ANALYSIS OF RECEIVABLES TURNOVER AND INVENTORY TURNOVER IN MEASURING THE FINANCIAL PERFORMANCE OF PERUM BULOG

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A B S T R A C T

The purpose of this study was to determine the turnover of receivables and inventory turnover in measuring the financial performance of Perum BULOG Baubau Branch Office in accordance with industry standards. The data collection techniques used are observation, documentation, the analysis method used in this research is qualitative. By using the analysis of accounts receivable turnover ratio and inventory turnover ratio. The results of this study indicate that: 1) Based on the receivables turnover ratio, the financial performance of Perum BULOG Baubau Branch Office can be categorised as poor. The drastic decline in sales and significant fluctuations in accounts receivable turnover indicate that the company faces major challenges in maintaining operational stability and credit management efficiency. The overall results of the data analysis indicate that Perum BULOG Baubau Branch Office needs to improve its sales strategy and receivables management to generate better and more stable performance. 2) Based on the inventory turnover ratio, the financial performance of Perum BULOG Baubau Branch Office is unstable in inventory management. The data shows instability in inventory management, in 2020 Perum BULOG had a very high inventory turnover ratio, but other years showed a low turnover ratio. This instability shows that Perum BULOG Baubau Branch Office has difficulty in balancing inventory needs with sales. In 2019, 2022, and 2023, the low inventory turnover ratio indicates that Perum BULOG faces efficiency issues in selling inventory. This could lead to inventory build-up, which impacts storage costs and potential losses due to the decline in value of goods.

Keywords: Receivables Turnover; Inventory; Financial Performance

INTRODUCTION

Perum BULOG is a state-owned enterprise (SOE) engaged in food logistics. Pest eradication, provision of plastic sacks, transport business, food commodity trading and retail business. As a company that carries out public duties from the government, Perum BULOG continues to carry out activities to maintain the basic purchase price for grain, price stabilisation, especially basic prices, distribution of rice for the poor (Raskin) and management of food stocks. With the existence of great business opportunities, many companies try as much as possible to take advantage of the advantages they have, in order to achieve their main goal, namely to achieve maximum profit (Rondonuwu Patricia J et al., 2021). Accounts receivable turnover 'reflects how large the proportion of accounts receivable is in the company's sales. The higher this ratio, the better because high accounts receivable turnover will indicate that cash sales are higher than credit sales' (Sulawati & Sugiangka, 2023). Receivables are one of the methods used by companies to increase sales, namely by making sales on credit (Nadiana & Zaki, 2023).

Receivable turnover for companies is very important to know because the higher the turnover of receivables, the more receivables the company can collect. So that it will minimise uncollectible receivables and smooth cash flow. In addition, with the existence of receivable turnover, it will be known how the performance of the marketing department is in finding potential customers who buy but also have the potential to pay their debts (Tiong, 2017). The inventory turnover ratio is used to measure how many times the inventory rotates in a certain period. The inventory turnover ratio can be used as a good indicator in inventory management (Akmalia & Pambudi, 2020). Inventory needs to be managed properly, because optimal management can increase the company's effectiveness in achieving profits.

Slow inventory turnover can be an indication that company management is not operating optimally (Natasha Kakalang et al., 2022). Inventory turnover is a ratio that measures how much funds are invested in inventory during a period, or how long the average inventory is stored in the warehouse before it is finally sold (Rahman et al., 2021). Financial statements are the final product of the

accounting process. This form of financial report consists of a balance sheet, income statement, and cash flow. This information provides an overview for the company about the company's financial condition and development in a certain period (Rahayu & Susilowibowo, 2014). Financial reports are prepared with the intention of providing financial information on a company to interested parties as a consideration in decision making.

The preparation of financial reports is usually carried out regularly and within a certain time interval (generally carried out at the end of each financial year) (Dangnga & M. Ikhwan Waulana Haeruddin, 2018). The company's financial performance reflects the financial situation in a certain period, including aspects of the provision and distribution of funds. This is generally measured through indicators of capital adequacy, liquidity, and profitability (Sembiring, 2019). In this financial aspect, it will be seen whether the financial statements are healthy or not by analysing the financial statements, so as to monitor and assess the level of financial performance of Perum BULOG (Sulawati & Sugiangka, 2023). Prospective debtors will be asked to attach a proof of payment slip for the initial deposit to see the suitability of the deposit amount listed on the slip.(Lelawatty, 2023) Accounts receivable turnover and inventory turnover during 2019-2023 experienced fluctuations. Where sales and cost of revenue fluctuate.

Table 1.1 Perum BULOG Baubau Branch Office has been processed

No	year	Sale (Rp)	Receivables (Rp)	HPP (Rp)	Supply (Rp)
1	2019	33.322.949.637.212	498.520.400	26.355.211.225.505	22.507.422.000
2	2020	4.998.442.445.582	74.778.060	3.953.281.683.826	3.376.113.300
3	2021	749.766.366.837	68.388.883	592.992.252.574	4.721.936.257
4	2022	112.464.955.025,59	498.083.386	88.948.837.886,08	5.859.385.146
5	2023	242.063.888.002,98	455.925.886	206.418.945.400,93	31.479.575.044

Source: Perum BULOG Baubau Branch Office has been processed

Based on table 1.1, it shows sales data from 2019 to 2023, where in 2019 and 2020 sales increased, in 2021 there was a decrease in sales, then in 2022 there was another increase in sales, then in 2023 sales experienced an increase. Cost of goods sold from 2019 to 2023, where in 2019 the cost of goods sold increased, in 2020 the cost of goods sold increased, in 2021 the cost of goods sold decreased, then in 2022 the cost of goods sold increased. Furthermore, in 2023 the cost of income will increase. Even in entrepreneurship, we must be brave to take risks.(Husriah, 2024).

METHOD

This research was carried out at Perum BULOG Baubau Branch Office using qualitative descriptive research (Sugiyono, 2020), namely analysis based on calculations to determine the ratio level. This research uses secondary data. The population and sample in this research are all forms of financial reports which include balance sheet and profit and loss report data from 2019 to 2023. Observation techniques are used to obtain data directly at the research location, documentation techniques are used to collect data in this research. The analysis method uses financial ratio analysis of financial performance

RESULTS & DISCUSSION

Table 1.2 Results of calculating receivables turnover at Perum BULOG Baubau Branch Office from 2019 to 2023

year	Sale (Rp)	Everage bill (Rp)	Rotate the bill (Rp)
2019	33.322.949.637.212	1.910.994.866,50	17,437 Kali
2020	4.998.442.445.582	286.649.230	17,437 Kali
2021	749.766.366.837	71.583.471,50	10,474 Kali
2022	112.464.955.025,59	283.236.134,50	397 Kali
2023	242.063.888.002,98	477.004.636	907 Kali
Average			270 Kali

In 2019 the sales obtained were IDR 33,322,949,637,212 with an average amount of receivables (2018 and 2019) of IDR 1,910,994,866.5 resulting in a turnover ratio of 17.437 times. In

2020 the sales obtained were IDR 4,998,442,445,582 with an average amount of receivables (2019 and 2020) of IDR 286,649,230 resulting in a receivables turnover ratio of 17.437 times. In 2021 the sales obtained were IDR 749,766,366,837 with an average amount of receivables (2020 and 2021) of 10.474 times. In 2022 the sales obtained were Rp112,464,955,025.59 with an average amount of receivables (in 2021 and 2022) of Rp 283,236,134.5 resulting in a receivables turnover ratio of 397 times. In 2023 the sales obtained were IDR 242,063,888,002.98 with an average amount of receivables (in 2022 and 2023) of IDR 477,004,636 resulting in a receivables turnover ratio of 907 times.

The results showed that the financial performance of Perum BULOG Baubau Branch Office can be categorised as poor. The drastic decline in sales and significant fluctuations in accounts receivable turnover indicate that the company faces major challenges in maintaining operational stability and credit management efficiency. The overall results of the data analysis show that Perum BULOG Baubau Branch Office needs to improve its sales strategy and receivables management to produce better and more stable performance.

The results of the study are in line with research conducted by (Ruppang, 2022) and (Sulawati & Sugiangka, 2023) stating that accounts receivable turnover is considered good, this indicates that the capital used by the company is more efficient.

Table 1.3 Results of inventory turnover calculations

No	year	Cost of goods sold (Rp)	Average inventory (Rp)	Inventory turnover ratio
1	2019	171.849.938.824	86.278.451.000	1 kali
2	2020	2.058.340.824	12.941.650	159 kali
3	2021	3.880.465.204	4.049.024.778,5	9 kali
4	2022	4.269.363.274	5.290.660.701,5	1 kali
5	2023	5.893.673.464	18.669.480.095	1 kali
Average				34 Kali

In 2019 the Cost of Goods Sold obtained was IDR 171,849,938,824 with an average inventory (2018 and 2019) of IDR 86,278,451,000 resulting in an inventory turnover ratio of 1 time. In 2020 the Cost of Goods Sold (COGS) obtained was IDR 2,058,340,824 with an average inventory (2019 and 2020) of IDR 12,941,650 resulting in an inventory turnover ratio of 159 times. In 2021 the Cost of Goods Sold (COGS) obtained was IDR 3,880,465,204 with an average inventory (2020 and 2021) of IDR 4,049,024,778.5 resulting in an inventory turnover ratio of 1 time. In 2022 the Cost of Goods Sold (COGS) obtained was IDR 4,269,363,274 with an average inventory (2021 and 2022) of IDR 5,290,660,701.5 resulting in an inventory turnover ratio of 1 time. In 2023 the Cost of Goods Sold (COGS) obtained was IDR 5,893,673,464 with an average inventory (2022 and 2023) of IDR 18,669,480,095 resulting in an inventory turnover of 1 time.

Based on the results of the analysis of inventory turnover data, the financial performance of Perum BULOG Baubau Branch Office from 2019 to 2023 shows an indication of the Cost of Goods Sold (COGS), Average Inventory, and Inventory Turnover Ratio. The inventory turnover ratio at Perum BULOG Baubau Branch Office fluctuates greatly from year to year. In 2019 and 2022, it shows a ratio of 1 time, which means that inventory is only sold once a year. This indicates inefficient inventory management. In 2020, the inventory turnover ratio jumped dramatically to 159 times, indicating very efficient inventory management, although this was due to the very small amount of inventory in 2020. In 2021, the ratio fell back to 9 times, and in 2023 it only reached 1 time again, indicating problems in inventory management consistency. The average inventory turnover ratio over the five years was 34 times, but this result was pulled up by the extraordinary spike in 2020. The results show that the financial performance of Perum BULOG Baubau Branch Office is unstable in inventory management. The data shows instability in inventory management, in 2020 Perum BULOG had a very high inventory turnover ratio, but other years showed a low turnover ratio. This instability shows that Perum BULOG Baubau Branch Office has difficulty in balancing inventory needs with sales. In 2019, 2022, and 2023, the low inventory

turnover ratio indicates that Perum BULOG faces efficiency issues in selling inventory. This could lead to inventory build-up, which impacts storage costs and potential losses due to the decline in value of goods.

The results of this study are in line with the results of research conducted by (Akmalia & Pambudi, 2020) and (Ruppang, 2022), the results obtained, namely from the assessment of inventory turnover indicators, are categorised as good, this is due to the high cost of goods sold.

CONCLUSION

Based on the calculation and analysis of activity financial ratios, using turnover ratios based on accounts receivable turnover ratios, the financial performance of Perum BULOG Baubau Branch Office can be categorised as poor. The drastic decline in sales and significant fluctuations in accounts receivable turnover indicate that the company faces major challenges in maintaining operational stability and credit management efficiency. The overall results of the data analysis show that Perum BULOG Baubau Branch Office needs to improve its sales strategy and receivables management to generate better and more stable performance.

Based on the inventory turnover ratio, Perum BULOG Baubau Branch Office's financial performance is unstable in inventory management. The data shows instability in inventory management, in 2020 Perum BULOG had a very high inventory turnover ratio, but other years showed a low turnover ratio. This instability shows that Perum BULOG Baubau Branch Office has difficulty in balancing inventory needs with sales. In 2019, 2022, and 2023, the low inventory turnover ratio indicates that Perum BULOG faces efficiency issues in selling inventory. This could lead to inventory build-up, which impacts storage costs and potential losses due to the decline in the value of goods (Fatmala & Farida, 2024).

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