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THE EFFECT OF RECEIVABLES TURNOVER EFFECTIVENESS ON ECONOMIC RENTABILITY IN PT. YAMAHA FINANCE IN JAKARTA, INDONESIA

Oliver Hasan Padmanegara¹, Deni Irwansyah², Dede Kasmadi³

Widyatama University, Indonesia

¹oliver.hasan@widyatama.ac.id, ²irwansyah.deni@widyatama.ac.id,

³dede.kasmadi@widyatama.ac.id

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Keywords: Effectiveness of Receivables Turnover, Economic Profitability.

ABSTRACT

This study aims to determine the effect of Receivables Turnover Effectiveness on Economic Profitability at PT. Yamaha Finance in Jakarta. The method used is explanatory research. The analysis technique uses statistical analysis with regression testing, correlation, determination, and hypothesis testing. The results of this study the Effectiveness of Accounts Receivable Turnover variables obtained an average value of 45.34%. The Economic Rentability variable obtained an average value of 44.22%. The Effectiveness of Receivable Turnover has a positive and significant effect on Economic Profitability with a regression equation value of $Y = 23,600 + 1,496X$, and a correlation coefficient of 0.750 or has a strong relationship with a determination value of 56.3%. Hypothesis testing obtained significance $0,000 < 0.05$.

Keywords: Effectiveness of Receivables Turnover, Economic Profitability.

INTRODUCTION

Background of the study

In this globalization era marked by the era of economic liberalization, capital flows, goods and services can enter freely in every country, making the business competition tighter. This condition has forced companies to try to improve their performance so they can compete and win the competition. Competition is the core of the success or failure of the company. In efforts of winning the competition, companies need to have a competitive strategy to find a favorable

position. Where this requires a competitive advantage value (competitive advantage value).

The value of competitive advantage can be achieved through the efficiency and effectiveness of all company's activities. In the development of increasingly fierce competition companies are required to attract high levels of consumer purchasing power to produce maximum profits. One of company's activities to increase competitive advantage is by selling credit. With credit sales, this will automatically lead to accounts receivable.

Accounts receivable turnover in a company depends on how a company arranges it and to what extent the company can sell its products on credit. The more products and services that are sold on credit, the more likely it will slow down at the level of accounts receivable turnover and vice versa.

The existence of sales made with the credit system will affect the company's profitability. Credit sales do not immediately generate cash receipts but give rise to receivables, then on the due date it will require the company to collect cash inflows from those receivables. According to Sutrisno (2016) indicators for accounts receivable turnover includes 1. Accounts receivable turnover 2. Average days of collection of receivables (average collection period). The level of accounts receivable turnover greatly affects the sustainability of the company's operational activities, concerning the acquisition of profits derived from capital that can be used as operational activities and adjusted to the conditions of the company. When the company has limited capital, it offers product sales on credit by meeting the requirements specified by the previous company that manufactures similar products.

Accounts receivable is an element of working capital which is also always in a state of continuous rotation. According to Gito Sudarmo (2009) receivables are assets of companies that arise as a result of the implementation of credit sales practices whereas according to Haryono Yusuf (2009) receivables are the right to collect a sum of money the seller to the buyer arising from a transaction. The level of accounts receivable turnover affects the profitability of the company because with an increase in accounts receivable turnover, the sales volume will also increase so that the profits received by the company will increase. To realize efficient company operations, the measure of success is not only to be seen from the amount of profit obtained which can be seen from its profitability. The company's efforts must be directed towards achieving the maximum profitability level because the efficiency can only be known by comparing the profits obtained with the wealth or receivables that produce the profit.

According to Sutrisno (2016) profitability is the ability of a company to generate profits with all the capital that works in it. According to Sofyan Syafri Harahap (2016), rentability is the ability of a company to make a profit through all existing capabilities and sources. The economic stability of a company is measured by the

company's ability to use assets productively. One of the factors that influence economic profitability is the amount of accounts receivable turnover in the company. Reliability is often interpreted as the ability of a company with a credit rotation working in it to generate profits. To evaluate and test the company's trade receivables, what needs to be done is by calculating and the number of accounts receivable days so that the company's profitability ratio can be known. PT. Yamaha Finance is a company whose level of efficiency of receivables continues to decline every year and the level of economic profitability at PT. Yamaha Finance is felt not enough to reach the point of maximum profit. Therefore, it is suitable to choose PT. Yamaha Finance as the object of this research as its condition meets the theme of this research.

Problem Formulation

- a. How is the Effectiveness of Receivables Turnover at PT. Yamaha Finance?
- b. How is the Economic Rentability at PT. Yamaha Finance?
- c. Is there an influence between the Effectiveness of Receivables Turnover on Economic Profitability at PT. Yamaha Finance?

Research Objectives

- a. To determine the condition of the Effectiveness of Receivables Turnover at PT. Yamaha Finance.
- b. To determine the condition of Economic Rentability at PT. Yamaha Finance.
- c. To determine the effect of the Effectiveness of Receivables Turnover on Economic Profitability at PT. Yamaha Finance.

RESEARCH METHODS

Population

The population in this study is the financial statements of PT. Yamaha Finance for 8 years

Samples

The sampling technique in this study is the saturated sampling, where all members of the population are sampled. Thus the sample in this study the financial statements of PT. Yamaha Finance for 8 years.

Types of Research

The type of research used is associative, where the aim is to find out the relationship between the independent variables and the dependent variable

DATA ANALYSIS METHOD

In analyzing the data used validity test, reliability test, simple linear regression analysis, correlation coefficient, coefficient of determination, and hypothesis testing.

RESEARCH RESULT

Descriptive Analysis

This test used to determine the highest minimum and maximum scores, rating scores, and standard deviations of each variable. The results are as follows:

Table 1. Results of Descriptive Statistics Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Effectiveness of Receivables (X1)	8	35.28	50.62	45.34 50	4.54381
Economic Rentability (Y)	8	27.33	52.22	44.22 50	9.05774
Valid N (listwise)	8				

The effectiveness of Receivables Turnover obtained a minimum value of 35.2 times and a maximum value of 50.62 times with an average of 45.34 with a standard deviation of 4.543.

Economic profitability obtained a minimum value of 27.33 times and a maximum value of 52.22 times with an average of 44.22 with a standard deviation of 9.057.

Verification Analysis.

This analysis is intended to determine the effect of independent variables on the dependent variable. The test results are as follows:

a. Simple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

Table 2. Simple Linear Regression Testing Results

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23.600	24.501		2.963	.011
	Effectiveness of Receivables (X)	1.496	.538	.750	2.780	.032

Based on the test results in the above table, the regression equation $Y = 23,600 + 1,496X$ is obtained. From the equation explained as follows:

- 1) A constant of 23,600 means that if there is no effective Accounts Receivable Turnover, there is an Economic Profitability value of 23,600 points.
- 2) Regression Coefficient of Accounts Receivable Turnover Effectiveness is 1,496, this number is positive, meaning that every time there is an increase in Accounts Receivable Turnover Effectiveness of 1.496 points, Economic Rentability will also increase by 1.496 points.

b. Correlation Coefficient Analysis

Correlation coefficient analysis is intended to determine the degree of relationship strength of the independent variables on the dependent variable either partially or simultaneously. The test results are as follows:

Table 3. Correlation Coefficient Testing Results Effectiveness of Receivables Turnover Against Economic Rentability.

Correlations			
		Effectiveness of Receivables (X1)	Economic Rentability (Y)
Effectiveness of Receivables (X1)	Pearson Correlation	1	.750*
	Sig. (2-tailed)		.032
Economic Rentability (Y)	Pearson Correlation	.750*	1
	Sig. (2-tailed)	.032	

Based on the test results obtained by a correlation value of 0.750 means that the Effectiveness of Receivables Turnover has a strong relationship with Economic Rentability.

c. Analysis of the Coefficient of Determination

The coefficient of determination analysis is intended to find out the percentage of the effect of the independent variable on the dependent variable. The test results are as follows:

Table 4. Test Results for the Determination Coefficient Effectiveness of Receivables Turnover on Economic Rentability.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750 ^a	.563	.490	6.467

Based on the test results obtained a determination value of 0.563 means that the Effectiveness of Accounts Receivable Turnover has an influence contribution of 56.3% to Economic Profitability.

d. Hypothesis testing

Hypothesis testing with t-test is used to find out which hypothesis is accepted.

Hypothesis Formulation: There is a significant influence between the Effectiveness of Receivables Turnover on Economic Profitability.

Table 5. Hypothesis Test Results Effectiveness of Receivables Turnover Against Economic Rentability.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23.600	24.501		2.963	.011

Effectiveness of Receivables (X)	1.49 6	.538	.750	2.78 0	.032
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Based on the test results in the table above, the value of $t_{count} > t_{table}$ or $(2.780 > 2.447)$ is obtained, thus the hypothesis that there is a significant influence between the Effectiveness of Receivable Turnover on Economic Profitability is accepted.

DISCUSSION OF RESEARCH RESULTS

Variable Conditions of Accounts Receivable Turnover Effectiveness

The level of effectiveness of accounts receivable fluctuated from 2011 to 2018 this is based because the benefits received by the company always decrease in the eight years, while the sacrifices incurred by the company always increase every year.

Variable Conditions for Economic Rentability

Economic Profitability at PT. Yamaha Finance experienced a decline over 8 years, 2011 to 2018. This was due to profit or profit before tax when compared to total assets were still not stable.

Effect of Accounts Receivable Turnover on Economic Profitability

The Effectiveness of Accounts Receivable Turnover has a significant effect on Economic Profitability with a regression equation $Y = 23,600 + 1,496X$, the correlation value is 0.750 or has a strong relationship with the contribution of influence of 56.3%. Hypothesis testing obtained $t_{value} > t_{table}$ or $(2.780 > 2.447)$. Thus the hypothesis proposed that there is a significant effect between the Effectiveness of Receivables Turnover on Economic Rentability is accepted.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

- a. Variable Effectiveness of Receivables Turnover obtained an average of 45.35 times. The level of effectiveness of accounts receivable fluctuated from 2011 to 2018 this is based because the benefits received by the company always decrease in the eight years, while the sacrifices incurred by the company always increase every year.
- b. Economic Rentability variable obtained an average of 44.22. Economic Profitability at PT. Yamaha Finance experienced a decline over the 8 years from 2011 to 2018. This was due to profit or profit before tax when compared to total assets that were still unstable.
- c. The Effectiveness of Receivable Turnover has a significant effect on Economic Profitability with a regression equation $Y = 23,600 + 1,496X$, the correlation value is 0.750 or strong and the contribution of influence is 56.3% while the remaining 57.9% is influenced by other factors. Hypothesis testing obtained $t_{count} > t_{table}$ or $(2.780 > 2.447)$.

Suggestion

- a. Companies should manage receivables to take firm action against consumers who pay more than the due date of the specified receivables. And it should be

the action that must be taken by the company, starting from giving a warning to giving sanctions to consumers who have not been able to pay their receivables. With these actions, the company can reduce the risk of uncollectible receivables, so that the receivables will quickly become company cash and the company can rotate its receivables as soon as possible. The company must also pay attention to the rate of return on receivables, where the age of receivables must be shortened so that payments are current or faster to reduce losses.

- b. Reducing operating costs and controlling expenses by reducing sales costs.
- c. To further increase the economic profitability of the company, it is necessary to increase sales by increasing sales volume, which is trying hard to find a wider market share.

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