

Working Capital on Profit (CV X Tours and Travels Case Study in Surabaya) 2013-2018 Period

by Bramastyo K

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Working Capital on Profit (CV X Tours and Travels Case Study in Surabaya) 2013-2018 Period

Enny Istanti, Bramastyo Kusumo Negoro, Achmad Daengs GS
Faculty of Economics and Business
University of Bhayangkara Surabaya
University of 45 Surabaya
ennyistanti@ubhara.ac.id

ABSTRACT

Purpose: to find out and analyze whether working capital variables consisting of liquidity, working capital turnover and accounts receivable turnover affect the profitability of CV. X Tours and Travels and to find out and analyze which of these capital variables has the dominant influence on profitability in CV. X Tours & Travels.

Design/methodology/approach: The analysis carried out is quantitative analysis using multiple linear regression to answer the problem formulation and determine the effect of predetermined variables.

Findings: The results of the study obtained the Fcount value of 151.118 with a significance of 0.006, the tcount value of each variable Price tcount -8.706 > tttable 1.97438, liquidity variable tcount 15.235 > tttable 1.97438, and variable Working Capital Turnover tcount 16.860 > tttable 1.97438. Based on the results of research in CV. X Tours and Travels Surabaya of the three independent variables have a simultaneous, partial and significant effect on Profitability. The dominant variable is Working Capital Turnover.

Practical implications: Intensifying working capital towards profitability

Originality/value: This paper is original

Paper type: Mresearch sense

Keywords : *Liquidity, Working Capital Turnover, Accounts Receivable Turnover, Profitability*

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I. PRELIMINARY

In general, companies are established to achieve certain goals, namely obtaining optimal profits with minimal sacrifices. Economic growth is one measure of the success of a country's development. The economy is considered to be experiencing growth if all the real remuneration for the factors of production in a certain year is greater than the income received. (Istanti, Negoro, & GS, 2021) Profit or loss is often used as a measuring tool to assess the company's performance. In achieving the company's performance, it is necessary to have planning and control in each of its business activities so that the company can finance all activities that take place continuously.

In analyzing the company's performance which is closely related to the financial statements, financial ratio analysis is used. In a ratio analysis, it includes the working capital needed to finance daily operations, for example: to finance employee salaries, operational costs and others, where the money or funds issued are expected to be returned to the company in a short time through its activities. Therefore, companies are required to always improve their work efficiency so that the company's expected goals are achieved, namely achieving

optimal profits. One of the financial policy problems faced by the company is the problem of working capital efficiency.

II. LITERATURE REVIEW

A. Financial management

Fund management, each associated with the powerful allocation of finances in numerous varieties of funding in addition to efforts to elevate finances for funding financing or spending efficiently (Agus, 2011).

B. Understanding Capital

Rights or share of capital is the company's assets consisting of assets that are deposited or originating from outside the company and the assets are the result of the business activities themselves (Munawir, 2014).

C. Definition of Liquidity

The liquidity ratio or running capital ratio is a ratio used to degree how liquid a business enterprise is. The trick is to evaluate the additives at the stability sheet, particularly overall modern-day property with overall modern-day liabilities (short-time period debt) (Kasmir, 2019).

To analyze the financial condition of a company in calculating the level of liquidity, a measuring instrument is needed.

$$\text{Current Ratio} = \frac{\text{Aktiva Lancar}}{\text{Kewajiban Lancar}}$$

D. Understanding Working Capital Turnover

Working capital is continually working or rotating so long as the enterprise worried is in business. According to Martono (2005) said that running capital desires are decided with the aid of using the turnover of the components (elements) of running capital, particularly coins turnover, bills receivable turnover and stock turnover.

According to Riyanto (2016) divulge the running capital turnover duration beginning from the time whilst coins is invested in running capital additives till the time whilst it returns to coins.

$$\text{NOWC} = \frac{\text{Sale}}{\text{Net working capital}}$$

E. Understanding Accounts Receivable Turnover

Opinion on receivables turnover according to Munawir (2014) stated that: "The role of receivables and the expected time of series may be assessed through calculating the turnover charge of debts receivable turnover, namely, through dividing the full internet credit score income through the common receivables". Whereas Kasmir (2019) Accounts Receivable Turnover is "Business (account receivable turn over) to measure how often accounts receivable turn into cash in a year".

$$\text{Accounts receivable turnover} = \frac{\text{Sale}}{\text{Average Receivable}}$$

F. Understanding Profitability

Munawir (2014) Mentions that profitability or profitability is displaying the organisation's cappotential to generate income in the course of a positive length. The profitability of a organisation is measured through the organisation's achievement and the cappotential to apply its property productively. accordingly the profitability

of a organisation may be regarded through evaluating the income earned in a length with the full property or general capital of the organisation.

$$\text{Return On Asset} = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$$

Companies that have competence in the fields of marketing, manufacturing and innovation can make its as a souch to achieve competitive advantage (Daengs et al., 2020: 1419).

To find out the results of the data, the technique of data analysis is also use to test to the hypotheses put forward by the researchers, because the analysis of the data collected to determine of the effect of the independent variables on the related variables is use multiple linier statistical test (Istanti et al., 2020: 113).

The research design is a plan to determine the resources and data that will be used to be processed in order to answer the research question (Soemantri & Daengs GS, 2020: 5).

Time management skills can facilitate the implementation of the work and plans outlined (Dewi et al., 2020: 14).

Standard of the company demands regarding the results or output produced are intended to develop the company (Istanti, Negoro, & Daengs GS, 2021: 560).

III. METHODOLOGY

Multiple linear regression evaluation method became used to decide the impact of the impartial variables (liquidity, operating capital turnover and debts receivable turnover) at the structured variable (profitability). Multiple linear equations the usage of the SPSS application are as follows..

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

Where :

Y = Profitability

X₁ = Liquidity

X₂ = Working Capital Turnover

X₃ = Accounts Receivable Turnover

a = Constant

b₁, b₂, b₃ = Regression coefficient

e = Standard error

IV. RESULTS AND DISCUSSION

A. Liquidity (X1)

Table 1

Current Assets and Current Liabilities

CV. X Tours and Travels 2013-2018

YEAR	Current asset	Current Liability	Current Ratio
			$\frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$
2013	871,034,239	838,742,317	104%
2014	916,579,466	898,607,320	102%

2015	963,897,079	900,838,392	107%
2016	987,246,981	949,275,943	104%
2017	1,004,912.189	975,642,902	103%
2018	1,216,155,826	1,158,243,644	105%

Based on Table 1 it may be visible that displaying facts on liquidity trends each year.

B. Working Capital Turnover (X2)

Table 2

Calculation of Working Capital Turnover Ratio (NOWC)

CV. X Tours & Travels 2013-2018

YEAR	Revenue / Net Sales	Working capital	NOW
2013	157,680.030	32,291,922	5
2014	184.210,448	17,972.146	10
2015	224,688,425	63,058,687	4
2016	260,152.189	37,971,038	7
2017	317.042.117	29,269,287	11
2018	401,910,544	57,912.182	7

Based on Table 2, it is able to be visible From the monetary statements, it is able to be visible that the running capital turnover has fluctuated each year.

C. Accounts Receivable Turnover (X3)

Table 3

Accounts Receivable Turnover Ratio Calculation Data

CV. X Tours & Travels Period 2013-2018

YEAR	Sales revenue	Accounts receivable		Average Accounts Receivable	Accounts Receivable Turnover
		Initial Accounts Receivable	Final Accounts		Income : Average receivable
2013	157,680.030	4,896.847	6,986.085	5,941,466	27 x (26.54)
2014	184.210,448	6,986.085	8.172,214	7,579,150	24 x (24.30)
2015	224,688,425	8.172,214	9,671,681	8,921,948	25 x (25.18)
2016	260,152.189	9,671,681	10,124,085	9,897,883	26 x (26.28)
2017	317.042.117	10,124,085	20,053.076	15,088,581	21 x (21.01)
2018	401,910,544	20,053.076	19,677,600	19,865,338	20 x (20,23)

Based on Table 3, it may be visible from the economic statements that the turnover of debts receivable in every year has fluctuated developments.

D. Profitability (Y)

Table 4

Profitability Ratio Calculation Data

CV. X Tours and Travels Period 2013-2018

YEAR	Net profit	Total Working Capital	RENTABILITY
			(Net Profit : Operating Capital) x 100%
2013	157,680.030	2,840,716,545	6 (5.55%)
2014	184.210,448	3,373,817,726	5 (5.45%)
2015	224,688,425	3,961,972,995	6 (5.67%)

2016	260,152.189	4,978.041,884	5 (5.22%)
2017	317.042.117	5,647.083,049	5 (5.47%)
2018	401,910,544	6.14.146.1942	7 (6.54%)

Based on Table 4, it may be visible from the monetary statements that the receivables turnover within the duration 2013-2018 every year skilled fluctuating developments.

1. Analysis of Multiple Linear Regression Results

From the records processing of the structured and unbiased variables, the effects of the regression equation version are as follows:

Table 5
 Multiple Analysis Test

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	72,027	6,695		10,758	,009
Liquidity	-,498	0,057	1,052	-8,706	0,013
turnover_capital_work	,652	,043	2,182	15,235	,004
turnover_receivables	,405	,024	1,382	16,860	,003

a. Dependent Variable: profitability

Based on the test results with the multiple linear regression method, it can be arranged an equation as follows:

$$Y = 72.027 - 0.498 (x_1) + 0.652 (x_2) + 0.405(x_3)$$

The constant value of 72,027 indicates the dependent variable of profitability will change by 72,027 units, stating that the variables of liquidity, working capital turnover and receivables turnover are considered zero.

Variable regression coefficient value liquidity (X1) is -0.498 meaning that if there is an increase in the liquidity variable it will result in the magnitude of the influence of large company profitability -0.498. And it is assumed for other variables to be zero or omitted.

Variable regression coefficient value Working capital turnover (X2) is 0.652, meaning that if there is an increase of one unit score on the working capital turnover variable, it will have an effect on the profitability of CV. X Tours and Travels Surabaya will experience an increase of 0.652. And it is assumed for other variables to be zero or omitted.

Variable regression coefficient value Accounts receivable turnover (X3) is 0.405, meaning that if there is an increase of one unit score on the receivables turnover variable, it will have an effect on profitability on

CV's financial statements. X Tours and Travels Surabaya experienced a change in the number of 0.405. And it is assumed for other variables to be zero or omitted.

Based on the table above, the Fcount value is 158.118 which is greater than Ftable, namely $df = (k-1); (nk) = (4-1); (6-4) = (3); (2) = 19.1643$ with a significant value of 0.006. Because the importance fee of Fcount is more than 5%, then H_0 is rejected and H_1 is accepted, which means liquidity, operating capital turnover and money owed receivable turnover concurrently haven't any sizeable impact on profitability. The take a look at effects in part display that:

- a. The Liquidity variable obtained statistical data from the t-test with a number of $t = -8.706$ with a significance level of 0.013. The coefficient of the t test results from the results of the liquidity statistics (*Current Ratio*) indicates that the significance level is 0.013, which is smaller than 0.05 (> 5%). The resulting t-count is -8.706 while the t-table is 1.974. Because the value of t arithmetic is greater than t table $-8.706 < 1.974$, the negative sign (-) resulting from the summation and processing of data with SPSS, indicates that the liquidity turnover (*Current Ratio*) does not have a positive effect but has a negative effect on profitability. Because the data on the financial statements of CV. X Tours and Travels Surabaya liquidity turnover is very low because a lot of cash has accumulated so that it affects profitability.
- b. The independent variable is pworking capital turnover get t test statistical data from calculations and data processing through SPSS with a number of $t = 15.235$ with a significance level of 0.004. The coefficient of the t-test of Working Capital shows a significance level of 0.004 which is smaller than 0.05 (> 5%). For the t-count resulting from the calculation and processing of SPSS is 15.235 while the t-table is 1.974. From the results of the SPSS, the calculated t value is greater than the t table $(15.235 > 1.974)$, from the total data generated from the SPSS processor, it indicates that the working capital turnover has a positive effect on profitability. Because the Working Capital Turnover of CV. X Tours and Travels Surabaya is very important to the company's performance because of the working capital turnover of CV.
- c. Variable Accounts Receivable Turnover get t-test statistics from calculations and data processing through SPSS with a number of $t = 16.860$ with a significance level of 0.003. The coefficient of the t-test of Working Capital shows a significance level of 0.003 which is smaller than 0.05 (> 5%). For the t arithmetic resulting from the addition and processing of data through spss is 16.860 while the t table is 1.974. Because the resulting t-count is greater than t-table, which is $(16.860 > 1.974)$, the resulting data summation and data processing by SPSS indicates that receivables turnover has a positive effect on profitability. Because with a good accounts receivable turnover can cover the costs incurred by the company, including CV.
- d. From the results of summing and processing data through SPSS, it can be seen from the three independent variables consisting of liquidity (X1), working capital turnover (X2) and receivables turnover (X3) on the dependent variable, namely profitability (Y), it can be seen from the ranking coefficient standardized regression (β) Standardized of Coefficients Beta of each variable that has the most dominant influence is the working capital turnover variable, which is equal to 2,182 which means that the working capital turnover is greater than the other independent variables, namely liquidity (1.052) and receivables turnover (1.382) it can be seen from what is the largest value of the standardized (β) Standardized of Coefficients Beta.

V. CONCLUSIONS AND SUGGESTIONS

A. Conclusion

Based on the discussion that has been described, it can be concluded as follows:

Liquidity, Working Capital Turnover and Accounts Receivable Turnover have a simultaneous or partial effect on Profitability in the financial data of CV. X Tours and Travels Surabaya. Among the three independent variables that have the dominant influence on Profitability is the Working Capital Turnover variable.

B. Suggestion

Suggestions that can be given are as follows:

1. By getting results from financial reports and using data processing through SPSS, that the management should CV. X Tours and Travels Surabaya should be able to maintain its working capital effectively and

efficiently. Because if the working capital in the company shows a high/stable level of efficiency, it can be done along with an increase in efficiency so that it can affect the level of profitability.

2. By getting results from financial reports and using data processing through SPSS, it can be concluded that the company management CV. X Tours and Travels Surabaya must be able to improve its liquidity management which is used to prevent funds that are only idle in cash so that it will affect the amount of profit generated not to decrease.
3. By getting results from financial reports and using data processing through SPSS, one way of managing CV. X Tours and Travels Surabaya is to increase the sales volume so that it will be able to affect the level of the company's profitability.

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