sciendo

DOI 10.2478/sbe-2023-0016
SBE no. 18(1) 2023

EFFECT OF CASH, RECEIVABLES, AND INVENTORY TURNOVER ON NET PROFIT MARGIN (NPM) IN FOOD & BEVERAGE SUBSECTOR MANUFACTURING COMPANIES

SUNARYO Deni
Terbuka University and Serang Raya University, Banten, Indonesia

LESTARI Etty Puji
Terbuka University, Banten, Indonesia

Abstract:

This study focused on the influence of cash turnover, receivables turnover, and inventory turnover against the Net Profit Margin (NPM), showing the inequality of the results of previous studies. Therefore, this research investigates whether that inequality is associated with cash turnover, receivables turnover, and supply turnover against NPM, which becomes the focus of this study. The research used the data obtained from food and beverage manufacturing subsectors in the Southeast Asian Stock Exchange between 2012 and 2018. This study applied purposive sampling of 11 companies that provided a complete financial report, acquiring 77 samples. The statistical analyses used were multiple linear regression, partial testing, and simultaneous testing. The results of this study indicated that cash turnover and receivables turnover had no significant influence on the NPM, while the supply turnover had a significant influence on NPM. The results of the simulta-neous study of cash turnover, the turnover of receivables, and inventory turnover have a signif-icant rate of 0.010 < 0.05. It can be concluded that cash turnover, turnover receivables, and inventory rotation significantly influence the NPM.

Key words: *cash turnover, inventory turnover, net profit margin, receivable turnover*

1. Introduction

Many foods and beverage companies strive to gain maximum profits, which will affect the countries' national revenues, productivity, investments, exports, human resources, or job availability (Indonesian Ministry of Industry, 2020); this is correlated with the population growth in some countries, which also affects the demand for food and beverage companies. Indonesia's Industrial Minister (MENPERIN), Airlangga Hartanto, stated, "In Southeast Asia, the subsectors which have exponential growth are food and beverages, automotive, electronics, and textile clothes footwear. Especially in the early 2nd quarter of 2017, food and beverage industries had increasing revenue growth from 7, 19% to 9, 46% in the 3rd quarter of the same year. This fact explains why the food and beverage industries become one of the promising business sectors".

Furthermore, companies that entered the international platform are assumed to have reliable profits. This may indirectly increase industrial participants' competitiveness in the international market since the food and beverage sectors can successfully develop inside and alongside Asian countries. Hence, one of the essential things in managing companies is well-organized financial reporting systems. The reporting systems can be used for annual evaluation, strategy analysis, and preparation for increasing profits for the company.

In this research, we used a Net Profit Margin (NPM) to evaluate sales' profitability from some food and beverage companies. Reviewing NPM growth can be achieved by comparing the NPM from the current year with the previous year's profit. Suppose the NPM from the current year is higher than the previous year; in that case, the company has successfully managed its financial condition in effective and efficient ways.

The concerns and efforts on optimizing the company's NPM could be evaluated through several parameters, such as cash, receivables, and inventory. Nurafika and Almadany (2018) stated that cash turnover, receivables turnover, and inventory turnover have significant and nonsignificant effects on NPM. The cash turnover only has significance toward profits. In contrast, Canizio (2016) stated that cash turnover has no significance in the company's profits. For the other parameters, such as the receivable turnover, Rahayu and Susilowibowo (2014), followed by Daryanto and Rachmanto (2017), suggested that the receivables turnover has no significance toward the profits. Prakoso, Zahroh, and Nuzula (2014), in contrast, found a significant effect on the return of investment. Following these two mentioned parameters, the third parameter is inventory turnover. As stated by Naibaho and Rahayu (2014), inventory turnover has a significant positive effect on profits. However, these statements contradict the findings of Surya, Ruliana, and Soetama (2019), who suggested that inventory turnover has no influence on profits.

Cash is an important current flowing asset that can be saved as a cash reserve for emergencies or other priorities (Husnan and Pudjiastuti, 2017). The company's effectiveness and profitability can be determined by using the cash turnover report (Riyanto, 2001). On the other hand, accounts receivable can also be used as a parameter to determine the company's profitability. Accounts receivable is defined as company claims against other parties in the forms of cash, goods or commodity, or any services that have been sold previously on credit. The company has its right to the other party as they have agreed to the terms and conditions, which can determine the receivables turnover values. Fess, Warren, and Reeve (2005) defined account receivable turnover as an effort to measure how often account receivables turn into cash in one fiscal year. The higher the values of receivables turnover, the more positive the impact on the company. This condition also reflects the marketing manager's success in selling its company commodities through the credit system. If the receivable turnover's positive trends can be managed efficiently, it can produce higher profits for the company (Raheman and Nasr, 2014). Meanwhile, inventory is described as the flow of the company's current assets or commodities that can be received, changed, or sold Smith, Skousen, and Sirait (2000). Inventory turnover can reflect the company's efficiency ratio regarding how many times the commodities changed or were produced in one period. Hence, the increasing inventory turnover may also reflect the expanding selling point.

According to previous studies, there was some partiality in conclusion related to cash, receivable, and inventory turnovers toward company profits. Therefore, this research was carried out to analyze and investigate the three mentioned parameters' significances toward NPM using food and beverage companies that enlisted at the South East Asia Stock Exchange.

2. Literature Review

2.1 Profit ratio

According to Kasmir (2018), "profit ratio is a ratio used to value the ability of the company to gain its profits." This ratio is calculated by comparing various variables recorded in the financial report. The result of the profit ratio can be used to determine the company's efficiency. Thus, the profit ratio is considered one of the managerial evaluation tools.

According to Brigham and Houston (2014), "profit ratio is a group of ratios showing the combination of liquidity influences, asset management, and account receivables toward the financial operation".

2.2 Net profit margin

According to Murhadi (2013), "NPM reflects the company's abilities to gain net profit from sales." The high NPM reflects the quality of the company's operation. The formula for NPM is as follow (equation 1):

$$Net\ Profit\ Margin = \frac{Net\ Profit\ Margin}{Revenue} \quad (1)$$

2.3 Net profit margin

The activity ratio is a ratio used to measure the effectiveness and the utilization of the company resource. Efficiency in these terms means the overall efficiency in sales, inven-tory, receivables, and other fields. The calculation of activity ratio can be used to evaluate any company management activities' efficiency for a certain period (Kasmir, 2018). Van-Horne and Wachowicz (2009) stated that the activity ratio or efficiency ratio measures the company's effectiveness in employing its assets.

2.4 Cash turnover

Kasmir (2018) defined cash turnover as follows: "cash turnover is a comparison be-tween sales with the average cash and reflects the ability of the cash to gain revenues. This can be measured by how many times the cash turnover be used in a certain period." This ratio can also be used to investigate the company's effectiveness in arranging its fresh cash flow to gain revenues from sales. The higher ratio can reflect the effectivity of

the flow. Thus, the cash turnover can be measured using a formula as follows (equation 2) (Kasmir, 2018).

$$Cash\ Turnover = \frac{Net\ Profit}{Cash\ average} \quad (2)$$

2.5 Receivable's turnover

Kasmir (2018) described that "receivables turnover is a ratio utilized to measure the time required to collect funding in one period, or how many times are required for the in-vested funding to revolve in one period." The receivable turnover's higher values reflect the marketing manager's success in gaining sales through the credit system. If the receivables turnover is managed effectively, then it can generate more profit for the company. Hence, the receivable turnover can be calculated using this formula (equation 3) (Kasmir, 2018).

$$Receivables\ Turnover = \frac{Credit\ Sales}{Average\ receivable} \quad (3)$$

2.6 Inventory turnover

Murhadi (2013) stated that "inventory turnover indicates the efficiency of the company in processing and managing their inventory. The high inventory turnover represents the utilization efficiency of the inventory to support the company sales." The following formula can measure inventory turnover (equation 4):

$$Inventory\ Turnover = \frac{Cost\ of\ Goods\ Sold}{Inventory\ Average} \quad (4)$$

Inventory turnover measures the company's speed in selling its inventory compared to other companies in the same business. Low inventory turnover shows low sales, which indicates excess inventory. Therefore, the higher inventory turnover shows the greatness of the sales.

3. Materials and Methods

The quantitative method was applied to examine and test the hypothesis using pop-ulation sampling to collect data. The samples were obtained from food and beverage companies registered with the South East Asia Stock Exchange. The main data used in the research was secondary data that had been tested by the previous study. The NPM ratio was the dependent variable. According to Murhadi (2013), the NPM reflects the compa-ny's ability to gain net profit from every sale. A high NPM indicates the quality of the company's operation.

Statistical analyses were performed using double-regression analysis, par-tial-analysis, and simultaneous-analysis on 139 selected samples. Samples were selected using purposive sampling since this method considers some aspects to obtain more representative data (Sugiyono, 2017). Furthermore, we selected 11 companies that fit the

cate-gory of having a complete financial report (Table 1). Therefore, 77 samples were selected from the food and beverage subsectors registered in South East Asia in the period of 2012-2018.

Table 1. List of samples from South East Asia food and beverages companies in 2012-2018

Country	Stock Code	Emiten Name
Indonesia	DLTA	PT Delta Djakarta Tbk
	MYOR	PT Mayora Indah Tbk
	INDF	PT Indofood Sukses Makmur Tbk
	ROTI	PT Nippon Indosari Corporindo Tbk
Malaysia	NESM	Nestle Malaysia Berhad
	DBMS	Dutch Lady Milk Industries Berhad
	AFHB	Apollo Food Holdings Berhad
Singapore	DELF	Petra Foods Limited
	SMFC	Sunmoon Food Company Limited
	FEH	Food Empire Holdings Limited
	DMPL	Del Monte Pacific Limited

Data sources were collected in 2019 (South East Asia Stock Exchange Website)

The Hypothesis Chart shows in Figure 1.

H1: Significances of cash turnover toward NPM on the food and beverage manufac-turer registered in the South East Asia Stock Exchange in the period of 2012-2018. This hypothesis was suggested by Nurafika and Almadany (2018) and also by Haryanto and Chaeriah (2018).

H2: Significances of receivables turnover toward NPM on the same manufacturer as mentioned in H1 within the same time frame. This second hypothesis was proposed and supported by Canizio (2016); Naibaho and Rahayu (2014); Prakoso et al. (2014); Sunaryo (2019); Haryanto and Chaeriah (2018).

H3: Significances of the inventory turnover toward the same companies' NPM within the same time frame. The third hypothesis was suggested and supported by Canizio (2016); Nurafika and Almadany (2018); Naibaho and Rahayu (2014); Rahayu and Susilowibowo (2014); Satria (2014); Haryanto and Chaeriah (2018).

H4: Significances of the combined parameters, including cash turnover, receivables turnover, and inventory turnover, toward NPM in the same companies within the same time frame from 2012-2018. This fourth hypothesis was proposed by Canizio (2016); Rahayu and Susilowibowo (2014); Nurafika and Almadany (2018); Haryanto and Chaeriah (2018).

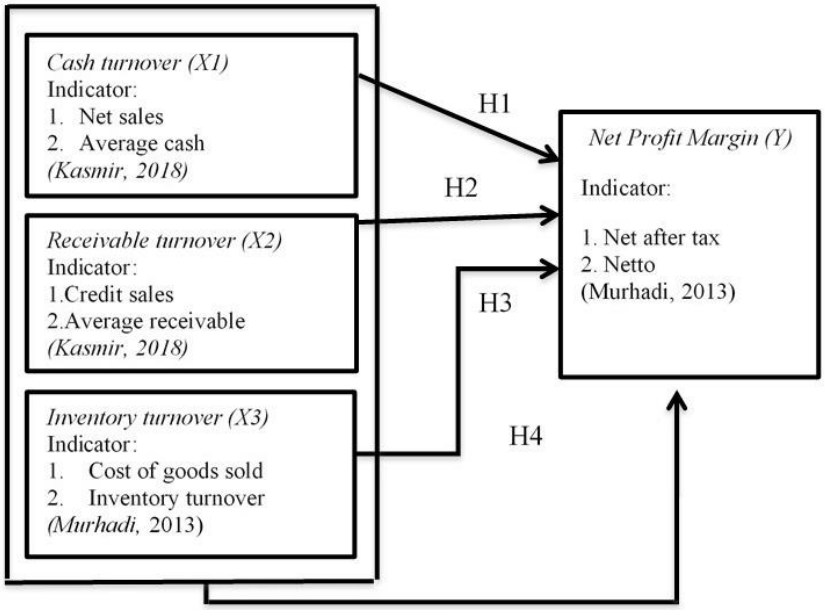

Figure 1. Hypothesis Chart

4. Results

4.1 Descriptive statistics

The descriptive statistics of the 77 samples were as follows (Table 2):

1. Cash turnover has a minimum value of 0.99, as reported by Delta Djakarta Tbk (DLTA) in 2018, and the maximum value was 787.20, as reported by Nestle Malaysia Berhad (NESM) in 2018. The average value was 40.8019, with a deviation value of 114.80216, followed by the data variance of 13179.535,
2. Receivables turnover has a minimum value of 1.64, as reported by Sunmoon Food Company Limited (SMFC) in 2015. The maximum value was reported by the Dutch Lady Milk Industries Berhad (DBMS) in 2012. Receivables turnover has an average of 8.1063, followed by the deviation value of 5.41788 and variance of 29.353,
3. The minimum value of inventory turnover was 0.75, as recorded in Del Monte Pacific Limited (DMPL) in 2014 while the maximum value was 108.95, recorded in Sun-moon Food Company Limited (SMFC) in 2017. The average value was 9.0500, fol-lowed by a deviation value of 13.90349 and a data variance of 193.107,
4. Meanwhile, the minimum value of the NPM from 77 samples was -46.29, reported by the Sunmoon Food Company Limited (SMFC) in 2017, and the maximum value was 38.40, reported by the Delta Djakarta Tbk (DLTA) in 2018. The average NPM variable was 8.7084, with a deviation value of 11.79429 and a variance of 139.105.

Table 2. Descriptive statistics results

	N	Minimum	Maximum	Mean	Std. Deviation
Cash turnover	77	0.99	787.20	40.8019	114.80216
Receivables turnover	77	1.64	33.36	8.1063	5.41788
Inventory turnover	77	0.75	108.95	9.0500	13.90349
Net Profit Margin	77	-46.29	38.40	8.7084	11.79429
Valid N (Listwise)	77				

4.2 Classic assumption test

4.2.1 Normality Test

The data shows that the normality of 77 samples tested with Kolmogorov–Smirnov methods was in abnormal distribution (normality = 0.000) (Table 3). The data should have a value that exceeds 0.05 to fit the assumption of normal distribution (Figure 1).

Table 3. Normality test Kolmogorov–Smirnov Result (Before transformation)

	Unstandardized Residual
N	77
Normal Mean	0E-7
Parameters[a,b] Std. Deviation	10.23583
Most Absolute	0.153
Extreme Positive	0.153
Differences Negative	-0.098
Test Statistic	0.153
Asymp. Sig. (2-Tailed)	0.000[c]

[a]Test distribution is Normal
[b]Calculated from date.
[c]Liliefors significance.

Figure 2 showed that the spread pattern of the small dots has deviated from the nor-mal p-plotline. This result showed that the data was not fit into normal assumptions. Therefore, the data were log-transformed using a data transformation tool.

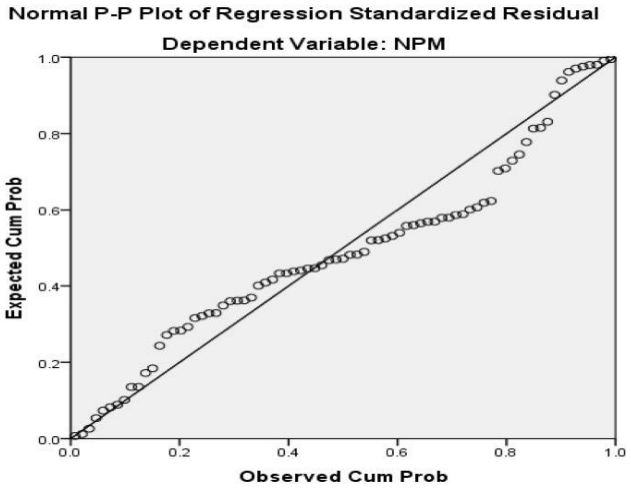

Figure 2. Normality test result (Before Transformation)

After log transformation (Figure 2), the data fulfilled the normality standard requirement, shown by the Asymp value. Sig (2-tailed) value that exceeded 0.05. Ten outlier samples were eliminated from the calculation, as those values were not significant with the test. At this point, the number of samples becomes 67. Those data were deleted after log transformation, so the new data could be used for further analysis (Table 4).

Table 4. Normality tested by Kolmogorov–Smirnov Test (After Transformation)

	Unstandardized Residual
N	67
Normal Parameters[a,b] Mean	0.0000000
Std. Deviation	0.68625068
Most Extreme Differences Absolute	0.089
Positive	0.088
Negative	-0.089
Test Statistic	0.089
Asymp. Sig. (2-Tailed)	0.200[c,d]

[a]Test distribution is Normal.
[b]Calculated from date.
[c]Liliefors significance correction.
[d]This is a lower bound of the true significance.

After log transformation, the distribution pattern was mostly in line with the p plot graph (Figure 3). Figure 4 shows that the histogram pattern was following the standard residual form representing normal distribution.

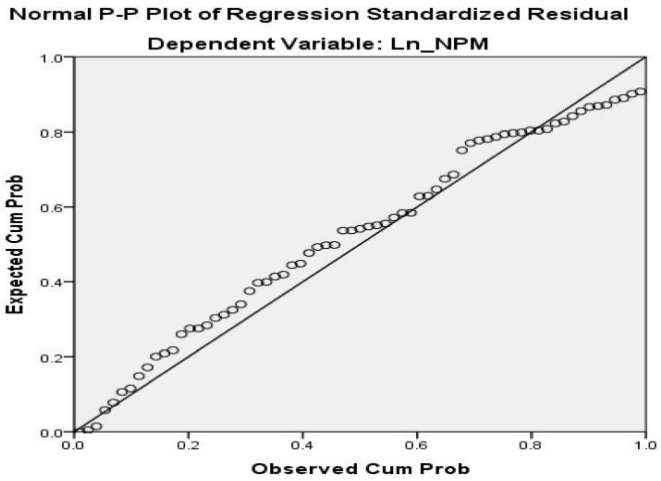

Figure 3. Normality Test Result (After Transformation)

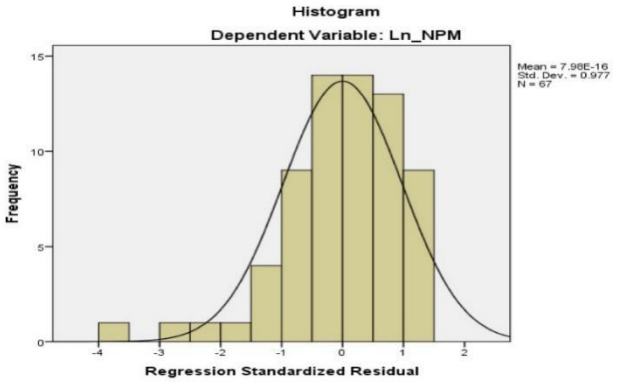

Figure 4. Normality Test Result

4.2.2 Autocorrelation Test

The Durbin Watson value was 2.006, signifying that the value was in between du (1.7327) to 4-du (2.2673) (Source: Durbin Watson table) (Table 5). This value means that there was no autocorrelation positive or negative (H-0 accepted).

Table 5. Autocorrelation Test Result

Model Summary[b]

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*	*Durbin Watson*
1	0.243[a]	0.59	0.008	0.43859	2.006

[a]Predictors: (Constant), lag_T_INVENTORY, LAG_T_CASH, LAG_T_RECEIVABLE
[b]Dependent Variable: lag_NPM

4.2.3 Heteroscedasticity Test

Figure 5 shows that the data used in this study spread above or below 0 without any fixed pattern. This result showed that there was no heteroscedastic event occurred in the test.

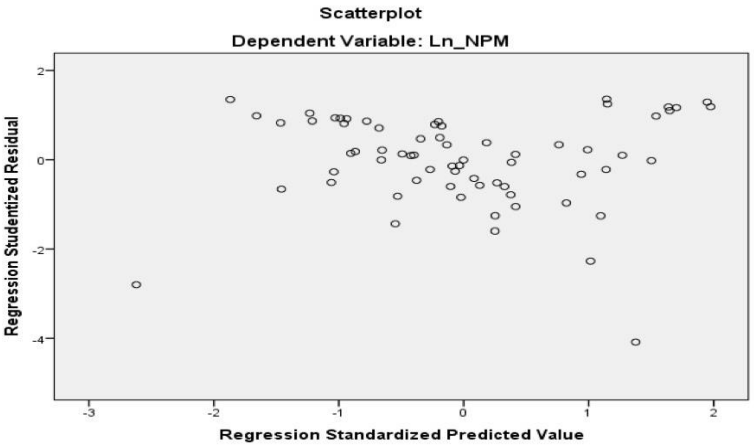

Figure 5. Heteroscedasticity test result

4.2.4 Multicollinearity Test

The value of Tolerance Ln_T_Cash was 0.917, followed by the VIF 1.091. Ln_T_Receivable Tolerance of 0.911 and VIF 1. Meanwhile, the value of Ln_T_Inventory Tolerance was 0.953 with the VIF 1.050. Tolerance value and VIF for all variables indicated that the Tolerance > 0,1 and the VIF < 10, which indicates there was no multicollinearity (Table 6).

Table 6. Multicollinearity test result

Coefficients[a]		
Model	*Collinearity Statistics*	
1 (Constant)	Tolerance	VIF
Ln_T_CASH	0.917	1.091
Ln_T_RECEIVABLE	0.911	1.098
Ln_T_INVENTORY	0.953	1.050

[a]Dependent Variable: Ln_NPM

4.3 Fit model tests

4.3.1 Multiple Hypothesis Testing (F test)

The F-test results show 4.148 F-values were rejected, indicating that the F value was bigger than the f-table (4.148 > 2.75). This means that H0 was rejected and Ha accepted (Source: F Distribution Percentage table). The significance was also smaller than 0.05 (0.010 < 0.05), indicating that the X variables (referring to cash, receivables, and

inventory turnover) have significancies simultaneously toward the NPM (Y variable) (Table 7).

Table 7. F Test Result

ANOVA[a]					
Model	*Sum of Squares*	*df*	*Mean Square*	*F*	*Sig.*
1 Regression	6.139	3	2.046	4.148	0.10[b]
Residual	31.082	63	0.493		
Total	37.221	66			

[a]Predictors: (Constant), lag_T_INVENTORY, LAG_T_CASH, LAG_T_RECEIVABLE
[b]Dependent Variable: lag_NPM

4.3.2 Coefficient Determination (R2)

Coefficient determination analysis indicated that the Y variable or the NPM was influenced by all of the X variables, which were cash, receivables, and inventory turnover, with values of 12.5%. Meanwhile, 87.5% might be influenced by other factors that were not mentioned in this study, such as sale growth, currency assets ratio and payable ratio, income outside turnover activity, fluctuation, and investor interest (Table 8).

Table 8. Coefficient Determination Result (R2)

Model Summary[b]				
Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	0.406[a]	0.165	0.125	0.70240

[a]Predictors: (Constant), lag_T_INVENTORY, Lag_T_CASH, Lag_T_RECEIVABLE
[b]Dependent Variable: lag_NPM

4.3.3 Double-linear regression analysis

Double-linear regression analysis produced the equation five models as follows (Table 9).

Table 9. Double-linear Regression Analysis Result

Coefficients[a]					
Model	*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*
	B	*Std. Error*	*Beta*		
1 (Constant)	2.433	0.378		6.439	0.000
Ln_T_CASH	-0.075	0.062	-0.147	-1.226	0.225
Ln_T_RECEIVABLE	0.264	0.183	0.174	1.446	0.153
Ln_T_INVENTORY	-0.335	0.109	-0.363	-3.079	0.003

[a]Dependent Variable: Ln_NPM

$$Y = 2.433 - 0.075\ X_1 + 0.264\ X_2 - 0.335\ X_3 \quad (5)$$

The equation model may depict the following conditions:

1. a or the constant (2.433) depicts: if cash, receivables, and inventory turnovers equal to zero (0), then NPM of 2.433 will also increase with the same value;
2. β_1 or the cash turnover of 0.075 represents the negative effect of the turnover toward the NPM, which will decrease up to 0.075;
3. β_2 or the receivables turnover of 0.264 represents the positive relation with NPM and will gain value up to 0.264;
4. While β_3 or inventory turnover of 0,335 represents the negative effect toward the NPM and will experience decreasing value up to 0.335.

4.3.4 Partial Test (t-Test)

The t-test results depict the following explanation (Table 10):

1. The t-value of Ln_T_CASH was less than the t-table (1.226<1.99834). Meanwhile the significant value was bigger than 0.05 (0.225 > 0.05). According to this result, Ha was rejected, and Ho was accepted. Therefore, that cash turnover has no significant influence on NPM,
2. The t-value of Ln_T_RECEIVABLE was less than the t-table (1.446< 1.99834), mean-while the significant value was bigger than 0.05 (0.153> 0.05). Based on this result, then Ha was rejected while Ho was accepted. Hence, receivables turnover has no sig-nificant influence on NPM,
3. On the other hand, the t-value of Ln_T_INVENTORY was higher than the t-table (3.079 > 1.99834). Meanwhile, the significant values were smaller than 0.05 (0.003<0.05). Based on this result, Has was accepted and supported the idea that the inventory turnover affects the NPM.

Table 10. t-Test Result

Coefficients[a]					
Model	*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*
	B	*Std. Error*	*Beta*		
1 (Constant)	2.433	0.378		6.439	0.000
Ln_T _CASH	-0.075	0.062	-0.147	-1.226	0.225
Ln_T _RECEIVABLE	0.264	0.183	0.174	1.446	0.153
Ln_T_INVENTORY	-0.335	0.109	-0.363	-3.079	0.003

[a]Dependent Variable: Ln_NPM

5. Discussions

5.1 First hypothesis

The first hypothesis aimed to analyze the possibility of a significant effect of the cash turnover on NPM. As shown in the t-test, the t-values< t-table, which is 1.226<1.99834 with the significant value of 0.225. This result indicates that cash turnover insignificantly influenced the NPM.

This result was consistent with the previous studies reported by Canizio (2016); Ahmad and Komariah (2018); Surya et al. (2019); Rahayu and Susilowi-bowo (2014), who mentioned that the cash turnover doesn't have any significant effect on the profits.

However, this result contradicted Nurafika and Almadany (2018), Haryanto and Chaeriah (2018), who stated that cash turnover has a significant effect on profits. It means that a bigger turnover may be able to boost the company's NPM.

The current study found that cash turnover was not able to uplift the NPM due to several factors, such as a) the inability of a company to manage its sale effectively; b) cash has been utilized to cover up the loss of unpaid receivables; c) cash has been directed to support the inventory management in the warehouse; and d) cash has been used by the equity owners for private issues. These predicted factors reportedly occurred in some food and beverage manufacturing subsectors registered in South East Asia in 2012-2018.

5.2 Second hypothesis

The second hypothesis is intended to analyze the effect of receivables turnover against NPM. The results of the t-test showed that t-values were less than the t-table (1.446< 1.99834) with a significant value of 0.153. This means that the turnover had no significant influence on the NPM.

The current study supported the previous studies conducted by Nurafika and Almadany (2018); Satria (2014); Rahayu and Susilowibowo (2014); Daryanto and Rachmanto (2017). They concluded that receivable turnover had no significant effect on profits.

On the contrary, (Canizio, 2016; Nurafika and Almadany, 2018; Naibaho and Rahayu, 2014; Rahayu and Susilowibowo, 2014; Satria 2014; Haryanto and Chaeriah, 2018) described the opposite, as receivable turnover has a significant effect on the profits.

However, the current study found no significant effect of receivable turnover toward the NPM due to the company's lack of ability to collect the account receivables within the deadline, resulting in unpaid receivable risk. This also affects the ability of the turnover to support the enhancement of the NPM.

5.3 Third hypothesis

The third hypothesis aimed to analyze the effect of inventory turnover on the NPM. As shown in the result section, the t-value was higher than the t-table (3.079> 1.99834), with a significant value of 0.003. Therefore, the inventory turnover has a significant effect on NPM.

The result of this study supported the previous studies conducted by Nurafika and Almadany (2018); Canizio (2016); Naibaho and Rahayu (2014); Rahayu and Susilowi-bowo (2014); Satria (2014); Haryanto and Chaeriah (2018).

However, the current study was contrary to other studies conducted by Surya et al. (2019); Kwak (2019), who explained that the inventory turnover did not have a significant influence on the profit. It also means that inventory turnover cannot up-lift the NPM in each period.

Hence, in this research, we found a positive effect of the inventory turnover toward the NPM. This may be achieved due to several factors, such as a) the sales operation has been optimally executed; b) the stock sale commodities have been sold on target; c) and there were no miscarried goods. As a result, the inventory turnover may be able to increase the NPM.

5.4 Fourth hypothesis

A fourth hypothesis aimed to analyze the effects of cash, receivable, and inventory turnovers on the NPM. The current study reported that the f value was bigger than the f table (4.148 > 2.75), with a significant value of 0.010. This result indicates that the three turnovers have a positive effect on the NPM.

This result was consistent with the previous studies conducted by (Nurafika and Almadany, 2018; Rahayu and Susilowibowo, 2014; Canizio, 2016; Haryanto and Chaeriah, 2018), who reported similar conditions in which the three turnovers have significant ef-fects on the profit.

The result shows that the three turnovers simultaneously affected the NPM, which then can be described as successful management of the companies to fulfill their target ef-fectively and efficiently. This optimal management could lead to the enhancement of the NPM.

6. Conclusions

In conclusion, the effects of the turnovers toward NPM in the food and beverages compa-nies registered in South East Asia Stock Exchange 2012-2018 were as follows:

1. Partially stated that the cash turnover variable did not have any significant effect on the NPM due to several factors: a) the ineffective sale; b) cash has been utilized to cover the unpaid receivables; and c) cash has been directed to the inventory man-agement, nonetheless also used by the capital owners for personal issues.
2. Partially stated that the receivable turnover variable did not affect the NPM due to the company's ineffective collection methods to meet the deadline of the receivable. This caused unpaid receivable risk and resulted in the turnover not being able to uplift the NPM.
3. Partially stated that the inventory turnover has significant effects on NPM, due to the optimal sale operation, the sold commodities cycle on target, and also almost no un-sold commodities, which caused inventory turnover able to influence the NPM.
4. Conclude that the three turnovers simultaneously affect the NPM. This reflects the successful management to meet the target effectively and efficiently, which also boosts the NPM.

6. References

Ahmad, S. H., & Komariah, N. (2018). The Effect of Celebrity Endorser, Advertising and Brand on Customer Purchase Decision: An Empirical Study. *Advanced Science Letters*, *24*(12), 9433–9436. https://doi.org/10.1166/asl.2018.12291.

Brigham, E. F., & Houston, J. F. (2014). *Essentials of Financial Management* (3rd ed.). Kallang Place: Cengage Learning Asia Pte Ltd.

Canizio, M. A. (2016). Pengaruh Perputaran Kas, Perputaran Piutang, Perputaran Persediaan Terhadap Profitabilitas Pada Supermarket di Timor Leste [Effect of Cash Turnover, Accounts Receivable Turnover, Inventory Turnover on Profitability at Supermarkets in Timor Leste]. *E-Jurnal Ekonomi dan Bisnis Universitas Udayana*, *6*(10), 3527–3548.

Daryanto, W. M., & Rachmanto, F. (2017). The Effect of Working Capital Turnover and Receivable Turnover on Profitability: Case Study on PT. Merck Tbk. *Journal of International Business Studies*, *1*(2), 60–65.

Fess, P. E., Warren, C. S., & Reeve, J. M. (2005). *Accounting* (21st ed.). Mason, Ohio: South-Western College Pub.

Haryanto, S. A., & Chaeriah, E. S. (2018). Effect of Turnover of Cash, Receivables Turnover and Inventory Turnover on Return on Assets (ROA), Case Study in PT Indofood Sukses Makmur Tbk. *International Journal of Humanities and Social Science*, *3*(1), 62–81.

van-Horne, J. C., and Wachowicz, J. M. (2009). *Prinsip-Prinsip Manajemen Keuangan* [Fundamental of Financial Management] (13th ed.). Jakarta: Salemba Empat.

Husnan, S., & Pudjiastuti, E. (2017). *Dasar-Dasar Manajemen Keuangan* [Fundamentals of Financial Management] (4th ed.). Yogyakarta: UPP AMP YKPN.

Indonesian Ministry of Industry. (2020). Kemenperin: Asean Sepakati Kekuatan Manufaktur Bersama Hadapi Industry 4.0 [Asean Agrees on Joint Manufacturing Strengths to Face Industry 4.0]. Indonesian Ministry of Industry. Availabe from: https://www.kemenperin.go.id/artikel/18719/Asean-Sepakati-Kekuatan-Manufaktur-Bersama-Hadapi-Industry-4.0.

Kasmir, K. (2018). *Analisis Laporan Keuangan* [Financial Statement Analysis] (11th ed.). Depok: PT Rajagrafindo Persada.

Kwak, K. (2019). Analysis of Inventory Turnover as a Performance Measure in Manufacturing Industry. *Processes*, *7*, 760–775. https://doi.org/10.3390/pr7100760.

Murhadi, W. R. (2013). *Analisis Laporan Keuangan: Proyeksi Dan Valuasi Saham* [Analysis of Financial Statement: Projection and Valuation of Shares]. Jakarta: Salemba Empat.

Naibaho, E. P., & Rahayu, S. (2014). Pengaruh Perputaran Piutang Dan Perputaran Persediaan Terhadap Profitabilitas: Studi Empiris Perusahaan Makanan Dan Minuman Yang Terdaftar Di BEI Tahun 2008-2012 [Effect of Accounts Receivable Turnover and Inventory Turnover on Profitability: An Empirical Study of Food and Beverage Companies Listed on the IDX 2008-2012]. *Telkom University E-Proceeding*, *1*(3), 279–290.

Nurafika, R. A., & Almadany, K. (2018). Pengaruh Perputaran Kas, Perputaran Piutang, Perputaran Persediaan Terhadap Profitabilitas Pada Perusahaan Semen [The Effect of Cash Turnover, Accounts Receivable Turnover, Inventory Turnover on Profitability in Cement Companies]. *Jurnal Akuntansi dan Bisnis*, *4*(1), 1–12.

Prakoso, B, Z., Zahroh, A., & Nuzula, N. F. (2014). Pengaruh Perputaran Modal Kerja dan Perputaran Piutang Terhadap Profitabilitas: Studi Pada Perusahaan Pembiayaan Listing Di BEI [The Effect of Working Capital Turnover and Accounts Receivable Turnover on Profitability: A Study on Financing Companies Listing on the IDX]. *Jurnal Administrasi Bisnis*, *15*(1), 1–9.

Rahayu, E. A., & Susilowibowo, J. (2014). Pengaruh Perputaran Kas, Perputaran Piutang Dan Perputaran Persediaan Terhadap Profitabilitas Perusahaan Manufaktur [Effect of Cash Turnover, Accounts Receivable Turnover and Inventory Turnover on the Profitability of Manufacturing Companies]. *Jurnal Ilmu Manajemen*, *2*(4), 1444–1455.

Raheman, A., & Nasr, M. (2014). Working Capital Management and Profitability: Case of Pakistani Firms. *International Review of Business Research Papers*, *3*(1), 279–300.

Riyanto, B. (2001). *Dasar-Dasar Pembelanjaan Perusahaan* [Basic of Company Spending] (4th ed.). Yogyakarta: BPFE.

Satria, R. (2014). Pengaruh Perputaran Piutang, Perputaran Persediaan, Dan Rasio Lancar Tehadap Profitabilitas Perusahaan Manufaktur Sektor Industri Barang Konsumsi Yang Terdaftar Di Bursa Efek Indonesia Periode 2013-2015 [Effect of Accounts Receivable Turnover, Inventory Turnover, and Current Ratio on the Profitability of Manufacturing Companies in the Consumer Goods Industry Listed on the Indonesia Stock Exchange 2013-2015 Period]. *Jurnal Sekuritas*, *2*(1), 138–146.

Smith, J. M., Skousen, K. F., & Sirait, A. (2000). *Akuntansi Intermediate* [Intermediate Accounting] (9th ed.). Jakarta: Erlangga.

Sugiyono, P. D. (2017). *Metode Penelitian Bisnis: Pendekatan Kuantitatif, Kualitatif, Kombinasi, Dan R&D* [Business Research Methods: Quantitative, Qualitative, Combined, and R&D Approaches]. Bandung: Alfabeta.

Sunaryo, D. (2019). Pengaruh Perputaran Piutang Jaminan Kesehatan Daerah (Jamkesda) Terhadap Rasio Kas: Studi Kasus Pada RSUP Dr. Hasan Sadikin Bandung [The Effect of Regional Health Insurance Receivables (Jamkesda) Turnover on Cash Ratio: Case Study at Dr. Hasan Sadikin Bandung]. *Jurnal Ekonomi Vokasi*, *2*(2), 1–17.

Surya, S., Ruliana, R., & Soetama, D. R. (2019). Pengaruh Perputaran Kas dan Perputaran Persediaan Terhadap Profitabilitas [Effect of Cash Turnover and Inventory Turnover Against Profitability]. *Kuntabilitas: Jurnal Ilmu Akuntansi*, *10*(2), 313–332.