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Analysis the Effect of Total Liability on Net Income in PT. Pos Indonesia (Persero)

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ABSTRACT

Companies that want to expand their business, apart from using personal capital, can also seek external funds such as creditors. By increasing the liabilities / debt, it is expected that the company's performance will be much better so that it can get the desired net profit. The company's performance will also be said to be good if the profit generated is also good. With good profits and performance, the company can be glimpsed by investors. PT. Pos Indonesia (Persero) is an Indonesian State-Owned Enterprise (BUMN) which is engaged in postal services. This article will examine the effect of total debt or liability on net income at PT. Pos Indonesia (Persero). The result of this research is that there is no influence between liabilities / debts on the net income of PT. Pos Indonesia (Persero).

1. INTRODUCTION

Every company must have a good management system in order to be able to compete with other companies in achieving predetermined goals. Of course this is included in financial management where the company can control the spending that must be spent, in order to get a profit or profit. A company can be judged to have a good or bad performance by how much profit it makes with the expenses that the company has sacrificed. The more profit the company gets, the better the company's performance. In addition, profit itself can also influence company management decisions.

In such a condition, a company may fulfill its funding needs only by using internal sources of funds. However, the company's growth causes the funds needed by the company to also increase, so that in fulfilling these sources of funds, companies can use an alternative, namely looking for sources of funds from outside the company, namely liabilities.

Companies also need to be careful about the risks that result from using the debt they take, because the use of debt has a high risk, namely the cost of capital. Therefore, in making a decision to use debt or liability, companies need to consider the consideration between the amount of personal capital and the outside capital that will be used. If the use of outside sources of funds is smaller than personal capital, then the use of outside capital is appropriate, but if the use of outside capital is greater than one's own capital, then the use of outside capital is not feasible (Riyanto 2001).

Profit is one of the determining factors in the decision-making process by stakeholders. Company management will work more effectively and efficiently so that the company can generate maximum profits while maintaining the stability of operating activities while improving management performance, so that the company can foster trust for investors and creditors who want to invest in the company. An increase in debt will affect the size of the profit for the company, which reflects the company's ability to fulfill all its obligations, because the greater the use of debt, the greater the company's liabilities.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Profit

Profit is the result of reducing costs on revenue, the company makes a profit if the revenue is greater than its costs. On the other hand, the difference will result in a loss if the cost is greater than the total income (Samryn 2011). Meanwhile, according to Harahap (2016) based on the Committee on Terminology defines profit as the amount that comes from a reduction between the cost of production of other costs, and losses from income or operating income.

Soemarso (2002) stated that net income is the excess of income over expenses and is the net increase in capital originating from business activities. Company performance can be assessed from the net income that can be obtained by a company.

Liabilities

Liabilities are all of the company's financial obligations to other parties / creditors that have not been fulfilled. Debt or company liabilities can be divided into current debt (short-term debt) and long-term debt (Munawir 2016). Meanwhile, according to Fahmi (2017) debt is an obligation owned by the company which comes from external funds, both from bank loans, leasing, bonds and the like. According to (Samryn 2011) liabilities are groups of debts that still have to be repaid to third parties. Liabilities with maturities of less than 1 year are classified as current liabilities. Meanwhile, debts with maturities of more than one year are classified as long-term liabilities.

From the definition above, it can be concluded that debt is a source of funds originating from third parties that must be returned at the agreed time. According to Munawir (2016) debt is classified into:

1. Current debt or short term debt
   Current debt is a company financial obligation that is paid in the short term (maximum of one year from the balance sheet date). Current liabilities include, among others:
   a. Notes payable, is a debt that is accompanied by a written promise (which is regulated by law) to pay a certain amount at a certain time in the future.
   b. Tax payable, both taxes for the company concerned and employee income taxes that have not been deposited into the State treasury.
   c. Accrued expenses are costs that have been incurred but have not been paid.
   d. Long-term debt that is due soon is part (all) of long-term debt that has become short-term debt, because the payment must be made immediately.
   e. Deferred Revenue, is the receipt of advances for the sale of goods / services that have not been realized.
2. Long-term debt
   Long-term debt is a financial liability that has a long term payment (maturity) is still long term (more than one year from the balance sheet date), which includes:
   a. Bonds payable
   b. Mortgage payable, is debt secured by certain fixed assets.
   c. Another long term loan.

Framework

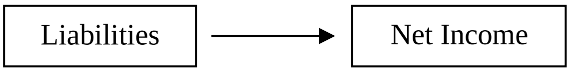
According to Nafarin (2013), the relationship between total debt and net income is to increase short-term debt and long-term debt and capital itself is intended for expansion, namely expanding company activities, expanding production activities, expanding marketing activities with the aim of obtaining a profit of-magnitude. With an increase in production and marketing activities (expansion) as a result of increased spending with debt and equity, it can increase profits.

There will be a condition in which the company wants to expand its business to get bigger profits, so the company needs more funds or capital. So that in meeting these funding needs, the company must use sources of funds that come from outside the company, namely debt / liabilities. However, although the profits earned were quite increased due to the disbursement of funds from creditors, the obligations that must be fulfilled by the company also increased.

An increase in debt will affect the size of profits for the company, where it can reflect the company's ability to fulfill all its obligations. This can be shown by several parts of its own capital that are used to pay all of its obligations if the company fails to improve its performance in order to get a bigger profit to cover its debts, because the greater the use of debt, the greater the obligations the company must fulfill.

Based on the description above, the researcher describes the conceptual framework as follows:

Figure 1. Framework



Research Hypothesis

The hypothesis is a temporary answer to the formulation of research problems which are usually arranged in the form of a question sentence (Sugiyono 2009). Based on the conceptual framework above, the research hypotheses to be tested are:

H1: The influence of debt on net income at PT. Pos Indonesia (Persero).

3. RESEARCH METHOD

In this study, researchers conducted research using an associative approach. Associative research is research that aims to determine the effect of the independent variable on the dependent variable, in this case the effect of debt on net income. Data were analyzed using simple linear regression test, hypothesis test t-test, and coefficient of determination test. The result of research that has been done is that debt does not have a significant effect on net income at PT. Pos Indonesia (Persero).

4. RESULT AND DISCUSSION

Description of Research Objects

Pos Indonesia is an Indonesian state-owned company (BUMN) engaged in the postal service / delivery of goods and letters. Currently, the form of Pos Indonesia is a Limited Liability Company and is often referred to as PT. Indonesian post. The form of Pos Indonesia business is based on Government Regulation of the Republic of Indonesia Number 5 of 1995. This Government Regulation contains the transfer of the initial form of Pos Indonesia in the form of a public company into a limited company.

The postal mail business in the 2000-2008 period experienced a drastic decline. The emergence of short message services and the internet has begun to replace the role of Pos Indonesia. This causes Pos Indonesia to experience losses every year. In 2004-2008, Pos Indonesia lost up to 606.5 billion. However, Pos Indonesia began to change after the liberalization of the postal business through Law no. 38 of 2009 concerning pos. The business transformation was carried out by establishing itself as a holding company by forming six subsidiaries, revitalizing core businesses and developing new businesses. Pos Indonesia has begun to enter the retail, property and insurance business. In addition, since 2013 it has also served management services and office rental and MICE rooms (meetings, incentives, conventions, exhibitions). Pos Indonesia subsidiary; (1) PT Pos Logistik Indonesia: logistic services, (2) PT Pos Properti: business services in the property sector, (3) PT Bhakti Wasantara Net: virtual network business.

Liabilities and Net Profits at PT. Pos Indonesia (Persero)

Along with business growth, especially the post has undergone massive business transformation, Pos Indonesia definitely needs an external source of funds, namely debt. Debt is used for operational or investment activities for the company, so that the hope is that with the additional capital the company can get more profit and it is hoped that the company's performance will increase. Companies must pay attention to the use of debt efficiently, meaning that the company must be able to adjust the amount of capital / debt loans with its operational activities in order to obtain the desired profit for the survival of the company. Furthermore, to determine the size of the company's ability to earn profits, it can be seen from how much net income the company can generate per accounting period.

The following will present data on Total Liabilities and Total Net Profits at PT. Pos Indonesia (Persero) from 2015 to 2019 in the annual report:

Table 1. From Annual Report PT. Pos Indonesia (Data on Total Debt and Net Profit of PT. Pos Indonesia 2015-2019)

Total Liabilities and Net Income Data		
PT. Pos Indonesia (Persero)		
Year 2015-2019		
Year	**Total Liabilities**	**Net Income**
2015	4,279,800,000,000	29,990,000,000
2016	4,133,850,000,000	429,986,000,000
2017	4,558,960,000,000	355,093,000,000
2018	4,807,116,356,709	127,453,438,994
2019	5,380,889,692,263	123,461,155,261

The data above shows that the total debt of PT. Pos Indonesia fluctuates or fluctuates. Liabilities decreased in 2016, but in 2017-2019 there was a significant increase in total liabilities. The possibility of an increase in total debt to the company is because Pos Indonesia has carried out many business transformations so that it requires a lot of funds, and debt is an alternative to that. In addition, the data above also shows that the company's net profit from 2015-2019 has increased and decreased or fluctuated.

Data Description

The data above is used as input and proof design to determine the working hypothesis (Ha), namely that there is an effect of debt on net income at PT. Pos Indonesia (Persero). Testing the hypothesis used in this study using simple regression analysis testing, hypothesis testing (t test), and determination coefficient test with the help of SPSS version 23 software. The procedure begins by entering the research variables, namely the independent variables are total liabilities / debt and dependent variable is net income.

Descriptive Statistics

The variables in the study were processed into the SPSS 23 program. The following is a table of statistical data in general and all the data used:

Table 2. Descriptive Statistics

	Mean	Std. Deviation	N
Net Income	21319671885 1.00	170368153032.3 50	5
Total Liability	46321232097 94.40	492197759483.3 04	5

Source: Processed data (SPSS 23)

Simple Linear Regression Analysis

Testing data analysis using simple linear regression analysis test was carried out to determine the level of the relationship between the research variables, namely the variable debt and company net income. Through tests carried out with the help of the SPSS program on the company's debt and net income data, the results of the company's output, namely Coefficients, show the magnitude of the relationship between debt and company net income which can be seen in the following table:

Table 3. Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients
Model	B	Std. Error	Beta
(Constant)	863532088 363.345	849941507 664.460	
Total Liability	-.140	.183	-.406

Source: research result (processed data)

Based on the table above, it shows that calculations carried out using the SPSS program above will get a simple regression equation with a regression model as follows:

Y = 8633532088363 + (-0.0014)

Explanation

This equation means that if the company's liabilities is increased by 100%, the net profit is -0.0014 or 0.14%, which means that liabilities does not have a significant effect on net income at PT. Pos Indonesia (Persero).

Hypothesis test

After the initial testing of the research data is carried out, then the hypothesis will be tested using the t-test. The t-test shows how much influence one explanatory / independent variable individually has in explaining the variation in the dependent variable. The t-test SPSS output display can be seen in the following table:

Table 4. t Test

t	Sig.
1.016	.384
-.769	.498

Source: research result (processed data)

The existing t value is -0.769 with a significant value of 0.498> 0.05 furthermore compared to the price t table. For a 5% error, two-party test and dk = n - 2 = 3, then the obtained t table = 3.182. The criteria for acceptance of the hypothesis are as follows:

Ho (Null Hypothesis): $\mu = 0$ (no effect)

Ha (Alternative Hypothesis): $\mu \neq 0$ (there is influence)

For the operating profit variable, the value of t count -0.769 <table based on the assessment criteria, Ho is accepted and Ha is rejected. The criteria for Ho is accepted and Ha is rejected, it can be concluded that the debt variable

has no significant effect on the company's net income. Supposedly, if the debt has increased, the amount of the company's net profit will also increase. Likewise, if the debt decreases, the amount of the company's net profit will also decrease.

Coefficient of Determination

Furthermore, the determination coefficient test is conducted to determine the influence of the debt variable on the company's net income variable. The following table is the test results with the help of the SPSS program on the company's debt and net income data, then the company output results are obtained, namely the summary table which is used to find out how much the quality of the regression model in the form of data on debt variables and company net income variables so that it can explain the conditions, in fact, by showing the coefficient of determination (R Square).

Table 5. Coefficient of Determination (R Square)

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.406[a]	.165	-.114	179815026848.185	1.931

Source: research result (processed data)

Discussion

The results of this study indicate that there is no significant effect of debt on net income at PT. Pos Indonesia (Persero). Based on the above test results, the following results were obtained: t count 0.769 while the t table was 3.182 in fact (t count <t table) then Ho was accepted and Ha was rejected. So it can be concluded that there is no effect of liabilities / debts on net income. Tests using the coefficient of determination of the contribution of independent variables (debt) to the dependent variable (net income), the level of low category relationship is only 16.5%, the remaining 83.5% is influenced by other variables not examined in this study.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Conclusion

Based on the results of the research and the description above that has been presented by the author, the following conclusions can be drawn:

1. Based on data analysis and discussion in the above research, it is found that from the formulation of the problem by testing the hypothesis (t-test), namely that there is no significant effect of debt on net income for 2015-2019 at PT. Pos Indonesia (Persero).
2. The test results of the coefficient of determination based on the model summary table show that the contribution of the independent variable (debt) to the dependent variable (net income) is 16.5% while the remaining 83.5% is influenced by other variables not examined in this study, for example cash receipts. , total assets, and other factors that influence net income.
3. There was an increase in liabilities which was not accompanied by an increase in Pos Indonesia's net profit.

Suggestions

Based on the theoretical descriptions that have been stated previously based on the data obtained in connection with research activities carried out at PT. Pos Indonesia (Persero) in 2015-2019, then the author can try to provide suggestions that are useful for the management of PT. Pos Indonesia (Persero) in the problems faced.

1. PT Pos Indonesia is expected to pay more attention to the stability of net income in its operational activities so that the company's survival in the future is more secure. In addition, it is also necessary to evaluate expenses so that it is necessary to review the debt needed.
2. Future research is expected to use more than 5 years of data so that it is expected to obtain more accurate and generalizable results.
3. It is expected that in further research to be able to combine several factors that affect net income, add variables and use more samples so that the research is carried out with good results.

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