



The Effect of Cash Turnover, Receivable Turnover, and Inventory Turnover on Liquidity on Liquidity of Consumer Goods Companies Listed in The Indonesia Stock Exchange in the 2011-2014 Period

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ABSTRACT

Consumer Goods Industry Company is one of the Manufacturing companies in Indonesia. it is still the main choice for investors to invest their funds. That's because the stocks of companies in the Consumer Goods Industry still offer the potential increase. The theory used in this research are theories that discuss the financial ratios turnover ratio of cash, accounts receivable turnover, inventory turnover, and liquidity. The method used in this research is the associative approach, the type of research is descriptive statistics, and the nature of this research is Explorative research. Data collection was performed by documentation, the type, and source of data are secondary data. Data analysis used multiple linear regression. The study population was the whole Consumer Goods Industry companies totaling 40 companies from 2011-to 2014. The samples were obtained from 17 companies that met the criteria for the research samples using the purposive sampling technique. The results showed that the partially, cash turnover does not affect liquidity, receivables turnover negatively affects the liquidity, and inventory turnover negatively affects liquidity. Simultaneously, cash turnover, receivable turnover, and inventory turnover significantly affect the liquidity in the Consumer Goods Industry companies listed on Indonesia Stock Exchange from the 2011-to 2014 period.

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1. Introduction

With the development of the business world in recent years, the higher the competition that will be faced by these companies, especially companies that have similar businesses. The consumer goods industry is one of the sub-sectors of manufacturing companies listed on the Indonesia Stock Exchange that have an active role in the capital market (A. S. A. D. Nasib, 2019). The consumer goods industry is a promising investment in Indonesia because Indonesia is rich in human resources which are quite large in number and have caused many companies to develop in the consumer goods industry sector (Rani, 2021).

To maintain the survival of the company in the face of increasingly fierce competition, it is necessary to have a good, effective, and efficient management of resources carried out by the management (Zuhroh, 2021). The management, in addition to being required to manage the resources of the company well, effectively, and efficiently, they are also required to be able to make decisions that support the achievement of company goals both now and in the future (Jaya, 2019).

In addition to resource management, every company is required to always improve its financial performance to compete with other companies and to maintain its survival (Pasaribu, 2022). The main

goal of the company is to get the maximum profit from each of its operations. For this reason, companies must strive to continuously improve their financial performance by optimally planning, using, and controlling various existing resources and carrying out all their activities effectively and efficiently (Supriyani, 2018). To improve their performance, companies are often faced with various problems, one of which is the problem of liquidity. If the company's liquidity is high, for creditors of course this will have a positive impact and from the management side, high liquidity shows good performance as well (Wiriani, 2019).

One of the components to assess the company's financial performance is to use the liquidity ratios (liquidity ratios). Liquidity can be used to measure to what extent the company's ability to pay off its short-term obligations that will soon mature (Fadli, 2019). If the company can pay off its short-term obligations when they fall due, then the company is said to be a liquid company. On the other hand, if the company cannot pay off its short-term obligations at maturity, then the company is said to be an illiquid company. The company's liquidity is indicated by the size of current assets, namely assets that are easily converted into cash if needed, namely cash, banks, receivables, securities, and inventories (I. L. Nasib, 2021).

Cash is one of the most liquid assets or one of the elements of working capital with the highest liquidity, meaning that the greater the amount of cash owed by a company, the higher the level of liquidity (Nirmalasari, 2017). But a company that has a high level of liquidity due to the presence of large amounts of cash means that the cash turnover rate is low and reflects an over-investment in cash and also means that the company is less effective in managing cash (HS, 2018). The size and composition of accounts receivable are constantly changing during the company's operations. Sales on credit increase account receivable, while a collection of receivables received from customers reduces accounts receivable. Cash derived from the collection of receivables increases the company's ability to pay obligations (Fitriana, 2020).

A company must maintain adequate inventory levels to meet customer demand and its operations (Supriyani, 2018). However, at the same time, excessive amounts of inventory reduce solvency because funds have been used to purchase these inventories (Warongan, 2022). Information about the phenomena that occur in 3 companies in the Consumer Goods Industry that describe cash turnover, receivables turnover, and inventory turnover to liquidity in 2011-2014 can be seen in Table I.1.

Table 1.

Data of Cash Turnover, Accounts Receivable Turnover, Inventory Turnover to Liquidity in Consumer Goods Industrial Companies listed on the Indonesia Stock Exchange for the period 2011-2014.
(In millions of Rupiah, unless otherwise stated)

Company name	Year	Cash	Sale	Cost of goods sold	Current asset
PT. Handjaya Mandala Sampoerna Tbk	2011	2.070.123	52.856.708	37.661.205	14.851.460
	2012	783.505	66.626.123	48.118.835	21.128.313
	2013	657.276	75.025.207	54.953.870	21.247.830
	2014	65.086	80.690.139	60.190.077	20.777.514
PT. Multi Bintang Indonesia Tbk	2011	248.409	1.858.750	778.417	656.039
	2012	99.129	1.566.984	607.366	462.471
	2013	145.511	3.561.989	1.278.385	706.252
	2014	146.364	2.988.501	1.182.579	816.494
PT. Bentoel International Investama Tbk	2011	88.338	10.070.175	7.756.010	4.287.268
	2012	180.967	9.850.010	8.180.101	4.472.195
	2013	342.949	12.273.615	10.492.258	5.535.165
	2014	26.466	14.091.156	12.572.830	6.023.047

Data Source: www.idx.co.id

The phenomenon that occurs in three companies in the Consumer Goods Industry describes Cash Turnover, Accounts Receivable Turnover, and Inventory Turnover to Liquidity in 2011-2014. In Handjaya Mandala Sampoerna Tbk data can be found that cash has decreased from 2011 to 2014. Sales have increased from 2011 to 2014. The cost of goods sold has increased from 2011 to 2014. And current assets have decreased in 2012 while from 2013 to 2014 there was an increase.

1.1 Literature Review and Submission of Hypotheses

1.1.1 Liquidity

Liquidity is the ratio that gets the most attention from both analysts and investors (Raharjaputra, 2009). Although the analysis of this liquidity requires another assistance, such as a cash budget which will be discussed later, using this ratio is faster and easier. Liquidity is a relative level of ability. It is the level of the company's ability to pay short-term obligations, both related to operational needs and debts to learners and bankers (Danang Sunyoto, 2013). Then (Hery, 2013) The following are the benefits, namely 1) To measure the company's ability to pay obligations or debts that will soon mature, 2) To measure the company's ability to pay short-term obligations using total current assets, 3) To measure the company's ability to pay short-term obligations with using very current assets (without taking into account merchandise inventory and other current assets). 4) To measure the level of cash availability of the company is paying short-term debt. 5) As a financial planning tool in the future, especially those related to cash planning and short-term debt. 6) To see the condition and position of the company's liquidity from time to time by comparing it over several periods.

1.1.2 Cash

According to (Jumingan, 2011) Cash is the most liquid asset or is one of the elements of capital with the highest liquidity, meaning that the greater the amount of cash owed by a company, the higher the level of liquidity. The cash turnover rate shows the speed of change of current assets back into cash through sales. The accounts receivable turnover rate shows the speed of repayment of receivables into cashback. While the inventory turnover rate shows the speed at which merchandise inventory is replaced through sales. both cash and credit. Thus, the higher the cash turnover rate. receivables and inventories show the high sales volume achieved (Nginang, 2021).

For the company to give a good signal to external parties, the company needs to issue an annual report. The information presented can be in the form of non-accounting information and accounting information such as the level of company liquidity. A healthy company can be seen by the profit and cash flow it has in the long term. When the company's cash flow in the long term is in a high position, it can be said that the company is in a fairly high liquidity position. Even though the company has a high cash flow, management still has to pay attention to whether in the future all its obligations can be paid or not (Cornelius, 2021). According to James in (Kasmir, 2014), Cash turnover is used to measure the level of adequacy of the company's working capital needed to pay bills and finance sales. This means that this ratio is used to measure the level of cash available to pay bills (debts) and costs related to sales.

1.1.3 Receivables

According to (Raharjaputra, 2009) This ratio is used to estimate the number of times in a certain period, the number of cash inflows to the company obtained from accounts receivable, the faster accounts receivable or incoming bills will be better because it will increase the company's liquidity. According to (Kasmir, 2010), Some of the benefits and objectives of receivables turnover that can be drawn from the activity ratio are as follows: 1) Can find out how long receivables can be collected for a period. 2) Can find out how many times the funds invested in these receivables rotate in one period and can know whether or not the company's activities in the field of the collection are effective. 3) Can find out the number of days in the average collection of receivables so that it can also find out the number of days (how many days) the receivables can't be billed on average.

1.1.4 Supply

According to (Raharjaputra, 2009) Inventory turnover in the company shows the company's performance in its operational activities. The higher the inventory turnover rate, the more likely the company will make a profit, the reason is that besides the company's liquidity increases. Next according to (Hery, 2013) Inventory turnover is a ratio used to measure how many times the funds embedded in inventory will rotate in one period or how long (in days) the average inventory is stored in the warehouse until it is finally sold. If the inventory turnover is high, it shows the company is working efficiently and the liquid inventory is getting better (Kasmir, 2014). Then according to (Syahyunan, 2013) (2013: 79), the benefits of inventory turnover are as follows: 1) Avoiding sales losses, 2) Obtaining quantity discounts, 3) Reducing order costs, and 4) Achieving efficient production costs.

2. Research methods

This study uses an associative research approach with a causal relationship (cause and effect) because the purpose of this study is to explain the causal relationship in the form of influence between variables through hypothesis testing (Sugiyono, 2016). The population used in this study are consumer goods industry companies listed on the Indonesia Stock Exchange from 2011-to 2014. The total population in this study was 40 companies. The sampling technique in this research is purposive sampling.

The variables used in this study consist of dependent and independent variables. The dependent variable or dependent variable is a variable whose existence is influenced by the independent variable. The dependent variable in this study is Liquidity (Y). or the emergence of the dependent variable. The independent variables in this study include cash turnover (X1), accounts receivable turnover (X2), and inventory turnover (X3).

In this study, the data was obtained using documentation. According to Sanusi (2014: 114), the documentation method is usually done to collect secondary data from various sources, both personally and institutionally. The data collected is data relating to the object under study and obtained from the Indonesian Stock Exchange (IDX). This study uses secondary data. According to Sanusi (2014: 104), secondary data is data that is already available and collected by other parties. The secondary data in this study was obtained from the Indonesia Stock Exchange website, namely www.IDX.co.id.

3. Results and Discussion

3.1 Effect of Cash Turnover, Accounts Receivable Turnover, and Inventory Turnover on Liquidity

The significant/together test (F statistic test) resulted in a Fount of 9.573. At degrees of freedom 1 ($df_1 = k - 1 = 4 - 1 = 3$), and degrees of freedom 2 ($df_2 = n - k = 68 - 4 = 64$), where n = number of samples, k = number of variables. The value of Fable at a significant confidence level of 0.05 is 2.75, thus $F_{count} = 9.573 > F_{table} = 2.75$ with a significant level of 0.000. The results of this study are in line with the results of research conducted by (Fitriana, 2020)(Suryani, 2021)(Supriono, 2022) which states that cash turnover, accounts receivable turnover and inventory turnover have a significant effect on liquidity. Because the probability of the significance is much smaller than 0.05 or $0.000 < 0.05$, it can be concluded that H_0 is rejected H_a is accepted, which means that cash turnover, accounts receivable turnover, and inventory turnover have a significant effect simultaneously or together on liquidity in the Consumer Goods Industry. listed on the Indonesia Stock Exchange for the period 2011-2014.

3.2 Effect of Cash Turnover on Liquidity

Rejected means that cash turnover partially does not affect liquidity in Consumer Goods Industry companies listed on the Indonesia Stock Exchange for the period 2011-2014. This can also be seen from the probability level being above 0.05 or $0.957 > 0.05$. The results of this study are not in line with the results of the study (Wiriani, 2019) which states that cash flow has a significant effect on liquidity. The results of this study are in line with the results of research conducted by (Supriyani,

2018)(Rahmat, 2018) which states that the cash balance has no significant effect on liquidity. It can be stated that when the cash balance is increased, it does not affect increasing the company's ability to maintain its liquidation level.

3.3 Effect of Accounts Receivable Turnover on Liquidity

The results of the partial t-test calculation obtained the tcount of accounts receivable turnover -3.112. The value of tcount < t table or $-3.112 < 1.66864$ then H_0 is rejected and H_a is accepted, meaning that receivables turnover partially hurts liquidity in Consumer Goods Industry companies listed on the Indonesia Stock Exchange for the period 2011-2014. This can also be seen from the probability level being below 0.05 or $0.003 > 0.05$. The results of this study do not support the results of research conducted by (Jaya, 2019) which state that receivables turnover has a significant effect on liquidity. Then the research is in line with the results of research conducted by (Cornelius, 2021)(Pasaribu, 2022) which states that receivables turnover hurts liquidity. It can be stated that when the balance of receivables increases it will decrease the level of liquidity.

3.4 Effect of Inventory Turnover on Liquidity

The results of the partial t-test calculation obtained the t-value of inventory turnover at -4.194. The value of tcount < t table or $-4.194 < 1.66864$ then H_0 is rejected and H_a is accepted, meaning that inventory turnover partially hurts liquidity in Consumer Goods Industrial companies listed on the Indonesia Stock Exchange for the period 2011-2014. It can also be seen from the probability level below 0.05 or $0.000 < 0.05$. The results of this study are not in line with the results of research conducted by (Muchtar, 2022) which states that inventory levels have a significant effect on liquidity. While this research is in line with the results of research conducted by (Ngingang, 2021)(Warongan, 2022) which states that inventory turnover hurts liquidity. This means that when the inventory level increases, it will decrease the company's liquidity level.

4. Conclusions

Based on the results of the research conducted, the conclusions that can be drawn are: (1) The results of the partial t-test calculation obtained that the tcount value of cash turnover is 0.054 Value tcount < ttable or $0.54 < 1.66864$ then H_0 is accepted and H_a is rejected, meaning that cash turnover partially does not affect liquidity in Consumer Goods Industry companies listed on the Stock Exchange Indonesia for the period 2011-2014. This can also be seen from the probability level being above 0.05 or $0.957 > 0.05$. (2)The results of the partial t-test calculation obtained the t-count of accounts receivable turnover -3.112. The value of tcount < t table or $-3.112 < 1.66864$ then H_0 is rejected and H_a is accepted, meaning that receivables turnover partially hurts liquidity in Consumer Goods Industry companies listed on the Indonesia Stock Exchange for the period 2011-2014. This can also be seen from the probability level being below 0.05 or $0.003 > 0.05$. (3)The results of the partial t-test calculation obtained the value of tcount inventory turnover -4.194. The value of tcount < t table or $-4.194 < 1.66864$ then H_0 is rejected and H_a is accepted, meaning that inventory turnover partially hurts liquidity in Consumer Goods Industrial companies listed on the Indonesia Stock Exchange for the period 2011-2014. It can also be seen from the probability level below 0.05 or $0.000 < 0.05$. (4)The value of Ftable at a significant confidence level of 0.05 is 2.75, thus Fcount = 9.573 > Ftable = 2.75 with a significant level of 0.000. Because the probability of the significance is much smaller than 0.05 or $0.000 < 0.05$, it can be concluded that H_0 is rejected H_a is accepted, which means that cash turnover, accounts receivable turnover, and inventory turnover have a significant effect simultaneously or together on liquidity in the Consumer Goods Industry. listed on the Indonesia Stock Exchange for the period 2011-2014. (5)Coefficient of Determination test results obtained from Adjusted R square of 0.315 means 31.5% of the variation of the dependent variable liquidity which can be explained by the independent variable, while the remaining 68.5% (100% - 31.5%) is explained by other variables outside the research variables.

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