

THE INFLUENCE OF OPERATING CASH FLOWS AND RECEIVABLES TOWARDS CURRENT RATIOS IN MULTIFINANCE COMPANIES IN INDONESIA STOCK EXCHANGE (BEI) 2013-2017 PERIODE

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Abstract: This study aims to determine the effect of Operating Cash Flow and Accounts Receivable Turnover on the company's ability to pay off short-term liabilities (liquidity) using the Current Ratio method for Multifinance Companies on the Indonesia Stock Exchange Period 2013-2017. The research method used is descriptive method and verification method with a quantitative approach. The data used are secondary data in the form of financial statements of multi-finance companies for the period 2013-2017. The design of hypothesis testing uses starting from the classical assumption test, multiple linear regression analysis, correlation coefficient analysis, coefficient of determination analysis and t test. The results showed that the Operating Cash Flow and Accounts Receivable Turnover influence the Current Ratio.

Keywords: Operating Cash Flow, Receivables Turnover, Current Ratio

INTRODUCTION

Cash Flow Statement is one type of financial statement that can be used for decision making. Because it contains information about cash flow into and out of a company at a certain time period. The cash flow statement consists of three activities including operating activities, investment activities, and funding activities. Cash flow statements can also provide an overview of financial flexibility, operational capabilities, and company liquidity. The level of liquidity of a company cannot be considered a trivial affair, and requires special attention from the financial sector of a company because the level of liquidity reflects a company's ability to pay or repay all its short-term debts (Wulandari and Diyani, 2017).

Trade receivables are revenues that must be collected from consumers as a result of the sale of services or goods on credit by a company. Low accounts receivable turnover will cause the company's capital to decrease (illiquid), while the company can be said to be liquid if the receivable turnover

has increased it will cause the company's capital to increase. Receivables in this case can also be interpreted as one of the current assets.

Owned by the company, so that the management of receivables effectively very necessary so that the company's credit cycle can be controlled (Hery: 2014).

A company is said to be liquid if the company is able to meet its short-term financial obligations in accordance with the specified time (due date). To be able to grow and develop its business, a company will definitely need substantial funds / capital. Funding needs can basically be obtained by companies through several alternative funding. One alternative funding includes the sale and issuance of shares on the Stock Exchange or Capital Market. On the other hand, investors invest their funds by buying shares available on the Capital Market or Stock Exchange. Investors make these investments with the aim of getting profits through dividends distributed by companies that issue shares (Indriani: 2017).

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Research Purposes

To determine the effect of operating cash flow on current ratios. To determine the effect of accounts receivable turnover on current ratio.

Operating Cash Flow

Wardiyah (2017: 45) states that the cash flow statement is a planning tool that will help the company in the future, determine the time cash is needed to pay bills, help managers make business decisions and assist companies in managing all cash activities before cash is required.

Receivables Turnover

Kasmir (2017: 176) states that accounts receivable turnover is a ratio used to measure how long the collection of receivables during a period or several times the funds invested in These receivables revolve in one period

Current Ratio

Current ratio is the ratio used to measure how much current assets are available to pay short-term debt (Hery, 2017: 287)

Framework of Thinking and hypotheses

Effect of Operating Cash Flow on Current Ratio

According to Indriani (2017) states the results of the study indicate that cash flow has a significant effect on liquidity. This illustrates that cash flow has a correlation or relationship to the company's ability to pay debts / short-term obligations. In line with that opinion, Rais (2017) states that operating cash flow affects liquidity, this is because the company's current liabilities are always followed by operating cash flow to cover the company's current liabilities from year to year.

Effect of Accounts Receivable Turnover on Current Ratio

According to Astuti (2017) states there is a direct influence of accounts receivable turnover on liquidity. This shows that an increase in accounts receivable turnover will increase liquidity and there is a simultaneous direct effect of accounts receivable turnover on liquidity.

Furthermore, according to Supriadi (2012), the level of accounts receivable turnover is better because the level of accounts receivable turnover and also the collection period is faster.

Hypothesis

H1: Operating Cash Flow affects the Current Ratio in Multifinance Companies.

H2: Receivables turnover affects the Current Ratio in Multifinance Companies.

METHODS

Research Objects

The object of this research is the Multifinance Company listed on the Indonesia Stock Exchange (IDX). Data Sources and Data Collection Methods. The source of information used in this study uses secondary data. The data

collection that I use in this research is the financial statements of multi-finance companies 2013-2017. Population and

Samplev In this study the population of 16 companies and a sample of 9 multifinance companies.

Table 1
Sample Data

No	Code	Company Name
1	ADMF	PT Adira Dinamika Multi Finance Tbk
2	BBLD	PT Buana Finance Tbk
3	BPFI	PT Batavia Prosperindo Finance Tbk
4	CFIN	PT Clipan Finance Indonesia Tbk
5	DEFI	PT Danasupra Erapacific Tbk.
6	MFIN	PT Mandala Multifinance Tbk
7	TRUS	PT Trust Finance Indonesia Tbk
8	VRNA	PT. Verena Multifinance Tbk
9	WOMF	PT Wahana Ottomitra Multiartha Tbk

Data Analysis Technique
Classical Assumption Test

Aims to determine how well the model is used and suitable to test the hypothesis that has been formulated so that the best model is obtained. The classic assumptions that will be used in this study are:

Normality test

According to Sunyoto (2016: 92), the normality test will test the independent variable data (X) and the related variable data (Y) in the resulting regression equation whether normal distribution or abnormal distribution.

Multicollinearity Test

According to Sujarweni (2015: 176) states that the multicollinearity test is needed to determine whether there are independent variables that have similarities between the independent variables in a model. The similarity between independent variables will result in a very strong correlation. In addition to this test also to avoid the habit in the decision making process regarding the influence of the partial test

of each independent variable on the dependent variable.

Autocorrelation

According Ghozali (2016: 107) states that the autocorrelation test is used to test whether in the linear regression model there is a correlation between errors in the t period with errors in the previous period.

Heteroscedasticity

According to Sujarweni (2015: 226) heteroscedasticity test is a condition where the variance and the error are not constant for all independent variables. A good regression model is not heteroscedasticity. Heteroscedasticity test can be done using the Glejser test that is by testing the level of significance.

Multiple Linear Regression Analysis

According to Siregar (2015: 301), multiple regression is the development of simple linear regression, which are both tools that can be used to predict future demand based on past data or to determine the effect of one or more

independent variables on one dependent variable (dependent). Application of multiple linear regression methods the number of independent variables used is more than one that affects one dependent variable.

Correlation Analysis

According to Syofian (2015: 250), relationship analysis (correlation) is a form of data analysis in research that aims to determine the strength or shape of the relationship between two or more variables, and the magnitude of the effect caused by one variable (the independent variable) on other variable (dependent variable).

Correlation Coefficient Analysis

According Siregar (2015: 252) coefficient of determination (KD) is a

number that states or is used to determine the contribution or contribution made by a variable or more X (free) to the variable Y (bound) '. A small r^2 value means that the ability of independent variables to explain the variation of the dependent variable is very limited. A value close to one means that the independent variables provide almost all the information needed to predict variations in the dependent variable

T test

T test is used to test the significance of the effect between the independent variable (X) on the dependent variable (Y). (Sugiyono 2018: 187)

RESULT AND DISCUSSION

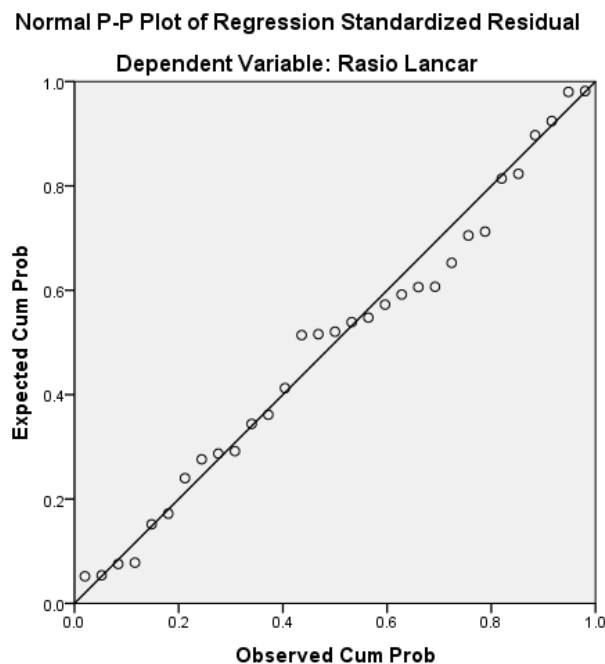


Figure 1. Normality Test Results

By looking at the normal P-P plot graph that can be done with the SPSS program. The assumption is to obtain this normality when the x-axis is

frequency and y, which is the value in the data, is approaching the data group

line. When the normality line does not approach the x and y axes, it is necessary to remove the outlier using the casewise diagnostic contained in the

SPSS program. The normality test with statistical analysis is to use Kolmogorov-Smirnov

**Table 2. Normality Test Results
 One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		31
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	19.95264043
Most Extreme Differences	Absolute	.099
	Positive	.099
	Negative	-.095
Test Statistic		.099
Asymp. Sig. (2-tailed)		.200 ^{c,d}
Monte Carlo Sig. (2-tailed) Sig.		.888 ^e
	99% Confidence Interval Lower Bound	.879
	Upper Bound	.896

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

e. Based on 10000 sampled tables with starting seed 2000000. The amount of Asymp value. Sig. (2-tailed) from the data normality test

results using Kolmogorov-Smirnov of 0.200 and the value is more than 0.05, then the data can be assumed to be normal.

**Table 3. Multicollinearity Test Results
 Coefficients^a**

Model		Collinearity Statistics	
		Tolerance	VIF
1	Operating Cash Flow	.365	2.736
	Receivables Turnover	.365	2.736

a. Dependent Variable: Rasio Lancar

Tolerance values for the variable Operating Cash Flow (X1) and Receivables Turnover (X2) are 0.365 greater than 0.10. Meanwhile, the value of VIF for Operating Cash Flow (X1) and Accounts Receivable Turnover (X2) is

2,736 < 10. Then referring to the basis of decision making in the multicollinearity test it can be concluded that there are no symptoms of multicollinearity in the regression model.

**Table 4. Autocorrelation Test Results
 Model Summary^b**

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.544 ^a	.296	.246	20.6529450	1.121

a. Predictors: (Constant), Perputaran Piutang, Arus Kas Operasi

b. Dependent Variable: Rasio Lancar

Based on the above results it can be seen that the value of DW 1.121 which is where this value is greater than -2

and less than +2 (-2 < 1.121 < +2), it can be concluded that the regression model does not occur autocorrelation.

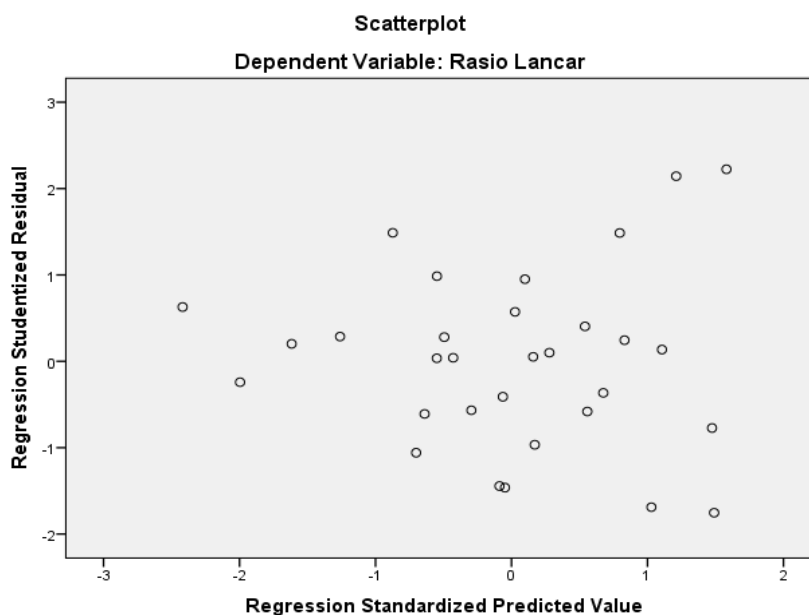


Figure 2. Graph of Heteroscedasticity Test

From the scatterplot chart above it can be seen that the points spread randomly and are spread both above and below the number 0 on the Y axis and do not

form a particular pattern. It can be concluded that there was no heteroscedasticity in the regression model.

Table 5. Equation of Multiple Linear Regression Coefficients^a

Model	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
1 (Constant)	-341.607	109.069		-3.132	.004
Operating Cash Flow	5.739	2.008	.749	2.858	.008
Receivables Turnover	368.413	107.471	.899	3.428	.002

a. Dependent Variable: Current Ratio

The regression equation formula in this study obtained a value of -341,607 b1 value of 5,739 and b2 of 368,413 with

the form of multiple regression equations namely
 $Y = -341.607 + 5.739X_1 + 368.413X_2$

Table 6. Results of Partial Correlation Coefficient Analysis Correlations

		Rasio Lancar	Arus Operasi	Kas Perputaran Piutang
Pearson Correlation	Current Ratio	1.000	.033	.302
	Operating Cash Flow	.033	1.000	-.797
	Receivables Turnover	.302	-.797	1.000
Sig. (1-tailed)	Current Ratio	.	.429	.049
	Operating Cash Flow	.429	.	.000
	Receivables Turnover	.049	.000	.
N	Current Ratio	31	31	31
	Operating Cash Flow	31	31	31
	Receivables Turnover	31	31	31

Based on the results of processing, it can be seen that the value of the correlation coefficient between operating cash flow and current ratio is 0.033, meaning that the level of relationship between operating cash flow and current ratio is very low. The correlation coefficient also shows a positive number meaning that the higher the operating cash flow, the current ratio

will also go up. While the value of the correlation coefficient between accounts receivable turnover and current ratio is 0.302 meaning that the relationship between accounts receivable turnover with the current ratio is low. The correlation coefficient shows a positive number, meaning that the higher the receivables turnover, the current ratio will also go up

Table 7. Determination Analysis Results Model Summary^b

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.033 ^a	.001	-.033	24.1801635	.498

- a. Predictors: (Constant), Arus Kas Operasi
- b. Dependent Variable: Rasio Lancar

Based on the table above, it is known that the coefficient of determination or R Square is equal to 0.1. The value of R Square 0.1 is derived

from the square of the correlation coefficient or "R", which is $0.033 \times 0.033 = 0.1$. This figure implies that the Operating Cash Flow variable (X1)

influences the Current Ratio variable (Y) of 0.1%. While the rest (100% - 0.1% = 99.9%) is influenced by other variables

outside this regression equation or variables not examined

Table 8. Determination Analysis Results Model Summary^b

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.302 ^a	.091	.060	23.0643712	.649

a. Predictors: (Constant), Perputaran Piutang
 b. Dependent Variable: Rasio Lancar

Based on the output table above, it is known that the coefficient of determination or R Square is 0.091. The value of R Square 0.091 is derived from the square of the correlation coefficient or "R", which is $0.302 \times 0.302 = 0.091$. This figure implies that the Accounts

Receivable Turnover (X2) variable influences the Cash Ratio (Y) variable of 9.1%. While the rest (100% - 9.1% = 90.9%) is influenced by other variables outside this regression equation or variables not examined.

Table 9. Test Results (t Test) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-341.607	109.069		-3.132	.004
	Operating Cash Flow	5.739	2.008	.749	2.858	.008
	Receivables Turnover	368.413	107.471	.899	3.428	.002

a. Dependent Variable: Rasio Lancar

1) Partial Effect of Operating Cash Flow on Current Ratio

To test the effect of Operating Cash Flow on Current Ratios, statistical testing is required with the following steps:

a) Formulating a Hypothesis

Ho: Operating Cash Flow has no significant effect on the Current Ratio for finance companies listed on the Indonesia Stock Exchange in 2013-2017.

Ha: Operating Cash Flow has a significant effect on the Current Ratio for finance companies listed on the Indonesia Stock Exchange in 2013-2017.

b) Determine the level of significance $\alpha = 0.05$ or 5%

The significance level is $0.008 < 0.05$, then Ho is rejected and Ha is accepted.

2) Effect of Accounts Receivable Turnover on Current Ratio partially

To test the effect of Accounts Receivable Turnover on Current Ratios, statistical testing is required with the following steps:

a) Formulating a Hypothesis

Ho: Accounts Receivable Turnover has no significant effect on Current Ratios of finance companies listed on the Indonesia Stock Exchange in 2013-2017.

Ha: Accounts Receivable Turnover has a significant effect on Current Ratios of finance companies listed on the Indonesia Stock Exchange in 2013-2017.

b) Determine the level of significance $\alpha = 0.05$ or 5%

The significance level of $0.002 < 0.05$, then H_0 is rejected and H_a is accepted.

Discussion

Effects of Operating Cash Flow on Current Ratios

T test results on SPSS, show that operating cash flow is partially significant to the current ratio. This can be seen from the significant value of operating cash flow of 0.008 which is less than the significant level of 0.05. Based on this value, it can be seen partially operating cash flow has a significant effect on the current ratio in multi-finance companies. With a correlation coefficient of 0.033, it indicates a very low closeness between operating cash flow with current ratio, then the magnitude of the influence of operating cash flow on current ratio is 2.86%. While the regression coefficient value of 5.74%. This shows that the relationship between operating cash flow variables and current ratio variables is positive. This can be interpreted that if the operating cash flow increased by 1%, the current ratio would increase by 5.74%.

Effect of Accounts Receivable Turnover on Current Ratio

Based on the t test results on SPSS, it shows that the accounts receivable turnover is partially significant to the current ratio. This can be seen from the significant value of accounts receivable turnover of 0.002 which is less than the significant level of 0.05. Based on this value, it can be seen partially accounts receivable turnover has a significant effect on current ratios in finance companies. With a correlation

coefficient of 0.302, this indicates a low closeness between the accounts receivable turnover with the current ratio, then the magnitude of the influence of the accounts receivable turnover on the current ratio is 3.43%. While the regression coefficient value of 368,413%. This shows that the relationship between rotation variables accounts receivable with variable current ratio is positive. This can be interpreted that if the accounts receivable turnover increased by 1%, the current ratio would increase by 368,413%.

CONCLUSIONS

Based on the results of research and discussion that has been conducted regarding the Effect of Operating Cash Flow and Receivables Turnover Against Current Ratio (In multi-finance companies listed on the Indonesia Stock Exchange in 2013-2017), the researchers draw the following conclusions:

1. Operating cash flow has a significant direct effect on the current ratio of multi-finance companies listed on the Indonesia Stock Exchange in 2013-2017 meaning that if the operating cash flow has increased it will have a positive effect on the current ratio.
2. Receivables turnover has a significant direct effect on the current ratio of multi-finance companies listed on the Indonesia Stock Exchange in 2013-2017 meaning that if the receivables turnover has increased it will have a positive effect on the current ratio.

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