Effect of Working Capital on Income at Hotel Jazz Palu

Sirajudin
Faculty of Economics, Universitas Muhammadiyah Palu
*Corresponding Author, Email: sirajudin.ump@gmail.com

ABSTRACT

This study aimed to determine and analyze the effect of working capital on income at Hotel Jazz Palu. This type of research is an associative quantitative approach. The research sample is the annual financial reports (December 2016-December 2019) at the Jazz Hotel Palu with research sampling using the Purposive Sampling technique. The source of the data used is secondary data, which is obtained from the management of Hotel Jazz Palu in the form of annual financial reports from January to December 2016 - to January to December 2019 with research subjects consisting of working capital and income. Furthermore, data analysis using simple linear regression analysis with the results showed a positive and significant effect between the working capital variable (X) on income at Hotel Jazz Palu, with an at-count value for the working capital variable (X) of 6.374 with a Sig-t value working capital variable (X) 0.024 < 0.05.

Keywords – Capital; Work; Income

INTRODUCTION

Every company will carry out various activities to achieve the goals that have been set. Every activity carried out by the company always requires funds to finance daily operational activities and long-term investments. Funds used to carry out day-to-day operational activities are called working capital. Working capital is one of the important components in carrying out the company’s business activities. The working capital used is expected to be able to return to the company in a short time through sales (1).

Every company will, of course, always need working capital to finance its daily operations (2), for example, for purchasing raw materials, paying labor wages, employee salaries, etc. Working capital is the company’s investment in cash, securities, receivables, and inventories after deducting current liabilities used to finance existing assets. Through good management, it is hoped that the capital embedded in the form of working capital can be utilized efficiently and effectively as possible through the activities carried out by the company.

In the company, proper working capital management is needed because working capital management will affect the company’s operational activities (3). These operational activities will affect the income to be obtained by the company. The pay will be reduced by the cost of goods sold and operating expenses or other expenses until a profit or loss is obtained. In other words, working capital management affects the company's ability to
generate profits. Companies that are said to have a high-income level mean that the efficiency of working capital is also high.

The hotel company is one type of company that needs to know about the effect of liquidity and solvency on profitability. This is because the hotel industry tends to show an increasing trend from year to year, which will most likely affect the company's performance in generating profits. In addition, the development of hospitality services, which is increasingly rapidly increasing, will impact increasing hospitality customers. An increase will directly follow this in sales and the hotel company's performance. Therefore, the authors are interested in choosing a hotel company as the research object.

**METHOD**

In this study, the research object is Hotel Jazz Palu, a hotel company in Palu City whose business is registered with the Tourism and Creative Economy Office of Palu City. While the variables in this study are working capital and operating income at the Jazz Hotel Palu for the period 2016 to 2019, as shown in Table 1 below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Working capital</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Rp.2,247,724,967.00</td>
<td>Rp.11,796,223,364.00</td>
</tr>
<tr>
<td>2017</td>
<td>Rp.1,169,467,635.00</td>
<td>Rp.11,454,528,576.00</td>
</tr>
<tr>
<td>2018</td>
<td>Rp.2,787,415,251.00</td>
<td>Rp.11,888,872,769.00</td>
</tr>
<tr>
<td>2019</td>
<td>Rp.6,912,542,975.00</td>
<td>Rp.18,742,822,451.00</td>
</tr>
</tbody>
</table>


The data analysis technique to measure the variables in this study, using SPSS software, by entering the results of the operationalization of the variables to be tested. And the method used is simple linear regression.

The data analysis methods used to analyze the data in this study can be interpreted so that the research results are easier to understand: 1) Descriptive analysis, which is a data analysis method that describes financial ratios and their changes to company profits in detail. 2) Quantitative analysis, namely the analysis used based on numbers consisting of:

**RESULTS**

**Simple Linear Regression Analysis**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>8988067654.049</td>
<td>844078996.727</td>
</tr>
<tr>
<td>Working capital</td>
<td>1.367</td>
<td>.214</td>
</tr>
</tbody>
</table>

Published by: Universitas Muhammadiyah Palu
Based on the results of simple regression calculations in Table 2 above using SPSS version 22.0, it is known that in the table of unstandardized coefficients column coefficients in Jatas, the values \( a = 8988067654.049 \) and \( b = 1.367 \) so that the regression equation obtained is as follows:

\[
Y = 8988067654.049 + 1.367 + e
\]

The interpretation of the above equation is: 1) The constant-coefficient value (a) of 8988067654.049 indicates that if the working capital value is 0 (no effect), then the income at Hotel Jazz Palu is positive at Rp. 8,988,067,654,049. 2) The regression coefficient value of 1.367 indicates that for every 1% increase in working capital, income increases by 136.7%.

Multiple R analysis is used to determine the strength of the relationship simultaneously between the independent variable and the dependent variable. In this study, multiple R was used to determine how close the connection (correlation) between working capital variables (X) and income (Y) at Hotel Jazz Palu was.

The results of data processing using SPSS for windows release 22.0 show the relationship (correlation) between the working capital variable (X) and income (Y) at Hotel Jazz Palu, which is shown in the Summary model is 0.976. This value indicates that the close relationship (correlation) of working capital variable (X) to income (Y) at Hotel Jazz Palu is 0.976 or 97.6 percent.

The close relationship between working capital (X) and income (Y) at Hotel Jazz Palu has a high affinity. It was found that there was a significant relationship between the working capital variable and the income variable at Hotel Jazz Palu.

**DISCUSSION**

The results of hypothesis testing indicate that the working capital variable can explain the variations that occur in the income of Hotel Jazz Palu. This is evidenced by the coefficient of determination (R2) obtained by 95.3% or 0.953, while the remaining 4.7% is explained by other variables that are not careful in this study. The results of this study support the results of previous research conducted by Kurniati (2013) with the title The Effect of Working Capital on the Income of Small Tempe Craftsmen in Sambak Village, Kajoran District Magelang Regency. The results of this study, based on simple linear regression analysis, showed that: (1) There was a positive and significant influence between working capital on the income of small temple artisans in Sambak Village, Kajoran District, Magelang Regency, and (2) Working capital contributed to the income of industrial artisans. The small size of tempeh in Sambak Village, Kajoran District, Magelang Regency is 99.80%, and other factors influence the remaining 0.20% (4).

This study also supports the results of previous research conducted by Utami and Wibowo (2013) with the title The Effect of Working Capital on Income with Business Length as a Moderating Variable (Survey of Market Traders Klithikan Notoharjo Surakarta).
The results of this study, based on moderating regression analysis using the standard residual method, show that: (1) Working capital has a positive and significant effect on the income of traders in the Klithikan Notoharjo Market, Surakarta, (2) The length of business has a positive and significant effect on the income of traders in the Klithikan Market, Notoharjo in Surakarta, (3) Business length has not moderated the effect of product quality on consumer satisfaction, showing p-value (0.088) > 0.05, which means the length of business is not a moderating variable or the relationship between the length of business and income of traders that have a direct effect (5).

Nurjanah’s 2017 research results, based on simple linear regression analysis, show that working capital variable financing affects the customer’s operating income variable. There is a positive relationship between working capital financing and customer operating income. Based on the results of the t-test, which shows the t-count > t-table (8.937 > 1.701) and the significance value is smaller than the significance level (α) 0.05 (0.000 < 0.05), it is found that there is a significant positive effect on the capital financing variable. work to customer income operating income at PT. Bank Syariah Mandiri Branch Office Simpang Patal Palembang (6).

CONCLUSION

This study concludes that working capital has a positive and significant effect on income at Hotel Jazz Palu, with an at-count value for the working capital variable (X) of 6.374 with a Sig-t value of an active capital variable (X) of 0.024 < 0.05. Then working capital has an effect of 95.3% on the income variable at Hotel Jazz Palu, while the rest is the influence of other variables not examined in this study. And the close relationship (correlation) of the working capital variable (X) to income variable (Y) at Hotel Jazz Palu is 0.976 or 97.6%. In this study, it was found that there was a significant relationship between the working capital variable and the income variable at Hotel Jazz Palu.

SUGGESTION

It is hoped that early research can reference the current financial performance at Hotel Jazz Palu by measuring and analyzing working capital and income.

REFERENCE

