PENGARUH KONSEP MODAL KERJA TERHADAP LABA BERSIH PADA PERUSAHAAN PERDAGANGAN YANG TERDAFTAR PADA BURSA EFEK INDONESIA DI JAKARTA TAHUN 2015-2019

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THE EFFECT OF THE CONCEPT OF WORKING CAPITAL ON NET INCOME IN TRADING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN JAKARTA 2015-2019

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Abstract

This study aims to determine the effect of the concept of working capital on net income in trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019. This study uses a quantitative quantitative approach, aiming to determine the relationship between two or more. The population of this study is the trading sector companies listed on the Indonesia Stock Exchange as many as 84 companies. The sample of this research is 25 companies multiplied by 5 years so that the sample of this research is 125 company data. The analysis technique used is multiple regression analysis. Tests using the t test and F test were conducted to test the partial and simultaneous effect between the independent variable and the dependent variable with the assumption that other variables are considered constant. Based on the partial test, it is known that the Accounts Receivable Turnover (X2) variable has an effect on Net Profit (Y), while the Cash Turnover (X1) and Inventory (X3) variable has no effect on Net Profit (Y). Based on the simultaneous test, the calculated f value is 252.873 with a sig level of 0.000, therefore the sig value is 0.000 <0.05 and the calculated F value is 252.873 > F table 2.68. This indicates that Ho is accepted so that it can be said that the independent variables are X1, X2 and X3. it simultaneously affects the dependent variable Y. Based on the coefficient of determination test, it is known that the Adjusted R square value is 0.859. This means that the influence of the variables X1, X2, and X3 on the Y variable is 85.9%, while the rest is 0.141 or 14.1% the influence of other variables not included in this study.

Keywords: Cash Turnover, Inventory, Accounts Receivable, Net Profit

CHAPTER I

INTRODUCTION

1.1. Background of Study

The rapid development of the business globe has resulted in increasingly tough competition in the national, regional and international. The condition required business development and companies to be more efficient in carrying out their activities to improve company performance. In maintaining business continuity, companies have to be more innovative and have the right and careful strategy in order to survive in the development of the world economy. Basically every company, in running its business, whether engaged in trade, industry, or services, must have a goal to get the maximum profit by using the available resources as efficiently as possible. For this reason, the company must set up a strategy to increase its production output, which in this case the funds used to carry out daily operations called working capital.

Net Profit Margin (NPM) is a ratio that shows how great the percentage of net income earned from each sale. This ratio interprets the company's level of efficiency, namely the extent to which the company's ability to reduce its operational costs in a certain period. The greater this ratio is the better because the company's ability to earn profit through sales is quite high and the company's ability to reduce costs is quite good. On the other hand, if this ratio getting down, the company's ability to reduce its costs is considered less good.

Working capital is important to be discussed as an attemp to increase the company's net income because it is a part of the company's short-term expenditure, which is in line with the company's short-term goal, namely profitability. Working capital is also a continuous field of activity as well as being the main backer of the company's operations.

Working capital is current assets minus current liabilities or funds that must be available to finance the company's daily operations, for example to pay employee salaries, buy raw materials, pay debts and so on. The allocated funds are expected to be received back from the products sale produced in the not too distant future (one year or less than one year). Thus, the source of these funds will continue to turnover every period during the life of the company. The availability of working capital is quite important for the company to finance its operational activities. So the company must be able to use its working capital effectively and efficiently. Excessive working capital indicates unproductive funds. This will cause losses for the company and will result in a decline of profitability. On the other hand, a lack of working capital will also cause losses for the company because the opportunity to earn profits is wasted. Therefore, every company is required to manage its working capital effectively and efficiently, in order to generate profits that have an impact on achieving maximum profitability for the company.

The level of effectiveness of the use of working capital becomes very important for the growth and sustainability of the company in the long term. If the company lacks of working capital to expand sales and increase production, it is likely to lose revenue and profits. Companies that do not have sufficient working capital will not be able to pay their liabilties on time and it will face liquidity problems, on the contrary if the company has excessive working capital then this shows that there are unproductive funds and can cause losses to the company. Therefore, working capital must be managed as effectively as possible so that the company's profitability can be increased.

Cash flow is one of the elements of working capital with the highest level of liquidity. According to Harahap (2016: 258), cash is money and other securities that can be cashed in at any time as well as other securities that are very smooth and meet the requirements; can be converted into cash at any time, the due is very close, and there is little risk of changes in value due to changes in interest rates. A high cash turnover reflects the speed of cash flow that has been invested in current assets. With a high level of cash turnover, the sales volume will be high while on the other hand the costs or risks borne by the company can be minimized. If the profit received by the company is large, the amount of profit earned will make the level of economy profitability high. However, excessive cash turnover is not good because the company will experience a liquidity crisis later. Cash in a company will turn into inventory when the company carries out purchasing activities.

In addition to cash flow, inventory is also an element of working capital that is always in a state of turnover. According to Rangkuti (2017: 43), inventory has an important position in the company because the supply of raw materials has a very large influence on the smooth production process. Inventories are defined as materials or goods that will be resold by the company without or after undergoing processing. Inventory is a component of working capital that is always in a state of rotation. The higher of the inventory turnover, the higher the turnover of funds embedded in inventory. It means that the amount of inventory in the company is small, thus affecting the increase in profit. Conversely, if the amount of inventory is too high in the company, it will cause a lot of losses because the funds embedded in the inventory are large. This means that the inventory turnover is very small and very influential on the decline in profits.

Not only inventory, receivables are also an element of working capital that is always in a state of rotation. Receivables are obtained from bills from other parties as a result of selling goods on credit. According to Sugiri (2015:43) receivables are bills both to individuals and to other companies that will be received in cash. Accounts receivable turnover shows the working capital is tied up in receivables. The faster accounts receivable rotates, the faster and more efficient the company turning its assets. It means that the company's opportunity to earn profits is greater. A high accounts receivable turnover means that the funds embedded in the receivables return quickly. Thus, the risk of non-payment of receivables is reduced. The return of cash due to repayment of receivables is very beneficial for the company because cash will always be available and can be re-used.

Based on the background described above, the author is interested to conduct a research and put it in a scientific paper in the form of a thesis titled **"The Effect of Working Capital Concepts on Net Income in Trading Companies Listed on the Indonesia Stock Exchange in Jakarta 2015-2019".**

1.1. Formulation of Study

Based on the background that has been stated previously, the formulation of the problems in this study are as follows:

1. Was there any effect of cash turnover on net income in trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019?
2. Was there any effect of receivables on net income in trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019?
3. Was there any effect of inventory on net income in trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019?
4. Was there any influence of cash turnover, receivables and inventories on net income in trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019?

1.2. The Objectives of Study

Based on the formulation of the problems above, the objectives of this study is meant to find out some things as follows:

1. To find out whether there is an effect of cash turnover on net income in trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019.

2. To find out whether there is an effect of receivables on net income in trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019.
3. To find out whether there is an effect of inventory on net income in trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019.
4. To find out whether there is an effect of cash turnover, receivables and inventories on net income in trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019.

1.3. The Significance of Study

This research is expected to provide benefits for various parties, namely:

1. **For the author**: For researchers, it is one of the main requirements to be able to graduate from the Faculty of Economics and Accounting, Medan Area University. It is also expected to enrich knowledge and experience as well as a way to apply the knowledge that has been obtained.
2. **For companies**, For companies, this information can be used as input or guidance int the future. As information material, especially in the trade sector, to increase the company's net income in optimizing working capital.
3. **For other parties**: this study is expected to give constribution for further research and as additional reference material in the next similar study.

CHAPTER II

THEORETICAL FRAMEWORK

2.1. Theories

2.1.1. Working Capital

Every company in performing its daily operational activities certainly needs funds to finance it. Funds that have been issued are expected to be able to be reinvested by the company in order to finance further operations. One of these funds is working capital. According to Harahap (2016: 288), working capital is current assets minus current liabilities. Working capital is a measure of the security of the interests of short-term creditors.

Jumingan (2016: 66) also defines working capital as the excess of current assets over short-term debt. In other hand, working capital can also be interpreted as an investment invested in current assets or short-term assets, such as cash, marketable securities, receivables, inventories, and other current assets. In line to point of view of Munawir (2015: 19), working capital is a company's capital investment in current assets which must always be available to finance the company's daily operations.

2.1.2. The Role of Working Capital

The available working capital must be sufficient, in the sense that it must be able to finance the company's daily expenses or operations. Sufficient working capital will be profitable for the company because the company is likely to operate economically or efficiently so that it will not experience financial difficulties. The importance of the role of working capital in the company according to Riyanto (2015: 57), that every company always needs working capital to finance daily operations, for example to provide additional purchases of raw materials, pay labor wages, employee salaries and so on, where the money or funds spent is expected to get back in a short time through the sale of its products.

The benefits of having sufficient working capital according to Munawir (2015:116) are:

1. Protect the company against a working capital crisis due to the decline in the value of current assets.
2. Enable the company to be able to pay rent and duty on time.
3. Ensuring that the company's credit standing is getting bigger and making it to be able to face the financial difficulties in the future.
4. It is possible to have sufficient inventory to serve its customers.
5. It is possible for the company to provide more profitable credit to its customers.
6. It is possible for the company to operate more efficiently because there is no difficulty in obtaining the goods or services needed.

2.1.3. Types of Working Capital

According to Munawir (2015:119), basically working capital consists of two main parts, namely:

1. Fixed part or permanent part is the minimum amount that must be available so that the company can run smoothly without financial difficulties.
2. Variable amount of working capital whose amount depends on seasonal activities and needs exclude the usual activities.

According to Riyanto (2016:227), working capital can be classified into two types, namely:

1. **Permanent Working Capital:** Working capital that must be always availabe in the company to carry out its functions. In other words, working capital that is

continuously needed for the smooth running of the business. The working capital can be divided into:

a) Primary working capital is the minimum amount of working capital that must be in the company to guarantee its business community.

b) Nominal working capital is the amount of working capital needed to carry out a normal production area.

2. **Variable Working Capital**: working capital whose amount varies according to changing circumstances. Working capital is distinguished between:

a) Seasonal working capital is working capital whose amount varies due to seasonal fluctuations.

b) Cyclic working capital is working capital whose amount varies due to fluctuations.

c) Emergency working capital is working capital whose amount varies due to an unknown emergency.

2.1.4. Working Capital Component

Generally, the components of working capital include assets, marketable securities, receivables and inventories. The following are the components of working capital according to Soemarso (2016: 34):

1. **Current Asset**

Current assets are cash and other assets that can be exchanged back into cash (money) within 1 year or in the company's normal cycle. Current assets consist of:

a) Cash

Cash is the highest level of liquidity which can be in the form of money. This asset is the most current asset because it can be directly used for all kinds of transactions. The greater the amount of cash in the company, the higher the liquidity. However, it does not mean that the company should try to provide a lot of cash, because the large amount of cash reflects the existence of idle or unused cash, so the company cannot maximize the available money.

b) Securities (Short Term Investment)

Short-term investment is a temporary investment with the intention of utilizing cash which has not been used in its operational activities, included securities such as shares in bank deposits, bonds and mortgages. Easily traded bank certificates and other investments.

c) Notes Receivable

Notes receivable are company claims to other parties stated in a money order or funds agreement regulated by law.

d) Accounts Receivable

Accounts receivable are claims to other parties (creditors/clients) as a result of the sale of merchandise on credit. Basically receivables can arise not only from the sale of merchandise on credit but also because of other things, for example receivables to employees, receivables due to sales of assets on credit, receivables due to sale of shares in installments or advances for purchases or other work contracts.

e) Goods Inventory

Goods inventory is one of the elements of working capital that always turnover continuously and it is always changing in companies that produce their own goods to be sold, generally providing supplies of materials in process and inventories of finished goods. In trading companies, the type of inventory that has been known so far is merchandise inventory. In cash sales, inventory is immediately exchanged for cash. Credit sales mean that inventory is first exchanged for receivables, and then from receivables into money.

f) Prepayments

Prepayments can be classified into advances and prepaid expenses. Advances are advance payments which will be calculated at the time of acquisition of an asset, while prepaid expenses are advance payments for expenses.

2. Current Liability

Current liabilities are duties that are due within one year or within a normal cycle of the company's activities. Current liabilities consist of:

a) Accounts Payable

Accounts payable is a debt that arises because of the purchase of merchandise on credit, usually accompanied by a list of accounts payable that contains details according to the name of the creditor. The use of accounts payable turnover ratio is necessary because it is part of current liabilities, which is a deduction from current assets to be able to generate net working capital. This ratio is used to assess how quickly the company can pay off purchases to suppliers.

b) Draft Payable

Draft payable are trade payables accompanied by a written agreement to pay a certain amount in the future.

c) Bank Loans

Bank loans are short-term or long-term iabilities to banks or financial institutions caused by loans received by the company. Payables for salaries, interest and others are debts whose expenses have not yet been paid.

2.1.5. Source of Working Capital

Based on the sources of working capital described above, Munawir (2016:201) concludes that working capital will increase if:

1. There is an advance of the capital sector, both from profits and the existence of share capital expenditures / additional investment from company owners.
2. There is a reduction in the decline of fixed assets which is offset by an increase in current assets due to the sale of fixed assets or through the depreciation process.
3. There is an increase in long-term debt adding in the form of bonds, mortgages or other long-term debt which is offset by an increase in fixed assets.

2.1.6. Net Income

According to Soemarso (2015:230), income is the margins of excess income over expenses related to business activities. Meanwhile, Baridwan (2014: 31) stated that income is an increase in capital net assets originating from rare transactions of a business entity, and from all transactions or other events that affect the business entity during a period except those arising from revenue or investment by the owner.

According to Harahap (2016:45), profit is the excess revenue over costs for one accounting period. Meanwhile, the understanding of profit observed by the accounting structure is the margins between the measurement of income and costs. According to Warren et.al (2015:25), net profit is an excess of income over expenses that occur.

2.1.7. Net Profit Element

Profit has four main elements, namely revenue, expenses, gain and loss. According to Stice, et al (2014:67) the definition of the elements of profit are as follows:

1. Revenue is an inflow or other increase in the assets of an entity or the settlement of its obligations (or a combination of both) from the delivery or production of goods, rendering of services, or other activities that constitute the entity's largest business or first undertaking.

2. Expenses are outflows or other uses of assets or incurrence of liabilities (or a combination of both) from the delivery or production of goods, rendering of services, or other activities that constitute the entity's largest or first-line business.
3. Gain is an increase in equity or (net assets) from side transactions or occasional transactions of an entity and of all transactions. Other events and conditions that affect the entity, except those that result from the owner's income or investments.
4. A loss is a decrease in equity (net assets) from side transactions or occasional transactions of an entity and of all transactions. Other events and conditions that affect the entity, except those that result from the owner's income or investments.

2.1.8. Types of Profit

According to Baridwan (2014: 34), the types of profits can be explained as follows:

1. Gross profit on sales is the margins between net sales and cost of goods sold, this profit is called gross profit from net sales because it has not been deducted by other operating expenses for a certain period.
2. Net operating profit, namely gross profit minus a number of selling costs, administrative and general costs.
3. Net profit before tax deduction is the company's overall income before corporate tax deduction, namely the acquisition if operating profit is reduced or added to the margins in other income and expenses.
4. Net profit after tax deduction is net profit after added or reduced by non-operating income and expenses and deducted by corporate tax.

2.2. Previous Research

Table 2.1

Previous Research

No	Name	Title of Study	Method of Research	Research Result
1	Utami (2016)	The Effect of Working Capital Management on the Profitability of Manufacturing Companies Listed on the Indonesia Stock Exchange	Multiple Linear Regression	The results showed that the variables of cash turnover, accounts receivable turnover and inventory turnover had a positive and significant effect on profitability
2	Lestari (2017)	The Effect of Working Capital on Profitability in the Food and Beverage Industry Listed on the Indonesia Stock Exchange	Multiple Linear Regression	The results showed that the variable cash turnover and accounts receivable turnover partially (*t* test) had no significant effect on return on equity in the food and beverage industry listed on the

				Indonesia Stock Exchange, while the inventory turnover variable partially had a significant effect on return.
3	Yani (2016)	The Effect of Working Capital on Profitability in Cosmetic Companies Listed on the Indonesia Stock Exchange.	Multiple Linear Regression	Based on the *T* test, it can be seen that working capital has a positive and significant effect on profitability.
4	Marpaung (2019)	The Effect of Working Capital and Sales Volume on Net Profit of Property Companies Listed on the Indonesia Stock Exchange for the 2010-2014 Period.	Multiple Linear Regression	These results indicate that working capital has a significant effect on net profit. Sales volume has a significant effect on net income
5	Widyamukti and Wibowo (2018)	The effect of Working Capital on Company Sales and Profits (Case Study in Food and Beverage Sector listed on the Indonesia Stock Exchange 2011-2014.	Multiple Linear Regression	The results showed that with a significant level of 5%, the independent variable net working

				capital had an effect on the dependent variable, both sales and company profits.

2.3. Conceptual Framework

According to Sugiyono (2018:65) the conceptual framework is about how the theory relates to various factors that have been identified as important problems. The framework of thought is part of the logic of thinking. Starting from the confirmation of the theory and its assumptions to bring up the concepts and variables studied. This study has four variables, namely Cash Turnover, Accounts Receivable, Inventory and Net Income. Based on the explanation, the conceptual framework that can be described in this research is as follows:

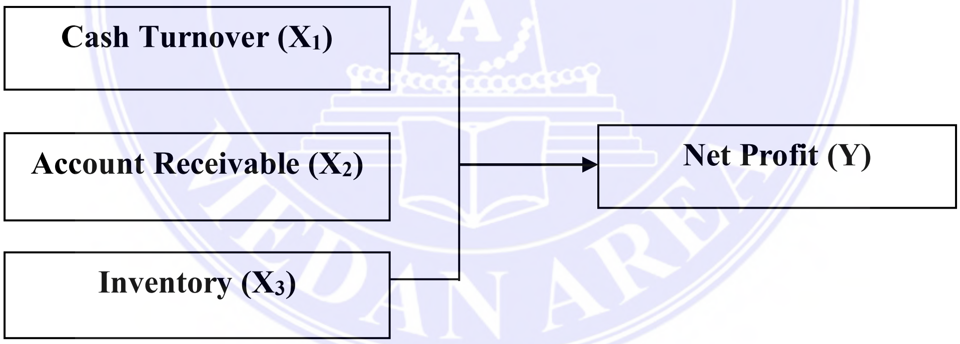

Figure 2.1. Conceptual Framework

2.4. Research hypothesis

According to Sugiyono (2018: 47) the hypothesis is a temporary answer to the research problem formulation, where the research problem formulation has been stated in the form of questions. The hypothesis is called tentative because the answers given are only based on theory. From the description above, a hypothesis can be drawn.

Based on the formulation of the problem above, the author made the following research hypothesis as follow:

- H1: It is presumed that cash turnover has an effect on net income in trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019.
- H2: It is presumed that receivables affect the net income of trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019.
- H3: It is presumed that inventory has an effect on net income in trading companies listed on the Indonesia Stock Exchange in Jakarta in 2015-2019.

CHAPTER III

METHOD OF RESEARCH

3.1. Research Design

The research design used in this study is a quantitative descriptive approach, which is intended to find out the relationship between two or more variables (Winarno 2016:67). This study discusses about the Influence of the Working Capital Concept on Net Income in Trading Companies Listed on the Indonesia Stock Exchange in Jakarta in 2015-2019.

3.2. Population and Sample

3.2.1. Population

According to Sugiyono (2012:115), population is a generalization area consisted of: objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions. The population used in this study is annual data by downloading financial statement on the Trade Sector, which are 84 companies.

3.2.2. Sample

According to Sugiyono (2012:116), the sample is part of the number and characteristics possessed by the population. The sampling technique in this study used purposive sampling method. Purposive sampling method is a sampling technique with certain considerations. Some of the criteria that have been set are:

1. Trading Sector listed on the Indonesia Stock Exchange for the 2015-2019 period.
2. The Trade Sector that experienced a profit for the 2015-2019 period.
3. The Trade Sector which publishes Financial Reports for the 2015-2019 period.

Table 3.1

Purposive Sampling Criteria

Description	**Amount**
Trade Sector listed on the Indonesia Stock Exchange for the 2015-2019 period.	**84**
Trade Sector which suffered losses for the 2015-2019 period.	**32**
Trade Sector that does not publish the 2015-2019 Financial Statements.	**27**
Total sample selected multiplied by 5 years of research.	**25x5 = 125**

3.3. Location and Time of Research

3.3.1. Research Location

This research was conducted at a trading company listed on the Indonesia Stock Exchange in Jakarta in 2015-2019

3.3.2. Time of Research

This research was conducted from September 2020 to October 2021. The details of these research activities can be seen in Table 3.2 below:

Tabel 3.2

Research Schedule

Activities	Month/Year 2020-2021													
	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21
Pre-Research														
Thesis Title Submission														
Making Proposal														
Proposal Guidance														

Proposal Seminar														
Conducting Research														
Data Analysis														
Thesis Guidance														
Seminar Result														
Thesis Defense														

Source: 2021 Period

3.4. Research Variables and Indicators

3.4.1. Research variable

Sugiyono (2018: 58) stated that operational variables is everything in whatever form which determined by the researcher to be studied in order to find out information and make conclusion based on the information studied. Operationalization of these variables is needed to determine indicators, types, and scales to measure concepts and how a concept must be measured, so that there are variables that influence each other and hypothesis testing with this statistical tool can be done correctly, in accordance with the title of the research conducted "the Effect of the Capital Working Concept on Net Income in Trading Companies Listed on the Indonesia Stock Exchange in Jakarta in 2015-2019. In this research, the variables that can be measured are divided into two, namely:

1. Independent Variable (X)

According to Sugiyono (2018:39), independent variables are variables which give effect on changes of dependent variable. In this research there are independent variables, they are Cash Turnover (X_1), Accounts Receivable (X_2) and Inventory (X_3).

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2. Dependent Variable

According to Sugiyono (2018:33), dependent variable is the variable that is influenced or that becomes the result because of the independent variable. In this study, the dependent variable is Net Income (Y).

3.4.2. Research Indicators

An indicator is to show/ask something that is a clue to the sub-variabIe/dimension or the variabIe itself. From the sub-variables that have been determined, the researcher can describe the indicators as follows:

1. Cash Turnover Variable (X_1)

$$Cash\ Turnover = \frac{Net\ Sales}{Cash\ Average} \text{ x } 100\%$$

2. Accounts Receivable Variable (X_2)

$$Account\ Receivable = \frac{Credit\ Sales}{Account\ Receivable} \text{ x } 100\%$$

3. Inventory Variables (X_3)

$$Inventory\ Turnover = \frac{Sales}{Inventory} \text{ x } 100\%$$

4. Net Income Variable (Y)

$$Net\ Income = Revenue - Expenses$$

3.5. Data Collection Method

The data collection method used is a documentation study, namely by collecting documents related to research, in the form of financial statement of Cash Turnover, Accounts Receivable, Inventories and Net Income at Trading Companies Listed on the Indonesia Stock Exchange in Jakarta 2015-2019.

3.6. Data Analysis Method

According to Sugiyono (2018:71), data analysis method are the most decisive step in a research, because data analysis serves to conclude research results. The data analysis model used is multiple linear regression. The data was processed with SPSS (Statistical Package for Social Science), then the researcher used the classical assumption test before testing the hypothesis.

3.6.1. Descriptive Statistical Analysis

Descriptive statistics is used to describe and find out the description of each variable used in the study. From this analysis, it can be seen that the minimum, maximum, mean, and standard deviation values of each variable.

3.6.2. Classic Assumtion Test

According to GhozaII (2016: 159), classical assumption testing is used to prove the hypothesis formed in this study which was carried out using multiple linear regression tests. Before it, the classical assumption must be tested first as described below:

1. Normality Test

The normality test aims to test whether in the dependent variable regression model and the independent variable both have a normal distribution or not (Ghozali, 2016: 160). In principle, normality can be detected by looking at the spread of data (dots) on the diagonal axis on the graph or by looking at the histogram of the residuals. Basis for decision making (Ghozali, 2016:163):

a. If the data spreads around the diagonal line and follows the direction of the diagonal line, the regression model meets the assumption of normality.

b. If the data spreads far from the diagonal line and or does not follow the direction of the diagonal line, then the regression model does not meet the assumption of normality.

This study also uses the non-parametric Kolmogorov-Smirnov test to determine the significance of the data which is normally distributed accompanied by a normal probability plot to support the conclusion of the test. In the Kolmogorov-Smirnov test, a data is stated to be normal if the asymptotic significant value is more than 0.05 (Ghozali, 2016:164).

2. **Multicollinearity Test**

The multicollinearity test aims to determine whether there is or not a correlation between the independent variables in the multiple regression model (Ghozali, 2016: 105). A good model should not have a high correlation between the independent variables. If the independent variables are correlated, then these variables are not orthogonal (the correlation value is not equal to zero). This multicollinearity test can be seen from the tolerance value and Variance Inflation Factor (VIF). Tolerance measures the selected independent variable that cannot be explained by other variables. Multicollinearity occurs if the tolerance value is < 0.10 or the VIF value is > 10 (Ghozali, 2016:106).

3. **Autocorrelation test**

The autocorrelation test aims to test whether a linear regression model has a correlation between the confounding error in period *t* and the confounding error in period *t*-1 or before (Ghozali, 2016:110). Autocorrelation arise because successive observations over time are related to one another. The test used to detect the presence of autocorrelation is Durbin Watson (DW). The criteria for drawing conclusions in the Durbin Watson (DW) test are as follow:

Table 3.3.

Basis for Decision Making Autocorrelation Test

Null Hypothesis	Decision	Jika
There is no positive autocorrelation	Rejected	0<d<dI
There is no positive autocorrelation	No Decision	dI≤d≤du
There is no negative autocorrelation	Rejected	4-dI<d<4
There is no negative autocorrelation	No Decision	4-du≤d≤4-dI
There is no positive and negative autocorrelation	Not Rejected	du<d<4-du

Source: Ghozali 2013

4. Heteroscedasticity Test

The heteroscedasticity test aims to see whether there is n inequality variance from the residuals for observations in the regression model. If the residual variance from one observation to another is fixed, it is called homoscedasticity, if it is different then it is called heteroscedasticity (GhozaIi, 2016:139). A good regression model is regression which not contain tendency of heteroscedasticity. The way to detect the presence or absence of heteroscedasticity tendency is by looking at certain patterns on the scatterplot graph. The basis of heteroscedasticity analysis according to Ghozali (2016:139) are:

1. If there are certain patterns, such as dots that form certain regular patterns (wavy, widen and then narrowed) then it indicates the presence of heteroscedasticity tendency.
2. If there is no clear pattern, and the points spread above and below the number 0 on the Y-axis, then there is no heteroscedasticity.

3.6.3. Regression and Hypothesis Testing

1. Regression Testing

Regression testing used in this study is multiple linear regression analysis. It is a linear relationship between two or more independent variables with one dependent variable used to predict or predict a dependent variable value based on the independent variable (Priyatno, 2015: 80). This analysis is mathematically written with the following equation:

$$Y=\alpha+\beta_1X_1+\beta_2X_2+\beta_3X_3+e$$

In Which: Y = Net Income

A = Constanta

X_1 = Cash Turnover

X_2 = Account Receivable

X_3 = Inventory

β_1 = Cash Turnover Regression Coefficient

β_2 = Acount Receivable Regression Coefficient

β_3 = Inventory Regression Coefficient

e = Standard Error

2. Hypothesis Testing

   1. Partial Significance Test (**t**-test)

According to Sugiyono (2018:43) Partial test (*t*-test) is a test of each independent variable which is carried out to see whether each independent variable has a significant effect on the dependent variable, in this study using a significance level of 5%. This test is carried out with the following conditions:

- H0 is accepted H1 is rejected: if the significance value t of the alpha value of 0.05. These results indicate that the independent variable individually has no significant effect on the dependent variable.
- H0 is rejected H1 is accepted: if the significance value t of the aIpha value of 0.05. These results indicate that the independent variables individually have a significant effect on the dependent variable.

This test was conducted to test the effect of the independent variable together with the dependent variable, in this study using a significance level of 5%. This test is carried out with the following conditions:

a. H is accepted or H1 is rejected: if the significance value of *F* alpha value of 0.05. These results indicate that the independent variables simultaneously have no significant effect on the dependent variable.

b. H0 is rejected or H1 is accepted: if the significance value is *F* aIpha value of 0.05. These results indicate that the independent variables simultaneously have a significant effect on the dependent variable.

2. Simultaneous Test

This test is used to examine whether the two independent variables simultaneously or together have a significant effect on the dependent variable. Statistical *F* test was used to test the significance of the effect of all independent variables (X) on the dependent variable (Y).

The decision-making criteria are:

- H1 accepted $F_{count} < F_{table}$ at = 5%
- H1 is rejected if $F_{count} > F_{table}$ at = 5%

3. Coefficient of Determination Test (R2)

According to Sanusi (2015: 136), the coefficient of determination is used to see the linear relationship between the independent variable and the dependent variable, the value can be positive and negative. The coefficient of determination (R2) shows how far the independent variable can explain the dependent variable. The value of R2 is between zero to one. The smaller the value of R2, the smaller the influence of the independent variable on the dependent effect. On the contrary, if the value of R2 is getting closer to 1, the stronger the influence of the independent variable in explaining the independent variable.

CHAPTER V

CONCLUSION AND SUGGESTION

5.1. Conclusion

1. Based on the partial test results, it is known that the Accounts Receivable Turnover (X_2) variable has an influence on Net Profit (Y), while the Cash Turnover (X_1) and Inventory (X_3) variables have no effect on Net Income (Y).
2. Based on the simultaneous test, the f_{count}value is 252.873 with a sig level of 0.000, therefore the sig value is 0.000 < 0.05 and the F_{count} value is 252.873 > F_{table} 2.68. This indicates that Ho is accepted so it can be concluded that the independent variables are X_1, X_2 and X_3 simultaneously affect the dependent variable Y.
3. Based on the coefficient of determination test, it is known that the Adjusted R square value is 0.859. This means that the effect of variables X_1, X_2, and X_3 on variable Y is 85.9%, while the remaining 0.141 or 14.1% is influenced by other variables not included in this study.

5.2. Suggestion

It is hoped that trading companies listed on the Indonesia Stock Exchange can emphasize their company's operational funds by reducing costs that should not be needed. It is meant so that the costs incurred do not swell. The company also must increase its income from receivables or sales with an even better strategy.