

Effect of Receivable Turnover, Net Profit Margin and Cash Turnover Return on Assets at PT. Prime Papadaan

Yudha Remofa¹, Ivalaina Astarina², Puspa Dewi³, Angga Hapsila⁴, Gilang Ramadhan⁵

Institut Teknologi dan Bisnis Indragiri

Corresponding Author: Angga Hapsila anggahapsila@stieindragiri.ac.id

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ABSTRACT

A study was carried out to analyze the impact of receivables turnover, net profit margin, and cash turnover on the return on assets at PT. Prime Papadaan. The study used a quantitative approach with secondary data, and the author processed the data using the Statistical Package for the Social Sciences (SPSS) version 24. The analysis used in this research was multiple linear regression, and simultaneous and partial hypothesis testing was performed. The results showed that receivables turnover, net profit margin, and cash turnover all have an impact on return on assets. Receivables turnover has a partial influence on return on assets, net profit margin has a partial influence, and cash turnover has a partial influence.

INTRODUCTION

Any individual or organization that conducts business undoubtedly has objectives to meet. The primary objective that companies strive to achieve is maximum profit or profits, which is crucial among other factors. By attaining this desired level of profit, companies can greatly benefit owners and employees, enhance product quality, and undertake new investments. The profitability ratio, also referred to as the profit ratio, is employed to evaluate a company's profit level. The aim of using profitability ratios is for both the company and external parties, namely: a) determine the amount of profit generated by an organization in a certain period of time; b) compare the company's earnings for the prior year to the current year.; c) Determine the progression of profit over time; d) Determine how much of your own capital was used to generate net profit after taxes.; e) assess the performance of the total company funds used, both own capital and borrowed capital; f) assess the performance of all company funds, including own capital. and g) and fulfill other needs. (Kasmir, 2018:197)

Numerous kinds of profitability ratios can be applied depending on the goals to be met. The financial standing of a business is evaluated and measured using each type of profitability ratio over one or more time periods. Profitability ratios that are often used include Return On Assets (ROA). Return On Assets (ROA) measures a company's ability to use all its assets to generate profits after tax. The profitability ratio is in the form of Return On Assets (ROA) obtained by PT. Papadaan Perdana in the past 7 years has always experienced fluctuations, where the Return On Assets (ROA) value from 2016 to 2022 is as follows: 0.2543; 0.1384; 0.2292; 0.2120; 0.1071; 0.1366 and 0.3019.

Surendra, et al., (2020:57) receivables management is one of the important things that need to be considered in company management. Because what we know is that transactions that occur in a company are not all carried out in cash, but there are times when transactions occur on credit, therefore we need something called receivables management. According to Kasmir(2018:176), the ratio known as receivables turnover is used to calculate the length of time it takes to collect receivables in a given period or the number of times the money invested in these receivables rotates in a given period. Research on receivables turnover on Return On Assets was conducted by Sari, et al., (2020); Fatima and Wijaya (2021) and Muhibah and Yunus (2020) with the results of accounts receivable turnover affecting Return On Assets. Different research results were presented by Novika and Siswanti (2022) and Islamiah and Yudiantoro (2022) who stated that partial receivables turnover did not affect Return On Assets.

A measure of profit that compares profit after interest and taxes to sales is called net profit margin (Kasmir, 2018:200). This metric is used to display the company's net revenue from sales. Research on net profit margin in return on assets was conducted by Surbakti and Malau (2020); Lisnawati and Amirullah (2022) and Fahry et al. (2021) with the results that net profit margin influences return on assets. Various research findings presented by Khakim (2022) showed that there was no discernible impact of net profit margin on return on assets.

Husnan and Pudjiastuti (2015:115) Cash is the most liquid form of asset, which can be used immediately to fulfill the company's financial obligations. If a company keeps cash in the bank in the form of a checking account, the percentage of checking services received by the company will be lower than if it was kept in the form of a time deposit. Therefore, the main problem in cash management is to provide enough cash, not too much (so that profits do not fall too much), but not too little (so that the company's liquidity is affected). According to James O. Gill in Kasmir (2018: 140), The cash turnover ratio is used to assess how much working capital the business has available to finance sales and pay bills. Research on cash turnover on Return On Assets was carried out by Nurfitriana, et al., (2021), Maruta and Hidayatullah (2021) and Garcinia, et al., (2022) with the results that cash turnover affected Return On Assets. Different research results were presented by Rahman, et al., (2021) and Rondonuwu, et al., (2021) which stated that cash turnover does not affect Return On Assets.

Based on the background of the problem, where there are business phenomena and research gaps, the author raised the research title "The Influence of Receivables Turnover, Net Profit Margin and Cash Turnover on Return on Assets at PT. First Papadaan"

Research problem

This backdrop can be used to prepare the problem formulation in the manner described below:

1. Does Receivables Turnover, Net Profit Margin and Cash Turnover Simultaneously Influence Return On Assets at PT? Prime Papadaan.
2. Does Receivables Turnover Partially Influence PT's Return On Assets? Prime Papadaan.
3. Does Net Profit Margin Partially Influence Return On Assets at PT. Prime Papadaan.
4. Does Cash Turnover Partially Influence Return On Assets at PT. Prime Papadaan.

Research purposes

Based on this background, the aim of this study aims to investigate and evaluate:

1. The effect of concurrent cash turnover, net profit margin, and accounts receivable turnover on PT. Prime Papadaan's return on assets.
2. The effect of PT. Prime Papadaan's partial turnover of accounts receivable on return on assets. Partial Impact of Net Profit Margin on Return on Assets at PT. Prime Papadaan.
Impact of Partial Cash Turnover on Return on Assets at PT. Prime Papadaan

LITERATURE REVIEW

Return On Asset

Siswanto (2021:35) Profitability ratios measure a company's ability to generate profits using its own resources such as assets, capital or sales. One of the commonly used profitability metrics is return on assets (ROA). Return on assets measures how well a company uses all of its resources to generate a profit after expenses are deducted. The return on assets shows the degree of system efficiency.

$$\text{Return On Assets} = \frac{\text{EAT}}{\text{Total Assets}}$$

Receivables Turnover

Soemarso (2004:338) accounts receivable is a habit for companies to make concessions to their customers when making sales. Receivables turnover is a metric that measures how long it takes to collect receivables during a period or how often the funds invested in these receivables are turned over in a period. (Kasmir, 2010:176)

The formula used to determine the accounts receivable turnover is: (Darmawan, 2020:91)

$$\text{Perputaran Piutang} = \frac{\text{Penjualan Kredit}}{\text{Rata-rata Piutang}}$$

Net Profit Margin

Harjito and Martono (2014:60) Net Profit Margin or Net Profit Margin is the sales profit after calculating all expenses and income taxes. This margin shows the comparison of net profit after taxes with sales.

The formula used to determine net profit margin is: (Kasmir, 2010:298)

$$\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Operating Income}} \times 100$$

Cash Turnover

According to James O. Gill (in Kasmir, 2018: 140), cash turnover is used to measure the degree of adequacy of the company's working capital required to pay bills and finance sales. This ratio is used to measure the level of cash availability to pay bills (debts) and costs related to sales.

Cash turnover in one period can be calculated using the formula: (Septiana, 2019:73)

$$\text{Cash Turnover} = \frac{\text{Sale}}{\text{Average Cash}}$$

Research framework

The framework provides an research paradigm that provides a solution to the research problem. The research framework of this study is as follows

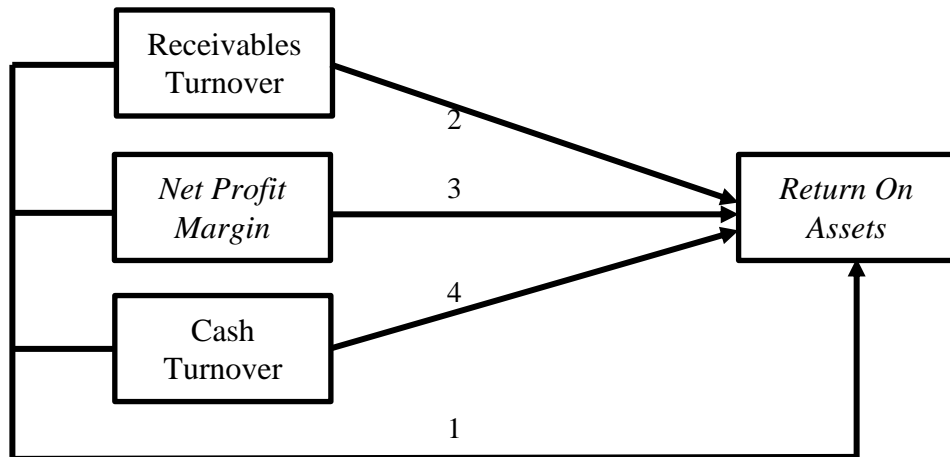


Figure 1: Research Framework
Source: Data olahan

Research hypothesis

This study's hypothesis is.

1. It is suspected that Receivables Turnover, Net Profit Margin and Cash Turnover Simultaneously Influence Return On Assets at PT. Prime Papadaan.
2. It is suspected that Receivables Turnover Partially Influences Return On Assets at PT. Prime Papadaan.
3. It is suspected that the Net Profit Margin partially influences the Return On Assets at PT. Prime Papadaan.
4. It is suspected that cash turnover partially influences the return on assets at PT. Prime Papadaan.

METHODOLOGY

This research was conducted at PT. Papadaan Perdana, with a research period of March to September 2023, the type of data used in this research is secondary data. In analyzing the data, the author used the help of Statistical Page for the Social Sciences (SPSS), version 24.

RESEARCH RESULT

1) Normality Test

To determine whether the independent, dependent, or both variables are normally distributed, nearly normal, or not distributed, perform a normality

test. In this study, the test was conducted using a probability plot. The following image displays the probability graph:

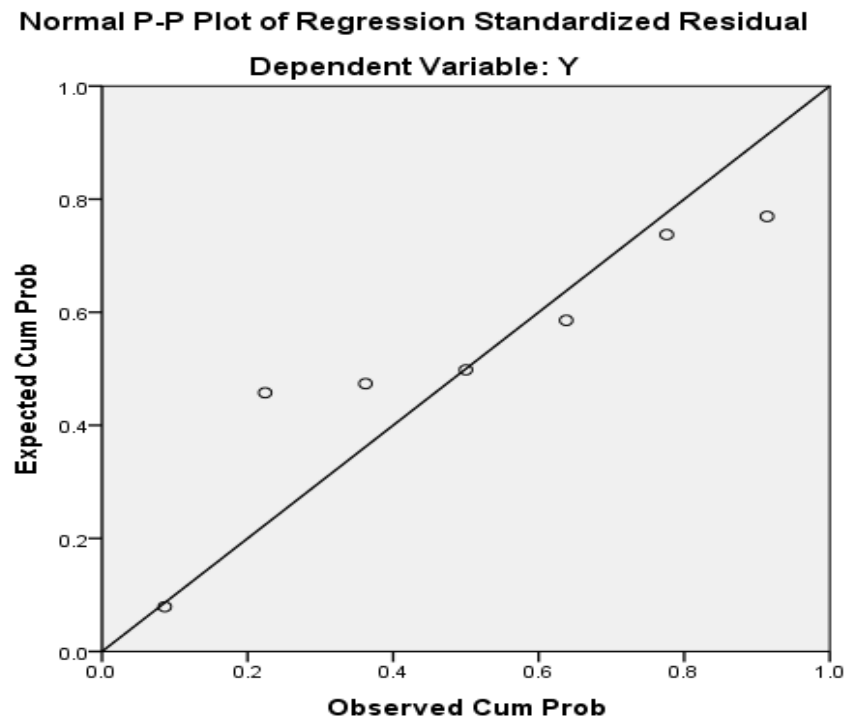


Figure 2. Normality Test

Source: Data olahan

Based on Figure 2 above, it can be concluded that the data has been distributed normally because the residual data distribution follows the direction of the diagonal line. Since the data is distributed normally, the regression model has met the normality assumption.

2) Multicollinearity Test

The multicollinearity test examines correlations between independent variables to identify their effect on the model. It uses tolerance values and the variance inflation factor (VIF), based on:

- a) Tolerance value ≤ 0.10 or VIF value ≥ 10 , then multicollinearity occurs
- b) If tolerance value ≥ 0.10 or VIF value ≤ 10 , then multicollinearity does not occur

The multicollinearity test results are shown in the table below:

Table 1. Multicollinearity Test Results

Model	Coefficients ^a									Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Tolerance	VIF	
	B	Std. Error	Beta			Zero-order	Partial	Part			
1 (Constant)	.147	.043		3.407	.042						
X1	-.005	.001	-.626	-4.348	.022	-.452	-.929	-	.622	1.608	
X2	.702	.097	.840	7.259	.005	.841	.973	.824	.963	1.039	
X3	-.001	.000	-.485	-3.349	.044	.057	-.888	-	.613	1.631	
								.380			

a. Dependent Variable: Y
 Source: Data olahan

From table 1, it can be seen that:

- a) The tolerance value for the variable "receivables turnover" is either $0.622 \geq 0.10$ or the VIF value is $1.608 \leq 10$, indicating that there is no evidence of multicollinearity.
- b) The tolerance value for the "net profit margin" variable is $0.963 \geq 0.10$ or the VIF value is $1.039 \leq 10$, so the "net profit margin" variable does not have symptoms of multicollinearity.
- c) The tolerance value for the "cash turnover" variable is $0.613 \geq 0.10$ or The VIF value is $1.631 \leq 10$, so it is declared that the cash turnover variable has no symptoms of multicollinearity.

3) Autocorrelation Test

The way to see whether or not there is autocorrelation in the regression model is to carry out a run test. The basis for determining whether autocorrelation occurs or not is:

- a) If Asimp. Sig (2-tailed) < 0.05 , then there is autocorrelation between residual values
- b) If Asimp. Sig (2-tailed) > 0.05 means there is no autocorrelation between residual values

The following is a table of autocorrelation test results:

Table 2. Autocorrelation Test

Runs Test	
Unstandardized Residual	
Test Value ^a	-.00009
Cases < Test Value	3
Cases >= Test Value	4
Total Cases	7
Number of Runs	7
Z	1.758
Asymp. Sig. (2-tailed)	.079

a. Median

Source: Data olahan

From Table 2 above, the Asymp value is obtained. Sig (2-tailed) is 0.079 > 0.05, so the residual is random or there is no autocorrelation.

4) Multiple Regression Analysis

To determine the influence of the variables accounts receivable turnover, net profit margin and cash turnover on the dependent variable return on assets, the author uses SPSS version 24 analysis. When calculating linear regression, the formula is used:

$$Y = a + b_1 x_1 + b_2 x_2 + b_3 x_3 + e$$

Where a is a constant, b is the regression coefficient and x is the independent, Variabel from the following data:

Table 3. Coefficients

		Coefficients^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.147	.043		3.407	.042
	X1	-.005	.001	-.626	-4.348	.022
	X2	.702	.097	.840	7.259	.005
	X3	-.001	.000	-.485	-3.349	.044

a. Dependent Variable: Y

Source: Data olahan

From the table above we can see that the multiple linear regression becomes:

$$Y = 0,147 - 0,005X1 + 0.702X2 - 0,001X3$$

The interpretation of the regression model above is:

$$a. = 0,147$$

If receivable turnover, net profit margin and cash turnover are equal to 0 (zero) or constant (not experiencing increases or decreases) then the return on assets is 0.147

$$b_1 = -0,005$$

If receivable turnover increases by 1 (one unit) while net profit margin and cash turnover are constant, return on assets will decrease by 0.005.

$$b_2 = 0,702$$

If the net profit margin increases by 1 (one unit) while receivables turnover and cash turnover are constant, then the return on assets will increase by 0.702.

$$b_3 = -0,001$$

If cash turnover increases by 1 (one unit) while accounts receivable turnover and net profit margin remain the same, return on assets will decrease by 0.001.

5) Correlation and Determination

To see the correlation and determination of the variables receivable turnover, net profit margin and cash turnover on return on assets, you can see the table below:

Table 4. Model Summary

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.980 ^a	.961	.923	.0198894

a. Predictors: (Constant), X3, X2, X1

b. Dependent Variable: Y

Source: Data olahan

The r value or correlation that can be seen from the Model Summary table is 0.980, meaning that there is a very high relationship between receivables turnover, net profit margin and cash turnover on return on assets.

From the model summary table, it can be seen that the R Square value is 0.961. Therefore, the contribution of the independent variable is 96.10 %. Other factors not discussed in this study contributed 3.90%

6) Hypothesis Testing

a. F-Test

Testing the influence of the variables receivable turnover, net profit margin and cash turnover on return on assets can be seen in the table below.

Table 5. Anova

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.030	3	.010	24.880	.013 ^b
	Residual	.001	3	.000		
	Total	.031	6			

a. Dependent Variable: Y

b. Predictors: (Constant), X3, X2, X1

Source: Data olahan

In the Simultaneous Test Results table above, the calculated F value is 24.880, while the table F value is 9.28. Apart from that, the significance value is 0.013 which is greater than the significance level (α) of 0.05. Because the calculated F value > F table (24.880 > 9.28), receivables turnover, net profit margin and cash turnover simultaneously influence return on assets.

b. T-test

The examination of the influence of the variables receivables turnover, net profit margin and partial cash turnover on the return on assets is shown in the in the following table:

Table 6. Coefficients

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.147	.043		3.407	.042
	X1	-.005	.001	-.626	-4.348	.022
	X2	.702	.097	.840	7.259	.005
	X3	-.001	.000	-.485	-3.349	.044

a. Dependent Variable: Y

Source: Data olahan

1. Partial test of the effect of accounts receivable turnover on return on assets.
Based on the results of the above SPSS analysis, it can be seen that the t-count value for the accounts receivable turnover variable is -4.348. Since the value of count < ttable (-4.348 < -2.5705), the accounts receivable turnover partially influences the return on assets.
2. Partial test of the effect of net profit margin on return on assets.
Based on the results of the above SPSS analysis, it can be seen that the calculated value for the net profit margin variable is 7.259. Since the value of the count > table is (7.259 > 2.5705), the net profit margin partially influences the return on capital.
3. Partial test of the effect of cash turnover on return on assets.
Based on the results of the SPSS analysis above, it shows that the T-Count value for the cash turnover variable is -3.349. Since the value of count <

ttable ($-3.349 < -2.5705$), cash turnover partially influences the return on assets.

DISCUSSION

The hypothesis which states that receivables turnover partially influences return on assets is declared accepted. The results of this research are in line with research conducted by Sari, et al., (2020); Fatima and Wijaya (2021) and Muhibah and Yunus (2020). Receivables management is one of the important things that needs to be considered in company management. Because we know that transactions that occur in a company are not all carried out in cash, but there are times when transactions occur on credit, therefore we need something called receivables management (Surindra, et al., 2020:57)

The hypothesis which states that it is assumed that net profit margin partially influences return on assets is declared accepted. The results of this research are in line with research conducted by Surbakti and Malau (2020); Lisnawati and Amirullah (2022) and Fahry, et al., (2021). Net Profit Margin (NPM) measures a company's ability to generate net profits from sales made. This ratio reflects the efficiency of production, personnel, marketing and finance (Siswanto, 2021:37)

The hypothesis which states that it is suspected that cash turnover partially influences the return on assets is declared accepted. The results of this research are in line with research conducted by Nurfitriana, et al., (2021), Maruta and Hidayatullah (2021) and Garcinia, et al., (2022). Cash is the most liquid form of asset, which can be used immediately to fulfill the company's financial obligations (Husnan and Pudjiastuti, 2015: 115)

CONCLUSIONS

Based on the results of the research carried out, conclusions were drawn:

- a. The variables receivable turnover, net profit margin and cash turnover influence PT's return on assets. Prime Papadaan.
- b. The receivables turnover variable influences the return on assets of PT. Prime Papadaan.
- c. The net profit margin variable influences PT's return on assets. Prime Papadaan.
- d. The cash turnover variable influences the return on assets of PT. Prime Papadaan.

ADVANCED RESEARCH

It is recommended for further research to raise different independent variables to look at factors that can influence the dependent variable return on assets.

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