Effect of Cash Flow on Liquidity Levels in PT. by Pekebunan Nusantara VI

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Abstract

This study aims to test the influence of cash flows on the level of liquidity present in PT. Farming of Nusantara VI. This study uses quantitative methods with causal relationships. (sebab-akibat). The research consists of four variables, namely, operating activity, investment activity and financing activity as free variables with liquidity as bound variables. The population in this study is a financial report on PT. The Nusantara VI plantation begins in 2018-2021 and uses 16 samples of triwulan reports each year. Data analysis techniques in this study use classical assumption testing, double linear regression analysis, t test, F test and determination coefficient. Data processing in this study uses SPSS software. The results of the research showed that, in part, the cash flow of operational activity, investment activity cash flow and financing cash flow have a significant impact on liquidity. Simultaneously the cash flow of operational activity, the cash flows of investment activity, and the funding cash flow also have a significant influence on liquidity in PT. Farming of Nusantara VI.

INTRODUCTION

The rapid economic development at the moment leads to increasingly tight competition and technological advances that allow companies to grow and thrive in their business activities. Nowadays, all companies or institutions, both governmental and private, must be able to adapt so that the information they generate is accessible

quickly, accurately and precisely. This makes the financial sector very important for and needs more attention. This situation allows the management of the company to further improve the quality and appropriate controls to maintain the company's survival in the event of liquidation or bankruptcy.

The goal of every company is to make a profit and remain profitable. The company manager must be able to coordinate the use of the company's resources effectively and efficiently, and to make decisions that support the achievement of the organization's objectives. The company needs to know every activity of the company in order to understand its financial situation and the set goals. Every activity must be related to a transaction. Generally, the transactions carried out by the company involve cash. Cash holds an important role in supporting the daily activities of the company and is the center of attention and supervision.

Cash is a financial asset that can be used for the company's operational activities. Among such cash, some assets have the most liquid value because they can be used to pay the company's debt. (Martani, 2016). Cash on the financial position report is the most liquid asset because it changes the most. Cash is always involved in almost every transaction with parties outside the company, so cash is a company asset that can easily be manipulated to create cash differences. If cash receipts and expenses must follow company procedures, cash differences can be avoided with good planning. To get an accurate picture of a company's cash position and how its solvent manages its cash and cash equivalents, the cash flow report can be analyzed. (Rudianto, 2018).

According to Hani (2015), liquidity is a company's ability to meet financial obligations that will soon expire or be owed. Specifically, liquidity reflects the availability of funds held by a company to pay off its debt at the time of due date. (Irawan, 2021). Liquidity is generally defined as a company's ability to meet its short-term obligations. A company that is sufficiently solvent to meet all its financial obligations that need to be settled immediately is said to be liquid, and a company which is not solvent is called liquid.

Based on data obtained from the Financial Report. During the Nusantara VI plantation period 2018-2021, the company's liquidity (Current Ratio) can be obtained from a smooth comparison of assets and short-term liabilities of the company in Table of 1.

Table of 1. Financial report of PT. Farming of Nusantara VI.

Tahun	Aset Lancar	Kewajiban Jangka Pendek	*Current Ratio*
2018	430.870.666.111	725.102.744.347	59,42
2019	526.143.111.389	1.036.412.745.672	50,77
2020	492.497.801.168	731.718.283.051	67,31
2021	1.190.135.865.346	760.893.455.057	156,41

It is not compensated by increased liquidity ratio and vice versa. If the smooth ratio is 1:1 or 100%, it means a smooth asset can cover the entire liability smoothly. A smooth ratio table based on PT period 2018-2019. The Nusantar VI crop above, has a smooth ratio of 59.42% in 2018, which is explained by comparing smooth assets of Rp. Current debt is Rs 430.870.666.111 Cr. 725.102.744.347, indicating that the company's ability to pay off short-term debt is 59.42%, or it can be interpreted that any short- term debt Rs 1 crore is guaranteed with liquid assets Rs 0,5942. In the 2018-2019 period, the current ratio declined, suggesting that companies in a disadvantaged condition also need to improve their financial management performance by managing fixed assets to meet short-term liabilities that have already expired.

Current ratio for the period 2019-2020. The Nusantar VI crop above, has a smooth ratio of 50.77% in 2019, which is explained by comparing the smooth assets of Rp526.143.111.389 with smooth liabilities of Rp526143.111.389. 1.036.412.745.672, indicates that the company's ability to pay off short-term debt is 50,77%, or it can be interpreted that each short term debt of Rs 1 crore is guaranteed with a liquid asset of Rs 0,5077 crore. The smooth ratio in 2020 is 67.31%, which is explained by comparing the smooth assets of Rp492.497.801.168 with smooth liabilities of Rp492 497.801,168. 731.718.283.051, which indicates that the company's ability to pay off short-term debt is 67.31%, or it can be interpreted that each short term debt of Rs 1 crore is guaranteed with a smooth asset of Rs 0.6731. In the period 2018-2019, the current ratio increased, but smooth assets were still below their smooth debt, only smoothly debt fell from the previous year. It is also still in a poor condition, because its proper assets are not able to meet its short-term obligations.

Table of smooth ratio in the period 2020-2021, the above-mentioned Nusantar VI has a smooth rate of 156.41% in 2021, which is described by comparing its smooth assets of Rp 1.190.135.865.346 with its smoothly liabilities of Rp 1 190.135.865346. 760.893.455.057, indicates that the company's ability to pay off short-term debt is

156.41%, or it can be understood that each short term debt of Rs 1 crore is guaranteed with a liquid asset of Rs 1.5641. During the period 2020 to 2021, the smooth ratio will increase twice as much as the previous year, all above 100%. This increase indicates that the company has good management, because it can meet its short-term obligations or be able to pay off debts when due. Based on the background of the imbalance between cash flow and liquidity above, the researchers were interested in studying the impact of cash flow on PT's liquidity. Farming of Nusantara VI.

METHODS

This research is quantitative research using causal design. Causal research is the study that wants to understand the cause of a particular variable, what factors affect the variable. Data in this research is secondary data using data collection techniques, i.e. through a library study that collects information from the PT primary triwulan financial reports. Nusantara VI plantation from 2018 to 2021 with related research data from companies, literature books and the internet.

Population and Samples

Population is a general area consisting of objects or sub-objects that reveal the essence of something or a particular characteristic and are targeted by academics for study before being used in their research. (Sugiyono, 2019). The focus of this research is the financial transaction audit report for the fiscal year 2018-2021 PT. Farming of Nusantara VI. The sample is a subset of size and characteristics of the population as a whole. (Sugiyono, 2019). The sample question used in this study is about PT auditing. The Nusantara VI plantation lasted four years from 2018 to 2021.

Variable Research

The term "research variable" refers to a characteristic, designation, or number of people, things, or activities that have a particular variation and that the subject of the research has agreed to disclose to study about it and then discuss the results. (Sugiyono, 2019). In this case, the variables used are the free variables X1, X2, and X3, which include operational activity, financial activity, and liquidity. (Y).

Techniques of Data Analysis

Data analysis performed by researchers using quantitative methods involves the collection, analysis, and interpretation of the data collected to provide accurate and comprehensive information to solve any problems that may arise. The data analysis method used in this study uses the statistical package for social sciences, which is

SPSS version 26.

RESULTS AND DISCUSSION

Double Linear Regression Test

Table of 2. Double Linear Regression Test

Model	B
(Constant)	0,698
X1	2,708
X2	3,583
X3	2,780

Source: SPSS 26 data processing (2022)

The regression model is as follows:

$Y = \alpha + \beta\_1 X\_1 + \beta\_2 X\_2 + \beta\_3 X\_3 + e$

$Y = 0.698 + \triangle 2,708 \triangle\_1 X\_1 + \triangle 3,583 \_2 X\_2 + 2,780 \triangle \_3 X\_3 + e$

by:

Y = level of liquidity

X1 = Operational Activity

X2 = Investment Activity

X3 = Funding Activity

A = constant

E = Error

Based on the result of the double regression equation, each variable explains

1. The constant (α) of 0.698 stated that when there is no independent variable then the value of the liquidity rate is 0.698, or the liquidities rate is 69.8%.

2. The regression coefficient of operational activity (X1) has a positive relationship direction with a value of 2,708. If the other independent variables are fixed and X1 has an increase of 1%, then the level of liquidity (Y) will increase by 2,708 and, on the contrary, a decrease in operating activity of 1% will lead to a drop in liquidity level of 2,708.

3. The regression coefficient of investment activity (X2) has a positive relationship direction with a value of 3,583. If the other independent variables are fixed and X2 has an increase of 1%, then the level of liquidity (Y) will increase by 3,583 and, on the contrary, a decrease in operating activity of 1% will lead to a decline in liquidity level of 3,583.

4. The funding activity regression coefficient (X3) has a positive relationship direction with a value of 2,780. If other independent variables are fixed and X3 has an increase of 1%, then the level of liquidity (Y) will be increased by 2,780 and, on the contrary, a decrease in operating activity of 1% will lead to a decline in liquidity level of 2,780.

Partial Testing (Uji T)

Based on the results of statistical testing t above knowing the magnitude of the influence of each independent variable partially on the dependent variable can be explained as follows:

Table 3. Results of partial testing (Uji T)

Variabel	T tabel	T hitung	Nilai Sig
X1	2,179	5,328	0,000
X2	2,179	3,221	0,007
X3	2,179	3,233	0,007

Source: SPSS 26 data processing (2022)

The Effect of Variable Cash Flows on Liquidity

From the table it can be known that the significance value $0,000 < 0,05$ means significant, while the value t of the table can be calculated in the table t-test with df = 12 in the can t table 2,179, t-counting as $5,328 >$ t table 2.179. Based on the two values that Ha received, this suggests that the hypothesis has a significant influence between operating activity versus liquidity in PT. Farming of Nusantara VI. This means that partially operational activity has a significant impact on the level of liquidity in PT. Farming of Nusantara VI.

Variable Effect of Investment Cash Flows on Liquidity

From the table it can be seen that the significance value of $0,007 < 0,05$ means significant, while the t value of the table can be calculated in the table t-test with df = 12 in the can t table 2,179, t-counting as $3,221 >$ t table 2.179. Based on the two values that Ha received, this suggests that the hypothesis has a significant influence between investment activity and liquidity in PT. Farming of Nusantara VI. This means that partially investment activity has a significant impact on the level of liquidity in PT. Farming of Nusantara VI.

Variable influence of cash flow on liquidity

From the table it can be seen that the significance value of 0,007 < 0,05 means significant, while the t value of the table can be calculated in the table t-test with df = 12 in the can t table 2,179, t-counting as 3,233 > t table 2.179. Based on the two values that Ha received, this suggests that the hypothesis has a significant influence between financing activity versus liquidity in PT. Farming of Nusantara VI. This means partially funding activity has a significant impact on the level of liquidity in PT. Farming of Nusantara VI.

Simultaneous testing (Uji F)

From the F test in the table above, a level of significance of 0,000 < 0,05 was obtained, while the F calculation was 15,212 < Ftable 3,49. It shows that the influence of variables independent of operational activity, investment activity, financing activity, simultaneously (bersama-sama). So it can be concluded that the cash flow from operational activity, investment activity, financing activity together (simultaneously) influences the level of liquidity in PT. Farming of Nusantara VI

Table of 4. Simultaneous test results (Uji F)

Model	F tabel	F hitung	Nilai Sig
Regresion	3,49	15,212	0,000

Source: SPSS 26 data processing (2022)

Determination Coefficient Test (R2)

Table of 5. Test of Determination (Uji R2)

R	R Square	Adjusted R Square	Atd. Error
0,890	0,792	0,740	0,16614

Source: SPSS 26 data processing (2022)

Based on the above table, the determination coefficient/R square is 0.792 or equal to 79.2%. The figure contains the meaning that the operating activity variables (X1), investment activity (X2) and financing activities (X3) simultaneously (together) influenced the liquidity variable (Y) by 79.2%. The remaining 20.8% is influenced by other variables outside of this regression equation or variables not studied.

CONCLUSION

According to research conducted by PT. Nusantara VI cultivation with data collected using triwulan management reports during the period 2018-2021 and SPSS

version 26, this study was conducted. Therefore, it can be assured that the Cash Flow of Operational Activity has a significant advantage over PT. Farming of Nusantara VI. Finally, Cash Flow Investment Activity has significant evidence of Liquidity in PT. Farming of Nusantara VI. Then, Cash Flow Activity Funding has significant arguments against PT. Farming of Nusantara VI. In addition, Operations Cash Flow, Aruss Cash Investment, and Cash Financing Aruses all have a significant negative impact on PT. Farming of Nusantara VI.

Limitation Advice

In this study, there is a weakness in the use of ratios that only use smooth ratios as signals. It is recommended to use a different analysis period than usual and longer time intervals to obtain good analysis results in future studies. There are many other factors that can be designated as indicators that can influence the liquidity of a particular company in addition to using other research variables with a more accurate scope to ensure better results.

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