The Effect of Accounts Receivable Turnover on Profitability in Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX) for the 2015–2020 Period

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Abstract. The effect of receivables turnover on the profitability of Indonesia Stock Exchange-listed manufacturing enterprises This research aims to establish, between 2015 and 2020, how turnover of receivables affects the profitability of Indonesian manufacturing enterprises listed on the Indonesia Stock Exchange. This quantitative research for the years 2015 through 2020 used financial statements from manufacturing companies listed on the Indonesia Stock Exchange as secondary data. In a six-year period, 42 samples of enterprises were gathered for 252 observations via the use of systematic sampling (2015–2020). As the first step in the technical analysis of the used data, descriptive statistics, conventional assumption testing, multiple regression analysis, and hypothesis testing are performed using SPSS version 22. The partial turnover of receivables has a positive and statistically significant effect, as its significance value is smaller than a = 0.05, making it statistically significant.

Keywords: Accounts Receivable Turnover and Profitability (ROA) · Profitability · Indonesia Stock Exchange (IDX)

1 Introduction

Companies involved in services, commerce, and manufacturing all have the same objective, which is to generate a profit. Profitability refers to a company's ability to generate revenue. [1] Profitability is a company's ability to make profits over a period of time, and it can decide the outcomes of a variety of management policies and actions [2].

Productivity cannot be measured by profit. Efficiency can be determined by comparing the company's earnings to its invested working capital. To attain this objective, operating capital is required [3]. Working capital consists of a number of factors including all current assets which are always rotating in the company's activities [2]. One very important component in current assets is receivables because the turnover is considered to have a significant influence on the company's growth.
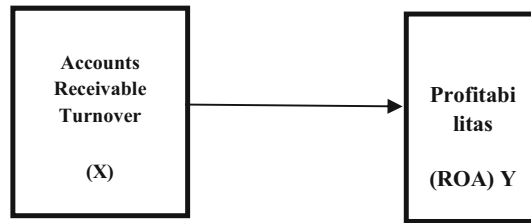
Fig. 1. Thinking Skeleton

According to [4] receivables turnover states that companies must know the level of receivables turnover will adjust to income and expenses because the level of receivables turnover has a large impact on the company's business in relation to the profits generated. Accounts receivable turnover ratio is a ratio used to determine the time to collect receivables or how often the capital invested in receivables changes over a certain period of time. The higher this ratio, the lower the working capital invested in receivables (compared to the ratio of the previous year) and the better the company's performance.

The phenomenon of this study illustrates that the ratio of profitability has increased and decreased inconsistently. Companies with cash that always increases every year, meaning that there is less cash invested, so that the flow of money back to the company is smoother. A smooth flow of funds can increase the volume of subsequent sales. High sales can increase profitability. Vice versa, the lower the turnover rate means the longer the time bound in working capital, which means cash management is less efficient and tends to reduce profitability.

As for the results of the financial statements, there are companies that experience the development of receivables that appear to have decreased, while credit sales have increased so that this has become a phenomenon in this study in order to test the effect of receivables turnover on profitability. This may be due to intense competition and similar businesses, in sales, or it may also be affected by business performance [3].

Research conducted [3] shows that the results of receivable turnover partially have a significant effect on profitability. While the results of research [5] the results of receivable turnover have no significant effect on profitability.

2   Hypotheses Development

Credit sales divided by average receivables are compared to determine accounts receivable turnover, a ratio that indicates how long it takes to recover receivables in a period or how many times the amount invested in those receivables turnover over a period [6].

The turnover of receivables is a topic of this study that has an impact on business profits. An extremely significant value is the company's capacity for profit. Financial ratios, such as Return on Assets, are a useful tool for assessing a company's profitability (ROA). As demonstrated in the following, a conceptual framework was developed to aid in the analysis in this study (Fig. 1).

Table 1. Descriptive Statistical Analysis Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Receivable Turnover	252	.01	27.37	7.9302	4.90267
ROA	252	.02	44.68	6.8796	6.36305
Valid N (listwise)	252				

Source: SPSS output, processed by researchers (2022)

H1: Accounts Receivable Turnover has a Positive Effect on Profitability.
Successful cash collection of receivables. The more the receivables turnover ratio increases, the less money is entrenched in receivables, which is beneficial for the business.

Net sales and the typical quantity of receivables are compared to determine accounts receivable turnover. The amount of money that can be spun through receivables to produce income is indicated by the account receivable turnover rate. The better these receivables are managed, the larger the turnover of those receivables is. The business's revenue and earnings will increase with a strong accounts receivable turnover rate.

3 Method

The focus of the research was an Indonesia Stock Exchange (IDX)-listed manufacturer between 2015 and 2020. This research obtained secondary data from www.idx.co.id, the official website of the Indonesia Stock Exchange. A comparative causal design [8] was used to determine whether the variables under consideration are causally associated. This study also comprises quantitative descriptive research pertaining to the topic of the study, including data and information acquired in line with the study's goals for a number of organizations throughout a certain time period.

The population of this research is comprised of Indonesia Stock Exchange-listed companies from 2015 to 2020. In addition, 42 businesses were chosen as study samples according to the criteria outlined by the researchers. Because the investigation spanned six years, 252 data points were used.

In this inquiry, the SPSS version 22 data processing tool or data program is used for data analysis. This research employs the descriptive test, the standard assumption test, the multiple linear regression test, and the t test for data analysis.

4 Results and Discussion

4.1 Descriptive Statistical Analysis

See Table 1.

The sample size (N) for the receivable turnover variable (X) is 252, its lowest (smallest) value is 0, its maximum (largest) value is 27, and its average (mean) value is 7.9302. With 4,902,67 standard deviations of variation This result implies that the standard deviation is modest and the data are evenly distributed; hence, the mean value exceeds the standard deviation value.

The Return on Assets (ROA) variable has a sample size (N) of 252 and a range of 0.02 to 44.68, as shown in the preceding table. Return on assets has a mean value of 6.8796 and a standard deviation of 6.36305. This implies that the values are distributed uniformly since the mean value is greater than the standard deviation value, which reduces the real data's deviation.

4.2   Classic Assumption Test Results Normality Test

See Table 2.

The value of probability or Asymp, Sig. (two-tailed) of 0.200 is based on the results of the Kolmogorov-Smirnov test of normality. The data can be assumed to be normally distributed because it exceeds the 0.05 significance threshold.

4.3   Multicollinearity Test

The following are the results of the multicollinearity test with the results contained in Table 3.

The tolerance value for receivables turnover is 0.983, which is more than 0.10, as can be seen from the results of the multicollinearity test in Table 3. Additionally, the VIF value for the turnover of accounts receivable is 1.017, which is less than 10. It can be said that the independent variables do not exhibit any signs of multicollinearity.

Table 2. Normality Test Results

		Unstandardized Residual
N		252
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.05399115
Most Extreme Differences	Absolute	.039
	Positive	.039
	Negative	-.025
Test Statistic		.039
Asymp. Sig. (2-tailed)		.200[c,d]

Source: SPSS output, processed by researchers (2022)

Table 3. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Receivable Turnover	.983	1.017

Source: SPSS output, processed by researchers (2022)

4.4 Hypothesis Testing

4.4.1 Multiple Linear Regression Analysis

See Table 4.

Based on the table in the Unstandardized Coefficients column, the following multiple linear regression equation is obtained:

$$Y = 5,044 + 0,185(\text{Receivable Turnover}) + e$$

a. Based on the preceding equation, the following can be stated:
b. The constant value (a) is known to have a positive value of 5.044. This value can be interpreted if the independent variable (receivable turnover) has a value of 0 (zero) or remains constant; it can enhance the ROA value by 5.044 percentage points.
c. It is known that the value of the variable X's regression coefficient is positive, specifically 0.185. This number indicates that a one-unit increase in the receivables turnover variable will boost ROA by 0.185 percentage points.

4.4.2 Partial Test (t Test)

The following conclusions may be formed based on the data in the Table 5.

Accounts Receivable Variable Turnover (X), The tcount and ttable for the turnover of accounts receivable are 2,282 and 1,970, respectively. Since Ho is rejected and Ha is accepted, it is arguable that accounts receivable turnover has a positive and statistically significant impact on profitability.

4.5 The Effect of Accounts Receivable Turnover on Profitability

Based on the data analysis findings, which show that partially receivables turnover has a favorable and considerable impact on profitability, the hypothesis is both rejected and

Table 4. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		
	B		Std. Error
1	(Constant)	5.044	.757
	Receivable Turnover	.185	.081

Source: SPSS output, processed by researchers (2022)

Table 5. Partial Significance Test (T-Test)

Model	T	Sig.
(Constant)	6.667	.000
Receivable Turnover	2.282	.023

accepted. The t test findings, which show that tcount > ttable (2.282 > 1.970) and the acquisition value of sig is 0.023 0.05, serve as evidence for this. The following explains how the turnover of receivables has a positive and significant impact on the profitability of manufacturing companies listed on the Indonesia Stock Exchange. This result is in line with the findings of [9] and [3], which demonstrate how profitability is positively and considerably impacted by the turnover of accounts receivable.

5   Conclusion

The impact of receivables turnover on the profitability of manufacturing enterprises listed on the Indonesia Stock Exchange for the period 2015–2020 was examined based on the findings of the data analysis and the accompanying discussion. According to the study results, the accounts receivable turnover rate will have a considerable and partial impact on the profitability of Indonesia Stock Exchange-listed manufacturing companies between 2015 and 2020.

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