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THE EFFECT OF TRADE CREDIT ON COMPANY PROFITABILITY IN THE CONSUMER GOODS INDUSTRY SECTOR FOR THE PERIOD 2020-2022

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ABSTRACT

The purpose of this research is to determine the effect of trade credit provision on the profitability of companies in the consumer goods industry sector from 2020 to 2022 and also to determine the effect of trade credit provision at a higher level and a lower level than the average company in the primary consumer goods industry sector on company profitability. Finally, this study will determine the effect of trade credit provision on the profitability of primary consumer goods sector companies during the COVID-19 pandemic crisis. The empirical analysis method is carried out on a sample of companies listed on the Indonesia Stock Exchange during the period 2020-2022. To test the research hypothesis, panel data analysis methodology is used with moderation of accounts receivable variables, company growth, third-party debt, bank loans, accounts payable, and dummy variables. The results showed that trade credit contributed to the profitability of the companies studied. The empirical analysis also reveals that firms can improve their profitability by increasing investment in trade receivables to a higher level than firms in their business sector. In addition, greater use of debt to suppliers and increased bank debt tend to reduce the contribution of trade receivables to firm profitability.

Keywords: *Company profitability, Trade credit, Trade receivables, Bank debt, Accounts payable.*

1. INTRODUCTION

In January 2019, Indonesia was first affected by Covid-19, which then developed into a pandemic that lasted for the next few years, where on June 21, 2023, the Government of the Republic of Indonesia officially changed the status of this pandemic to the Covid-19 endemic. Along with the restrictions on business activities during the pandemic, companies engaged in the non-primary consumer goods industry sector are seen to *struggle* and even close, while the primary consumer goods industry sector can still survive. During the pandemic, the high level of uncertainty greatly affects the condition of the business world in Indonesia, so this requires companies to make the right strategic decisions so businesses can continue to run and not close.

One of the strategies implemented by the company is to maintain its trade credit value, namely the value of sales credit (receivables) to customers and the value of purchase credit (payables) to suppliers, to be at an optimal level. This strategy aims to ensure that the company remains able to meet customer needs and support its operations without experiencing excessive financial pressure. In addition, the company must also remain focused on generating healthy profits to maintain its business continuity. By managing this credit score wisely, the company can achieve a balance between maintaining its liquidity and profitability.

Trade credit refers to credit offerings as a tool that companies use to support their sales policies, and trade credit refers to the financing relationships established between buying companies and suppliers. Credit as a tool to support sales policies, in this case the provision of trade credit as a

means to build relationships with new customers and strengthen existing relationships. Therefore, trade credit can make an effective contribution to firm growth and profitability (Du et al., 2012; Ferrando and Mulier, 2013; Mart ınez-Sola et al., 2013).

Providing payment extensions can not only encourage more purchases in the present, but can also increase sales in the future because accounts payable can help customers solve liquidity problems, which occur when suppliers provide payment extensions to buyers, allowing buyers to receive goods or services without having to pay in cash at that time. This can help firms run their operations more flexibly, while maintaining sufficient liquidity for business continuity, and firms will be financially motivated to use trade credit to replace other sources of funding when credit from financial institutions is restricted (Petersen and Rajan, 1997; Nilsen, 2002), so trade credit can be considered a component of market transactions, but, at the same time, an alternative and valuable source of short-term financing (Seifert et al., 2013).

The finance and management theory used in this study is the theory of profitability and credit management to analyze the relationship between trade credit and corporate financial performance. Profitability theory in finance and management studies the factors that influence a company's ability to generate profits. Profitability is measured through various financial ratios, such as profit margin, return on assets (ROA), return on equity (ROE), and net profit margin. Profitability refers to the level of profit a company earns from its operational activities. According to Sutrisno (2009, 16) profitability is the company's ability to generate profits with all the capital working in it. Credit management theory in finance focuses on managing trade receivables and trade credit extended to customers. The main objective of credit management is to optimize sales by extending credit to qualified customers, while minimizing the risk of default and maintaining company liquidity. According to Kasmir (2002, 71-72) credit management is good credit management starting from planning the amount of credit, determining interest rates, credit granting procedures, and analyzing credit granting to controlling and supervising bad credit.

Accounts Receivable
According to Suhayati, Ely & Anggadini, S., Dewi (2009, 177) accounts receivable is a bill against a company or certain people arising from credit sales or because the company has provided certain services.

Company Growth
According to Gunawan (2013) company growth is the increase in assets or company size. A growing company will be reflected in the company's increasing sales or revenue growth rate.

Bank Payable
Based on Law No. 10 of 1998, bank credit is "the provision of money or bills that can be equated with it, based on lending and borrowing agreements between banks and other parties that require the borrower to repay the debt after a certain period with interest".

Payable to Other Parties
According to Fahmi (2015, 160) debt is a *liability*. So *liabilities* or debt are obligations owned by the company that comes from external funds both from sources of bank loans, leasing, bond sales, and the like.

Accounts Payable
Chariri and Ghozali (2005, 157) accounts payable is a sacrifice of future economic benefits that may occur due to the obligation of a business entity in the present of an entity to submit assets or provide to another entity in the future as a result of past transactions or events.

Profitability
According to Sartono (2010, 122) profitability is the company's ability to earn profits in relation to sales, total assets, and own capital. The most important thing for the company is how the profit can maximize shareholders not how much profit is generated by the company (Dewi and Wirajaya, 2013).

Covid-19 Pandemic Conditions
According to the Big Indonesian Dictionary (KBBI) the definition of a Pandemic is an outbreak that is spreading everywhere or covering a wide geography. Where the World Health Organization (WHO) has determined that Coronavirus Disease 2019 or better known as Covid-19 is a pandemic threat that is happening at that time.

Trade Lending Moderated by Growth, Bank Payables, Other Party Payables, and Company Trade Payables Affect Company Profitability
According to Du et al. (2012), Ferrando and Mulier (2013), Martınez-Sola et al. (2013) trade credit can contribute effectively to firm growth and profitability.
Based on the above statement, the research hypothesis is as follows:
H1 : Trade credit with moderation of company growth, company bank debt, company other party debt, and company trade payables affect the profitability of companies in the primary consumer goods industry sector.
H2 : Trade credit with moderation of company growth, company bank debt, company other party debt, and company trade payables affect the profitability of non-primary consumer goods industry sector companies.

Trade Lending at Higher and Lower Levels than the Consumer Goods Industry Average Moderated by Growth, Bank Indebtedness, Other Party Indebtedness, and Accounts Payable Affect Company Profitability
According to Paul and Boden (2008), companies in the same sector face similar market conditions, so they must be able to deal with the extended payment terms provided by companies in the same sector to maintain their market competitiveness.
Based on the above statement, the research hypothesis is as follows:
H3 : Higher and lower trade credit than the industry average with moderation of company growth, company bank debt, company other party debt, and company trade payables affect the profitability of companies in the primary *consumer* goods industry sector.
H4 : Higher and lower trade credit than the industry average with moderation of company growth, company bank debt, company other party debt, and company trade payables affect the profitability of non-primary consumer goods industry sector companies.

Trade Lending Moderated by Growth, Bank Debt, Other Party Debt, and Company Trade Payables Affect Company Profitability During the Covid-19 Pandemic Crisis
According to Molina and Preve (2009), Abuhommous (2017), Martınez-Sola et al. (2013) Box et al. (2018) this study contributes to the literature by conducting a moderation analysis to capture the impact of *credit rationing conditions* and *indebtedness* to banks and other firms in the contribution of receivables to profit against assets and sales.

H5 : Trade credit with moderation of company growth, company bank debt, company other party debt, and company trade payables during the Covid-19 pandemic crisis affects the profitability of companies in the primary *consumer* goods industry sector.
H6 : Trade credit with moderation of company growth, company bank debt, company other party debt, and company trade payables during the Covid-19 pandemic crisis affects the profitability of non-primary consumer goods industry sector companies.

2. RESEARCH METHOD

The type of research used is descriptive research using secondary data derived from the financial statements of companies in the consumer goods industry sector listed on the Indonesia Stock Exchange, for the period 2020 to 2022. The source of data in writing this proposal is in the form of all data related to research sourced from financial reports that have been published by companies through various information media, such as websites and others for companies in the consumer goods industry sector in 2020 - 2022. Meanwhile, data collection is carried out by observing all information related to research in various available information sources, one of which is the Indonesia Stock Exchange website, www.idx.co.id.

The population of this study are companies engaged in the consumer goods industry sector that have been listed on the Indonesia Stock Exchange, with the dependent variable of research is profitability (return on assets) and the independent variables of research are accounts receivable, growth, bank debt, other party debt, and company accounts payable, which are contained in the financial statements of companies in the industrial sector. The study did not involve all the subjects studied, but rather by taking data sampling. The amount of data to be processed is a multiplication of the number of companies studied, namely 30 companies with an observation period of 3 years (2020 to 2022). Then the amount of data in this study becomes 90 data which can be seen in the following table:

Table 1. Research Purposive Sampling Criteria
Table source: Researcher (2024)

No	Purposive Sampling Criteria	Amount
1.	Primary Consumer Goods Industry Sector (Non-Cyclicals) (during the research period) 2020 - 2022	15
2.	Non-Primary Consumer Goods Industry Sector (Cyclicals) (during the research period) 2020 - 2022	15
	Number of Company Samples	30
	Year of Observation (year)	3
	Number of Company Samples for the Period 2020 - 2022 (30 x 3 years)	90

The operationalization of the variables used in this study can be seen in the following table:

Table 2. Variable Operationalization
Table source: Researcher (2024)

Variables	Definition	Measurement
ROA (Y)	Ratio of Net Income to Total Asset	Net Income / (Total Asset $_t$ – Total Asset $_{t-1}$)
Rec (X_1)	Ratio of Accounts Receivable to Total Assets	Account Receivables / Total Asset
Excrec (X_2)	Ratio of Accounts Receivable minus Average Industry Accounts Receivable to Industry Accounts Receivable	(Account Receivables – Average Industry Account Receivables) / Average Industry Account Receivables
Growth (X_3)	Ratio of current year's Sales minus previous year's Sales to previous year's Sales	(Sales $_t$ – Sales $_{t-1}$) / Sales $_{t-1}$
Debtbank (X_4)	Ratio of Bank Debt to Total Assets	Debt to Banks / Total Asset
Debtother (X_5)	Ratio of Payables to Other Parties to Total Assets	Debt to Others Lenders / Total Asset

Debtpay (X_6)	Ratio of Accounts Payable to Total Assets	Account Payables / Total Asset
Dcrisis (X_7)	*Rationalization of company i in the credit system during the Covid-19 pandemic period from 2020 to 2022*	Debtbank i > Average Debtbank Industry, then value = zero, otherwise Debtbank i < Average Debtbank Industry, then value = one

Empirical analysis is carried out on a sample of consumer goods industry sector companies for the 2020-2022 period. The methodology used to test the research hypothesis is panel data regression with panel data regression modeling estimation using *common effect*, *fixed effect*, and *random effect,* which is tested with the F-statistic test, t-statistic test, and coefficient of determination test. The findings of the results will show the contribution of trade credit to corporate profitability. To test the first research hypothesis, the empirical analysis starts from the baseline model, where firm profitability is a function of receivables and a set of firm-specific controls that are considered as determinants of firm profitability, namely growth, bank payables, other payables, and trade payables. To test the second research hypothesis, the empirical analysis suggests that firms can improve their profitability by increasing investment in larger trade receivables compared to firms in their industry, where financial performance is a function of excessive trade credit and a set of control variables, namely growth, bank indebtedness, other party indebtedness, and trade payables. The empirical analysis considers the moderating effect on the third part of the research hypothesis by using dummy variables that enrich the basic model. Hypothesis testing is carried out using Panel Data Regression, with the basic model of the panel data equation which is a combination of cross-section data and time series data as follows:

$$Y = \alpha + bX_{1it} + cX_{2it} + \ldots + e_{it}$$

Description:
Y = Dependent variable
α = Constant
X_1 = Independent variable 1
X_2 = Independent variable 2
b, c, .. = Regression coefficient of each independent variable
e = Error term
t = Time
i = Company

The model used to test the first research hypothesis.

$$Y = \alpha + bRec_{it} + cGrowth_{it} + dDebtbank_{it} + dDebtother_{it} + dDebtpay_{it} + e_{it}$$

The model used to test the second research hypothesis.

$$Y = \alpha + bExcrec_{it} + cGrowth_{it} + dDebtbank_{it} + dDebtother_{it} + dDebtpay_{it} + e_{it}$$

To test the third research hypothesis, the model is enriched through *dummies* as interaction variables to study the effect of Covid-19 pandemic factors on company profitability.

$$Y = \alpha + bRec_{it} + cGrowth_{it} + dDebtbank_{it} + dDebtother_{it} + dDebtpay_{it} + dummy + e_{it}$$

3. RESULTS AND DISCUSSIONS

Descriptive statistics of research variable data are presented in the form of sample data measurement results with a ratio scale for primary and non-primary consumer goods industry sector companies from 2020 to 2022. The data are research data variables consisting of dependent variables (Y), independent variables (X), and dummy variables, which will be used in estimating panel data regression models and hypothesis testing analysis in this study.

Tabel 3. Research Variable Sample Data Primary Consumer Goods Sector
Table source: Researcher (2024)

Ticker Code	Year	ROA (Y)	Rec (X_1)	Excrec (X_2)	Growth (X_3)	Debtbank (X_4)	Debtother (X_5)	Debtpay (X_6)	Dcrisis
UNVR	2020	0,3479	0,2579	1,1642	0,0012	0,1468	0,1280	0,2083	1
UNVR	2021	0,2908	0,2369	0,8459	-0,0797	0,0970	0,1353	0,2397	1
UNVR	2022	0,2870	0,2142	0,6040	0,0423	0,0328	0,1258	0,2566	1
ICBP	2020	0,6555	0,0509	1,1553	0,1027	0,3041	0,0083	0,0294	0
ICBP	2021	0,5127	0,0542	1,6161	0,2179	0,0222	0,0082	0,0304	1
ICBP	2022	0,0491	0,0596	1,8101	0,1407	0,0248	0,0089	0,0323	1
INDF	2020	0,0675	0,0394	1,6276	0,0671	0,3090	0,0107	0,0270	0
INDF	2021	0,0656	0,0425	2,1168	0,2155	0,1049	0,0102	0,0288	0
INDF	2022	0,0511	0,0459	2,3843	0,1156	0,1189	0,0088	0,0298	0
MYOR	2020	0,1081	0,2763	1,2332	-0,0220	0,1304	0,0159	0,0805	1
MYOR	2021	0,0610	0,2968	1,4162	0,1400	0,1543	0,0116	0,0893	1
MYOR	2022	0,0934	0,2913	1,6523	0,0991	0,1394	0,0160	0,0745	1
CLEO	2020	0,1039	0,0910	-0,9512	-0,1035	0,0342	0,0070	0,0424	1
CLEO	2021	0,1359	0,0931	-0,9487	0,1346	0,0486	0,0039	0,0535	1
CLEO	2022	0,1286	0,1117	-0,9227	0,2312	0,0458	0,0015	0,0477	1
CPIN	2020	0,1276	0,0591	-0,2476	0,0004	0,1315	0,0232	0,0376	1
CPIN	2021	0,1087	0,0464	-0,3282	0,2159	0,1677	0,0234	0,0443	0
CPIN	2022	0,0778	0,0457	-0,2561	0,1000	0,2249	0,0238	0,0376	0
JPFA	2020	0,0465	0,0724	-0,2316	-0,0491	0,0354	0,0574	0,0965	1
JPFA	2021	0,0781	0,0821	-0,0404	0,2141	0,0700	0,0240	0,0820	1
JPFA	2022	0,0487	0,0736	-0,0170	0,0912	0,1353	0,0212	0,1053	1
AMRT	2020	0,0437	0,0676	-0,2851	0,0395	0,0593	0,0973	0,3425	1
AMRT	2021	0,0737	0,0643	-0,2804	0,1197	0,0506	0,1166	0,3564	1
AMRT	2022	0,1001	0,0703	-0,1161	0,1416	0,0394	0,0981	0,3411	1
GOOD	2020	0,0418	0,0770	-0,7900	-0,0862	0,3277	0,0053	0,1352	1
GOOD	2021	0,0733	0,0908	-0,7490	0,1411	0,3160	0,0066	0,1598	1
GOOD	2022	0,0740	0,0966	-0,7107	0,1945	0,3087	0,0087	0,1617	1
GGRM	2020	0,0975	0,0327	0,0447	0,0358	0,0791	0,0064	0,0144	0
GGRM	2021	0,0667	0,0308	0,1337	0,0909	0,1123	0,0084	0,0111	0
GGRM	2022	0,0311	0,0246	-0,1084	-0,0016	0,1145	0,0102	0,0148	0
HMSP	2020	0,1706	0,0734	0,4911	-0,1285	0,0000	0,0000	0,0698	1
HMSP	2021	0,1389	0,0448	-0,0270	0,0698	0,0000	0,0015	0,0799	1
HMSP	2022	0,1172	0,0538	0,2039	0,1248	0,0000	0,0009	0,1011	1
HERO	2020	-0,2230	0,0254	-0,9497	-0,2699	0,1115	0,0637	0,1449	1
HERO	2021	-0,1734	0,0047	-0,9880	-0,6086	0,2614	0,0403	0,0627	1
HERO	2022	0,0090	0,0094	-0,9734	0,2745	0,3010	0,0292	0,0877	1
RANC	2020	0,0669	0,0157	-0,9915	0,2559	0,0000	0,0000	0,3200	1
RANC	2021	0,0070	0,0170	-0,9895	-0,0411	0,0331	0,0000	0,3123	1
RANC	2022	-0,0584	0,0198	-0,9890	0,0039	0,0591	0,0000	0,3130	1
MRAT	2020	-0,0124	0,3843	-0,9121	0,0432	0,1442	0,0665	0,0670	1
MRAT	2021	0,0006	0,3732	-0,9118	0,0263	0,1507	0,0500	0,0585	1
MRAT	2022	0,1065	0,2394	-0,9320	-0,1273	0,1529	0,0447	0,0350	1
CAMP	2020	0,0411	0,1145	-0,9492	-0,0703	0,0000	0,0000	0,0349	1

CAMP	2021	0,0889	0,0964	-0,9548	0,0653	0,0000	0,0000	0,0369	1
CAMP	2022	0,1092	0,1180	-0,9482	0,1082	0,0000	0,0000	0,0439	1

Table 4. Research Variable Sample Data Non-Primary Consumer Goods Sector
Table source: Researcher (2024)

Ticker Code	Year	ROA (Y)	Rec (X_1)	Excrec (X_2)	Growth (X_3)	Debtbank (X_4)	Debtother (X_5)	Debtpay (X_6)	Dcrisis
ERAA	2020	0,0640	0,0902	-0,4480	0,0355	0,1676	0,0574	0,1863	1
ERAA	2021	0,0990	0,0542	-0,6636	0,2742	0,1447	0,0596	0,1331	1
ERAA	2022	0,0757	0,0618	-0,4244	0,1381	0,2321	0,0666	0,1407	0
ACES	2020	0,1053	0,0198	-0,9217	-0,0896	0,0000	0,0089	0,0227	1
ACES	2021	0,0978	0,0093	-0,9636	-0,1173	0,0000	0,0070	0,0177	1
ACES	2022	0,0934	0,0118	-0,9531	0,0335	0,0000	0,0017	0,0199	1
UNTR	2020	0,0533	0,1004	4,4707	-0,2852	0,1094	0,0110	0,1029	0
UNTR	2021	0,0999	0,1080	5,6317	0,3167	0,0713	0,0060	0,1290	0
UNTR	2022	0,1817	0,1255	8,6234	0,5556	0,0073	0,0065	0,1769	1
MNCN	2020	0,1018	0,1551	0,6020	-0,0475	0,2089	0,0023	0,0066	0
MNCN	2021	0,1735	0,1486	0,6924	0,2585	0,1283	0,0020	0,0033	1
MNCN	2022	0,0657	0,1413	0,7287	-0,0946	0,0597	0,0017	0,0028	1
MAPI	2020	-0,0371	0,0194	-0,8136	-0,3138	0,1415	0,0490	0,0919	1
MAPI	2021	0,0272	0,0241	-0,7793	0,2409	0,0681	0,0456	0,1048	1
MAPI	2022	0,1328	0,0329	-0,6238	0,4621	0,0286	0,0440	0,1138	1
ANTM	2020	0,0371	0,0424	-0,2664	-0,1634	0,0338	0,0214	0,0212	1
ANTM	2021	0,0576	0,0440	-0,2099	0,4045	0,0331	0,0198	0,0425	1
ANTM	2022	0,1148	0,0545	0,0001	0,1947	0,0056	0,0141	0,0387	1
LPPF	2020	-0,1566	0,0096	-0,9669	-0,5291	0,1600	0,0114	0,0551	1
LPPF	2021	0,1500	0,0044	-0,9859	0,1544	0,0000	0,0141	0,1248	1
LPPF	2022	0,2385	0,0112	-0,9648	0,1555	0,0000	0,0171	0,2105	1
BATA	2020	-0,2170	0,0232	-0,9902	-0,5065	0,0000	0,0000	0,1765	1
BATA	2021	-0,0718	0,0227	-0,9919	-0,0459	0,0184	0,0000	0,1789	1
BATA	2022	-0,1542	0,0270	-0,9893	0,4674	0,0860	0,0000	0,2921	1
BAYU	2020	0,0017	0,0328	-0,9876	-0,7708	0,0000	0,1875	0,1945	1
BAYU	2021	0,0004	0,0642	-0,9742	-0,1098	0,0000	0,1505	0,1945	1
BAYU	2022	0,0562	0,2182	-0,9056	2,6552	0,0000	0,1847	0,2513	1
ECII	2020	-0,0115	0,0114	-0,9892	-0,1820	0,0000	0,0071	0,1978	1
ECII	2021	0,0048	0,0097	-0,9900	0,1192	0,0123	0,0043	0,2043	1
ECII	2022	0,0068	0,0146	-0,9861	0,2103	0,0000	0,0043	0,2448	1
GJTL	2020	0,0174	0,1960	0,9024	-0,1571	0,0948	0,0152	0,0986	1
GJTL	2021	0,0041	0,1774	0,7811	0,1421	0,1617	0,0136	0,1228	1
GJTL	2022	-0,0102	0,1874	0,9450	0,1190	0,1665	0,0149	0,1174	1
IMAS	2020	0,0171	0,0382	0,0091	-0,1818	0,6295	0,0297	0,0303	0
IMAS	2021	-0,0051	0,0415	0,1553	0,2590	0,6182	0,0246	0,0601	0
IMAS	2022	0,0104	0,0566	0,7744	0,3341	0,6221	0,0216	0,0650	0
RALS	2020	-0,0254	0,0085	-0,9754	-0,5483	0,0000	0,0129	0,1143	1
RALS	2021	0,0321	0,0097	-0,9731	0,0256	0,0000	0,0010	0,1196	1
RALS	2022	0,0683	0,0073	-0,9791	0,1558	0,0000	0,0054	0,1142	1
SCMA	2020	0,1706	0,2739	0,0114	-0,0764	0,1939	0,0448	0,0522	1

SCMA	2021	0,1604	0,1970	0,0656	0,1625	0,0607	0,0468	0,0496	1
SCMA	2022	0,0651	0,2092	0,2509	0,2027	0,0269	0,0325	0,0526	1
PJAA	2020	-0,0968	0,0154	-0,9659	-0,6951	0,2472	0,0247	0,0083	1
PJAA	2021	-0,0653	0,0084	-0,9798	-0,0600	0,3686	0,0076	0,0035	1
PJAA	2022	0,0367	0,0085	-0,9819	1,4603	0,2867	0,0036	0,0019	1

Statistical Test Results

Based on the results of the panel data regression test using the chow test, hausman test, and lagrange multiplier test for each hypothesis, a panel data regression model was selected which can be seen in table 5 below:

Table 5. Panel Data Regression Model Test
Table source: Researcher (2024)

Hypothesis	Uji *Chow*	Uji *Hausman*	Uji *Lagrange Multiplier*	Panel Data Regression Model
H1	Common Effect Model 0,0001 < 0,05	Fixed Effect Model 0,0321 < 0,05	Random Effect Model 0,0064 < 0,05	*Common Effect Model*
H2	*Common Effect Model* 0,0012 < 0,05	*Fixed Effect Model* 0,0126 < 0,05	*Common Effect Model* 0,09545 > 0,05	*Common Effect Model*
H3	*Common Effect Model* 0,0002 < 0,05	*Fixed Effect Model* 0,0266 < 0,05	*Random Effect Model* 0,0244 < 0,05	*Common Effect Model*
H4	*Common Effect Model* 0,0034 < 0,05	*Fixed Effect Model* 0,0018 < 0,05	*Common Effect Model* 0,1443 > 0,05	*Common Effect Model*
H5	*Common Effect Model* 0,0001 < 0,05	*Random Effect Model* 0,0572 > 0,05	*Random Effect Model* 0,0051 < 0,05	*Random Effect Model*
H6	*Common Effect Model* 0,0035 < 0,05	*Fixed Effect Model* 0,0008 < 0,05	*Common Effect Model* 0,4618 > 0,05	*Common Effect Model*

Based on the results of hypothesis testing on the panel data regression model using the *t-statistic* test, *F-statistic test,* and *adjusted R-squared test* for each independent variable (variable X) that affects the dependent variable (variable Y) is as follows:

1. Panel data regression for H1 using a *common effect model* that has gone through hypothesis testing:

ROA = 895.8243 + 0.0022 Rec + 0.3737 Growth - 0.0472 Debtbank + 1.2417 Debtother - 0.3744 Debtpay

Table 6. Test Result H1
Table source: Researcher (2024)

Variables		*t-Statistic*	*F-Statistic*	*Adjusted R^2*
Rec	0.002181	Not Significant	Not Significant	9%
Growth	0.373670	Significant		
Debtbank	-0.047204	Not Significant		
Debtother	1.241670	Not Significant		
Debtpay	-0.374372	Not Significant		

2. Panel data regression for H2 using a *common effect model* that has gone through hypothesis testing:

ROA = 754.1795 + 0.2851 Rec + 0.0501 Growth - 0.1684 Debtbank + 0.0421 Debtother - 0.4102 Debtpay

Table 7. Test Results H2

Table source: Researcher (2024)

Variables		*t-Statistic*	*F-Statistic*	*Adjusted R^2*
Rec	0.285091	Not Significant		
Growth	0.050114	Not Significant		
Debtbank	-0.168390	Significant	Significant	18%
Debtother	0.042064	Not Significant		
Debtpay	-0.410249	Significant		

3. Panel data regression for H3 using a *common effect model* that has gone through hypothesis testing:

ROA = 866.5830 + 0.0457 Excrec + 0.2829 Growth - 0.0462 Debtbank + 0.8657 Debtother - 0.2051 Debtpay

Table 8. Test Results H3
Table source: Researcher (2024)

Variables		*t-Statistic*	*F-Statistic*	*Adjusted R^2*
Excrec	0.045751	Significant		
Growth	0.282922	Significant		
Debtbank	-0.046293	Not Significant	Significant	19%
Debtother	0.865725	Not Significant		
Debtpay	-0.205064	Not Significant		

4. Panel data regression for H4 using a *common effect model* that has gone through hypothesis testing:

ROA = 977.7882 + 0.0157 Excrec + 0.0537 Growth - 0.1820 Debtbank + 0.2952 Debtother - 0.4934 Debtpay

Table 9. Test Results H4
Table source: Researcher (2024)

Variables		*t-Statistic*	*F-Statistic*	*Adjusted R^2*
Excrec	0.015702	Significant		
Growth	0.053672	Significant		
Debtbank	-0.182038	Significant	Significant	24%
Debtother	0.295162	Not Significant		
Debtpay	-0.493440	Significant		

5. Panel data regression for H5 using *random effect model* that has gone through hypothesis testing:

ROA = 996.4933 - 0.0706 Rec + 0.2083 Growth + 0.3165 Debtbank + 0.9595 Debtother - 0.2738 Debtpay - 476.7528 Dcrisis

Table 10. Test Results H5
Table source: Researcher (2024)

Variables		*t-Statistic*	*F-Statistic*	*Adjusted R^2*
Rec	-0.070644	Not Significant		
Growth	0.208315	Significant		
Debtbank	0.316483	Not Significant		
Debtother	0.959530	Not Significant	Not Significant	5%
Debtpay	-0.273751	Not Significant		
Dcrisis	-476.7528	Not Significant		

6. Panel data regression for H6 using a *common effect model* that has gone through hypothesis testing:

ROA = 1612.5018 + 0.2508 Rec + 0.0534 Growth - 0.2861 Debtbank + 0.0782 Debtother - 0.4578 Debtpay - 784.9469 Dcrisis

Table 11. Test Result H6
Table source: Researcher (2024)

Variables		*t-Statistic*	*F-Statistic*	*Adjusted R^2*
Rec	0.250785	Not Significant	Significant	23%
Growth	0.053396	Significant		
Debtbank	-0.286128	Significant		
Debtother	0.078237	Not Significant		
Debtpay	-0.457806	Significant		
Dcrisis	-784.9469	Not Significant		

The result showed that trade credit has a significant effect on the profitability of non-primary consumer goods industry sector companies, this is because the goods produced are non-primary goods that are consumed based on the period of use of the goods, so that companies generally need more working capital as an operational cash flow buffer in addition to new investment, compared to companies in the primary consumer goods industry sector. Working capital can be obtained from the extension of trade credit (trade receivables), and third-party loans. This is confirmed by the results of testing hypothesis 1 with the contribution of the influence of the independent variable on the dependent variable of 9%, and hypothesis 2 with the contribution of the influence of the independent variable on the dependent variable of 18%.

The result also shows that both primary and non-primary consumer goods industry sector companies can improve their profitability by increasing investment in trade receivables to a higher level than companies in their industry sector. This is confirmed by the results of testing hypothesis 3 with a contribution of the influence of the independent variable on the dependent variable of 19%, and hypothesis 4 with a contribution of the influence of the independent variable on the dependent variable of 24%. In addition, greater use of debt to suppliers and increased bank debt tends to reduce the contribution of trade receivables to the profitability of both primary and non-primary consumer goods industry sector companies.

During the Covid-19 pandemic period from 2020 to 2022, the result shows that trade credit (accounts receivable and accounts payable), loans to other parties, and bank loans, have no significant effect on the profitability of primary consumer goods industry sector companies, this is because primary consumer goods are still consumed by the public and continue to be produced by companies so that the company's revenue remains and the company's cash flow is well maintained. This is confirmed by the results of testing hypothesis 5 with the contribution of the influence of the independent variable on the dependent variable of 5%. Conversely, bank loans and accounts payable have a significant effect on the profitability of companies in the non-primary consumer goods industry sector, because non-primary consumer goods slow down or even stop being consumed/used by the public at that time. This is confirmed by the results of hypothesis 6 testing with the contribution of the influence of the independent variable on the dependent variable amounting to 23%.

4. CONCLUSIONS AND SUGGESTIONS

This research conclusion is that accounts receivable and accounts payable have a relationship with profitability, which implies the existence of an optimal level of trade credit that balances

costs and benefits to maximize their profitability, also the companies can increase their profitability by increasing investment in greater trade receivables compared to companies in their field of business. Greater use of debt to suppliers and higher bank debt reduces the contribution of accounts receivable to corporate profitability.

The statistics of the model are used to support the strong influence of the existence of trade credit in determining the financial performance of a company. The results also highlight that profitable companies with high involvement in trade credit can improve their performance with optimal utilization of trade credit sources.

Profitability has a positive and significant effect on firm value. The high level of company profitability has an impact on the company's good financial performance (Situmorang and Setyawan, 2024). Profitability proves to investors that the company utilizes its assets efficiently and as much as possible to obtain profits so that it can still run its business and survive in the face of obstacles (Magdalena and Setyawan, 2023).

Researchers found that Industrial Goods Sector companies, both primary and non-primary consumption, tend to reduce loans to banks and business loans, and utilize trade receivables more to increase profitability. This is also the case when companies have a higher value of receivables than the industry average. During the Covid-19 pandemic, trade credit does not affect the profitability of companies in the primary consumer goods industry sector, while it will affect the non-primary consumer goods industry sector.

The amount of sample data used amounted to an average of 14% for consumer goods industry sector companies, and the contribution of independent variables to the resulting dependent variable of 5% for primary consumer goods industry sector companies and 23% for non-primary industry sector companies during the Covid-19 pandemic is sufficient to represent the actual situation.

In future research, several things need to be considered, including adding the number of research data samples for each consumer goods industry sector so that later it is hoped that the results obtained will be more representative of the industrial sector. The selection of research data samples in the form of consumer goods industry sector companies listed on the Indonesia Stock Exchange can use companies that have a large market capitalization so that later it is hoped that the results obtained will be more representative of the industrial sector. The industry average on account receivables and bank loans (debtbank) used in the measurement ratio for regression data processing can be expanded not only on the company data studied but on all companies in the industrial sector.

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