THE EFFECT OF RETURN OF RECEIVABLES ON PROFITABILITY IN FINANCING INSTITUTION SECTOR COMPANY REGISTERD ON THE IDX 2013-2017

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ABSTRACT. This study aims to investigate the effect of return on receivables on profitability in the Financing Institution Sector Services Company listed in Indonesia Stock Exchange (IDX) in 2013-2017. The population used in this study is the Financing Institution Sector Services Company Registered on the Stock Exchange in 2013-2017.

The research sample was taken by purposive sampling, so that there are 7 (seven) companies that meet the sampling criteria in the Financing Institution Sector Services Company Registered on the IDX. Data Collection Techniques Data used in this study are secondary data, namely in the form of financial report data sourced from the Indonesia Stock Exchange in 2013-2017. The data source of this research was obtained from the internet through the official website of the Indonesia Stock Exchange (IDX), namely Indonesia Stock Exchange (IDX) www.idx.co.id, in the form of the company's financial statement data from 2013-2017.

Data Analysis Techniques in this study, the author uses Data Regression analysis. Based on the results of statistical analysis by the author, the Receivable Turnover correlation coefficient to Profitability has a significant effect between receivable turnover to profitability seen from the value $r = 0.449$, Significant value $0.01 < 0.05$. The coefficient of determination which shows R square = 0.068, which means that the number shows the contribution of accounts receivable turnover factors to profitability of 20.1% while 79.9% is influenced by other factors not examined in this study.
Keywords. Accounts Receivable Turnover, Profitability, ROA

INTRODUCTION

To generate profits at this time sales can be done on credit (non-cash), or cash. Through the sales process is done to stimulate the interest of customers to buy and pay gradually (credit), so that the company's profits can increase. Product sales on credit will lead to accounts receivable, which hopes to increase sales and profits. But on the other hand, receivables also cause an increase in costs related to investment in accounts receivable and unpaid receivables. The amount of accounts receivable depends on the sale of credit per period and the length of the collection period of the receivables. The small level of receivables in general will be preferred by companies, because the investment made by the company will be smaller. If the position of accounts receivable is greater than it should be, financial managers need to take corrective actions (Hanafi 2004).

Receivable Turnover is one of the important things to consider for a company. Accounts receivable turnover into cash which is usually used as a company's operating costs due to increasing company profits. According to Utari, Purwanti and Prawironegoro (2014), "Accounts receivable turnover is a receivable as an element of working capital in a rotating condition." (P. 122). The company's accounts receivable turnover is fast, the profit generated will also increase.

Receivable Turnover is the period of receipt of accounts receivable from a company for a certain period. Receivables in the company will always be spinning. Accounts receivable turnover will show how many times the receivables arising until the receivables can be recovered into the company's cash, (Vangali, 2011). Munawir (2002: 75) provides a statement that the position of accounts receivable and estimated collection time can be assessed by calculating the turnover receivable, that is by dividing the total credit sales with the average receivables.

Funding institutions or the finance industry are companies that provide services in the provision of funds by paying gradually and influencing economic growth which is currently very much needed by the public, as seen from the increased profit value. This was explained by cash (2018) that the domestic finance industry had made a profit of Rp 12.59 trillion over the past year. The achievement jumped 16.03% compared to the realization in 2016 of Rp 10.85 trillion.

The increasing number of financing companies today that almost all finance companies carry out credit financing, certainly lead to very tight competition between finance companies, so many companies offer convenience in the process of granting financing loans without thinking about the risks they will face. In addition to the various problems above, one of the problems often faced by finance companies today is the emergence of uncollectible accounts (bad credit). Which of course if that happens will disrupt the debt turnover ratio and of course it will impact on the profitability of the company.

Various studies have shown that accounts receivable turnover is one of the factors that can affect profitability, including Theresia's research (2009), the results of the research show that the accounts receivable turnover partially has a significant effect on profitability, Yuliani (2013) also found a significant influence between accounts receivable turnover with profitability (ROA), identifying that the ups and downs of accounts receivable turnover can explain or predict the ups and downs of ROA. (p. 9). Whereas Budiansyah, Octary and Safitri (2016) found that accounts receivable turnover did not significantly influence profitability and continued by Rika's research (2018: 100) found that accounts receivable turnover did not have an influence on profitability.
Based on the results of previous studies, research gaps were obtained because of differences in previous studies regarding the effect of accounts receivable turnover on

profitability. So that this is a research problem regarding the level of accounts receivable turnover to the profitability of the company.

Statement of the Problems:

1. How is the accounts receivable turnover in the Financing Institution Service Company listed on the Indonesia Stock Exchange in 2013-2017?
2. How is the level of profitability of the Financing Institution Services Company listed on the Indonesia Stock Exchange in 2013-2017?
3. What is the effect the accounts receivable turnover to profitability in the Financing Institution Service Company listed on the Indonesia Stock Exchange in 2013-2017?

REVIEW OF RELATED LITERATURE

Accounts Receivables

Definition of Receivables is a form of sale made by a company where the payment is not made in cash, but is gradual. Accounts receivable according to Martono & Harjito (2011: 95) are all forms of bills or company claims to other parties whose repayments can be made in the form of money, goods, or services. So this policy is intentionally carried out to expand the market and increase sales results. Of course, with the policy of selling credit, this will create a risk for the company that it will not countable able to be billed for part or even all of the receivables.

Accounts Receivable Turnover

Receivable Turnover for companies is very important to know because the higher the receivable turnover, the more receivables that can be billed by the company. So that it will minimize the existence of uncollectible accounts and facilitate cash flow. In addition, with the existence of Receivable Turnover, it can be seen how the performance of the marketing department in finding potential customers who buy but also potentially pays their receivables. According to Kasmir (2016: 247), accounts receivable turnover (turnover receivable) is a ratio used to measure how long the collection of receivables is for a period.

Account receivable turnover is considered to have a relationship relative to the company's sales conditions. High accounts receivable turnover can cause current ratios that are quite low which can be accepted from the standpoint of liquidity and can lead to higher returns on assets. On the other hand, high turnover indicates sales conditions that are too tight, causing a decrease in sales and profits.

Profitability

Profitability according to Brealey et.al (2007) is a measure of focus on corporate profits. It can also be interpreted, the ability of a company to obtain profits related to sales, total assets, and own capital (Sartono, 1998 in Noverio, 2011). Profitability ratios are a group of ratios that show a combination of the effects of liquidity, asset management, and debt on operating results. It can be concluded that profitability ratios reflect the end result of all financial policies and operational decisions. Profitability ratio according to (Kasmir, 2016: 196-197) is a ratio to assess the company's ability to seek profits. This ratio measures a company's ability to produce profits by using company-owned sources, such as total assets, capital, or company sales.

Return on Asset

Munawir (2014: 89) confirms that Return on Asset shows the ability of a company to generate profits from assets used. By knowing this ratio, it can be seen whether the company is efficient in utilizing its assets in the company's operations. This ratio also provides a better measure of company profitability because it shows the effectiveness of management in using assets to earn income. Return on assets (ROA) itself is a form of profitability ratio that is intended to be able to measure the company's ability to fund all invested in assets used for company operations to generate profits.

$$ROA = \frac{\text{Profit before tax and interest}}{\text{Total Asset}} \times 100\%$$

Theoretical Thinking and Hypothesis Framework

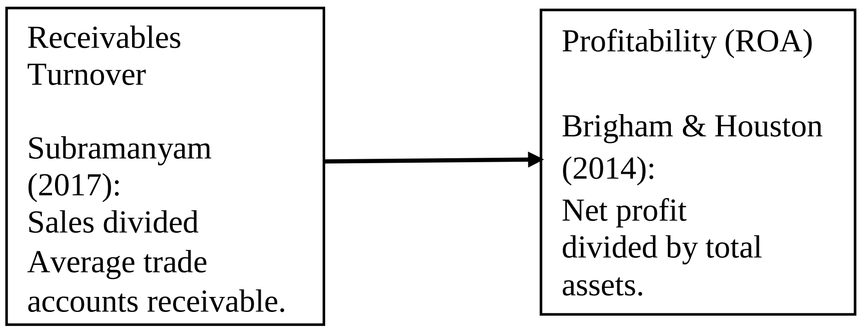
Companies that experience bankruptcy mean that they cannot manage company goals properly. Through research based on variables that have an influence on profitability. One of the ratios of profitability, namely Return On Assets (ROA), is used to measure ability while making good corporate value. The overall cost in assets has the purpose of increasing profits.

This is also reinforced through the Yuliani journal (2013), there is a significant influence between accounts receivable turnover and profitability (ROA), identifying that the ups and downs of accounts receivable turnover can explain or predict the ups and downs of ROA (p. 9), the same is confirmed by Nazmi, K (2017) find receivable turnover has a positive effect on profitability with a coefficient of 0.282112. However, Rika (2018: 100) in her research found that accounts receivable turnover did not have an influence on profitability.

In measuring profitability, a number of indicators are needed, indicators are adjusted to the company that will be derived from the results of several indicators according to Subagyo (2010), namely, "The results of net profit after tax and the average amount of assets.". (p.45).

From the search results there are several studies that have different results. The researcher conducts research by testing the variable profitability (ROA) with account receivable turnover. Through the variables that have been put forward the authors describe based on the following research model:

Figure 1 Research Framework
Accounts Receivable Turnover on Profitability



RESEARCH METHODOLOGY

Population and Sample Determination Procedure

In the research that will be carried out the population that will be taken is to take and process the data of the report under study. This study has a population of 17 companies based on the sector of financial institutions listed on the IDX. Through several criteria for company restrictions, there are 6 companies that do not publish financial data, so that the sample will be examined by researchers, amounting to 11 companies.

Tabel 1 List of Research Samples

No	Name of Company	Code
1	Adira Dinamika Multi Finance Tbk	ADMF
2	Buana Finance Tbk	BBLD
3	BFI Finance Indonesia Tbk	BFIN
4	Batavia Properindo Finance Tbk	BPFI
5	Clipan Finance Indonesia Tbk	CFIN
6	Danasupra Erapacific Tbk	DEFI
7	Radana Bhaskara Finance Tbk	HDFA
8	Mandala Multifinance Tbk	MFIN
9	Tifa Finance Indonesia Tbk	TIFA

10	Trust Finance Indonesia Tbk	TRUS
11	Verena Multi Finance Tbk	VRNA

Sumber: Sahamok.ok

Types and Data Sources

This study uses secondary data of manufacturing companies listed on the Indonesia Stock Exchange (IDX), accounting data that includes current assets, current debt, operating income (EBIT), total assets. Data is obtained through the IDX Directory, and other documents with documentation methods to collect them. The research data includes manufacturing company data covering the period 2013-2017 which is considered sufficient to represent the condition of the Indonesia Stock Exchange (IDX).

Operational Variables

a. Accounts Receivable Turnover Variables

Martono and Harjito (2011: 80) suggest that accounts receivable turnover is the bound period of accounts receivable since the occurrence of accounts receivable until the receivables can be billed in the form of money and cash and eventually can be bought back into inventory and sold on credit into receivables. Account receivable turnover is considered to have a relationship relative to the company's sales conditions. High accounts receivable turnover can cause current ratios that are quite low which can be accepted from the standpoint of liquidity and can lead to higher returns on assets.

The following formula is used in calculating accounts receivable turnover:

$$\text{Receivables Turnover} = \frac{Sales}{Average\ Turnover}$$

b. Variable Profitability

Profitability is the ability of a company to earn profits in relation to sales, total assets, and own capital, Sartono (2010: 130). The amount of net income is often compared to the size of activities or other financial conditions such as sales, assets, equity of shareholders to assess performance as a percentage of several levels of activity. Munawir (2014: 89) explains Return on Asset shows the company's ability to generate profits from assets used. By knowing this ratio, it can be seen whether the company is efficient in utilizing its assets in the company's operations. This ratio also provides a better measure of company profitability because it shows the effectiveness of management in using assets to earn income.

$$ROA = \frac{\text{Profit before tax and interest}}{\text{Total Asset}} \times 100\%$$

Correlation Coefficient Analysis

To find out how much the relationship of accounts receivable turnover to profitability (ROA). Correlation coefficient analysis is also useful to determine the level of closeness of the relationship between the two variables that have been determined. So that it can find out how high or low the relationship between the two variables is concerned. By using the formula as follows:

$$\boldsymbol{r_{xy}} = \frac{\boldsymbol{n\sum XY - \sum X \sum Y}}{\sqrt{[\boldsymbol{n\sum X^2 - (\sum X)^2}][\boldsymbol{n\sum Y^2 - (\sum Y)^2}]}}$$

RESULTS

Based on the discussion of the results of the research that the author has carried out regarding accounts receivable turnover to profitability (ROA) in 2013-2017, the authors draw the following conclusions:

a. Account receivable turnover which has the highest turnover rate from the financing institution sub-sector is the company PT. Danasupra Erapacific Tbk (DEFI) which is far above from several companies, especially in 2013-2017, namely in 2014 (2.26).

b. A high level of profitability in the company will increase competitiveness between companies. Companies that obtain high profit levels will open new lines or branches and increase investment or open new investments related to their parent companies. A high profit rate signifies the company's growth in the future. Profitability (ROA) that occurs in the financing sector sub-sector tends to decrease, the decrease in profitability is due to the high financing receivables and the low financing income obtained by the company, which causes lower financing receivable turnover. Profitability (ROA) which has the highest level seen from each year, the company PT. Danasupra Erapacific Tbk (DEFI) is far above that of several companies, especially in 2016 in the form of percentages (14.49%).

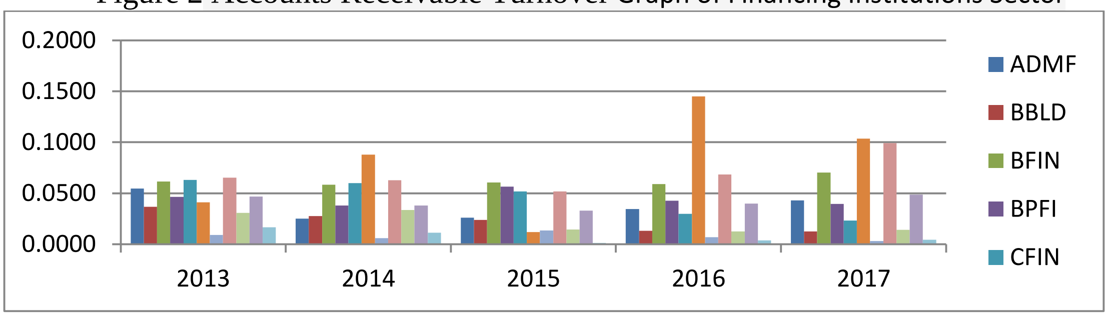
c. The effect of accounts receivable turnover on profitability (ROA) produces a correlation coefficient r = 0.449 which means that the level of relations between variables in this study is moderate in the financing sector sub-sector. The partial hypothesis (t test) produces a t value of 3.657> t-table 2.00575 and a significant value of 0.01 <0.05 which means Ho is accepted and Ha is rejected that there is no significant effect between accounts receivable turnover to profitability (ROA). So based on testing there is a significant effect between accounts receivable turnover to profitability. The coefficient of determination is contributing 20.1% and the remaining 79.9% is caused by other factors.

DISCUSSION AND CONCLUTION

Descriptive statistics

This statistic is used to provide a profile picture of sample data. The VRNA company has the highest accounts receivable turnover in 2014 (0.3455) that year the management managed to establish policies in the effectiveness of receivables collection and the lowest in 2015 (0.3098) which means it takes longer to be billed into cash and new policies are needed to be more effective in collecting receivables. As presented in the chart of accounts receivable turnover in the financing sector sub-sector as follows Based on Figure.2 below, it can be seen that the lowest of the receivable turnover is (0.0028) in 2017 TIFA company (Tifa Finance Indonesia Tbk) and the highest value is (2.26) in 2014 DEFI company (Danasupra Erapacific Tbk).

Figure 2 Accounts Receivable Turnover Graph of Financing Institutions Sector



Sumber : Data Sekunder diolah oleh penulis

Statistic test

The research data were analyzed and tested with several statistical tests consisting of descriptive statistics and statistical tests for hypothesis testing. The data obtained will then be analyzed using SPSS 16 to find out how much influence the receivable turnover has on Profitability (ROA) by conducting several tests as follows.

Correlation Coefficient Analysis

The efficient results of the accounts receivable turnover variable correlation to profitability (ROA) can be presented in the Table 2. Based on the results of table 4.26, it can be seen that there is a positive relationship between accounts receivable turnover with profitability (ROA) with a value of r = 0.449. It shows that the level of relationship between variables in this study is moderate.

Table 2 Results of the Receivable Turnover Correlation Coefficient on Profitability

Correlations

		Receivable Turnover	ROA
Receivable Turnover	Pearson Correlation	1	.449**
	Sig. (2-tailed)		,001
	N	55	55
ROA	Pearson Correlation	.449**	1
	Sig. (2-tailed)	,001	
	N	55	55

**. Correlation is significant at the 0.01 level (2-tailed).

Determination Coefficient Analysis

To find out how much influence between the variable x to the variable y is the turnover of accounts receivable as x and profitability (ROA) as y. Through the use of the coefficient of determination (R ^ 2) which describes the measure of the ability of the independent variable to explain the dependent variable. It can be seen that the contribution of the effect of accounts receivable turnover to profitability (ROA) is 20.1% and 79.9% is influenced by other factors.

Table 3 Results of the Receivable Turnover Determination Coefficient Against Profitability (ROA)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.449[a]	,201	,186	,09564

a. Predictors: (Constant), Receivable Turnover

Source: IDX (Secondary Data processed in SPSS 22 by the author

The coefficient of determination can be found by the formula:

Kd = r ^ 2 x 100%

Kd = 〖0.449〗 ^ 2 x 100%

Kd = 0,201 x 100%

Kd = 20.1%

Significance Test

Through this research the significance test used is: T test. This test is used to determine whether the two variables have a significant effect or no influence. In this study, the partial significance test or independent variable accounts receivable turnover to profitability (ROA) is presented in the following table: Based on table 4.25 above t count 3.657> t table 2.00575 then Ho is accepted and Ha is rejected that there is no significant effect between accounts receivable turnover to profitability and Significant value 0.01 <0.05. So based on testing there is a significant effect between accounts receivable turnover to profitability.

Simple Linear Regression Analysis Test

Simple linear regression analysis is done as a prediction, how the value of the dependent variable changes if the value of the independent variable in the future is based on the past. Usually a simple linear analysis test to reduce the occurrence of existing errors.

Ridwan (2014: 146-147) Simple regression analysis is used to predict or predict the dependent variable (y) and what is known as the independent variable (x). Regressions are usually examined because there is a relationship between variables x and y. The form of the regression equation is Y = a + bX

Table 5 Simple Linear Analysis Test Results Receivable Turnover on Profitability (ROA)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,006	,020		,315	,754
	Perputaran Piutang	,099	,027	,449	3,657	,001

a. Dependent Variable: ROA

From the results of the linear regression equation each variable can be interpreted as follows: Y = 0,006+0,099 X, the explanation of the equation is, if the turnover of accounts receivable rises by one unit, then profitability (ROA) can be predicted to increase by 0.099 at the constant 0.006.

RECOMMENDATION

The high and low receivable turnover has a direct effect on the size of the funds invested in the receivables. Receivables that are too large can be detrimental to the company, because working capital that is embedded in too large accounts receivable will result in reduced liquidity and profitability of the company. Based on the table, it can also be seen that the development of average profitability in finance companies in the period 2013-2017 seems to increase, but in 2011-2012 the percentage appears to decline

The higher the turnover of a company's receivables the better the management of receivables signifies a good return on profit". According to Lestari (2017: 42), "The state of high accounts receivable turnover shows that the more efficient and effective the company manages accounts receivable; this means that the company's profitability can be maintained"

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