

Jurnal Manajemen dan Bisnis

Vol. 10, No. 2, December 2021, pp. 258-265

Sekolah Tinggi Ilmu Ekonomi Indragiri (STIE-I) Rengat

https://journal.stieindragiri.ac.id/index.php/jmbi/issue/view/20

EFFECT OF LIQUIDITY AND LEVERAGE ON PROFITABILITY IN KUD. HAPPY TANI KULIM JAYA VILLAGE, INDRAGIRI HULU REGENCY 2014-2020 PERIOD

Irawati

Management Study Program, Economics College of Indragiri Rengat 14, R. Soeprapto St., Rengat, Indragiri Hulu, Riau <u>irawati@stieindragiri.ac.id</u>

Submited: 2021.11.17 Reviewed: 2021.11.20 Accepted: 2021.12.31 https://doi.org/10.34006/jmbi.v10i2.394

ABSTRACK

The purpose of this study was to determine liquidity, leverage and profitability, as well as the effect of liquidity and leverage on profitability at KUD Tani Bahagia in Kulim Jaya Village, Indragiri Hulu Regency, both simultaneously and partially. The research method used is the classical assumption test, multiple linear regression analysis. The correlation coefficient and determination as well as hypothesis testing are f-test and t-test. Where the test is carried out using spss 21. The results of the correlation test show a very strong relationship. The f test shows that liquidity and leverage have an effect on profitability. While the partial test of liquidity has an effect on profitability, while leverage has an effect but is not significant on profitability.

Keywords: Liquidity, Leverage, Profitability

BACKGROUND

One of the non-bank microfinance institutions that can strengthen the national economy is a savings and loan cooperative. Savings and loan cooperatives are cooperatives whose activities are only savings and loans. Government Regulation Number 9 of 1995 states that to increase the income and welfare of cooperative members, savings and loan business activities need to be grown and developed. Savings and loan business activities are activities carried out to collect funds and distribute them through savings and loan business activities from and for members of the cooperative concerned, prospective members of the cooperative concerned, other cooperatives and or their members.

To measure the level of profit of cooperatives, a profitability ratio, also known as the profitability ratio, is used. The profitability ratio in this study uses the Return On Asset (ROA) ratio. The greater the ROA, the more efficient the use of company assets or in other words, with the same number of assets, greater profits can be generated, and vice versa.

Tahun Net profit Total Assets Profitabilitas %									
	Lubuk Batu Jaya, Indragiri Hulu								
7	Table 1. Profitability Development Data on KUD. Happy Farmers in Kulim Jaya Village,								

Tahun	Net profit	Total Assets	Profitabilitas %	
2014	265.855.842	9.311.341.947	2,86	
2015	273.055.882	6.195.193.924	4,41	
2016	312.826.427	7.389.027.916	1,68	
2017	165.000.746	5.025.993.364	1,30	
2018	198.283.425	4.742.630.146	1,26	
2019	57.072.305	9.259.833.855	1,06	
2020	110.652.990	8.190.274.901	0,95	

Source: Prosecced Data 2021

Based on table 1 above, it can be seen that the development of profitability in KUD. Happy Farmers, Kulim Jaya Village, Lubuk Batu Jaya, Indragiri Hulu Regency experienced fluctuations. After experiencing an increase for 2015, then in 2016 profitability decreased again to 1.68%. In 2017 it fell again to 1.30%. Until 2020 profitability is 0.95%.

Liquidity is the company's ability to meet short-term obligations that will soon mature. The current ratio is an indicator that is widely used because there is a guarantee against possible losses arising from the business by converting non-cash current assets into cash. The higher the value of liquidity in the cooperative, the better the cooperative in paying off its short-term debt, so that it will give a good signal to the members or owners of capital in the cooperative.

In addition, Leverage is the use of assets that incur a fixed burden, where this leverage arises because the company in its operations uses assets and sources of funds that cause a fixed burden for the company (financial leverage), a fixed burden in this case is in the form of debt with interest. Leverage can be measured using the debt to equity ratio (DER). Debt to equity ratio (DER) is a ratio that describes the ratio of debt and equity in the company's funding and shows the ability of the company's own capital to meet all its obligations. The higher the leverage charged by a company, the greater the hedging action that must be taken to minimize risk, because the debt is greater than the capital already owned will cause the risk of bankruptcy, with the greater risk the company needs to overcome it by means of hedging.

Profitability ratios are used to determine how effective the financial management of the company is to generate profits for the company. The focus of profitability is the management of company profits. If viewed from the side of the company's ability to generate profits, the greater the company's profits or profits, the company can be said to be safe.

LITERATURE REVIEW

Profitability

Profit in the company's operational activities is an important element to ensure the survival of the company in the future. The company's success can be seen from the company's ability to compete in the market.

The definition of profitability according to experts:

Profitability is one of the financial ratios that can provide an overview of the company's ability to generate profits at the level of sales, assets and capital. (Harahap, 2013:304)

Profitability ratio is a ratio to assess the company's ability to seek profit. (Kasmir, 2011:196)

Profitability ratio is a ratio that describes the company's ability to generate profits through all the capabilities and resources it has, which comes from sales activities, use of assets, and use of capital. (Hery, 2015:227)

In practice, the types of profitability ratios that can be used are: (Kasmir, 2016:199)

Return On Assets (ROA)

Return On Assets (ROA) or the return on assets is a ratio that shows how much the contribution of assets in creating net income. In other words, this ratio is used to measure how much net profit will be generated from each rupiah of funds embedded in total assets. The higher the return on assets means the higher the amount of net profit generated from each rupiah of funds embedded in total assets (Hery 2015:228).

Neither the net profit margin nor the asset turnover ratio can provide an adequate measurement of the overall effectiveness of the company. Net profit margin does not take into account the use of assets, while the asset turnover ratio does not take into account profitability in sales. Return On Assets (ROA) can overcome these two weaknesses (Horne and Wachowicz in Nugroho 2011:13).

The purpose of using the profitability ratio for the company, as well as for parties outside the company, are: (Kasmir, 2016: 197)

- a. To measure or calculate the profit earned by the company in a certain period.
- b. To assess the company's profit position in the previous year with the current year.
- c. To assess profit development over time.
- d. To assess the amount of net profit after tax with own capital.
- e. To measure the productivity of all company funds used both loan capital and own capital.
- f. To measure the productivity of all company funds, both own capital is used.

Meanwhile, the benefits obtained are: (Kasmir, 2016:198)

- a. Knowing the level of profit earned by the company in one period.
- b. Knowing the company's profit position in the previous year with the current year.
- c. Knowing the development of profit from time to time.
- d. Knowing the amount of net profit after tax with own capital.

Liquidity

The liquidity ratio can be defined as a ratio that shows the company's capability to cover its short-term obligations. The liquidity ratio is also known as a ratio that can be used to measure how far the company's capability level is in paying off its short-term obligations that will mature. (Hery, 2016:149)

The liquidity ratio is a ratio that describes the company's ability to meet its short-term obligations to short-term creditors. The liquidity ratio or also known as working capital ratio aims to measure the company's ability to meet its short-term obligations. (Prastowo, 2011:83)

"Liquidity Ratio as working capital ratio is a ratio used to measure how liquid a company is. The trick is to compare all components in current assets with components in current liabilities (short-term debt). (Kashmir, 2016:110)

Based on the above understanding, the liquidity ratio is a financial ratio that shows the company's financial ability to meet its short-term obligations on time to creditors.

Leverage

Leverage ratio is a ratio that describes the relationship between the company's debt and the company's capital (Harahap, 2013:306)

Leverage can overcome the company's ability to fulfill its obligations, which means knowing how far the company's assets are funded by debt, lest the company's debt exceeds the company's ability to pay (Ross, et al 2015:66).

Leverage ratio is a ratio that measures how much the company can be financed with debt. (Irham Fahmi, 2014:75)

Leverage ratio is a ratio that measures the company's ability to meet its long-term obligations. (Hanafi, 2016:40)

Based on the description of the definitions from the experts above, it can be concluded that the leverage ratio is the ratio used to calculate or measure how the company's assets are financed by all short-term and long-term debt.

Research Variable

The variables used in this study were the independent variable (independent variable) and the dependent variable (the dependent variable). The variables used are:

- 1. Liquidity as a variable X1
- 2. Leverage as variable X2
- 3. Profitability as Y . variable

RESEARCH METHOD

This research was conducted at KUD. Happy Farmers, Kulim Jaya Village, Lubuk Batu Jaya Kab. Indragiri Hulu. The author examines profitability from 2014-2020. The type of data used in this study is secondary data obtained from KUD financial report data. Happy Farmers in Kulim Jaya Village, which the author obtained from the cooperative in question. The data analysis technique is quantitative method. Data analysis used classical assumption test analysis, normality test, multicollinearity test, heteroscedasticity test, autocorrelation test. Multiple linear regression analysis using the equation:

$$Y = a + b1x1 + b2x2 + e$$

Furthermore, the authors conducted a hypothesis test, namely the simultaneous test and partial test.

DISCUSSION RESULTS

Classic assumption test

Normality test

Normality test was conducted to see whether in the regression model the dependent variable and the independent variable were both normally distributed or not. A good regression model is a regression model that has normally distributed data.

Normal P-P Plot of Regression Standardized Residual

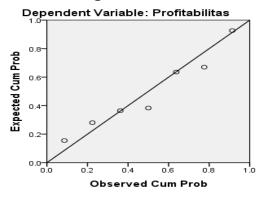


Figure 1

Source: SPSS 21 processed data

In the picture above, it can be seen that the distribution of the data (dots) is near the diagonal line or following the diagonal line, meaning that the data follows the normal data criteria.

Multicollinearity Test

Table 2. Multicollinearity Test Results

Model		Collinearity Statistics			
		Tolerance	VIF		
1	(Constant) LIKUIDITAS	.798	1.254		
	LEVERAGE	.798	1.254		

Source: Processed data with SPSS 21 in 2021

Based on the table of multicollinearity test results, it can be concluded that there is no multicollinearity in the data in this study. This statement is based on the test results above where it is known that:

- a. Tolerance value of LIQUIDITY and LEVERAGE variables is 0.798 > 0.10
- b. VIF Value of Liquidity and Leverage Variables is 1.254 < 10.00

Heteroscedasticity Test

Scatterplot Dependent Variable: PROFITABILITAS Segion Standardized Predicted Value

Figure 2. Heteroscedasticity Test Results Source: SPSS 21 year 2021 processed data

Based on the picture above, it can be concluded that there is no heteroscedasticity in the data in this study. Because it is proven from the figure that the dots spread randomly and do not form a certain pattern. And spread both above and below zero on the Y axis.

Autocorrelation Test

The autocorrelation test usually aims to determine whether there is a correlation between the confounding variables on certain variables and the previous variables.

Table 3. Autocorrelation Test Results

Model Summaryb

Model	R	R Square	Adjusted R	Std. Error of the	Durbin-Watson	
			Square	Estimate		
1	.920a	.846	.770	0.71671	2.315	

a. Predictors: (Constant), LIK, LEVERAGE

b. Dependent Variable: PROFITABILITAS

Source: Data processed with SPSS 21, 2021

Based on the results of the autocorrelation test, it can be seen that the Durbin Watson value is 2.315, meaning that in this study there was no autocorrelation because Darbin Watson was 2.315 > 0.05, so it was concluded that in this study there was no autocorrelation.

Multiple Linear Regression Analysis

Table 4. Multiple Linear Regression Analysis

Model		Unstandardize	Standardized Coefficients	
		В	Std. Error	Beta
	(Constant)	10,286	1.594	
1	Likuiditas	-,031	.007	-1.016
	Leverage	-,004	.001	608

Source: SPSS 21 year 2021 processed data

Based on the table above, the Linear Regression equation can be made as follows: Y = 10.286 - 0.031 X1 - 0.004 X2 + e

Based on the regression equation can be explained as follows:

- a. If the liquidity and leverage are zero, the profitability is 10.286.
- b. If Leverage is Zero and liquidity increases by one unit, Profitability will decrease by 0.031.
- c. If Zero Liquidity and Leverage increase by one unit, Profitability will decrease by 0.004.

Correlation Coefficient and Determination Coefficient

From table 3 above, it can be seen that the correlation coefficient (r) is 0.920, this indicates that the relationship between Liquidity and Leverage with Profitability is very strong. Then the Coefficient of Determination shows a number of 0.846 or 84.6% meaning that Liquidity and Leverage are able to explain Profitability of 84.6% while the remaining 15.4% can be explained by other variables not discussed in this study.

Hypothesis Test

The hypothesis to be tested is a simultaneous test and a partial test as follows:

Simultaneous Test (F Test)

This simultaneous test shows whether all the independent variables included in this study have a joint influence on the dependent variable (dependent).

Table 5. Model Feasibility Test

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	11,323	2	5,661	11.021	.024 ^b
1	Residual	2.055	4	0.514		
	Total	13.378	6			

a. Dependent Variable: PROFITABILITAS

b. Predictors: (Constant), LIKUIDITAS, LEVERAGE Source: SPSS 21 year 2021 processed data

Based on the table above, it can be seen that the significance is 0.024 < 0.05, meaning that the Liquidity and Leverage variables have a significant effect on the Profitability variable, but in a negative direction.

Partial Test (t Test)

Table 6. Partial Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		В	Std. Error	Beta		
	(Constant)	10,286	1.594		6.452	.003
1	Likuiditas	-,031	.007	-1.016	-4.632	.010
	Leverage	-,004	.001	608	-2.770	.050

Sumber: Data olahan SPSS 21 tahun 2021

Based on the table t test results can be seen that:

Liquidity Variable

The results of the partial test show that liquidity has a significant effect on the profitability variable because the significance is 0.010 < 0.05.

This shows that this research is in line with the research of Puji Deli Shella (2021) which states that liquidity has a significant and significant effect on profitability. And it is not in line with research by Dewi and Darwin (2018), which states that liquidity has an effect but is not significant on profitability.

Variable Leverage

The partial test results show that Leverage has no significant effect on the Profitability variable because the significance is 0.050 = 0.05.

This shows that this research is not in line with the research by Puji Deli Shella (2021) which states that leverage has a significant and significant effect on profitability. And it is not in line with the research by Dewi and Darwin (2018), where Leverage has a significant effect on Profitability.

CONCLUSIONS AND SUGGESTIONS

Conclusion

- 1. Liquidity and Leverage simultaneously have a significant effect on the profitability of KUD Tani Bahagia Kulim Jaya Village.
- 2. Liquidity partially has a significant effect on the profitability of KUD Tani Bahagia Kulim Jaya Village.
- 3. Leverage partially has no significant effect on the profitability of KUD Tani Bahagia Kulim Jaya Village.

Suggestion

- 1. It is hoped that KUD Tani Bahagia Kulim Jaya Village can increase its profit again so that it is hoped that its profitability will also increase. Because the level of company profitability is classified as very low.
- 2. For further researchers, it is recommended that if you examine the profitability of this company, you can use other variables, because there is still a chance.

REFERENCE

Adi, Nugroho Saputro. 2011. "Pengaruh Book-Tax Differences terhadap Pertumbuhan Laba". Skripsi. Semarang: Fakultas Ekonomika dan Bisnis, UNDIP. Diunduh dari: Perpustakaan Elektronik UNDIP: http://www.eprint.undip.ac.id

Ali, Akbar Yulianto. 2010. *Dasa-dasar Manajemen Keuangan*. Jakarta selatan: Salemba Empat A. Ross, Stephen, dkk. 2015. Pengantar Kuangan Perusahaan. Jakarta: Salemba Empat.

Brigham and Houston. 2017. Dasar-Dasar Manajemen Keuangan. Salemba Empat. Jakarta.

Darsono dan Ashari. 2010. *Pedoman Praktis Memahami Laporan Keuangan*. Penerbit Andi. Yogyakarta.

Dwi, Prastowo. 2011. Analisis laporan keuangan konsep dan aplikasi. Edisi ketiga Yogyakarta : sekolah tinggi ilmu manajemen YKPN.

Fahmi, Irham. 2014. Analisis Kinerja Keuangan. Bandung: Alfabeta

Hanafi, Mamduh M, dan Abdul Halim. 2016. *Analisis Laporan Keuangan*. Edisi Kelima. Yogyakarta: UPP STIM YKPN.

Harahap, Sofyan Syafri. 2013. Analisa Kritis atas Laporan Keuangan. Jakarta: PT Raja Grafindo Persada.

Hery. 2015. Analisis Laporan Keuangan. Edisi 1. Yogyakarta: Center For Academic Publishing Services.

Horne, James C. Van dan Jhon M Wachowicz Jr. 2012. *Prinsip-prinsip Manajemen Keuangan* (Edisi 13). Jakarta : Salemba Empat

Kasmir. 2016. Analisis Laporan Keuangan. Jakarta: PT Raja Grafindo Persada

Mamduh dan Abdul Halim, 2012, *Analisis Laporan Keuangan*. Yogyakarta: (UPP) STIM YKPN.

Sartono, Agus. 2010. Manajemen Keuangan Teori dan Aplikasi. Edisi 4. Yogjakarta:BPFE

Wiagustini, Ni Luh Putu. 2010. *Dasar-Dasar Manajemen Keuangan*. Denpasar. Udayana University Press.