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CURRENT RATIO PREDICTION BASED ON CHANGES INCREASED CASH TURNOVER AND TURNOVER RECEIVABLES FROM MANUFACTURING COMPANIES REGISTERED CEMENT SUB SECTORS ON THE INDONESIAN STOCK EXCHANGE PERIOD 2006-2017

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Abstract

The building materials sector is one of the sectors that is a mainstay of economic growth and is often required to continue to increase its contribution as measured by national GDP. This is a serious challenge, considering that the global economy is currently in crisis, which needs to be feared that it will have an impact on increasing infrastructure production process costs and decreasing banking liquidity levels (which makes it difficult to obtain credit, including capital and guarantees). This type of research uses basic research which aims to find new knowledge about new phenomena about fundamental phenomena. Sample selection used the Porpositive Sampling method. The results partially show that Cash Turnover has an effect on the Current Ratio, while Receivables Turnover has no effect on the Current Ratio. Simultaneously, the variables Cash Turnover and Receivables Turnover influence the Current Ratio. In this way, cash will be used more quickly to finance all the company's operational activities so that it does not disrupt the company's financial condition and the higher the company's receivables turnover, the better it will be, because the company is able to control its receivables to avoid bad debts.

Keywords: Cash Turnover, Receivables Turnover, Current Ratio

INTRODUCTION

In the era of globalization, the role of trade in the building materials sector is now truly felt existence, and competition is getting tougher which is making resources run low. The building materials sector contributes greatly to the development process in Indonesia. So that it affects almost every economic sector, from infrastructure buildings such as roads to housing buildings, schools, dams and other building works which are the physical foundation on which development efforts and improving living standards are built.

The building materials sector is one of the sectors that is a mainstay in increasing economic growth and is often required to continue to increase its contribution by measuring the national GDP. This is a tough challenge, considering the current global economy is in a

critical condition that you need to worry about causing the impact on increasing infrastructure production process costs as well as decreasing levels of banking liquidity (which makes it difficult to obtain credit, including capital and guarantees).

The building materials sector has developed into the largest industry. that Buildings reflect the great assets of the state and nation. This sector provides job vacancies, building materials and construction processes, and also has an impact on the health and safety of construction workers and the people who live and work in buildings.

Cash Turnover is the number of times a company has turned over cash during the reporting period, which is calculated from cash turnover based on company revenue divided by the average cash balance during that period.

Accounts receivable is an element of working capital that is always in a state of rotation. Where the receivables turnover period begins when cash is spent to obtain inventory, then the inventory is sold on credit, giving rise to receivables, and receivables change back to cash when repayment of receivables is received from customers.

Based on research from (Lolyta Supriyani, 2018) states that cash turnover has a significant effect on the current ratio, whereas (Dwinta Mulyanti and Rani Laras Supriyani, 2018) states that cash turnover has no effect has a significant effect on the current ratio. (Indrayenti & Siska Natania, 2016) proves that receivables turnover has a significant positive effect on the current ratio, whereas according to (Dewi Indriani, Ventje Ilat, and I Gede Suwetja, 2017) states that receivables turnover has a significant effect on the current ratio.

LITERATURE REVIEW

Management is the process of planning, organizing, directing and monitoring resources to achieve the goals set by a company. To achieve its goals, a company must be able to control and control operational activities in its company by utilizing parties within the company who have authority, duties and responsibilities in achieving these goals.

Finance is an activity something related to the acquisition and processing of funds effectively and efficiently with overall company goals. So it can be concluded that Financial Management is an activity carried out with efforts to obtain funds with minimum regulated costs. No possible and manage those funds effectively to achieve company goals. Financial Management also has principles that must be considered, such as consistency, accountability, transparency, survival, integrity, management, accounting standards. (Sujarweni, nd).

Cash Turnover

According to (Bambang Riyanto 2011:95) is "*Cash Turnover is a comparison between sales and the average cash amount*". According to (Kasmir 2014) it is Cash turnover functions to measure the adequacy of the company's working capital needed to pay bills and finance sales. It means ratio Cash turnover is used to measure the level of cash availability to pay bills (debts) and costs related to sales. According to (John, 2010:45) it is "*The Cash Turnover Formula is net sales divided by (average cash and cash equivalents)*". Some of the definitions above, researchers can examine that cash turnover is a comparison between net sales and the amount of cash and shows the ability of cash to generate income, so that it can be seen how many times cash turns over in a certain period. The higher the cash turnover, the better, this means the higher the efficiency of cash use and the greater the profits obtained. Calculations that can be used to find out the ratio Cash Turnover is as follows:

Cash Turn Over=Net Sales/Average Cash
Source: Financial Report Analysis (Dr. Kasmir)

Receivables Turnover

According to Kasmir (2011:176), is "*Rotation Receivables is a ratio used to measure how long it takes to collect receivables during one period or how many times the funds are collected invested in these receivables rotates in one period*".

According to (Kasmir, 2014:41) are: "*Receivables are company claims to other parties that have a term of no more than one year. Receivables arise as a result of the sale of goods or services to consumers in installments (credit). Types of receivables are divided into two, namely: trade receivables and notes receivable. Trade receivables are bills resulting from the sale of customer goods, while notes receivables are company bills to other parties due to a written agreement (money order).*"

According to (Widasar & Apriyanti, 2016) are: "*Receivables Turnover is one way to invest by the company. If the receivable turnover is managed in an efficient and effective way by the company, of course the company will get a high profit or profitability level. Receivables turnover is a ratio that can be used to assess a company's ability to manage receivables and measure them how fast is the rate of repayment receivables. The receivables turnover will determine the size of the profit the company will obtain.*"

From the definitions above, the researcher examines that Receivables Turnover is a ratio that can be used to assess a company's ability to manage receivables and measure how quickly the receivables are returned. Receivables turnover will determine the size of the profit the company will obtain.

Calculations that can be used to determine the Receivables Turnover ratio are as follows:

$$\text{Receivables Turnover} = \frac{\text{Sales}}{\text{Receivable}}$$

Current Ratio

According to (S. Munawir 2007:72) is "*Current Ratio, namely the comparison of the amount of current between assets with current liabilities, this ratio shows that the value of current assets (which can immediately be turned into money) is many times the short-term debt.*"

According to (Kasmir, 2014) it is "*The current ratio is a ratio to measure a company's ability to collect short-term obligations or debts that are due soon and collected in full. In other words, how much current assets are available to cover shortliabilities that term are due soon. The current ratio can also be said to be a form of measuring the level of security of a company.*"

From the several definitions above, the researcher examines that Current Ratio is a comparison number between current assets and current liabilities, so every transaction that results in a change in the amount of current assets or current liabilities, either individually or both, will result in a change in the current ratio, which means it results in will changes in the level of liquidity.

Calculations that can be used to find out Current Ratio is as follows:

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

METHOD

Data Analysis Method

Deep data analysis methods This research uses the help of the SPSS (Statistical Product and Service Solution) program for Windows version 23. The data analysis carried out in this research is as follows:

Regression Analysis

Multiple Linear Regression Analysis

Multiple linear regression analysis is a linear relationship between two or more variables independent (X_1, X_2, \dots, X_n) with the dependent variable (Y). The ones used are usually interval or ratio scales. Variable The dependent in this research is the Current Ratio and variables from this research are Cash Turnover (CT) and Receivables Turnover (RT). Multiple linear regression analysis in this study was used to determine (CT) and (RT) to Current Ratio in cement sub-sector manufacturing companies listed on the Indonesian Stock Exchange for the 2006-2017 period. The multiple linear regression formula is as follows:

$$Y = a + b_1X_1 + b_2X_2 + e_i$$

Where:

Y = Current Dependent Variable Ratio

a = Constant number

X_1 = Independent Variable CT

X_2 = Independent Variable RT

e_i = Residual Error (Error)

b_1 - b_2 =regression coefficient, is the dependent variable due to changes in the 3 independent variables

Hypothesis Testing

Significant Test (t statistical test)

This test is carried out partially to determine whether the influence of each independent variable is significant or not on the variable on the dependent variable. If the results of the t test $>$ t table means that the variable is quite significant for the variable explain dependencies. To determine whether H_0 is rejected or accepted, that is by comparing the calculated t with the t table. The test criteria for the t test are as follows.

- H_0 is rejected if t count $>$ t table, meaning H_a is accepted
- H_0 is accepted if t count $<$ t table, meaning H_0 is rejected

Simultaneous Effect Test (F test)

Ghozali (2016:69), the F statistical test basically shows whether all the independent variables included in the model have a simultaneous influence on the independent variables entered the model have a simultaneous influence on the dependent variable. The null hypothesis (H_0) states that if all the independent variables included in the model do not have a simultaneous influence on the dependent variable. Meanwhile, (H_1) states that all independent variables have a significant influence on the dependent variable. means:

- H_0 is accepted if F calculates $\leq F$ table
- H_0 is rejected if F count $\leq F$ table

Conditions Acceptance or of hypothesis rejection is as follows:

- a. If the significant value is ≤ 0.05 then regression can be used to test the hypothesis.
- b. If the significant value is ≥ 0.05 then regression can be used to test the hypothesis.

RESULTS AND DISCUSSIONS

Result of Multiple Linear

The regression test used in this research is a multiple regression test. This test was carried out to determine the effect of Cash Turnover (CT) and Receivables Turnover (RT) on Current Ratio. The following are the results of multiple linear regression analysis using Statistical Product and Service Solution (SPSS) Version 23.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.415	1.541		3.515	.001
X1	-.085	.030	-.450	-2.823	.008
X2	-.232	.191	-.193	-1.210	.235

a. Dependent Variable: Y

Table 1.1

Multiple Linear Regression Analysis Results

Judging from the results seen in table 1.1 above, a multiple linear regression equation can be prepared as follows: $CR = 5.415 - 0.085 CT - 0.232 RT + e$

The regression equation can be interpreted as follows:

The constant value is 5.415 or 541.5%. So if the independent variable X_1 and X_2 considered constant, then the value (Y) is 5.415 or 541.5%.

The regression coefficient value of -0.085 . This means that if the RT variable rises as high as 1%, then the value CR will decrease by 0.085%.

Regression coefficient value $X_2 -0.232$ or -23.2% . This means that if the other independent variables have a fixed value and experience decline an increase of 1%, then is Current Ratio will experience decline of -0.232 or -23.2% .

Hypothesis Testing Results Significance Test (t test)

Result of the t statistical test in

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.415	1.541		3.515	.001
X1	-.085	.030	-.450	-2.823	.008
X2	-.232	.191	-.193	-1.210	.235

a. Dependent Variable: Y

This research is as follows:

Table 1.2

Statistical Test Results t

Based on table 1.2 above, looking at the significant column for each variable, it can be interpreted as follows:

a. Effect of Cash Turnover (CT) to Current Ratio

Test partial first stated that rotation cash the it can be seen that the significance value is $0.008 < 0.05$. It can be concluded that H_0 rejected, and H_a accepted has a significant effect on Current Ratio.

b. Influence Receivables Turnover (RT) to Current Ratio

Partial test first stated that Receivable Turnover that it can be seen that the significance value is $0.235 > 0.05$. It can be concluded that H_0 accepted, and H_a rejected, it means rotation receivables no influential significant to Current Ratio.

Hypothesis Testing Results

Simultant Influence Test (F test)

The results of the f statistical test or simultaneous F test are as follows:

ANOVA*					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	33.614	2	16.807	7.514	.002 ^b
Residual	73.809	33	2.237		
Total	107.423	35			

a. Dependent Variable: Y
 b. Predictors: (Constant), X2, X1

Table 1.4

F Test Results

Based on the results of Table 4.12 on the Anova Test (F Test) above, it can be seen that the significance value of the F test is for the effect of CT and RT simultaneously on Current Ratio is $0.002 < 0.05$. So it can be concluded that H_1 states that Cash Turnover (CT), and Receivables Turnover (RT) are the equal simultaneously have a significant effect on Current Ratio accepted.

Discussion

The Influence of CT on Current Ratio

Shows the ability of cash to generate income, and the influence it has is significant on Current Ratio in Cement Sub- Sector Manufacturing Companies in 20006-2017. This could be because Cash Turnover (CT) has a significant effect on Current Ratio. Partial test results (t test) between Cash Turnover (X1) with Current Ratio (Y) shows a significant value of 0.008, which is below 0.05 and the calculated t value is $2.823 > t$ table 2.02809. So it can be concluded that Cash Turnover (X1) has an effect on Current Ratio (Y). So H_1 which states that Cash Turnover (X1) has a significant effect on Current Ratio (Y) acceptable. In line with the results of research conducted by Lolyta Permata 2011 entitled The Effect of Cash Turnover on the Liquidity of Trading Companies on the Indonesian Stock Exchange, which states that cash turnover has a significant effect on current ratio.

The Influence of RT on Current Ratio

Regression coefficient value X-0.232 or 23.2%. This means that if the other independent variables have a fixed value andz decreases by 1%, then is Current Ratio will experience a decrease of - 0.232 or-23.2%.

Partial test results (t test) between (X2) with Y showing a significant value of 0.235, which is above 0.05 and the calculated t value is $1.210 < t$ table 2.02809. So it can be concluded

that has no effect on the Current Ratio. So that H_2 Which States that X significant effect on Current Ratio not acceptable.

Receivables are company claims to other parties which have a maturity of no more than one year. Receivables arise as a result of the sale of goods or services to consumers in installments (credit). Types of receivables are divided into two, namely: trade receivables and notes receivable. Accounts receivable is the resulting bills sale good subscription, whereas receivables money order receivable is bill company to another party because of a written agreement. If receivables turnover is managed in an efficient and effective way by the company, of course it will get profit results or a high level of profitability for the company receivables turnover is a ratio that can be used. For evaluate ability company in managing receivables and measuring how quickly the receivables are recovered. Receivables turnover will determine the size of the profit the company will obtain.

The results of this study are consistent with research results done by Dewi Indriani, Ventje Ilat, and I Gede Suwetja, 2017 entitled The Effect of Receivables Turnover and Cash Flow on PT Liquidity. Astra International Tbk, which proves that receivables turnover has no significant effect on current ratio.

The Influence of CT and RT on Current Ratio.

Cash Turnover shows that the higher the cash turnover rate, the faster the return of cash to the company. In this way, cash will be used more quickly for financing all over activity operational company so that does not disrupt the company's financial condition. Receivables are company claims to other parties that have a term no more than one year. Receivables arise as a result of the sale of goods or services to consumers in installments (credit). Types of receivables are divided into two, namely: trade receivables and notes receivable. Accounts receivable is the resulting bill sale goods subscription, whereas receivables money order receivable is bill company to another party because of a written agreement.

F test significance value for the influence of X1 and X2 simultaneously for Y is $0.002 < 0.05$ and the calculated F value is 7.514 F table 3.26. So it can be concluded that H_3 which states that X1 and X2 simultaneously have a significant effect against Y is acceptable. So that can conclude that Cash Turnover (CT) and Receivables Turnover (RT) simultaneously have a significant effect on Current Ratio in cement sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2006-2017 are accepted.

The results of this study are consistent with research results conducted by Rauna Runtulalo, Sri Murni, and Joy E. Tulung entitled The Effect of Cash and Receivables Turnover on Liquidity in Financial Institution Companies Listed on the Indonesian Stock Exchange (Period 2013-2017) which states that Turnover Cash and Receivables Turnover simultaneously have a significant effect on liquidity. Together – together have a significant effect on Current Ratio (Y).

CONCLUSION

The research aims to determine and analyze the influence of Cash Turnover (X1) and Receivables Turnover (X2) against Current Ratio (Y) in the Company Cement manufacturing sub-sector listed on the Indonesia Stock Exchange (BEI) 2006-2017 period. The results obtained from the research show that:

1. Results research shows based on that the partial test results above that Cash Turnover (X1) has a significant effect on the Current Ratio (Y).

2. Result research shows that based on the partial test results above, Accounts Receivable Turnover (X2) has no significant effect on the Current Ratio (Y).
3. The research results show that the show-based results simultaneous test above shows that Cash Turnover (X1) and Receivables Turnover (X2) together they have a significant effect on the Current Ratio (Y).

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