



Analysis of Factors Affecting Profitability in Trading Sector Listed in Indonesia Stock Exchange

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ABSTRACT

This research aims to study the effect of inventory turnover, receivable turnover and capital working turnover on profitability in trading companies that listed c Indonesia Stock Exchange for period 2015-2019. This can be a consideration for th company to improve company's performance and also investors as one of the fact in making decision to invest. The population consisted of 27 companies with th sample technique used was purposive sampling. The sample in this study we companies that met the criteria, there were 8 companies with 40 data. The data collected using secondary data which is taken through the official websi www.idx.co.id and processed using SPSS application (Statistical Product ar Service Solution) version 25. Based on the results, simultaneous invento turnover, receivable turnover, and working capital turnover has an influence c profitability. Meanwhile, inventory turnover and capital working turnover partially c not have a significant effect on profitability of retail trading sub-sector tradir companies that listed on Indonesia Stock Exchange.

Keywords: Capital Working Turnover; Profitability; Receivable Turnover

1. Introduction

In this era of globalization, there are many companies that must have reliable and good management. In order to be able to carry out its operational activities carefully and neatly. Increasingly tight competition forces companies to develop even better and to take maximum profits. A company is said to be a good company, which has adequate financial conditions, low levels of accounts payable, and the value of receivables that are billed is also fast, so that companies can adjust their spending and budget more economically in order to achieve a common goal of making a profit. So that the welfare of shareholders and cash is used again to be used as working capital or activities company operations and generate profit or profit even higher. The explanation above is an important point to see whether it affects the profitability of a company. An agency that has a good reputation can certainly attract investors and potential investors to invest. Especially in an era of increasing economic development and increasing inflation as well. For example, the profitability (Return On Asset) of retail trading companies from the 2011-2014 period experienced fluctuations up and down respectively. In 2012 PT Catur Sentosa Adiprana was at 2.51%, in 2013 PT Catur Sentosa Adiprana decreased to 2.44%, then in 2014 it increased to 3.46%. When viewed as a whole, the retail trade sub-sector companies have fluctuated from 2012- 2014. When compared to 2015-2019, retail trading companies experienced a drastic decline. The profitability of PT Catur Sentosa Adiprana has become one percent in the last 5 years. In 2015, the Sentosa Adiprana Chess Company with the ticker code CSAP, profitability decreased to 1.22%, then increased in 2016 to 1.76%, decreasing again in 2017 to 1.73%. In 2018 it became 1.55% and finally in 2019 it was 1.04%. It can be concluded that retail trading companies tend to fluctuate up and down. Profitability tends to fluctuate and experience losses due to many factors, such as accumulated stock inventory, low sales levels, and unpaid or uncollectible receivables and others. (Jannah & Yuli, 2019) said that inventory turnover and accounts receivable turnover had a positive effect on profitability and together inventory turnover and accounts receivable turnover had a positive effect on the profitability of manufacturing companies listed on the Indonesia Stock Exchange for the period 2012-2017. Meanwhile (Kustinah & Indriawati, 2017) said that inventory turnover and accounts receivable turnover did not have a significant effect on profitability either simultaneously or partially. Meanwhile, according to (Mirah Sanjiwani & Suardana, 2019), cash turnover, accounts receivable turnover, inventory turnover, and working capital turnover have a significant effect on profitability. The purpose of this study is to see whether there is an effect between inventory turnover on profitability, the effect of accounts receivable turnover on profitability, working capital turnover on partial profitability. And inventory turnover, accounts receivable turnover, and working capital turnover to profitability simultaneously.

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Profitability is an effort made by every company agency to benefit through assets, sales and share capital in a certain period (M. Hanafi and Halim, 2016). The three ratios used are Net Profit Margin, Return On Assets, and Return On Equity. Each has its own calculation objective, namely to determine the profit gain based on the rate of return on income, assets and capital / equity. There are 3 categories of inventory, namely goods available for sale in trading activities, inventory in the production process for sale or in the form of equipment needed for the production process (M. Hanafi and Halim, 2016). Inventories are the most important current assets in a trading or manufacturing company. Especially in trading companies, inventory must always be available for sale, because inventory is the first and very important income. Because the main element of a trading company is having stock inventory that is available for sale. Turnover Receivables are assets in the form of contractual rights in receiving cash from other entities (Diana and Setiawati, 2017). Receivables arise due to the sale of goods and the purchase of goods on credit to the debtor / buyer which is usually given a period of 30 to 90 days, depending on the policy of the respective company. There are three types of receivables, namely trade receivables, notes receivables, and other accounts receivable. Usually, accounts receivable are mostly found in trading companies. Receivables are current assets that are very important in every company, so the company must take good policies and procedures for the debtor or the buyer for the continuity and smoothness of the company's finances. Accounts receivable turnover ratio is used to see the amount of funds issued and invested in receivables and to see how many times receivables can rotate in a period (Kustinah and Indriawati, 2017). Sales and working capital are the ratio of the amount of current assets to measure this ratio. A working capital is found by reducing current assets with short-term liabilities. If current assets are higher in value than short-term liabilities, then the company is said to be a liquid company. And working capital turnover will not be hampered and disturbed. Conversely, if current assets are lower in value than current liabilities, then the company is unable to pay its liabilities

2. Research Method

The basis of the research method is to obtain data from the types of methods with specific goals, results, and benefits. The method used is a quantitative approach. According to (Sugiyono, 2016) traditional, positivistic, scientific, and discovery methods can also be called quantitative methods. The object of this research is those listed on the Indonesian Stock Exchange in retail trading sub-sector companies, aiming to understand information about profitability. It consists of three independent variables, namely inventory turnover, accounts receivable turnover, and working capital turnover and the dependent variable, namely profitability. Generalization areas in which there are objects & subjects, each of which has causality & characteristics that the researcher takes to understand & draw conclusions (Sugiyono, 2016). The population consists of 27 trading companies in the retail trade sub-sector on the Indonesia Stock Exchange. The research technique used purposive sampling, namely taking several population criteria to be the sample.

According to (Sugiyono, 2016), the sample is a part of all the characteristics obtained through the population, there are 8 samples from 27 populations to be studied. The data that the researchers took was secondary data, where the source was not given to the researcher directly, but found through the official website www.idx.co.id for the period 2015-2010. This research uses SPSS (Statistical Program and Service Solution) version 25 application. This program can show a description of the characteristics in the form of descriptive statistical analysis, classical assumption test, multicollinearity test, heteroscedasticity test, autocorrelation test, hypothesis test, and determination coefficient test. So the data analysis method that researchers will use determines whether the independent variable has an influence and related to each other to the related variable. The study period was from September to February for 14 weeks. Starting from identifying problems, submitting titles, compiling chapters 1-3, collecting and processing data, as well as analyzing the results and discussion, then conclusions and suggestions are found.

3. Result and Discussion

Test Descriptive Statistic has a description and description such as average value, standard deviation, variant, maximum, minimum, sum, range, kurtosis and skewness (Ghozali, 2018).

Tabel 1. Hasil Uji Statistik Deskriptif

	N	Minimum	Maximum	Mean	Std. Deviation
Inventory_Turnover	40	2.04	8.97	50.243	202.072
Receivable_Turnover	40	5.91	199.77	604.250	5.458.197
Capital_Turnover	40	-21.03	34.00	61.578	1.110.831
ROA	40	-.0280	.1147	.039415	.0341820
Valid N (listwise)	40				

As above, it explains that Inventory Turnover or inventory turnover with 40 data has a minimum value of 2.04 and a maximum value of 8.97 with an average value of 5.0243 and a standard deviation of 2.02072. It can be concluded that the inventory turnover moves 5.0243 times per one period. The

variable Receivable Turnover or receivables turnover has a minimum value of 5.91 and a maximum value of 199.77 with an average value of 60.4250 and a standard deviation of 54.58197, it is stated that accounts receivable turnover moves 60.4250 times per one period. The Working Capital Turnover variable or working capital turnover has a minimum value of -21.03 and a maximum value of 34.00 with an average value of 6.1578 and a standard deviation of 11.10831, it is stated that the turnover of working capital z moves 6.1678 times one by one. period. The Return On Asset variable has a minimum value of -0.0280 and a maximum value of 0.1147 with an average value of 0.039415 and a standard deviation of 0.0341820, it is stated that the company uses assets to gain profit or moving profit 0.039415 times per one period. 4.1.2 Normality Test To see whether the regression model, confounding or residual variables have a normal distribution or not is the goal of the normality test (Ghozali, 2018). This study uses a test that can be seen through One-Sample K-S. Following are the test results using One-Sample K-S which can be concluded that the test data is normally distributed which has a sig value of $0.200 \geq 0.05$.

Tabel 2. Uji One-Sample K-S

One-Sample Kolmogorov-Smirnov Test		
N		40
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.02895885
Most Extreme Differences	Absolute	.087
	Positive	.068
	Negative	-.087
Test Statistic		.087
Asymp. Sig. (2-tailed)		.200 ^{c,d}

Multicollinearity Test

Test According to (Ghozali 2018: 107), this test is used to find whether there is a correlation or not between the independent and dependent variables. The absence of correlation between the independent variables means having a good regression model. To detect the presence of multicollinearity, namely by looking at the so-called test tool Variance Inflation Factor (VIF). The multicollinearity tolerance value ≤ 0.1 and the VIF value ≥ 10 , so to avoid multicollinearity is a tolerance value > 0.10 and a VIF value < 10 . The following is the multicollinearity test table result.

Tabel 3. Multicollinearity Test

Model	Coefficients ^a	
	Tolerance	VIF
Inventory_Turnover	.891	1.122
Receivable_Turnover	.844	1.185
Capital_Turnover	.941	1.062

The results above explain that the multicollinearity test results for the Inventory Turnover variable or inventory turnover have a tolerance value of $0.891 > 0.1$ and a VIF value of $1.122 < 10$, then it is said that there is no multicollinearity & there is no correlation between the independent variables in a regression of tolerance value receivable turnover. $0.844 > 0.1$ and a VIF value of $1.185 < 10$, meaning that there is no multicollinearity or no correlation between independent variables in a regression. The multicollinearity test results for the Working Capital Turnover variable or working capital turnover have a tolerance value of $0.941 > 0.1$ and a VIF value of $1.062 < 10$, so it is said that there is no multicollinearity or absence. correlation between independent variables. So it can be concluded that the three variables do not occur multicollinearity.

Heteroscedasticity Test

Test According to (Ghozali, 2018), this test is used to see whether or not a regression model occurs inequality from one observation to another. The heteroscedasticity test used in this study is the Glejser test. That is by seeing where if there is no heteroscedasticity then it must have a significant value > 0.05 . To clarify, researchers used the Glejser test. Following are the results of the Glejser test table:

Tabel 4. Glejser Test

(Constant)	.024	.010	2.423	.021
X1_Inventory_Turnover	-.002	.002	-.169	-1.018
X2_Receivable_Turnover	8,15E-02	.000	.244	1.426
X3_Capital_Turnover	9,02E-02	.000	.055	.339

The table above explains the Sig constant variable Profitability (ROA), inventory turnover, accounts receivable turnover, and working capital turnover have a value > 0.05, it can be stated that the data or regression model has no heteroscedasticity phenomenon.

F test

To find out simultaneously whether all independent variables have an influence with one dependent variable or vice versa is called the F test. If the analysis test shows the results of $f \leq 0.05$ and $f \text{ count} > f \text{ table}$, it means that it is known that the multiple linear regression equation is fit or correct. Conversely, if the f test shows the results of $f \geq 0.05$ and $f \text{ count} < f \text{ table}$, the multiple linear regression equation is not fit or not quite right.

		F test				
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	.013	3	.004	4.719	.007 ^b
1	Residual	.033	36	.001		
	Total	.046	39			

The table above explains the value of the research test using the F test which shows the value of f count 4.719 (f table df 1 = k - 1 and df 2 = n-k) with a probability of 0.05. Then $4,719 > 2,870$ (df 1 4-1 = 3 and df 2 40-4 = 36) and the value of Sig 0.007 < 0.05, it is concluded that the variables X1 (Inventory Turnover), X2 (Receivable Turnover), X3 (Working Capital Turnover) have an effect simultaneous to Variable Y (Profitability).

Determination Coefficient Test

This test is used to determine how much influence and the relationship between all variables X to variable Y. If the value is higher and approaches the number 1, the relationship and influence is getting stronger.

Determination Coefficient Test				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531 ^a	.282	.222	.0301413

According to the table above, the Adjusted R2 value shows 0.222 or in the form of a percentage of 22.2%. This explains that variable X which consists of 3 variables, namely Inventory Turnover, Receivable Turnover, and Working Capital Turnover (turnover of working capital) have a significant effect together of 22.2% on profitability. return on assets) and the remaining 77.8% in this study is influenced by other factors.

4. Conclusion

Based on the results of the analysis that have been tested and have been described in the chapter previously, the researchers got the conclusion: There is no partial effect between Inventory Turnover and Profitability (ROA), There is a partial influence between Receivable Turnover on Profitability (ROA). There is no partial influence between Working Capital Turnover on Profitability (ROA) and Inventory Turnover, Receivable Turnover and Working Capital Turnover have a simultaneous influence on Profitability (ROA).

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