The Influence of Accounts Receivable Turnover, Current Ratio, Credit Growth on Profit at Savings and Loans Cooperatives in Buleleng District

Wayan Cipta[1,*] I Wayan Bagia[2,] Rahutama Atidira[3]

[1,2,3] *Management Department, Universitas Pendidikan Ganesha, Singaraja, Indonesia*
[*]Corresponding author. Email: wayan.cipta@undiksha.ac.id

ABSTRACT

This study aims to examine the effect of: accounts receivable turnover, current ratio, and credit growth on profit simultaneously and partially. The research subjects were Savings and Loans Cooperatives in Buleleng District, while the objects were accounts receivable turnover, current ratio, credit growth and profit (residual income). Data were collected by recording documents, and analysed using multiple linear regression analysis. The results showed that: (1) accounts receivable turnover, current ratio, and credit growth simultaneously had no significant effect on profits at Savings and Loans Cooperatives in Buleleng District with a contribution of 0.164 (16.4%). Meanwhile, the remaining 0.836 (83.6%) was influenced by other variables that were not examined, such as third-party funds, operating costs, operating income, bad debts, and interest rates. (2) The turnover of accounts receivable partially has a negative and insignificant effect on profits of 0.021 (2.10%) in the Savings and Loans Cooperative in Buleleng District. (3) the current ratio partially has a positive and insignificant effect on profits of 0.034 (3.40%) in the Savings and Loans Cooperative in Buleleng District. (4) partial credit growth has a significant negative effect on profits of 0.122 (12.2%) in the Savings and Loans Cooperative in Buleleng District.

Keywords: Accounts receivable turnover, Credit growth, Current ratio, Profits.

1. INTRODUCTION

Every organization, whether managed by the government through State-Owned Enterprises (BUMN) or cooperatives, always has the goal of making capital owners and members prosperous. In the sense that the manager will try to improve the welfare of investors as owners of capital. Likewise, in cooperatives, the manager (management, manager and supervisor) also tries to make sure that their members get welfare. Cooperatives as a business entity are expected to be able to participate in economic activities in Indonesia. Reference [1] states that a cooperative is a business entity whose members are based on activities based on the cooperative principle as well as a people's economic movement based on the principle of kinship. Cooperatives have a very important role in community life. Cooperatives in carrying out their activities are based on principles such as membership is open and voluntary, the cooperative management process must be carried out democratically, the distribution of cooperative profits (residual income/SHU) must

promote a sense of justice according to the performance of each member, and the provision of remuneration to members according to the member's capital.

Cooperatives consist of various types, one of which is the Savings and Loans Cooperative (KSP). Savings and Loans Cooperative is a cooperative that serves the activities of borrowing and saving money for members [1]. The Savings and Loans Cooperative has a function, namely accepting savings from members and providing loans to members. In the Savings and Loans Cooperative in Buleleng District, it always has the goal of making its members prosperous. Profits or SHU obtained will later be distributed to each member in the form of capital services and business services, the amount of which is not the same between one member and another. Capital services distributed are based on the amount of principal savings and mandatory savings of each member. Meanwhile, business services distributed to members depend on the number of purchases made by members to the cooperative. In savings and loan cooperatives, business services are

provided based on the amount of interest paid by members to the cooperative.

The cooperative will try to earn a profit in an effort to maintain the existence or continuity of the business in the future. If the cooperative is able to earn a profit, the cooperative's business in the future will run smoothly. Conversely, if the cooperative is unable to earn a profit, the cooperative's business will be hampered, and will have an impact on the failure of the cooperative's business in the following year. Cooperatives in an effort to earn profits while still providing welfare for their members, such as providing low interest, or selling good quality goods at competitive prices.

Profitability is the ability of a business entity to make a profit or profit [2]. A business entity making a profit means that the total amount of revenue is greater than the total cost. Profits are influenced by several factors, including: operating costs and operating income which indicate the level of efficiency, company liquidity which shows the ability to pay obligations to third parties, the level of accounts receivable turnover which describes the activity ratio, growth in company sales or credit growth in savings and loan cooperatives and other variables.

Accounts receivable turnover can measure how long it takes for accounts receivable to be converted into cash. Reference [3] states that accounts receivable turnover is a ratio that shows the length of time to convert receivables into cash. Receivables held will have a close relationship with the volume of credit sales or the amount of credit extended to customers. Accounts receivable is an element of working capital that is always in a rotating state, in the sense that receivables will be collectible at a certain time. Accounts receivable turnover period depends on the length of the short term that is implied as credit payment. But on the other hand, credit payment terms can affect the rate of turnover of accounts receivable. The faster the accounts receivable turnover, the capital can be used efficiently. Accounts receivable turnover is high, the condition of existing capital will be higher and the company is said to be liquid. If the accounts receivable turnover is low, the capital condition will also be low so that it is said to be illiquid or illiquid [4]. The maturity schedule will direct a cooperative to be even better. Accounts receivable turnover can be calculated by dividing net credit sales by the average balance of accounts receivable. Reference [5] states that the faster the accounts receivable rotates, the faster and more efficient it is in turning around the assets in the sense that the opportunity to make a profit is greater.

Current ratio is a term used to denote the stock of cash and other current assets that can easily be turned into cash. A company is considered liquid if it has cash or other liquid assets and is accompanied by the ability to quickly increase the amount of funds from other sources. In addition, the current ratio is said to be an adequate buffer to meet any sudden cash needs. Reference [6] states that the current ratio is a description of a company's ability to meet its short-term obligations smoothly and on time. Companies are said to have strong finances if they are able to fulfil their obligations on time, maintain sufficient working capital for normal operations, pay the required interest, and maintain a favourable credit level [7]. The reason for measuring the current ratio is very important in the analyse of its business continuity; because a lack of current ratio can cause delays in payment of interest and principal, resulting in loss of owner control or loss of capital investment.

Credit growth is a description of the development rate of the volume of credit extended to third parties in a certain period. Credit growth is mentioned as an internal factor that plays an important role in increasing profits. Credit activity is an effort to increase profits in a savings and loan cooperative. Credit growth is the level of development in the volume of credit extended to third parties within a certain period. If there is credit growth with a note that there is no bad credit, then the profit generated is in accordance with the growth that occurs. If credit growth goes according to purpose, the resulting profit is as expected.

This research was conducted at the Savings and Loans Cooperative in Buleleng District. The choice of the Savings and Loans Cooperative is because the Savings and Loans Cooperative has a function as a cooperative to lend funds and receive funds from its members. Savings and Loans Cooperatives make it easy for their members to obtain business capital, because the requirements for borrowing funds in Savings and Loans Cooperatives are relatively easier compared to other financial institutions. The level of profit can be said to be optimal if the level of activity ratio and current ratio are running optimally.

There has been a decrease in accounts receivable turnover at several Savings and Loans Cooperatives in Buleleng Subdistrict because the collection of accounts receivable is not optimal and is not in accordance with a predetermined time period. There has been an increase in the current ratio in several Savings and Loans Cooperatives in Buleleng District, which illustrates that the Savings and Loans Cooperative is capable of meeting short-term obligations. There has been an increase in credit growth at several Savings and Loans Cooperatives in Buleleng District, which illustrates that the Savings and Loans Cooperative is capable of fulfilling long-term obligations. There has been an increase in the leverage ratio in several Savings and Loans Cooperatives in Buleleng District, which illustrates that the Savings and Loans Cooperative is capable of fulfilling long-term obligations. There has been a decrease in profits in several Savings and Loans

Cooperatives in Buleleng District which illustrates that the Savings and Loans Cooperative is not optimal in generating and increasing profits.

2. LITERATURE REVIEW

2.1. Profitability

Profitability ratios are ratios to assess a company's ability to find profits. This ratio also provides a measure of the effectiveness of a company's management. Profitability is very important for the development of the company because with the profitability of all activities, operations and all other activities can run well, high levels of profitability. The high level of profitability a company can pay short-term and long-term debt in a timely manner [8],[9],[10],[11] and [12].

Reference [2] states that profit is a ratio used to measure a company's ability to seek profit. This ratio provides a measure of the level of management effectiveness of a company. Generating profit in a company is very important, because sufficient profit can affect the company's operational activities. In a cooperative, profit is very important to carry out its activities optimally. Profit in the cooperative is called the remaining operating results (SHU) which is calculated at the end of the year. Profit in a cooperative is determined by the participation or transactions made by its members. Reference [13] states that profit is the company's ability to earn profits or describes a measure of the effectiveness of company management. Companies that make a profit show that the amount of revenue earned is greater than the costs incurred.

Reference [2] states that each type of profit is used as a measuring tool in assessing the company's financial position. As for the types of profit, the first is profit margin on sales, which is the ratio used to measure the profit margin on sales. Profit Margin on Sales can be calculated by comparing net profit after tax with net sales. Second, namely Return on Asset (ROA) is the ratio used to compare earnings to assets. ROA can be calculated by comparing the amount of profit generated from the total assets owned. Third, namely Return on Equity (ROE) is a ratio used to measure net profit after tax with own capital. This ratio can show the efficient use of own capital. ROE can be calculated by comparing income after interest and tax with equity. The fourth is Earnings Per Share, which is the ratio used to measure the success of financial management in obtaining benefits for shareholders. Earnings Per Share can be calculated by comparing the earnings of ordinary shares with ordinary shares outstanding.

The measure that is often used in profit is ROA. The reason for using ROA is that ROA can measure the company's ability to generate profits in the past and are predicted for the future. ROA is used to evaluate management performance. Using ROA can analyse the efficiency of the actions taken by the division by allocating all the costs and capital that exist into the relevant section. Reference [2] states that ROA can be calculated by comparing profit after tax with total assets.

In this study, the profit obtained in the savings and loan cooperative uses the natural logarithm of profit or remaining business results (Ln Profit).

2.2. Accounts receivable turnover

Accounts receivable turnover is a ratio that shows the length of time to convert receivables into cash [3]. Accounts receivable turnover by dividing the amount of net credit sales by the average balance of accounts receivable. Receivables owned by the company have a close relationship with the volume of credit sales. Reference [2] states that accounts receivable turnover is a ratio used to measure how long it takes to collect accounts receivable during a period, or how many times the funds invested in these accounts rotate in one period. Accounts receivable turnover for the company is very important because to know the condition of the receivable's turnover in the company. Accounts receivable turnover is the period when receivables are tied from the occurrence of receivables until they can be collected in cash and finally can be bought back into inventory and sold on credit to become receivables back [14]. Some of the receivables policies that need to be taken are screening customers and increasing the receivables turnover rate. Apart from being due to the sale of goods or services on credit, receivables can also arise due to loans made by internal or external parties to a company [15].

In accounts receivable turnover, it is said that the faster the turnover of accounts receivable, the more effective the company is in managing its receivables. Reference [16] states that receivables are company claims for money, goods or services to other parties due to past transactions. Accounts receivable turnover is the ratio used to measure how long it takes to collect accounts receivable during a period or how many times the funds are invested in accounts receivable during a period or how many times the funds are invested in rotating receivables in one period. Accounts receivable turnover is very important for the company, because the higher the accounts receivable turnover, the more receivables that can be collected by the company. This results in small uncollectible accounts. In addition, with the existence of accounts receivable turnover, it can be seen how the performance of the marketing department in finding customers who have the potential to buy or pay their receivables. Accounts receivable turnover is considered to have a relationship with the company's terms of sale. In savings and loan cooperatives, receivables occur from funds lent or credit extended to

customers or members of the cooperative. The smoother the credit payment or the smaller the bad credit, the higher the accounts receivable turnover rate.

Based on the opinion of experts, it can be concluded that the accounts receivable turnover is a calculation of the related time of converting receivables into cash. With the faster turnover of accounts receivable, it will affect the company's finances, because if the turnover of accounts receivable is higher, the working capital will be higher so that the company is said to be liquid. Accounts receivable turnover is a form of investment made by the company. If the receivables turnover is managed efficiently and effectively by the company, it will generate profits. The faster the accounts receivable turnover, the faster credit sales can return to cash [17].

2.3. Current Ratio

Current ratio is a term used to denote the stock of cash and other assets that can easily be turned into cash. The current ratio shows the ratio that serves to show or measure the company's ability to meet its short-term maturity, be it liabilities to parties outside the company or within the company that will affect the company's profits, in other words that the use of this ratio is to determine the ability companies in financing and fulfilling their short-term obligations when they are collected in a profit [2]. The current ratio is a description of the company's ability to fulfil its short-term obligations smoothly and on time [6]. The company is said to have a strong financial position if it is able to fulfil its obligations on time, maintain working capital properly, and pay interest on time [7].

2.4. Credit Growth

Credit growth is a description of the level of development in the volume of credit extended to third parties that can increase profits and improve the company's financial performance. Credit is the main source of income and is expected to have a positive impact on generated profits. Credit growth is one of the factors that affect the profit of a business. Credit growth is the level of development in the volume of credit extended to third parties within a certain period.

3. METHOD

Table 1. Results of Multicollinearity

No	Variabel Bebas	Tolerance	VIF
1	Account Receivable Turnover	0,775	1,290
2	Current Ratio	0,777	1,288
3	Credit Growth	0,935	1,070

This study uses a causal quantitative research design, namely to determine the causal relationship of two or more variables. Reference [18] that quantitative

causal is research that looks for a causal relationship between independent variables and the dependent variable. Causal quantitative research has stages, namely (1) formulating problems, (2) theoretical basis, (3) conducting research, (4) collecting data and analysing data, (5) compiling reports and concluding.

The type of data used in this research is quantitative data, namely data that can be calculated or in the form of numbers. Meanwhile, the data source used in this study is secondary data, namely data obtained through the 2019 Annual Report of the Buleleng Savings and Loan Cooperative.

The population in this study was the Savings and Loans Cooperative in Buleleng District which submitted an Annual Report to the Office of Cooperatives and SMEs in Buleleng Regency, and had data on accounts receivable turnover, current ratio, credit growth and profit in 2019. The total population in this study was 37 savings and loan cooperatives. The data analyse method used in this research is multiple linear regression analyse. Linearity in multiple regression must be assumed, because if it is not linear then the results can be misleading. This multiple linear regression analyse is used to determine the effect of accounts receivable turnover, current ratio, and credit growth at Savings and Loans Cooperatives in Buleleng District. In multiple linear regression analyse assisted by using SPSS version 16.0.

4. RESULTS AND DISCUSSION

4.1. Normality Test

Based on the SPSS output, it can be explained that the normal probability plots image shows that the plots or points from the residual data follow a diagonal line. This shows that the residual data used in the regression model in this study has been normally distributed.

4.2. Multicollinearity Test

Based on the multicollinearity test results in Table 1, it can be seen that the tolerance value of the three variables is greater than 10% or 0.1 and the VIF value is less than 10. So, from the presentation of the SPSS multicollinearity test output results, it can be concluded that there is no multicollinearity symptom in the regression model of this study.

4.3. Heteroscedasticity Test

The results of the heteroscedasticity test of this study were carried out by looking at the scatterplot image. Based on this figure, the dots spread randomly and are spread above or below the number 0 on the Y axis. So, it can be concluded that there is no heteroscedasticity in the regression model in this study.

4.4. Autocorrelation Test

From the results of the SPSS output, it can be seen that the Durbin Watson (DW) value is 1.776. Based on the results of the autocorrelation test, it shows that the DW value is greater than the dU value and less than the 4-dU value (dU < DW < 4-dU), or 1.6500 < 1.776 < 2.3500, it can be concluded that there is no autocorrelation in the regression model. this research, so it is feasible to do further testing.

4.5. Multiple Linear Regression Analyse

This study uses a multiple linear regression analyse model with the aim of knowing the simultaneous and partial effect of the independent variables (accounts receivable turnover, current ratio, and credit growth) on the dependent variable (Profit) in the savings and loans cooperative in Buleleng District with the help of a computer application program (SPSS).

Based on the test results of multiple linear regression analyse in Table 2, the constant value (a) is 3,120. The regression coefficient value of accounts receivable turnover (b1) is - 0.051, the current ratio coefficient value (b2) is 0.010 and the credit growth regression coefficient (b3) is - 0.107. So that the regression equation is formulated as follows.

$$Y = 3{,}120 - 0{,}051\ X_1 + 0{,}010\ X_2 - 0{,}107\ X_3 \qquad (1)$$

Table 2. Results of Multiple Regression Analyse

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.120	.058		53.882	.000
	Account Receivable Turnover (X1)	-.051	.061	-.151	-.834	.410
	Current Ratio (X2)	.010	.010	.194	1.074	.290
	Credit Growth (X3)	-.107	.050	-.352	-2.141	.040

The explanation of the results of multiple linear regression analyse is as follows. Constant (a) of 3,120 means that if receivables turnover (X1), current ratio (X2) and credit growth (X3) are equal to zero, then Profit (Y) will be 3,120. The regression coefficient value of accounts receivable turnover (b1) is -0.051 has a negative effect on profit (Y), which means that every

increase (X1) is one unit, (Y) profit will decrease by 0.051 so that profit becomes 3.069 with the assumption that the variable others remain. The current ratio (b2) regression coefficient value of 0.010 has a positive effect on profit (Y). This means that for each increase (X2) one unit, (Y) will increase by 0.010 so that Profit will be 3,130, assuming that the other variables are fixed. The value of the credit growth regression coefficient (b3) of -0.107 has a negative effect on profit (Y). This means that every credit growth (X3) increases by one unit, Profit (Y) will decrease by 0.107 so that Profit (Y) becomes 3.013, assuming the other variables are fixed.

Based on the test results of multiple linear regression analyse, the results of the magnitude of the effect of accounts receivable turnover on profit are equal to -0.144 (14.4%) with a P-value of 0.410 > 0.05, meaning that there is a negative but insignificant effect of accounts receivable turnover (X1) on profit (Y). The amount of influence contribution from accounts receivable turnover (X1) to profit (Y) is 0.021 (2.1%). Seeing that the effect of X1 on Y is not significant, then the researcher compares the t-count value of the SPSS output with the t-table. Obtained a comparison of the value of t-count (0.834) <t-table (2.052), it means that it can be concluded that there is no effect of accounts receivable turnover (X1), partially on profit (Y) in the Buleleng District Savings and Loans Cooperative. This indicates that accounts receivable turnover partially has no role in increasing the profitability of the Savings and Loans Cooperative in Buleleng District.

The magnitude of the influence of the current ratio on profit is 0.184 (18.4%) with a P-value of 0.290> alpha 0.05, which means that there is a positive but insignificant effect of the current ratio (X2) on profit (Y). The contribution of the influence of the current ratio (X2) to profit (Y) is 0.034 (3.4%). Seeing that the effect of X2 on Y is not significant, then the researcher compares the t-count value of the SPSS output with the t-table. Obtained a comparison of the value of t-count (1.074) < t-table (2.052), it means that it can be concluded that there is no effect of current ratio (X2), partially on profit (Y) in the Buleleng District Savings and Loans Cooperative. This indicates that the current ratio directly does not have a role in increasing profitability in savings and loan cooperatives in Buleleng District

The magnitude of the effect of credit growth on profit - 0.349 (34.9%) with a P-value of 0.040 < alpha 0.05, which means that there is a significant negative effect of credit growth (X3) on profit (Y). The magnitude of the contribution of the influence of credit growth (X3) to profit (Y) is 0.122 (12.2%). When compared to the t-count value of the SPSS output results with the t-table, a comparison of the t-count value (-2.141) < t-table (2.052) means that there is an effect of

credit growth (X3) partially on profit (Y) in the Saving Cooperative. Borrow Buleleng District. This indicates that credit growth directly plays a role in increasing profitability at the Savings and Loans Cooperative in Buleleng District.

5. CONCLUSIONS

Based on the results of the research and discussion that has been described, it can be concluded that the following matters. Accounts Receivable Turnover, Current Ratio and Credit Growth together have no effect on profit. Accounts receivable turnover partially has no effect on profit. Current Ratio partially has no effect on. Credit growth partially has a significant negative effect on Profits at Savings and Loans Cooperatives in Buleleng District.

Some suggestions that the researcher can give are as follows. Every credit extended is accompanied by a guarantee in the form of a certificate or statement of willingness to deduct salary, the loan period should not be too long to avoid the risk of credit repayment.

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