THE CONDITION OF RECEIVABLES TURNOVER AND FIRM SIZE ON PROFITABILITY *(ROA)*

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ABSTRACT

Profitability (ROA) is the company's ability to earn a profit or advantage. The purpose of this research was to test and analyze the effect of the rotation and the size of the company's receivables against the profitability (ROA). The research method used is descriptive method quantitative approach with verifikatif. This research uses a 13 company as its population and 10 companies that serve as samples on the automotive sector sub manufacturing companies listed on the Indonesia stock exchange period 2011-2015, with purposive sampling technique While using the methods of analysis used in this study was multiple linear regression on the significance level of 5%. The program used in analyzing data using Statistical for Social Sciences (SPSS) ver. 16.0. Research is shows that partially turnaround receivable and the size of the company has influence significantly to profitability (ROA). With the huge influence of each are medium and low.

Keyword: Receivable turnover, Firm size, Profitability (ROA)

INTRODUCTION

Profitability ratio used in this research is the Return On Asset (ROA). Return On Assets (ROA) is a ratio that shows the result (return) over the total assets used in the company. In addition, ROA give a better size up the company's profitability because it showed the effectiveness of management in the use of assets to earn income (Clairene, 2013:201).

The profitability of an enterprise that can be measured by the ability of the company to use the assets or capital works productively. The magnitude of the working capital should correspond to the needs of the company, due to excessive or working capital shortage is equally brought negative impact for the company. Working capital is defined as an investment that is embedded in the current assets or assets short-term, such as cash, bank, securities, accounts receivable, inventory and assets lancer (Clairene, 2013:250). Accounts receivable is one of the most important elements in the working capital of a company (Budiasih, 2014:115).

Accounts receivable are a number of bills that will be accepted by the company are generally in the form of cash from the other party (Hery, 2013:181). Accounts receivable current assets is an important component in the economic activity of an enterprise because it is the current assets of the company after the cash. Accounts receivable arising due to the sale of goods or services in credit, it could be through the granting of loans. Accounts receivable occurred because the sale of these goods and services made in credit that typically performed to enlarge sales (Butar, 2012:258). Rotation period or period of terikatnya capital in accounts receivable is subject to the terms of the payout. The more lenient or longer payment terms, means the longer period of capital tied up in receivables, which means that during a certain period cycle all its level is lower, high low receivables turnover has a direct effect big nothingness against capital invested in accounts receivable (Bambang Riyanto, 2010:90).

LITERATURE REVIEW

Accounts Receivable Turnover

According to Bambang Riyanto (2010:176):

> "Accounts receivable Turnover shows an attempt to measure how often the accounts receivable into cash in a certain period."

According to Hery (2013:26):

> "Accounts receivable turnover Indicator is the ratio between sales by the average accounts receivable".

The Size of the Company

According to I Made (2013:57):

"The size of the company is a major factor to determine the profitability of a company with the usual concept known as economies of scale". The meaning of economies of scale refer to the low-cost advantages gained by big companies because they can produce a product with a low price per unit. Large-size companies buy raw materials (production inputs) in large numbers so that the company will get a discounted price (quantity discount) more from suppliers ".

Profitability (ROA)

According to Agha (2014:63) that:
"The ratio of the company's ability to depict profitability mengahasilkan profit" The indicator of profitability ratios with the authors take the approach of ROA.

The Framework of Thought

Influence of Rotation of Receivables to Profitability (ROA). According to Agnes Sawir (2012:16) that:
"The larger the receivables the greater necessity of funds invested in accounts receivable, accounts receivable and the greater the larger the risk arising anyway, besides it will enlarge the profitability".

The Influence of Size of the Company to Profitability (ROA)

According to Bambang Riyanto (2010:299) a great company in which the shares are spread very widely, any expansion of capital stock will only have little influence to the possibility of loss or the anxiety control of dominant parties against the company in question.

Instead, a small company in which its shares only scattered small environment, increased the number of shares would have had a great influence to the possibility of loss of control of the dominant parties against the company in question.

The Hypotheses

H1: accounts receivable Turnover effect significantly to profitability (ROA)
H2: the size of the company's influential significantly to profitability (ROA)

RESEARCH METHODS

The methods used in this research is descriptive and quantitative approach with verifikatif. Using research methods will be known a significant relationship between the variables examined, so that the conclusions will clarify an idea of the object examined. In this study, the authors use their descriptive and verifikatif methods are used to find out the influence of the rotation and the size of the company's receivables against the profitability (ROA) and test the theory with testing a hypothesis whether it is accepted or rejected.

The population of 13 companies in five years will produce 65 financial statements. Samples taken in this study is 50 financial reports form the Report Balance Sheet and Income Statement, consisting of 10 companies from the period of 2011-2015 or a 5 (five) years, since it was considered representative to conduct the test.

Analysis the researchers use the data which has been described by using the method of analysis of descriptive (qualitative) and verification (quantitative) and quantitative approach. Multiple linear regression analysis used researchers with a view to knowing the extent of the relationship and the size of the company's accounts receivable turnover against profitability (ROA). Then Danang (2013:261) explained that the form of

$$\mathbf{Y = \alpha + \beta 1X1 + \beta 2X2 + \varepsilon}$$

Description:
Y = Profitability (ROA)
X 1 = Accounts Receivable Turnover
X 2 = The Size of The Company
α = Constants Intersep

variable regression Coefficient β1 = accounts receivable turnover
β2 = coefficient of regression variables is the size of the company
ε = Level error (the error term)

Andi Supangat (2010:339) explains that the coefficient of correlation is the level of relationships between two or more variables. Next Deni Darmawan (2013:49) explains that the correlation test is used to find out whether or not a strong relationship between variables X and Y of the correlation coefficients Analysis. used IE as follows:

1. Partial Correlation Analysis
   Partial correlations were used the variables and the size ofthecompany'saccounts receivable turnover against profitability (ROA).

2. Multiple Correlation Analysis
   According to Andi Supangat (2010:340) multiple correlation analysis can measure levels of relationship that happens between two or more variables. Multiple correlation analysis used in this study is to measure the strong weak relationships between variables and the size of the company's accounts receivable turnover against profitability (ROA).

According to Deni Darmawan (2013:50) koefisiensi analysis of determination (KD) is used to see how large the independent variable (X) variables to the dependent (Y) that is expressed in percentage. The magnitude of the coefficient of determination is calculated using the following formula:

$$\boxed{Kd = r^2 \times 100\%}$$

Description:
Kd = Coefficient of Determination R2 = the correlation Coefficient

Method of Hypothesis Testing

The hypothesis that will be used in this research is concerned with whether there is correlation and the influence of the independent variables X 1 and X 2 are significantly towards the dependent variable (Y). According to Deni Darmawan (2013:159) tested the hypotheses can be formulated as follows:

RESEARCH RESULTS AND DISCUSSION

Prior to hypothesis testing using multiple linear regression analysis, there are some assumptions that must be fulfilled in order for the conclusion of such a regression is not bias, including a test of normality, test multikolinieritas test heteroskedastisitas, and autocorrelation test. To strengthen the results of regression obtained classical assumptions of regression testing is performed, in which the results obtained are as follows:

a. The results of Testing Normality. The assumption of normality is a very important requirements on testing its meaningfulness(significance) regression coefficient regression models, if not Gaussian then the conclusion of the test t still dubious, because the test statistic t is on analysis the regression was derived from the normal distribution. Study on test of normality was done through the slope of the curve (skewness = α3) or the value of the curve (kurtotis = α4) compared to the value of the Z table.
b. Multicollinearity test results Multikolinieritas means the existence of a strong link between some or all of the free variables in the regression model. If there is Multikolinieritas then the coefficient of regression is not necessarily his fault, the levels become very large and usually marked by the determination coefficient values are very large but partial regression coefficients on testing, there is no or if there are very few significant regression coefficients. This research used the value of the variance inflation factors (VIF) as an indicator of whether or not there is a multikolinieritas between the free variables.
c. Test results Heteroskedastisitas. This testing is done with the aim to find out whether in a regression model of the residual variance inequality occurred one other observation to observation. Good regression models should be independent of the issue of heteroskedastisitas. Visually, the heteroskedastisitas can be detected on a scatterplot graph between the prediction variable (ZPRED) with a value of residualnya (SRESID). If there is no clear pattern, as well as the dots randomly scattered above and below the 0 on the Y axis, it can be inferred that the regression model is independent of the issue of heteroskedastisitas. To test whether a variant of residual homogeneous seen from Graph Scatterplot. On testing autocorrelation test use Durbin-Watson to find out whether or not there is autocorrelation in regression model and the following values of the Durbin-Watson are obtained through estimation of regression model results.

Influence of the Size of the Company towards Profitability (ROA):

1. Analysis of the correlation of the size of the company Toward Profitability (ROA) Profitability (ROA) used partial correlation analysis.
2. Analysis of the determination of the size of the company Toward Profitability (ROA).

CONCLUSIONS

1. Accounts receivable Turnover effect significantly to Profitability (ROA). There are relations which are currently and it has a positive meaning, any increase in Receivables Turnover then it will improve Profitability (ROA) and likewise vice-versa. In a number of the larger accounts receivable turnover means the faster funds invested in accounts receivable can be charged to cash and certainly can increase the company's ability to generate profits (profitability).
2. The size of the company's influential significantly to Profitability (ROA). There is a relationship that is low and it has a positive meaning, every increase in the size of the company then it will improve Profitability (ROA) and likewise vice-versa. If the size of the company as measured by total assets the greater its value and use of company assets can be done effectively and efficiently then the ability of the company in generating profit will increase, and when the company's profit increases, it can increase profit.

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