

The Effect Of Receivable Turnover, Current Ratio And Debt To Asset Ratio To Return On Asset In Subsector Companies Retails Registered At The Indonesia Stock Exchange Period 2016-2020

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ABSTRACT

In every service company, commerce and manufacturing companies have the same goal which is to earn profit, increase company value and expand its business. In the midst of the pandemic and the intensity of business competition in the same field, every businessman should be able to fulfill the needs and operational costs of the company for its business development in order to increase the value of their company. The purpose of the study to examine the effect of receivable turnover, current ratio and debt to asset ratio to return on asset in subsector companies retail, registered on the Indonesia Stock Exchange.

This study uses purposive sampling as a method sampling, which is a method that uses a sampling technique with certain considerations.

The result of this study indicated that all independent variables have a significant effect on dependent variable simultaneously. Accounts receivable turnover has no effect on partial return on asset, current ratio has a positive and significant effect to return on asset partially and debt to asset ratio has a negative and significant effect to return on asset partially.

Keywords: Receivable Turnover, Current Ratio, Debt to Asset Ratio, Return On Asset

INTRODUCTION

Basically, every company has the same goals in running a business, among others; earn profits, increase the value of the company and grow its business. In the midst of a pandemic like today, there is very fierce competition, therefore companies are required to be able to meet their operational costs to increase the value of their company. In analyzing the financial performance of the company, financial statements are needed as a tool to assess whether the company has done optimal management or not. The report used in assessing the company's financial performance is a balance sheet statement or income/loss statement because it is considered more effective and easier to see thoroughly for company owners and shareholders and investors who will invest.

LIBRARY REVIEW

Financial Management

According to (Musthafa, 2017, p. 1) take decisions that will be made, namely decisions about investments, funding decisions and dividend policy decisions or commonly called profit sharing decisions.

Financial management activities according to (Kasmir, 2017, p. 6) are:

- How to obtain funds in business financing.
- How to manage funds so that the company's goals can be achieved.
- How the company in managing its assets effectively and efficiently.

Receivable Turnover

According to (Anwar, 2019, p. 173) the ratio that indicates the level of activity of company is associated with the achievement of sales or total assets used.

The following formula used to calculate the turnover of receivables is:

$$\text{Receivable Turnover} = \frac{\text{Credit Sales}}{\text{Average Account Receivable}}$$

There are several factors that must be considered in the credit risk assessment, can be applied with five C's according to (Musthafa, 2017, p. 39) namely:

- Character, indicating the nature / character of the prospective debtor.
- Capacity, shows the ability of prospective debtors in paying their debts and seeing the financial performance of the company.
- Capital, pay attention to the capital owned by prospective debtors to describe the assets and wealth of the company.
- Collateral, what the prospective debtor has to be arranged for collateral (usually in the form of tangible and intangible fixed assets).
- Conditions, seeing the economy of prospective debtor companies moving forward or not.

Current Ratio

According to (Andy & Megawati, 2019, p. 5) ratio to measure a company's ability to pay short-term liabilities or debt that are due immediately at the time of overall bill. The following formula used to calculate the CR is:

$$CR = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Debt to Asset Ratio

According to (Anwar, 2019, p. 175) the ratio used for the comparison of debt with the company's assets. Where the greater the ratio, the riskier it will be for the company and vice versa.

The following formula used to calculate DAR is :

$$DAR = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Return On Asset

According to (Hery, 2016, p. 106) ratio that indicates how much the asset contributes in creating net profit. In other words, it is used to measure how much net profit will be generated from each fund embedded in the total assets.

The following formula used to calculate ROA is :

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}}$$

METHOD

This research uses quantitative methods based on the philosophy of positivism (Sugiyono, 2018, p. 7). Population is a whole consisting of object or subject that have certain characteristic to be studied and concluded (Sujarweni, 2015, p. 80). In sampling research using purposive sampling because it is based on certain considerations in determining the sample.

RESULT

Table 1. Descriptive Statistic Analysis
Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
Receivable Turnover	30	.58	1.52	.9263	.22911
Current Ratio	30	.65	7.26	2.0403	2.04772
Debt to Asset Ratio	30	.18	.81	.5863	.18931
Return On Asset	30	.01	.19	.0661	.04789
Valid N (listwise)	30				

Classic Assumption

Classical asumption test consists of the normality test, the autocorrelation test, the multicollinearity test and the heteroskedasticity test (Simorangkir et al., 2021, p. 380).

1. Normality

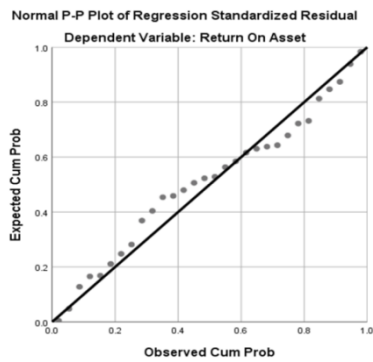


Image 1. Normality Test

In the normal distribution the line will be shaped like a straight line with a diagonal direction, and residual data can be said to be normal if the line follow the direction of the diagonal line (Ghozali, 2018, p. 161), in the figure the point follows the direction of the histogram chart and spreads around the diagonal line, then the normal P-Plot chart shows that the pattern distributes normally. Residual normality tests can be performed with the Kolmogorov. This test is to complete the normal P-Plot chart test above, the results are as follows:

Table 2. One-Sample Kolmogorov-Smirnov Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual	
N		30	
Normal Parameters ^{a,b}	Mean	.0000000	
	Std. Deviation	.01765576	
Most Extreme Differences	Absolute	.118	
	Positive	.090	
	Negative	-.118	
Test Statistic		.118	
Asymp. Sig. (2-tailed)		.200 ^{c,d}	
Monte Carlo Sig. (2-tailed) Sig.		.759 ^e	
	99% Confidence Interval	Lower Bound	.748
		Upper Bound	.770

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.
- e. Based on 10000 sampled tables with starting seed 2000000.

2. Autocorrelated

Table 3. Autocorrelated
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
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1	.930 ^a	.864	.848	.01865	1.313
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a. Predictors: (Constant), Receivable Turnover, Current Ratio, Debt to Asset Ratio
 b. Dependent Variable: Return On Asset

On the table can be seen that results of the autocorrelation test with the Durbin-Watson value in the Summary model of 1.313 which is between -2 and +2 so that it can be concluded in this test there's no autocorrelation.

3. **Multicollinearity**

Table 4. Multicollinearity Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	Receivable Turnover	.590	1.695
	Current Ratio	.251	3.980
	Debt to Asset Ratio	.334	2.993

a. Dependent Variable : Return On Asset

On table is the result of multicollinearity where the tolerance value of each variables > 0.1 where each tolerance value in the independent variable is 0.590, 0.251 and 0.334. This test aims to test whether the regression models there's a correlation between independent variable or not (Sujarweni, 2017, p. 227). While each variance inflation factor (VIF) value is 1,695, 3,980 and 2,993. So independent variables in regression testing don't occur multicollinearity.

4. **Heteroskedasticity**

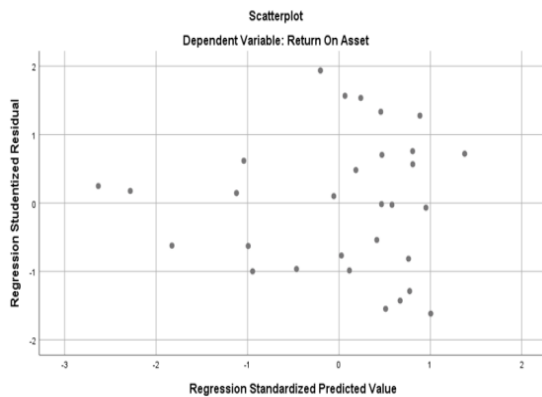


Image 2. Heteroskedasticity

In the figure is the results of the heteroskedasticity test using Scatterplot scattered points by not forming patterns clearly and irregularly on the graph, so that the conclusions on this regression model do not occur heteroskedasticity.

5. **Hypothesis Testing**

Table 5. Hypothesis Testing Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
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		B	Std. Error	Beta		
1	(Constant)	.099	.036		2.758	.011
	Receivable Turnover	-.034	.023	-.221	-1.504	.145
	Current Ratio	.021	.007	.482	3.220	.003
	Debt to Asset Ratio	-.094	.044	-.309	-2.133	.043

a. Dependent Variable: Return On Asset

Based on the table above obtained multiple linear regression equations as follows:

$$ROA (Y) = 0,099 - 0,034 X1 + 0,021 X2 - 0,094 X3 + \epsilon$$

The equation can be described as follows:

1. The constant showing a positive influence of 0.099 states that if all variables of Receivable Turnover, CR and DAR do not change, then the Return On Asset is worth 0.099.
2. Receivable Turnover has a negative effect of -0.034 which states that each Receivable Turnover increases, the ROA decreases by 0.034.
3. CR has a positive effect of 0.021 which states that every CR increases, the ROA increases by 0.021.
4. DAR has a negative effect of -0.094 which states that each DAR increases then ROA decreases by 0.094

Table 64. Test t Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
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	Receivable Turnover	-.034	.023	-.221	-1.504	.145
	Current Ratio	.021	.007	.482	3.220	.003
	Debt to Asset Ratio	-.094	.044	-.309	-2.133	.043

a. Dependent Variable : Return On Asset

The table shows the receivable turnover has a value of $t^{(calculate)} -1,504 < t^{(table)} 2,052$ and a sig. value of $0.145 > 0.05$ indicating insignificant turnover of receivables against ROA, then the hypothesis indicates H0 is received and H1 rejected.

CR has a value of $t^{(calculate)} 3,220 > t^{(table)} 2,052$ and a sig value. $0.003 < 0.05$ indicating CR has a positive and significant influence on ROA, hence the hypothesis suggests H0 is rejected and H2 accepted.

DAR has a value of $t^{(calculate)} -2,133 < t^{(table)} 2,052$ and a sig value. $0.043 < 0.05$ indicating DAR has a negative and significant influence on ROA, hence the hypothesis suggests H0 is accepted and H3 rejected.

Table 7. Test F ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
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1	Regression	.037	3	.012	8.165	.001 ^b
	Residual	.040	26	.002		
	Total	.077	29			

a. Dependent Variable: Return On Asset

b. Predictors: (Constant), Debt to Asset Ratio, Receivable Turnover, Current Ratio

In the table it is concluded that the variable receivable turnover, CR, and DAR has a simultaneous influence on ROA because it obtains a result of $F^{(calculate)} 8.165 > F^{(table)} 2,960$ and a sig value. $0.001 < 0.05$ so the hypothesis indicates H_0 is rejected and H_4 is accepted.

Table 8. Determination Coefficient Test
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.930 ^a	.864	.848	.01865

a. Predictors: (Constant), Debt to Asset Ratio, Receivable Turnover, Current Ratio

b. Dependent Variable: Return On Asset

The Adjusted R Square value obtained is 0.848 or 84.8% it is concluded that in this test the variation of the ROA variable can be explained by variations in the variables Of Receivable Turnover, CR, and DAR and the remaining 15.2% cannot be explained by related variables but rather by other variables

CONCLUSION

Based on the results of this study, conclusions can be drawn from each variable independent of dependent variables in retail trading subsector companies: (1) receivable turnover has no significant effect on ROA. (2) CR has a significant effect on ROA. (3) DAR has no effect but significant on ROA. (4) and simultaneous ROA may be affected by significant independent variables.

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