LIQUIDITY, ACCOUNTS RECEIVABLE TURNOVER, CAPITAL STRUCTURE, FIRM SIZE AND PROFITABILITY

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ABSTRACT

Purpose: *This research aims to analyze the effect of liquidity, receivables turnover, capital structure and firm size on profitability, this type of research uses quantitative research* ***Methods:*** *methods and data is collected using the documentation method,* ***Analysis data:*** *the population of this study, namely manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange (IDX) in 2018-2021 totaled 51 companies. The sampling technique was purposive sampling, with a sample that entered the criteria as many as 23 companies that were used as samples of data analysis. The data analysis method used is multiple linear regression.* ***Result and discussions:*** *The results showed that liquidity, capital structure and firm size had an effect on profitability. Meanwhile, accounts Receivable Turnover has no effect on profitability*

Keywords*: Liquidity, Accounts Receivable Turnover, Capital Structure and Company Size*

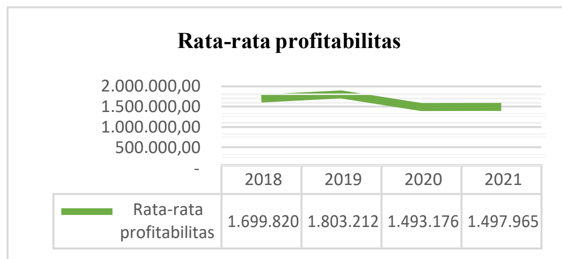
INTRODUCTION

Profitability or also called profitability, namely the company's ability to earn comprehensive profits, and convert sales into profits and cash flow (Sirait, 2017).

According to Kasmir (2016) the profitability ratio is a ratio to assess the company's ability to seek profit. This ratio also provides a measure of the effectiveness of a company's management. This is indicated by the profit generated from sales and investment income. The point is that the use of this ratio shows the efficiency of the company.

According to Hery (2016) the profitability ratio is a ratio used to measure the company's ability to generate profits from its normal business activities. The profitability ratio is also known as the profitability ratio. In addition to aiming to determine the company's ability to generate profits during a certain period, this ratio also aims to measure the level of management effectiveness in running the company's operations. Profitability ratio is a ratio that describes the company's ability to generate profits through all the capabilities and resources it has, namely those derived from sales activities, use of assets and use of capital. The profitability ratios consist of Earnings Per Share (EPS), Operating Profit Margin (OPM), Gross Profit Margin (GPM), Net Profit Margin (NPM), Earning Power of Total Investment, return on Investment (ROI)/ Return On Assets (ROA)) and Return On Equity (ROE). Profitability ratios provide information about a measure of the effectiveness of a company's management. This is indicated by the profitability generated from the sale of goods or services and investment income. So it can be concluded that the use of this profitability ratio can show the level of effectiveness and efficiency of a company. Earnings Per Share (EPS) is a measure of the company's ability to generate profits per share owner. Operating Profit Margin (OPM) is the company's ability to generate profits compared to the sales achieved. Gross Profit Margin (GPM) is a company's gross profit value with sales levels that have been achieved in the same period. Net Profit Margin (NPM) is a ratio to measure the company's ability to earn net profit. Earning

Power of Total Investment is a tool to measure the company's ability to manage capital owned and invested in overall assets. Return On Assets (ROA) is a company's ability to generate profits with all assets owned by the company. Meanwhile, Return On Equity (ROE) is the company's ability to generate profits on its own capital. In this study the profitability ratio used is ROA (Return On Assets).



Source: processed data, 2022

Figure 1. Average profitability of manufacturing companies in the consumer goods sector

Figure 1 shows a phenomenon that occurs in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX), namely the average profitability of companies that fluctuates every year, increasing and decreasing in 4 consecutive years. This is influenced by several factors that can affect profitability including: liquidity, solvency, capital structure, company activities, company age, production costs, production capacity, sales growth, products produced, financial distress, corporate social responsibility, dividend policy and size. company. Each of these factors has a very important role in determining the profitability results.

Liquidity is the company's ability to meet obligations or pay short-term debt, buy raw materials, pay various expenses, invest and others. The company can determine the amount of cash that must be available in the company to be used, in order to meet these needs. When the amount of cash is sufficient, the company's risk is low and from an investment perspective the company can invest its funds so that it can generate profits, it will have an impact on profitability. In this study, liquidity is measured using a liquidity ratio that specifically uses the Current Ratio. In research conducted by Husnah & Setiadi (2020) shows the results that the Current Ratio variable has no effect on Return On Assets. Meanwhile, according to Maulita & Tania (2018) The results of this study found that the Current Ratio has a significant effect on Return On Assets in a positive direction.

Solvency is the company's ability to pay all of its obligations, both short-term and long-term. Definition according to Kasmir (2016)solvency ratio or leverage ratio is a ratio used to measure the company's ability to pay all its obligations, both short-term and long-term if the company is liquidated (liquidated). Leverage ratio is a ratio that describes the company's ability to fulfill all its obligations. Similar to the liquidity ratio, the solvency ratio is also needed for the purposes of credit analysis or financial risk analysis (Hery, 2015). Based on the explanation above, it can be concluded that solvency is a ratio used to measure the company's ability to pay all short-term and long-term obligations.

Capital structure is a comparison between long-term debt with own capital used for company operations or in addition to buying company assets which can come from own capital or external capital. Companies that finance using external capital must pay attention that this can lead to a fixed interest expense and can lead to a decrease in profitability if the profits obtained from the use of external capital are lower. In this study, capital structure is measured by a specific leverage ratio (solvability) using the Debt to Equity Ratio (DER). In research conducted by Amelia et al., (2022) shows the results that the Debt to Equity Ratio (DER) variable has no effect on profit growth in basic and chemical industrial sector companies for the 2016-2018 period. Meanwhile, according to Utama & Muid (2014) The results of his

research found that the Debt to Equity Ratio (DER) had a significant effect on ROA in a negative direction.

Company activity is the ability to measure how effective the company is in utilizing all its resources. Low company activity at a certain level of sales results in the greater the amount of more funds that will be embedded in assets. These extra funds are where the impact of low activities will be better if invested in more productive activities. Company activities reflect how effective company management is in using company assets to carry out company activities (Syahyunan, 2013). In addition, the research is also supported by the theory put forward Riyanto (2001) which states that high or low asset conditions will provide an overview of asset turnover and the profits that can be achieved by the company from asset turnover. Based on the explanation above, it can be concluded that the company's activity is the company's ability to utilize all its resources. Accounts receivable turnover is the company's ability to show how long it takes to convert receivables into cash. Receivables that are too long uncollectible will have a high risk, because it will cause losses that will reduce the company's income which will definitely have an impact on profitability. Conversely, if the receivable turnover rate is faster, the receivable turnover period will be shorter and will have a low risk, because it does not have the burden of losses due to uncollectible accounts so that it has an impact on increasing profitability. In this study, receivable turnover was measured using the activity ratio which specifically used Receivable Turnover. In research conducted by Krisnawarti & Sholikin (2018) shows the results that receivables turnover has a positive and significant effect on the profitability of manufacturing companies that go public on the Indonesia Stock Exchange.

Cost is one of the factors that affect the size of the profit earned. The profit obtained can be maximized by reducing production costs and operational costs that will be issued by the company, the more profit the company has, the maximum the company will be in developing company activities and the company will maintain the survival of the company. Production costs are costs incurred to process raw materials into finished products that are ready to be sold. According to the object of expenditure, production costs are broadly divided into three parts, namely: raw material costs, direct labor costs, and factory overhead costs. (Mulyadi, 2013).

Production capacity is the volume or number of products that can be produced by the company in a certain period using the available resources at that time. The larger the scale of the company, the greater the production capacity of the company. This resulted in the effect on the profitability of the company. Operating capacity or activity ratio is a ratio which is also known as an efficiency ratio that is used to assess whether or not a company is effective in using its assets to generate sales, so that it will create the accuracy of a company's operational performance. (Atika & Handayani, 2013). In this production capacity can usually be measured using the company's activity ratio.

Sales growth is the change in the total value of sales in the company's financial statements per year. If the sales growth generated by the company is above the average of a company, it is generally based on the expected rapid growth of the industry in which the company operates, by knowing how much sales growth is, the company can predict how much profit it will get (Nugroho, 2011). This sales growth can be calculated using the sales growth ratio (Sales Growth). Sales growth is the ratio used to predict the company's growth in the future from the revenue generated from products and services, as well as the income generated by sales.

The resulting product is included in the factors that affect the profitability of a company. This is because the products produced by the company in each sector are different and this will affect the profitability

of the company in that sector. For example in the manufacturing sector company with the transportation sector. It is this sectoral difference that can usually be a factor that affects profitability.

Financial distress or financial difficulties are the stages of a company's decline before it goes bankrupt (Platt & Platt, 2002). Financial distress is a condition that describes the state of a company that is experiencing financial difficulties, meaning that the company is in an unsafe position from the threat of bankruptcy or failure in the company's business. According to Hapsari (2012) one source of information regarding the possibility of financial distress can be seen from the financial statements, through the calculation of financial ratios. One of the causes that causes the company's financial condition to be in distress is the company's inability to finance the company's operations due to the lack of income from production. And then the most easily seen condition of a company experiencing financial distress is a violation of debt payment commitments accompanied by the omission of dividend payments to investors, etc.

Corporate Social Responsibility (CSR) is a promise and commitment of companies in the business world to contribute in an effort to create sustainable economic development by paying attention to corporate social responsibility and focusing on balance on social, economic and environmental aspects where the company operates. is at (Raharjo, 2015). Disclosure of social responsibility can also be interpreted as the moral responsibility of a company towards the stakeholder strategy, especially the community and community around its work area and operations.

Dividend is a permanent payment of capital submitted by shareholders or company owners (Syamsuddin, 2011). Dividend policy is the percentage of profit paid to shareholders in the form of cash dividends, maintaining dividend stability from time to time, distributing stock dividends and repurchasing shares (Naufal, 2014).

Company size is a determination of the size of the company. Determination of the size of the company can be done by looking at the total assets owned in the company. The higher the total assets, the higher the total assets owned by the company indicates that the company is classified as a large company. And vice versa, if the lower the total assets, it will indicate that the company is classified as a small company. The greater the total assets in the company, the greater the assets owned by the company so that investors will be safer in investing in the company (Rifai et al., 2015). In this study, the size of the company will be measured using the natural logarithm (Ln) of the total assets in the company. Companies with large total assets can use their resources as much as possible to generate maximum profits. According to Ambarwati et al., (2015) company size has a significant positive effect on profitability, this explains that the larger the company size, the greater the probability of increasing profits. Company size can be seen from the total assets of the company, because companies with large total assets reflect the company's stability. Meanwhile, according to Husnah & Setiadi (2020) The Effect of Company Size on Return On Assets in the tests carried out, the variable size of the company (size) on Return On Assets has a positive effect on Return On Assets.

From the results of previous studies indicate that the factors that affect profitability are still very varied and varied. This study aims to re-analyze the findings of previous studies, due to the importance of profitability which has always been a concern for investors. In this study, researchers chose four factors that can affect profitability, including liquidity, receivables turnover, capital structure and firm size. This study refers to manufacturing companies in the consumer goods industry sector by considering that

companies in this sector have a high level of interest and competitiveness, and play an important role in meeting the basic needs of consumers. In addition, because manufacturing companies are large-scale companies compared to other companies, manufacturing companies also have stocks that are resistant to the economic crisis during this pandemic because most of the products in manufacturing companies are still needed so it is very unlikely to suffer losses.

THEORETICAL BASIS

Signalling Theory

Spence (1978) Signalling Theory argues that the signal or signal provides a signal, the sender (information owner) tries to provide relevant pieces of information that can be utilized by the recipient. The receiving party will then adjust its behavior according to the understanding of the signal. Measurement of company performance can be explained using signal theory. Signaling theory is a theory that states how a company should give signals to users of financial statements. Signals can be in the form of promotions or other information stating that the company is better than other companies.

Pecking Order theory

Pecking Order theory It was first introduced by Donaldson in 1961, but the naming of the pecking order theory was carried out by Myers & Majluf (1984). This theory states that there is a kind of pecking order for companies in using capital. The theory also explains that companies prioritize internal equity funding (using retained earnings) rather than external equity funding (issuing new shares). Pecking Order theory focuses on internal financing, for example through profit retention as the first priority, debt financing is the second priority when internal funds are insufficient, and equity financing will be issued as the last option to finance the company's business (Ab Wahab & Ramli, 2014).

HYPOTHESES

a. Effect of Liquidity on Profitability

The relationship between liquidity and profitability is theoretically explained by Signaling theory, that is how a company should give a signal to both users of financial statements and non-financial reports. (Hartono, 2018). The higher the company's liquidity means the stronger the company's overall financial condition, so this can increase the company's profitability (Siregar, 2012). Empirically the relationship between liquidity and profitability is explained by Wahyuni & Suryakusuma, (2018) the results show that there is an influence between liquidity on profitability. High liquidity illustrates that the company is able to fulfill all of its obligations in the short term, so this can give a positive signal that the company's condition is stable and able to increase high profitability. Based on this statement, the following hypothesis is formulated:
H1: Liquidity affects Profitability

b. The Effect of Accounts Receivable Turnover on Profitability

The relationship between receivables turnover and profitability is theoretically explained by signaling theory, according to Purnamasari & Fitria (2015) saying that the shorter the time the debtor pays off his receivables to the company, the better for the company's cash, so that the cash need for working capital to finance the company's operating activities can be met. fulfilled. Meanwhile, according to Riyanto (2001) the faster the turnover of the company's receivables, the faster the turnover of profits, so that the company's profitability also increases. Empirically, the relationship between receivables turnover and profitability is explained by research conducted by Pratiwi & Ardini (2018) which states that receivables turnover has an effect on profitability. This means that the more receivables that will be billed by the company in a certain period, the company will not suffer losses. From the results of receivables that have been

collected, the company can reuse it to develop its business activities so that more profits will be obtained. Thus the level of company profitability will increase along with the amount of profit that has been obtained. Based on this statement, the following hypothesis is formulated:
H2: Accounts Receivable Turnover Affects Profitability

c. Effect of Capital Structure on Profitability

The relationship between profitability and capital structure is theoretically supported by Pecking Order Theory. This theory explains that companies with high levels of profitability actually have low levels of debt, because companies with high profitability have abundant internal sources of funds. Companies with high levels of profitability prefer to use company funds with retained earnings or internal company sources of funds rather than debt (Masoud, 2014). Because the higher the use of debt as a source of corporate funding, the interest expense will also be quite large for the company and the company's profitability will decrease (Azhari, 2016). Empirically, this statement is supported by research (Widiyanti, 2018) & Wedyaningsih et al. (2018) the results show that profitability has a negative relationship with leverage ratios which is consistent with the pecking order theory, concluding that highly profitable companies will have more internal funds, because they have excess internal funding sources. Based on this statement, the following hypothesis is formulated:
H3: Capital Structure Affects Profitability

d. The Effect of Firm Size on Profitability

The Grand Theory used in this research is Signaling Theory. The company's performance measurement states that the company is better than other companies. Company size is a determination of the size of the company (Rifai et al., 2015). According to Azhari (2016), the larger the company, the greater the assets owned, if the assets are greater, the funds used will also be greater for operations, with greater operations, the greater the impact on income, which of course is followed by the movement of corporate profits. This profit movement will definitely move the company's Return On Assets, therefore the size of the company affects the Return On Assets. According to research from Pratama & Wiksuana (2016), the results show that company size partially has a significant positive effect on profitability. The larger the size of a company, the higher the effectiveness of a company in generating profits. Based on this statement, the following hypothesis is formulated:
H4: Firm Size Affects Profitability

METHOD

The population of this study are manufacturing companies in the consumer goods sector listed on the IDX. The sample selection used a purposive sampling technique with a sample size of 23 manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange during the 2018-2021 period which had completely published annual financial reports in a row during the 2018-2021 period and did not suffer losses.

In compiling this research used secondary data and data presentation using pooling data which is a combination of cross section data and time series data.

The analysis technique of this research is quantitative analysis, namely descriptive statistical analysis and multiple linear regression. The data processing technique was carried out using the SPSS 24 program.

Multiple linear regression equation:

$$Y = a + \beta_1 CR + \beta_2 TATO + \beta_3 DER + \beta_4 SIZE + e$$

Information:

Y	: Profitability (Return On Assets)
a	: Constant
β1, β2, β3, β4	: Regression coefficient
CR	: Current Ratio
TATO	: Total Assets Turnover
DER	: Debt to Equity Ratio
SIZE	: Company Size
e	: Residual (Other factors that affect the Y variable)

This test is conducted to determine whether all independent variables, either simultaneously or partially affect the dependent variable with the T test (t-test) with a significance level of (α) 5% or = 0.05.

Hypothesis Test (t Test)

The t test shows how far the influence of one independent variable on the dependent variable. Testing is done by using a significant 5% acceptance or rejection of the hypothesis is carried out with the following criteria (Ghozali, 2016):

a. If the significant value > 0.05 then the hypothesis is rejected (regression coefficient is not significant). This means that partially the independent variable has no significant effect on the dependent variable.
b. If the significant value <0.05 then the hypothesis is accepted (significant regression coefficient). This means that partially the independent variable has a significant influence on the dependent variable.

RESULTS AND DISCUSSION

Descriptive statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1_CR	88	65.29	1330.91	328.1378	258.66662
X2_P.PIUT	88	2.3747	61.3707	11.153025	10.7906092
X3_DER	88	12.1670	290.9487	75.399472	67.2966857
X4_SIZE	88	25.8155	32.8204	29.166356	1.7338192
Y_ROA	88	1.0381	46.5154	12.228392	8.9319933
Valid N (listwise)	88				

a. Based on the table above, it provides an overview of the data used in this study, namely the average value (mean), maximum value, minimum value and standard deviation value.
b. a. The Return On Asset (Y) variable with 88 data has the lowest value of 1.0381, the highest value of 46.5154, the average value of 12.228392 and the standard deviation of 8.9319933. The variable Current Ratio (X1) with 88 data has the lowest value of 65.29, the highest value of 1330.91, the average value of 328.1378 and the standard deviation of 258.66662.
c. The receivable turnover variable (X2) with 88 data has the lowest value of 2.3747, the highest value of 61.3707, the average value of 11.153025 and the standard deviation of 10.7906092.
d. The Debt to Equity Ratio (X3) variable with 88 data has the lowest value of 12.1670, the highest value of 290.9487, the average value of 75.399472 and the standard deviation of 67.2966857.
e. The variable company size (X4) with 88 data has the lowest value of 25.8155, the highest value of 32.8204, the average value of 29.166356 and the standard deviation of 1.7338192.

Classic Assumption Test

a. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		88
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.65093903
Most Extreme Differences	Absolute	.065
	Positive	.059
	Negative	-.065
Test Statistic		.065
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Based on the results obtained from the table above in the normality test using the Kolmogorov Smirnov One Sample test, the result is 0.200, which means that the residuals are normally distributed because the significance value is more than 0.05.

b. Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics Tolerance	VIF
1	X1_CR	.557	1.796
	X2_P.PIUT	.703	1.423
	X3_DER	.489	2.045
	X4_SIZE	.661	1.512

a. Dependent Variable: Y_ROA

Based on the table above, it can be seen that the variables Current Ratio,

receivable turnover, Debt to Equity Ratio and company size are known for the Tolerance > 0.1 and Inflation Factor (VIF) < 10, it can be concluded that in the regression model there is no multicollinearity.

c. Heteroscedasticity Test

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.479	.906		2.737	.008
	X1_CR	-.144	.083	-.232	-1.736	.086
	X2_P.PIUT	-.001	.005	-.014	-.118	.906
	X3_DER	.001	.001	.227	1.593	.115
	X4_SIZE	-.044	.030	-.182	-1.482	.142

a. Dependent Variable: abres

Based on the results of the Glejser test above, it can be seen that the significance value of the three independent variables, namely Current Ratio, accounts receivable turnover, Debt to Equity Ratio and company size is more than 0.05. Thus, it can be concluded that there is no heteroscedasticity problem in the regression model and can be used for further analysis.

d. Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.376[a]	.141	.100	.6664398	2.303

a. Predictors: (Constant), X4_SIZE, X2_P.PIUT, X1_CR, X3_DER
b. Dependent Variable: Y_ROA

Based on the test table above, the resulting Watson durbin is 2,303. This value will be compared with the DW table with a sample size of 88, the number of independent variables 4 and a 5% confidence level in which the lower limit (dl) = 1.5597 and the upper limit (du) = 1.7493. Because the DW 2.303 value is between the upper limit (du) = 1.7493 and (4-du) = 2.2507, it can be concluded that there is no autocorrelation.

Multiple Linear Regression Test

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.371	1.545		.240	.811
	X1_CR	-.288	.142	-.277	-2.036	.045
	X2_P.PIUT	-.010	.008	-.149	-1.225	.224
	X3_DER	-.005	.002	-.476	-3.269	.002
	X4_SIZE	.137	.051	.337	2.698	.008

a. Dependent Variable: Y_ROA

Based on the table above, the equations of Multiple Linear Regression, the regression equation model developed in this study is as follows:

$$Y = 0.371 - 0.288X1 - 0.010X2 - 0.005X3 + 0.137X4 + e$$

From the results of the regression equation model above, the conclusions that can be drawn are as follows:

a. The value of the intercept constant is 0.371. These results can be interpreted that if the value of all independent variables is 0, then the magnitude of profitability will be 0.371.

b. The regression coefficient value of the liquidity variable is -0.288. These results can be interpreted that if liquidity increases by one percent, then profitability will decrease by -0.288 units assuming all other independent variables are constant.

c. Regression coefficient value of accounts receivable turnover is -0.010. These results can be interpreted that if the receivables turnover increases by one percent, then profitability will decrease by -0.010 units assuming all other independent variables are constant.

d. The regression coefficient value of the capital structure variable is -0.005. These results can be interpreted that if the capital structure increases by one percent, then profitability will decrease by -0.005 units assuming all other independent variables are constant.

e. The regression coefficient value of the firm size variable is 0.137. These results can be interpreted that if the size of the company increases by one percent, then tax avoidance will increase by 0.137 units assuming all other independent variables are constant.

Hypothesis Test (t Test)

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.371	1.545		.240	.811
	X1_CR	-.288	.142	-.277	-2.036	.045
	X2_P.PIUT	-.010	.008	-.149	-1.225	.224
	X3_DER	-.005	.002	-.476	-3.269	.002
	X4_SIZE	.137	.051	.337	2.698	.008

a. Dependent Variable: Y_ROA

Based on the results of the partial hypothesis test of the t test above, it can be

concluded that:

a. Effect of Liquidity on Profitability

The first hypothesis proposed in this study is that liquidity has an effect on profitability. The results of testing the first hypothesis can be seen that the relationship between the liquidity variable and profitability has a liquidity regression coefficient value of -0.288 and a significance value of 0.045. The significance value is less than 0.05, so this study can be concluded that the first hypothesis (H1) of this study is accepted, and the results of this study state that liquidity has an effect on profitability. The results of this study are consistent with the results of previous studies conducted by Priyono et al. (2022); Tarigan & Sudjiman (2021) which in this case liquidity (Current Ratio) affects profitability (Return On Assets). However, this study is not consistent with research D. A. Pratama & Wahyudi (2021) which in this case liquidity (Current Ratio) has no effect on profitability (Return On Assets). A high liquidity value indicates that the company is safe from the risk of failure to meet its short-term obligations. The higher the liquidity of the company, the greater the company's ability to meet various short-term obligations and can increase the value of the company's profitability. Higher liquidity indicates the availability of working capital that can be used for company operations. If the company's operations can run well, the company's sales activities will also run well. This will support the increase in company profitability. In addition, high liquidity also makes investors believe that the company is in a stable condition. This condition will support investors to want to invest in the company. An increase in capital from investors certainly helps reduce the company's debt so that the interest burden that must be borne becomes smaller. This can lead to an increase in the profitability of the company.

b. Effect of Accounts Receivable Turnover on Profitability

The second hypothesis proposed in this study is that receivables turnover has an effect on profitability. The results of testing the second hypothesis can be seen that the relationship between the receivables turnover variable and profitability has a regression coefficient value of -0.010 and a significance value of 0.224. The significance value is more than 0.050, so this study can be concluded that the second hypothesis (H2) of this study is rejected or not accepted, and the results of this study state that receivable turnover has no effect on profitability. The results of this study are consistent with the results of previous studies conducted by Trisnayanti et al. (2020); Fuady & Rahmawati (2018) which in this case accounts receivable turnover has no effect on profitability (Return On Assets). However, this study is not consistent with research Pratiwi & Ardini (2019) which in this case accounts receivable turnover has an effect on profitability (Return On Assets). From the results obtained, the receivables turnover does not play a direct role in increasing profitability. This can be caused by a lot of sales on credit but the receivables turnover is low so that the capital embedded in the receivables becomes large and takes a long time to become cash. Then the company's operational activities will be disrupted so that profitability will decrease.

c. Effect of Capital Structure on Profitability

The third hypothesis proposed in this study is the effect of capital structure on profitability. The results of testing the third hypothesis can be seen that the relationship between the capital structure variable and profitability has a regression coefficient value of -0.005 and a significance value of 0.002. The significance value is less than 0.05, it can be concluded that the third hypothesis (H3) of this study is accepted, and the results of this study state that capital structure affects profitability. The results of this study are consistent with the results of previous studies conducted by Sukmayanti & Triaryati (2019) which in this case the

capital structure (Debt to Equity Ratio) has an effect on profitability (Return On Assets). However, this study is not consistent with research Vidyasari et al. (2021) which in this case the capital structure (Debt to Equity Ratio) has no effect on profitability (Return On Assets). The results of this study indicate that the higher the capital structure, the lower the value of the company's profitability. The higher the capital structure proxied by DER (Debt to Equity Ratio) shows the proportion that the total debt is greater than the total own capital owned, so that the company's burden on outside parties is also higher. Companies that use more debt in their operations will get a higher interest expense, so the interest expense will reduce net income. This means that the use of debt will affect the risks and profits obtained by the company.

d. The Effect of Firm Size on Profitability

The fourth hypothesis proposed in this study is that firm size has an effect on profitability. The results of testing the fourth hypothesis can be seen that the relationship between firm size and profitability has a regression coefficient value of 0.137 and a significance value of 0.008. The significance value is less than 0.05, it can be concluded that the fourth hypothesis (H4) of this study is accepted, and the results of this study state that capital structure affects profitability. The results of this study are consistent with the results of previous studies conducted by Sukmayanti & Triaryati (2019) which in this case the size of the company has an effect on profitability (Return On Assets). However, this study is not consistent with research D. A. Pratama & Wahyudi (2021) which in this case the size of the company has no significant effect on profitability (Return On Assets). Company size is an indicator that can show the condition of the company seen from the big picture of a company. The results in this study indicate that the larger the size of the company it will also increase the value of the company's profitability. A large company size will tend to have large total assets, so that the company is able to optimize the company's performance with assets owned. Companies that have many assets can increase their production capacity so that they have the potential to increase company profits.

CONCLUSION

Conclusion

Based on the results of data analysis and the previous discussion, the following conclusions can be drawn:

a. Liquidity affects the profitability of manufacturing companies in the consumer goods sector.
b. Accounts receivable turnover does not affect the profitability of manufacturing companies in the consumer goods sector.
c. Capital structure affects the profitability of manufacturing companies in the consumer goods sector.
d. Company size has an effect on profitability in manufacturing companies in the consumer goods sector.

Suggestion

Suggestions that can be given related to the results of this study are as follows:

a. Future researchers are expected to add independent variables or other factors that can affect profitability such as solvency, company activity, company age, production costs, production capacity, sales growth, products produced, financial distress, corporate social responsibility and dividend policy.
b. The next researcher should increase the research period to strengthen the research results
c. Further researchers can increase the number of research samples or compare all company sectors listed on the Indonesia Stock Exchange.

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THE INFLUENCE OF FINANCIAL DISTRESS, GOING CONCERN OPINION, PROFITABILITY, MANAGEMENT CHANGES, AND COMPANY GROWTH ON AUDITOR SWITCHING
Case of property and real estate sector companies listed on the Indonesia Stock Exchange

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ABSTRACT

This study aims to determine whether there is an effect of financial distress, going concern opinion, profitability, management changes, and company growth on auditor switching of property and real estate sector companies listed on the Indonesia Stock Exchange from the 2014 to 2020. Purposive sampling use to select the sample, 79 companies selected and 24 met the criteria. The selected sample tested (24 companies or 168 observations) and analyzed using Logistic Regression Analysis (LRA) techniques. The results indicate that financial distress and profitability have no effect on voluntary auditor switching, while going concern opinion and company growth and management turnover had an effect on voluntary auditor switching. Based on this research limitation, further research should use other sector, adding other variables and use better technique for detecting auditor switching to increase the power of the tests.

***Keywords**: Auditor Switching, Financial Distress, Going Concern Opinion, Profitability, Management of Change, Company Growth.*

INTRODUCTION

Financial statements are a form of management responsibility that comes from the principle. Management (agent) has a responsibility to provide information to principle. The resources provided are a form of trust from the principle to management (SAK 01, 2021).

However, in the presentation of financial statements, there is a conflict of interest between agent and principle. Agent has an interest in appreciating the performance that is considered to have been able to meet the target. Principle, the owner's interest is to receive prosperity from management performance in the form of a return from the amount of capital entrusted. However, the actual situation is different from the performance achieved by the agent. This triggers the cause of financial statements that are less independent. Therefore, the financial statements must be audited in order to have reasonable assurance that they are presented fairly, can be trusted, and are reliable. Companies that have listed their shares on the Indonesian stock exchange have an obligation to provide independent financial statements.

Public Accountants are independent parties in charge of examining and providing statements on the fairness of financial statements. In accordance with paragraph 15 (SA 200) “the auditor shall plan and perform the audit with professional skepticism given that certain circumstances may exist that cause the financial statements to be materially misstated”. Being honest, reporting findings in accordance with the evidence and impartially so that financial statements have credibility for users is an attitude of independence in an auditor. Therefore, the auditor has an obligation to maintain independence and avoid things that can reduce his independence.