



The Relationship Between Debt and Cash Turnover Towards Company Profitability in The Digital Era

Wati Aris Astuti^{1*}

Lecturer in Accounting Faculty Economy and Business
Universitas Komputer Indonesia, Jl. Dipati Ukur No.112-116, Kota Bandung,
Indonesia

*wati.aris.astuti@email.unikom.ac.id

Misael Stephen²

Student of Accounting Study Program
Universitas Komputer Indonesia, Jl. Dipati Ukur No.112-116, Kota Bandung,
Indonesia

misael.21120056@mahasiswa.unikom.ac.id

ABSTRACT

This study aims to comprehensively analyze the influence of debt management and cash turnover on the profitability of public infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during the period from 2019 to 2023. The research methodology includes descriptive analysis to provide an overview of the financial condition of the companies, as well as verification analysis to examine the causal relationship between the studied variables using a quantitative approach. The research population consists of financial statements, particularly income statements and statements of financial position, from infrastructure companies listed on the IDX during the specified period. A purposive sampling technique was employed to select samples based on specific criteria, such as the completeness of financial data and consistency in reporting over the five-year period. Based on these criteria, a total of 50 financial reports were selected as research samples. The findings reveal that debt has a significant positive effect on profitability, indicating that well-managed debt utilization can enhance a company's profitability. Additionally, cash turnover also shows a significant positive effect on profitability, highlighting the importance of efficient cash flow management in supporting a company's financial performance. In conclusion, both debt management and cash turnover play a critical role in improving the profitability of public infrastructure sector companies on the IDX, suggesting that companies should focus on optimizing these financial aspects to achieve better financial outcomes

Keywords: Debt, Cash turnover, Profitability

1. INTRODUCTION

Finance, derived from the concept of money, is one of the essential pillars in an organization or company, along with other resources such as labor, raw materials, machinery, operational methods, and markets (Vohs et al., 2008). Financial resources are not limited to cash but also include monetary assets such as inventories, equipment, properties, and other movable assets. One of the primary goals of a company in its operations is to generate profit. In accounting, profit is defined as the positive financial result obtained after deducting all expenses from revenue within a specific period (Rahma & Prasetyo, 2021). Net income serves as a key indicator in evaluating a company's financial performance and can be analyzed through financial statements (Suryana, 2024). Profit is also referred to as financial surplus when revenue exceeds total expenses (Chaklader & Padmapriya, 2021).

© The Author(s) 2025

L. Warlina and S. Luckyardi (eds.), *Proceedings of the 8th International Conference on Business, Economics, Social Sciences, and Humanities - Economics, Business and Management Track (ICOBEST-EBM 2025)*, Advances in Economics, Business and Management Research 340,

https://doi.org/10.2991/978-94-6463-795-3_2

Puspadini (2023) reported that issuers on the Indonesia Stock Exchange (IDX) experienced a 20.26% decrease in net profit in Q3 2023 to Rp469.31 trillion, compared to Rp528.5 trillion in the previous year. Nevertheless, an increase in net profit reflects a company's sound capability. (Puspadini, 2023)

A company's ability to generate profit is called profitability, measured by returns from sales, total assets, and equity (Amirudin, 2022). Profitability is assessed through the balance sheet and income statement (Nurhaliza & Harmain, 2022). Nityakanti (2023) noted a decline in profitability for PT Ascet Indonusa Tbk (ACST) in H1 2023, with a pre-tax loss of Rp59.65 billion despite revenue of Rp10.6 billion, along with a comprehensive loss of Rp56.13 billion (Nityakanti, 2023), indicating deteriorating performance. Debt influences profitability by providing additional resources for business expansion despite interest obligations (Ginting, 2021). (Faisal, 2019) highlighted PT Waskita Karya Tbk's debt surge from Rp3.2 trillion to Rp61.7 trillion in 2018, affecting its profit.

Cash turnover, the frequency of cash generating revenue, also impacts profitability. (Kristanto, 2022) recorded PT First Media Tbk's loss due to cash turnover related to asset sales. Research by Yusuf et al., 2024 stated that that debt positively affects profitability (Yusuf et al., 2024), while Santuri & Kuraesin (2022:730) confirmed that cash turnover significantly influences profitability (Santuri & Kuraesin, 2022). Additionally, the efficient debt management boosts company performance, especially in capital-intensive industries. Anggraeni et al., 2021 also identified cash turnover as a mediating factor between liquidity and profitability (Anggraeni et al., 2021). Debt and cash turnover simultaneously affect profitability in manufacturing firms. While previous studies focused on general manufacturing and service sectors, this study examines the effect of debt and cash turnover on the profitability of infrastructure companies listed on the IDX from 2019 to 2023. Therefore, this research provides new insights by specifically analyzing the infrastructure sector, which has unique financial characteristics, and by integrating both variables into one comprehensive model. The purpose of this study is to analyze and verify the influence of debt and cash turnover on profitability in the infrastructure sector. The research employs a quantitative approach, using descriptive and verification analysis based on financial statement data from IDX-listed infrastructure companies over the 2019–2023 period.

2. LITERATURE REVIEW

According to (Amrih et al., 2024), debt serves as one of the external funding sources used by companies to finance their operations. Debt refers to all financial obligations owed by a company to other parties that have not yet been settled, representing funds or capital provided by creditors. A higher level of debt can lead to increased profitability, as the additional funds can generate more income compared to the financial obligations that need to be repaid, thereby enhancing the company's profitability (Ginting, 2021). H1: Debt influences profitability.

(Nasution, 2023) explains that cash turnover reflects how cash and cash equivalents invested in company operations, particularly in relation to sales, can be converted back into cash within a given period. A faster cash turnover leads to higher profitability because quicker cash circulation allows for faster recovery of working capital, which can then be reinvested in the business (Fitria & Suartini, 2021). H2: Cash turnover influences profitability.

3. METHODOLOGY

This study employs a quantitative research method with a descriptive-verification approach to investigate the causal relationship between debt, cash turnover, and profitability in public infrastructure sector companies listed on the Indonesia Stock Exchange (IDX). The population comprises 150 financial reports from 30 infrastructure companies over the period 2019–2023, with 10 companies purposively selected based on data completeness and sector relevance, resulting in 50 financial reports as the research sample. Secondary data were sourced from audited financial statements available on the IDX's official platform. Debt is measured using the Debt-to-Equity Ratio (DER), cash turnover with the Cash Turnover Ratio (CTR), and profitability with the Return on Assets (ROA). To ensure data validity, classical assumption tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests,

were performed. Data analysis was conducted using multiple linear regression to assess the effects of independent variables on profitability, Pearson correlation to evaluate the strength and direction of relationships, and the coefficient of determination to explain the variance in profitability. Hypotheses were tested through t-tests and F-tests at a 5% significance level. All statistical processes were carried out using SPSS Version 23.0 to ensure robustness and accuracy in the findings.

3.1. Descriptive Analysis

Table 1: Descriptive Test Results for Debt and Cash Turnover

	N	Minimum	Maximum	Mean	Std.Deviation
Debt	50	,231	149,869	6,50746	4,298537
Cash Turnover	50	,262	118,441	10,85496	8,565645
Profitabilitas	50	,001	41,651	1,58568	,871370
Valid N	50				

The standard deviation values of all variables are smaller than their respective means, indicating a low data dispersion. Debt has a standard deviation of 4.298537, which is lower than its mean of 6.50746. Cash turnover has a standard deviation of 8.565645, lower than its mean of 10.85496. Profitability has a standard deviation of 0.871370, smaller than its mean of 1.58568.

3.2. Classical Assumption Test

Table 2: Normality Test Results After Outlier Removal

		Unstandardiz Ed Residual
N		43
Normal Parameters	Mean	,0391391
	Std. Deviation	,80552792
Most Extreme	Absolute	,074
	Positive	,065
	Negative	-.074
Test Statistic		,074
Asymp. Sig. (2-tailed)		,200 ^{c, d}

- a. Test distribution is normal
- b. Calculated from data
- c. Lilliefors Significance Correction
- d. This is a lower bound of the true significance

The total data (N) after outlier removal is 43. The Asymp. Sig. (2-tailed) value in the One-Sample Kolmogorov-Smirnov Test is 0.200, which exceeds 0.05, indicating that the data is normally distributed.

Table 3: Multicollinearity Test Results

Model		Collinearity Statistic	
		Tolerance	VIF
1	Debt	,907	1,103
	Cash turnover	,907	1,103

The tolerance values for all variables are 0.907, greater than 0.1, and the VIF values for debt and cash turnover are 1.103, less than the threshold of 10.00. This indicates no multicollinearity between debt and cash turnover.

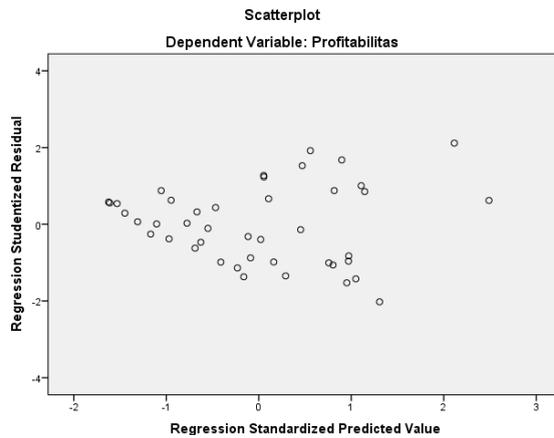


Figure 1: Scatterplot of Heteroscedasticity Test Results

Source: SPSS Output Appendix, 2024

The scatterplot shows points dispersed randomly above and below zero on the Y-axis without forming any specific pattern, indicating no heteroscedasticity.

Table 4: Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
1	,551 ^a	,304	,269	,984666	1,578

a. Predictor : (Constant), Cash turnover, Debt

b. Dependent Variable : Profitabilitas

The Durbin-Watson value is 1.578, which falls between -2 and +2, indicating no autocorrelation.

3.3. Data Analysis

Table 5: Multiple Linear Regression Coefficient Results

Model		Unstandardized Coefficient		Standardized Coefficient		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	-,787	,384			-2,051	,047
	Debt	,266	,081	,455		3,281	,002
	Cash cycle	,102	,029	,480		3,461	,001

The constant is -0.787, indicating that when Debt (X1) and Cash Turnover (X2) are zero, Profitability (Y) is -0.787. Debt (X1) has a regression coefficient of 0.266, showing a positive relationship with profitability, meaning a one-unit increase in debt increases profitability by 0.266. Cash Turnover (X2) has a coefficient of 0.102, indicating a one-unit increase in cash turnover increases profitability by 0.102.

Table 6: Pearson Correlation Coefficient for Debt and Profitability

		Correlations	
		Cash cycle	Profitability
Debt	Pearson correlation	1	,308*
	Sig. (2-tailed)		,044
	N	43	43
Profitability	Pearson correlation	,308*	1
	Sig. (2-tailed)	,044	
	N	43	43

The Sig. (2-tailed) value for debt is 0.044 (<0.05), indicating statistical significance. The Pearson correlation coefficient is 0.308, indicating a low correlation between debt and profitability.

Table 7: Pearson Correlation Coefficient for Cash Turnover and Profitability

		Correlations	
		Cash cycle	Profitability
Cash Cycle	Pearson correlation	1	,341*
	Sig. (2-tailed)		,025
	N	43	43
Profitability	Pearson correlation	,341*	1
	Sig. (2-tailed)	,025	
	N	43	43

The Sig. (2-tailed) value for cash turnover is 0.025 (<0.05), showing statistical significance. The correlation coefficient is 0.341, indicating a low correlation between cash turnover and profitability.

Table 8: Coefficient of Determination for Debt and Profitability

		Correlations	
		Debts	Profitability
Debt	Pearson correlation	1	,308*
	Sig. (2-tailed)		,044
	N	43	43
Profitability	Pearson correlation	,308*	1
	Sig. (2-tailed)	,044	
	N	43	43

The coefficient of determination is 9.49%, meaning 9.49% of profitability is influenced by debt, while 90.51% is influenced by other factors.

Table 9: Coefficient of Determination for Cash Turnover and Profitability

		Correlations	
		Cash cycle	Profitability
Cash Cycle	Pearson correlation	1	,341*
	Sig. (2-tailed)		,025
	N	43	43
Profitability	Pearson correlation	,341*	1
	Sig. (2-tailed)	,025	
	N	43	43

The coefficient of determination is 11.63%, indicating that cash turnover influences 11.63% of profitability, with 88.37% influenced by other factors.

Table 10: Hypothesis Test Results for Debt and Profitability

		Correlations	
		Cash cycle	Profitability
Cash Cycle	Pearson correlation	1	,341*
	Sig. (2-tailed)		,025
	N	43	43
Profitability	Pearson correlation	,341*	1
	Sig. (2-tailed)	,025	
	N	43	43

The t-value is 3.281 ($> \pm 2.021$), with a significance level of 0.002 (< 0.05), indicating that the hypothesis that debt affects profitability is accepted.

Table 11: Hypothesis Test Results for Cash Turnover and Profitability

Model		Unstandardized Coefficient		Standardized Coefficient		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	-,787	,384			-2,051	,047
	Debt	,266	,081	,455		3,281	,002
	Cash cycle	,102	,029	,480		3,461	,001

a. Dependent Variable Profitability

The t-value is 3.461 ($> \pm 2.021$), with a significance level of 0.001 (< 0.05), indicating that the hypothesis that cash turnover affects profitability is accepted.

4. DISCUSSION

The Influence of Debt on Profitability. The results of the partial regression model test (t-test) indicate that the debt variable has a significant influence on profitability. The significance level is below the acceptable error threshold of 0.2%, confirming that the hypothesis stating that debt affects profitability is accepted. The correlation analysis result shows a value of 0.308, indicating a low-category relationship between debt and profitability. A positive correlation means that an increase in debt will lead to an increase in profitability. This finding aligns with Ginting's theory (2021:65-66), which asserts that higher debt levels lead to higher company profitability, as debt can boost income relative to the obligations paid, thereby enhancing profitability. However, in practice, companies such as PT Waskita Karya Tbk (WSKT) illustrate the complexity of this relationship. While the company experienced a surge in debt and used it for profitable infrastructure projects, it still faced declining profitability due to its inability to manage both short-term and long-term obligations efficiently. This condition is consistent with Ginting's (2021:66) argument that, ideally, the income generated from debt-financed activities must exceed the interest expenses to prevent a decline in profitability.

The Influence of Cash Turnover on Profitability. The results of the partial regression model test (t-test) also indicate that the cash turnover variable significantly affects profitability. The significance level is below the acceptable error threshold of 0.1%, supporting the acceptance of the hypothesis stating that cash turnover affects profitability. The correlation analysis result shows a value of 0.341, indicating a low-category relationship between cash turnover and profitability. A positive correlation suggests that an increase in cash turnover will lead to an increase in profitability. This result supports Fitria & Suartini, 2021, which states that higher cash turnover improves profitability by accelerating the recovery of working capital for reuse. This finding is reflected in PT First Media Tbk (KBLV), which faced declining profitability despite various actions such as asset sales and share ownership transfers (Fitria & Suartini, 2021). The decline was partly due to inefficient operational cash turnover, as indicated by losses from reduced business income and lower sales. Companies should optimize the use of cash and cash equivalents, especially in operational activities like sales, to ensure faster cash conversion cycles, thereby sustaining and improving profitability.

5. CONCLUSION AND RECOMMENDATION

This study concludes that **debt** and **cash turnover** partially have a positive and significant influence on the **profitability** of infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. This finding indicates that proper debt management can enhance profitability, in line with Ginting's theory (2021), and that efficient cash turnover accelerates the working capital cycle, contributing to profit growth, as supported by Fitria & Suartini 2018. Although the correlation strength is categorized as low, the positive relationship

direction highlights the importance of these two variables in supporting the financial performance of capital-intensive infrastructure companies. (Fitria & Suartini, 2021)

Infrastructure companies should adopt prudent debt management strategies to ensure that the benefits from debt financing exceed the associated costs, such as interest expenses. Additionally, companies need to enhance cash management practices to accelerate cash turnover, ensuring that cash inflows from operations are consistently reinvested to maximize profitability. Continuous monitoring of financial performance, especially in managing debt levels and optimizing cash flow, is essential for sustaining and improving profitability in the long term.

REFERENCES

- Amirudin, A. (2022). Pengaruh Profitabilitas, Pertumbuhan Penjualan dan Likuiditas terhadap Struktur Modal (Studi Empiris pada Perusahaan Farmasi yang terdaftar di Bursa Efek Indonesia periode 2017-2020). STIE Jakarta.
- Amrih, M., Hutnaleontina, P. N., Azizah, N. L., Pantjaningsih, P., Zuliyana, M., Muliati, N. K., ... & Judijanto, L. (2024). *Pendidikan Akuntansi: Teori Komprehensif*. PT. Sonpedia Publishing Indonesia.
- Anggraeni, A. I., & Banani, A. (2021). The Effect of Leverage, Liquidity, Profitability, Firm's Growth, Firm's Size, and Dividend Policy toward Firm Value (Study at Manufacture Companies Listed on Indonesia Stock Exchange Period 2014-2017). *Jurnal Akuntansi, Manajemen dan Ekonomi*, 23(2), 8-19. <https://doi.org/10.32424/1.jame.2021.23.2.4469>
- Chaklader, B., & Padmapriya, B. (2021). Impact of cash surplus on firm's capital structure: validation of pecking order theory. *Managerial Finance*, 47(12), 1801-1816. <https://doi.org/10.1108/mf-08-2020-0417>
- Faisal. (2019). Infrastruktur dan lonjakan utang BUMN. Kontan.co.id. Retrieved from <https://www.kompas.id/baca/utama/2019/08/06/infrastruktur-dan-lonjakan-utang-bumn>
- Fitria, S. M., & Suartini, S. (2021). The Effect Of Cash Turnover, Account Receivable Turnover And Inventory Turnover On Profitability. *Gorontalo Accounting Journal*, 4(1), 1-15.
- Ginting, G. (2021). *Investasi dan Struktur Modal*. CV. Azka Pustaka.
- Kristanto, A. (2022). Setelah jual Link Net ke XL, First Media merugi Rp 231 M. CNBC Indonesia. Retrieved from <https://www.cnbcindonesia.com/market/20220801133037-17-360133/setelah-jual-link-net-ke-xl-first-media-merugi-rp-231-m>
- Nasution, S. W. P. (2024). *Manajemen Keuangan Dasar*. Deepublish.
- Nityakanti, P. (2023). Acset Indonesia (ACST) catat rugi Rp 56,04 miliar pada semester I. Kontan.co.id. Retrieved from <https://amp.kontan.co.id/news/acset-indonesia-acst-catat-rugi-rp-5604-miliar-pada-semester-i>
- Nurhaliza, S., & Harmain, H. (2022). Analisis Rasio Profitabilitas Dalam Menilai Kinerja Keuangan Perusahaan Pada Pt. Indofood Sukses Makmur Tbk Yang Terdaftar Di Bei. *Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA)*, 6(3), 1189-1202. <https://doi.org/10.31955/mea.v6i3.2440>
- Puspadini, M. (2023). Laba bersih emiten di BEI anjlok Rp 59 T, ini alasannya. CNBC Indonesia. Retrieved from <https://www.cnbcindonesia.com/market/20231213163442-17-496993/laba-bersih-emiten-di-bei-anjlokrp-59-t-ini-alasannya>
- Rahma, N. A. N., & Prasetyo, M. S. (2021). Pengaruh Liabilitas Jangka Pendek Dan Liabilitas Jangka Panjang Terhadap Tingkat Profitabilitas Pt. Indospring Tbk. *Jurnal Ekonomi Dan Bisnis*, 12(1), 134-148.
- Santuri, O., & Kuraesin, A. D. (2022). Pengaruh Perputaran Kas Terhadap Profitabilitas Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia (BEI) Periode 2015-2020. *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis*, 10(2), 725-730. <https://doi.org/10.37676/ekombis.v10i2.2530>
- Suryana, D. (2024). Akuntansi: Dasar akuntansi. Dayat Suryana. https://books.google.co.id/books?id=qx_5EAAAQBAJ

- Vohs, K. D., Mead, N. L., & Goode, M. R. (2008). Merely activating the concept of money changes personal and interpersonal behavior. *Current Directions in Psychological Science*, 17(3), 208-212. <https://doi.org/10.1111/j.1467-8721.2008.00576.x>
- Yusuf, P. S. (2024). The Influence of Profitability, Liquidity, and Growth of Company on Dividend Policy (Study of Manufacturing Industrial Listed Company on the Indonesian Stock Exchange Period 2018-2022). *Jurnal Ekuilnomi*, 6(2), 293-300. <https://doi.org/10.36985/6wzct550>

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

