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THE EFFECT OF LEVERAGE, LIQUIDITY AND RECEIVABLE TURNOVER ON PROFITABILITY IN MANUFACTURING COMPANIES IN THE GOODS AND CONSUMPTION SECTOR LISTED ON THE IDX 2016-2020

Kurniawan Robinardi[1] , Stefani Chandra[2*], Seyen Vani[3]
[1,2,&3]Institut Bisnis dan Teknologi Pelita Indonesia
Email: kurniawanrobinardi11@gmail.com[1], stefani.chandra@lecturer.pelitaindonesia.ac.id[2]
*correspondence author

ABSTRACT

This study aims to determine whether the variables of leverage, liquidity and accounts receivable turnover have a positive effect on profitability. The sample selection used the Purposive Sampling technique with the number of samples used in this study were 41 companies from 65 companies listed on the Indonesia Stock Exchange in 2016- 2020. The data analysis technique used the individual parameter significant test (t test statistic). The conclusion of this study shows that the variable leverage (DAR), Liquidity (CR) does not have a positive effect on Profitability (ROA) while the Accounts Receivable Turnover (RT) variable has a positive effect on Profitability (ROA).

Keywords **:** Leverage (DAR); Liquidity (CR); Receivable Turnover (RT); Profitability (ROA)

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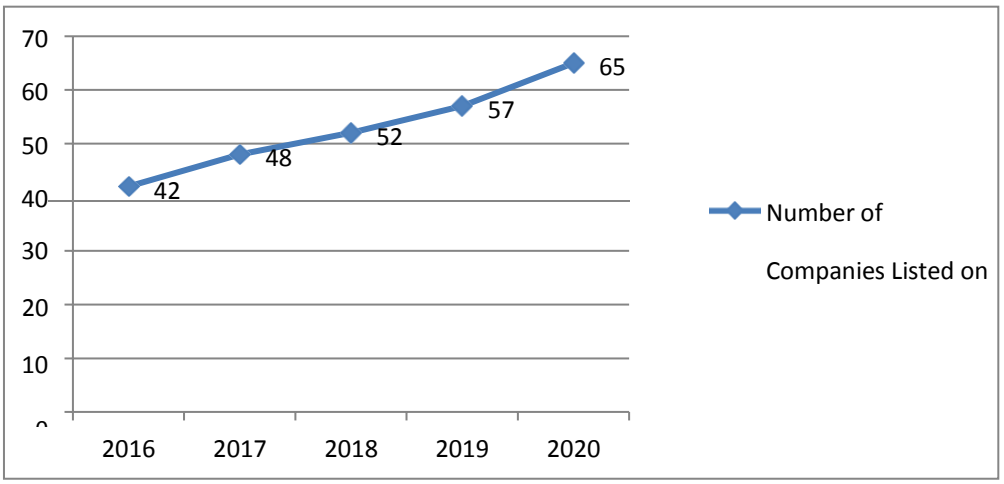
INTRODUCTION

Manufacturing companies are companies engaged in making products and then selling them in order to obtain large profits. To achieve this goal, management with a high level of effectiveness is needed. Manufacturing companies consist of three sectors, namely basic and chemical industries, miscellaneous industry sectors and consumer goods industry sectors. Consumer sector companies have several sub-sectors, namely the food and beverage sub-sector, the cigarette sub-sector, the pharmaceutical sub-sector, the cosmetics and household goods sub-sector, and the household appliances sub-sector.

In this study, the selection of the consumer goods industry sector is due to various reasons, namely the various consumer goods industry sectors produce basic necessities needed by humans to survive and it is known that every year Indonesia has population growth. The population of Indonesia in 2017 was 261,890,900, the population of Indonesia in 2018 was 265,015,300 and the population of Indonesia in 2019 was 268,074,600 (*www.bps.go.id*). And of course the more consumers, the producers will also grow, it can be seen from the growth chart of manufacturing companies in the goods and consumption sector listed on the IDX 2016-2020 as follows Figure 1:

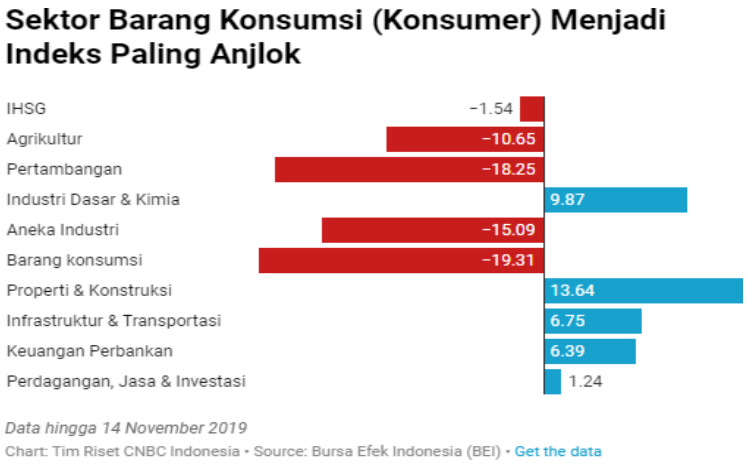


Source: Indonesia Stock Exchange, 2021

Number of Companies in the Goods and Consumer Industry Sector Listed on the IDX 2016-2020

The increase in the number of companies also indicates that the goods and consumption industry sector companies are growing from year to year. Therefore, competition arises where each company wants to show that its company is the best company among its competitors.

Below is a picture of the state of the Consumer Goods Sector Stock Index in 2019 can be seen from the graph below as follows Figure 2:



Source: CNBC ,2019

Figure 2 State of the Consumer Goods Sector Stock Index in 2019

Based on Figure 2, however, it can be seen from the data statistics above that the performance of the consumer goods industry sector on the Indonesia Stock Exchange has declined, since the beginning of the year its performance has fallen by almost 20%, to be precise 19.31% based on stock exchange data on Thursday

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(11/14/2019). There are several issuers that weigh on the negative performance of the consumer sector, namely: PT Hanjaya Mandala Sampoerna Tbk/HMSP (-43.9%), PT Gudang Garam Tbk/GGRM (-36.08%), PT Unilever Indonesia Tbk/UNVR (-6.66%), PT Mayora Indah Tbk/MYOR (-17.18%).

The consumer sector was still under pressure and became the main ballast of the Composite Stock Price Index (JCI) in the first session on Friday (11/15/2019), with a weakening of 0.26% at 2,067.88. Sadly, the JCI was up 0.52% at 6,130. The decline in public consumption is also reflected in the Retail Sales Survey (SPE), Bank Indonesia (BI) reported that SPE for September 2019 grew slightly by 0.7% on an annual basis (year-on-year / YoY), much lower than last year's period which was able to grow 4.8% YoY. (Muamar, 2019). INAF management in the financial report stated that overall, the company's profit for the year 2020 showed a decrease of IDR 7.93 billion or 99.62% to IDR 30 million when compared to 2019 of IDR 7.96 billion. (Wareza, 2021)

In general, the success of a company in carrying out its activities is often based on the level of profit earned. However, a large profit is not necessarily a measure that the company has worked efficiently. The level of efficiency is only known by comparing the profit earned with the wealth or capital that produces the profit (profitability).

Every company must always show the best products, innovations and performance for the best results. Of course, one of the references to the company's success is the profit generated by the company. Company performance shows the company's ability to provide profits from assets, equity, and debt (Apriliyanti and Hidayat 2016). (Apriliyanti and Hidayat 2016). One measure of company performance is Return On Assets (ROA). According to (Gaspersz, 2013) Return On Asset is one of the ratios that measure the company's profitability. Return On Asset is used to measure the company's ability to create profits from assets controlled by management. The higher the Return On Asset value indicates that the company's performance is getting better.

To measure the level of profit of a company, the profitability ratio is used, also known as the profitability ratio. The profitability ratio in this study uses the Return On Asset (*ROA*) ratio. *Leverage* components, liquidity and accounts receivable turnover have a high influence on company profitability so that high handling of these components is needed.

According to research results (Ajanthan, 2013)and(Anwar, 2011) which states that liquidity has a significant positive effect on profitability. However, the results of this study contradict the research results (Mirza and Javed, 2013) which states that liquidity has a significant negative effect on profitability.

Accounts receivable turnover is a ratio used to measure the speed of accounts receivable to be collected back in one period. The higher the turnover of receivables, the better, because the high turnover of receivables indicates that the company is getting better at managing receivables. According to (Sawir, 2005: 198)"The greater the turnover of receivables, the greater the risk, but at the same time it increases its profitability". In addition, based on the results of research (Yuliani, 2013) stated that, "The faster the level of accounts receivable turnover, the more profitability increases". Some research results state that accounts receivable turnover has a positive effect on profitability proxied by ROA, although it is not significant. (Denčić-Mihajlov, 2013)..

According to research results (Ismi et al., 2016) and (Febria, 2014) stated that *leverage has a* significant positive effect on profitability. But contrary to the research results (Alarussi & Alhaderi, 2018) which states that leverage also has a significant negative effect on profitability. The results of this study are different from the results of research (Pratomo, 2017) which states that *leverage has* no significant effect on profitability.

Due to the inconsistencies between previous researchers, researchers want to find out whether accounts receivable turnover, leverage and liquidity have an influence on profitability. This research was conducted on manufacturing companies in the consumer goods industry sector on the Indonesia Stock Exchange for the 2016-2020 period. So in this study the authors took the title "The *Effect of Leverage, Liquidity and Receivables Turnover on Profitability in Manufacturing Companies in the Goods and Consumption Sector listed on the IDX in 2016-2020*".

LITERATURE REVIEW

Profitability

The profitability of a company can be seen from the financial statements. If the company succeeds in increasing its profitability, it can be said that the company is able to manage its resources effectively and efficiently so as to generate high profits. (Werdiningtyas, R., 2019). Profitability has an important meaning for the company because it is one of the bases for assessing the condition of a company (Wikardi & Wiyani, 2019). (Wikardi & Wiyani, 2017).. According to (Sartono, 2010) states that profitability is the company's ability to earn profits whose relationship is related to sales, total assets and own capital.

Leverage

Company financing can be sourced from company owners and debt. According to (Horne and John, 2012), *leverage* shows the extent to which the company is financed by debt. *Leverage* shows the division of business risk between company owners and creditors. Short, medium, long term debt usually contains interest expense. Debt

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that contains interest is credit sourced from banks or other financial institutions. If the company makes small interest loans, the company's interest expense is also small and the company is more efficient in its operations.

Liquidity

According to (Munawir, 2014) a company can be said to have a strong financial position if the company is able to fulfill its short-term obligations. The liquidity of the company is no less important because it is related to the fulfillment of the company's short-term obligations.

A company that has a high level of liquidity means that it is able to meet its short-term obligations. Companies that have high liquidity will easily fulfill their short-term obligations, while companies that have low liquidity willhave difficulty in meeting their short-term needs.

Receivables Turnover

Accounts receivable turnover according to (Cashmere, 2012: 177) is "The ratio used to measure how long it takes to collect receivables during one period or how many times the funds invested in these receivables rotate in one period". According to (Sutrisno, 2009: 220) in his book states that "Receivable turnover is a measure of the effectiveness of receivable management. The faster the turnover of receivables, the more effective the company is in managing its receivables. The level of receivable turnover can be determined by dividing credit sales by the average amount of receivables."

Hypothesis Formulation

Effect of *Leverage* on Profitability

Company financing can be sourced from company owners and debt. According to (Horne and John 2012: 323)According to (Horne and John 2012: 323), *leverage* shows the extent to which the company is financed by debt. *Financial leverage* is considered profitable if the profit earned is greater than the fixed costs arising from the use of debt. According to (Febria, 2014) the use of debt in the form of investment used to fund company assets is expected to increase company profits rather than using only its own capital, which is more limited. If the company's assets are managed properly and maximally, the profit that will be obtained will also be maximized. This is because the company's assets are used by the company for the company's operational activities which are expected to increase profitability.

Previous research that supports this statement is research conducted by (Febria, 2014) and (Ismi et al., 2016) which states that *leverage has a* positive effect on profitability. However, it is different from the research conducted (Alarussi & Alhaderi, 2018) which states that *leverage has a* negative effect on profitability.

H1 : *Leverage has a* positive effect on profitability

Effect of Liquidity on Profitability

High company liquidity indicates that the company will avoid failure to pay off its short-term debt. If the more liquid the current assets or the better the level of liquidity of current assets owned by the company, the profitability figure received by the company will be greater. (Anwar, 2011). This liquidity indicates that the company is in a healthy condition so that investors will be interested in working together or investing their capital where this will affect the increase in company productivity and have an impact on increasing company profitability.

This statement is supported by research conducted (Ajanthan, 2013) which states that liquidity has a positive effect on profitability. This research is different from the research conducted (Mirza and Javed, 2013) stated that liquidity has a significant negative effect on profitability.

H2 : Liquidity has a positive effect on profitability

The Effect of Receivables Turnover on Profitability.

Accounts receivable turnover is a ratio used to measure the speed of accounts receivable to be collected back in one period. The higher the turnover of receivables, the better, because the high turnover of receivables indicates that the company is getting better at managing receivables. According to (Sawir, 2005: 198) "The greater the turnover of receivables, the greater the risk, but at the same time it increases its profitability". In addition, based on the results of research (Yuliani, 2013) stated that, "The faster the receivable turnover rate, the more profitability increases".

When the receivables turnover rate is high, it means that the receivables can be collected quickly and will turn into cash faster. Then the cash can be used to continue operational activities and for other activities that can provide benefits to the company, so that in the end it can increase the company's profitability. Conversely, when the receivables turnover rate is low, it means that receivables cannot be collected quickly and cannot turn into cash quickly either, profit operational activities and ultimately the company's profitability level will decrease.

Some research results reveal that accounts receivable turnover has a positive effect on profitability proxied by ROA, although it is not significant. (Denčić-Mihajlov, 2013)..

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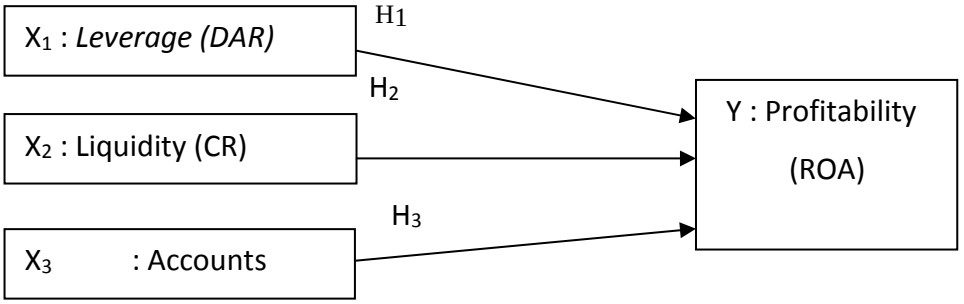
H3 : Receivables turnover has a positive effect on profitability

Framework of Thought

Based on the theory and results of previous research used in the study, the framework of this research is as follows:



Source: Research Journal developed, 2021
Figure 3. Framework of Thought

Hypothesis Formulation

The hypothesis formulated in this study is as follows:
H1 :*Leverage has a* positive effect on profitability H2: Liquidity has a positive effect on profitability
H3 : Receivables turnover has a positive effect on profitability

RESEARCH METHODS

Place and Time of Research

This research was conducted on the Indonesia Stock Exchange by taking data on the financial statements of the goods and consumption sector listed on the Indonesia Stock Exchange. Data collection was carried out in September 2021.

Population and Sample

Population is a group of research elements or a set of all objects studied. The population in this study were all goods and consumption sector companies listed on the Indonesia Stock Exchange totaling 65 companies. This method is used in order to obtain a representative sample in accordance with predetermined considerations and criteria. The withdrawal of this sample is carried out based on the following criteria (1) Companies engaged in the goods and consumption sector on the Indonesia Stock Exchange during the period 2016 to 2020 in a row. (2) Companies engaged in the goods and consumption sector that IPO before 2016. (3) Companies engaged in the goods and consumer goods sector that have never been delisted or suspended during the period 2016 to 2020. (4) Companies that present financial statements in rupiah currency. From these considerations, 41 companies in the goods and consumer goods sector listed on the Indonesia Stock Exchange in 2016-2020 were selected.

Operational Research Variables

The dependent variable is the variable that is influenced by the independent variable. The dependent variable that will be used in this study is Profitability. Profitability can be obtained by calculating the ratio of net income to the total average of assets. Independent variables are variables that affect or cause the size of the value of other variables. In this study there are 3 independent variables, namely *leverage*, liquidity and accounts receivable turnover.

Data Type and Source

In this study, the type of data used is secondary data. Secondary data is data obtained from certain sources where the source organizes the data not for the benefit of one of the studies. The data used in this study is quantitative data, namely data in the form of numbers which are analyzed by classifying and calculating so as to obtain the right results. The data used in this study comes from financial reports obtained from the *website of* the kontan Issuer (*emiten.kontan.co.id*) during the research period, namely 2016-2020.

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Data Analysis Technique

The data analysis technique used in the study is Descriptive Statistical Analysis to provide an empirical description or descriptive of the data collected in the study, Normality Test to test whether in the regression model, the dependent variable and the independent variable, both have a normal distribution or not, Multicolonierity Test to test whether the regression model found a correlation between independent variables (independent),Multiple Linear Regression Analysis Hypothesis testing carried out in this study is *multiple* linear regression (multiple regression) because the independent variables used in this study amount to more than one variable, the Coefficient of Determination Test aims to measure how far the model's ability to explain variations in the dependent variable and finally the Individual Parameter Significant Test (t Statistical Test) shows how far the influence of each independent variable on the dependent variable.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 1. Descriptive Statistics of Research Variables

Descriptive Statistics

N		Minimum	Maximum	Mean	Std. Deviation	Variance
Leverage	205	0.07	8.21	0.4905	0.63841	0.408
Liquidity	205	0.01	98.63	3.4673	8.92974	79.740
Accounts Payable Turnover	205	0.00	61.37	8.8878	8.44476	71.314
Profitability	205	-2.64	8.30	0.1008	0.63020	0.397
Valid N (listwise)	205					

Source: Secondary data processed in 2021

Based on the table above regarding the Descriptive Statistics test, it can be seen that the number of samples is 205 samples from a total of 41 sample companies in the goods and consumption sector for the 2016-2020 period, obtained a *leverage* ratio *score* with a minimum value of 0.07, a maximum value of 8.21, an average value of 0.4905, a standard deviation of 0.63841 and a *Variance* value of 0.408. the second ratio there is a liquidity ratio *score with* a minimum value of 0.01, a maximum value of 98.63, an average value of 3.4673, a standard deviation of 8.92974, a *Variance value of* 79.740. And the third is the Receivables Turnover ratio with a minimum value *score* of 0.00, a maximum value of 61.37, an average value of 8.8878, a standard deviation of 8.44476 and a *Variance* value of 71.314. And the last ratio is the Profitability ratio where the Profitability ratio score has a score with a minimum value of -2.64, a maximum value of 8.30, an average value of 0.1008, a standard deviation of 0.63020, and a *Variance* value of 0.397.

Normality Test

Table 2. Results of Normality Test with *Kolmogorov-Smirnov Test*

One-Sample Kolmogorov-Smirnov Test

		Leverage	Liquidity	Turnaround Receivables	Profitability
N		205	205	205	205
Normal Parameters[a,b]	Mean	0.4905	3.4673	8.8878	.1008

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	Std. Deviation	0.63841	8.92974	8.44476	0.63020
Most Extreme Differences	Absolute	0.297	0.349	0.251	0.336
	Positive	0.297	0.321	0.251	0.332
	Negative	-0.257	-0.349	-0.176	-0.336
Kolmogorov-Smirnov Z		4.247	5.002	3.594	4.809
Asymp. Sig. (2-tailed)		0.000	0.000	0.000	0.000

Source: Secondary data processed in 2021

Based on the table above, we can see the probability value is 0.000, where the data model is below the normality assumption value on the basis of the probability> 0.05, so the data from the table above can be concluded that it does not meet the assumption of normality. Therefore, this research will be continued with the *Smart PLS* application.

Multicollinearity Test

Table 3. ***Collinearity Statistics (VIF)***

Variables	Profitability(*ROA*)	Conclusion
Leverage (X)1	1.033	No Multicollinearity
Liquidity (X)2	1.015	No Multicollinearity
Receivables Turnover (X)3	1.028	No Multicollinearity

Source: Secondary data processed in 2021

Based on table 3, it can be seen that the VIF value for each research variable is as follows: (1) The VIF value for the Leverage variable is 1.033 < 10 so that the Leverage variable is declared not to have multicollinearity symptoms. (2) The VIF value for the Liquidity variable is 1.015 < 10 so that the Liquidity variable is declared not to occur symptoms of multicollinearity. (3) The VIF value for the Receivables Turnover variable is 1.028 < 10 so that the Receivables Turnover variable is declared not to occur symptoms of multicollinearity.

Multiple Linear Regression Analysis

Table 4. Test Results of Multiple Linear Regression Analysis

	Original Sample (O)	Conclusion
Leverage -> Profitability	0.681	Positively Affected
Liquidity -> Profitability	0.019	Positively Affected
Receivables Turnover -> Profitability	0.087	Positively Affected

Source: Secondary data processed in 2021

Based on the test results in table 4.38, the following linear regression model is known: $Y = 0.681\ X_1 + 0.019\ X_2 + 0.087\ X_3$

With the regression equation above, it can be explained that: (1) Regression Variable X_1 (*Leverage*) = 0.681 The Leverage regression coefficient shows a value of 0.681 with a positive regression coefficient sign.

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This shows that an increase in Leverage will encourage an increase in Profitability (and vice versa), where if the Leverage variable increases by 1, the Stock Return variable will increase by 0.681 assuming that the Liquidity ratio and Accounts receivable turnover remain. (2) Regression Variable X_2 (Liquidity) = 0.019, The Liquidity regression coefficient shows a value of 0.019 with a negative regression coefficient sign. This shows that an increase in Liquidity will push up the value of Profitability (and vice versa), where if the Liquidity variable increases by 1, the Profitability variable will increase by 0.019 with the assumption that the Liquidity ratio and Accounts receivable turnover remain. (3) Regression Variable X_3 (Accounts Receivable Turnover) = 0.087 The PER regression coefficient shows a value of 0.087 with a positive regression coefficient sign. This shows that an increase in accounts receivable turnover will encourage an increase in profitability (and vice versa), where if the accounts receivable turnover variable increases by 1, the profitability variable with the assumption that the liquidity ratio and accounts receivable turnover are fixed.

Test Coefficient of Determination R2

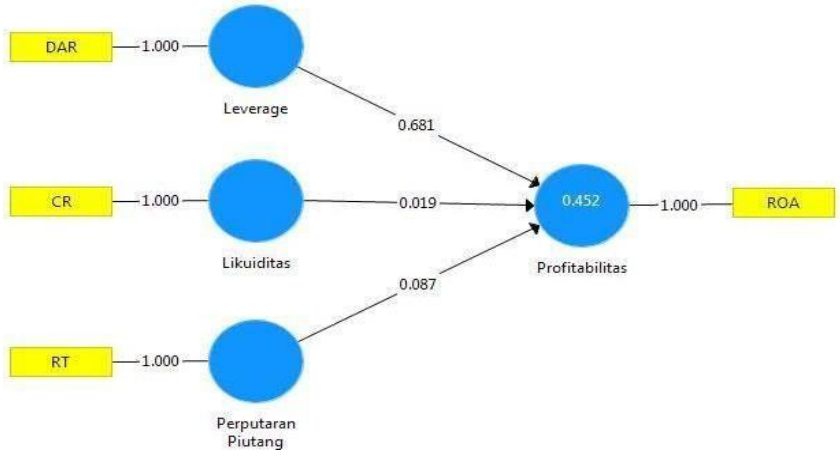
Table 5. Test Coefficient of Determination R2

	R Square	***Adjusted R Square***
Profitability	0.452	0.444

Source: Secondary data processed in 2021

From the test results, the R square value is 0.452 or 45.2%. It can be concluded that Profitability can be explained by the independent variables (Leverage, Liquidity, Receivables Turnover) by 45.2%, while the remaining 54.8% is explained by other variables not examined in this study.

The adjusted R square (R2) value of 0.444 or 44.4% shows how much the role or contribution of the Leverage, Liquidity, Receivables Turnover variables to Profitability is 44.4% while the remaining 55.6% is explained by other variables outside the variables in this study.



Source: Smart PLS 2021 Processed Data

Figure 4. Output of Goods and Consumer Companies Listed on the IDX 2016-2020

Individual Parameter Significance Test (T Stastic Test)

Table 6. Individual Parameter Significance Test (T Statistical Test)

		Original Sample (O)	T Statistic (I 0/STDEV I)	P Values	Hypotheses	Results
Leverage -> Profitability		0.681	1.144	0.253	+	Rejected
Liquidity -> Profitability		0.091	0.179	0.858	+	Rejected
Receivables -> Profitability	Turnover	0.087	2.761	0.006	+	Accepted

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Source: Smart PLS Processed Data, 2021

Effect of *Leverage* on Profitability

H0 :b1 ≤ *0=Leverage* has no positive effect on Profitability
H0 :b1 > *0=Leverage* has a positive influence on Profitability

Based on the calculation results shown in the table above, t count of the Leverage variable (1.144) < t table 2.021, with a significance level of 0.253> 0.05, then H0 is accepted; which means Leverage has no significant effect on Profitability

Effect of Liquidity on Profitability

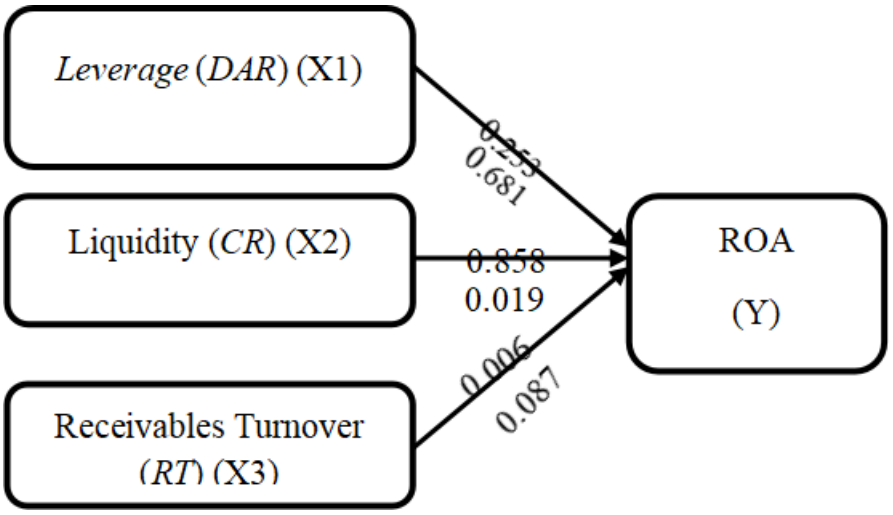
H0 :b2≤ 0=Liquidity has no positive influence on Profitability
H2 :b2 > 0=Liquidity has a positive influence on Profitability

Based on the calculation results shown in the table above, the t count of the DER variable (0.179) < t table 2.021, with a significance level of 0.858> 0.05, then H0 is accepted; which means that liquidity has no significant effect on profitability.

Effect of Receivables Turnover on Profitability

H0 :b3 ≤ 0=Receivables Turnover does not have a positive effect on Profitability H3 :b3 > 0= Receivables Turnover has a positive influence on Profitability

Based on the calculation results shown in the table above, t count of the Receivables Turnover variable (2.761)> t table 2.021, with a significance level of 0.006 <0.05, then H3 is accepted; which means that Receivables Turnoverhas a positive and significant effect on Profitability.



Source: Smart PLS 2021 Processed Data

Figure 5. Output of Goods and Consumer Companies Listed on the IDX 2016-2020

Results and Discussion

The Effect of *Leverage (DAR)* on Profitability (*ROA)*

Based on the results of hypothesis testing in this study that the *Leverage* variable *(DAR) has* no significant effect on profitability, which means that the research from this hypothesis test is not in line with the first hypothesis which is according to (Febria, 22014) the use of debt in the form of investments used to fund company assets is expected to increase company profits rather than using only its own capital, which is more limited. And the research results in this study are not in line with the research conducted (Mirza and Javed, 2013) stated that liquidity has a significant negative effect on profitability.

So it can be concluded that any increase in the value of *Leverage* is not certain that the value of profitability (*ROA*) will also increase and vice versa. In a situation like this, it illustrates that the company's ability to be financed by debt is quite low so that it does not have a significant effect on Profitability (*ROA*). The essence of the results

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of this study suggests that the *Leverage* variable cannot be a benchmark for companies or investors to measure the increase or decrease in the value of Profitability (*ROA*).

Effect of Liquidity (*CR*) on Profitability (*ROA)*

Based on the results of hypothesis testing in this study that the liquidity variable (CR) has a positive effect but does not have a significant effect on profitability (*ROA)*, which means that this study is not in line with the second hypothesis which states that the more liquid the current assets or the better the level of liquidity of current assets owned by the company, the greater the profitability the company will receive. (Anwar, 2011). And the results of this study are in line with research conducted (Ajanthan, 2013) and (Anwar, 2011) which states that liquidity has a positive effect on profitability. And the results of this study are not in line with the research conducted (Mirza and Javed, 2013) stating that liquidity has no positive effect on profitability.

So it can be concluded that any increase in the value of Liquidity does not necessarily increase the value of profitability (*ROA*) and vice versa. In this condition, it can be argued that the company's ability to convert assets into cash to meet financial obligations that are due (short term) has a low influence on profitability (*ROA*). The result of this study is that the Liquidity variable cannot be a benchmark for companies or investors to measure the increase or decrease in the value of profitability (*ROA*).

The Effect of Receivables Turnover (*RT*) on Profitability (*ROA)*

Based on the results of the hypothesis test in this study that the variable Accounts receivable turnover (RT) has a positive effect on profitability (ROA), which means that this study is in line with the third hypothesis which is based on the results of research (Yuliani, 2013) stated that, "The faster the level of accounts receivable turnover, the more profitability increases". The results of this study are also in line with (Sawir, 2005: 198), (Yuliani, 2013) & (Denčić-Mihajlov, 2013).

It can be concluded that when the level of accounts receivable turnover (*RT*) is high, it means that receivables can be collected quickly and will turn into cash faster. Then the cash can be used to continue operational activities and for other activities that can provide benefits to the company, so that in the end it can increase the company's profitability (*ROA*). Conversely, when the level of accounts receivable turnover (*RT*) is low, it means that receivables cannot be collected quickly and cannot turn into cash quickly either, profit operational activities and ultimately the level of profitability (*ROA*) of the company will decrease.

The results of this study indicate that Accounts Receivable Turnover (*RT*) has a positive effect on profitability (*ROA*) so that the accounts receivable turnover variable (*RT)* can indicate that the high and low Accounts Receivable Turnover (*RT*) can be a benchmark for investors and companies in monitoring or assessing the increase or decrease in profitability (ROA) in the company.

CLOSING

This study aims to analyze the effect of *Leverage* (*DAR*), Liquidity (*CR*) and Receivables Turnover (*RT*) variables on Profitability (*ROA*) in manufacturing companies in the goods and consumer goods sector listed on the IDX 2016-2020. Based on the formulation of the problem, the conclusions of the results of this study are as follows (1) *Leverage* (*DAR*) has a positive and insignificant effect on Profitability (*ROA)* in manufacturing companies in the goods and consumer goods sector listed on the IDX 2016-2020. (2) Liquidity (*CR*) has a positive and insignificant effect on Profitability (*ROA)* in manufacturing companies in the goods and consumer goods sector listed on the IDX 2016-2020. (3) Receivables Turnover (*RT*) has a positive and significant effect on Profitability (*ROA)* in manufacturing companies in the goods and consumer goods sector listed on the IDX 2016-2020.

Based on the results and discussion of the above conclusions, the suggestions that I can put forward are (1) Investors for investors, this research is expected to be taken into consideration for investors when investing shares in the stock market. Therefore, investors must be more detailed or selective in analyzing candidate companies to be invested. (2) For companies / issuers Based on the results of this study, it can be taken into consideration to make accounts receivable turnover (*RT*) one of the concerns to increase the profitability (*ROA*) of a company. By accelerating the turnover of receivables into cash in a certain period effectively and efficiently. So that the profitability value of a company will also increase. (3) For further researchers, it is hoped that this research can make a reference for further researchers. And it is also expected to add or change variables in this study. Because from the test results the R square value is 0.452 or 45.2%. which means that Profitability is able to be explained by the independent variables (*Leverage*, Liquidity, Receivables Turnover) by 45.2%, while the remaining 54.8% is explained by other variables not examined in this study. Therefore, it is possible for other variables not examined in this study that may have a stronger influence than the variables in this study.

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