

## **The Company's Working Capital during the Covid-19 Pandemic to Increase the Profitability Limited Company Telkomsel in Makassar City**

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### **ABSTRACT**

This study aims to determine the optimization of working capital in increasing the profitability of Limited Company Telkomsel. The research method used is descriptive with a quantitative approach using financial statement data sources for the three years 2017 to 2019. This research uses observation data collection techniques, questionnaires and documentation. Descriptive analysis method and inferential statistical analysis with financial ratio analysis by comparing the current ratio with the ratio in the previous year. From the analysis and discussion results indicate that Limited Company Telkomsel, experienced that the overall working capital management was not optimal from 2017 to 2019. Working capital management could not run optimally because of the working capital turnover that occurred at Limited Company Telkomsel only reached the highest number of 4.42 times, while looking at the lowest cash turnover in 2019 which reached 2.61 times. Turnover of working capital at Limited Company. Although it is considered that Telkomsel has a fairly optimal cash and receivable turnover rate, this has not been able to significantly increase the company's profitability compared to previous years.

**Keywords:** Working Capital, Profitability.

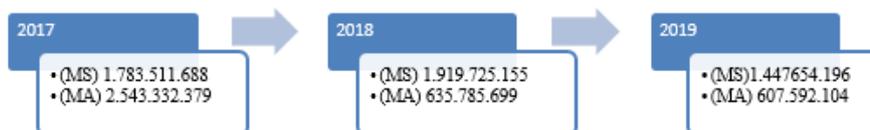
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### **INTRODUCTION**

The Indonesian economy in the conditions of the Covid-19 pandemic resulted in a turnover of capital until the profits earned by companies decreased drastically. The central government's policy in overcoming the problem of the Covid-19 pandemic outbreak has an impact on economic turnover for all companies because the dependence of people's lives is more faced with health problems where people prioritize meeting their health needs more than anything else. With the conditions of the Covid-19 pandemic also requiring companies to have increasingly fierce competition, company management is required to be able to analyze working capital in daily company finances as an independent variable that can be seen from working capital turnover, accounts receivable turnover, and inventory turnover. Working capital turnover starts from the time cash is invested in the working capital component, Soeprihanto in (Riyanto, 2011) suggests a similar thing that the determination of working capital requirements is influenced by factors, namely: "The period of working capital turnover and cash expenditures

every day". The various policies carried out by the central government to overcome the consequences of the Covid1-9 pandemic which also have an impact on interest rates and inflation rates that are rapidly changing, as well as an increasingly uncertain economy tends to result in shocks for the continuity of optimization of the company's working capital in carrying out its operational activities, Optimization of working capital can be interpreted from the viewpoint of Sarwoko and Halim in (Kasmir., 2011) which states that "working capital optimization analysis is one of determining the amount of current assets with the working capital turnover method based on historical data, so that the conditions for the coming year are assumed to be the same as previous year ". In its operations, a company producing goods and services, of course, is always faced with the selection of the ratio of the use of working capital, so that this can affect a certain relationship between one factor and another from a business activity report. Working capital can also have an effect on improving employee performance through market orientation (Henni Zainal, Muhammad Rakib, Andi Idham Ashar, Darmawati Manda, Andi Tenry Sose, 2020; Henni Zainal, Parinsi, Indonesia, Hasan, 2018).

Limited Company Telkomsel is a company engaged in the telecommunication service business which basically aims to provide the best telecommunication service convenience for all its customers. So far, the Telkomsel company is required to be able to make a positive contribution to society as users of information services. In the last 5 (five) years, the capital source structure of Limited Company Telkomsel can be seen in the image below.



The picture above shows the cash flow that becomes the capital for Telkomsel companies to carry out their production activities. Given the importance of working capital, it can be said that the company's goal of obtaining profits and maintaining the activities carried out is highly dependent on working capital arrangements, if the company lacks working capital to expand sales and increase production, it is likely to lose revenue and profits, as stated. stated by (Munawir, 2014) that basically working capital consists of two main parts, namely: 1) The permanent part or the permanent part, namely the minimum amount that must be available so that the company can run smoothly without financial difficulties, 2) The amount of working capital a variable whose amount depends on seasonal activity and needs outside of normal activities. Therefore, in practice company management is required to be able to meet the targets that have been set. (Kasmir., 2014) suggests that to measure the profitability of a company, profitability ratios are used. According to Fahmi in (Ambarwati, 2010) that the profitability ratio is "a ratio that measures the effectiveness of management as a whole which is indicated by the size of the level of profits obtained in relation to sales and investment". (Sartono, 2011) explains that the working capital turnover method in a company can be seen from three processes, namely cash turnover, accounts receivable turnover, and inventory turnover. Meanwhile, to measure the profitability of the company, the researcher refers to Syamsuddin's opinion in (Aisah, 2016), namely: Net Profit After Tax: total assets x 100%.

Based on the picture above, it shows that the use of the company's own capital is more dominant when compared to capital originating from foreign capital, but for 2019 there is a

decrease in both own capital and foreign capital. This is because apart from the impact of the covid-19 outbreak, the management of Limited Company Telkomsel is also trying not to issue bonds which are able to obtain more funds from foreign parties because of the declining needs of consumers and customers. To achieve the optimal level of profitability, Limited Company Telkomsel is required to optimize the use of working capital, where working capital is one type of active capital based on the working function of assets in the company. Working capital is needed to produce goods and services, therefore companies are required to pay attention to the selection of sources, arrangements and the proper use of their working capital.

**RESEARCH METHOD**

The type in this research is descriptive with a quantitative approach that focuses on working capital and profitability. The research focus is centered on Limited Company Telkomsel which is located on Jl. A.P Pettarani Makassar City. Population and sample in this study using the company performance report Limited Company Telkomsel, Makassar city from 2017 to 2019. The type and source of this research data uses quantitative types and uses data sources, namely company report documents. The data analysis used was descriptive analysis and inferential statistics.

**RESULT AND DISCUSSION**

Data analysis was performed using financial ratio analysis, where the company's financial ratio is the relationship of various items in the company's financial or financial statements that can be used as a basis for measuring the level of financial capacity and the company's operating results. Financial ratio analysis is done here by comparing the present ratio with last year's ratios (historical ratios) and the same company. Working capital turnover shows the ability of Limited Company Telkomsel in managing the company's working capital for one period. The level of working capital turnover achieved by the company from 2017 to 2019 can be seen in table 1 below.

Table 1. Working Capital Turnover Rate of Limited Company Telkomsel Year 2017 s / d 2019 (in billion):

Years	Net sales	Current asset	Current liabilities	Working Capital Turnover
2017	Rp.65.185.850	Rp.38.532.600	Rp.23.783.134	4,42 kali
2018	Rp.41.884.352	Rp.39.532.600	Rp.23.534.319	3,61 kali
2019	Rp.37.691.997	Rp.22.908.293	Rp. 8.481.933	2,61 kali

Source: Financial Report of Limited Company Telkomsel, Year 2020 (processed)

The table above shows that the company's working capital turnover in 2017 was 4.42 times, which means that the net working capital ability to rotate was 4.42 times in one period. The turnover of working capital in 2018 was 3.61 times, and in 2019 was 2.61 times. Judging from the standard or average used by companies engaged in communication services, especially

the company Limited Company Telkomsel for working capital turnover ratio is 6 times. So that it can be seen that the working capital turnover of Limited Company Telkomsel during the 2017-2019 period is still below the standard, namely 6 times, and seeing the conditions that in 2019 has decreased quite drastically, but overall it can be said that the capital turnover is not optimal because it is still below standard company Limited Company Telkomsel .

Cash turnover shows a measure of the efficiency of using cash by the company. This means that this ratio is used to measure the level of cash availability to pay bills (debt) and costs related to sales. The cash turnover rate achieved by the company from 2017 to 2019 can be seen in table 2 below:

Table 2. Cash Turnover Rate of Limited Company Telkomsel , 2017 s / d 2019 (in billion)

Years	Net sales	Average Cash	Cash Turnover Rate
2017	Rp. 77.691.997	Rp. 2.236.073	60,49 kali
2018	Rp. 71.884.352	Rp. 2.172.072	55,74 kali
2019	Rp. 95.185.850	Rp. 2.407.814	63,97 kali

Source: Financial Report of Limited Company Telkomsel Makassar, 2020 (processed)

Table 2 shows that the company's cash turnover in 2017 was 60.49 times, meaning that the use of cash in the company's operations was returned 30.49 times in one period. The cash turnover in 2018 was 55.74 times, and in 2019 it was 63.97 times. The increase in cash turnover each year has a positive impact on the company's working capital turnover. This ratio has a company standard used by Limited Company Telkomsel as much as 10 times a year. From the explanation of table 2, it is known that cash turnover is below the company standard so it can be said that the management of cash turnover in the company Limited Company Telkomsel Makassar is considered not optimal.

The company's receivables turnover rate from 2017 to 2019 can be seen in table 3. The following:

Table 3. Accounts Receivable Turnover Rate and Average Returns of Receivables (in billion)

Years	Net sales	Average Accounts Receivable	Accounts Receivable Turnover Rate
2017	RP. 37.691.997	Rp. 958.556	39,32 kali
2018	Rp. 41.884.352	Rp. 913.630	45,84 kali
2019	Rp. 65.185.850	Rp.1.864.180	34,97 kali

Source: Financial Report of Limited Company Telkomsel Makassar, 2020 (processed)

Table 3 shows that the company's receivables turnover in 2017 was 39.32 times, meaning that the ability of funds embedded in rotating receivables in 2017 was 39.32 times. Accounts receivable turnover in 2018 was 45.84 times, and in 2019 was 34.97 times. Accounts receivable turnover rate can describe the efficiency level of the company's capital invested in receivables, so that the higher the turnover of accounts receivable means the more efficient the

capital is used. From the results of the ratio analysis shows that the company's accounts receivable turnover shows a fluctuating state. In 2014, receivables increased by 6.52 from the previous year. But in the following year 2015 there was a drastic decrease, namely 10.87. The company standard of Limited Company Telkomsel at this ratio is 7.2 times. So it can be said that the turnover of accounts receivable at the company PT Telkomsel, Tbk has been running optimally because the turnover of working capital occurred above 7.2 times.

The results of the ratio analysis show that the management of working capital at the Limited Company Telkomsel where every year from 2017 to 2019 there is a turnover of the company's financial working capital which sometimes goes up and down and this can be seen from 2017 to 2019 there has been a decrease of 1 time, but this is the case Limited Company Telkomsel continues to get positive trends and significant profits with high levels of consumers, however the company's profitability Limited Company Telkomsel at the end of 2019 and entering in 2020, the benefits are quite increasing, this can be seen in the KAS turnover rate which reached Rp. 95,185,850,000.00 (billion) which was higher than the previous year. With the conditions of the Covid-19 pandemic, it actually creates an opportunity for companies to maximize the demands of consumers who currently use internet quota as the main communication medium in carrying out all community activities. Based on the secondary data obtained regarding the capital turnover of Limited Company Telkomsel as follows:

Table 5. Working capital of Limited Company Telkomsel (in billion)

Number	Description	Years		
		2017	2018	2019
<b>A</b>	<b>Total current assets</b>	<b>22.908.293</b>	<b>38.532.600</b>	<b>38.532.600</b>
1	Cash and cash equivalents	1.249.249	1.094.895	1.588.110
2	Accounts receivable	903.739	923.522	1.532.275
3	Other receivables	11.265	14.465	-
4	Stock	20.174.168	28.020.017	34.739.327
<b>B</b>	<b>Total liabilities</b>	<b>8.481.933</b>	<b>13.534.319</b>	<b>23.783.134</b>
1	Short-term loan	2.683.654	6.163.978	18.147.298
2	Accounts payable	375.048	1.515.811	989.169
3	Other short-term liabilities	3.423.231	5.854.530	4.646.667
<b>Working capital</b>		<b>14.426.360</b>	<b>24.998.281</b>	<b>14.749.466</b>

Source: Limited Company Telkomsel 2020

Based on the standard or average used by companies engaged in communication services, especially Limited Company Telkomsel for working capital turnover ratio is 6 times. So that it can be seen that the working capital turnover of PT Telkomsel, Tbk during the 2017-2019 period is still below the standard, namely 6 times. Although it has increased, it can be said that overall work capital turnover is not optimal because it is still below the company standard of Limited Company Telkomsel. Basically, from the results of this study it is understood that working capital will be very possible for a company to operate more effectively and efficiently where Limited Company Telkomsel, if it has good working capital, will not experience any risks that may occur due to financial crisis or disruption. The application of working capital

management as appropriate can enable a company / business entity to improve its performance in managing the working capital of its company / business entity, as planned to be realized so that there is a significant increase in the company's profitability. This will have an impact on the progress of the company (Jati, n.d.; Pe, 2015; , 2018)

## CONCLUSION

Based on the results of research data analysis using ratio analysis to the financial statements of 2013 to 2015, the company PT Telkomsel, Tbk can be made the following research conclusions: The management of working capital as a whole can be said to be not optimal, because it is below the company standard of Limited Company Telkomsel , which is 6 times, which should ideally be over 10 times every year. From the results of this study, it is also suggested that Telkomsel and other companies engaged in communication are expected to increase efficiency in working capital management, especially working capital invested in inventories. Increasing inventory turnover can be done by reducing excessive production and increasing sales so that not much inventory is piling up in the warehouse.

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