THE EFFECT OF CASH TURNOVER, RECEIVABLES TURNOVER ON PROFITABILITY WITH LIQUIDITY AS INTERVENING VARIABLES (CASE STUDY ON RURAL BANKS (BPR) TANGERANG REGENCY 2016-2020)

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Abstrak

This study aims to examine and analyze the effect of cash turnover, accounts receivable turnover, on profitability with liquidity as an intervening variable. The sample of this research is Rural Banks (BPR) of Tangerang Regency which are registered with the Financial Services Authority (OJK) for the period 2016 to 2020. The data analysis technique uses multiple linear regression and path analysis. The results showed that simultaneously cash turnover, receivables turnover with liquidity as an intervening variable affected profitability. Partially, cash turnover and liquidity variables have a significant positive effect on liquidity, but receivables turnover does not have a significant positive effect on liquidity. Then partially cash turnover and receivables have a significant positive effect on profitability. Hypothesis testing using path analysis test that the current liquidity ratio (CR) functions as an intervening variable cannot mediate between the independent variables cash turnover and receivables turnover on profitability (ROA).

Kata Kunci: cash turnover, accounts receivable turnover, liquidity and, profitability

INTRODUCTION

Rural Banks have an important role in maintaining the economic level of the community because their existence needs more attention. Referring to Law no. 10 of 1998, BPR development cannot be separated from the critical success factors in providing services to the community, micro and small businesses (UMK), including simple service procedures that prioritize personal methods, flexibility, and customer credit models. Therefore, the existence of Rural Banks (BPR) is expected to be able to lead the funding of small and micro businesses and cover all circles of society.

Rural Banks (BPR) are dedicated to helping the community raise funds for development to improve people's economic efforts. Usually, this goal is achieved to achieve the highest profit and maintain business continuity, as well as increase the profits of investors. BPR is also needed to make short-term cost policies, which also involve working capital to meet the interests of the type of business. (Putra, 2012).

The role of the BPR in Tangerang Regency is based on the aims and objectives of the Tangerang Regency in the 2019 regional PERDA: The purpose and objectives of the Tangerang Regency Regional Regulation based on the 2019 Tangerang Regional Regulation, namely the establishment of BPR (1) to encourage economic growth and fair distribution, development and stability of the people, improve human welfare in a sustainably and sustainably manner and, become a source of local initial income. (2) The purpose of making operating room is: a. Provide benefits for regional economic development; b. Improving public access to financial services; c. Encouraging efficient, effective and, efficient financing of small and micro-businesses by flowing per under legal requirements; d. Formulate good corporate governance policies; e. Generate profit or profit.

Various proxies can be used in assessing profitability, such as the use of return on assets (ROA) and return on equity (ROE). With this ratio, it can be assessed how high profitability can
support business activities as well as possible. Many elements can affect profitability, including working capital and liquidity. In carrying out business activities, each company requires potential resources, including the capital, including cash and other working capital and, fixed assets such as fixed capital receivables. Capital is an important problem in supporting the company’s operating activities to achieve goals (Bramasto, 2008). The second factor is to see whether the company has liquidity by compiling a liquidity balance or a liquidity list, then calculating the liquidity ratio, namely total current assets divided by current liabilities. If the liquidity ratio is at least 2:1 or 200%, it can be said that the company is liquid (able to pay debts), (Bambang Riyanto 2010).

Theory Study and Hypotheses Development

Profitability

Profitability is an organizational skill in generating related profits through sales, total assets, and own capital. Therefore, long-term investors will be very interested in this kind of profitability analysis, for example, investors will pay attention to the actual profit obtained in the form of dividends. The profitability ratio is a measure that evaluates the profitability of a company that provides a basis for assessing whether the company has been managed effectively. This can be seen from the profit earned through sales and investment income. This ratio is used to show the company's efficiency (Kasmir, 2014).

The study of Anita et al. (2003) suggests that the level of profitability is used to analyze the level of bankability in creating returns on the amount of capital and assets owned so that the profitability of the bank can be measured.

\[ ROA = \frac{EAT}{Total\ Assets} \times 100\% \]

Cash Turnover

The cash turnover rate is the cash cycle, starting from cash invested in working capital to cashback. According to Finger (1994), cash is one of the elements of working capital that has the highest liquidity, meaning that the more cash a company has, the lower its turnover rate will be. This situation illustrates the existence of cash over-investment, showing that the company is not efficient in utilizing its cash. Likewise, if the cash turnover rate is high, the value in the company is relatively small (Putra, 2012).

Riyanto (2010) defines the cash turnover rate as the ratio between sales and the average amount of cash.

\[ Cash\ Turnover = \frac{Interest\ Income}{Cash\ Average} \]

Accounts Receivable Turnover

Santoso (2006: 199) argues that receivables are all forms of bills to other parties or company bills, and the payment can be made in the form of currency, goods, or services. For accounting purposes, the definition of receivables is all bills paid in currency. Accounts receivable usually arise from the company's main business activity, namely selling goods or services on a non-cash basis, and is called trade receivables. In some cases, this type of receivables is sometimes accompanied by an unconditional written commitment to pay a certain amount at a certain time (unconditional promissory note), which is called a billing statement or invoice.

To achieve this goal, it is necessary to build an appropriate internal control system for receivables. Therefore, according to Syamsuddin (2004:49), the receivable turnover rate is calculated as credit sales divided by average credit. to achieve this goal, it is necessary to build an appropriate internal control system for receivables. So according to Syamsuddin (2004:49), the receivables turnover rate is calculated as:

\[ Accounts\ Receivable\ Turnover = \frac{Credit\ Distribution}{Average\ Account\ Receivable} \]
Liquidity

The company's liquidity shows its ability to pay off short-term financial obligations without exceeding the time limit. The liquidity of a company is expressed by the size of its current assets, namely assets that can be easily converted into cash, including cash, securities, receivables, and inventories. Liquidity ratio analysis is a financial analysis related to the company's skills to pay off its debts or obligations. Fred Weston explained by Kasmir (2014) suggests that the liquidity ratio is a ratio that describes the company's ability to fulfill its short-term obligations (debt). This means that if the company is billed, the company will be able to pay off debts, especially those that are due.

Measurement of the liquidity ratio provides considerable benefits for stakeholders in the company. The parties who have the highest interest are the owners and management of the company to measure its capabilities. Furthermore, the company's external parties also have interests, for example, creditors or company fund providers, such as banks. Or a distributor or supplier who distributes or sells goods in installments to the company. This ratio is used in analyzing the company's ability to pay off short-term debt or debt due soon. The general standard of the industry average is at least 200% (2:1) or 2 times, meaning that with this ratio the company has assumed that it is in a safe position in the short term. Kasmir, (2014).

\[
\text{Current Ratio} = \frac{\text{Current Ratio}}{\text{Short term liabilities}} \times 100\%
\]

Bank Financial Report

According to the Indonesian Institute of Accountants (2007), in PSAK No. 31 concerning Banking Accounting, bank financial statements consist of (1) a statement of financial position (balance sheet) presenting assets and liabilities in the balance sheet based on their characteristics and arranged in order of liquidity. (2) the income statement of the bank's income statement presents in detail the elements of income and expenses and distinguishes between the elements of income and expenses originating from operational and non-operational activities. (3) cash flow statement must report cash flows during a certain period and are classified according to operating, investing, and financing activities. (4) the statement of changes in equity, the statement of changes in equity presents the increase and decrease in net assets or assets of the bank during the period concerned based on certain measurement principles adopted and must be disclosed in the financial reporting process. (4) notes to financial statements notes to financial statements must be presented systematically.

METHOD

Framework

The model used by the researcher is a temporary explanation of the symptoms that are the subject of the problem, the symptoms are about the simultaneous relationship between independent variables and intervention variables and the dependent variable is compiled from various theories explained (Sugiono, 2010).

![Framework Model](https://doi.org/10.37010/jdc.v4i1.1260)
Research Design

This study uses a causal type quantitative method to collect and process quantitative data from research variables.

The research variables discussed include the level of cash turnover and the level of receivables turnover as independent variables, while the dependent variable uses the return on assets (ROA) proxy, and liquidity is proxied by the current ratio (CR). Through the selection of the explanatory causality method, the researcher looks for a causal relationship between two types of variables, with the level of dividend payments as an intermediary. Thus, multiple path regression analysis is needed, known as path analysis.

The data collection technique in this study chose a secondary data source, namely the audited financial statements of the Tangerang Regency BPR which were registered with Bank Indonesia. The population of this study is Rural Banks (BPR) in Tangerang Regency for the 2016-2020 period, totaling 25 BPR. The sample of this study is 25 financial statements of BPRs in Tangerang Regency, but there are delisting categories of 8 BPRs that do not meet the criteria for financial statements and which can be researched or listing 17 BPRs with an observation time of 5 periods so that 85 units of observation are obtained.

<table>
<thead>
<tr>
<th>Table 1. Variable Operational Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Name</td>
</tr>
<tr>
<td>Dependent: Profitability (ROA)</td>
</tr>
<tr>
<td>Independent: Cash Turnover</td>
</tr>
<tr>
<td>Accounts Receivable Turnover</td>
</tr>
<tr>
<td>Intervention: Liquidity (CR)</td>
</tr>
</tbody>
</table>

RESULTS AND DISCUSSION

Results

Overview of Research Objects

In this study, the objects are 17 Tangerang Regency BPRS registered with the Financial Services Authority in 2016-2020.

Descriptive Statistics Results

Return On Assets (ROA) in general, the lowest minimum value is -0.070, the maximum value is 0.1264. The average value of the return on asset (ROA) ratio is 0.015 or 1.5%. It can be concluded that statistically, the ROA of Rural Banks in Tangerang Regency during the 2016-2020 period was at 1.5%.

In general, the minimum value of cash turnover is 1 and the maximum value is 212. The average value of the cash turnover rate is 58 times.

In general, Accounts Receivable Turnover has the lowest minimum value of 0.338 and the maximum value of 1.999. The average value of the receivables turnover rate is 1.04. So it can be concluded that statistically, the turnover rate of Rural Bank Receivables in Tangerang Regency during the 2016-2020 period can collect its receivables properly.

The Current Ratio (CR) is generally the lowest minimum value of 28.4 and the maximum value of 183. The average value of the current ratio (CR) level is 86.8 with a standard deviation of 38.1.
Table 2. Descriptive Statistical Results

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>85</td>
<td>-0.07027</td>
<td>0.126409</td>
<td>0.015188</td>
<td>0.034325</td>
</tr>
<tr>
<td>Cash Turnover</td>
<td>85</td>
<td>1</td>
<td>212.4598</td>
<td>58.42968</td>
<td>47.13077</td>
</tr>
<tr>
<td>Accounts Receivable Turnover</td>
<td>85</td>
<td>0.33821</td>
<td>1.99983</td>
<td>1.043352</td>
<td>0.278937</td>
</tr>
<tr>
<td>CR</td>
<td>85</td>
<td>28.4544</td>
<td>183.1001</td>
<td>86.83081</td>
<td>38.17046</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data Normality Test Results

Table 3. Results of Kolmogorof Smirnov. One-Sample Normality Test

<table>
<thead>
<tr>
<th>Kolmogorov-Smirnov One-Sample Test</th>
<th>Kolmogorov-Smirnov Z</th>
<th>Asymp. Sig. (2-tailed)</th>
</tr>
</thead>
</table>

The results of the normality test in the table above show the Asymp sig value of 0.305> 0.05, which means that the data is normally distributed and can be carried out further analysis.

Table 4. Hypothesis Test Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Keterangan</th>
<th>Hasil</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>Cash Turnover, Accounts Receivable Turnover Influence on profitability with Liquidity as an intervening variable simultaneously.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₂</td>
<td>Cash Turnover partially affects liquidity</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₃</td>
<td>Accounts Receivable Turnover partially affects liquidity</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₄</td>
<td>Liquidity partially affects profitability</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₅</td>
<td>Cash Turnover partially affects profitability</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₆</td>
<td>Accounts Receivable Turnover partially affects Profitability</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

From the results of the table above, it can be concluded that the results of hypothesis testing are as follows:

H 1: Positive Effect of Cash Turnover, Accounts Receivable Turnover on Profitability with liquidity as an intervening variable simultaneously. From the test results table, above has a sig value of 0.00 less than 0.05 or 0.000 < 0.05, the F test results show that cash turnover, receivables turnover with liquidity as an intervening variable is a proper and appropriate regression model in which the results of all The independent variable has a simultaneous impact on the profitability variable as proxied by ROA. Then hypothesis 1 is accepted. Cash turnover, receivables turnover with liquidity as an intervening variable has a simultaneous positive effect on profitability.

H 2: Positive effect of cash turnover on liquidity. H2: the cash turnover variable has a significance value of 0.015, which means it is smaller than 0.05 or 0.015 < 0.05 and a B value of 0.268, so hypothesis 2 is accepted. This study shows that there is a positive and significant impact of cash turnover on liquidity.

H 3: The positive effect of receivables turnover on liquidity. H3: the receivables turnover variable has a significance value of 0.132, which means it is greater than 0.05 or 0.132 > 0.05 and has a B value of 0.165, so hypothesis 3 is rejected. This study shows that there is no positive impact of receivables turnover on liquidity.

H 4: The positive effect of liquidity on profitability. H4: the liquidity variable has a significance value of 0.000, which means less than 0.05 or 0.000 < 0.05 and a B value of 0.544, so hypothesis 4 is accepted. This study shows that there is a positive and significant impact of liquidity on profitability.

H 5: The positive effect of cash turnover on profitability. H5: the cash turnover variable has a significance value of 0.000 which means less than 0.05 or 0.000 < 0.05 and a B value of 0.411, so hypothesis 5 is accepted. This study shows that there is a positive and significant impact of cash turnover on profitability.
H 6: The positive effect of receivables turnover on profitability. H6: the receivables turnover variable has a significance value of 0.035, which means it is smaller than 0.05 or 0.035 <0.05 and a B value of 0.213, so hypothesis 6 is accepted. This study shows that there is a positive influence of receivables turnover on profitability.

**Path Analysis**

![Path Analysis Diagram](image)

**Table 5. Indirect Effect Computing**

<table>
<thead>
<tr>
<th>Direct influence</th>
<th>Indirect influence</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Turnover</td>
<td>0.411</td>
<td>CR-ROA 0.54 X1-CR 0.268 0.14579</td>
</tr>
<tr>
<td>Accounts Receivable Turnover</td>
<td>0.213</td>
<td>CR-ROA 0.54 X2-CR 0.165 0.08976 does not mediate</td>
</tr>
<tr>
<td>Total</td>
<td>0.624</td>
<td>0.235</td>
</tr>
</tbody>
</table>

The direct effect of the cash turnover variable on profitability has a value of 0.411 while the indirect effect of the cash turnover variable on profitability has a value of 0.145. The value of the direct cash turnover variable on profitability is greater than the indirect value, so the liquidity variable cannot mediate the cash turnover variable on profitability.

The direct influence of the receivables turnover variable on profitability has a value of 0.213 while the indirect effect of the receivables turnover variable on profitability has a value of 0.165. The value of the direct influence of the receivables turnover variable on profitability is greater than the indirect value so that the liquidity variable cannot mediate the receivables turnover variable on profitability.

**Discussion**

**H1: Cash Turnover, Accounts Receivable Turnover affect Profitability with Liquidity as an Intervening variable.**

Statistical testing shows cash turnover, receivables turnover on profitability sig value of 0.00 from 0.05 or 0.00 < 0.05 then the F test results show that cash turnover, accounts receivable turnover is a proper and appropriate regression model where the results of all variables The independent has a simultaneous influence on the profitability variable which is proxied by ROA. The results of this study are in line with the research of Pratama (2013), Nina Sufiana (2013), I Wayan Suteja Putra (2013), Octavia (2011), Elwiyana Syafira (2011). The theory used to support this research is the theory of financial statement analysis using financial ratio analysis to assess and provide information about the company's financial condition.
H2: Cash Turnover has a Positive Effect on Liquidity
Statistical testing shows that cash turnover has a significance value of 0.015, which means it is smaller than 0.05 or 0.015 < 0.05 and a B value of 0.268, so hypothesis 2 is accepted. It can be concluded statistically at the 95 percent confidence level there is a positive effect of cash turnover on liquidity. The results of this study are in line with previous research conducted by Lolyta Permata (2011); Rahmat Hidayat (2018); Isnawati (2017); Juliana & Handra (2020) from the four previous studies stated that cash turnover has a significant and positive effect on liquidity. The theory that can support the results of this study is the theory that there is a cash turnover where the higher the cash turnover rate, the better, because the higher the level of efficiency in the use of cash. And thus, the liquidity of a company can be maintained because the company can meet its short-term obligations that have matured. So that cash turnover influences profitability Riyanto (2010).

H3: Accounts Receivable Turnover does not affect Liquidity
Statistical testing shows that receivables turnover has a significance value of 0.132 which means it is greater than 0.05 or 0.132 > 0.05 and a B value of 0.165, so hypothesis 3 is rejected. This study shows that there is no positive effect of receivables turnover on liquidity. The results of this study contradict the results of previous research conducted by Rahmat Hidayat (2018), Juliana & Handra (2020) which states that receivables turnover has a significant influence on liquidity levels. The theory that can support the results of this study is the theory that there is a turnover of accounts receivable where accounts receivable is one of the most important elements in current assets because it requires one more stage to be converted into cash.

H4: Liquidity Affects Profitability
Statistical testing shows that liquidity has a significance value of 0.000 which means it is smaller than 0.05 or 0.000 < 0.05 and a B value of 0.544, so hypothesis 4 is accepted. This study shows that there is a positive and significant effect of liquidity on profitability. The results of this study are in line with research by Anis Fadilah (2017), Ibrahim (2017), Shireen Mahmoud (2019), Sujan Chadra (2019) which states that there is a significant effect of liquidity on profitability. The theory that can support the results of this study is the theory of liquidity where the company shows the ability to pay short-term financial obligations on time. The company’s liquidity is indicated by the size of current assets, namely assets that are easy to convert into cash which includes cash, marketable securities, receivables and, inventories. Liquidity ratio analysis is a financial analysis related to the company’s ability to pay debts or obligations. Cashmere (2014).

H5: Cash Turnover Affects Profitability
Statistical testing shows that cash turnover has a significance value of 0.000 which means it is smaller than 0.05 or 0.000 < 0.05 and a B value of 0.411, so hypothesis 5 is accepted. This study shows that there is a positive and significant effect of cash turnover on profitability. The results of this study are in line with the research of Pratama (2013), Nina Sufiana (2013), I Wayan Suteja Putra (2013), Octavia (2011), Elwiyana Syafira (2011) in their research that the cash turnover rate variable affects profitability as proxied by ROA.

H6: Accounts Receivable Turnover Affects Profitability
Statistical testing shows receivable turnover has a significance value of 0.035, which means it is smaller than 0.05 or 0.035 < 0.05 and a B value of 0.213, then hypothesis 6 is accepted. This study shows that there is a positive influence of receivables turnover on profitability. The results of this study are in line with research conducted by Nina Sufiana (2013), Yuli Nopiana (2015), I Wayan Suteja Putra (2013), Octavia (2011), Elwiyana Syafira (2011) that accounts receivable turnover significantly affects profitability.

Research Findings
From the results of the study, it was found that there was a significant contribution of cash turnover on profitability, showing the greater the amount of cash revolving indicates the smoother it is, meaning that the cash used has been allocated efficiently so that the implications for the greater the profit obtained. Then receivables turnover contributes a significant influence on profitability, meaning that large amounts of receivables turnover can increase profitability due to the decrease in
uncollectibles from the number of receivables. Together, cash turnover and accounts receivable turnover contributed significantly to profitability. These results make it clear that the speed of cash turnover and receivables turnover greatly affects the level of bank profitability because the faster money returns to cash from cash outflows the base on loans or transactions that have been made, the higher the speed of cash turnover, which has implications for more high profitability of the bank. The level of cash turnover and receivables turnover as well as bank profitability can be information about the condition and description of the effectiveness and efficiency of cash use and receivable management by bank management as well as financial health and the bank's ability to generate profits.

CONCLUSIONS

Referring to the results of the analysis and explanations that have been presented in the previous chapter, it can be concluded, among others:
1. Cash Turnover, Accounts Receivable Turnover has a positive effect on Profitability with Liquidity as an Intervening variable.
2. Cash turnover affects liquidity.
3. Accounts receivable turnover does not affect liquidity.
4. Liquidity has a positive effect on profitability.
5. Cash turnover affects profitability.
6. Accounts receivable turnover has a positive effect on profitability

Suggestions refer to studies that have been carried out, along with suggestions that will be useful for thesis readers, subsequent writers, and users of financial statements. The suggestions are:
1. For banking companies, it is advisable to analyze financial conditions by using to detect the possibility of bankruptcy to ensure that the fulfillment of financial ratios is not only to meet regulatory requirements by using financial ratios of liquidity, solvency, profitability to obtain maximum results which can then be used for processing decision-making.
2. To increase the profitability of Rural Banks (BPR) it is better if the management of Rural Banks (BPR) maintains and increases the growth of the number of credit customers owned in such a way as to manage the number of credit customers a healthy and effective manner and by maintaining and increasing the growth in the number of credit customers, as a good source of interest income, the profitability of Rural Banks (BPR) will be able to be increased by achieving high profits.
3. For further research, it is recommended to add a sample of other financial companies, and it is hoped that other variables can be added to measure the financial performance of other banks.

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