THE EFFECT OF LIQUIDITY, TOTAL ASSETS TURNOVER, AND RECEIVABLES TURNOVER ON PROFIT GROWTH AT PERUSAHAAN UMUM DAERAH AIR MINUM TIRTA SEWAKADARMA DENPASAR CITY

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Abstract: *Profit growth is the percentage increase and decrease in a company's profit. During the Covid-19 pandemic, Perusahaan Umum Daerah Air Minum Denpasar City was affected by a significant degradation in the company's profit growth over the last 2 (two) years. This research aims to calculate the significance of the effect of liquidity, total asset turnover, and receivable turnover on profit growth by partially or simultaneously at Perusahaan Umum Daerah Air Minum Tirta Sewakadarma Denpasar City. This study is causal associative research with a quantitative approach. The data processed is secondary data, namely monthly financial reports from 2019 to 2021. Determination of the sample by applying a saturated sample. The data processing technique applied is multiple linear regression analysis with the IBM SPSS version 26 application. The results of this study show that liquidity partially has a significant negative effect on profit growth, while total asset turnover and receivable turnover partially have a significant positive effect on profit growth. The results of the study simultaneously showed that liquidity, total asset turnover, and receivables turnover had a significant effect of 64,9% on profit growth at Perusahaan Umum Daerah Air Minum Tirta Sewakadarma Denpasar City.*

Keywords: *Profit Growth, Liquidity, Total Asset Turnover, Receivables Turnover*

Introduction

The very rapid development of the era brings an increasingly fierce level of competition in the business world. Coupled with the instability of the economic situation that triggered many companies to experience fluctuating profit growth and even a significant decline that resulted in bankruptcy. Therefore, the company's efforts to survive in any conditions and can grow and develop are very important to observe the condition and performance of the company by looking at the company's profit growth. Profit growth is part of the growth ratio. The growth ratio projects the capability of a company in maintaining its financial performance in an era of growing economy and related business sectors (Kasmir, 2017). One indicator of good profit growth is profit, this is due to high profits, this indicates good company performance (Setyowati and Retnani, 2021). In essence, every company wants good financial performance so that the profit growth rate moves up and is stable. However, the problem occurred in Perusahaan Umum Daerah (PERUMDA) Air Minum Tirta Sewakadarma Denpasar City which experienced a significant decrease in profit, namely in 2020 to 2021. The following is the profit of Perumda Air Minum Tirta Sewakadarma Denpasar City for the period 2019 to 2021.

Table 1. Net Profit Before Tax of Perumda Air Minum Tirta Sewakadarma Denpasar City Period 2019-2021

Year	Net Profit Before Tax
2019	Rp 28.476.373.282
2020	Rp 18.025.496.939
2021	Rp 11.341.589.299

Source: Perumda Air Minum Tirta Sewakadarma Denpasar City, data processed 2022

Referring to the profit figures in table 1, it shows that the company experienced a decrease in net profit reaching 58% in 2020, this is due to the costs incurred in 2020 being greater than in 2019. Then, in 2021 net profit decreased again to reached 59% of profit in 2020. This decline is supported by a decrease in the amount of revenue in 2021. If this continues, it will not only lead to a decline in the company's existence but will also have an impact on the general public because the income generated by the region decreases. So it is necessary to explore what factors trigger the decline. Factors that can affect this problem are a decrease in receivables turnover due to arrears

in water payments by customers affected by Covid 19 and the company's lack of efficiency in managing its costs. In addition, liquidity is one indicator that can affect profits. Liquidity is the ratio applied in assessing the company's capability to carry out short-term obligations such as current debts that the company has (Sujarweni, 2019). Based on this description, the researcher wants to know whether liquidity, total asset turnover, and receivables turnover can significantly affect profit growth at Perusahaan Umum Daerah Air Minum Tirta Sewakadarma Denpasar City.

Method

The type of research applied is quantitative causal associative. This study was conducted at Perusahaan Umum Daerah Air Minum Tirta Sewakadarma Denpasar City, starting from February to July 2022. The population of this study is the monthly financial statements of Perusahaan Umum Daerah Air Minum Tirta Sewakadarma Denpasar City which is composed of the income statement and balance sheet for 2019 to 2021. The determination of the sample applies a saturated sample, namely sampling if the research sample takes all members of the population (Sugiyono, 2017). The data collection technique for this study was through observation, unstructured interviews and documentation. Then the data processing technique applied is multiple linear regression analysis which begins by running 4 (four) types of classical assumption tests first. In addition, hypothesis testing is also carried out which includes partial test (t test) and simultaneous test (F test), and finally the coefficient of determination test.

Result and Discussion

- **Description of research results**

This study applies descriptive statistical analysis in order to present projections and information related to descriptive statistical data based on a number of variables used in this study. The data displayed is the amount of data (N), the average value, the minimum value, the maximum value, and the standard deviation. The SPSS version 26 application program for windows acts as a tool in processing descriptive statistical data. The description of the results is contained in Table 2.

Table 2. Descriptive Statistical Analysis Results

	N	Minimum	Maximum	Mean	Std. Deviation
Liquidity	36	2,78	10,75	5,5108	2,09133
Total Assets Turnover	36	,06	,50	,2361	,14703
Receivables Turnover	36	1,28	9,86	1,4656	,25651
Profit Growth	36	-6,37	7,34	-,2900	2,31486
Valid N (listwise)	36				

Source: Secondary Data processed, 2022

- **Classical assumption test results**
  - **Normality test**

The regression model in this study was found to be normally distributed. This is shown in Table 3 with a probability value (Asymptotic Significance) of 0,200 > 0,05.

Table 3. Normality Test Results
One Sample Kolmogorov Smirnov Test

		Unstandardized Residual
N		36
Normal Parameters	Mean	0,0000000
	Std. Deviation	1,31226087
Most Extreme Differences	Absolute	0,096
	Positive	0,096
	Negative	-0,095
Test Statistic		0,096
Asymp. Sig. (2-tailed)		0,200

Source: Secondary Data processed, 2022

  - **Multicollinearity test**

This test is run to review the existence of correlation between independent variables in the regression model. Table 4 shows the Tolerance value > 0,10 and the VIF value < 10,00. This indicates that there are no

symptoms of multicollinearity in the data of this study. The results of the multicollinearity test are shown in Table 4.

Table 4. Multicollinearity Test Results

Variabel	Tolerance	VIF
Liquidity	0,667	1,500
Total Assets Turnover	0,675	1,482
Receivables Turnover	0,910	1,099

Source: Secondary Data processed, 2022

- **Autocorrelation test**

A test that is run to check whether the regression model contains correlations between the members of a series of observations arranged in a time series. The ideal regression model is one where there is no indication of autocorrelation (Ghozali, 2016). The results of the autocorrelation test in Table 5 show if there is no autocorrelation in the regression model. This is seen from the results of the Durbin-Watson Test which is 1,798 with a du value of (3,36) which is 1,654 and 4-du is 2,346. Then, du < dw < 4-du.

Table 5. Autocorrelation Test Results

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,824^a	,679	,649	1,37240	1,798

a. *Predictors*: (*Constant*), Receivables Turnover, Total Assets Turnover, Liquidity

b. *Dependent Variable*: Profit Growth

Source: Secondary Data processed, 2022

- **Heteroscedasticity test**

The results of the heteroscedasticity test are shown in Table 6. The test results show that the significance value for each variable is more than 0,05. Therefore, there is no indication of heteroscedasticity in the data of this study.

Table 6. Heteroscedasticity Test Results

Variabel	Sig.
Liquidity	0,085
Total Assets Turnover	0,373
Receivables Turnover	0,066

Source: Secondary Data processed, 2022

- **Multiple linear regression analysis test results**

Multiple linear regression tests were carried out to examine the impact of a number of independent variables (X) on the dependent variable (Y) individually by applying the t test (partial) or together with the F test (simultaneously). The test results are shown in Table 7.

Table 7. Multiple Linear Regression Analysis Test Results

Coefficients^a					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	-5,083	2,005		-2,535	,016
Liquidity	-,402	,136	-,363	-2,957	,006
Total Assets Turnover	7,183	1,920	,456	3,741	,001
Receivables Turnover	3,623	,948	,401	3,822	,001

a. Dependent Variabel: Profit Growth

Source: Secondary Data processed, 2022

Referring to Table 7, it is found that a multiple linear regression equation is:

$Y = -5{,}083 - 0{,}402X_1 + 7{,}183X_2 + 3{,}623X_3 + \varepsilon$

The explanation regarding the multiple linear regression equation above is explained as follows:

a. The constant value of -5,083 indicates that if all the independent variables (X) namely liquidity, total asset turnover, and receivables turnover are 0, then the value of profit growth is -5,083.

b. The regression coefficient value of the liquidity variable is -0,402. This indicates that if the liquidity variable increases by 1, the company's profit growth variable decreases by 0,402 times assuming other independent variables are constant.

c. The regression coefficient value of the total asset turnover variable is 7,183. This indicates that when the total asset turnover variable increases by 1, the company's profit growth variable increases by 7,183 times assuming the other independent variables are constant.

d. The regression coefficient value of the receivables turnover variable was obtained in the amount of 3,623. This means that when the receivables turnover variable increases by 1, the company's profit growth variable increases by 3,623 times and assumes that the other independent variables are constant.

- **Partial test results (t test)**

  Held in order to see partially each independent variable whether it has an influence on the dependent variable. Referring to Table 7 above, it displays the tcount value and the significance value. The ttable value is obtained by means of df = N-3, 36-3 = 33, which is 1.692. Here are the results of the t test as follows:

  a. *Liquidity* (X1) with a significance value of $0,006 < 0,05$ and a t_{count} of -2,957, which means $-t_{count} < -t_{table}$, which is $-2,957 < -1,692$. This shows that liquidity (X1) has a negative and significant effect on profit growth (Y). Thus, H_1 is accepted.

  b. *Total asset turnover* (X2) with a significance value of $0,001 < 0,05$ and a t_{count} of 3,741, which means $t_{count} > t_{table}$, which is $3,741 > 1,692$. This shows that *total asset turnover* (X2) has a positive and significant effect on profit growth (Y). Thus, H_2 is accepted.

  c. *Receivables turnover* (X3) with a significance value of $0,001 < 0,05$ and a t_{count} of 3,822, which means $t_{count} > t_{table}$, which is $3,822 > 1,692$. This shows that receivables turnover (X3) has a positive and significant effect on profit growth (Y). Thus, H_3 is accepted.

- **Simultaneous test results (F test)**

  Run to see whether liquidity, total asset turnover, and accounts receivable turnover simultaneously have an effect on profit growth. The test results are shown in Table 8, which explains that the fcount value is 22,526 and f_{table} with df = N-k-1 is 36-3-1 = 32, which is 2,90. That is, $f_{count} > f_{table}$, with a significance value of $0,000 < 0,05$. Thus, the liquidity variable (X1), the total asset turnover variable (X2), and the accounts receivable turnover variable (X3) together have a significant effect on the profit growth variable (Y). So, H_4 is accepted.

Table 8. F Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
ANOVAᵃ					
1 Regression	127,279	3	42,426	22,526	,000ᵇ
Residual	60,271	32	1,883		
Total	187,550	35			
a. Dependent Variable: Profit Growth					
b. Predictors: (Constant), Receivables Turnover, Total Assets Turnover, Liquidity					

Source: Secondary Data processed, 2022

- **Coefficient of determination test results**

  Aims to review the magnitude of the contribution of the independent variable on the dependent variable. The test results are shown in Table 9. It is shown that the Adjusted R Square value is 0.649, which means that the contribution given by the liquidity variable (X1), total asset turnover (X2), and accounts receivable turnover (X3) together is 64.9% over profit growth variable (Y) and the remaining 35.1% are caused by other variables outside the study.

Table 9. Coefficient of determination test results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
*Model Summary*ᵇ					
1	,824ᵃ	,679	,649	1,37240	1,798
a. *Predictors: (Constant)*, Receivables Turnover, Total Assets Turnover, Liquidity					
b. *Dependent Variable*: Profit Growth					

Source: Secondary Data processed, 2022

- **Discussion**
  - **The effect of liquidity on profit growth**

    Referring to the exposure of the results of the study, it was found that liquidity partially had a negative and significant effect on profit growth. Thus, the previously proposed H_1 was accepted. That is, the greater the level of company liquidity, it will have an impact on decreasing profit growth. This study is in line with the findings conducted by Sihombing (2018), as well as a study by Yosias and Sitohang (2018) which explains that liquidity has a negative and significant effect on profit growth. The reason is that high liquidity can indicate that the company has excess assets that are not good. As is the case with Perusahaan Umum Daerah Air Minum Tirta Sewakadarma Denpasar City, which has total current assets that exceed its current liabilities. The excess of current assets is because the company has a large amount of cash but is not used properly by the company for its operational activities, thus causing the company's operational activities to be less than optimal and causing the company's profit growth to decline.

  - **The effect of total asset turnover on profit growth**

    The findings of the research obtained indicate that the total asset turnover partially has a positive and significant effect on profit growth. Thus, the previously proposed H_2 is accepted. This indicates that the greater the total asset turnover rate will have an impact on increasing profit growth. On the other hand, the smaller the total asset turnover, the lower the company's profit growth. In line with research conducted by Irawan and Sitohang (2018) which states that the increase that occurs in the company occurs due to the company's effectiveness in managing assets to generate sales. The similarity of research is also found in Estininghadi (2019). In this case, Perusahaan Umum Daerah Air Minum Tirta Sewakadarma Denpasar City is seen as less efficient in managing its assets because the expenses incurred by the company follow the level of its income. If the company's income increases from before, it will be followed by the amount of expenses incurred. Thus, the company is said to be less able to manage its expenses efficiently and cause profits to decline.

  - **The effect of receivables turnover on profit growth**

    Looking at the translation of the previous results, it was found that individual receivable turnover had a positive and significant effect on profit growth. Thus, the previously proposed H_3 was accepted. That is, the greater the receivables turnover rate, the greater the company's profit growth. Conversely, the smaller the receivables turnover, the lower the profit growth rate. In line with the findings carried out by Yosias and Sitohang (2018) which states that receivables turnover can affect profit growth in a significant positive manner. Similarities were also found in the Simangunsong et al (2019) study. Accounts receivable turnover is a ratio that describes the effectiveness of receivables in a company rotating in one period. The greater the receivables turnover rate indicates that if the receivables rotate effectively so that the funds embedded in the receivables will become cash which can increase income for the company, the company's profits will also increase. In this case, Perusahaan Umum Daerah Air Minum Tirta Sewakadarma Denpasar City looks less effective in managing its receivables because there are many arrears in paying for water during the Covid-19 pandemic which directly affects the company's income and of course has a negative impact on company profits.

  - **The effect of liquidity, total asset turnover, and receivables turnover on profit growth**

    Judging from the exposure of the results of the simultaneous test found that liquidity, total asset turnover, and accounts receivable turnover together have a significant impact on profit growth. Thus, the previously proposed H_4 was accepted. In accordance with the signal theory which states that every increase and decrease produced by the liquidity variable, total asset turnover, and receivables turnover that can affect the increase or decrease in profit growth significantly later will provide a positive or negative signal to outsiders regarding the company's financial performance. Profit growth is a measure of performance in a company, so that the greater the profit generated by the company, it indicates the better the company's performance. This will have an impact on the assessment and level of trust for creditors in Perusahaan Umum Daerah Air Minum Tirta Sewakadarma Denpasar City in terms of the availability of company capital.

Conclusion

The conclusions obtained in this study are::
a. Liquidity partially has a negative and significant effect.
b. Total Assets Turnover partially has a positive and significant effect.
c. Receivables Turnover partially has a positive and significant effect.

d. Liquidity, total assets turnover, and receivables turnover have a significant effect.

Acknowledgment

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