

The Influence Of Cash Turnover, Receivables And Inventories On Profitability Through Operational Costs Per Operational Income (Bopo) In Pt. Jantung Indonesia

Romawati Silalahi¹, Suharto², Guswandi³

Universitas Krisnadwipayana

Campus UnkrisJatiwaringin PO BOX 7774/Jat CM Jakarta 13077, Indonesia

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ABSTRACT

This study aims to determine and examine the effect of cash turnover, receivables and inventories on profitability through operating costs per operating income. The research was conducted at PT Jantung Indonesia.

The results showed that Cash Turnover, Accounts Receivable Turnover and Inventory Turnover had a positive and significant effect either simultaneously or partially on Operating Costs per Operating Income (BOPO). Cash Turnover, Accounts Receivable Turnover and Inventory Turnover have a positive and significant effect either simultaneously or partially on Profitability (ROA). Operating Expenses Revenue Expense can be used as an intervening variable. The calculation results obtained indicate that the total effect of each exogenous variable is greater than the direct effect on profitability. These results indicate that BOPO can play a role as an intervening variable between Cash, Receivables and Inventories on profitability in the case of PT. Jantung Indonesia.

Keywords: Cash Turnover, Accounts Receivable Turnover and Inventory Turnover, operating expenses income expense, Profitability

I. INTRODUCTION

Today, the business world is growing so that the competition between companies is also getting tougher. This competition requires companies to be able to create and increase company value and manage existing production factors effectively and efficiently. This is done so that the company's profitability is increasing.

Because profitability describes the company's ability to earn a profit in a period.

Gaining profit is the main objective of establishing a business entity, whether a business entity in the form of a Limited Liability Company (PT), foundation or other forms of business entity. Then, more importantly, if a business entity continues to make profits, this means that the survival of the business entity will be guaranteed (Kasmir, 2012: 1).

The Indonesian pharmaceutical market is the largest market in ASEAN. In the future, the Indonesian pharmaceutical market is predicted to still have a fairly high growth considering that Indonesia's drug consumption per capita is the lowest among ASEAN countries. The low consumption of drugs per capita in Indonesia is not only due to low purchasing power but also the pattern of drug consumption in Indonesia is different from other ASEAN countries. In Malaysia, for example, the pattern of drug use is more directed at patented drugs. The price of patent drugs is much more expensive than the price of branded generic drugs.

Total sales of the Indonesian pharmaceutical industry continue to increase from year to year. In contrast to other ASEAN countries, the market share of Indonesia's domestic pharmaceutical industry compared to PMA/MNC (Multi National Company) is much larger. In 2005, it is estimated that the market share of the domestic industry is around 75%, while that of MNCs is around 25%. In Malaysia and the Philippines, the market share of MNC products is more than 50%

or greater than the market share of the domestic industry.

One of the pharmaceutical companies in Indonesia is PT. Jantung Indonesia is headquartered in Jakarta with four operational collaborations for catering equipment that are managed, namely Jakarta (Presidential Hospital Gatot Subroto-Jakarta, TK II Pelamonia Hospital - Makassar, RK Charitas Hospital - Palembang and TK III Hospital - Jambi).

Profitability is the company's ability to earn profits in relation to sales, total assets and own capital (Sartono, 2010:122). For companies, the issue of profitability is very important. For company leaders, profitability is used as a benchmark for the success or failure of the company they lead, while for company employees the higher the profitability obtained by the company, then there is an opportunity to increase employee salaries.

Good or bad company performance as measured by ROA (Return On Assets) can be caused by several factors. These factors are in the form of efficiency in carrying out operational activities as proxied by BOPO (Operating Costs per Operating Income), optimizing working capital such as cash and receivables as well as inventory to be optimized.

BOPO (Operating Costs per Operating Income) is a measure of a company's ability to manage operating expenses against operating income. BOPO is the ratio between operating expenses and operating income. BOPO is a proxy for efficiency. The company's income is the pillar of the company's capital and management, but the level of success of the company is not only seen in terms of income, but also from the expense aspect because several things that affect the company's income are beyond the control of the company's management (Simorangkir 2004). The company management must also control the amount of operating expenses on operating income in order to achieve an increase in operating profit. If the management can control this, it can be said that the company is more efficient in carrying out its activities. The better the efficiency, the smaller the BOPO value.

Increasing profits can be done by increasing revenues or reducing expenses, especially operating income and operating expenses. Operating income is a number of remuneration in the form of money, either received now or later, which is obtained from the company's operational activities. Operational expenses are a number of sacrifices, measured in currency values, made by a business organization to achieve

operating income or in other words that operating expenses are all types of costs directly related to the line of business.

Working capital is a short-term company investment such as cash, securities, receivables and inventory or all current assets (Putra, 2012). Given the importance of working capital in the company, financial managers must be able to plan well the amount of working capital that is appropriate and in accordance with the needs of the company, because if there is an excess or lack of funds this will affect the level of company profitability (Supriyadi and Fazriani, 2011). If the company has excess working capital, it will cause a lot of idle funds, so it can reduce profitability. Meanwhile, if there is a shortage of working capital, it will hamper the company's operational activities.

The three components of working capital are cash, accounts receivable, and inventory. The three components of working capital can be managed in different ways to maximize profitability or to increase company growth (Lazaridis and Tryfonidis, 2006).

Husnan and Pudjiastuti (2004) stated that cash is the most liquid form of assets, which can be used immediately to meet the company's financial obligations. In addition to cash, another component is receivables, which arise due to credit sales, the greater the credit sales, the greater the investment in receivables and consequently the risk or costs to be incurred will be even greater (Santoso and Nur, 2008). Another component of working capital in this study is inventory, which is also the main element of working capital, because the amount is quite large in a company, the type of inventory in the company will depend on the type of company (Wiagustini, 2010: 148). To determine the level of effectiveness of a company, it can be measured by the level of turnover.

The amount of working capital must be in accordance with the needs of the company, because excessive working capital or lack of working capital has a negative impact on the company. Working capital turnover is expected to occur for a relatively short period of time. So that the invested working capital can be returned. The working capital turnover period begins when the available cash is invested in the working capital component until it becomes cash, the working capital component includes cash, receivables and inventories. One of the problems faced by the company is business competition in the marketing of home products, to overcome this problem the company needs to try to seize the market through various policies to increase sales. The credit sales system carried out by the company is one of the

efforts in order to increase sales volume. Credit sales do not immediately generate cash receipts, but generate what is called receivables. Efforts to increase working capital, one of the determining factors is receivables turnover. According to Hery (2016:178) that accounts receivable turnover is a business used to measure how many times the funds embedded in accounts receivable will rotate in a period.

Accounts receivable turnover is the most important part in the company because receivables turnover can increase profitability. Where in this study the indicator used in measuring profitability is return on assets (ROA). The reason for choosing the ROA ratio is because it can take into account the company's ability to earn overall profits. Return on Assets aims to measure the company's ability to manage assets under its control to generate income. The greater the return on assets (ROA), the greater the profits obtained by the company and the better the company in terms of asset use. In addition, this is because in several previous studies, most of them used the return on assets (ROA) financial ratios. As well as from the observations of several previous researchers, it was found that the results of previous studies were inconsistent with the results obtained from research gaps from research on return on assets (ROA).

Inventory is one of the most important items of current assets because inventory is an active element in the company's operations which is continuously acquired, changed, and then sold to consumers (Smith, 1996). Inventories facilitate or expedite the company's operations that must be carried out in a row to produce goods and distribute them to consumers. Inventory turnover is one of the things that must be considered by the company in the company's operations itself. Inventory must be managed properly because optimal inventory can increase the effectiveness of the company so as to increase the profits obtained by the company. To maintain sales, companies must ensure the availability of inventory (Riduwan, 2007).

II. LITERATURE REVIEW

Profitability

Profitability is very important for the development of the company because with the profitability of all activities, operations and all other activities can run well, the high level of profitability of the company can pay off its short-term and long-term debts on time. Profitability is a tool that measures the level of the company's ability to earn a profit.

According to Sartono (2010) profitability is the company's ability to earn profits in relation to

sales, total assets and own capital. Meanwhile, according to Wiagustini (2010) profitability is showing the company's ability to earn a profit or a measure of the effectiveness of the company's management. The ability to earn a profit can be measured from its own capital or from all funds invested in the company. Then according to Kasmir (2012) the profitability ratio is a ratio to assess the company's ability to seek profit. This ratio also provides a measure of the effectiveness of a company's management.

According to Dendawijaya (2009:118) Profitability is a tool to analyze or measure the level of business efficiency and profitability achieved by the company concerned. Profitability is a specific measure of a company's performance, where it is the goal of company management by maximizing shareholder value, optimizing various levels of return, and minimizing existing risks.

Kasmir (2012) the purpose of using the profitability ratio for the company, as well as for parties outside the company, namely:

1. To measure or calculate the profit earned by the company in a certain period.
2. To assess the company's profit position in the previous year with the current year.
3. To assess the development of profits from time to time.
4. To assess the amount of net profit after tax with own capital.
5. To measure the productivity of all company funds used both loan capital and own capital.
6. To measure the productivity of all company funds that are used either by own capital.

Cash

According to Financial Accounting Standards (PSAK) No. 2 of 2009, cash flow statements report cash flows during a certain period and are classified according to operating, investing and financing activities (Indonesian Accounting Association, 2013). Cash is a very important current asset which is a medium of exchange and is also used as a measuring tool in accounting or in the world of economy. In the composition of the postal balance, assets are the assets that most often undergo mutations because most of the company's transactions will reduce the amount of cash, for example the purchase of materials, services, payment of salaries, wages and other costs. It should be noted that cash is an unproductive company asset so efforts must be made so that the amount is not too large which causes the funds to be partially unemployed and vice versa, the amount must not be too small which can cause obstacles in

carrying out business activities. Thus cash can be interpreted as follows:

Cash according to Kieso, Wegant and Warfield (2001:402) states "cash is the most liquid asset, is a medium of exchange for basic standards of measurement and accounting for all other items". From the above understanding it can be concluded that cash is a very important current asset for the company, which is a medium of exchange and is also used as a measuring tool in accounting or in the world of the economy. In addition, cash is also the most frequently mutated because most of the company's transactions will affect the amount of cash.

Cash flow statements are organized in terms of operating, investing and financing activities. Operating activities include transactions involved in determining profit or loss, investment activities include transactions involved in the acquisition or disposal of non-current assets and financing activities include transactions involving owners and borrowing funds from creditors. According to Hery (2012) that "The statement of cash flows (statement of cash flows) is a report that describes the cash inflows and cash outflows in detail from each activity, starting from operating activities, investing activities, to financing activities financing for a certain period of time".

A cash flow statement is needed because:

1. Sometimes the size of profit does not describe the actual condition of the company.
2. All information regarding the company's performance during a certain period can be obtained through this report.
3. Can be used as a tool to predict the company's cash flow in the future.
4. Types of Cash

Cash Turnover

According to Kasmir (2008: 140) "cash turnover serves to measure the level of adequacy of the company's working capital needed to pay bills and finance sales". This means to measure the level of cash availability to pay bills (debts) and costs related to sales.

To find working capital, subtract assets against current liabilities. Working capital in this sense is said to be net working capital owned by the company. Meanwhile, gross working capital or working capital alone is the sum of current assets. The results of the calculation of cash turnover can be interpreted as follows:

1. If the cash turnover is high, this means the company's inability to pay its bills.
2. Conversely, if the cash turnover is low, it can be interpreted that cash embedded in assets is

difficult to disburse in a short time so the company has to work hard with less cash.

Receivables

According to Warren, Reeve, and Fess (2008: 356) receivables include all claims in the form of money against other parties, including individuals, companies, or other organizations. Receivables usually have a significant share of the company's total current assets. Based on the definition of receivables, it can be concluded that receivables are assets of companies or cooperatives that arise due to credit sales transactions for goods and services produced by the company.

According to PSAK No. 43, receivables are types of payments in the form of purchases and/or transfers of receivables or short-term claims of a company originating from business transactions. The definition of receivables according to Riyanto (2008) states that receivables are elements of working capital which are also always in a continuous state of rotation in the working capital turnover chain. The greater the amount of receivables of a company, the greater the risk but in line with that it can also increase profitability.

According to Warren, et. Al (2008) states that what is meant by receivables are as follows: "Receivables include all claims in the form of money against other parties, including individuals, companies or other organizations". Meanwhile, according to Jusup (2005: 52) "In general, receivables arise because of sales transactions on credit"

According to Warren, Reeve, and Fess (2008: 356) argues that receivables are classified into 3 categories, including the following:

1. Accounts receivable of this kind are normally expected to be collected within a relatively short period of time, such as 30 or 60 days. Trade receivables are classified on the balance sheet as current assets.
2. Notes receivable is the amount owed to customers when the company has issued formal debt securities. As long as notes receivable are expected to be collected within a year, they are usually classified on the balance sheet as a current asset.
3. Other receivables are usually presented separately in the balance sheet. If these receivables are expected to be collected within one year, they are classified as current assets. If the collection is more than one year, then these receivables are classified as non-current assets and are reported under the investment heading. Other receivables include interest

receivables, tax receivables, and receivables from company officials or employees.

Stock

Inventory is one component in the balance sheet. However, the total inventory value shown in this balance sheet is not enough to provide important information for the company or other related parties to be the basis for making decisions and company policies. Therefore, the balance sheet or profit and loss, can be useful if it can be interpreted using ratio analysis of financial statements. To perform ratio analysis of financial statements, it is necessary to calculate financial ratios that reflect certain aspects.

According to Warren, Reeve, Fess (2008:398) said inventory is used to indicate merchandise stored for later sale in the company's business operations and materials used in the production process or stored for that purpose. Inventories held to deal with predictable fluctuations in demand that are affected by seasonal factors within a year and to deal with increased use, sales, or demand.

Inventory Turnover

According to Kasmir, (2008: 180) "inventory turnover is a ratio used to measure how many times the funds invested in this inventory rotate in one period. This ratio is known as the inventory turnover ratio. Or it can be interpreted by inventory turnover is a ratio that shows how many times the number of inventory items is replaced in one year. The smaller this ratio, the worse it is and vice versa.

BOPO

According to Dendawijaya (2009) BOPO or the ratio of operating costs is the comparison between operating costs and operating income. The operational cost ratio is used to measure the level of efficiency and ability of the bank in carrying out its operations. Given that the main activity of a bank in principle is to act as an intermediary, namely to collect and distribute funds (eg public funds), the costs and operating income of a bank are dominated by interest costs and interest yields.

BOPO is a group of ratios that measure the efficiency and effectiveness of a company's operations by comparing one to another. Various income and expense figures from the income statement and against the figures on the balance sheet. So from the value of this BOPO ratio can be explained about the condition of the performance of the bank concerned. This ratio aims to measure

the ability of operating income to cover operational costs.

Operational risk comes from operational losses if there is a decrease in profits which is influenced by the bank's operational cost structure and other things related to risks that are certainly not expected. The lower the level of the BOPO ratio means the better the performance of the bank's management, because it is more efficient in using the resources available in the bank. Likewise, if the BOPO ratio of a bank is high, it means that the bank's performance is inefficient (Zulfiah, 2014:766).

The maximum BOPO ratio that can be tolerated by banks in Indonesia is 96%, which is in accordance with the provisions issued by Bank Indonesia, in the standard ratio set by Bank Indonesia according to SE No. 6/73/INTERN 24 December 2004.

Research Methods

Research Design

SuharismiArikunto (2002: 51) suggests that "Research design is a plan or design made by researchers, as a design of activities to be carried out". Research design can also be interpreted as a structural and strategic plan. As a plan and structure, the research design is a research plan, namely a detailed explanation of the entire research plan starting from the formulation of the problem, the purpose of the description of the relationship between variables, formulating hypotheses to the design of data analysis used in writing into the form of a proposal or research proposal form. As a strategy, research design is a detailed explanation of what researchers will do in the context of conducting research. The research design used by the author is a causality research design between variables and the research method used also describes the relationship or influence between variables.

Data Collection Technique

The data collection techniques used in this study are by using 2 (two) types of data collection, namely:

a. Secondary Data

Secondary data is data obtained through materials or literatures and other reading materials related to the problems discussed.

b. Primary data

Primary data is research data obtained directly from the original source (not through intermediary media). Primary data is specifically collected by researchers to answer research questions (Indriantoro and Supomo, 2002) or directly related

to the problems studied (Cooper and Emory, 2005). In this study, primary data were obtained from interviews or observations by respondents, namely stakeholders of PT. Jantung Indonesia.

This study uses path analysis because it has the ability to confirm the dimensions or indicators of a concept from latent variables, as well as to measure the relationship between variables that has been supported by theory and empirical research. According to Gujarati (2003:67) Path analysis is an analysis to determine the contribution of each variable x to y using regression with standardized variables. Before testing the presence or absence of this effect, each path is tested for significance first. If there is an insignificant path, then trimming theory is applied, namely by eliminating or deleting the insignificant path. Then from the results of the new structure, each path coefficient is calculated again.

Research Result

Calculation of Path Coefficient on Substructure 1

The causal relationship between variables in sub-structure 1, which is shown in Figure 5 consists of one endogenous variable, namely Y1 and three exogenous variables, namely X1, X2 and X3. The structural equation for sub-structural 1 is as follows:

$$\text{Sub-structural 1 : } Y_1 = \text{PY}_1\text{X}_1 + \text{PY}_1\text{X}_2 + \text{PY}_1\text{X}_3 + e_1$$

The results of data processing using SPSS software are shown in tables 1 to 2 with a summary of the results of calculations and path coefficient tests in table 3. The overall test or F test in sub-structure I with probability sig = 0.000 or significant for = 0.05, then it can be continued with individual test or t test. The summary of the calculation results of the t test is presented in the table below:

Table 1. Model 1: Anova X1, X2 and X3 on Y1

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9138942,778	3	3046314,259	664,975	,000 ^a
	Residual	8951031,332	1	203432,530		
	Total	18089974,109	4			

a. Predictors: (Constant), Inventory, Accounts Receivable, Cash
 b. Dependent Variable: BOPO

Table 2. Model 1: Coefficients X1, X2 and X3 on Y1

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1529,033	1097,886		40,393	,006
	Cash	677,642	140,571	,564	44,821	,000
	Accounts Receivable	,409	,083	,558	44,920	,000
	Inventory	,129	,043	,345	43,022	,004

a. Dependent Variable: BOPO

Table 3. Model 1: Summary X1, X2 and X3 on Y1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,711 ^a	,505	,471	451,03495

a. Predictors: (Constant), Inventory, Accounts Receivable, Cash

Table 4. Summary of Calculation and Test Results

Sub-structure Path Coefficient 1

Path	Coefficient Path	probability sig	$\alpha = 0.05$	Description
PY ₁ X ₁	0.564	0.000	0.05	Significant
PY ₁ X ₂	0.558	0.000	0.05	Significant

PY_1X_3	0.345	0.004	0.05	Significant
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Based on the table above, it shows that all path coefficients are significant at $\alpha = 0.05$, because all probability sigs are smaller than $\alpha = 0.05$. So the sub-structure model 1, namely the relationship between X1, X2 and X3 to Y1 does not need to be corrected by the trimming model.

Based on the results of the analysis in table 3, the path coefficient values of X1 to Y1 are $PY_1X_1 = 0.564$ and X2 to Y1 are $PY_1X_2 = 0.558$ and X3 to Y1 are $PY_1X_3 = 0.345$. while the determinant coefficient (R Square) or the

contribution of X1, X2 and X3 to Y1 is 0.505 as shown in table 2 which means that 50.5% of the variation in BOPO (Y1) can be explained by variations in cash (X1), Accounts Receivable (X2) and Inventories (X3). While the magnitude of the residual coefficient $1 - 0.495 = 0.505$ or 50.5% is the influence of other variables outside of X1, X2 and X3. Thus the structural equation for Sub-Structure 1 is $Y_1 = 0.564 X_1 + 0.558 X_2 + 0.345 X_3 + 0.495$. Where the path diagram can be presented in the following figure.

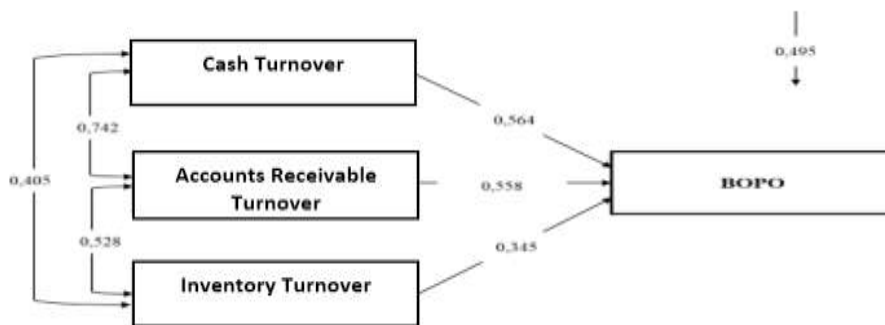


Figure 1. Full Sub-Structure I with Coefficient Value

Path Coefficient Calculation on Substructure 2

The causal relationship between variables in sub-structure 2 consists of one endogenous variable, namely Y2 with four exogenous variables, namely X1, X2, X3 and Y1. The structural equation for sub-structural 2 is as follows:

$$\text{Structural equation 2 : } Y_2 = PY_2X_1 + PY_2Y_1 + PY_2X_3 + e_2$$

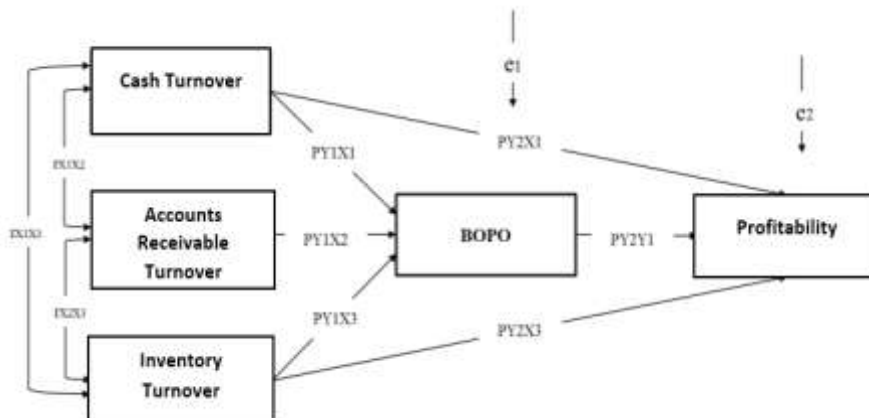


Figure 2. Full Sub-Structure 2 with Coefficient Value

The results of data processing using SPSS software are shown in tables 5 to 6 with a summary of the results of calculations and path coefficient tests in table 6. The overall test or F test in sub-

structure II with probability sig = 0.000 or significant for $\alpha = 0.05$, then it can be continued with individual test or t test. The summary of the results of the t-test calculations is presented in table 5.

Table 5. Model 2: Anova X1, X2, X3 and Y1 on Y2

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	308130,300	3	77032,575	660,580	,000 ^a
	Residual	15016,803	1	349,228		
	Total	323147,103	4			

a. Predictors: (Constant), BOPO, Inventory, Accounts Receivable, Cash

b. Dependent Variable: ROA

Table 6. Model 2: Coefficients X1, X2, X3 and Y1 on Y2

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	249,048	46,480		45,358	,000
	Kas	15,972	7,200	,100	25,218	,032
	Piutang	,008	,004	,081	24,959	,025
	Persediaan	,006	,002	,110	28,824	,007
	BOPO	,126	,006	,945	35,216	,000

a. Dependent Variable: ROA

Table 7. Model 2: Summary X1, X2, X3 and Y1 on Y2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,976 ^a	,954	,949	18,68764

a. Predictors: (Constant), BOPO, Inventory, Accounts Receivable, Cash

Table 8. Summary of Calculation and Test Results

Sub-structure Path Coefficient 2

Path	Coefficient Path	probability sig	$\alpha = 0.05$	Description
PY ₂ X ₁	0.100	0.032	0.05	Significant
PY ₂ Y ₁	0.945	0.000	0.05	Significant
PY ₂ X ₃	0.110	0.007	0.05	Significant

Based on the table above, it shows that all path coefficients are significant at $\alpha = 0.05$, because all probability sigs are smaller than $\alpha = 0.05$. So the sub-structure model 2, namely the relationship between X1, X2, X3 and Y1 to Y2 does not need to be corrected with the trimming model.

Based on the results of the analysis in the table above, the path coefficient value of X1 to Y2 is PY₂X₁ = 0.100; Y1 to Y2 is PY₂Y₁ = 0.945 ; X3 to Y2 is yx₃ = 0.110 while the determinant coefficient (R Square) or the contribution of X1,

X2, X3 and Y1 to Y2 is 0.954 as in table 7 which means that 95.4% of the variation in Y2 can be explained by variations in cash (X1), receivables (X2), inventory (X3) and BOPO (Y1). While the magnitude of the residual coefficient 2 = 0.046 or 4.6% is the influence of other variables outside of X1, X2, X3 and Y1. Thus the structural equation for Sub-Structure 1 is $Y = 0.100 X_1 + 0.945 Y_1 + 0.110 X_3 + 0.046$ where the path diagram can be presented in the following figure.

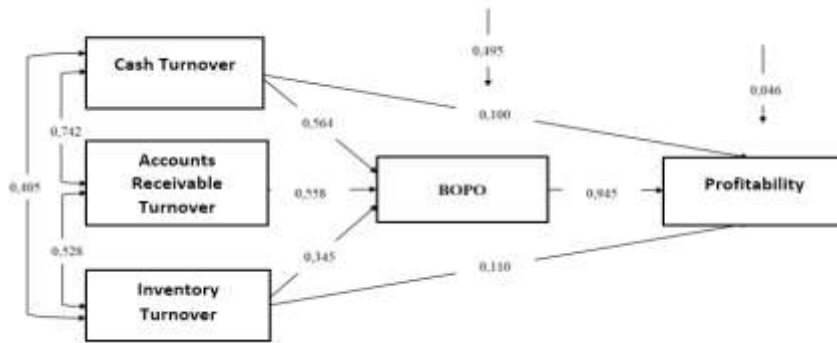


Figure 3. Full Sub-Structure 3 with Coefficient Value

III. DISCUSSION

After testing the model and calculating the influence, either directly or indirectly, the hypothesis is tested. The results of the decisions on all proposed hypotheses are explained as follows.

a. The effect of cash on operating expenses and operating expenses (BOPO).

The hypothesis which states that it is suspected that cash directly has a positive and significant effect on operating expenses income expenses (BOPO) can be proven by performing a T-test on sub-structure 1 where the probability value of sig = 0.000 and when compared with = 0.05 then sig = 0.000 < 0.05 . Thus, cash has a significant direct effect on operating expenses and operating expenses (BOPO). Where the magnitude of the influence of cash on operating expenses income expense (BOPO) is equal to 0.564.

b. The effect of receivables on operating expenses of income expense (BOPO)

The hypothesis which states that it is suspected that receivables directly have a positive and significant effect on operating expenses income expenses (BOPO) can be proven by performing a T-test on sub-structure 1 where the probability value of sig = 0.000 and when compared with = 0.05 then sig = 0.000 < 0.05 . Thus, receivables have a significant direct effect on operating expenses and income expenses (BOPO). Where the magnitude of the influence of receivables on operating expenses income expense (BOPO) is equal to 0.558.

c. Effect of Inventory on Operating Expenses Expense of Revenue (BOPO)

The hypothesis which states that inventory has a direct positive and significant effect on operating expenses and revenue expenses (BOPO) can be proven by performing a T-test on sub-structure 1 where the probability value is sig = 0.004 and when compared with = 0.05 then sig =

0.004 < 0.05 . Thus, inventory has a significant direct effect on operating expenses and operating expenses (BOPO). Where the magnitude of the influence of inventory on operating expenses income expense (BOPO) is equal to 0.345.

d. Effect of cash on profitability

The hypothesis which states that it is suspected that cash directly has a positive and significant effect on return on assets (ROA) can be proven by performing a T-test on sub-structure 2 where the probability value of sig = 0.032 and when compared with = 0.05 then sig = 0.032 < 0.05. Thus, cash has a significant direct effect on return on assets (ROA). Where the magnitude of the effect of cash on return on assets (ROA) is 0.100. Where these results are also supported by research conducted by Kadek and Yahya (2012), conclude that cash has a positive and significant effect on return on assets (ROA).

e. Effect of inventory on profitability

The hypothesis which states that inventory has a direct positive and significant effect on return on assets (ROA) can be proven by performing a T-test on sub-structure 2 where the probability value of sig = 0.007 and when compared with = 0.05 then sig = 0.007 < 0.05. Thus, inventory has a significant direct effect on return on assets (ROA). Where the magnitude of the effect of inventory on return on assets (ROA) is 0.110. Where these results are also supported by research conducted by Kadek and Yahya (2012) and Surya, Ruliana, Soetama (2017) they conclude that receivables have a positive and significant effect on return on assets (ROA).

f. The effect of cash, receivables and inventories on profitability through operating expenses income expenses (BOPO)

The hypothesis which states that it is suspected that operating expenses income expenses (BOPO) act as intervening variables in the influence of cash, receivables and inventories on profitability can be proven by comparing the value of cash (X1), receivables (X2) and inventory (X3) factors on profitability (Y2) in total with the value of the direct effect. If the value of the total effect of each exogenous variable is greater than its direct effect on the endogenous variables, then the operating expense of income expense (BOPO) can act as an intervening variable.

Based on the analysis conducted, the value of the direct influence of the cash factor (X1) is 0.100 and inventory (X3) is 0.110. Meanwhile, the effect of cash (X1) on profitability indirectly through BOPO is $0.564 + 0.945 = 1.509$ and the effect of inventory (X3) on profitability indirectly through BOPO is $0.345 + 0.945 = 1.29$. From the calculation results obtained indicate that the total effect of each exogenous variable is greater than the direct effect on profitability. These results indicate that BOPO can play a role as an intervening variable between Cash, Receivables and Inventories on profitability in the case of PT. Jantung Indonesia.

IV. CONCLUSION

Based on the research that has been done, several conclusions have been obtained, namely as follows:

- a. Cash Turnover, Accounts Receivable Turnover and Inventory Turnover have a positive and significant effect either simultaneously or partially on operating expenses and operating expenses (BOPO).
- b. Cash Turnover, Accounts Receivable Turnover and Inventory Turnover have a positive and significant effect either simultaneously or partially on Profitability (ROA).
- c. Operating Expenses Revenue Expense can be used as an intervening variable. The calculation results obtained indicate that the total effect of each exogenous variable is greater than the direct effect on profitability. These results indicate that BOPO can play a role as an intervening variable between Cash, Receivables and Inventories on profitability in the case of PT. Jantung Indonesia.

V. SUGGESTION

Based on the conclusions above, the suggestions that can be recommended are as follows:

- a. In the next research, it is expected to extend the research period, so that the number of samples is able to produce better and perfect research.

- b. In the future researchers, can consider other factors that affect profitability and liquidity in addition to cash turnover, receivables and inventories. And also should be able to consider factors from outside the company or macro policies that can affect profitability.

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