LQ45 COMPANY PROFITABILITY ON THE IDX FOR THE 2021 PERIOD THROUGH THE EFFECT OF THE CURRENT RATIO AND RECEIVABLE TURNOVER

by Dwi Sihono Raharjo

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ABSTRACT

Purpose: The purpose of this study was to find out and analyze the Influence of the Current ratio and Receivable turnover on Profitability.

The theoretical framework: Evaluating profitability through various ratios, companies can be classified into two categories: margin ratios and return ratios. Liquidity, activity, and profitability are important issues to be continuously monitored, that's why the study uses the Current ratio and the Receivable turnover as tools in finding the relation between the Current ratio and Receivable turnover on Profitability partially and simultaneously.

Methodology: The research method used in this study is a descriptive survey and an explanatory survey. The unit of analysis in this study is the LQ45 company's financial statements on the IDX for the 2021 period. The type of investigation is causality, and the time horizon in this study is time series. This study uses multiple regression analysis.

Finding: Partially and Simultaneously, the Current ratio and Receivable turnover have a significant effect on Profitability. Receivable turnover is more dominant in influencing Profitability, it becomes the first priority in increasing Profitability.

Research Policy Implications: In efforts to increase profitability, the main priority is to have increased Receivable Turnover to maintain business continuity. To increase accounts receivable turnover, these companies are expected to be able to encourage acceleration and accuracy of collection of accounts receivable, with the intention that investment is not fixated on just one sector, for example only focusing on fixed assets, so that the company's financial stability can be maintained properly. Increasing the current ratio by optimizing the elements of current assets to cover all of the company's current liabilities.

Originality/value: Companies are advised to consistently improve accounts receivable turnover; so that the company's financial performance will improve.

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LQ45 LUCRATIVIDADE DA EMPRESA NO IDX PARA O PERÍODO DE 2021 POR MEIO DO EFEITO DO ÍNDICE DE LIQUIDEZ CORRENTE E DO GIRO DE RECEBÍVEIS

RESUMO

Objetivo: O objetivo deste estudo foi descobrir e analisar a influência do índice de liquidez corrente e do giro de contas a receber sobre a lucratividade.

Estrutura teórica: Ao avaliar a lucratividade por meio de vários índices, as empresas podem ser classificadas em duas categorias: índices de margem e índices de retorno. Liquidez, atividade e lucratividade são questões importantes a serem monitoradas continuamente, por isso o estudo usa o índice de liquidez corrente e o giro de

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contas a receber como ferramentas para descobrir a relação entre o índice de liquidez corrente e o giro de contas a receber na lucratividade parcial e simultaneamente.

Metodologia: O método de pesquisa usado neste estudo é uma pesquisa descritiva e uma pesquisa explicativa. A unidade de análise deste estudo são as demonstrações financeiras da empresa LQ45 no IDX para o período de 2021. O tipo de investigação é a causalidade, e o horizonte de tempo deste estudo é a série temporal. Este estudo usa análise de regressão múltipla.

Conclusões: Parcialmente e simultaneamente, o índice de liquidez corrente e o giro de contas a receber têm um efeito significativo sobre a lucratividade. O giro de contas a receber é mais dominante na influência da lucratividade, tornando-se a primeira prioridade no aumento da lucratividade.

Implicações para a política de pesquisa: Nos esforços para aumentar a lucratividade, a principal prioridade é aumentar o giro de contas a receber para manter a continuidade dos negócios. Para aumentar o giro de contas a receber, espera-se que essas empresas sejam capazes de incentivar a aceleração e a precisão da cobrança de contas a receber, com a intenção de que o investimento não se fixe em apenas um setor, por exemplo, concentrando-se apenas em ativos fixos, para que a estabilidade financeira da empresa possa ser mantida adequadamente. Aumentar o índice de liquidez atual otimizando os elementos do ativo circulante para cobrir todo o passivo circulante da empresa.

Originalidade/valor: As empresas são aconselhadas a melhorar consistentemente o giro das contas a receber, de modo que o desempenho financeiro da empresa melhore.

Palavras-chave: Índice de Liquidez Corrente, Giro de Contas a Receber, Lucratividade.

LQ45 RENTABILIDAD DE LA EMPRESA EN IDX PARA EL PERIODO 2021 A TRAVÉS DEL EFECTO DEL ÍNDICE DE LIQUIDEZ CORRIENTE Y LA ROTACIÓN DE CRÉDITOS

RESUMEN

Objetivo: El objetivo de este estudio fue conocer y analizar la influencia del índice de liquidez corriente y de la rotación de créditos en la rentabilidad.

Marco teórico: Al evaluar la rentabilidad mediante diversos índices, las empresas pueden clasificarse en dos categorías: índices de margen e índices de rentabilidad. La liquidez, la actividad y la rentabilidad son cuestiones importantes que deben controlarse continuamente, por lo que el estudio utiliza el índice de liquidez corriente y la rotación de cuentas por cobrar como herramientas para averiguar la relación entre el índice de liquidez corriente y la rotación de cuentas por cobrar sobre la rentabilidad de forma parcial y simultánea.

Metodología: El método de investigación utilizado en este estudio es una investigación descriptiva y una investigación explicativa. La unidad de análisis de este estudio son los estados financieros de la empresa LQ45 en IDX para el período de 2021. El tipo de investigación es de causalidad, y el horizonte temporal de este estudio es de series temporales. Este estudio utiliza el análisis de regresión múltiple.

Conclusiones: Parcial y simultáneamente, el coeficiente de liquidez corriente y la rotación de cuentas por cobrar tienen un efecto significativo sobre la rentabilidad. La rotación de cuentas por cobrar es más dominante a la hora de influir en la rentabilidad, lo que la convierte en la primera prioridad a la hora de aumentar la rentabilidad.

Implicaciones para la política de investigación: En los esfuerzos por aumentar la rentabilidad, la máxima prioridad es aumentar la rotación de cuentas por cobrar para mantener la continuidad de la empresa. Para aumentar la rotación de las cuentas por cobrar, se espera que estas empresas puedan fomentar la aceleración y la precisión del cobro de las cuentas por cobrar, con la intención de que la inversión no se fije en un solo sector, por ejemplo, centrándose únicamente en el inmovilizado, de modo que se pueda mantener adecuadamente la estabilidad financiera de la empresa. Aumentar el coeficiente de liquidez corriente optimizando los elementos del activo corriente para cubrir todo el pasivo corriente de la empresa.

Originalidad/valor: Se aconseja a las empresas que mejoren sistemáticamente la rotación de las cuentas por cobrar para que mejoren los resultados financieros de la empresa.

Palabras clave: Ratio de Liquidez Corriente, Rotación de Deudores, Rentabilidad.

INTRODUCTION

In general, a company is established with the aim of obtaining profits or profit in terms of the condition of the company's financial performance. Profit is the result obtained by the

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company or the activities carried out by the company in a certain period. With the profit earned, the company gets costs in the effort to develop and implement the company's activities.

Even though profit is one of the important things, profit cannot always be relied upon by the company. This is due to certain conditions experienced by the company, such as the company experiencing losses or the level of activity, productivity and potential of the company not reaching the target. To find out if a company has potential or good performance in its financial sector, one of which is seen from the financial condition of a company.(Ahmadi et al., 2020)

The success of a company's financial performance over the long term depends on the individual and collective decisions made by the management team. Every decision taken will ultimately have an impact on the company's finances. In essence, the process of managing a company involves a series of economic choices that activate the financial resources that support the company. The financial condition of a company can be seen from the financial statements of the company concerned.(Anggraeni et al., 2021)

Financial statements are used to determine or assess a company's financial position, where by analyzing the financial statements interested parties can use it as a decision-making tool. So to find out the financial position of a company and the results achieved by the company, it is necessary to have a financial report from the company concerned. By analyzing the financial statements, a lot of information contained in the financial statements will be obtained. If the information is presented fairly and is based on objective evidence, this information will be very useful for owners, company management, investors and anyone else to make decisions about the company being reported.(Roswinna et al., 2020)

In analyzing and assessing the financial position of a company, an analytical tool is needed in the form of financial ratios that give an overview to the analyst about the good or bad financial position of a company. Especially when these ratios are compared with comparative ratios used as a standard to determine the financial position of a company, it is necessary to analyze the financial statements to determine the position of liquidity conditions, activities and profitability.(Roswinna, 2020)

Liquidity, activity and profitability are important issues to be continuously monitored, because these issues are crucial for the smooth operation of the company. Liquidity wants most of the capital to be invested in current assets so that the company does not experience difficulties in paying all obligations that are due. The activity ratio, also known as the efficiency ratio, measures the effectiveness of a company in using its assets. On the other hand, profitability

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wants most of the company's funds to be operated in order to obtain higher returns. To be able to maintain company liquidity, current assets must be managed properly and efficiently so that current assets are not too large.

The ratio most often used to see the liquidity of a company is the current ratio, a low current ratio is usually considered to indicate a problem in liquidity.(Alfahruqi et al., 2020). On the other hand, a company with a current ratio that is too high is also not good, because it shows a lot of idle funds which in turn can reduce the company's ability to earn profits. A high current ratio can be caused by poor trading conditions or poor management. Current ratio is a comparison between current assets and current liabilities.(Romansyah et al., 2021)

The company's activity ratio is focused on effectiveness in managing inventory and receivables. Inventories are goods held for sale or for further processing and sale. Inventory is needed to be able to carry out the production process, sales smoothly, raw material supplies and work in process are needed to ensure the smooth production process, while finished goods must always be available as stock to enable the company to meet the demand that arises. Receivables are one of the elements of current assets in a company's balance sheet arising from the sale of goods and services or the provision of credit to debtors.

Profitability is the end result of various management policies and decisions. The profitability ratio will provide the final answer about the effectiveness of the company's management, this ratio gives an idea of the level of effectiveness of the company's management. One of the ratios used to calculate profitability is Return On Assets, which compares net profit after tax with total assets.(Adinda & Sugianto, 2020)

In order to increase its liquidity, a company can invest in current assets such as cash and inventories that are easy to trade. This method contains its own sacrifices considering that the current assets are less or even don't give any results at all. Thus the company always faces a dilemma, namely if prioritizing liquidity means losing some of the opportunities to make profits or if it prioritizes productive investment which means it will threaten liquidity. Likewise with the condition of activity on profitability because the company's activities can describe the company's effectiveness in using its assets.

In carrying out its daily operations, LQ45 companies listed on the IDX for the 2021 period are trying to increase profitability and maintain liquidity by managing the company's finances well. In Figure 1 below we can see the development of the level of operating profit, total assets and ratios during the period:

Figure 1 LQ45 Companies listed on IDX period 2021

Source: Research Results

Based on sources from the balance sheets and financial statements of LQ45 companies listed on the IDX for the 2021 period, it is explained that even though the level of total asset conditions at LQ45 companies listed on the IDX for the 2021 period is relatively stable, there has been a significant decline in operating profit over the past year. The relatively stable condition of total assets while declining operating profit is possibly due to the influence of external factors such as government and bank deregulation, rising world oil prices, inflation and rising bank interest rates. In addition to these external factors, there are also internal factors that greatly influence the decline in profits, including human resources,

Research on financial ratios to operating profit has been carried out(Hantono et al., 2019)examine predictions of changes in earnings using financial ratios. Samples were taken from 66 manufacturing companies listed on the Jakarta Stock Exchange (BEJ) and analyzed 47 financial ratios, the results showed that there were 13 financial ratios that were significant in predicting the level of changes in profits one year to come. In this study the authors in conducting research only took samples of manufacturing companies which incidentally were very different from the management of cooperative business units.

(Thomas & Winda, 2020)his research on the effect of the current ratio (CR), Debt ratio to equity ratio (DER), and total assets turnover (TATO) on changes in operating income in manufacturing companies. This study used a random sampling method with a total sample of 44 companies. From the results of this study it can be concluded that CR, DER, and TATO together have an influence on changes in operating profit. Partially CR and DER have an influence on changes in operating profit. While TATO has no influence on changes in operating profit. In this study the authors only focus on manufacturing companies that are very different from cooperative business units. In this study, it only mentions CR, DER, and TATO, does not mention quick ratio, receivable turnover, and cash turnover.

(Ari Supeno, 2022)his research on the analysis of liquidity ratios and activity ratios to economic profitability. The variables measured are liquidity ratios with current ratio and acid test ratio indicators, activity ratios with receivable turnover and cash turnover indicators and profitability as the dependent variable. The results of the research based on multiple regression can be seen that the liquidity ratio and the activity ratio together do not have a significant effect on profitability. From the results of the t test, it is obtained from t count < t table, partially current ratio, acid test ratio, receivable turnover and cash turnover have no effect on profitability. From the results of the t test obtained each from t count < t table. The significance that occurs in this study is that the outputs of financial reports presented in publications are not financial ratio analysis but rather come from management strategy. Likewise, to find out that profitability cannot be fully measured from financial ratios but depends on company management in managing financial aspects.

The company's ability to fulfill its financial obligations that must be fulfilled immediately and to obtain an overview of how effectively the company manages its assets requires an analysis of the company's finances, especially regarding the company's liquidity and activities. Analysis is used to provide clues and symptoms as well as other financial information regarding the company's financial condition.

This study is intended to further analyze empirical findings regarding financial ratios. Especially regarding its use in influencing changes in operating income. In this study, two financial ratios are used, namely (1) the liquidity ratio; current ratio and quick ratio, (2) activity ratio; receivable turn over and cash turn over. Adopted from financial ratios used in previous studies and various sources from other literature.

From the description above it can be concluded that financial ratio analysis can help provide information and evaluate past and present financial conditions as well as for projecting future results or profits, and based on previous research proving that there is a relationship between financial ratios and changes in earnings, so this research will discusses "The Effect of Current Ratio and Receivable Turn Over on Profitability (Case Study of LQ45 companies listed on the IDX for the 2021 period)".

Formulation of the Problem

Then, relevant to as described above, this research aims to find out and analyze the Influence of the Current ratio and Receivable turnover on Profitability. How much influence

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does the Current Ratio and Receivable Turn Over have on Profitability in LQ45 companies listed on the IDX for the 2021 period partially and simultaneously.

LITERATURE REVIEW

(Raharjo, 2023), financial performance can be measured through profitability. A company's financial performance portrays its monetary status during a specific time frame by evaluating inflows and outflows from business operations - determined through financial ratios divided into different categories. Gitman and Zutter (2015) identified several categories, including liquidity, activity, debt, profitability, and market ratios. Liquidity, activity, and debt ratios gauge risk levels while profitability ratios measure returns. Market ratios, on the other hand, provide insights on both risk and return.

Liquidity is the ability of a company or business entity to fulfill its financial obligations that must be fulfilled immediately(Devi et al., 2019). According to(Sugiartini & Dewi, 2019)Liquidity is the company's ability to meet all of its obligations that must be paid immediately. So liquidity is showing the company to pay off its short-term debt at maturity. The company is said to be liquid if the available current fund position is sufficient to meet short-term obligations (current liabilities). On the other hand, a company is declared illiquid if the available current fund position is insufficient to meet short-term obligations.

The liquidity ratio is a comparison used by a company to describe its financial position in the short term, namely to determine the company's ability to provide liquid tools (easily cashed) to guarantee the return of short-term debts on time or long-term debts that have or will mature.

The ratios that may be used to determine a company's ability to pay short-term debt are as follows:

Current Ratio

The current ratio (CR) is the company's ability to pay debts that must be met with current assets(Brigham & Houston, 201). The current ratio can be calculated by comparing the total current assets with current liabilities. Current assets describe the means of payment and it is assumed that all current assets can actually be used to pay. Meanwhile, current liabilities describe obligations that must be paid and are assumed to be obligations that actually must be paid. According to(Anggraini & Febriyanto, 2021), a current ratio of less than 2:1 is considered unfavorable, because if current assets drop to more than 50%, then the total assets are no longer

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sufficient to cover current liabilities.

(Brigham & Houston, 2012), the *current ratio*:

$$Current\ Ratio: \frac{Current\ Assets}{Current\ Liabilities}$$

Fast Ratio (Quick Ratio)

Furthermore (Bringham & Houston, 2012)stated that the quick ratio is the ability to pay debts that must be met immediately with more liquid current assets. This ratio is a measure of the company's ability to meet short-term obligations with the company's assets. This ratio is sharper than the current ratio, because it only compares very liquid assets with current liabilities. If the Current ratio is high but the Quick ratio is low it indicates a very large investment in inventory.

(Brigham & Houston, 2012), the *quick ratio*:

$$Quick\ Ratio: \frac{Current\ Assets - Inventories}{Current\ Liabilities}$$

Activity Ratio

Activity is the ability of funds embedded in the overall rotating assets in a certain period(Thomas & Winda, 2020). According to(Tisna Amijaya & Siti Komariah, 2020)Activity is a step in the production process that pays attention to completing a process. Based on the above understanding, it can be concluded that activity is the ability of funds embedded in all revolving assets in the production process for a certain period. Activities describe what the company does, how time is used, processes and outputs. The activity ratio measures how effectively a company manages its assets. If a company has too many assets, the cost of capital will be too high and as a result profits will decrease. On the other hand, if assets are too low, profitable sales will be lost. The activity ratio contains a comparison between the level of sales and investment in various assets. To measure the activity ratio may use receivable turnover ratio and cash turnover ratio.

Receivable Turnover

Receivables owned by the company, in this case the type of savings and loan business, have a close relationship with the volume of loans granted. The position of accounts payable and the estimated time of collection can be assessed by calculating the turnover rate of these

receivables, namely by dividing the total loans disbursed by the average receivables(Hantono et al., 2019). The higher the turnover ratio indicates that the working capital invested in receivables is low, conversely, if the ratio is lower, it means that there is over investment in receivables, which requires further analysis, perhaps because the credit and collection departments are not working effectively or there may be a change in credit policy.

(Van Horne, 1992), the *receivable turnover ratio*:

$$Receivable\ Turnover: \frac{Annual\ Credit\ Sales}{Receivables}$$

Cash Turnover

Cash turnover is the comparison between the amount of credit given to the average cash value owned by the company(Hantono et al., 2019). The cash turnover rate is a measure of the efficiency of the company's use of cash. It is said to be a measure of efficiency because the cash turnover rate describes the speed of cash flow, the return of cash that has been invested in working capital. If the company has a high cash turnover rate, the better. This indicates that the provision of high credit means that the company can achieve high profitability. Conversely, if this ratio is low, it indicates that lending is also low or a lot of funds are embedded in cash. If the amount of cash is too large and not used for investment (idle money), the company will get low profitability.

The cash turnover ratio (CTR) is an efficiency ratio that shows the number of times cash is turned over in an accounting period. The cash turnover ratio most effectively for companies that do not over credit sales. The formula for calculating the cash turnover ratio is as follows (http://corporatefinanceinstitute.com):

$$Cash\ Turnover\ Ratio: \frac{Revenue}{Cash\ and\ Cash\ Equivalents}$$

Profitability

In assessing a company's financial health and performance, profitability is a crucial factor. It serves as a clear benchmark for the business's efficiency relative to its stock price assessment. Evaluating profitability through various ratios, companies can be classified into two categories: margin ratios and return ratios. By analyzing such ratios, businesses can gain a better understanding of their health and performance, alongside other financial benefits. (Raharjo, 2023). According to (Sudarisman, 2019), the main indicator in the company is

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profitability, because it is needed to assess potential changes in economic resources that may be controlled in the future. Good prospects will attract investors to invest in a company so that broader disclosure is needed in the company's annual report. (Akip, M. *et all*, 2023), Profitability is an essential aspect of any successful business, referring to a company's ability to generate profits through its operations. It reflects the level of a company's efficiency in generating profits from its assets management in relation to sales, total assets, and equity.

The profitability ratio is a form of assessment of management's performance in managing the company's assets as indicated by the profit generated. This condition means that the company's ability to generate profits by using company assets and capital (Wahyuni et al., 2021). The use of profitability ratio can be done using comparisons between various components in the financial report, especially balance sheet statements and income/loss statements. Measurements can be made for several periods of operation. The goal is to see the development of the company in a certain time span, either decrease or increase, while looking for the cause of the change (Raharjo & Widarti, 2021). There are several methods that can be used in measuring profitability according to (Sugiartini & Dewi, 2019), among others:

Return on investment (ROI)

Return On Investment (ROI) is a measurement of the company's overall ability to generate profits with the total assets available in the company. The higher the ROI, the better the performance of a company.

$$Return\ On\ Investment\ (ROI) = \frac{Net\ Profit\ After\ Taxes}{Total\ Assets} x\ 100\%\ *)$$

*) Van Horne, James C. (1992) stated the formula is Return on assets (ROA)

Return on equity (ROE)

Return On Equity is a ratio that shows a measure of profitability from a shareholder's point of view. ROE is the ratio of net profit after tax to own capital which is a profitability ratio that measures the gross profit generated from each sale.

$$Return\ On\ Equity\ (ROE) = \frac{Net\ Profit\ After\ Taxes}{Equity} x\ 100\%\ *)$$

*) Raharjo (2023), essentially, indicates the profitability of a company's capital and its efficacy in generating profits. Shareholders rely on this ratio to gauge the company's management of its own capital, as a higher ratio signifies more efficient capital management. A greater Return On Equity (ROE) indicates a company's enhanced performance, making it an excellent indicator for stock price movements.

Total asset turnover

Total Asset Turnover shows the level of efficiency in using the company's overall assets in producing a certain sales volume. The higher the Total Asset Turnover ratio means the more efficient use of all assets in generating sales.

$$Total\ Asset\ Turnover = \frac{Annual\ Sales}{TOtal\ Assets} \text{ x 1 time}$$

Gross profit margins

Gross Profit Margins is a profitability ratio that measures the gross profit generated from each sale. The greater the gross profit margin, the better the company's operating conditions, because this shows that the cost of good sold is relatively low compared to sales.

$$Gross\ Profit\ Margins = \frac{Gross\ Profit}{Sales} \text{ x 100\%}$$

Operating profit margins

Operating Profit Margins is a ratio that measures the operating costs of each sale made by the company. The Operating Ratio is also explained that the value that is actually obtained from the results of the company's operations ignores financial obligations in the form of interest and obligations to the government in the form of tax payments.

$$Operating\ Profit\ Margins = \frac{Operating\ Profit}{Sales} \text{ x 100\%}$$

Net profit margins (NPM)

Net Profit Margins (NPM) is the ratio between net profit after tax and net sales. The NPM ratio measures a company's ability to generate net profit at the level of sales. The higher NPM indicates that the company is able to generate high profits at a certain level of sales.

$$Net\ Profit\ Margin = \frac{Net\ Profit\ After\ Taxes}{Sales} \times 100\%\ *)$$

*) The profitability measure known as net profit refers to the profit that remains after deducting costs, which consists of the company's expenses and taxes in a certain period (Kasmir in Raharjo, 2023). In this study, profitability uses a net profit margin (NPM).

In her research on profitability in Commercial Banks in Armenia (Bayadyan, A. A. *et all*, 2023) stated that the most basic indicators for assessing the efficiency of operations carried out by commercial banks are the profitability ratios, which are calculated on the basis of taxable profit and net profit after tax. (Hermawan, S., *et all*, 2023) also used the profitability as a variable in their research on harmaceutical Companies in Indonesia and Malaysia, to prove that profitability is able to moderate the effect of corporate social responsibility (CSR) on firm value.

METHOD

The population is a generalization area consisting of objects or subjects that have certain qualities and characteristics set by the author to be studied and then drawn conclusions, the sample is part of the number and characteristics possessed by the population.(Komar Priatna et al., 2020).

In this study no sampling technique was used because the sample studied was the entire population or called a census. Considering that the total population is a financial report, it is feasible to take the whole as a sample without having to take a certain number of samples. So the sample for this study is the financial statements of LQ45 companies listed on the IDX for the 2021 period. This study uses multiple regression analysis.

RESULTS AND DISCUSSION

The output results of calculating descriptive statistics for 60 samples of LQ45 company work and financial reports listed on the IDX for the 2021 period can be seen in the Descriptive Statistics table, which is as follows:

Table 1. Descriptive Statistics

Descriptive Statistics	Means	std. Deviation	N
Profitability	54.3423	9,341	60
Current Ratio	18.4523	4,423	60
Receivable Turnover	25.3422	4.123	60

Source: Research Results

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Based on Table 1, it is known that the Profitability Variable obtained a mean value of 54.3423 and has a standard deviation value of 9.341. The Current Ratio variable obtained a mean value of 18.4523 and a standard deviation value of 4.423. The Receivable Turnover variable obtained a mean value of 25.3422 and a standard deviation value of 4.123. And the amount of data studied is as much as 60 data.

Verification Research Results

The verification method is a research method that aims to determine the relationship between two or more variables or the method used to test the truth of a hypothesis (Sugiyono, 2011:11). This method is used to determine how much influence the independent variables namely Current Ratio and Receivable Turnover have on Profitability either partially or simultaneously. By first testing the classical assumptions.

Classic Assumption Test

Before conducting multiple linear regression analysis (Multiple Linear Regression) the data must first pass the classical assumption test to obtain accurate research. Classical assumption testing is done using SPSS 20.0 for windows. The data used in this study is secondary data so it is necessary to test the classical assumptions, namely the normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

Normality Test

The Normality Test is used to test whether in a regression model, the confounding or residual variables have a normal distribution or not. The best model is to have a normal or close to normal distribution. Normality testing using SPSS 20.0 for windows can be seen by displaying the histogram graph and normal probability plot graph as follows:

Figure 2. Histogram Graph

Histogram
Dependent Variable: Profitabilitas

Mean = 9.28E−16
Std. Dev. = 0.983
N = 60
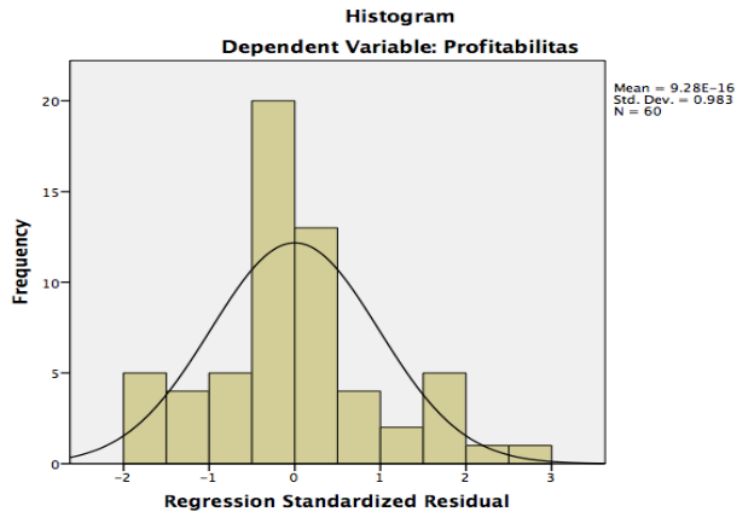
Source: Research Results

Based on Figure 2, the histogram shows that the highest graph is in the middle at number 0. This is indicated by the distribution of the data that does not tend to the left or right. So it can be concluded that the data is normally distributed.

Another way to do a normality test with a graph is to look at the normal pp plot of regression standardized residuals. Where to see the point spread of the data studied in the graph:

Figure 3. Normal Probability Plot Graph

Normal P–P Plot of Regression Standardized Residual
Dependent Variable: PROFITABILITAS
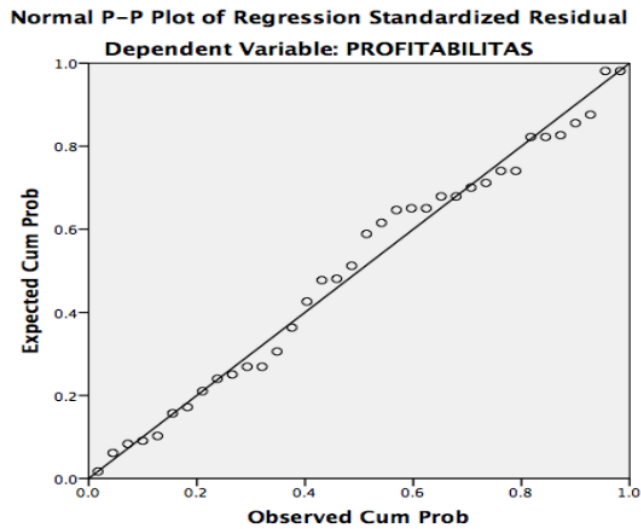
Source: Research Results

Based on figure 3 on the normal probability plot graph the dots spread around the diagonal line and follow the direction of the diagonal line showing a normal distribution pattern, the regression model fulfills the assumption of normality.

Multicollinearity Test

The multicollinearity test is a condition where the independent variables are not perfectly related to one another in the multiple regression model. To determine whether there are symptoms of multicollinearity, it can be seen from the magnitude of the Tolerance of 0.10 and the Variance Inflation Factor (VIF) of 0.10, which indicates which each independent variable is explained by other independent variables. The results of multicollinearity calculations using SPSS 20.0 for windows can be seen in the following table:≤≥

Table 2. Tolerance and VIF values
Coefficientsa

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Current Ratio	.776	1,244
	Receivable Turnover	.776	1,244

a. Dependent Variable: Profitability
Source: Research Results

Based on table 2, the results of calculating the Tolerance value show that there are no independent variables that have a Tolerance value of 0.10, which can be explained as follows:≤

1. The tolerance value for the Current Ratio variable is 0.776 0.10≥
2. The tolerance value for the Receivable Turnover variable is 0.776 0.10≥

The Variance Inflation Factor (VIF) value indicates that there are no independent variables that have a Variance Inflation Factor (VIF) value of 0.10, which can be explained as follows:≥

1. The VIF value for the Current Ratio variable is 1.244 0.10≤
2. The VIF value for the Receivable Turnover variable is 1.244 0.10≤

Based on the Tolerance and Variance Inflation Factor (VIF) values, it can be concluded that in this study there was no multicollinearity, which means that there was no correlation between the independent variables in the regression model.

Heteroscedasticity Test

The heteroscedasticity test is used to test whether in a regression, there is an inequality of variance from the residuals from one observation to another. The basis for the decision is that if the points spread above and below the number 0 on the Y axis, then the regression model does not have heteroscedasticity. The results of the heteroscedasticity test using SPSS 20.0 for windows can be shown in the following figure:

Figure 4. Heteroscedasticity Test with Scatterplot Graph

Scatterplot
Dependent Variable: PROFITABILITAS

Source: Research Results
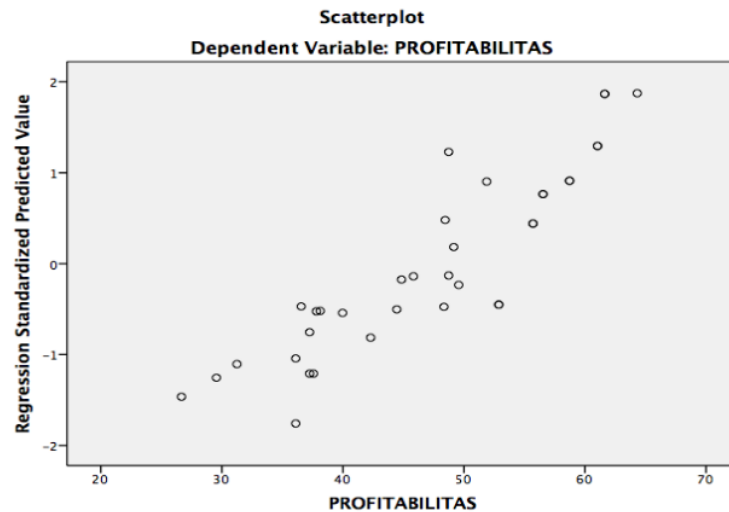
Based on Figure 4 above on the Scatterplot graph, the dots spread randomly and are scattered above and below the number 0 on the Y axis. Based on these results, the regression model is free from heteroscedasticity symptoms so it is feasible to be used to predict profitability based on Current Ratio and Receivable Turnover which is the input independent variable.

Autocorrelation test

The autocorrelation test is used to test whether there is a correlation between confounding errors in period t and period t-1 in the regression model. To determine the existence of autocorrelation, namely by using the Durbin Watson test. The results of the autocorrelation test using SPSS 20.0 for windows can be seen in the following table:

Table 3. Autocorrelation Test
Summary Model a

Model	R	R Square	Adjusted R Square	Std. Error Of The Estimate	Durbin-Watson
1	.894	.623	.616	14.31234	1895

A. Predictors: (Constant), Receivable Turnover, Current Ratio
B. Dependent Variable: Profitability
Source: Research Results

Based on the results of the Durbin-Watson calculation in table 3, it shows that the Durbin-Watson value is 1,895. The researcher decides whether or not there is autocorrelation between the independent variables and the dependent variable using the following references:

Table 4. Durbin-Watson Value Criteria

value d	Information
<1.10	There is autocorrelation
1.10-1.54	No conclusion
1.55-2.46	There is no autocorrelation
2.46-2.90	No conclusion
>2.90	There is autocorrelation

Source: Research Results

Durbin Watson (DW) values are in the range of 1.55 to 2.46. so it can be concluded that Current Ratio and Receivable Turnover to Profitability there is no autocorrelation in the regression model.

Multiple Linear Regression Analysis

This analysis is intended to determine the magnitude of the influence of the independent variables on the dependent variable. Namely the effect of Current Ratio and Receivable Turnover on Profitability. The goal is to predict or estimate the value of the dependent variable in relation to other variables. The following is a table of the results of multiple regression analysis calculations, as follows:

Table 5 Multiple Regression Analysis
Coefficients a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	std. Error	Betas		
	(Constant)	12,831	7,321		1,221	.000
1	Current Ratio	5,423	.341	.457	3,234	.000
	Receivable Turnover	4,431	.212	.519	4,123	.000

a. Dependent Variable: Profitability
Source: Research Results

Table 5 shows the calculation of multiple regression analysis. The results of the coefficients test, in the multiple regression test, the overall influence of Current Ratio (X_1) and Receivable Turnover (X_2) on Profitability (Y) is expressed with a value (constant) of 12,831 and a value of b = 0.341 and a significant level of 0.000, a value of b2 = 0.212 and a significant level 0.002. Based on this information, the calculation is as follows:

$$Y = 10.610 + 0.341X1 + 0.212X2$$

Where:

Y = Profitability
X1 = Current Ratio
X2 = Receivable Turnover

Table 6 Calculation of Multiple Correlation Analysis
Summary model b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.894	.623	.616	14.31234

a. Predictors: (Constant), Receivable Turnover, Current Ratio
b. Dependent Variable: Profitability
Source: Research Results

Based on table 6 it can be seen that the magnitude of the multiple correlation or Ry(1.2) is 0.894. By looking at the correlation coefficient interpretation guide table, it can be stated that it has a moderate relationship because it is in the interval 0.60 – 0.899 which means that the Current Ratio and Receivable Turnover have a strong relationship with Profitability in LQ45 Companies listed on the IDX for the 2021 period.

Hypothesis Test

The hypothesis testing referred to in this study is to determine whether or not there is an influence between Current Ratio (X_1) and Receivable Turnover (X_2) on Profitability (Y) both partially and simultaneously in LQ45 companies listed on the IDX for the 2021 period.

Table 7. Statistical Test Results Test t
Coefficients a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
		B	std. Error	Betas			Zero-order	partial	Part
1	(Constant)	12,831	7,321		1,221	.000			

Current Ratio	5,423	.341	.457	3,234	.000	.457	.888	.899
Receivable Turnover	4,431	.212	.519	4.123	.000	.519	.332	.211

a. Dependent Variable: Profitability
Source: Research Results

Based on table 7. shows that:

a.   To test the hypothesis of the influence of the Current Ratio on Profitability, the value of tcount> ttable (3.234> 1.97) is obtained, then ho is rejected, meaning that from this test there is a partial and significant influence between the Current Ratio variable on Profitability.

b.   To test the hypothesis of the effect of Receivable Turnover on Profitability, the value of tcount> ttable (4.123> 1.97) is obtained, then ho is rejected, meaning that from this test there is a partial and significant influence between Receivable Turnover variables on Profitability.

Simultaneous hypothesis testing

Simultaneously testing the hypothesis is used the F test. The F test aims to measure the truth of whether the Current Ratio and Receivable Turnover as independent variables jointly affect Profitability. As for simultaneous testing, namely:

If the calculated F value < table F value, then Ho is accepted and Ha is rejected

If the calculated F value > table F value, then Ho is rejected and Ha is accepted

The hypothesis testing step above is carried out if in processing the data the researcher has prepared the F Student table, but if the F table is not available, then deciding to accept or reject the research hypothesis can be done by looking at the significance value (Sig) in the processing results of the ANOVA section. The results of calculations with the SPSS 20.0 program for windows simultaneous regression test are as follows:

Table 8. Statistical Test Results Test F

ANOVA a

Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	130,993	2	42,312	40,874	.000b
	Residual	147,914	57	5,434		
	Total	278,907	59			

a. Dependent Variable: Profitability
b. Predictors: (Constant), Receivable Turnover, Current Ratio
Source: Research Results

Based on table 8, it is known that F count is 40,874 meaning that F count > F table (40,874> 3.03), this means that Ho is rejected, meaning that Current Ratio and Receivable Turnover have a significant effect on Profitability.

Analysis of Determination Coefficients

Analysis of the coefficient of determination (R^2) is used to measure how much the independent variables have an influence on the dependent variable partially or simultaneously. The influence of the variable X (X1: Current Ratio and X2: Receivable Turnover) on the variable Y (Profitability) is partially obtained by the Beta formula multiplied by the Zero-Order. The results of Beta and Zero-Order using SPSS 20.0 for windows can be seen in the following table:

Table 9. Beta and Zero-Order Values

Coefficients a

Model		Standardized Coefficients	Correlations		
		Betas	Zero-order	partial	Part
1	(Constant)				
	Current Ratio	.457	.457	.886	.844
	Receivable Turnover	.519	.519	.417	007

a. Dependent Variable: Profitability
Source: Research Results

Based on table 9. the calculation of the effect of the independent variables on the dependent variable partially is as follows:

1. Current Ratio Variable (Current Ratio) : 0.457 x 0.886 = 0.4049
2. Receivable Turnover Variable : 0.519 x 0.417 = 0.2164

Based on the calculation above, the Current Ratio variable has an influence on the Profitability variable of 0.4049 or 40.49%. The Receivable Turnover variable has an influence on the Profitability variable of 0.2164 at 21.64%.

The magnitude of the coefficient of determination simultaneously can be known in the multiple correlation test indicated by the *R* Square value. The results of the coefficient of determination using SPSS 20.0 for Windows can be seen in the following table:

Table 10. Simultaneous Coefficient of Determination

Summary model b

Model	R^2	R Square	Adjusted R Square	Std. The error in the Estimate

1	.894	.623	.616	14.31234

a. Predictors: (Constant), Receivable Turnover, Current Ratio
b. Dependent Variable: Profitability
Source: Research Results

Table 10 shows the value of the coefficient of determination simultaneously indicated by the R square value of 0.623 or 62.3%. this means that 62.3% of the Profitability variance can be explained by the variances of the two independent variables Current Ratio and Receivable Turnover, and the remaining 37.7% is explained by other variables outside the model. Based on the results of these calculations, it can be concluded that simultaneously Current Ratio and Receivable Turnover have an influence on Profitability of 62.3%.

DISCUSSION

The classic assumption test is carried out to see whether the independent variable (X) meets the classic assumptions so that it can be tested using multiple linear regression analysis. The classic assumption test in this study uses four tests, namely, normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. This test is carried out to see whether variable X has a problem or not, if there is no problem then it can be continued with multiple linear tests.

From the results of the classic assumption test in Figure 2, it shows that the spread of data (points) follows a diagonal line. The figure shows that the data is normally distributed. The VIF value is < 10 and tolerance > 0.1, so multicollinearity does not occur. Figure 3 shows the points spread on the Y-axis both above and below zero. This study can be concluded that there is no heteroscedasticity and the regression equation can be used to predict Profitability based on the X variable being tested. And based on the table showing the results of Current Ratio and Receivable Turnover to Profitability there is no autocorrelation with a Durbin Watson value of 1,895.

From the results of calculating the multiple correlation analysis in the table it can be seen that the value of the correlation coefficient (R) is 0.894. Values are in the interval 0.60 - 0.899, which means that the Current Ratio and Receivable Turnover have a moderate relationship with Profitability in LQ45 Companies listed on the IDX for the 2021 period.

Current Ratio and Receivable Turnover simultaneously have an effect of 62.3% on changes in profitability as indicated by the coefficient of determination (R Square) or (R^2) of 0.623. This shows that the profitability of LQ45 companies listed on the IDX for the 2021

period is influenced by the Current Ratio and Receivable Turnover of 62.3%. While 37.7% is influenced by other factors, such as inventory turnover or cash turnover at the company.

CONCLUSION

Based on the discussion and testing of the hypothesis it can be concluded that partially and simultaneously the Current Ratio and Accounts Receivable Turnover have a significant effect on Profitability. We would like to propose some suggestions that may be taken into consideration for LQ45 companies as follows:

1.   In efforts to increase profitability, the main priority is to have increased Receivable Turnover to maintain business continuity.

2.   To increase accounts receivable turnover, these companies are expected to be able to encourage acceleration and accuracy of collection of accounts receivable, with the intention that investment is not fixated on just one sector, for example only focusing on fixed assets, so that the company's financial stability can be maintained properly.

3.   Increasing the current ratio by optimizing the elements of current assets to cover all of the company's current liabilities.

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