Indofarma Tbk (INAF), which is currently experiencing a loss, even though the company has net sales of Rp. 447.29 billion, an increase of 21.45% from the previous year. (Source: www.id.investing.com).

Previous research conducted by Matilde Amaral Canizio (2017), the research entitled "The Influence of Cash Turnover, Accounts Receivable Turnover, Inventory Turnover on Profitability in Supermarkets in Timor Leste" states that cash turnover was found to have a positive but not significant effect on profitability, receivable turnover was found a positive effect on profitability, and inventory turnover was found to have a positive effect on profitability. Research conducted by Faradila, Chaerudin Manaf, and Patar Simamora (2019) entitled "The Effect of Working Capital Turnover, Cash Turnover, Accounts Receivable Turnover and Inventory Turnover on Profitability in Cosmetics & Household Supplies Sub-Sector Companies Listed on the Indonesia Stock Exchange (IDX) Period 2010-2017" states that working capital turnover and cash turnover partially have an insignificant negative effect on profitability, accounts receivable turnover partially has a significant positive effect on profitability, and inventory turnover partially has an insignificant positive effect on profitability. Simultaneously working capital turnover, cash turnover, accounts receivable turnover, and inventory turnover have a significant effect on profitability.

Formulation of the Problem

Profitability is one of the ratios for assessing a company's ability to gain profit or gain. Three components of working capital have a positive influence on ROA. Average cash turnover is not always directly proportional to ROA, conditions in the pharmaceutical sub-sector for

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the 2015-2020 period listed on the stock exchange floor are inversely proportional to the theory which states that when cash turnover decreases, ROA also decreases. The average receivables turnover for a period decreases while ROA increases. Conditions in the pharmaceutical sub-sector for the 2015-2020 period listed on the stock exchange are contrary to the theory which states that a decreasing receivables turnover means ROA is also decreasing. The average inventory turnover for a period increases but ROA decreases. Conditions in the pharmaceutical sub-sector for the 2015-2020 period listed on the stock exchange are contrary to the theory which states that if inventory turnover increases then ROA also increases.

From the research formulation, identify the problem to be answered:

1. To what extent does cash turnover have an influence on profitability for pharmaceutical sub-sector companies?
2. To what extent does receivables turnover have an influence on profitability for pharmaceutical sub-sector companies?
3. To what extent does inventory turnover have an influence on profitability for pharmaceutical sub-sector companies?
4. To what extent do cash flow, receivables and inventory all affect the profitability of a pharmaceutical company?

LITERATURE REVIEW

Cash Turnover

Cash turnover measures the level of adequacy of the company's working capital needed to pay bills and finance sales (Kasmir, 2017). The working capital turnover period starts from the time when cash is invested in working capital components until the time when it returns to cash. The cash turnover formula translated by Sirait and Maulana is as follows (Subramanyam, 2017):

$$\text{Cash Turn Over} = \frac{\text{Revenue}}{\text{Average Accounts Receivable}}$$

The high turnover or the faster the turnover means the required period is starting to get shorter. Every company expects the conversion of cash turnover to be as effective as possible. The higher the level of cash turnover, the faster the cash return to be used in company operations. Wisnu Wardana (2019) states that cash turnover positively affects profitability.

H1. Cash turnover affects profitability

Accounts Receivable Turnover

Accounts receivable turnover is an essential part of the company because receivables turnover can increase profitability. The accounts receivable turnover ratio is used to measure the effectiveness of the company in providing credit and collecting debt on credit. This ratio evaluates the company's ability to use its assets effectively to increase revenue (Darmawan, 2020). The method for calculating the receivables turnover ratio can be represented by the following formula (Fitriani, Parmita, and Baso; 2022)

$$\text{Accounts Receivable Turnover} = \frac{\text{Sales}}{\text{Average Accounts Receivable}}$$

With this objective, it is known that the higher the level of effectiveness of receivables turnover (compared to the previous year) will affect the higher sales generated, and the company's profit will also increase. Andi Marlinah, Nurmasitah (2020), and Silvester Saman (2016) stated that receivables turnover had a positive effect on profitability.

H2. Accounts receivable turnover affects profitability

Inventory Turnover

Inventory Turnover is a ratio used to measure how many times the funds embedded in inventory will rotate in one period (Hery, 2016). This inventory turnover ratio is intended to find out how many times inventory can rotate in one period. The formula for calculating the inventory turnover ratio is (Hery, 2016):

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost Of Goods Sales}}{\text{Average Inventory}}$$

The higher the receivables turnover, the more it will have a good impact on the company will obtain more significant profit. Conversely, the lower the inventory turnover, the smaller the profit the company will obtain. Vidya Fatimah and Wijaya Novian (2021) state that inventory turnover positively affects profitability.

H3. Inventory turnover affects profitability

Cash Turnover, Accounts Receivable Turnover, Inventory Turnover

Working capital management is a company's investment management in short-term assets. Working capital can be investments in current assets or liabilities such as cash, marketable securities, receivables, inventories, and other current assets. Determining the need for working capital can be determined by the method of working capital turnover. The working capital turnover method can be determined by calculating the turnover of the elements forming working capital, such as cash turnover, accounts receivable turnover, and inventory turnover (Lailatus, 2020). In the management aspect, the company has a working capital turnover that plays an important role. Faradila, Chaerudin Manaf, and Patar Simamora (2019) stated that cash turnover accounts receivable, and inventory turnover significantly affected profitability.

H4. Cash turnover, accounts receivable turnover and inventory turnover affect profitability

Profitability

The company aims to get the maximum profit by selling products or services to customers. According to Kasmir (2016: 196), the profitability ratio is a ratio to assess the company's ability to seek profit. This ratio also measures the level of management effectiveness of a company. This is indicated by the profit generated from sales and investment income. The point is that using this ratio shows the company's efficiency. According to Kasmir, the calculation of the profitability ratio with Return On Assets uses the formula:

$$\text{Return on Assets} = \frac{\text{Net Income After Taxes}}{\text{Total Assests}}$$

RESEARCH METHOD

Research Types

This research uses verification research to explain the relationship between variables; in this study, the independent variables are cash turnover, receivables turnover, and inventory turnover, while the dependent variable is Profitability (ROA). The research method used is an explanatory survey, which is a method that aims to test hypotheses,

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which are generally research that explains phenomena in the form of relationships between variables. The research technique used is quantitative statistics. Quantitative data is about the number, level, comparison, and volume in the form of numbers. Statistical methods will prove the development of each variable and the influence between variables.

Object, Unit of Analysis, and Research Location

The object of research is the variable or what is the point of research attention. The object of this study uses two variables, namely the independent variable consisting of Cash Turnover, Accounts Receivable Turnover, and Inventory Turnover, while the dependent variable is Profitability. In pharmaceutical companies listed on the Indonesia Stock Exchange.

The unit of analysis used in this study is the organization, which is a data source whose unit of analysis is the response of certain divisions/organizations, namely financial reports and annual reports on pharmaceutical companies listed on the Indonesia Stock Exchange for the period 2015 – 2020.

The research location is where the research variables are analyzed, such as a particular organization/company/institution or region (region, city, district, province, country). Locations in this study are pharmaceutical companies listed on the Indonesia Stock Exchange (IDX). The researchers used data sources from the website www.idx.co.id.

Variable Operations

For more details, the independent variables and dependent variables can be explained in the following table:

Table 1
 Operasionalisasi Variabel “Pengaruh Tingkat Perputaran Kas, Perputaran Piutang, Perputaran Persediaan terhadap Profitabilitas Pada Perusahaan Sub Sektor Farmasi yang terdaftar di Bursa Efek Indonesia”

| VARIABEL | INDICATOR | FORMULA | SCALE |
|--|---|--|-------|
| Independent Variable: Cash Turnover (CTO) (X1) | <ul style="list-style-type: none"> Net Income Net Average | $CTO = \frac{Net\ Sales}{Cash\ Average}$ | Ratio |
| Accounts Receivable Turnover (RTO) (X2) | <ul style="list-style-type: none"> Net Income Average Receivable | $RTO = \frac{Net\ Sales}{Average\ Receivable}$ | Ratio |
| Inventory Turnover (ITO) (X3) | <ul style="list-style-type: none"> Cost of Good Sales Average Inventory | $ITO = \frac{Cost\ of\ Good\ Sales}{Average\ Inventory}$ | Ratio |
| Variabel Dependen: Profitability Return On Asset (ROA) (Y) | <ul style="list-style-type: none"> Net Profit Total Assets | $ROA = \frac{Net\ Profit}{Total\ Assets} \times 100\%$ | Ratio |

Sampling Method

The population in this study are all pharmaceutical companies listed on the Indonesia Stock Exchange for the 2015–2020 period. In this study, the sampling method used is a non-probability method where members of the population do not have the same opportunity to be selected as samples by using a purposive sampling technique, namely sampling based on specific considerations. In this study, there were 12 company populations. The samples used were eight pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2015 – 2020

Data analysis method

In this study, data processing was carried out using SPSS (Statistical Product and Service Solution) software. Parametric statistical tests were conducted to see whether or not there was an influence of the independent variables Cash Turnover, Accounts Receivable Turnover, and Inventory Turnover on the dependent variable Profitability (ROA), namely through classical assumption testing, multiple linear regression, and hypothesis testing. SPSS 25 is used to facilitate data processing in this study. The following is the regression equation used in this study, namely:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Description:

- Y = Profitabilitas (ROA)
- α = Constant
- b₁, b₂, b₃ = Coefficient Regression
- X₁ = Cash Turnover
- X₂ = Receivable Turnover
- X₃ = Inventory Turnover
- e = Error Rate

RESULT AND DISCUSSION

Descriptive Statistical Analysis

The purpose of descriptive analysis is to describe statistical data in the form of minimum value, maximum value, mean and Standard Deviation. The following are the results of descriptive statistics in this study with Cash Turnover, Accounts Receivable Turnover, and Inventory Turnover as the independent variable and Profitability as measured by ROA as the dependent variable:

Table 2.
Descriptive Analysis Test Uji

| Descriptive Statistics | | | | | |
|------------------------|----|---------|---------|---------|----------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| Cash Turnover | 48 | 2,61 | 81,18 | 12,6421 | 17,88093 |
| Receivable Turnover | 48 | 1,81 | 9,75 | 5,6927 | 2,29820 |
| Inventory Turnover | 48 | ,72 | 7,01 | 3,5577 | 1,52232 |
| Profitability | 48 | ,09 | 92,10 | 11,4683 | 13,46094 |
| Valid N (listwise) | 48 | | | | |

Source: SPSS 25, processed by the writer 2022

Table 2 shows the descriptive statistical analysis results with the number of samples used in the study, as many as eight pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange, and the number of data studied (n) was 48. The descriptive statistics show that Cash Turnover, Accounts Receivable Turnover, and Inventory Turnover have their respective minimum, maximum, mean, and standard deviation values.

Classic assumption test

Before performing multiple linear regression analysis, one must pass the classical assumption test. The classical assumption test consists of several assumptions: normality, multicollinearity, heteroscedasticity, and correlation. Each test is described as follows:

1. Normality Test

Prior to do the classical assumption test is to transform the data to get data uniformity so that the test can be normally distributed. The normality test aims to know whether the research data is typically distributed or close to normal. Various ways can be done to determine the normality test, one of which is by using the Kolmogorov Smirnov test. The following are the test results in the classical assumption test:

Table 3.
 Normality Test Result
 One-Sample Kolmogorov-Smirnov Test

| | | Unstandardized Residual |
|----------------------------------|-------------------------|-------------------------|
| N | | 48 |
| Normal Parameters ^{a,b} | Mean | ,0000000 |
| | Std. Deviation | 1,25383500 |
| Most Extreme Differences | Absolute | ,142 |
| | Positive | ,132 |
| | Negative | -,142 |
| Test Statistic | | ,174 |
| Asymp. Sig. (2-tailed) | | ,016 ^c |
| Monte Carlo Sig. (2-tailed) | Sig. | ,263 ^d |
| | 99% Confidence Interval | Lower Bound |
| | | Upper Bound |
| | | ,274 |

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. Based on 10000 sampled tables with starting seed 2000000

In Table 3, it can be seen that the significant level produced is 0.263, which is greater than 0.05, which means that the data is normally distributed and meets the requirements of the normality test. It has fulfilled the conditions that the data is more significant than 0.05, and it can be concluded that in the normality test the data that has been taken for research is normal.

2. Multicollinearity Test

The multicollinearity test aims to find out whether there are symptoms of correlation between independent variables in a regression model. Free from multicollinearity will indicate that there is a good regression model. Multicollinearity testing is known using the Tolerance and Volume Inflation Factor (VIF) values. Free from multicollinearity if the Tolerance Value > 0.10 and Volume Inflation Factor (VIF) <10. The results obtained from the multicollinearity test are as follows:

Table 4.
 Multicollinearity Test Result
 Coefficients

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|-------|---------------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 19,788 | 5,532 | | 3,577 | ,001 | | |
| | Cash Turnover | -,212 | ,143 | -,282 | -1,491 | ,143 | ,555 | 1,801 |
| | Receivable Turnover | -,575 | 1,116 | -,098 | -,516 | ,609 | ,549 | 1,823 |
| | Inventory Turnover | -,663 | 2,001 | -,075 | -,331 | ,742 | ,389 | 2,572 |

a. Dependent Variable: Profitability
 source: SPSS 25, data processed by the writer

The multicollinearity test results for Cash Turnover of $0.555 > 0.1$ with Volume Inflation Factor (VIF) $1.801 < 10$. Tolerance value for Accounts Receivable Turnover variable is $0.549 > 0.10$ with Volume Inflation Factor (VIF) $1.823 < 10$. Value Inventory Turnover Tolerance is $0.389 > 0.1$ with Volume Inflation Factor (VIF) $2.572 < 10$. It can be concluded that the regression model does not find any multicollinearity problems.

3. Heteroscedasticity Test

The purpose of the Heteroscedasticity test is to test whether there is an inequality of variance in the regression model from the residuals of one observation to another. It can be done using Spearman's rho correlation coefficient test to determine whether there is a heteroscedasticity problem. The basis of the Spearman's rho correlation coefficient test analysis is as follows:

- a) If the correlation between the independent variables and the residuals is significant $> 5\%$, then there is no heteroscedasticity problem in the regression model.
- b) If the correlation between the independent variables and the residuals is significant $< 5\%$, so there is a heteroscedasticity problem in the regression model.

The following are the results of the heteroscedasticity test using the Spearman's rho correlation coefficient:

Table 5.
 Heteroscedasticity Test
 Correlations

| | | | Cash Turnover | Receivable Turnover | Inventory Turnover | Unstandardized Residual |
|----------------|---------------|-------------------------|---------------|---------------------|--------------------|-------------------------|
| Spearman's rho | Cash Turnover | Correlation Coefficient | 1,000 | -,084 | ,138 | ,010 |
| | | Sig. (2-tailed) | . | ,572 | ,348 | ,948 |

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| | | | | | |
|-------------------------|-------------------------|-------|--------|--------|-------|
| | N | 48 | 48 | 48 | 48 |
| Receivable Turnover | Correlation Coefficient | -,084 | 1,000 | ,605** | ,138 |
| | Sig. (2-tailed) | ,572 | . | ,000 | ,349 |
| | N | 48 | 48 | 48 | 48 |
| Inventory Turnover | Correlation Coefficient | ,138 | ,605** | 1,000 | ,185 |
| | Sig. (2-tailed) | ,348 | ,000 | . | ,208 |
| | N | 48 | 48 | 48 | 48 |
| Unstandardized Residual | Correlation Coefficient | ,010 | ,138 | ,185 | 1,000 |
| | Sig. (2-tailed) | ,948 | ,349 | ,208 | . |
| | N | 48 | 48 | 48 | 48 |

** . Correlation is significant at the 0.01 level (2-tailed).

Based on Table 5, it can be seen that the correlation between cash turnover, accounts receivable turnover, and inventory turnover with unstandardized residuals produces a significance value of 0.948, 0.349, and 0.208, respectively, because the correlation significance value is more significant than 0.05. it can be concluded that the regression model There was no heteroscedasticity problem found.

Autocolleration Test

A good regression model will meet the requirement that there is no autocorrelation in it. This test aims to determine whether data error in a certain period correlates with other periods. It is done by testing the Durbin-Watson test (DW test) to determine whether there is autocorrelation in a regression model. The following are the results of the autocorrelation test:

Tabel 6.
 Auto Colleration Test
 Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | ,352 ^a | ,124 | ,064 | 13,02006 | 1,690 |

a. Predictors: (Constant), Inventory Turnover, Cash Turnover , Receivable Turnover.

b. Dependent Variable: Profitability

Source : SPSS 25, Processed by the writer

Based on the results of the autocorrelation test, it can be seen that the Durbin-Watson value (DW test) is 1.6900, while the DW table with a significance value of 0.05 and the number of data (n) = 48 and k = 3 (number of independent variables). The value of du is 1.6708 and the value of 4-du is 2.3292. DW value is more significant than du and less than 4-du (4 – 1.6708 = 2.3292), it can be concluded that there is no autocorrelation if DW (du<DW<4-du).

Multiple Linear Regression Analysis

The use of linear analysis is useful for determining how much influence the independent variable (independent variable) has on the dependent variable (bound variable). This study used multiple linear regression analysis to measure how much the dependent variable profitability is influenced by independent variables, namely cash turnover, accounts receivable turnover, and inventory turnover. The following are the results of the multiple regression analysis:

Tabel 7.
 Multiple Linear Regression Test
 Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized | t | Sig. |
|-------|---------------------|-----------------------------|------------|--------------|--------|------|
| | | B | Std. Error | Coefficients | | |
| 1 | (Constant) | 19,788 | 5,532 | | 3,577 | ,001 |
| | Cash Turnover | -,212 | ,143 | -,282 | -1,491 | ,143 |
| | Receivable Turnover | -,575 | 1,116 | -,098 | -,516 | ,609 |
| | Inventory Turnover | -,663 | 2,001 | -,075 | -,331 | ,742 |

a. Dependent Variable: Profitability
 Source : SPSS 25, data processed by the writer

With the table 7, it can be seen that the multiple linear regression equation is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

$$Y = 19,788 - 0,212 X_1 - 0,575 X_2 - 0,663X_3 + e$$

$$Y = 19,788 - 0,212 CTO - 0,575 RTO - 0,663 ITO + e$$

Description:

- Y = Return On Assets (ROA)
- a = Constant
- b1,b2,b3 = Regression Coefficient
- X₁ = Cash Turnover
- X₂ =Accounts Receivable Turnover
- X₃ = Inventory Turnover
- e = Error Rate

The results of the equations of the multiple linear regression model it is explained as follows:

1. Constant(a) of 19.788 states that the independent value includes Cash turnover accounts receivable and inventory turnover are zero, so the dependent value, namely Return On Assets, is 19,788 units.
2. The regression coefficient of the cash turnover variable (X₁) is negative at -0.212, meaning that if the cash turnover increases by one unit, the ROA will decrease by 0.212 units assuming the other independent variables have a fixed value.
3. The regression coefficient for the receivables turnover variable (X₂) is negative at -0.575, meaning that if the receivables turnover increases by one unit, the ROA will decrease by 0.575 units assuming other independent variables have a fixed value.
4. The regression coefficient of the inventory turnover variable (X₃) is negative at -0.633, meaning that if the inventory turnover increases by one unit, the ROA will decrease by 0.633 units assuming other independent variables are fixed.

Hypothesis Test

1. Partial Hypothesis Test (t-test)

The t test or partial regression coefficient test determines whether each independent variable partially influences the dependent variable (the dependent variable). The t-test can be done by looking at $t_{count} > t_{table}$ and the significance value of each variable using a significance level of 0.05. T_{table} is searched with a significance level of $0,05/2 = 0,025$ or a two-tailed test with df (degrees of freedom) = $n-k-1$ or $df = 48-3-1 = 44$, the $t_{table} = 2,01537$. In this study, the partial multiple linear regression coefficient test (t-test) results are known as the SPSS output. There are results of partial hypothesis testing (t-test) as follows:

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Table 8.
 t test Result
 Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|---------------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 19,788 | 5,532 | | 3,577 | ,001 |
| | Cash Turnover | -,212 | ,143 | -,282 | -1,491 | ,143 |
| | Receivable Turnover | -,575 | 1,116 | -,098 | -,516 | ,609 |
| | Inventory Turnover | -,663 | 2,001 | -,075 | -,331 | ,742 |

a. Dependent Variable: Profitability
 source : SPSS 25, data processed by the writer

Effect of Cash Turnover on Profitability

The table states that the significance value of cash turnover is more than 0.05 ($0.143 > 0.05$). The t_{count} is less than t_{table} ($-1.491 < 2.01537$), it can be concluded that partially cash turnover has no significant effect on profitability. The test results are not in accordance with the hypothesis (H_1), namely, cash turnover affects profitability, then H_1 is rejected.

1) The Effect of Accounts Receivable Turnover on Profitability

The table states that the significance value of receivables turnover is more than 0.05 or ($0.609 > 0.05$). The t_{count} is less than t_{table} ($-0.516 < 2.01537$), it can be concluded that partially receivables turnover has no significant effect on profitability. The test results are not in accordance with the hypothesis (H_2), namely that receivable turnover affects profitability, then H_2 is rejected.

2) Effect of Inventory Turnover on Profitability

Based on the table states that the significance value of inventory turnover is more than 0.05 or ($0.742 > 0.05$). If t_{count} is less than t_{table} ($-0.331 < 2.01537$), it can be concluded that inventory turnover partially has no significant effect on profitability. If the test results are not in accordance with the hypothesis (H_3), namely, inventory turnover affects profitability, then H_3 is rejected.

2. Simultaneous Hypothesis Test (F-Test)

The joint Regression Coefficient Test (F-Test) determines whether the independent variables jointly affect the dependent variable. All independent variables can be said to have a simultaneous (simultaneous) influence on the dependent variable if the value of $F_{count} > F_{table}$ or has a significance value of < 0.05 . There are F test results with the independent variable profitability, as follows:

Tabel 9.
 F Test Result
 ANOVA^a

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|-------|-------------------|
| 1 | Regression | 1057,296 | 3 | 352,432 | 2,079 | ,117 ^b |
| | Residual | 7458,962 | 44 | 169,522 | | |
| | Total | 8516,259 | 47 | | | |

a. Dependent Variable: Profitability

b. Predictors: (Constant) Inventory Turnover, , Cash Turnover, Receivable Turnover
 Source: SPSS 25, data processed by the writer

Based on the results of the F test in the table, the results of the Fcount of 2.82 are used ($\alpha = 5\%$), df 1 (number of variables-1) = 3, and df 2 (n-k-1) or 48-3-1 = 44 then the result is that the value of $F_{count} < F_{table}$ ($2.079 < 2.82$). It is known that the significance value is greater than 0.05 or ($0.117 > 0.05$), so it can be concluded that all independent variables in this study are rotational variables. Cash, accounts receivable, and inventory turnover altogether (simultaneously) have no significant effect on the profitability of the pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange. This is not in accordance with the test hypothesis, then H_4 is rejected.

3. Determination Test

Determination test aims to determine the ability of all independent variables consisting of cash turnover, receivables turnover, and inventory turnover to explain the variance of the dependent variable in the form of profitability. The coefficient of determination is between 0-1; a small value of R^2 means that the ability of the independent variables to explain the variation of the dependent variable is minimal. The results of the determination test are as follows:

Tabel 10.
 Determination Test
 Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | ,352 ^a | ,124 | ,064 | 13,02006 |

a. Predictors: (Constant), Inventory Turnover, , Cash Turnover, Receivable Turnover
 b. Dependent Variable: Profitability

With the results of the determination test, it can be seen that the summary of the model consists of the results of multiple correlation values (R), the coefficient of determination (R Square), the prediction coefficient (Std. Error of the Estimate), including:

a. Multiple correlation values (R) is 0.352. The number shows that the correlation between variables cash turnover, accounts receivable turnover, and inventory turnover to profitability is 0.352 or 35.2%. Indicates the occurrence of a less close relationship between the independent and dependent variables because the R-value is getting away from 1.

b. The coefficient of determination (R^2) is 0.124 or 12.4%. This shows the percentage contribution of the influence of the variable cash turnover, receivables turnover, and inventory turnover on the profitability variable of 12.4% or variations of the dependent variables. The remaining 87.6% is influenced by other variables not included in this research model.

c. The Adjusted R Square value is 0.064 or 0.64%. The number shows that the contribution of the influence of all independent variables in the form of cash turnover, receivables turnover, and inventory turnover on the dependent variable of profitability is 0.64%. In comparison, the remaining 99.36% is influenced by variables not examined.

d. The standard Error of the Estimate is the size of the prediction error in this study of 13.0206. So it can be seen that the error in predicting profitability is 13.0206. The smaller the value of Std. Error of the Estimate, the more precise the regression model in predicting the dependent variable.

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CLOSING AND SUGGESTIONS

Closing

The results of the research and discussion of the research have been explained, showing conclusions and suggestions that can be known:

The testing in the study resulted in the following conclusions:

1. Partially, cash turnover has no significant effect on profitability in pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange, this can be seen by partial testing resulting in a significant value of cash turnover of more than 0.05 or ($0.143 > 0.05$), and the value of t_{count} is smaller than t_{table} ($-1.491 < 2.01537$).
2. Partially, accounts receivable turnover has no significant effect on the profitability of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange; this can be seen by partial testing resulting in a significant value of accounts receivable turnover of more than 0.05, which is 0.609. The value of t_{count} is less than t_{table} ($-0.516 < 2.01537$).
3. Partially, inventory turnover has no significant effect on profitability in pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange, this can be seen by partial testing resulting in a significant value of inventory turnover of more than 0.05, which is 0.742 and the value of t_{count} is less than t_{table} ($-0.331 < 2.01537$).
4. Simultaneously, the variables of cash turnover, accounts receivable turnover, and inventory turnover have no significant effect on profitability in pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange; this can be seen by simultaneous testing (together) the F test produces a significance value higher than 0.05, which is 0.117 and the value of $F_{count} < F_{table}$ ($2.079 < 2.82$).

Suggestions

Based on the research result findings, several things are expected to be considered as well as improvements in the use of cash turnover, receivables turnover and inventory turnover on the profitability of the pharmaceutical sub-sector companies in the following year. The suggestions in question are as follows:

1. Academic Purpose

The development of science in the field of accounting and accounting economics generally has several improvements that can be made, especially in further research, namely the use of this research only consists of six years, namely 2015 to 2020, with a sample of eight companies and three variables, namely cash turnover, accounts receivable turnover and turnover. Inventory, it is better for further research to provide more on the period, sample, and variables used. The research findings in the value of the coefficient of determination show R^2 0.12 or 12%, which indicates the magnitude of the influence of the variables in this study, the remaining 88% by other factors. It is hoped that further researchers can expand their research. This study uses Return On Assets (ROA) to measure profitability. It is known that there are several other profitability ratios, so further research should use other profitability ratios as well, such as using Return On Equity or Return On Investment.

2. Practical Purpose

(1) For Investors

In deciding to invest in a company, investors should pay attention to each component of the company to know its financial performance. The amount of profit generated by the company can be an assessment of how the company's performance, so investors can assess the company, one of which is the profit generated. However, other factors must be considered as well as possible.

2) For Companies

With the results of this study, cash turnover accounts receivable and inventory turnover has no significant effect on profitability, so the profits obtained have not been maximized in terms of asset usage. Companies are expected to have good management in dealing with problems such as competition or declining sales. Its unique strategy that can attract public interest to invest, so that management of cash flow, receivables turnover,

and inventory turnover are better because business development or expansion becomes easier.

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