

THE EFFECT OF CASH FLOW ON LIQUIDITY LEVELS AT PT. WIJAYA KARYA (PERSERO) TBK ON THE INDONESIAN STOCK EXCHANGE

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Abstract

This research aims to determine the effect of cash flow on the level of liquidity at PT. Wijaya Karya (Persero) Tbk on the Indonesian Stock Exchange. The type of research used is quantitative descriptive. The research population is the financial statements of PT. Wijaya Karya (Persero) Tbk for 5 (five) periods, namely 2015-2019. The samples for this research are the balance sheet, profit and loss report and cash flow report of PT. Wijaya Karya (Persero) Tbk for 5 (five) periods, namely 2015-2019. The data in this research is secondary data with data collection techniques using documentation methods for company financial reports. The data analysis technique uses multiple linear regression analysis. Partial research results (t test) state that partial operating cash flow does not have a significant effect on liquidity. Meanwhile, the investment cash flow variable partially has a significant effect on the level of liquidity. And the partial funding cash flow variable has no significant effect on liquidity. Simultaneous research results (F test) state that operating cash flow, investment cash flow and funding cash flow have a value of $F_{count} > F_{table}$ ($3.275 > 2.95$) and a significance value of <0.05 ($0.003 < 0.05$), So it can be concluded that the operating cash flow, investment cash flow and funding cash flow variables simultaneously have a significant effect on the level of liquidity.

Keywords: *Operating Cash Flow, Investment Cash Flow, Funding Cash Flow, Liquidity.*

1. INTRODUCTION

Every company must have a business strategy in developing its business activities so that it can adapt to current developments, so as to produce information and achieve goals quickly, precisely and accurately. To achieve company goals, it is necessary to have a better business that has managerial and leadership skills from personnel who are experts in this field to plan and organize the resources owned by the company. It often happens in today's business world that strong companies will survive in running their business, but weak companies will find it difficult to continue running their business, due to the company's low level of liquidity. Liquidity is the company's ability to meet its short-term obligations, namely obligations that must be immediately fulfilled by a company. The benefit of knowing the level of liquidity for a company is to help the analysis process and interpretation of short-

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term financial conditions. Liquidity issues are important in maintaining the company's smooth operations as well as short-term and emergency needs as well as the growth (investment) function to develop the assets owned in accordance with the company's expectations.

The cash flow report can also describe the company's financial flexibility, operational capabilities and liquidity. The level of liquidity of a company refers to a company's ability to meet its short-term debt with the current assets it owns.

The object used in this research is PT. Wijaya Karya (Persero) Tbk., is one of the State-Owned Enterprises (BUMN) and the first construction company listed on the Indonesia Stock Exchange (BEI). PT. Wijaya Karya (Persero) Tbk. is also a company operating in the construction industry, manufacturing industry, conversion industry, rental services, agency services, investment, agro-industry, renewable energy and conversion energy, trade, procurement engineering, construction, area management, increasing service capacity in the construction services sector, information technology for engineering and planning services.

The data obtained from PT. Wijaya Karya (Persero) Tbk for the last 5 years, from 2015 to 2019 which is presented in the following table:

Table1. Current Assets and Current Liabilities of PT. Wijaya Karya (Persero) Tbk on the Indonesian Stock Exchange 2015-2019

Year	Current Assets (Rp)	Change (%)	Current Debt (Rp)	Change (%)
2015	12,560,285,337,000	-	10,597,534,431,000	-
2016	23,651,834,992,000	2.37	14,909,016,696,000	1.50
2017	34,910,108,265,000	3.50	25,975,617,297,000	2.60
2018	45,731,939,639,000	4.58	28,251,951,385,000	2.82
2019	42,335,471,858,000	4.23	30,349,456,945,000	3.03

Source: PT Financial Report. Wijaya Karya (Persero) Tbk on the Indonesian Stock Exchange 2015-2019 (Data Processed)

In 2015-2018, current assets experienced a continuous increase, this was because receivables, inventories and advances increased so that current assets also increased. However, in 2018-2019 there was a decline due to decreased receivables, inventories and advances so that current assets also decreased. Meanwhile, current debt in 2015-2019 continued to increase, this was due to an increase in business debt, an increase in tax debt and an increase in expenses that had to be paid.

From the current assets above, one thing that determines changes in current assets is cash flow. The amount of cash flow from the 2015 to 2019 period can be seen in the following table:

Table2. Cash Flow Value in Current Assets of PT. Wijaya Karya (Persero) Tbk on the Indonesian Stock Exchange 2015-2019

Year	Cash flow (Rp)
2015	2,560,120,483,000
2016	9,269,999,584,000
2017	11,253,778,215,000
2018	13,973,766,477,000
2019	10,346,734,338,000

Source: PT Financial Report. Wijaya Karya (Persero) Tbk on the Indonesian Stock Exchange 2015-2019 (data has been processed)

In 2015-2016, cash flow increased, which means it was positively proportional or in the same direction as the increase in current assets. And in 2018-2019 cash flow decreased, as did current assets which also decreased that year. So it can be said that there is a relationship between cash flow and current assets as part of the level of liquidity.

From the cash flows described above, they can be classified into three parts, namely operating cash flows, investment cash flows, and financing cash flows. Complete details can be seen in the following table:

Table3. Financial Data Cash Flow PT. Wijaya Karya (Persero) Tbk on the Indonesian Stock Exchange 2015-2019

Year	Operating Cash Flow (Rp)	Investment Cash Flow (Rp)	Funding Cash Flow (Rp)
2015	238,405,380,000	(325,091,864,000)	345,914,785,000
2016	(1,113,343,805,000)	(1,338,524,756,000)	9,175,983,354,000
2017	1,885,252,166,000	(2,637,548,255,000)	1,975,527,365,000
2018	3,935,625,611,000	(6,068,317,949,000)	4,814,068,509,000
2019	833,091,329,000	(5,482,898,820,000)	1,039,308,781,000

Source: PT Financial Report. Wijaya Karya (Persero) Tbk on the Indonesian Stock Exchange 2015-2019 (data has been processed)

Based on table 1 above, the financial data of the company PT. Wijaya Karya (Persero) Tbk on the Indonesia Stock Exchange during the 2015-2019 period, which shows cash flow size reports for three main activities, namely operating activities, investment activities and financing activities. Operating cash flow fluctuates every year. In 2016, operating cash flow decreased to a negative value, where the increase in the use of cash flow from operating activities was due to payments to employees and payment of loan expenses, which means expenses were greater than revenues. However, from 2017-2018 there was a drastic increase in positive value, meaning that there was a cash flow that was greater than

the cash expenditure from the operations side and in 2019 there was another decrease in negative value.

The company's cash flow based on investment activities from 2016-2018 showed a negative decline, with this the company continued to expand which caused the company to purchase more fixed assets than sell fixed assets.

Cash flow from funding activities in 2015-2019 also experienced fluctuations, where in 2015-2016 there was an increase in positive value, which means funding increased, this was because the company received or took out loans that were larger than the debt repayment made. However, in 2019 it experienced a decline, because the company prioritized paying off debt that had been borrowed, resulting in cash expenditures for funding. This means that there are more debt payments compared to additional debt.

This needs to be analyzed to what extent the company PT. Wijaya Karya (Persero) Tbk in managing cash. It can be seen from the financial report data why the company is unable to achieve liquidity levels, therefore researchers review how the company can manage cash to achieve liquidity levels. To fulfill its debt obligations, the company must have the means to pay, namely in the form of current assets owned by the company.

2. LITERATUR REVIEW

Financial statements

According to the Indonesian Accountants Association (2004:2) states that "Financial reports are part of the financial reporting process. Complete financial reports include balance sheets, profit and loss statements, reports of changes in financial position (which are presented in various ways, for example as cash flow or fund flow reports), notes from other reports, as well as explanatory material which is integral to financial reports."

The purpose of financial reports according to Kasmir (2017: 86) "in general, financial reports aim to provide financial information about a company, both at a certain time and for a certain period. It is clear that financial reports are able to provide information.

Financial Report Analysis

According to Prastowo (2015: 50) states that, financial statement analysis is a process that is full of consideration in order to help evaluate the company's current and past financial position and operating results, with the main aim of determining the most likely estimates and predictions regarding the condition and company performance in the future.

According to Hery (2014:114) the objectives and benefits of financial report analysis are as follows:

- 1) To find out the company's financial position in a certain period, including assets, liabilities, equity, and business results that have been achieved during a certain period.
- 2) To find out the weaknesses that the company lacks.

- 3) To find out the strengths that are the company's advantages.
- 4) To determine corrective steps that need to be taken in the future, especially those related to the current financial position.
- 5) To carry out management performance assessments.
- 6) As a comparison with similar companies, especially regarding the results that have been achieved.

Cash flow statement

According to Harahap (2004:257) states that a cash flow report is: "a report that provides relevant information about cash receipts and expenditures in a certain period by classifying transactions into operational, financing and investment activities".

According to Ikhsan (2009:178): states that cash flow reports are made to fulfill the following objectives:

- 1) To estimate future cash flows.
- 2) To evaluate management decision making. The cash flow report will report the company's investment activities thereby providing cash flow information to investors and creditors who evaluate manager decisions.
- 3) To determine the company's ability to pay dividends to shareholders, interest payments and loan principal to creditors.
- 4) To show the relationship between net profit and changes in company cash. High levels of profit tend to cause an increase in cash, and vice versa.

Liquidity

According to Kasmir (2019:110) states that the liquidity ratio is: "a ratio that describes the company's ability to fulfill short-term obligations". Meanwhile, according to Sutrisno (2012:14) states that liquidity is: "ratios used to measure a company's ability to pay its short-term debts".

Relationship between Cash Flow and Liquidity

The relationship between operating cash flow and liquidity is based on the assumption that the amount of cash flow from operating activities will affect current assets and current liabilities. Cash flow statements can provide information that allows users to evaluate changes in the form of a company's net assets and financial structure. Company liquidity refers to the company's ability to meet its short-term obligations with its current assets. According to Simamora (2000:523), the greater the value of cash flows from operating activities, the greater the company's ability to fulfill its current obligations when they fall due. Meanwhile, according to another opinion from Riyanto (2010:94), the greater the amount of cash in the company means the higher the level of liquidity.

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2. RESEARCH METHOD

The variables of this research are cash flow and liquidity ratio of PT. Wijaya Karya Tbk on the Indonesian Stock Exchange. The operational definition in this research is as follows:

1. The Cash Flow Report is a report that contains information about the cash flow in and out of PT. Wijaya Karya (Persero) Tbk in a certain period consists of three activities including operating activities, investment activities and financing activities. Measured using rupiah (RP).
 - a. Operating Activities Cash Flow represents receipts and expenditures on PT's operating activities. Wijaya Karya (Persero) Tbk.
 - b. Cash Flow Investment Activities represent sales and purchases of fixed assets at PT. Wijaya Karya (Persero) Tbk.
 - c. Funding Activity Cash Flow is the addition and financing of funding costs at PT. Wijaya Karya (Persero) Tbk.
2. The Liquidity Ratio is a ratio that shows the ability of the PT company. Wijaya Karya (Persero) Tbk in fulfilling its obligations or paying its short-term debt. Measured using the Current Ratio. The Current Ratio is a ratio that measures the ability of the PT company. Wijaya Karya (Persero) Tbk to fulfill short-term debt obligations that will mature in less than one year using current assets.

$$\text{Current Ratio} = \frac{\text{Aktiva Lancar}}{\text{Utang Lancar}} \times 100\%$$

According to Sugiyono (2011:61) Population is: "a field of generalization consisting of objects or objects that have certain qualities and characteristics determined by researchers that need to be studied and then conclusions drawn." The population used in this research is the financial statements of PT. Wijaya Kaya Tbk. issued through the Indonesian Stock Exchange (IDX) for the 2015-2019 period. According to Sugiyono (2011:62) The sample is: "part of the number and characteristics of the population". In this research, the samples used are the balance sheet, profit and loss report, and cash flow report of PT. Wijaya Kaya Tbk. issued through the Indonesian Stock Exchange (IDX) for the 2015-2019 period.

The type of data used in this research is quantitative research. The data source that will be used for analysis in this research is secondary data. The data obtained from the balance sheet, profit and loss report and cash flow report of PT. Wijaya Karya Tbk which was published on the Indonesia Stock Exchange (IDX) for the 2015-2019 period. The data collection technique used in this research is documentation technique. This documentation technique is used as a basis for data analysis. In this research, the documentation technique was produced by taking the financial reports of PT. Wijaya Kaya Tbk. period 2015-2019 from the official website of the Indonesian Stock Exchange (www.idx.co.id).

The techniques for calculating cash flow and liquidity at PT. Wijaya Kaya Tbk. on the Indonesian Stock Exchange are as follows:

1. The Classical Assumption Test is an analysis carried out to assess whether in an Ordinary Least Square (OLS) linear regression model there are classical assumption problems.
 - a) Normality Test, aims to test whether the independent variables and dependent variables are normally distributed.
 - b) The Heteroscedasticity Test aims to test whether in the regression model there is inequality (variance) between one observation and another.
 - c) Autocorrelation Test, aims to test whether in a linear regression model there is a correlation between confounding errors in period one and the previous period. This test can be calculated by looking at the Durbin-Watson value.
 - d) Multicollinearity Test, used to determine whether or not there are deviations from the classic assumption of multicollinearity, namely the existence of a linear relationship

between independent variables in the regression model. This test can be done by looking at the correlation coefficient of each variable.

2. Multiple Linear Regression Analysis

This analysis is used to determine the effect of the independent variable on the dependent variable and also predict the value of the dependent variable. The multiple linear regression equation is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Information :

Y = Liquidity (*current ratio*)

a = Constant

b₁b₂b₃ = Regression coefficient

X₁ = Value of cash flows from operating activities

X₂ = Value of cash flows from investment activities

X₃ = Value of cash flows from financing activities

e = *Error Terms* (bullying error)

3. The Coefficient of Determination Test is a test that explains how much the contribution of variable X (cash flow) influences variable Y (liquidity).

4. Hypothesis testing is a temporary answer to a problem (research) whose truth must be tested empirically.

1. The F test is used to determine the simultaneous influence of the independent variable on the dependent variable. The F test requirements:

- If F count > F table then H₀ is rejected and H_a means that all independent variables are significant explanations of the dependent variable.
- If F count < F table then H₀ is accepted and H_a means that all independent variables are not significant explanations of the dependent variable.

2. The t test was carried out to determine the partial influence of each independent variable. A variable is said to be influential if the significance value is <0.05.

3. RESULTS AND DISCUSSION

1. Normality test

Table 4. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		32
Normal Parameters, b	Mean	.0000000
	Std. Deviation	16.90970459
Most Extreme Differences	Absolute	.138
	Positive	.138
	Negative	-.118
Statistical Tests		.138
Asymp. Sig. (2-tailed)		.123 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Based on the results of the One Sample Kolmogorov-Smirnov statistical test above, it can be seen that the value of Asymp. Sig (2-tailed) is 0.123. This means that the value is

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greater than 0.05 so it can be concluded that the value is normally distributed or meets the normality test requirements.

a) Heteroscedasticity Test

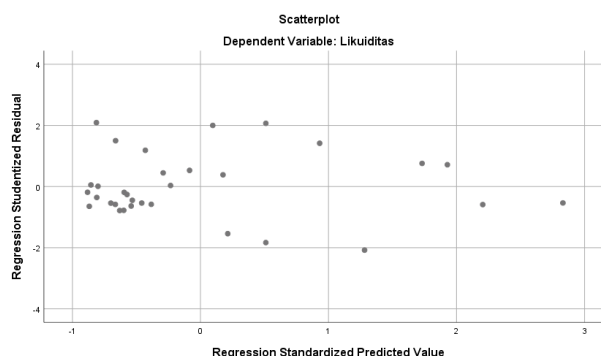


Figure 1. Heteroscedasticity Test

From the scatterplot graph above, it can be seen that the points are spread randomly, do not form a clear pattern, and are spread both above and below the number 0 on the Y axis. So it can be concluded that this means that heteroscedasticity does not occur.

b) Autocorrelation Test

Table 5. Autocorrelation Test

Model Summary b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.510a	.260	.180	17.79254	.888

a. Predictors: (Constant), Funding Cash Flow, Operating Cash Flow, Investment Cash Flow

b. Dependent Variable: Liquidity

Based on the results of the autocorrelation test, the Durbin Watson test value is 0.888. By looking at the Durbin Watson table with k explanation of 3 and the value of N being 32, the du value is 1.6505. So the DW value is smaller than the du value, which means that autocorrelation symptoms occur.

2. Multiple Linear Regression Analysis

Table 7. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	116,288	5,076		22,911	,000
Operating Cash Flow	-1.597E-12	,000	-.189	-1,110	,276
Investment Cash Flow	-6.249E-12	,000	-.564	-2,919	,007
Funding Cash Flow	-9.133E-13	,000	-.122	-.635	,530

This regression analysis was carried out to determine whether liquidity can be predicted by using cash flows from operating activities, cash flows from investment activities and cash flows from funding activities in the research in the form of the following equation:

$$Y = 116.288 - 1.597X_1 - 6.249X_2 - 9.133X_3 + e$$

In the multiple linear regression equation above, the constant value is 116.288. This shows that if variables X_1 , The above equation can also be interpreted as follows:

- If the operating cash flow variable increases with the assumption that the investment cash flow variable and funding cash flow remain constant, then the company's liquidity will decrease. In this case, if operating cash flow increases by 1 rupiah, the company's liquidity decreases by 1.597%.
- If the investment cash flow variable increases with the assumption that the operating cash flow variable and funding cash flow remain constant, then the company's liquidity will decrease. In this case, if investment cash flow increases by 1 rupiah, the company's liquidity decreases by 6.249%.
- If the funding cash flow variable increases with the assumption that the operating cash flow variable and investment cash flow remain constant, then the company's liquidity will decrease. In this case, if funding cash flow increases by 1 rupiah, the company's liquidity decreases by 9.133%.

3. Coefficient of Determination Test

Table 8. Determination Coefficient Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.510a	.260	.180	17.79254

a. Predictors: (Constant), Funding Cash Flow, Operating Cash Flow, Investment Cash Flow

The R-Square value in the table above is 0.260, indicating that the independent variable consisting of cash flow from operating, investment and financing activities has an effect of 26%. This means that operating cash flow, investment cash flow and funding cash flow have an influence on company liquidity of 26%, while the remaining 74% is influenced by other variables that are not in the regression model.

4. Hypothesis testing

a) F test

Table 9. F test

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3109,996	3	1036.665	3,275
	Residual	8864.081	2	316,574	
	Total	11974.077	3		
			1		

a. Dependent Variable: Liquidity

b. Predictors: (Constant), Funding Cash Flow, Operating Cash Flow, Investment Cash Flow

Based on the F test table above, the F count is 3.275 and the significance is 0.036. This shows that the value of $F_{\text{count}} > F_{\text{table}}$ is $3.275 > 2.95$, and the significance value is < 0.05 , namely $0.003 <$

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0.05. so it can be concluded that the cash flow components which include cash flows from operations, investment and funding have a simultaneous effect on liquidity.

b) T test

**Table 10. T test
Coefficients^a**

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	116,288	5,076		22,911	,000
	Operating Cash Flow	-1.597E-12	,000	-.189	-1,110	,276
	Investment Cash Flow	-6.249E-12	,000	-.564	-2,919	,007
	Funding Cash Flow	-9.133E-13	,000	-.122	-.635	,530

a. Dependent Variable: Liquidity

It can be seen that the operating cash flow variable above has a significant value of 0.276 which is greater than the stipulated value of 0.05, which means that H1 is rejected or operating cash flow has no significant effect on liquidity partially.

Meanwhile, the investment cash flow variable above has a significant value of 0.007, which is smaller than the stipulated value of 0.05, which means that H2 is accepted or operating cash flow has a significant partial effect on liquidity.

And the funding cash flow variable has a significant value of 0.530, which is greater than the stipulated value of 0.05, which means that H3 is rejected or operating cash flow has no significant effect on liquidity partially.

Discussion

1. The Effect of Operating Cash Flow on the Company's Liquidity Level

In this research, the first hypothesis was formulated, namely that operating cash flow has a significant effect on the level of liquidity at PT. Wijaya Karya (Persero) Tbk. From the results of the tests that have been carried out, the results obtained are that the operating cash flow variable in significant effect on liquidity partially, meaning that H1 is rejected.

The highest value of operating cash flow was in 2018 in the fourth quarter, however the value of liquidity in that year in the fourth quarter decreased, which means that the value of operating cash flow is not in line with liquidity, if cash flow increases then liquidity increases and vice versa, if cash flow decreases then liquidity has decreased. This means that cash flow greatly influences the level of liquidity, it can be seen that there are different patterns in operating cash flow. This is because cash does not increase significantly with the addition of operating cash flow so that current assets are unable to make a real contribution as collateral for current liabilities.

According to Simamora (2000:523), the greater the value of cash flows from operating activities, the greater the company's ability to fulfill its current obligations when they fall due. Vice versa, if the net cash generated from operating activities is low, then the company is unable to pay its obligations. Which results in lower cash flow, lower current assets and higher current liabilities, in this situation the company cannot pay its short-term obligations.

The results of this research are consistent with research by Dewi, et al (2020) which examined the Effect of Cash Flow on Company Liquidity in Manufacturing Companies that Go Public in the Consumer Goods Industry Sub Sector. The results of this research are that partially cash flow from operating activities has no influence on the company's liquidity.

2. The Effect of Investment Cash Flow on the Company's Liquidity Level

Testing the proposed hypothesis, namely that there is a significant influence of investment cash flow on liquidity, is acceptable. It is known from the results of the regression analysis that the cash flow variable has a significant effect on the level of liquidity, meaning that H2 is accepted.

This is because the value of investment cash flow was the highest in 2015 in the first quarter, and the value of liquidity in that year in the first quarter also increased. The lowest value of investment cash flow was in 2018 in the fourth quarter. Likewise, the liquidity value in that year in the fourth quarter decreased, this means it is in the same direction as the pattern. According to Riyanto (2010:94), the greater the amount of cash in the company, the higher the level of liquidity. Investment cash flow will affect the amount of cash used for sales and purchases of fixed assets, so it will affect the level of liquidity

The results of this research are consistent with research conducted by Pawesti (2018) which examined the Effect of Cash Flow on Liquidity in Food and Beverage Sub-Sector Manufacturing Companies Listed on the Indonesia Stock Exchange (BEI) for the 2015-2017 Period. The results of the research show that investment cash flow has an effect on liquidity in food and beverage companies listed on the Indonesia Stock Exchange.

3. The Effect of Funding Cash Flow on the Company's Liquidity Level

Testing the proposed hypothesis is that there is a significant influence of funding cash flow on PT's liquidity level. Wijaya Karya (Persero) Tbk. It is known from the results of the tests that have been carried out that the funding cash flow variable has an insignificant effect on liquidity partially, meaning that H3 is rejected.

The lowest value of funding cash flow was in 2019 in the first quarter, while the value of liquidity in that year in the fourth quarter increased, which means that the value of funding cash flow was not in line with liquidity.

This is because the amount of net cash from financing activities is obtained from the receipt of funding sources provided by creditors. The company takes out many loans, both short and long term, to carry out its business activities. This condition shows that the funds obtained do not come from the company's own internal capabilities but rather rely on external funding sources for its business activities, so that cash flow funding does not play a role in determining the company's liquidity.

The results of this research are not consistent with research by Hayati, et al (2011) which examined the Effect of Cash Flow on Liquidity in Telecommunication Companies Listed on the IDX. The results of this research show that partially funding activity is one of the variables that has a direct effect on liquidity.

4. CONCLUSION

Based on the results of the research and discussion in the previous chapter, it can be concluded that:

1. Cash flow from operating activities, cash flow from investment activities and cash flow from financing activities simultaneously influence liquidity.
2. Partially, only cash flows from investment activities have an effect on liquidity, while cash flows from operating and financing activities have no effect on liquidity.

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