The Effect of Current Ratio and Receivable Turnover On Profitability (Study of PT X Financial Reports for the 2016-2021 period)

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Abstract: The aim of this research is to determine and analyze: (1) Current Ratio (2) Receivable Turnover; (3) Profitability; and (4) The influence of Current Ratio and Receivable Turnover on Profitability at PT. X Period 2016-2021, both simultaneously and partially. The research method used in this research is a descriptive survey and an explanatory survey, the unit of analysis in this research is the financial report of PT. X Period 2016-2021. The type of investigation is causality, and the time horizon in this research is time-series. Based on the research results, it was found that the Current Ratio at PT. X Period 2016-2021, apparently gave good analysis results, Receivable Turnover at PT. X The 2016-2021 period can generally be said to be good, Profitability at PT. X The 2016-2021 period is currently considered good. Current Ratio and Receivable Turnover on Profitability at PT. X Period 2016-2021 has a significant effect simultaneously or partially. However, partially Receivable Turnover predominantly influences Profitability rather than Current Ratio. Because Receivable Turnover predominantly influences Profitability, it is the first priority in increasing Profitability. then PT. X is advised to consistently improve receivables turnover, so that the company's financial performance improves.

Keyword: Current Ratio, Receivable Turnover, Profitability

INTRODUCTION

In general, a company is founded with the aim of obtaining profit or profit in terms of the condition of the company's financial performance. Profit is the result obtained by the company or activities carried out by the company in a certain period. With the profits obtained, the company gets costs for developing and implementing company activities.

Even though profit is one of the important things, profits cannot always be relied on by the company. This is due to certain conditions experienced by the company, such as the company experiencing losses or the company's activity level, productivity and potential not reaching targets. To find out whether a company has potential or good performance in the financial sector, one way is to look at the financial condition of a company.

The long-term success of a company's financial performance depends on the individual and collective decisions made by the management team. Every decision taken will ultimately have an impact on the company's finances. In essence, the process of managing a company involves a series of economic choices so as to activate financial resources that support the company. The financial condition of a company can be known from the financial statements of the company concerned.

Financial reports are used to determine or assess a company's financial position, where by analyzing these financial reports interested parties can use them as a decision making tool. So, to find out the financial position of a company and the results achieved by the company, it is necessary to have a financial report from the company concerned. By analyzing financial reports, you will obtain a lot of information contained in financial reports. If the information presented is fair and based on objective evidence, the information will be very useful for owners, company management, investors and anyone else in making decisions about the company being reported.

In analyzing and assessing the financial position of a company, analytical tools are needed in the form of financial ratios which give the analyst an idea of the good or bad financial position of a company. Especially if the ratio figures are compared with the comparative ratio figures which are used as a standard to determine the financial position of a company, then the financial reports need to be analyzed to determine the position of liquidity, activity and profitability conditions.

Liquidity, activity and profitability are important issues to continuously monitor, because these issues are crucial for the smooth operation of the company. Liquidity requires that most of the capital be invested in current assets so that the company does not experience difficulty in paying all obligations that are due. The activity ratio, also known as the efficiency ratio, measures a company's effectiveness in using its assets. On the other hand, profitability requires that most of the company's funds be operated in order to obtain higher returns. To be able to maintain the company's liquidity, current assets must be managed well and efficiently so that current assets are not too large.

The ratio most often used to view a company's liquidity is the current ratio. A low current ratio is usually considered to indicate a problem in liquidity (Agnes Sawir, 2003: 8-9). On the other hand, a company whose current ratio is too high is also not good, because it shows that there are a lot of idle funds which in the end can reduce the company's ability to make a profit. A high current ratio can be caused by poor trading conditions or poor management. Current ratio is a comparison between current assets and current liabilities.

The company's activity ratio focuses on effectiveness in managing inventory and receivables. Inventory is goods held for sale or for further processing and sale. Inventory is needed to be able to carry out the production process, sales smoothly, inventory of raw materials and goods in process is needed to ensure the smooth production process, while finished goods must always be available as stock to enable the company to meet the demand that arises. Receivables are an element of current assets in a company's balance sheet that arise as a result of the sale of goods and services or the provision of credit to debtors. Inventory turnover is a comparison between net sales and average merchandise inventory and receivable turnover is the result of a comparison between net sales results and average trade receivables.

Profitability is the final result of various management policies and decisions. The profitability ratio will provide the final answer about the effectiveness of company management. This ratio gives an idea of the level of effectiveness of company management. One of the ratios used to calculate profitability is Return On Assets, which compares net profit after tax with total assets.

In order to increase its liquidity, a company can invest in current assets such as cash and inventory that are easy to buy and sell. This method contains its own sacrifices

considering that the current assets have fewer or no results at all. Thus, companies always face a dilemma, namely if they prioritize liquidity, it means losing some of the opportunities to make a profit or if they prioritize productive investment, it means they will threaten liquidity. Likewise with the condition of activity on profitability because company activities can describe the company's effectiveness in using its assets.

In carrying out its daily operations, PT X strives to increase profitability and maintain liquidity by managing the company's finances well. In figure 1 below we can see the development of the level of Operating Profit, Total Assets and Ratios during the period:
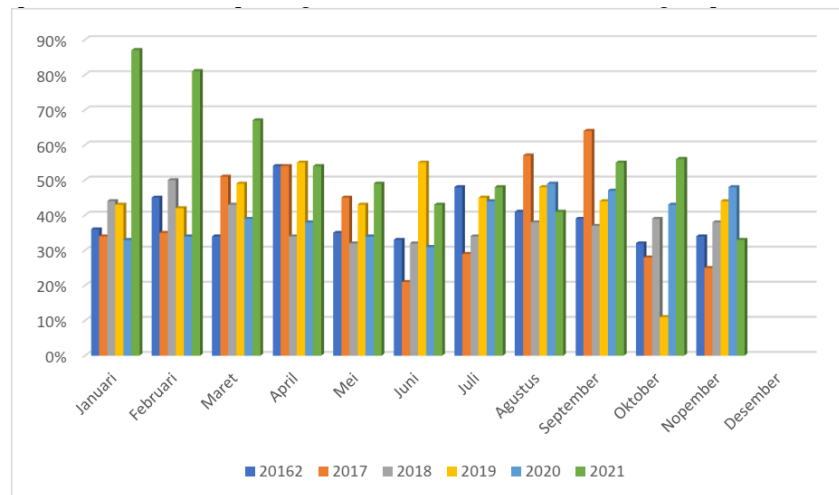

Figure 1. PT X's Current Ratio

Based on the results of the image above, from figure 1, it is known that during 2016-2016-2021, the highest Current Ratio occurred in January and February 2016 at 87% and 81%. This means that current assets are used to describe payment instruments and it is assumed that all current assets can actually be used to pay current liabilities which represent liabilities that must be paid and assumed liabilities that actually have to be paid. In Figure 1, it is also known that in December 2016, PT X experienced a significant decline of 33%. This indicates that current assets are used to describe payment instruments and it is assumed that all current assets cannot actually be used to pay current debt which is a liability that must be paid and it is assumed that the liabilities really must be paid..

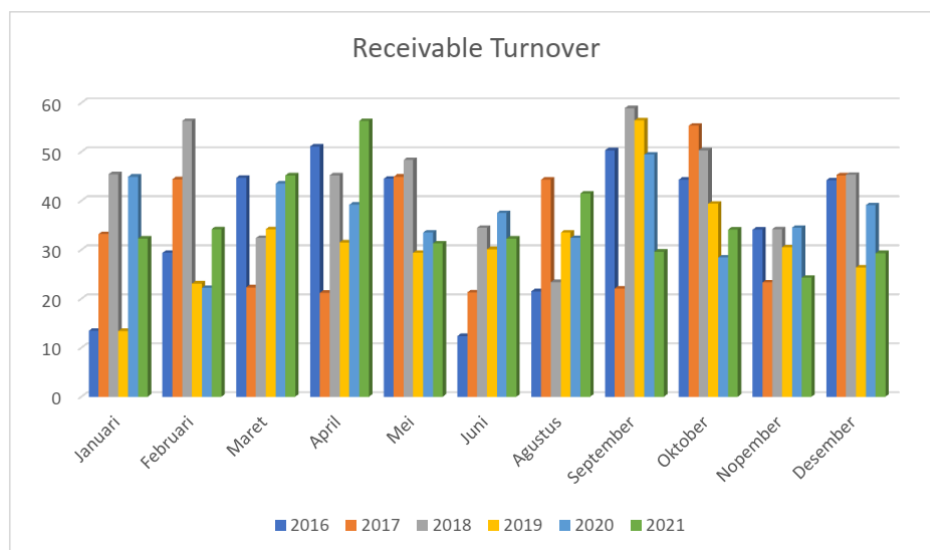The following is the level of Receivable Turnover at PT X 2016-2021 Period:

Figure 2. PT X's Receivables Turnover Ratio

Based on the table above, the calculation regarding the level of Receivable Turnover at PT X for the 2016-2021 period experienced quite significant fluctuations. This can be seen in 2016, the lowest receivables turnover was in June at 12.4 times, which means that the capital invested in investment is getting bigger because the funds embedded in receivables are increasingly turning into cash inflows and the company cannot buy more inventory to sell. again, so that the company's operations cannot run well and the risk of losses on receivables cannot be minimized and the company will experience a liquid situation because it cannot fulfill its financial obligations on time..
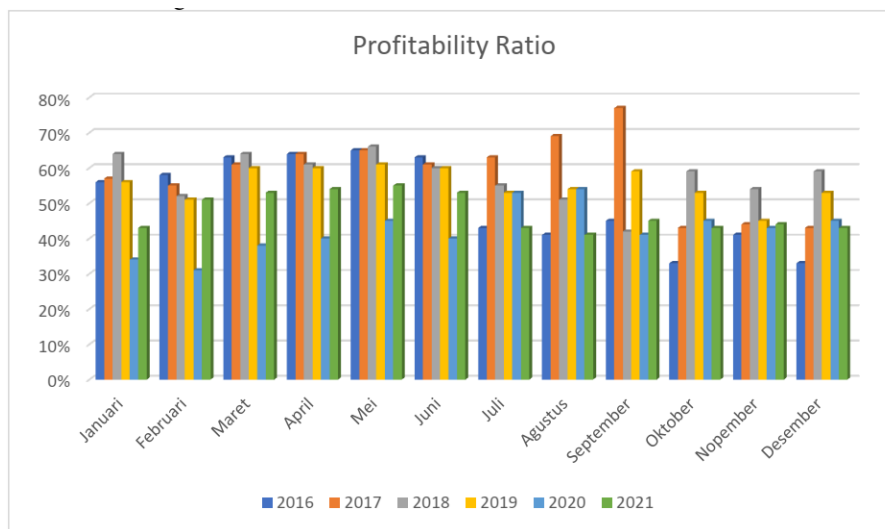

Figure 3. PT X Profitability Ratio

ROE (Return on Equity), in this table it is shown that the profitability shown using ROE at PT X for the 2016-2021 period is fluctuating. This can be seen from the varying numbers shown each year. However, there was no significant decrease or change. However, in 2015 and 2016, the ROE generated was quite small compared to other years

Research on financial ratios and operating profits was carried out by Machfoedz (1994) examining predictions of changes in profits using financial ratios. The sample was taken from 66 manufacturing companies listed on the Jakarta Stock Exchange (BEJ) and analyzed 47 financial ratios, the results showed that there were 13 financial ratios that were significant in predicting the level of change in profits in the next year. In this research, the author only took a sample of manufacturing companies, which in fact are very different from the management of cooperative business units.

Yeni Nurmala Sari (2007), her research on the influence of the current ratio (CR), Debt ratio to equity ratio (DER), and total assets turn over (TATO) on changes in operating profits in manufacturing companies on the Jakarta Stock Exchange (BEJ) for the 2001 period until 2004. This research used a random sampling method with a sample size of 44 companies. From the results of this research, it can be concluded that CR, DER, and TATO together have an influence on changes in operating profits. Partially, CR and DER have an influence on changes in operating profits. Meanwhile, TATO has no influence on changes in operating profits. In this research the author only focuses on manufacturing companies which are very different from cooperative business units. In this research, it only touches on CR, DER, and TATO and does not touch on quick ratio, receivable turnover, and cash turnover. This research does not prioritize liquidity ratios and company financial activity ratios.

Puji Ananingsih (2007) research on analysis of liquidity ratios and activity ratios to economic profitability at KPRI USP Temanggung Regency in 2003-2005. The population in this study was KPRI in Temanggung district. Of the 49 existing KPRIs, 15 KPRIs were taken

as research samples using purposive sampling. The variables measured are the liquidity ratio with the current ratio and acid test ratio indicators, the Activity Ratio with the receivable turnover and cash turnover indicators and profitability as the dependent variable. The results of research based on multiple regression show that the liquidity ratio and activity ratio together do not have a significant effect on profitability. From the results of the t test, it is obtained that each of the t counts < t table, partially the current ratio, acid test ratio, receivable turnover and cash turnover have no effect on profitability. From the results of the t test, each of the t counts < t table is obtained. The insignificance that occurred in this research was indicated by the fact that the financial report outputs presented in the publication were not financial ratio analysis but rather came from management strategy. Likewise, knowing profitability cannot be completely measured from financial ratios but depends on company management in managing financial aspects.

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

This research is intended to carry out further analysis of empirical findings regarding financial ratios. Especially regarding its use in influencing changes in business profits. This research uses two financial ratios, namely (1) liquidity ratio; current ratio and quick ratio, (2) activity ratio; receivable turnover and cash turnover. Adopted from financial ratios used in previous research and various sources from other literature.

From the description above it can be concluded that financial ratio analysis can help provide information and evaluate past and present financial conditions as well as to project future results or profits, and based on previous research it has proven that there is a relationship between financial ratios and changes in profits, so this research will discusses "The Effect of Current Ratio and Receivable Turn Over on Profitability (Case Study at PT X for the 2016-2021 Period)".

The problem formulation contains article questions that must be explained in the discussion and answered in the conclusion.
1. What is the influence of the Current Ratio on Profitability at PT X for the 2016-2021 period?
2. What is the effect of Receivable Turn Over on Profitability at PT X for the 2016-2021 period?

METHOD

This research uses an expanatory approach. The object of this research is the cigarette industry listed on the Indonesian stock exchange. This data is used to obtain accurate information that will be used as an analytical tool using secondary data from the results of Indonesian Stock Exchange publications starting from 2015 to 2021, as well as other data needed in this research which is sourced from the internet, namely from the official website of the Indonesian Stock Exchange which was analyzed using path analysis. (Roswinna, et al, 2023); Anggraeni, et al (2023); Anggraeni, et al (2023); Pratiwi Puteri, et al (2023); Fitri Anggraeni, et al (2023); Deden, et al (2023); Agus Mulyana, et al (2023); Agus Mulyana, et al (2023).

RESULTS AND DISCUSSION
Results

The verification method is a research method that aims to determine the relationship between two or more variables or a method used to test the truth of a hypothesis (Sugiyono, 2011:11). This method is used to find out how much influence the independent variables,

namely Current Ratio and Receivable Turnover, have on profitability, either partially or simultaneously. By first testing the classical assumptions.

Classic assumption test

Before carrying out multiple linear regression analysis (Multiple Linear Regression), the data must first pass the classic assumption test to obtain accurate research. Classic assumption testing was carried out using SPSS 20.0 for Windows. The data used in this research is secondary data so it is necessary to test classical assumptions, namely the normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

1. Normality Test

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

Histogram

Dependent Variable: Profitabilitas

Mean = 9.28E-16
Std. Dev. = 0.983
N = 60
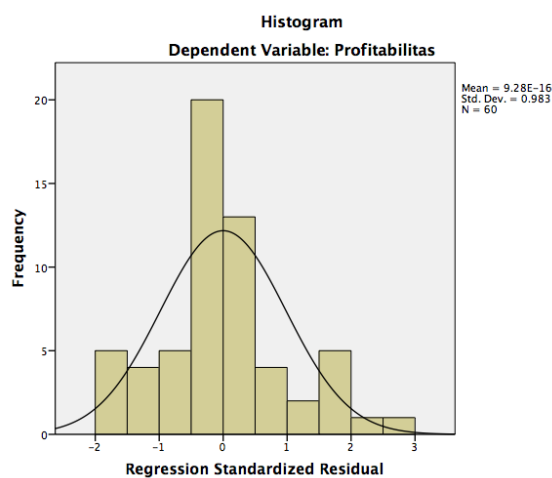
Source: SPSS 20.0 for Windows Processing Results
Figure 4. Histogram

Based on Figure 4, the histogram shows that the highest graph is in the middle at number 0. This is shown by the data distribution not tending to the left or right. So it can be concluded that the data is normally distributed.

Another way to carry out a normality test with a graph is to look at the normal p-p plot of regression standardized residual graph. Where to see the distribution of points from the data studied in the graph:
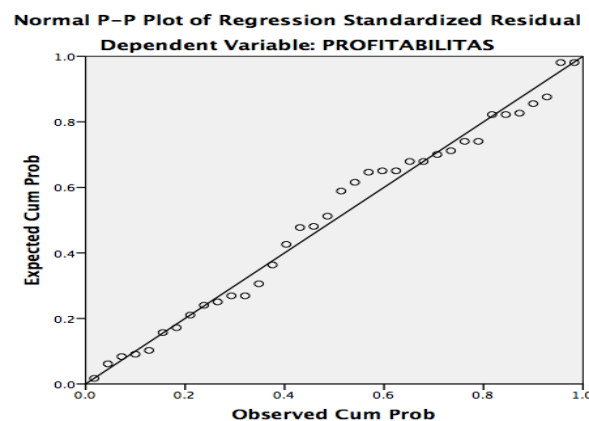
Normal P–P Plot of Regression Standardized Residual

Dependent Variable: PROFITABILITAS

Figure 5. Normal Probability Plot Graph

Based on Figure 5 in the normal probability plot graph, the points spread around the diagonal line and follow the direction of the diagonal line showing a normal distribution pattern, so the regression model meets the normality assumption.

2. Multicollinearity Test

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

Table 1. Tolerance and VIF values

Coefficientsa

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	CURRENT RATIO	.776	1.244
	RECEIVABLE TURNOVER	.776	1.244

a. Dependent Variable: PROFITABILITAS

Based on table 1, the results of calculating the Tolerance value show that there are no independent variables that have a Tolerance value ≤ 0.10, which can be explained as follows:
The Tolerance value for the Current Ratio variable is 0.776 ≥ 0.10
The Tolerance value for the Receivable Turnover variable is 0.776 ≥ 0.10

The Variance Inflation Factor (VIF) value shows that there are no independent variables that have a Variance Inflation Factor (VIF) value ≥ 0.10, which can be explained as follows:
The VIF value for the Current Ratio variable is 1.244 ≤ 0.10
The VIF value for the Receivable Turnover variable is 1.244 ≤ 0.10

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

3. Heteroscedasticity Test

The Heteroscedasticity Test is used to test whether in a regression, there is an inequality in the variance of the residuals from one observation to another. The basis for the decision is that if the points spread above and below the number 0 on the Y axis, then the regression model does not have heteroscedasticity. The results of the heteroscedasticity test using SPSS 20.0 for Windows can be shown in the following image:
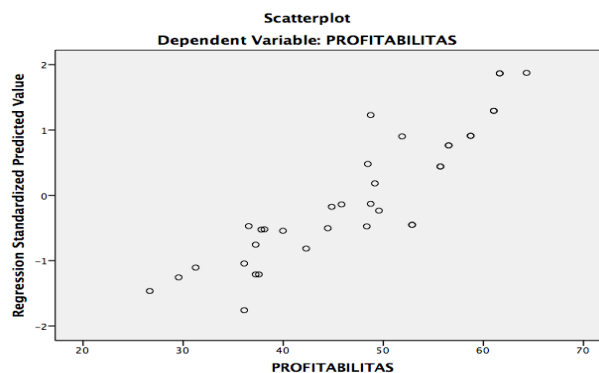
Source: SPSS 20.0 for Windows Processing Results
Figure 6. Heteroscedasticity Test with Scatterplot Graphs

Based on Figure 6 above on the Scatterplot graph, the points are spread randomly and are spread above and below the number 0 on the Y axis. Based on these results, the regression model is free from symptoms of heteroscedasticity so it is suitable to be used to predict profitability based on Current Ratio and Receivable Turnover which is the input independent variable.

4. Autocorrelation Test

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

Table 2. Autocorrelation Test

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.894	.623	.616	14.31234	1.895

a. Predictors: (Constant), RECEIVABLE TURNOVER, CURRENT RATIO

b. Dependent Variable: PROFITABILITAS

Based on the Durbin-Watson calculation results in table 4.6, it shows that the Durbin-Watson value is 1,895. Researchers make decisions about whether or not there is autocorrelation between the independent variable and the dependent variable using the following reference:

Table 3. Durbin-Watson Value Criteria

Nilai d	Explanation
<1.10	There is autocorrelation
1,10-1,54	No conclusion
1,55-2,46	There is no autocorrelation
2,46-2,90	No conclusion
>2,90	There is autocorrelation

Source: Tony Wijaya (2009:123)

The Durbin Watson (DW) value is in the range 1.55 to 2.46. So it can be concluded that the Current Ratio and Receivable Turnover on Profitability has no autocorrelation in the regression model.

Multiple Regression Analysis

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

Table 4. Multiple Regression Analysis

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.831	7.321		1.221	.000
	CURRENT RATIO	5.423	.341	.457	3.234	.000
	RECEIVABLE TURNOVER	4.431	.212	.519	4.123	.000

a. Dependent Variable: PROFITABILITAS

Source: SPSS 20.0 For Windows Processing Results

Table 4 shows the calculation of multiple regression analysis. The results of the coefficients test, in the multiple regression test, the overall influence of Current Ratio (X1) and Receivable Turnover (X2) on Profitability (Y) is presented with a value (constant) 12.831 and a value of b = 0.341 and a significant level of 0.000, a value of b2 = 0.212 and a significant level 0.002. Based on this information, the calculation is as follows:

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

Dimana:

Y = Profitability
X1 = *Current Ratio*
X2 = *Receivable Turnover*

Table 5. Multiple Correlation Analysis Calculations

Model Summaryb

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

a. Predictors: (Constant), RECEIVABLE TURNOVER, CURRENT RATIO
b. Dependent Variable: PROFITABILITAS

Source: SPSS 20.0 For Windows Processing Results

Based on table 5, it can be seen that the magnitude of the multiple correlation or Ry(1,2) is 0.894. By looking at the correlation coefficient interpretation guideline table, it can be stated that it has a moderate relationship because it is in the interval 0.60 – 0.899, which means that the Current Ratio and Receivable Turnover have a strong relationship with Profitability at PT X for the 2016-2021 Period..

Hypothesis testing

Hypothesis testing referred to in this research is to determine whether or not there is an influence between Current Ratio (X1) and Receivable Turnover (X2) on Profitability (Y) either partially or simultaneously at PT X for the 2016-2021 period.

The hypotheses set out in this research are as follows:

1. Partial Hypothesis Testing

Partial hypothesis testing, to find out which variables have an influence on Y, it is necessary to test the Current Ratio (X1) and Receivable Turnover (X2) variables partially, in this case the t test statistic is used, then look at the level of significance test with the error level < 5%, as for provisions for partial hypothesis testing, namely:

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

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

The hypothesis testing step above is carried out if in processing the data the researcher has prepared a Student's T table, but if this table is not available then deciding to accept or reject the research hypothesis can be done by looking at the significance value (Sig) in the processing results in the Coefficients section. The results of calculations using the SPSS 20.0 for Windows partial regression test program are as follows:

Table 6. Statistical Test Results t Test

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
	B	Std. Error	Beta			Zero-order	Partial	Part

1	(Constant)	12.831	7.321		1.221	.000			
	CURRENT RATIO	5.423	.341	.457	3.234	.000	.457	.888	.899
	RECEIVABLE TURNOVER	4.431	.212	.519	4.123	.000	.519	.332	.211

a. Dependent Variable: PROFITABILITAS

Source: SPSS 20.0 for Windows Processing Results

Based on table 6, it shows that:

a. To test the hypothesis of the influence of the Current Ratio on Profitability, the value obtained $t_{test} > t_{table}$ (3.234>1.97), then ho is rejected, meaning from this test that in principle there is a significant and significant influence between the Current Ratio variable on Profitability.

b. To test the hypothesis of the influence of Receivable Turnover on Profitability, the value obtained $t_{test} > t_{table}$ (4.123>1.97), then ho is rejected, meaning from this test that in principle there is a significant and significant influence between the Receivable Turnover variable on Profitability.

2. Simultaneous Hypothesis Testing

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

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

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

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

Table 7. F Test Statistical Test Results

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	130.993	2	42.312	40.874	.000b
	Residual	147.914	57	5.434		
	Total	278.907	59			

a. Dependent Variable: PROFITABILITAS

b. Predictors: (Constant), RECEIVABLE TURNOVER, CURRENT RATIO

Source: SPSS 20.0 for Windows Processing Results

Based on table 7, it is known that F count is 40,874, meaning F count > F table (40,874> 3.03), this shows that Ho is rejected, meaning that the Current Ratio and Receivable Turnover have a significant effect on Profitability.

Analysis of the coefficient of determination

Analysis of the coefficient of determination (R2) is used to measure how much the independent variable has an influence on the dependent variable partially or simultaneously. The influence of variables X Current Ratio and Receivable Turnover on variable Y Profitability is partially obtained using the Beta formula multiplied by Zero-Order. The results of Beta and Zero-Order using SPSS 20.0 for Windows can be seen in the following table:

Table 8. Beta Value and Zero-Order

Coefficientsa

Model		Standardized Coefficients	Correlations		
		Beta	Zero-order	Partial	Part
1	(Constant)				
	CURRENT RATIO	.457	.457	.886	.844
	RECEIVABLE TURNOVER	.519	.519	.417	.007

a. Dependent Variable: PROFITABILITAS
Source: SPSS 20.0 for Windows Processing Results

Based on table 8, the partial calculation of the influence of the independent variable on the dependent variable is as follows:
1. Current Ratio Variable: 0.457 x 0.886 = 0.4049
2. Receivable Turnover Variable: 0.519 x 0.417 = 0.2164

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

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

Table 9. Simultaneous Coefficient of Determination

Model Summaryb

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

a. Predictors: (Constant), RECEIVABLE TURNOVER, CURRENT RATIO
b. Dependent Variable: PROFITABILITAS
Source: SPSS 20.0 for Windows Processing Results

Table 9 shows the coefficient of determination value simultaneously shown by the R square value of 0.623 or 62.3%. This means that 62.3% of the variance in Profitability can be explained by the variance of the two independent variables Current Ratio and Receivable Turnover, the remaining 37.7% is explained by other variables outside the model. Based on the results of these calculations, it can be concluded that simultaneously the Current Ratio and Receivable Turnover have an influence on Profitability of 62.3%.

Discussion
Condition of the Current Ratio at PT X for the 2016-2021 period
Based on the calculation results above, it is known that during 2016-2021, the highest Current Ratio occurred in January and February 2021 at 87% and 81%. This means that current assets are used to describe payment instruments and it is assumed that all current assets can actually be used to pay current liabilities which represent liabilities that must be paid and assumed liabilities that really must be paid. In table 1, it is also known that In December 2021, PT X experienced a significant decline of 33%. This indicates that current assets are used to describe payment instruments and it is assumed that all current assets cannot actually be used to pay current debt which is a liability that must be paid and it is assumed that the liabilities really must be paid.

Conditions of Receivable Turnover at PT X for the 2016-2021 Period

Based on the table above, the calculation regarding the level of Receivable Turnover at PT X for the 2016-2021 period experienced quite significant fluctuations. This can be seen in 2016, the lowest receivables turnover was in June at 12.4 times, which means that the capital invested in investment is getting bigger because the funds embedded in receivables are increasingly turning into cash inflows and the company cannot buy more inventory to sell. again, so that the company's operations cannot run well and the risk of losses on receivables cannot be minimized and the company will experience a liquid situation because it cannot fulfill its financial obligations on time. Then the highest turnover of receivables was in April 2021 at 56.3 times, which means that the capital invested in investment is getting smaller because the funds embedded in receivables are returning more quickly to cash inflows and the company can buy more inventory of goods for resale, so that the company's operations can run well and the risk of losses on receivables can be minimized and the company will not experience a liquid situation because it cannot fulfill its financial obligations on time.

Profitability Conditions at PT X for the 2016-2021 Period

ROE (Return on Equity), in this table it is shown that the profitability shown using ROE at PT X for the 2016-2021 period is fluctuating. This can be seen from the varying numbers shown each year. However, there was no significant decrease or change. However, in 2020 and 2021, the ROE generated is quite small compared to other years.

The Influence of Current Ratio and Receivable Turnover on Profitability at PT X for the 2016-2021 Period

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

From the results of the classical assumption test in Figure 5, it shows that the distribution of data (points) follows a diagonal line. The figure shows that the data is normally distributed. The VIF value in table 1 is < 10 and tolerance > 0.1, so multicollinearity does not occur. Figure 6 shows the points spread on the Y axis both above zero and below zero. This research can be concluded that heteroscedasticity does not occur and the regression equation can be used to predict profitability based on the X variable being tested. And based on table 2, it shows that the results of the Current Ratio and Receivable Turnover on Profitability have no autocorrelation with a Durbin Watson value of 1.895.

From the results of the multiple correlation analysis calculations in table 3, it can be seen that the correlation coefficient (R) is 0.894. The values are in the interval 0.60 -0.899, which means that the Current Ratio and Receivable Turnover have a moderate relationship with Profitability at PT X for the 2016-2021 period.

Current Ratio and Receivable Turnover simultaneously have an influence of 62.3% on changes in profitability as indicated by the coefficient of determination (R Square) or (R2) value of 0.623. This shows that Profitability at PT Meanwhile, 37.7% is influenced by other factors, such as inventory turnover or cash turnover at the company.

CONCLUSION

Based on the results of research that has been carried out to determine the effect of Current Ratio and Receivable Turnover on Profitability at PT X for the 2016-2021 period, the following conclusions can be drawn:

The Current Ratio condition at PT X for the 2016-2021 period is fluctuating. Based on the results of the discussion, it is known that during 2016-2021, the highest Current Ratio occurred in January and February 2016. This means that current assets are used to describe payment instruments and it is assumed that all current assets can actually be used to pay current liabilities which represent obligations that must be paid and assumed obligations that actually must be paid. Then, for December 2021, PT Albany Services Engineering experienced a significant decline. This indicates that current assets are used to describe payment instruments and it is assumed that all current assets cannot actually be used to pay current debt which is a liability that must be paid and it is assumed that the liabilities really must be paid.

Receivable Turnover conditions at PT X for the 2016-2021 period are fluctuating. Based on the results of the discussion, the calculation regarding the level of Receivable Turnover at PT X for the 2016-2021 period experienced quite significant fluctuations. This can be seen in 2016, the lowest receivables turnover was in June, which means that the capital invested in investment is getting bigger because the funds embedded in receivables are increasingly returning to cash inflows and the company cannot buy more inventory of goods for resale, so The company's operations cannot run well and the risk of losses on receivables cannot be minimized and the company will experience a liquid situation because it cannot fulfill its financial obligations on time. Then the highest turnover of receivables was in April 2016, which means that the capital invested in investment is getting smaller because the funds embedded in receivables are returning more quickly to cash inflows and the company can buy more inventory of goods for resale, so that the company's operations can run smoothly. well and the risk of losses on receivables can be minimized and the company will not experience a liquid situation because it cannot fulfill its financial obligations on time.

Profitability conditions at PT X for the 2016-2021 period are fluctuating. Profitability conditions shown using ROE at PT Albany Services Engineering for the 2016-2021 period are fluctuating. This can be seen from the varying numbers shown each year. However, there was no significant decrease or change. However, in 2020 and 2021, the ROE generated is quite small compared to other years

Based on the results of the discussion of hypothesis testing regarding the influence of Current Ratio and Receivable Turnover on Profitability, it can be concluded that simultaneously and partially, the Current Ratio and Receivable Turnover variables have a significant effect on the Profitability variable.

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