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INFLUENCE CASH TURNOVER TOGROSS PROFIT MARGIN IN PULP AND PAPER SUB SECTOR COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE FOR THE 2018-2021 PERIOD

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Abstract

This research aims to test the effect of cash turnover to gross profit margin in pulp and paper sub-sector companies listed on the Indonesian stock exchange. This research sample uses the method purposive sampling as many as 8 pulp and paper sub-sector companies with a term of 4 years. This research data analysis is quantitative analysis, as a calculation tool using SPSS analysis. The resulting value of the coefficient of determination (R2) of 0.115 indicates that the variable cash turnover of the company is influenced by gross profit margin amounting to 11.5% and the remaining 88.5% is influenced by other variables. Variable test results gross profit margin partially shows that the variable cash turnover has a calculated t of -1.974. Based on the results of table calculations in the t test, a significance value of 0.058 was obtained. Thus, it can be compared that the significance value is 0.058 > 0.05, so HOaccepted and Ha rejected this shows thatcash turnover does not have a significant effect on gross profit margin in pulp and paper sub-sector companies. Based on the research results, it shows that the manager's cash turnover is less effective because uncollected receivables make cash receipts take a long time to receive. Apart from that, the company must be able to maximize its cash to increase sales and also reduce receivables gross profit margin produced can increase.

1. INTRODUCTION

Background Problem

The In economic times like today, companies are required to have strong competitiveness in order to maintain survival and realize company goals. The aim of establishing the company is to obtain optimal profits and ensure company continuity. Every company has targets to measure the success of their respective companies. In measuring the success of a company, an assessment of a company's performance is required, which is generally carried out through research into the company's financial reports. Finance is used as a communication medium between management and its users. The information contained in financial reports varies greatly and can be used for financial ratio analysis. Management is required to be able to coordinate the use of company resources efficiently and effectively, apart from that, it is also required to be able to produce decisions that support the achievement of company goals in the future. In order to make decisions, company managers need information, especially information about what will happen in the future. Fast and continuous information in the form of accounting information in the form of financial reports can help companies to understand the condition and economic performance of a company.

Financial reports prepared by companies usually consist of a balance sheet, profit and loss report, capital changes report, cash flow report and notes to financial reports. Financial reports help investors and creditors make decisions related to the company. Some financial reports are prepared for the company's internal interests and some are prepared for the public interest. This financial report is usually intended for external purposes, such as banks or other creditors who provide loans to companies, potential investors to analyze the feasibility of investment, the government, especially in tax matters, suppliers who deal in buying and selling matters, and other parties.

The main objective of financial accounting and financial reports is to provide quantitative financial information about a company that is useful for users, especially owners and creditors, in the decision-making process. Generally accepted financial reports must be presented based on existing accounting regulations in Indonesia called Financial Accounting Standards. This is intended to prevent the presentation of biased information in financial reports, because it can harm internal and external parties.

There are several methods that can be used to analyze a company's financial performance, such as: "trend analysis, serial index, common size comparison, cash flow and working capital analysis, and financial ratio analysis". The cash flow report is very important for knowing cash receipts, cash disbursements, and net changes in cash resulting from operating activities, financing during a period and is also a format that reconciles the opening cash balance and the ending cash balance. Without a good cash flow report, the company will not know how far the company's development has increased or decreased. Cash turnover (*cash turnover*) is the cash turnover period starting at the time when the cash is invested in working capital with the highest level of liquidity. Cash turnover is the cash turnover period starting at the time when the cash is invested in working capital with the highest level of liquidity. This means that the greater the amount of cash a company has, the greater the likelihood that its turnover will be. According to Bambang Riyanto (in Putri & Musmini, 2013) *cash turnover/*Cash turnover can be calculated by comparing sales with the average cash amount. This means that the greater the amount of cash a company has, the greater the likelihood that its turnover will be.

Company performance can be seen from financial ratios. Financial ratios are very popular in daily management discussions, especially ratios regarding profitability. This ratio also provides a measure of the level of effectiveness of a company's management as indicated by the profits generated from sales or investment income. In general, there are four types of profitability ratios, namely gross profit margin, net profit margin, return on investment (ROI), and return on equity (ROE). The profitability used by researchers to assess and measure the effectiveness of the use of assets used to obtain profits is through analysis (GPM). *Gross Profit Margin* is a comparison between sales minus the cost of goods sold or the ratio between gross profit and sales (Ratningsih & Tuti Alawiyah, 2017) *Gross profit margin* an increase shows the greater the rate of return of gross profits obtained by the company on its net sales.

In this research, the company used is a pulp and paper company. The reason the researcher chose the research object for pulp and paper companies is because research conducted in the manufacturing company sector, especially the pulp and paper industry, is still very rarely carried out, while this industry is very vulnerable to being hit by negative issues regarding its negative impact on social and the environment. Apart from that, business growth in this industrial sector is said to be rapid because the demand for paper consumption from the public is increasing from year to year. Several problems of contamination and contamination, environmental damage and threats to sustainability. The pulp and paper industry experienced a decline in mid-2020 due to the Covid-19 virus, resulting in decreased demand, especially in the office and education sectors because activities were carried out online. So this impact has an impact on cash turnover on profits. Although economic growth encourages the domestic market to provide business opportunities, this is weakened by the association of the pulp and paper industry with environmental sustainability issues which are often met with less encouraging criticism and negative accusations. Apart from that, the pulp and paper industry is an industry that has an important role and is a superior product in supporting the Indonesian economy. The rapid growth of the pulp and paper industry has enabled the emergence of large companies with strong capital and large scale. Forestry industry products play a very large role in economic development, not only as a provider of employment opportunities but also as an important and potential foreign exchange contributor to state revenues from the non-oil and gas sector. Based on the description above, researchers are interested in making pulp and paper sub-sector companies as objects of research.

To find out the influence of cash *turnover* to*Gross Profit Margin* in Pulp and Paper companies listed on the Indonesian stock exchange is required company financial data published on idx. These data are as follows:

Table 1. Financial data for pulp and paper companies

Company name	Year	That's right	That's right	Sale	Gross profit
PT. Indah Kiat Pulp & Paper Tbk (INKP)	2018	8.979.711.543.000	10.951.343.136.000	48.300.521.121.000	17.431.214.130.000
	2019	10.512.714.656.000	10.756.107.265.000	44.805.049.853.000	12.181.488.003.000
	2020	10.913.955.325.000	12.282.507.055.000	42.117.995.465.000	12.168.482.235.000
	2021	12.425.316.779.000	15.117.391.933.000	50.178.165.634.000	17.527.982.524.000
PT. Tjiwi Kimia Tbk Paper Factory (TKIM)	2018	1.807.721.154.000	2.219.835.933.000	15.289.039.800.000	1.671.425.982.000
	2019	2.130.925.993.000	2.535.041.964.000	14.555.987.318.000	1.489.672.863.000
	2020	2.572.244.220.000	2.271.426.885.000	12.221.319.565.000	1.687.000.315.000
	2021	2.297.836.953.000	2.931.252.132.000	14.618.005.471.000	2.004.038.243.000
PT. Fajar Surya Wisesa Tbk (FASW)	2018	287.857.774.721	355.227.070.733	9.938.310.691.326	3.018.753.670.927
	2019	355.227.070.733	101.255.876.051	8.268.503.880.196	1.809.804.899.485
	2020	101.255.876.051	102.305.191.504	7.909.812.330.437	1.232.033.937.488
	2021	102.305.191.504	145.027.000.000	11.932.773.000.000	1.617.269.000.000
PT. Suparma Tbk (SPMA)	2018	120.542.708.894	240.382.044.341	2.389.268.903.462	372.929.951.083
	2019	240.382.004.341	207.414.747.878	2.514.161.429.045	374.799.210.733
	2020	207.414.747.878	111.724.002.377	2.151.494.981.968	392.780.506.777
	2021	111.724.002.377	197.491.630.321	2.794.452.671.851	589.155.748.878

Table 2. Continued Financial Data for Pulp and Paper Companies

Company name	Year	That's right	That's right	Sale	Gross profit
PT. Alkindo Naratama Tbk (ALDO)	2018	9.115.361.639	12.089.897.847	789.643.654.873	151.349.108.450
	2019	23.319.959.817	18.838.991531	1.096.435.817.888	274.840.274.097
	2020	18.838.991.531	25.095.517.219	1.105.920.883.249	234.929.464.043
	2021	25.095.517.219	96.169.853.081	1.457.266.932.664	294.213.455.834
	2018	12.830.166.000	5.242.122.000	1.755.430.263.000	240.761.106.000

PT. Toba Pulp Lestari Tbk (INRU)	2019	5.032.162.000	5.268.479.000	1.446,510.258.000	6.102.539.000
	2020	5.345.795.000	1.297.660.000	1.777.554.415.000	139.907.495.000
	2021	1.312.748.000	4.451.928.000	2.095.531.071.000	366.042.657.000
PT. Kedawung Setia Industrial Tbk (KDSI)	2018	91.313.495.983	49.976.085.928	2.327.951.625.610	333.715.869.803
	2019	49.976.085.928	46.480.321.495	2.234.941.096.110	360.944.101.669
	2020	46.480.321.495	51.067.737.637	1.923.089.935.410	327.742.217.137
	2021	51.067.737.637	80.725.431.351	2.241.085.126.185	336.269.681.429
PT. Sriwahana Adityakarta Tbk (SWAT)	2018	11.108.258.740	9.613.556.973	224.862.904.994	37.777.096.001
	2019	9.613.556.973	25.283.677.378	265.850.394.862	51.132.831.195
	2020	25.283.677.378	20.859.461.393	195.244.739.325	43.263.546.709
	2021	20.859.461.393	27.185.494.354	283.466.831.736	48.419.063.368

Source: www.idx.co.id, 2022

The table above shows that the financial performance in the Pulp and Paper Sub-Sector from 2018 to 2021 where initial cash, ending cash, sales and gross profit for 4 years experienced fluctuations. This shows that the company's ability to generate sales of its products and the company's ability to earn profits between one period and the previous period experienced increases and decreases. By looking at the data above, researchers are interested in examining the company's financial performance in terms of analyzing financial ratios.

Based on research by Fatima Anum and Muhammad Basri entitled "Analysis of the Effect of Activity Ratios on Profitability at PT Barata Indonesia (Persero) UUM Medan" states that cash turnover has no significant effect on gross profit margin. Siti Dini, Silvia Silalahi, Elverida Marpaung, Dewi. S. Sihombing, and Lestari Rajagukguk (2020) with the title "The Influence of Cash Turnover, Inventory, Receivables, Working Capital on Company Profitability (BEI) 2015-2017" states that cash turnover has no effect on profitability. RifkaCorrupt (2017) with the title "The Influence of Working Capital on Profitability At Pt. Mayora Indah Tbk, Period 2006-2015" states that simultaneously or together the working capital variable (cash turnover, receivable turnover and inventory turnover) has no significant effect on profitability (gross profit margin). Sugito (2020) with the title "Influence Cash turnover and receivable turnover on profitability in sub-sector service companies property and real estate period 2014-2019" states thatCash turnover and receivable turnover have a simultaneous effect on the profitability of sub-service companies sector property and real estate. Based on the results of this research, there were still inconsistencies in the research results of the variables tested, therefore the researchers again wanted to test whether cash turnover affects profitability (gross profit margin).

Even though the scope is almost the same as previous research, in this research there are several things that are different, namely the year of research, the profits used and the research object. So some of these things can be used as references to complement each other.

Based on the description of the background and data above, the author is interested in researching the title **"Influence Cash Turnover to Gross Profit Margin in pulp and paper sub-sector companies listed on the Indonesian Stock Exchange for the 2018-2021 period."**

Problem Formulation

Based on the background of the problem above, the author tries to formulate the problems found in pulp and paper sub-sector companies as follows: "what cash *turnover* influences gross *profit margin* in pulp and paper sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period?".

Research Purposes

Based on the formulation of the problem in this research, the objectives to be achieved in this research are as follows "to determine the influence of cash *turnover* to gross *profit margin* in pulp and paper sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period."

2. LITERARURE REVIEW

Indonesia stock exchange

The Indonesian Stock Exchange is the party that organizes and provides systems and/or facilities to bring together offers to buy and sell securities from other parties with the aim of trading securities between them (Zulfa, 2020). Indonesian Stock Exchange (BEI) or Indonesian*Stock Exchange* (IDX) is a capital market in Indonesia. The Indonesian Stock Exchange has an important role as a means for people to invest, which is an alternative investment. For companies, BEI helps companies to obtain additional capital by going public, namely the activity of offering shares or other securities carried out by issuers (companies that go public) to the public based on the procedures regulated by the Capital Markets Law and its Implementing Regulations.

Pulp and Paper Sub Sector

The Pulp & Paper Industry is one of the manufacturing subsectors on the Indonesian Stock Exchange. The pulp and paper industry is an industry that processes wood as a basic material for producing pulp, paper, boards and other cellulose-based products. The pulp and paper subsector is part of the basic chemical industry sector. What includes cultural paper is printing and writing paper, including book paper, books, newspapers and envelope paper. Meanwhile, industrial paper includes oil paper bags, fruit wrapping, building paper, electrical insulating paper, cardboard and vegetable wrapping (Ayunda et al., 2013).

Financial management

Financial Management is a process in managing financial activities or operations in an organization, which includes planning, analysis and control of financial activities, usually carried out by a financial manager. Financial Management can also be interpreted as all company activities or activities related to efforts to obtain company funds by minimizing costs and efforts to use and allocate these funds efficiently in maximizing company value (Sinurat, 2019).

KD Wilson (in Hasan et al., 2022) explains that financial management primarily involves raising funds and using them effectively with the aim of maximizing shareholder wealth. Financial management is one of the functional areas in a company in addition to other functional areas, such as marketing, production and human resources (Sudana, 2019).

Financial management is an effort to manage funds collected and allocated to finance all company activities in order to achieve the company's goals (Fauzan & Yogi, 2021) [1]. According to Mustafa (2017) in Fauzan (2023) Financial management explains several decisions that must be made, namely investment decisions, funding decisions or decisions to fulfill funding needs, and dividend policies. From the theories above, it can be concluded that financial management is an effort to manage funds that are collected and allocated to finance all company activities in order to achieve the goals of the company [2].

Understanding financial reports

The financial report (financial statement) is an overview of the financial condition which is broadly divided into 4 types, namely the balance sheet report, profit and loss report, capital changes report and cash flow report.

Kasmir, (2017) explains that financial report analysis is an effort made to evaluate business continuity, an activity of analyzing financial reports using concepts and standards from financial accounting. In other words, financial report analysis is a method used by companies to carry out a thorough examination of incoming and outgoing financial reports. Therefore, before we analyze financial reports, we must first understand matters relating to financial reports.

The financial report will also determine what steps the company must take now and in the future (A. Lestari, 2020). As is known, financial reports are the obligation of every company to prepare and report them for a certain period. What is reported is then analyzed, so that the company's current condition and position can be known. By carrying out the analysis, the company's weaknesses and strengths will be known. Financial reports will also determine what steps the company must take now and in the future.

Financial Ratio Analysis

According to (Munawir, 2014) the ratio describes a relationship or balance (mathematical relationship) between a certain amount and another amount, and by using a tool analysis In the form of this ratio, it will be able to explain or give an idea to the analyst about the good or bad condition or financial position of a company, especially if the ratio figure is compared with the comparative ratio figure used as a standard.

According to (Kasmir, 2017) financial ratios are the activity of comparing the numbers in financial reports by dividing one number by another. Comparisons can be made between one component and another component in a financial report or between components in a financial report. Then, the numbers being compared can be numbers in several periods.

Comparisons can be made between one component and another component in one financial report or between components in financial reports (Nurhaziq, 2020). According to Hery (2015: 138) in fauzan (2023) financial ratios are a calculation of ratios using financial statements that have a function as a measuring tool in assessing the financial condition and performance of a company [3]. Meanwhile, according to James C. Van Horne (in Kasmir, 2019: 93) in Fauzan (2023) a financial ratio is an index that connects two accounting numbers obtained by dividing one number by another. To determine the financial performance of a company, it is necessary to analyze the financial ratios [3].

Basically, financial ratios can be grouped into 5 (five) types of categories. Financial ratios can be grouped as follows:

1. Liquidity Ratio

A ratio that measures a company's ability to meet its short-term obligations. According to (Harahap, 2015) the liquidity ratio is a ratio that measures a company's ability to fulfill its short-term obligations. According to (Harahap, 2015) there are six ratios used in this ratio, namely:

a. Current Ratio

$$\text{Current Ratio} = \frac{current\ asset}{current\ debt}$$

This ratio shows the extent to which current assets are able to cover current liabilities. The greater the ratio of current assets to debt smoothly, the higher the company's ability to cover its short-term liabilities. (Harahap, 2013:301)

b. Quick Ratio

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory} + Prepaid\ Expense}{current\ debt}$$

This ratio shows the ability of the most liquid current assets to cover current liabilities. The larger this ratio the better. This ratio is also called *Acid Test Ratio* (Harahap, 2013:302).

c. Cash to Current Assets Ratio

This ratio is calculated using the following formula:

$$\text{Cash to Current Assets Ratio} = \frac{cash}{current\ asset}$$

This ratio shows the portion of total cash compared to total current assets. (Harahap, 2013:302)

d. Cash to Current Debt Ratio

This ratio is calculated using the following formula:

$$\text{Cash to Current Debt Ratio} = \frac{cash}{current\ debt}$$

This ratio shows the portion of cash that can cover current debt. (Harahap, 2013:302)

e. Current Assets Ratio and Total Assets

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$$\text{Current Assets and Total Assets} = \frac{current\ assets}{Total\ Assets}$$

This ratio shows the portion of current assets over total assets (Harahap, 2013:302)

f. Current Assets and Total Liabilities

$$\text{Current Assets and Total Liabilities} = \frac{current\ assets}{Total\ long\ trem\ debt}$$

This ratio shows the portion of current assets over the company's total liabilities (Harahap, 2013:302).

2. Activity Ratio

A ratio that measures the effectiveness of asset use by looking at the level of asset activity. According to Harahap (2013:308) this ratio describes the activities carried out by the company in carrying out its operations, both in sales, purchasing and other activities. According to Harahap (2013:308) these ratios include the following:

a. *Inventory Turn Over*

$$\textit{Inventory Turn Over} = \frac{cost\ of\ goods\ sold}{average\ goods\ inventory}$$

This ratio shows how fast inventory turns over in a normal production cycle. The greater this ratio, the better because it is assumed that sales activities are running quickly. (Harahap, 2013:308)

b. *Receivable Turnover*

$$\textit{Receivable Turnover} = \frac{net\ credit\ sales}{average\ receivables}$$

This ratio shows how quickly receivables are collected. The bigger the better because receivables are collected quickly. (Harahap, 2013:308)

c. *Fixed Assets Turnover*

$$\textit{Fixed Assets Turnover} = \frac{sales}{net\ fixed\ assets}$$

This ratio shows how many times the asset value rotates when measured by sales volume. The higher this ratio the better. This means the ability of fixed assets to create high sales (Harahap, 2013:309).

d. Total *Assets Turnover*

$$\text{Total } \textit{Assets Turnover} = \frac{sales}{Total\ Assets}$$

This ratio shows the total asset turnover measured by sales volume, in other words how far all assets are able to create sales. The higher this ratio, the better (Harahap, 2013:309).

e. Receivables Collection Period

$$\text{Receivables Collection Period} = \frac{receivables\ (average)}{daily\ sales}$$

This figure shows how long the company takes to collect receivables. The shorter the period the better. This ratio is in line with the information described *Receivable Turnover* (Harahap, 2013:309)

3. Solvency Ratio

A ratio that measures the extent to which a company's ability to fulfill its long-term obligations. According to Kashmir (2008:151) the solvency ratio or leverage is a ratio used to measure the extent to which a company's assets are financed with debt.

According to Harahap (2013:303) there are three ratios used in this ratio, namely:

a. Debt to Capital Ratio (*Debt to Equity Ratio*)

$$\text{Debt to Capital Ratio} = \frac{Total\ debt}{Modal\ (Equity)}$$

This ratio describes the extent to which the owner's capital can cover debts to external parties. The smaller this ratio the better. This ratio is also called the leverage ratio. (Harahap, 2013:303)

b. Debt Repayment Ratio (*Debt Service Ratio*)

$$\text{Debt Repayment Ratio} = \frac{net\ profit + Interest + Depreciation + NonCash\ Expenses}{loan\ interest\ payment}$$

This ratio describes the extent to which profit after deducting interest and depreciation and non-cash costs can meet interest obligations on loans. The greater this ratio, the greater the company's ability to cover its debts.

c. Debt to Asset Ratio

$$\text{Debt to Asset Ratio} = \frac{Total\ debt}{Total\ assets}$$

This ratio shows the extent to which debt can be covered by assets. The larger the ratio, the safer (solvable). To be safe, the portion of debt to assets must be smaller.

4. Market Ratio

Market ratios are ratios that are common and specifically used in the capital market which describe the company's performance situation in the capital market.

a. Price to Book Value (PBV)

Price to Book Value is a comparison between the price per share and the book value per share (Rahardjo, 2009) (in Rosadi, 2018: 26). The Price to Book Value (PBV) calculation is formulated as follows (Rahardjo, 2009) (in Rosadi, 2018:27).

$$\text{Price to Book Value} = \frac{Total\ debt}{Total\ assets}$$

The PBV ratio is usually used by investors in making investment decisions. The higher the PBV, the higher the share price.

b. Price Earning Ratio (PER)

PER is a financial ratio that is often used by investors or securities analysis as a tool for assessing company shares to help investors choose which shares to buy.

$$\text{PER (company share price)} = \frac{Price\ Per\ Share}{EPS}$$

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$$\text{EPS (net profit per share)} = \frac{profit\ after\ tax}{number\ of\ shares\ outstanding}$$

This ratio shows how much investors assess the price of shares against the multiple of earnings (Jogiyanto, 2009:145) (in Rosadi, 2018:29)

5. Profitability Ratio

A ratio that looks at the company's ability to generate profits (profitability). Kasmir, (2017) said that: "profitability ratio is a ratio to assess a company's ability to obtain maximum profits or profits in a certain period. This ratio also provides a measure of the level of effectiveness of a company's management as indicated by the profits generated from sales or investment income.

According to Samryn, (2015) the profitability ratio is an analysis model in the form of a comparison of financial data so that the company's financial information can be more useful.

a. Gross profit margin (GPM)

Gross Profit Margin is a comparison between sales minus cost of goods sold or the ratio between gross profit and sales (Ratnaningsih, 2017). According to (Kasmir, 2017) Gross Profit Margin is the percentage of gross profit compared to sales.

If the ratio shows that the Cost of Goods Sold figure is lower than the sales figure, then the company's operational activities will be more efficient. On the contrary, it means that the company's efficiency in carrying out operational activities is classified as poor. The gross profit margin ratio formula is:

$$\text{Gross Profit Margin} = \frac{gross\ profit}{sale}$$

b. Return On Equity (ROE)

Return on equity is a ratio to measure net profit after tax with own capital (Kasmir, 2017).

$$\text{ROE} = \frac{net\ profit}{Equity}$$

c. Net Profit Margin (NPM)

Net profit margin is a measure of profit by comparing profit after interest and tax compared to sales (Kasmir, 2017).

$$\text{NPM} = \frac{net\ profit}{sale}$$

d. Return on Investment (ROI)

Return on investment (ROI) ratio or return on investment, in several other references this ratio is also written as return on total assets (ROA).

$$\text{ROI} = \frac{net\ profit}{Total\ Assets}$$

Cash

1. Understanding Cash

According to Munawir, (2014) cash is the most liquid asset or is one of the elements of working capital with the highest liquidity. Cash is the most active asset component and greatly influences every transaction that occurs. Cash is the most liquid asset to meet the company's needs. The greater the cash in the company, the higher the liquidity.

2. Cash Turnover

According to Kashmir, (2017) the cash turnover ratio functions to measure the level of adequacy of the company's working capital needed to pay bills and finance sales. This means that this ratio is used to measure the level of cash availability to pay bills (debt) and costs related to sales. Hanafi (2011) (in Mulyanti & Supriyani, 2018) stated that cash is the least productive asset compared to other assets. Therefore, from a productivity perspective, holding as few assets as possible is a good choice for the company.

Excessive cash turnover with too little working capital will result in less ability to meet the company's needs. Thus, the lower cash turnover should result in a large amount of unproductive cash which will reduce the company's profitability.

The cash turnover rate can be formulated as follows:

$$\text{Cash turnover} = \frac{net\ sales}{cash\ average}$$

$$\text{Cash average} = \frac{opening\ cash + ending\ cash}{2}$$

Average inventory is calculated from half the value of the beginning inventory balance (previous year's balance) plus the ending inventory balance (current year's balance). This variable is measured using the unit "times" in one year.

3. RESEARCH METHODS

The type of data for this research includes quantitative research, namely data in the form of numbers or quantitative data as stated by Sugiyono, (2010) (in A. P. T. Lestari, 2017). This research uses secondary data in the form of financial reports on manufacturing companies listed on the Indonesia Stock Exchange. The source is www.idx.co.id.

This research was conducted on registered pulp and paper sub-sector companies on the stock exchange Indonesian Securities (BEI) which consists of PT. Indah Kiat Pulp & Paper Tbk, PT. Tjiwi Kimia Tbk Paper Factory, PT. Fajar Surya Wisesa Tbk, PT. Suparma Tbk, PT. Toba Pulp Lestari Tbk, Pt. Alkindo Naratama Tbk, PT. Kedawung Setia Industrial Tbk, Pt. Sriwahana Adityakarta Tbk and Pt. Paper Basuki Rachmat Indonesia Tbk. The research data is in the form of 38 time series data, namely data taken over a certain period of time, namely, as of 31 December 2018 – 2021. The research was carried out over a period of time, starting from October 2022 to June 2023.

The sampling technique used in this research is the purposive sampling or judgment sampling method, namely that the sample is selected using certain considerations that are adjusted to the research objectives or research problems being developed (Fuady & Rahmawati, 2018). The criteria used in this research are:

1. Pulp and paper sub-sector companies listed on the Indonesia Stock Exchange during the 2018-2021 period.
2. Pulp and paper sub-sector companies that published complete financial reports for the 2018-2021 period.
3. The company did not experience delisting in 2018-2021.

Based on the criteria above, the total number of pulp and paper sub-sector companies that meet the requirements as samples in this research is 8 companies multiplied by 4 years of financial data. The final data used in this research were 32 samples of financial report data listed on the Indonesia Stock Exchange for the 2018-2021 period.

4. RESULTS AND DISCUSSION

RESULTS

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The calculation results in gross *profit margin* and cash *turnover* in pulp and paper sub-sector companies listed on the Indonesia Stock Exchange during the 2018-2021 period.

Table 3. Development of Gross Profit Margin in Pulp and Paper Companies Listed on the Indonesian Stock Exchange.

No	Company name	*Gross Profit Margin* (%)			
		2018	2019	2020	2021
1	PT. Indah Kiat Pulp & Paper Tbk	0.360	0.271	0.288	0.349
2	PT. Tjiwi Kimia Tbk Paper Factory	0.109	0.102	0.138	0.137
3	PT. Fajar Surya Wisesa Tbk	0.303	0.218	0.155	0.135
4	PT. Suparma Tbk	0.156	0.149	0.182	0.210
5	PT. Alkindo Naratama Tbk	0.191	0.250	0.212	0.201
6	PT. Toba Pulp Lestari Tbk	0.137	0.004	0.078	0.174
7	PT. Kedawung Setia Industrial Tbk	0.143	0.161	0.170	0.150
8	PT. Sriwahana Adityakarta Tbk	0.168	0.192	0.221	0.170

Source: Processed data, 2022

Table 4. Development of Cash Turnover/Cash Turnover in Pulp and Paper Companies Listed on the Indonesian Stock Exchange.

No	Company name	Cash Turnover			
		2018	2019	2020	2021
1	PT. Indah Kiat Pulp & Paper Tbk	4.846	4.213	3.631	3.643
2	PT. Tjiwi Kimia Tbk Paper Factory	7.592	6.239	5.046	5.591
3	PT. Fajar Surya Wisesa Tbk	30.908	36.227	77.714	96.491
4	PT. Suparma Tbk	13.239	11.229	13.483	18.074
5	PT. Alkindo Naratama Tbk	74.476	52.014	50.344	24.034
6	PT. Toba Pulp Lestari Tbk	194.267	280.858	535.129	727.024
7	PT. Kedawung Setia Industrial Tbk	32.952	46.340	39.428	34.009
8	PT. Sriwahana Adityakarta Tbk	21.703	15.236	8.462	11.800

Source: Processed data, 2022

Normality test

Table 5. Data Normality Test Results with Kolmogorov-Smirnov
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		32
Normal Parameters A,b	Mean	,0000000
	Std. Deviation	,06994966
Most Extreme Differences	Absolute	,144
	Positive	,144
	Negative	-,108
Test Statistic		,144
Asymp. Sig. (2-tailed)		,091c

Source: Spss Processed Data Version 23.0 For Windows, 2023

Judging from the table above, the results of the normality test calculation in the Kolmogorov-Smirnov column show that the normality test uses theKolmogorov-Smirnov Significant at 0.091 > 0.05, it can be concluded that the residual value is normally distributed because its significance is greater than 0.05.

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Heteroscedasticity Test

Table 6. Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Say.
		B	Std. Error	Beta		
1	(Constant)	,051	,009		5,903	,000
	Cash Turnover	3,402E-5	,000	,124	,682	,501

Source: Spss Processed Data Version 23.0 For Windows, 2023

Based on the data from the Glejser test results above, it can be interpreted that in the regression analysis there are no symptoms of heteroscedasticity, showing a significant value of 0.501 > 0.05 so it can be concluded that the variable cash *turnover* heteroscedasticity does not occur.

Simple Linear Regression Analysis

Table 7. Simple Linear Regression Analysis Test Results

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Say.
		B	Std. Error	Beta		
1	(Constant)	,196	,014		13,970	,000
	Cash Turnover	-,000159	,000	-,339	-1,974	,058
a. Dependent Variable: Gross Profit Margin						

Source: Spss Processed Data Version 23.0 For Windows, 2023

From Table 7. above shows the results obtained for the constant values (a**)** amounted to 0.196, while the value cash *turnover/*cash turnover (b/ regression coefficient) is -0.000159. These results can be included in the regression equation as follows: $Y=a+Bx$

$$Y=0.196-0.000159\ x$$

The results of the equation above can be translated as a constant of 0.196, which means that the value of the variable has a consistent gross *profit margin* of 0.196. The regression coefficient value is -0.000159 (X), on the variable cash *turnover* (cash turnover) there is a negative relationship. This is when cash *turnover* (cash turnover) is increased by 1%, the gross *profit margin* will experience a decrease of 0.000159 assuming other influencing variables are considered constant.

Coefficient of Determination Test (R^2)

Table 8. Coefficient of Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,339[a]	,115	,085	,071106
a. Predictors: (Constant), Cash Turnover				
b. Dependent Variable: Gross Profit Margin				

Source: Spss Processed Data Version 23.0 For Windows, 2023

From the results of Table 8, it is clear that the relationship value (R) is 0.339. From this output, a coefficient of determination (R Square) of 0.115 is obtained, which means that the influence of the independent variable (*cash turnover*) to the dependent variable (*gross profit margin*) is 11.5%, while the remaining 88.5% is influenced by other variables outside the research.

Partial Test (t Test)

Table 9. t test results

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	,196	,014		13,970	,000
	Cash Turnover	-,000159	,000	-,339	-1,974	,058
a. Dependent Variable: Gross Profit Margin						

Source: Spss Processed Data Version 23.0 For Windows, 2023

T table = 0.05/2;32-1-1=0.025;30 = 2.042

The t table value obtained is 2.042:

In Table 9 it is known that the t value count of -1.974 is smaller than the t value table 2.042 with a significance value of 0.058 > 0.05. It can be concluded that cash *turnover* does not have a significant effect on gross *profit margin.*

Thus H_0 accepted and H_a rejected, so this shows that cash *turnover* (cash turnover) does not have a significant effect on gross *profit margin.*

DISCUSSION

Based on the test results, cash turnover has an effect on gross profit margin, which can be seen from the calculated t test results of -1.974 < 2.042. This gives the conclusion that Ho is accepted and Ha is rejected, meaning that between cash turnover and gross profit margin with a significance value of 0.058 > 0.05, cash turnover has no significant effect on gross profit margin in pulp and paper sub-sector companies for the 2018-2021 period. Based on the results of statistical tests, it shows that cash turnover results do not have a significant influence on gross profit margin. The results of this research show that cash turnover management is less effective because uncollected receivables take a long time to receive cash receipts. These results indicate that the decline in productivity is accompanied by low income or sales, as well as low efficiency in using cash, indicating that the company's performance is not good so that the company is not making a profit. Cash receipts that are not current make the company unable to meet its operational needs and unable to cover costs incurred from sales. Theoretically, if you manage cash turnover effectively, it will have an impact on high cash turnover, meaning that cash will come in faster for the company so that the company can refinance the company's operational activities. This is in line with the opinion of (Riyanto, 2018) that the higher the cash turnover, the better. This means that the higher the efficiency of cash use and the greater the profits obtained. Therefore, companies must pay attention to cash turnover. The results of this research are supported by research results from Fatima Anum and Muhammad Basri showing that cash turnover has no significant effect on gross profit margin.

5. CONCLUSION

Based on the results of research on the influence of cash turnover on gross profit margin in pulp and paper sub-sector companies and various descriptions that have been explained in previous chapters, the author can conclude that: Cash turnover has an influence of 11.5% on gross profit margin, while the remainder was influenced by other factors not included in this study, amounting to 88.5%. Based on the results of the t or partial test, cash turnover does not have a significant effect on gross profit margin (GPM) in pulp and paper sub-sector companies for the 2018-2021 period. The calculated t value is -1.974, which is smaller than the t table value of 2.042. which means the Ha hypothesis is rejected that cash turnover has no significant effect on gross profit margin. This result can be explained that the company's cash cannot be managed optimally in each period, causing cash turnover to tend to decrease/get lower, so that cash enters the company more slowly and too much cash is idle/held back. and not operational.

6. SUGGESTION

Based on the results of the research conducted by the research, the suggestions that the research can provide are as follows:

1. Companies must pay attention to cash turnover because it will affect the gross profit margin generated. Apart from that, the company must be able to maximize its cash to increase sales and also reduce receivables so that the resulting gross profit margin can increase.
2. Before investing, investors should analyze financial ratios related to profitability, especially the gross profit margin ratio, because it affects share prices. Companies that consistently have high profits are of course managed by good management, therefore investors must look at the condition of the company in terms of its financial condition and management to detect the right time to enter and exit the stock market.
3. For future researchers, to add other factors outside this research that can influence the gross profit margin (GPM) in pulp and paper sub-sector companies listed on the Indonesia Stock Exchange (BEI), both internal and external factors, can increase the research period to produce contributions. larger and also to expand the scope of research, namely with different companies, so that different conclusions can be obtained to increase insight and knowledge.

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