



The Effect Of Cash Flows On The Level Of Liquidity Of PT XL Axiata Tbk

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Abstract: This study aims to determine how much influence cash flow has on the level of liquidity. And the company which is the object of this research is PT. XL Axiata Tbk.

The research method used is descriptive associative with a quantitative approach, namely to discuss the problems faced by the company from a financial perspective. The data analysis used is quantitative data, namely numerical data. The sample used in this research is in the form of financial statements, cash flow reports at PT. XL Axiata Tbk from 2011 to 2017. To find out whether there is a relationship between cash flow and the level of liquidity at PT. XL Axiata Tbk is used with simple linear regression analysis, correlation coefficient analysis, coefficient of determination, and hypothesis testing.

There is a significant influence on cash flow with the level of liquidity. This can be seen from the simple linear regression equation namely, $Y = 0.412 + 6.443X$, which means that the change in Y goes both ways with the change in X. So it can be concluded that cash flow has a positive effect on the level of liquidity. And from the value of the correlation coefficient found of 0.774 so that it can be said to be strong between cash flow and the level of liquidity of PT. XL Axiata Tbk. The coefficient of determination of cash flow has a positive effect on the level of liquidity by 59.9%, while the remaining 40.1% is influenced by other variables unknown to the researcher. The value of $t_{count} > t_{table}$, or (2,733 > 2,570) means that there is a significant influence between cash flow on the level of liquidity at PT. XL Axiata Tbk.

Keywords: Cash Flow, Liquidity

INTRODUCTION

According to Irham Fauzi (2010:160), Financial reports are used to provide information on a company to users. Users of financial reports consist of internal users and external users. Internal companies can use financial reports to assess performance, compare both between periods and between companies, or even evaluate results and design a budgeting system for the next period. External parties such as investors and creditors can make decisions on the right investment by interpreting the condition of the company through financial reports.

The financial statements presented by the company include statements of financial position, comprehensive income, changes in equity in cash flow reports, and cash records of financial statements. High profit does not guarantee that the company is in good condition if

there is not enough cash to pay the company's obligations at maturity because it will make it difficult for the company to continue operating. Cash as maximum working capital and by company needs. The cash flow statement will help external parties understand the company's ability to manage cash flow within the company which consists of three activities, namely operating, investing, and financing activities.

Operating activities give rise to expenses and income generated by the company's main activities. This cash flow from operating activities is the main indicator to determine whether operations can generate cash from primary operations that result in operating income. Investing activities can increase and decrease long-term assets used by the company during its business activities. Cash flows from investment activation do not only include buying and selling of assets. Financing activities are those activities that result in changes in the amount and composition of the entity's capital and borrowing contributions.

According to Lukman Syamsudin (2002: 46), liquidity is the company's ability to understand financial obligations right at maturity. This can mean that there is sufficient cash on hand to pay off these current liabilities on maturity and in case of urgent needs. Liquidity is an important element to maintain the company's existence. If liquidity is low, it means that the company will find it difficult to maintain the continuity of the entity's business and it will make it difficult for the company to attract investors because the collateral for the investor's loan is only guaranteed by small amounts of current assets. This cash flow is indirectly a tool to evaluate the level of liquidity in the company from one period to the next. Companies that can meet or pay their financial obligations on time are called liquid, that is if current assets are greater than current debt. being unable to fulfill or pay a financial obligation on time is called illiquid.

Along with the development of the telecommunications business in the country, this has led to the emergence of telecommunications service companies. These telecommunication companies are now competing to provide the best service by offering competitive prices to consumers. Apart from providing good services by offering competitive prices, telecommunication companies also compete in terms of product creativity being marketed. This competition causes telecommunication business actors to be more innovative and creative in creating new services and technologies that will later be useful for the development of the telecommunications industry in Indonesia.

Currently, people's need for information is getting higher and telecommunication services are one of the most frequently used means of obtaining this information. Therefore, the telecommunications sector makes a significant contribution to changes in the national economy.

PT. XL Axiata Tbk. is a telecommunications service provider and telecommunications network in Indonesia. This company offers a communication channel for mobile phone users with a choice of prepaid and postpaid under the XL Prepaid selling brand. Other services provided include voice communication channels for fixed telephones, including international direct dialing (IDD). The company also provides internet multimedia services and data communications.

Selection of PT. XL Axiata Tbk which has been listed on the Indonesia Stock Exchange (IDX) as a company that will be studied to determine the level of liquidity of telecommunications service companies in rising operating costs of telecommunications service companies. So those companies are required to be able to process the cash they have very well to finance the company's operational activities and fulfill company obligations. This can be seen in the following table:

**Cash Flow and Liquidity of
PT XL Axiata Tbk
Period 31 Desember 2011 to 2017
(in million rupiah)**

Year	Current Asset	Current Liabilities	Liquidity Value (%)
2011	3,387,237	8,728,212	38.81%
2012	3,658,985	8,739,996	41.86%
2013	5,844,114	7,931,046	73.69%
2014	13,309,762	15,398,292	86.44%
2015	10,151,586	15,748,214	64.46%
2016	6,806,863	14,477,038	47.02%
2017	7,180,742	15,226,516	47.16%

Based on the description above, the authors are interested in researching with the title **"The Effect of Cash Flow on the Liquidity Level of the Company at PT. XL Axiata Tbk. 2011 to 2017 "**.

LITERATURE REVIEW

2.1 Definition of Financial Statements

The financial report is a description of the financial condition and results of operations of a company at a certain time or at a certain time.

Financial statements are also used as the basis for determining or assessing the company's financial position, where the results of the analysis are used by interested parties to make a decision.

The definition of financial statements was put forward by Munawir (2013: 2), *Financial reports are the result of an accounting process that can be used as a tool to communicate between financial data or activities of a company and parties with an interest in the company's data or activities.*

The definition of financial statements put forward by Kasmir (2013: 66),

A financial report is a report that shows the company's current financial condition or in a certain period.

2.2 Definition of Cash Flow

Cash flow or also known as cash flow can be defined as an activity that contains information about cash inflows and cash outflows from a company during a certain period.

The definition of cash flow was put forward by S. Munawir (2013: 157) Cash flow (cash flow) is a summary of financial transactions related to cash regardless of the relationship with income earned or costs incurred.

Meanwhile, according to Sofyan Syafri Harahap (2010: 257) states that: Cash flow can be defined as relevant information about cash receipts and disbursements of a company in a certain period, by classifying transactions into operating, investing, and financing activities.

2.3 Definition of Liquidity

Definition of Liquidity according to Suad Husnan and Eny Pudjiastuti (2009: 14) Liquidity is the company's ability to fulfill its obligations that must be fulfilled immediately.

Companies that are not liquid will lose the trust of outsiders, especially creditors and suppliers, and from internal parties, namely employees. Therefore, every company must have business entity liquidity (dealing with outside parties) and company liquidity (dealing with parties within the company). According to Darsono (2006: 53) to improve liquidity can be done by:

- a. Owner increases capital
- b. Selling part of a fixed price.
- c. Short-term debt becomes long-term debt.
- d. Short-term debt is used as its capital.

From this understanding, it can be understood that liquidity describes the ability to fulfill its financial obligations which must be fulfilled immediately and are related to the short-term creditor's trust problem in the company. This means that the higher the liquidity, the more short-term creditors will trust the company.

The number of payment instruments owned by a company at a certain time is the power to pay the company concerned. However, a company that has the power to pay may not be able to fulfill its financial obligations which must be fulfilled immediately, or in other words, the company cannot necessarily pay.

The ability to pay only exists in a company if the power to pay is so great that it can fulfill all its financial obligations that must be fulfilled immediately. Thus, the ability to pay can only be known after comparing the power to pay on the one hand with the financial obligations that must be fulfilled on the other.

A company is said to be liquid if the company has a large-paying power so that it can fulfill all its financial obligations that must be fulfilled immediately.

RESEARCH METHODOLOGY

3.1 Time and Place of Research

The time used for this research is from September to October 2017. The object of research is the financial statements of companies listed on the Indonesia Stock Exchange (IDX), namely PT XL Axiata Tbk. which is located at Grha XL Jl. DR. The idea of Anak Agung Gde, Agung Lot E4-7 No.1 Mega Kuningan area, South Jakarta.

3.2 Research Design

The research design used is Causal Research which is a study to determine the relationship of one or more independent variables to the dependent variable. The independent variable in this study is cash flow and the dependent variable is liquidity.

3.3 Population and Sample

3.3.1 Population

The population is a generalization area consisting of objects or subjects that have certain quantities and characteristics that are applied by researchers to study and then draw conclusions (Sugiyonno, 2010: 115). The population used in this study is the financial statements of PT XL Axiata Tbk.

3.3.2 Sample

Definition of the sample according to Sugiyono (2010: 116), The sample is part of the number and characteristics of the population. If the population is large, and it is impossible for the researcher to study everything in the population, for example, because of limited funds, energy and time, the researcher can use a sample taken from that population. What is learned from the sample, the conclusions will apply to the population must be truly representative. The sample used in this thesis is in the form of the financial statements of PT XL Axiata Tbk. from 2011 to 2017.

3.4 Data Collection Methods

There are 2 (two) ways of collecting data, namely:

3.4.1 Documentation

Collection of data and information obtained from company documents.

3.4.2 Literature Study

Collecting data obtained from literature such as articles, books, financial reports, and the internet.

3.5 Data Analysis Methods

3.5.1 Classic Assumption Test

Classic assumption testing is required before hypothesis testing is carried out. The classical assumption tests carried out are normality, multicollinearity, autocorrelation, and heteroscedasticity tests.

3.5.2 Simple Linear Regression Analysis

Regression is a form of the functional relationship between variables. Meanwhile, regression analysis according to Supardi (2014: 149) is to study how the variables are related. Linear regression is a regression in which the independent variable (variable X) has the highest rank of 1.

3.5.3 Correlation Coefficient Test

A correlation coefficient is a number that indicates the strength or weakness of the influence between two variables. The magnitude of the correlation coefficient (r) between two variables is to measure the strength or weakness of the influence between the two variables.

3.5.4 Determination Coefficient Test

The coefficient of determination (R^2) is used to measure the percentage of the influence of the independent variable on the dependent variable. The value of the coefficient of determination is between the number 0 and also 1. The value of the coefficient of determination is to prove the ability of the independent variable to influence the dependent variable, and the rest is determined by variables outside the independent variable. The R^2 value is said to be good if it is above 0.5.

3.5.5 Hypothesis Testing

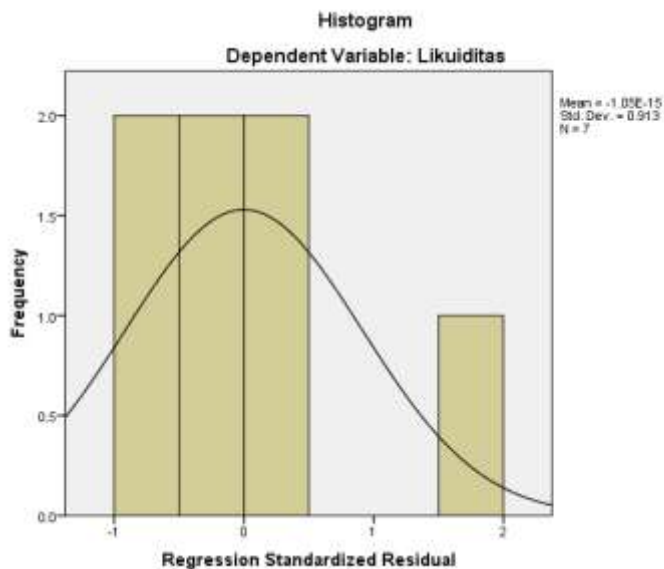
Hypothesis testing aims to prove whether the data in the sample are strong enough to describe the population, or whether generalizations can be made about the population based on the sample results. In this study, to prove a prediction the t-test was used.

RESULT AND DISCUSSION

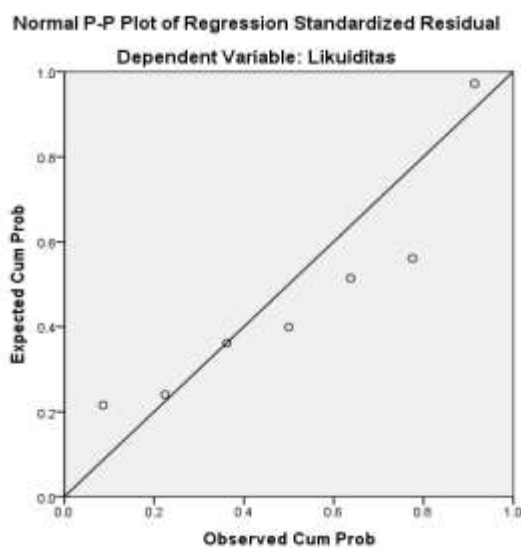
4.1 Classic Assumption Test Results

4.1.1 Normality Test Results

The normality test is used to test whether in a regression model, the dependent and independent variables or both have a normal distribution or not.



The results of the normality test use a histogram graph



The results of the normality test use the P-Plot chart

Based on the test results above, the data distribution is around the diagonal line and follows the direction of the diagonal line. This shows that the regression model has met the normality assumption.

4.1.2 Multicollinearity Test Results

The multicollinearity test aims to test whether the regression model found a correlation between the independent variables (independent). A good regression model should not correlate with the independent variables. To detect multicollinearity, it can be done by looking at the Tolerance and Variance Inflation Factor (VIF) values and the amount of correlation between independent variables. The results of the multicollinearity test are as follows:

**Multicollinearity Test Results
Coefficients**

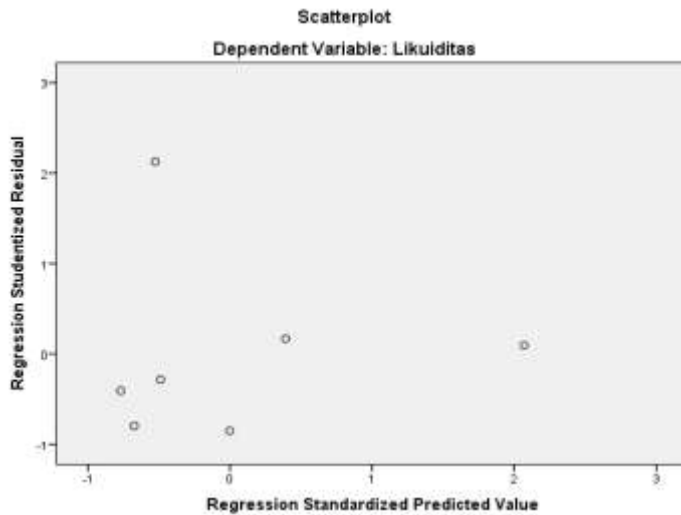
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Arus Kas	1.000	1.000

a. Dependent Variable: Liquidity

Based on the table above, the calculation results of the Tolerance value show that no independent variable has a tolerance value of more than 0.10, which is 1,000 for cash flows. The results of VIF calculations also show the same thing, namely that none of the independent variables has a VIF value of more than 10, which is 1,000 for the cash flow variable, so it can be concluded that there is no multicollinearity symptom between the independent variables in the regression model.

4.1.3 Heteroscedasticity Test Results

Heteroscedasticity testing is carried out to test whether in a regression model there is an inequality of variance from the residuals of one observation to another. If the residual variance from one observation to another is constant, it is called Homoscedasticity and if it is different it is called Heteroscedasticity. A good regression model is Homoscedasticity or Heteroscedasticity does not occur. The results of the heteroscedasticity test are in the following figure:



Heteroscedasticity Test Results Using the Scatterplot Test.

Based on the scatterplots graph, it can be seen that the points spread randomly and are spread both above and below the number 0 on the Y-axis. This means that there is no heteroscedasticity in this regression model, so this model is suitable for use in this study.

4.1.4 Autocorrelation Test Results

According to Imam Ghozali (2011: 11), the autocorrelation test aims to find out whether in the linear regression model there is a relationship between confounding errors in period t with errors in period $t-1$ (previous). If there is autocorrelation, it is called an autocorrelation problem.

The basis for making decisions according to Singgih Santoso in the Parametric Statistics book (2010) is as follows:

- a. A D-W number below -2 means that there is positive autocorrelation.
- b. A D-W number between -2 to +2 means that there is no autocorrelation.
- c. D-W numbers above +2 means that there is negative autocorrelation.
- d.

4.2 Simple Linear Regression Analysis

To find out the magnitude of the influence of each independent variable on the dependent variable, it can be seen in the following table:

Table of Simple Linear Regression Results

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.412	.075		5.503	.003

Arus_Kas	6.443	.000	.774	2.733	.041
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a. Dependent Variable: Liquidity

Based on the table above the results that have been obtained from the regression coefficient above, a regression equation can be made as follows:

$$Y = 0.412 + 6.443X$$

The regression equation above shows a constant value of 0.412. This states that if the cash flow variable is considered constant or has a value of 0 (zero). In the coefficients table above, the significant value of cash flow is 0.041 < 0.05 and T count 2.733 < T table 2.570 so that it can be concluded that the Cash Flow variable (X) has a significant effect on the Liquidity variable (Y).

4.3 Correlation Coefficient Test Results

Table of Correlation Coefficient Test Result

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.774 ^a	.599	.519	.12527

a. Predictors: (Constant), Cash Flow

b. Dependent Variable: Liquidity

Source: Secondary data Processed with SPSS 2.0 (2018)

Guidelines for Providing Interpretation of Correlation Coefficients

Coefficient Interval	Relationship Level
0.00 – 0.199	Very Low
0.20 – 0.399	Low
0.40 – 0.599	Medium
0.60 – 0.799	Strong
0.80 – 1.000	Very Strong

Source: Sugiyono (2014:184)

Based on the results of the above analysis using the Product Moment Correlation, the r_{xy} value is 0.774. Per the coefficient interpretation guidelines that the correlation value between cash flow and liquidity is 0.774 with a strong relationship level. This shows that there is an influence between cash flow and liquidity of PT. XL Axiata Tbk.

4.4 Determination Coefficient Test Results

To find out how much the contribution of the cash flow variable (X) to the liquidity variable (Y) is used to calculate the coefficient of determination as follows:

Table of Determination Coefficient Test Results

Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.774 ^a	.599	.519		.12527

a. Predictors: (Constant), Arus_Kas

b. Dependent Variable: Likuiditas

Source: Secondary data Processed with SPSS 2.0 (2018)

Based on the calculation of the value of 59.9%. This shows that the contribution of cash flow to the liquidity of PT. XL Axiata Tbk is 59.9%. While the rest (100% - 59.9%) = 40.1% cash flow to liquidity is influenced by other factors not examined.

4.5 Hypothesis Test Results

4.5.1 T Statistical Test Results (Partial Test)

The T-test aims to partially test the effect of the independent variables on the dependent variable by assuming the other variables are constant. The proof is by looking at the t-count value is greater than t-table ($t_{count} > t_{table}$) and the probability value is significantly smaller than 0.05 ($sig < 0.05$), it means that there is a significant effect of the independent variable on the dependent variable.

Table of T Statistical Test Results

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.412	.075		5.503	.003
Arus_Kas	6.443E-8	.000	.774	2.733	.041

a. Dependent Variable: Likuiditas

Sumber : Data sekunder yang diolah dengan SPSS 2.0 (2018)

(Partial Test)

Based on the test results, it is known that t-count $2.733 > t\text{-table } 2.570$ and a significant value of $0.041 < 0.05$ so it can be concluded that there is a significant effect of cash flow on the liquidity of PT XL Axiata Tbk.

CONCLUSIONS

Based on the results of the analysis carried out in this study, it can be concluded that:

1. Cash flow at PT XL Axiata Tbk, from 2011 to 2012 has decreased because, in financing activities, revenue is smaller than the expenses paid. From 2012 to 2014, there was an increase due to the increase in revenue from operating activities and funding activities. From 2014 to 2015 there was a decline because the income in funding activities was smaller than expenditure. From 2015 to 2016, there was a decline due to decreasing revenue in funding activities even though the expenditure also decreased. Meanwhile, in 2016 to 2017 there was an increase because in operational activities the revenue was greater than the expenses paid.
2. The level of liquidity at PT XL Axiata Tbk, in 2011 to 2012 increased by 3.06%, from 2012 to 2013 increased by 31.82%, and from 2013 to 2014 increased by 12.75%, while in 2014 to 2015 decreased by 21.97%, from 2015 to 2016 decreased by 17.44%, and from 2016 to 2017 increased by 0.14%.
3. The effect of cash flow on the liquidity level of PT XL Axiata Tbk, from the linear regression results obtained by the equation $Y = 0.412 + 6.443X$, it means that if cash flow = 0 then liquidity will be formed of 0.412. And every Rp. 1 increase in cash flow, the level of liquidity will increase by 6,433. While the correlation value $r = 0.774$ means that cash flow has a strong effect on the level of liquidity. This means that if the cash flow has increased, the level of liquidity will increase, and vice versa if the cash flow has decreased, the level of liquidity will decrease. While the coefficient of determination is 0.599, meaning that the influence of cash flow on the level of liquidity is 59.9% and the remaining 40.1% is influenced by other factors that are not examined. From the results of the T statistical test, it is known that the value of t-count $> t\text{-table } (2.733 > 2.570)$ can

be concluded that there is a positive and significant influence between cash flow on the level of liquidity at PT XL Axiata Tbk.

SUGGESTION

1. Regarding the company's cash flow which decreased in 2014 - 2015 amounting to Rp. 3,639,449, PT XL Axiata Tbk should reduce costs incurred and carry out cash management that calculates cash disbursements by reducing cash flow and calculating the maturity of the company's current debt so that cash can continue to meet the needs of the company in carrying out operational activities.
2. Total cash flow and short-term liabilities are factors that affect the level of liquidity in the company. And the level of liquidity in 2014 - 2015 decreased by 21.97%, so the company should be able to control the total cash flow so that it remains stable and able to carry out company operations by reducing expenses, increasing income, and calculating short-term debt that is due so that cash the company can pay its short-term debt appropriately so that the company's liquidity will also improve.

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