ANALYSIS DOMINANT OF FACTORS INFLUENCE IN DECLINE COMPANY LIQUIDITY
(Study PT.Pelabuhan Indonesia Surabaya Branch)

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Abstract : This study to determine the most dominant factor affect the decline of liquidity PT.Pelabuhan Indonesia Surabaya branch for five years (2010-2014) . The analy method used are source analysis and use of capital and cash flow as well as regression and correlation analysis. The result showed tthet the most dominant factor influenced the decrease of liquidity company (Study Pt.Pelabuhan Indonesia Surabaya Branch) is a cash/bank factor. Technique of data collection is done by interview and interview in free and direct with competent parties. In addition, to obtain written data is done by requesting directly from the source in accordance with the needs.Based on the formulation of the problems and hypotheses that have been proposed, the method of analysis used in the discussion of this paper is the Regression and Correlation Analysis. Regression and correlation analysis is used to see the direction of the relationship and the influence of the relationship between each other, ie between the amount of net working capital (Y) as the dependent variable to the independent variable consisting of cash / bank (X1), accounts receivable (X2), inventory X3), and current liabilities (X4), used multiple linear regression analysis and Pearson correlation.

INTRODUCTION

Various opportunities found by the company, must be addressed through a good business strategy, for the company survive and going concern. Therefore, the company must make the right investment in both current assets and in fixed assets, so that the company's objectives can be achieved. The impact of the company policy on the management of its assets, whether current assets (working capital) or fixed assets, will be reflected in the financial statements presented. To know the health and ability of the company in managing the asset used indicator. Indicators are generally the most commonly used in analyzing corporate financial statements. Compare some of the posts in a company's balance sheet and income. Ratio indicator in financial analysis is only an analytical tool to determine a healthy phenomenon or not a company and further investigation must be done to know the cause and find the aspects of the solution of the problems faced. PT. Pelabuhan Indonesia Surabaya Branch, which is one of the shipping services company, is currently facing

financial problems affecting its performance. The problem that arises is the low level of corporate liquidity over the last five years (2010 - 2014), as shown in the following table.

Table 1.

Liquidity Ratio	2010	2011	2012	2013	2014
Current Ratio	104%	221%	107%	104%	102%
Quick Ratio	82%	74%	90%	87%	87%
Cash Ratio	13%	13%	12%	11%	10%

Source: PT Pelindo Branch Surabaya, Neraca

Table 1 shows the problems raised in PT.Pelabuhan Indonesia Branch Surabaya, namely that all indicators used to measure the level of corporate liquidity over the last five years, showing a very small number. This encourages the authors to further examine the dominant factor problem in decreasing corporate liquidity (case study of PT Pelabuhan Indonesia Branch

Surabaya) As it is known that measurement or assessment on liquidity aspects in the business world is considered as a very important issue. Once the importance of this aspect of liquidity, so the existence of the company will be in doubt, if the company is no longer capable enough to pay short-term obligations on the maturity date. If this happens to the company, it means that the assessment of other aspects of the company is of no value to interested parties. It is also why most of the time and attention of corporate managers, especially financial managers, is more directed to the company's liquidity management. In this case the problems that will be described in this paper are what factors dominantly affect the decline of corporate liquidity (case study PT Pelabuhan Indonesia Surabaya Branch)

FORMULATION OF THE PROBLEM

1. Does Liquidity affect the financial performance of PT.Pelabuhan Indonesia Surabaya Branch?

2. Does the cash amount affect the liquidity of PT.Pelabuhan Indonesia Surabaya Branch?

3. Does the amount of receivables affect the liquidity of PT.Pelabuhan Indonesia Surabaya Branch?

THEORICAL REVIEW

1.Amount of Cash

Cash management is the process of collecting and managing corporate cash. In addition, cash management also includes the process of cash utilization for short and long term investment. Cash management is key in maintaining the stability and solvency of the company. Corporate treasurers or financial managers are often responsible for overall cash management and other responsibilities related to the ability to repay debt. Cash management will succeed if it can avoid debt winding, increase cash collection rate, choose appropriate cash-in-investment and increase the amount of cash in the company to improve the company's cash position and profit. The ability to conduct cash management is very important, especially for new companies that are not too big, because usually this company has minimal access to loans, while the upfront costs for the operation is quite large. Wisely in doing cash management can help companies in the face of unexpected costs

2. Amount Receivable

Receivables are an important process, which can show a large share of the company's liquid assets. Kieso and Weygandt define the notion of receivables as follows: Receivables are claims held against customers and others for money, goods, or services. While the definition of receivables by S. Hadibroto is: Receivables are claims against other parties, whether the claim is in the form of money, goods or services, for the purpose of accounting terms used in a more narrow sense that is a claim that is expected to be settled with money. Explanation of the above definition is known that the receivables are widely interpreted as a bill for everything the right of the company either in the form of money, goods or services to third parties after the company perform its obligations, while narrowly defined as a bill that can only be solved by the receipt of money in thefuture.

In general, accounts receivable arise when a company sells goods or services on credit and is entitled to future cash receipts, whose process begins with the decision to grant credit to subscriptions, delivery of goods, billing and finally receive payments, in other words accounts receivable may also arise when the company lends money to other companies and receives promissory notes, performs services or other transactions that create a relationship whereby one party owes to the such as loans to management or employees. Accounts receivable is one of the most important elements in a company's working capital. Some receivables may be included in working capital, ie the accounts receivable consisting of funds invested in the products sold and others which include potential working capital, which is the profit. Receivables are the working capital elements that are always in a state of continuous rotation in the working capital cycle of cash Cash -------- inventory ---- accounts receivable ------ cash. Under normal circumstances and where sales are generally made with credit, accounts receivable have a higher level of liquidity than inventory, since turnover from receivables to cash requires one step, which is essential to effective credit policies and billing procedures to ensure proper collection of receivables in time and reduce losses due to bad debts.

3. Inventory Amount

Inventory is an asset of a company that occupies a significant position in a company, whether it is a trading company or an industrial company (manufacture), let alone a company engaged in construction, nearly 50% of the company's funds will be embedded in the inventory
To buy building materials.

4. Amount of debt

Current Liabilities: Current liabilities are payable in a period or period of one year. Current liabilities will be discussed in more depth in this paper.

Long Term Liabilities: Long-term debt is a debt that is payable in a longer period and is periodic. This debt period depends on the agreement between the giver and the recipient of the debt. The range of long-term debt period may exceed 10 years. Examples of long-term debt are mortgage debt and bonds payable that have a term of more than one year

FOREIGN RESEARCH

which has been conducted in connection with the company's liquidity problem is Papaioannou et al. (1992) Research conducted by Papaioannou et al. (1992) aims to determine the determinants of corporate liquidity. The variables used as predictors of liquidity are: (1) percentage of shares owned by employees and managers of the firm, (2) sales, (3) cash cycles, (4) operating profit volatility, (5) firm growth (diproxy with (6) debt ratio,

(7) research and development costs, (8) advertising costs, and (9) Tobin ratio q (comparison between market value of

firm with replacement cost and inventories). In this study liquidity is proxied with the proportion of company assets invested in cash and marketable securities). The study was conducted on 225 manufacturing companies in the US which included in Fortune 500 in 1980. Data analysis method used is multiple linear regression. The results showed:

(1) Cash cycle has a significant negative effect, this indicates if the cash cycle of the company is greater then the company's liquidity tends to decrease.

(2) Debt ratio has a negative and significant effect, it shows that the bigger ratio of company's debt, the company liquidity tend to be small.

(3) The cost of research and development has a positive and significant effect, it shows that the higher the research and development cost incurred by the company, the greater the company liquidity.

(4) Advertising costs have a positive and significant effect, this indicates that the higher advertising costs incurred by the company, the company tends to use high liquidity, and

(5) the Tobin ratio q has a positive and significant influence, it shows that the higher the Tobin ratio q then the company's liquidity is also higher.

Assessment of the health level of SOE infrastructure is done on an annual basis and covers three aspects. According to a copy of Decree of the Minister of State-Owned Enterprises No. KEP-100 / MBU

/ 2002, the level of health of SOEs shall be determined based on an assessment of the performance of the company for the fiscal year which includes:

1) Financial aspects

2) Operational aspects

3) , According to Halim et al (2003: 204), that the company's performance can be judged on the basis of financial aspects only. In accordance with the title, then in this paper only explained about the financial aspects of the dominant factor influential in the decline in corporate liquidity

that can be used to assess the condition of a company's health is a financial statement consisting of a balance sheet, an income statement, an overview of retained earnings, and a cash flow statement. The financial statements are the result of the accounting process. Any transaction that can be measured with the value of money, recorded and processed in such a way. The final report is presented in the value of money. Transactions that can not be recorded with monetary value will not be reflected in the financial statements. Therefore, things that have not happened yet, and potential problems, are not recorded in the financial statements.

Thus, financial statements are historical information (Sawir, 2001: 2) According to Sadeli (2002: 18), that "Financial statements are written reports that provide quantitative information about the financial position and its changes, and the results achieved during certain periods" Report finance is a report that describes the financial condition and results of a company's business at a certain time or a certain time (Harahap, 2002: 105). Financial analysis, according to Van Horne (1989: 106) is concerned with the use of financial statements. While Finnerty (1986: 4) argued that: "Financial analysis is the process of collecting and refining financial data and presenting the refined financial information in the summary format suitable for effective decision making". Based on this understanding, it can be stated that financial analysis is a process of collecting and filtering financial data and presenting financial information in the form of a summary to fit for effective decision making. Rangkuti (1998: 132) said that the analysis of financial statements is a technique to quickly know the financial performance of the company. The goal is to evaluate the current situation and predict future conditions. Furthermore, the financial statements should be analyzed by using analytical tools that fit the needs and objectives of the analyst

According to Helfert (1983: 11), each type of analysis has a purpose or use that determines the shape of the relationship being analyzed. A financial manager, analyst or student, in making the analysis for planning or problem-solving purposes should use a variety of financial analysis techniques, which can assist in answering important questions. But in this connection, keep in mind, that analysis is just a way. It should not be considered that financial analysis is the single most important thing to assist managers in planning investments, operations and financing, and to assist potential investors in making estimates, appraisals and plans. In each situation the objectives to be achieved with such analysis should be clearly stated. Financial analysis has a different meaning and purpose in accordance with the interests of each party that analyzes. The credit merchant will pay attention mainly to the liquidity of the company being analyzed. Their claims are short-term, and the company's ability to pay is measurable from its liquidity analysis The purpose of the company's financial statements, Accounting Principles Indonesia (1994:1)

1. To provide reliable financial information regarding the assets and liabilities and capital of a company.

2. To provide credible information about changes in net assets (assets less liabilities) of an enterprise arising from business activities in order toobtainprofit.

3. To provide financial information that helps report users in assessing the

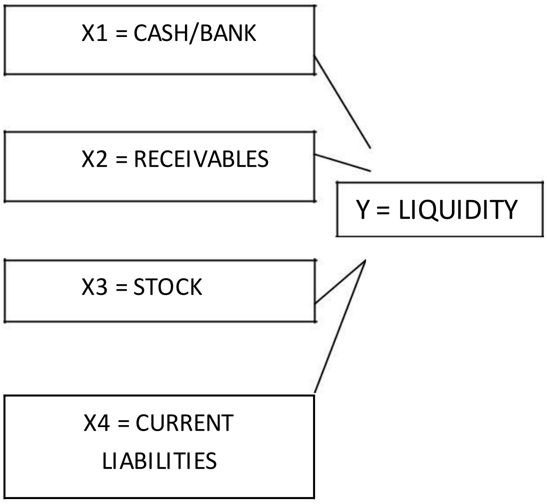
company's potential togenerateprofit.

4. To provide other important information about changes in the assets and liabilities of a company, such as information on financing and investment activities.

5. To disclose as far as possible other information relating to the relevant financial statements for the needs of the reporting user, such as information on accounting policies adopted by the company.

CONCEPTUAL FRAMEWORK

The level of liquidity of a company can be seen in the composition of current assets owned by the company in relation to current liabilities (short-term debt). Thus there are two important factors that must be considered in assessing or measuring the level of liquidity of a company, ie components of current assets consisting of three main elements: (1) cash, (2) accounts receivable, and (3) inventory; and the components of current liabilities (short-term debt). Liquidity issues will arise from the imbalance of the two main determinants of liquidity, namely current assets and current liabilities. This study aims to examine the issue of corporate liquidity Schematic framework in this paper is illustrated in the following scheme



METHOD:

Technique of data collection is done by interview and interview in free and direct with competent parties. In addition, to obtain written data is done by requesting directly from the source in accordance. Based on the formulation of problems and hypotheses that have been put forward, then the method of analysis used in the discussion of this paper is the Regression Analysis. Regression analysis is used to see the direction of the relationship and the influence of the relationship between each other, between the amount of net working capital (Y) as the dependent variable to the independent variable consisting of cash / bank (X1), accounts receivable (X2), inventory X3), and current liabilities (X4), used multiple linear regression analysis.

DISCUSSION AND RESEARCH RESULT

a variable will be followed by a decrease in another variable. Regression analysis is used to see the relationship and the direction of the relationship (trend) between independent variables (independent variable), Regression

Analysis and Correlation Factors Affecting the decrease of Company Liquidity As discussed earlier, the level of ability of a company to be able to pay its short-term debt called liquidity. Liquidity is reflected in current assets and current liabilities. Thus, it is very clear the factors that affect the liquidity of the company is nothing but the overall factors that form the current assets and current debt of the company. In the concept of financial management, current assets are nothing but working capital (in the sense of gross workling capital), whereas when the net concept is used (net working capital), then working capital is none other than current assets minus current debt. Therefore, liquidity in a company can be measured in three ways, namely by looking at the size of gross working capital, by looking at the size of the net working capital, and by using the current ratio (the ratio between current assets with debt smoothly). In this paper, the use of regression analysis and correlation in the discussion is to know the direction of influence and strong relationship or correlation between net working capital as a representation of the level of corporate liquidity with the elements or components of current assets and current liabilities as determinants level of corporate liquidity.

Tabel 2.

VARIABEL	B	ST ERROR	SIG	T
CASH/BANK	0.705	0.251	3.810	0.018
RECEIVABLES	0.424	0.148	3.868	0.014
STOCK	0.085	0.220	2.976	0.042
DEBT	3.200	0.138	1.118	0.048

The data used in the analysis is sourced from the company's balance sheet data for the last 5 years. While in doing the data analysis to see the correlation of each factor and to get the regression equation model the authors use computer assistance with software (soft ware) SPSS 16.0 for Windows. Based on the results of the computer data obtained correlation

between each factor influential (determinants) liquidity and multiple linear regression equation model as follows: Table 2

(X1), total trade receivable (X2), total inventory amount (X3), and total current liabilities (X4) to dependent variable, ie

net working capital (Y). Based on the calculation of linear regression equation in table 2, it can be explained as follows:

a. The coefficient X1 = + 0.705 indicates that if there is an increase of Rp 1.00 in the company's cash / bank, it can increase the company's liquidity by increasing networking capital by Rp 0.705, assuming other factors are constant

(ceteris paribus) b. The coefficient X2 = + 0.424 indicates that if there is an increase in the amount of trade receivables given to customers amounting to Rp 1.00, it will increase the company's liquidity by increasing the amount of net working capital by Rp 0.424, assuming other factors are constant c. The coefficient X3 = + 0.193 indicates that if there is an increase in the amount of the company's inventory of Rp 1.00, it will increase the company's liquidity by increasing the amount of net working capital by Rp 0.193, assuming other factors are constant (ceteris paribus). d. The coefficient X4 = - 0.320 indicates that if there is an increase in the amount of current debt of Rp 1.00, it will decrease the company's liquidity by decreasing the amount of net working capital by Rp 0.320, assuming other factors are constant (ceteris paribus).

From regression calculation yield coefficient of determination (R2) equal to 0,988 mean variable of cash / bank, accounts receivable, inventory, and current debts able to explain equal to 98% from behavior of dependent variable, that is liquidity in the meaning of net working capital at PT. Pelabuhan Indonesia IV Makassar Branch.

While from the regression equation above can also be seen that the most significant factor influential in this case to increase / decrease the liquidity of companies in a row is the factor of cash / bank, the factor of the amount of inventory, factor of accounts receivable. While the current debt factor does not seem to affect. In line with that, the most influential factor in decreasing the company's liquidity level during the last 5 years is the bank's cash factor.

HYPOTHESES RESULT

Detailed submission has been described at the end of CHAPTER II states that Factor of cash / bank is the most dominant factor affecting the decline of corporate liquidity of PT. Pelabuhan Indonesia IV Makassar Branch during the period 2003 - 2007. The hypothesis is an alternative hypothesis (Ha) or a statement of high truth in theory, so it still needs to be tested empirically. In the process of testing each hypothesis required a certain assumption as the basis of work that is started by accepting a presumption that states that there is no relationship and influence on factors cash / bank, accounts receivable, inventory, short-term debt as an alleged assertion that is assumed to be true and is called the null hypothesis (H0). Determining the hypothesis as a true statement based on the chance to be true from the acceptable level of hypothesis or otherwise reversed or determined by the amount of support or contribution to reality that is in the form of correlation coefficient reflects the relative value of the kebenaranya based on empirical data. If based on the observation of the sample turns out to be true or become the fact that there are cash / bank factors, accounts receivable, inventory, short-term debt, then H0 is accepted. If based on the results of data analysis obtained, did not support these assumptions, then Ha rejected. While H0 accepted. Reject or otherwise accept Ha based on the value of various coefficients of the results of the analysis of multiple linear regression equations, as the value of predictors or predictor values that have been done hypothesis testing proposed based on testing the value of the suspected associated with the level of significance and multiple linear regression coefficients and the testing process includes several kinds of test

Partial influence of cash / bank, accounts receivable, inventory, short-term debt to corporate liquidity

1. The influence of cash / bank on liquidity From the results of multiple linear regression analysis of cash / bank variable shows the value of regression coefficient of 0.705, the standardized beta standardized value is 0.774, and on the **degree of trust α = 0.05% obtained t** arithmetic of 3.810 where t table is 1 , 89 means t count> t table. This shows that the cash / bank variable has a significant effect on liquidity. The results of this study are in line with the theory developed by Harnanto.

2. The standardized beta standardized **value is 8.361, and the degree of trust α =** 0.05% obtained from the arithmetic of 3.868, where t table 1, 89 means t count> t table. This shows that the receivable variable influences liquidity. The results of this study are developed by Harnanto.

3. Effect of inventory on liquidity From the results of multiple linear regression analysis of inventory variable shows the value of regression coefficient of 0.193, the standardized beta value is 1.050 and **the degree of confidence α = 0.05%** obtained t arithmetic of 2.976 where t table 1.89 means t arithmetic > t table. This shows that the inventory variable has a significant effect on liquidity. The results of this study are in line with the theory developed by Harnanto.

4. Influence Current liabilities to liquidity From the results of multiple linear regression analysis of current debt variable shows the value of regression coefficient of -0.320, standardized beta value of kofisien is -9.073 and at the **degree of confidence α = 0.05% obtained** t arithmetic of 3.328 where t table 1, 89 means t count> t table. This shows that the variable of current debt has significant effect to liquidity. The results of this study are in line with the theory developed by Harnanto.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the results of the analysis that has been done, then the conclusion in this paper is the most dominant factor affecting the decline of liquidity company PT Pelabuhan Indonesia IV Makassar Branch is a factor of cash / bank

Suggestion

Cash / bank factor which is the most dominant factor affecting the decrease of corporate liquidity, the company needs to invest more things or policies that can increase cash receipts larger, for example by further intensifying the collection of accounts receivable, so that no accumulation of receivables, of the investment policy in the receivables taken by the company is not effective which can ultimately affect the decline in corporate liquidity. And increase sales by giving rebates to cash purchases, which can increase the amount of cash inflows the company.

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