The Effect of Working Capital Turnover, Cash Turnover and Inventory Turnover on The Profitability of Companies Listed on The Indonesian Stock Exchange

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ABSTRACT
This study aims to test working capital turnover, cash turnover and inventory turnover on the profitability of manufacturing companies in the food and beverage subsector. By using 30 samples of the company's annual financial statements to analyze the effect of working capital turnover, cash turnover and inventory turnover on the profitability of companies listed on the Indonesia Stock Exchange in 2017-2019. This test is done by using multiple linear regression. The regression results show that partially working capital turnover has a significant and significant effect on profitability with a level of 7.1%. While the cash turnover and inventory turnover variables have no effect on profitability. This research can be used by companies in determining performance and making managerial decisions based on financial statements. This study has limitations only on financial statements for companies.

Key words: Working Capital Turnover, Cash Turnover, Inventory Turnover and Profitability, Indonesia Stock Exchange (IDX)

INTRODUCTION
The Ministry of Industry noted, throughout the course of 2018, the food and beverage industry was able to show growth of 7.91% or surpassing the national economic growth of 5.17%. In fact, the development of manufacturing production growth on a large and medium scale in the fourth quarter of 2018 increased by 3.90 percent (y-on-y) compared to the fourth quarter of 2017, one of the factors was the increase in the production of the beverage manufacturing industry which reached 23, 44%.

The Minister of Industry inserts additional, Indonesian food and beverage
products which are widely known and have the potential for competitiveness in the global arena through the diversity of their types. The Minister of Industry added that Indonesian food and beverage products have been known to have competitiveness in the global arena through the diversity of their types. This is marked by the achievement of its export value of USD29.91 billion in 2018.

With this, the Minister of Industry (Minister of Industry) is optimistic that the national food and beverage industry will be able to make product innovation breakthroughs. In this way to meet and find out the tastes of consumers who are in demand at home and abroad. Moreover, with the application of industry 4.0 competition, the use of the latest and latest technology is described as being able to produce quality, good and competitive products in order to generate significant profits every year according to company needs.

According to Kasmir (2014: 250), "Working capital is the capital used to carry out all the company's operational activities". Working capital can be described as capital invested in short-term assets, such as cash, banks, securities, receivables, inventories, and other current assets. The efficiency of the application of working capital describes the company's ability to use existing working capital, so as to improve the development of the company. The use of good working capital is striving so that the existing working capital will be in accordance with the needs of the company's activities, which means that the available working capital will not experience excess or deficiency.

Good working capital, first measured from the components that exist in working capital. In handling working capital, three main components of working capital need to be considered, namely cash, accounts receivable and inventory. From all the components of working capital, the turnover can be calculated. The faster the turnover rate in each component of working capital, the working capital can be said to be very good and efficient.

But if the working capital turnover is slower, then the utilization of existing working capital in the company is not good and efficient. In this study, the components of working capital that will be discussed are cash and inventories.

Cash is one of the elements of working capital with the greatest level of liquidity. The higher the amount of cash owned by the company, the higher the level of liquidity. This means that the company has a smaller risk of not being able to meet its financial obligations. But that does not mean the company must maintain a very large amount of cash inventory, because the greater the cash will result in a lot of idle money so that it will reduce profitability. In addition to cash, the component of working capital in this study is inventory. Inventory or inventory as the main component of working capital is an asset that is also always in a state of rotation, which is constantly changing.

LITERATURE REVIEW
Influence
According to the Big Indonesian Dictionary (2005:849) "Influence is a power that exists or arises from something (person or object) that helps shape a person's character, character, beliefs or actions." Meanwhile, according to Surakhmad (2012: 01) influence is a force that arises from an object or person and also internal symptoms that can provide changes that can form trust or change. From this opinion, it can be concluded that influence has the meaning of resources that can shape or change something else. Thus, the research will examine how much power is generated by Working Capital Turnover, Cash Turnover, and Inventory Turnover on Profitability.

Working Capital
Working capital is needed to carry out all company activities. Working capital can be
interpreted as the capital used by the company to manage the funding of the company's operational activities, both in the long and short term.

According to Kasmir (2018: 250) understanding working capital is capital that is used for company operating activities. Working capital is defined as short-term investments invested in current assets or short-term assets, such as cash, banks, securities, receivables, inventories and other current assets. Working capital which means all current assets minus current liabilities, which is called net working capital.

**Cash Turnover**

According to Nina and Purnawati (2013) cash turnover is a change in the circulation of cash which is carried out when cash is invested and invested in a group of working capital until it becomes the cash as the basis for working capital with very large liquidity. According to Kasmir (2013) cash turnover serves to assess and describe the level of adequacy of working capital owned by the company which is intended for bill funding and sales. This means that this ratio is devoted to considering the level of cash availability in the ongoing process of billing funding and expenses related to sales.

If the company has a very high cash turnover ratio, this means that the company is unable to finance the available bills. Conversely, if the company has a very low cash turnover ratio, it can be described that the cash invested in assets is very difficult to liquidate in a fast time so that the company will work harder with a little cash remaining.

**Inventory Turnover**

Inventory turnover in the company shows the company's performance in its operational activities. According to Kasmir (2013: 180) inventory turnover is a ratio used to measure how many times the funds invested in this inventory rotate in one period. A type of efficiency ratio that proves how effectively inventory is managed by comparing the cost of goods sold (COGS) with the average inventory for a period.

According to I Made Sudana (2011: 22) the higher the level of available inventory turnover, the greater the possibility that the company will make a profit. On the other hand, if the inventory turnover rate is low, it is less likely that the company will make a profit.

**METHOD**

The research approach used in this research is to use the causality approach. Sugiyono (2017:8) that quantitative research is a research method based on the philosophy of positivism, used to examine certain samples and populations. The causality approach is an approach aimed at researching or identifying the nature of cause-and-effect relationships. This causality research can be carried out to describe the impact of specific changes on existing norms, various processes and others.

The type of data in this study is the type of quantitative data. Quantitative data is research using data in the form of numbers as a tool to find information about what you want to study. The data used in this study is documentary data where the data also shows research data which includes company annual report data, statistical data and capital market data from the IDX in the 2017-2019 period.

Sources of data appointed as a reference for researchers are secondary data sources which are the results of a study that are calculated, tested, and observed with the proportions of each researcher, for example the company's annual report, capital market data and statistical center data on food and beverage sector companies, beverages on the IDX in the 2017-2019 period.

**RESULTS**

The first hypothesis (H1) in this study is to conclude that the working capital turnover variable has an effect on probability. This is because the greater or higher the working capital turnover ratio, the better and the higher
the value in a company where the percentage that occurs in working capital management can result in the total sales of certain merchandise which can increase company profits and revenues. According to Kasmir (2010:224) working capital turnover can be interpreted as a comparison between sales of merchandise and the total number of current assets owned and obtained by a company in a certain period. The higher this ratio indicates the effectiveness in utilizing the available working capital to increase the profitability and development of the company. This study is in line with research conducted by Ni Wayan Yulianti (2013) which states that working capital turnover has a significant effect on profitability.

The first hypothesis (H2) in this study is to conclude that the cash turnover variable has no effect on profitability. This is because cash developments fluctuate every year. In addition, the existence of bad debts can also cause the company to cover losses from bad debts. The company also uses its cash to purchase raw materials. This results in cash turnover not generating profits in a short time.

According to Putri (2020) that cash turnover describes the ability of cash to generate income. So it can be seen from how often the cash rotates in one period. Various explanations of cash state that cash is the component of current assets that changes the most and the rate of rotation indicates whether the company has decreased or increased. The greater the value of cash in the company, the greater the level of company liquidity. The results of this study are supported by Hendro (2015) which states that cash turnover does not have a significant effect on probability. This research contrasts with research conducted by Hutami (2018), Astuti (2019) which states that inventory turnover has an effect on profitability.

The first hypothesis (H3) in this study is to conclude that the independent inventory turnover variable has no effect on profitability. This is because the high inventory turnover causes the embedded capital to be smaller, while the low inventory turnover rate causes the capital embedded in the inventory to be large, so the risk of loss from the accumulated inventory.

Inventory management is a difficult thing, where errors in determining inventory levels can be fatal, if not managed properly. The higher the inventory turnover rate, the more likely the company will make a profit, and vice versa, if the inventory turnover rate is low, the company is less likely to make a profit.

This study is in line with research conducted by Nawalani and Lestari (2015) that partial inventory turnover has no effect on profitability. Nawalani and Lestari (2015) stated that the slower the inventory turnover, the lower the cash received by the company. This can cause the company to have to bear the cost of maintenance, storage costs, and the cost of maintaining inventory in the warehouse. As well as reducing the occurrence of losses due to damage to inventory items. This study contradicts research conducted by Irman Deni (2014) and Hutami (2019) which states that inventory turnover has an effect on profitability.

CONCLUSSION

Based on the results of data analysis conducted on all food and beverage manufacturing companies listed on the IDX for the period 2017-2019 in the previous discussion, it can be concluded that: 1) In this study, it is concluded that the working capital turnover variable has an effect on probability. 2) In this study, it is concluded that the cash turnover variable has no effect on profitability. 3) In this study, it is concluded that the inventory turnover variable has no effect on profitability. And it can be explained partially that working capital turnover has a significant and significant effect on profitability with a level of 5%. While the cash turnover and inventory turnover variables have no effect on profitability.
The results in this study also show that the effect of the independent variables (capital turnover, cash turnover and inventory turnover) on profitability is 7.1% which can be seen in the previous table regarding the results of the coefficient of determination test.

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