Analysis of Working Capital in Village-Owned Business Karya Lestari (BUMDes) in the Coastal Area of Bone Bolango Regency

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ABSTRACT

***Purpose*:** To determine the amount of working capital measured through the level of cash turnover, inventory turnover, accounts receivable turnover, and working capital turnover in achieving BUMDes profitability.

Design/Methodology/Approach: This study uses quantitative research using a descriptive approach. The quantitative data used in this study are figures or documents related to working capital management and profit acquisition at BUMDes Karya Lestari in the coastal area of Bone Bolango Regency.

***Findings*:** The data processing carried out shows that BUMDes Karya Lestari's capital requirements for the next period are Rp. 157,916,225. The calculation results show that the capital requirements have increased compared to the previous year.

Keywords: *Working Capital; BUMDes*

INTRODUCTION

The establishment of this Village-Owned Enterprise has a very important role for the government and village communities because it can provide benefits such as supporting the village economy, increasing the Village's Original Income (PADesa), developing the potential of the village, and making the village government more independent in carrying out village development, (Apriliani et al., 2021).

As with other business entities, BUMDes also has a business nature that is oriented towards profit. The ability of a business to generate profit in a certain period is called profitability. Factors that can affect the level of profitability (income) in a business entity are its capital structure, (Astuti, 2019). In carrying out its daily operational activities, a business requires sufficient working capital.

Working capital is a fund used to finance the company's daily operational activities such as purchasing raw materials, paying

employee salaries, paying debts, and other payments. Working capital is one of the most important elements, this is because, without working capital, a business cannot meet the funding needs to run its activities.

Working capital management must be carried out effectively, by providing working capital to the needs so that working capital is not excessive and not too small so that it can generate profits at a certain level (Sutrisno, 2017). Maximizing profit increases can be influenced by the amount of capital or funds used to support the company's operational activities. Funds used in operational activities are called working capital. According to (Jumingan, 2014), the definition of working capital is based on the function of funds in generating income, while according to (Kasmir, 2020) working capital is capital used to carry out operational activities.

Working capital is defined as an investment invested in current assets or short-term assets, such as cash, banks, securities, receivables, inventory, and other current assets. There are some funds used in a certain accounting period that directly generate income for that period (current income), there are other funds but not all of them are used to generate short-term income but to generate income for the next period (future income).

Determining efficient working capital to obtain optimal profitability, BUMdes is faced with several problems, including a low working capital turnover period which causes low profitability, then also the smaller turnover of receivables of BUMdes causes the risk of bad debts to increase.

Based on research conducted by (Hendro & Safitri, 2021), found that overall cash turnover can be said to be good because it has increased. Overall receivables turnover can be said to be good because it has increased. Overall inventory turnover can be said to be less good because it has decreased. So if accumulated, overall working capital turnover can be said to be good, because it has increased. This is due to the company's ability to maximize working capital to generate high sales.

Based on the results of research conducted by (Buhang et al., 2022), it can be concluded that for the predetermined working capital to be managed properly, BUMDes needs to pay attention to the supporting elements of working capital consisting of cash, receivables, and inventory. From the results of the analysis of working capital needs using the working capital turnover method, it was found that the elements of working capital in BUMDes such as cash, receivables, and inventory are still said to be less effective because they are still far from the industry standard. Therefore, optimal management of the elements of working capital is needed.

METHODS

The type of research used in this study is quantitative research using a descriptive approach. In this study, the kind of data used is quantitative data. Quantitative data is data in the form of numbers or tables. Quantitative data in this study uses numbers or documents related to working capital management and profit acquisition at BUMDes in the Coastal Area of Bone Bolango Regency. The data source in this study uses primary data. Primary data in this study are in the form of documents and interview results with BUMDes.

Data Collection Technique

In collecting processed data, researchers use methods consisting of:

1. Field Research
   Field research was conducted through interviews and collecting data by conducting Q&A with stakeholders at BUMdes to support the analysis process.
2. Literature Research
   Literature research is conducted by collecting data that supports or is related to the research problem or other sources related to the research topic to obtain secondary data.

This study uses the method of determining working capital and activity ratio in analyzing the working capital needs of BUMdes Karya Lestari in the following year by:

1. Activity Ratio
   This activity ratio is used to calculate the average current assets in BUMdes Karya Lestari.
2. Working Capital Turnover Method
   This method calculates the amount of BUMdes Karya Lestari's working capital. Determined by calculating the turnover of working capital forming elements such as cash turnover, accounts receivable turnover, and inventory turnover.

Data Analysis

The formula used in analyzing is as follows:

1. Activity Ratio
   The general standards used in this risk according to (Lukviarman, 2010) are:
   a. Cash and bank turnover has a turnover standard of 10 times
   b. Accounts receivable turnover has a turnover standard of 7.2 times
   c. Inventory turnover has a turnover standard of 3.4 times
   d. Working capital turnover has a turnover standard of 6 times

2. Working capital requirement method
   Calculation of working capital requirements is carried out in the following stages:
   a. Calculating the average current assets used as working capital elements by adding the initial capital and the final capital of the period and then dividing by two, (Harjito & SU, 2014).
   b. Calculating the turnover of working capital elements, (Sutrisno, 2017):
      - Cash and bank turnover is calculated by dividing the value of sales by the average value of cash and bank
      - Accounts receivables turnover is calculated by dividing the value of sales by the average value of accounts receivable
      - Inventory turnover is calculated by dividing the value of sales by the average value of inventory
   c. Calculating the turnover time for each element of working capital in one period (1 year), (Sutrisno, 2017):
      - Cash and bank turnover in one period is calculated by dividing the number of days in a year (360 days) by the cash and bank turnover value.
      - Accounts receivables turnover in one period is calculated by dividing the number of days in a year (360) by the accounts receivable turnover value.
      - Inventory turnover in one period is calculated by dividing the number of days in a year (360) by the inventory turnover value.
   d. Calculate working capital turnover using the formula:

$$\frac{360\ day}{(p+q+r\ day)} = n\ kali$$

   P = cash and bank turnover time
   Q = accounts receivable turnover time
   R = inventory turnover time
   e. Calculating working capital requirements

$$Working\ capital\ required\ \frac{Sale}{n}$$

RESULTS

Average Current Activity Calculation

Table 1. Average Current Activity Calculation 2023

Elements of Working Capital	Calculation Results
Cash and Bank	$= \frac{Rp.130.372.400+Rp.155.278.250}{2}$ = Rp. 142.825.325

Receivables	-
Inventory	$= \frac{Rp.14.783.400 + Rp.15.398.400}{2}$ = Rp. 15.090.900

Source: Processed data, 2024

Based on the average current activity calculation table above, we can see that the activity ratio used is Rp for the cash & bank element. 142.825.325. Meanwhile, there is no activity ratio for the receivable element because BUMDes Karya Lestari does not have receivables. Then for the inventory element activity ratio, the activity ratio used is Rp. 15.090.900.

Working Capital Elements Turnover

Table 2. Working Capital Elements Turnover 2023

Elements of Working Capital	Calculation Results
Cash and Bank Turnover	$\frac{Rp.\ 469.708.050}{Rp.\ 142.825.325}$ = 3,3 kali
Receivables	-
Inventory Turnover	$\frac{Rp.\ 469.708.050}{Rp.\ 15.090.900}$ = 31,1 kali

Source: Processed data, 2024

The formula above is generated from sales divided by the average working capital element. Based on the sales figure of Rp.469.708.050, we accumulate the working capital turnover per element. So the results found, that for the cash & bank element, the working capital turnover is 3,3 times, for the receivables element the working capital turnover is 0 times, and for the inventory turnover element the working capital turnover is 31,1 times.

Capital Element Turnover Period Calculation

Table 3. Capital Element Turnover Period Calculation 2023

Elements of Working Capital	Calculation Results

Cash and Bank Turnover	$\frac{360}{3.3}$ = 109.5
Receivables	-
Inventory Turnover	$\frac{360}{31.1}$ = 11.6

Source: Processed data, 2024

The table above is the capital element turnover period calculation table used to measure the turnover period of each working capital element. Where the capital element turnover period is obtained from the results of dividing the number of days during 1 period, divided by the number of working capital turnovers for each element. Based on the table above, we know that the turnover period of the cash & bank capital element is 109.5 days, receivable is 0 days, and inventory turnover is 11.6 days.

Working Capital Turnover Calculation

$$\text{Working capital Turnover} = \frac{360}{109.5+11.6}$$

$$= 2{,}97 \text{ kali}$$

The formula above measures the turnover time of all working capital. The working capital turnover is obtained by dividing the number of days during 1 period by the accumulation of the total number of days for each element of working capital. Based on this formula, the working capital turnover is 2.97 times.

Working Capital Requirements Calculation

$$\text{Working Capital Need} = \frac{Rp.\ 469{,}708{,}050}{2{,}97}$$

$$= \text{Rp. } 157{,}916{,}225$$

The formula above is a formula used to measure working capital requirements. Where working capital requirements are obtained from the results of dividing the number of sales during 1 period by the amount of working capital turnover. Based on this formula, it is known that working capital requirements are Rp. 157.916.225.

DISCUSSION

Based on the results of the analysis carried out to calculate the working capital requirements for the following year, the explanation for these results is as follows:

Data Processing Results

1. Based on the calculation table of average current activity used in BUMDes Karya Lestari in 2023, the results obtained for Cash and bank had an average of IDR 142,825,325, while for inventory it had an average of IDR 15,090,900. This ratio is the result of the average taken from all sales in BUMDes, namely sales of copra, ATM/ATK, and shrimp farming. The average is obtained from the initial balance and the final balance of each element of working capital.
2. Based on the working capital element turnover table at BUMDes Karya Lestari in 2023, the results of cash and banks have a turnover of 3.3 times, this illustrates the use of cash in its business activities when viewed from the standard of cash usage, of course, it is not optimal, this is due to the type of business that is widely used in seasonal businesses (copra). In addition to copra, the types of businesses in BUMDes Karya Lestari also include shrimp farming and ATM/ATK. While inventory has a turnover of 31.1 times, this shows that the business being run is very effective considering that the sales value is quite large compared to the initial capital value owned.
3. Based on the calculation table for the turnover of capital elements at BUMDes Karya Lestari in 2023, the results of cash and banks in a year turned over 109.5 times, this shows that BUMDes Karya Lestari is very efficient in managing its working capital and also has very good financial stability, while inventory in a year turns over 11.6 times, this illustrates that the business activities carried out by BUMDes Karya Lestari have a significant impact on the amount of profit it obtains.
4. Based on the calculation of BUMDes Karya Lestari's working capital turnover in 2023, the results showed that BUMDes Karya Lestari's working capital rotated 2.97 times, this illustrates that BUMDes Karya Lestari's working capital does not meet the expected standards, this is due to the type of business being carried out being seasonal.
5. Based on the calculation of BUMDes Karya Lestari's working capital needs, the results obtained show that BUMDes Karya Lestari requires additional capital of IDR. 157,916,225 for 2024. This figure is the ideal capital for capital participation in the next period. This working capital requirement figure should be able to make working capital budgeted sufficiently and effectively. So that working capital is not lacking hinders operational activities, and is not excessive and causes unproductive working capital.

Hypothesis testing results

Based on the data processing that has been done, it can be seen that the capital requirements required by BUMDes Karya Lestari in the next period are IDR 157,916,225. From the results of the calculation, it can be seen that there has been an increase in capital requirements compared to the previous year.

CONCLUSION

Based on the research results as well as the analysis and discussion that has been carried out, the following conclusions can be drawn:

1. Based on the calculation results, it can be seen that the working capital needs of BUMDes Karya Lestari will increase in 2024. The increase in working capital needs is also followed by an increase in the profit and loss report of BUMDes Karya Lestari.
2. The high level of working capital turnover illustrates the effectiveness of BUMDes Karya Lestari's business activities, which can also be seen from the absence of receivables which can also affect working capital turnover.

Suggestion

1. It is expected that BUMDes Karya Lestari will always pay attention to the calculation of capital needs for the following year, to avoid excess and shortages which can have an impact on BUMDes Karya Lestari's income itself. BUMDes should make better planning for working capital management. In addition, the sources of working capital obtained are used according to needs. This needs to be done to achieve the goal of BUMDes becoming an independent BUMDes.
2. For further researchers, it is hoped that they can add variables related to working capital requirements to obtain deeper results in determining the amount of capital requirements for BUMDes.

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