



Analysis of Cost Control, Working Capital Turnover, and Economic Profitability at PT Sampoerna Agro Tbk

Harris Rahma Nabilla

Universitas Indo Global Mandiri, Indonesia

Email: rahmanabilahrs@gmail.com

Abstract

This research aims to analyze the level of cost control ratio, working capital turnover and economic profitability at the company PT Sampoerna Agro Tbk. Financial report data from 2015 to 2019 was collected using documentation techniques. Data were analyzed using a descriptive approach. Research findings prove that from 2015 to 2019 the cost control ratio was categorized as efficient with an average of 33.41% and was above the industry average. However, in the same period, the working capital turnover ratio and economic profitability ratio respectively averaged 2.994 and 5.64% and were categorized as unfavorable because they were below the industry average.

Keywords: cost control, working capital turnover, economic profitability, financial management

1. Introduction

A company's readiness to face this sharp competition must start from within the company itself. To achieve these goals, the company must carry out various functions or activities. In general, to carry out its functions, every company requires a certain amount of funds, either from loans or from its own capital. Cost control is a process used by companies to measure and improve performance by comparing realized costs with business costs so that the expected goals can be achieved. Working capital is capital used to finance company operations while the company is operating.

Controlling costs and working capital plays a very important role. Cost control is an important factor in a business, because by controlling costs you can find out whether the plan and realization in a business are efficient or not. Cost control efficiency is the company's ability to control the costs incurred so that profits are high. Working capital is capital used to finance company operations while the company is operating. The availability of sufficient working capital will support the smooth running of company activities. This will influence the company's success in achieving its expected goals, including making a profit. If a company has excess working capital, it will result in a lot of idle funds, which can reduce profitability. Meanwhile, if there is a lack of working capital, it will hamper the company's operational activities.

The notion of profitability is often used to measure the efficiency of capital use in a company, so economic profitability is often also referred to as the ability of a company with all the capital working in it to generate profits. For companies in general, the issue of profitability is more important than the issue of profit, because large profits alone are not a measure that the company can work efficiently. New profitability efficiency can be determined by comparing the profits obtained with the wealth or capital that produces these profits or in other words calculating the profitability.

PT Sampoerna Agro Tbk as one of the companies engaged in palm oil and rubber plantations, palm oil factories, palm oil seed production, utilization of non-timber products (sago and



producing sago flour under the brand (Prima Strach) certainly wants high economic profitability. high. This is of course influenced by the company's ability to control costs and streamline working capital turnover. In carrying out its daily activities, PT Sampoerna Agro Tbk is required to have sufficient working capital and be able to use its working capital efficiently. PT Sampoerna Agro Tbk's working capital is used to finance company operations such as employee salaries, purchasing raw materials and so on

2. Method

In this research the author will discuss the problem of Cost Control Analysis and Working Capital Turnover on Economic Profitability. When conducting research, the first thing to pay attention to is the research object that will be studied. Where the research object contains a problem that will be used as research material to find a solution. According to Husein Umar (2013) the object of research is the object of research explaining what and/or who is the object of research. In this research, the scope of the research object determined by the author is in accordance with the problems to be studied, namely Controlling Working Capital Turnover Costs and Economic Profitability at PT Sampoerna Agro Tbk.

The research was carried out in the odd semester of the 2020 academic year starting from September to December 2020. The data source used in this research was secondary data. Wardiyanta in Sugiarto (2017:87), secondary data is information obtained not directly from sources but from third parties. Secondary data taken from the Balance Sheet and Profit and Loss Financial Report of PT Sampoerna Agro Tbk for the 2015-2019 period .

In this analysis, financial ratio tools are used. These financial ratio tools are the cost control ratio, working capital ratio and profitability ratio, which can be used to measure PT Sampoerna Agro Tbk's ability to control operational costs and generate profits during a certain period.

3. Results and Discussions

Financial analysis is a number obtained from the comparison of one financial report item with other items that have a relevant and significant (meaningful) relationship. With this simplification, researchers can quickly assess the relationship between certain posts and other posts and can compare them with other ratios so that researchers can obtain information and provide an assessment. In calculating the financial ratios of a company, a financial report from the company concerned is needed. The financial report in question consists of a balance sheet and profit and loss report. From these financial reports you will be able to see how far the company has progressed in terms of financial performance.

Based on the financial data obtained by the researcher, the financial report data of PT Sampoerna Agro Tbk for five years, namely 2015, 2016, 2017, 2018 and 2019, the researcher will analyze the financial data to find out possible problems faced by PT Sampoerna Agro Tbk especially regarding issues of cost management and use of working capital.

3.1 Cost Control Ratio

ost control is a systematic process or effort in setting implementation standards aimed at planning, providing feedback information systems, comparing actual implementation with planning, determining and managing deviations and making corrections in accordance with predetermined plans, so that goals are achieved effectively. effective and efficient in the use of costs. This ratio can be calculated by comparing total operating costs with gross operating income.

$$\text{Business Costs} = \frac{\text{Total Operational Costs}}{\text{Gross Operating Income}} \times 100\%$$

Table 1. Cost control efficiency assessment standards

Ratio	Standard	Criteria
Cost Control Efficiency	< 65%	Efficient
	> 65%	Not efficient

If realized costs < standard costs (65%) then cost control can be said to be efficient. If realized costs > standard costs (65%) then cost control can be said to be inefficient.

So cost control at PT Sampoerna Agro Tbk for each period of three years, namely from 2017 to 2019 can be seen every year as in table 4. 2 below:

Table 2. Cost control calculations for 2015-2019

Year	Total Operational Costs	Gross Operating Income	Control Cost	Criteria
2015	366.398.121	833.564.171	43.95%	Efficient
2016	360,677,989	640,689,713	56.29%	Efficient
2017	147,078,687	962.113.794	15.28%	Efficient
2018	156,999,332	690,935,768	22.72%	Efficient
2019	195.170.632	677,146,050	28.82%	Efficient
Average			33.41%	Efficient

Source: Data processed by researchers (2020)

One of the factors that influences profitability is efficiency in the use of costs. If costs can be used efficiently, the company's profitability will also be better. From table 4.9 it can be interpreted that the average cost control carried out by PT Sampoerna Agro Tbk has been efficient as seen from the figures obtained by the company which over a period of five consecutive years was 33.41%. This is in line with the cost recognition efficiency assessment standard, namely if realized costs > standard costs (65%) then cost control can be said to be efficient, and vice versa if the cost control obtained by the company is below the cost control efficiency assessment standard < 65% then it can be said to be inefficient. . The greater the realized costs compared to standard costs, the less efficient cost control is. This is what will cause profitability to decrease.

Based on the calculation above, it can be described the cost control ratio of PT Sampoerna Agro Tbk for 5 periods, namely 2015 to 2019. The calculation of the Cost Control Ratio is as in Figure 1

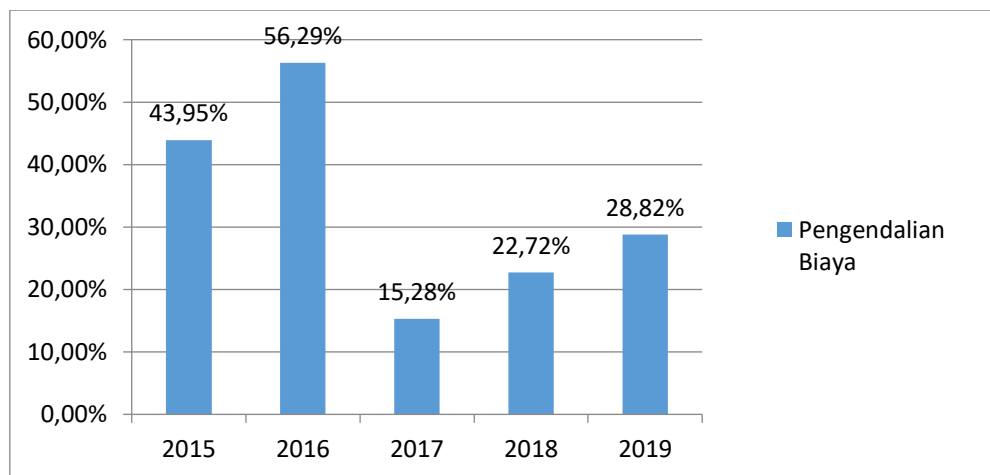


Figure 1. Cost control graph

In the five year period, namely 2015, 2016, 2017, 2018 and 2019, PT Sampoerna Agro Tbk had a cost control figure of 43.95%; 56.29%; 15.28%; 22.72%; and 28.82%. The results of this analysis show that PT Sampoerna Agro Tbk can be said to be efficient because it has met the established cost control efficiency assessment standards, namely <65%.

3.2 Working Capital Ratio

To test the efficiency of using working capital, you can use working capital turnover, namely the ratio between sales and working capital, Djarwanto (2011). This is also in line with Mediaty's statement in Sidauruk (2014) that working capital efficiency is the optimal use of working capital in the company's operational activities. Working capital efficiency also shows management's achievements in managing company resources, because the more efficient the use of working capital, the better the company's performance. The working capital *turnover* ratio shows the amount of sales that can be obtained from each rupiah of working capital.

$$WCT = \frac{\text{Sales}}{\text{Working capital}}$$

Working capital

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

Table 3 . Standards for assessing the level of working capital turnover

Ratio	Standard	Criteria
Working Capital Turnover Rate	>4 times	Good
	<4 times	Not good

If working capital turnover is > 4 times then working capital turnover can be said to be good.

If working capital turnover is < 4 times then working capital turnover can be said to be poor.

So the turnover of working capital at PT Sampoerna Agro Tbk for each five year period, namely from 2015 to 2019 can be seen every year as in table 4 below:



Table 4. Calculation of Working Capital Turnover for 2015-2019

Year	Sale	Working capital	WCT	Criteria
2015	2,999,448,452	341,469,186	8.78	Good
2016	2,915,224,840	396,777,890	7.34	Good
2017	3,616,482,911	146,590,502	24.67	Good
2018	3,207,181,767	-141.142.146	-22.72	Not good
2019	3,268,127,326	-1,051,252,557	-3.10	Not good
Average			2,994	Not good

Apart from controlling costs, working capital is one of the factors that influences profitability. If a company manages its working capital turnover well, the company's profitability will also be better. From table 4, the results of working capital turnover calculations can be seen that the average working capital turnover rate of the company PT Sampoerna Agro Tbk is 2.994 so it can be said to be not good. This is also in line with the level of working capital turnover in 2018 and 2019 which experienced fluctuations and even a deficit, so it can be said that the results obtained by the company were not good, this was because the amount of current debt was greater than the current assets so that the results obtained experienced a decrease or deficit. This is in line with the standard for assessing the level of working capital turnover, namely if the level of working capital turnover is above > 4 times the turnover, then the level of working capital turnover can be said to be good, and vice versa if the level of working capital turnover obtained by the company is below the standard for assessing the level of working capital turnover. less than 4 times then it can be said to be inefficient. The higher the level of working capital turnover in a company, the better the company's performance in managing its capital so that the company's profitability also increases.

Based on the calculation above, the working capital ratio can be described PT Sampoerna Agro Tbk for 5 (five) periods, namely 2015 to 2019. The calculation of the Working Capital Ratio is as in Figure 2 below:

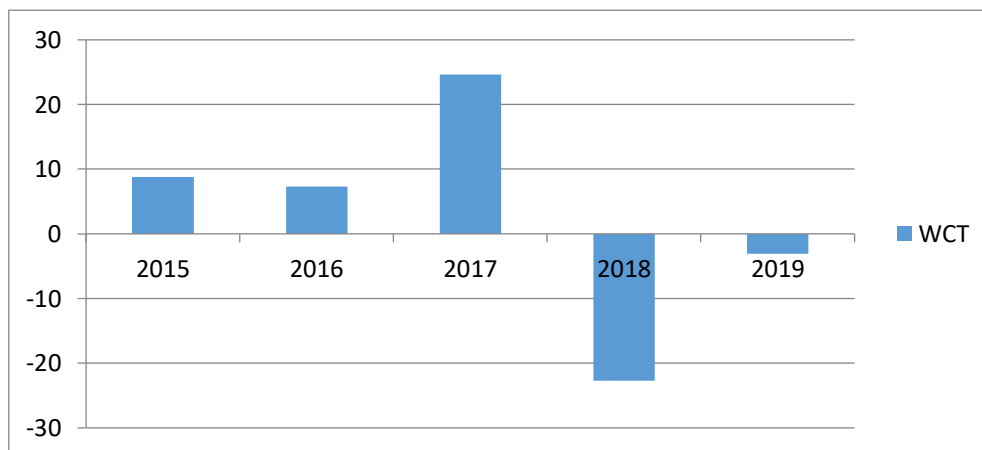


Figure 2. Working capital turnover graph

The results of the analysis show that PT Sampoerna Agro Tbk only had good capital turnover in 2015 to 2017, whereas in the following year there was a minus where there was a very

high decrease in working capital due to a very significant increase in current debt in 2019 from 1,732,828,695 in 2018 to 2,510,980,704. This had an impact on working capital which was greatly reduced in 2019 so that the management PT. Sampoerna Agro Tbk must be able to increase its current assets in line with the significant increase in current debt in order to offset the excessively high current debt at PT. Sampoerna Agro Tbk. The results of this analysis also show that the average working capital turnover of PT Sampoerna Agro Tbk for five years can be said to be poor and does not meet the established standards for assessing the level of working capital turnover, namely >4 times.

3.3 Profitability Ratio

According to Kasmir and Jakfar (2013) Profitability or in other words profitability is a ratio to assess a company's ability to make a profit. This ratio also provides a measure of the level of effectiveness of a company's management. Economic profitability is the comparison between business profits with own capital and foreign capital used to generate these profits and is expressed as a percentage. In calculating economic profitability, the profit that is calculated is only the profit that comes from the company's operating profit, which is usually called operating profit. Thus, profits obtained from businesses outside the company, such as dividends, are not taken into account in calculating economic profitability. The formula taken into account in calculating economic profitability:

$$\text{Economic Profitability} = \frac{\text{Operating profit}}{\text{Assets}} \times 100\%$$

Table 5. Profitability Ratio Assessment Standards

Ratio	Standard	Criteria
Profitability	> 14 %	Very good
	10 % - 14 %	Good
	< 14%	Not good

So the profitability of PT Sampoerna Agro Tbk for each period of five years, namely from 2015 to 2019 can be seen in table 6

Table 6. Calculation of Economic Profitability for 2015-2019

Year	Operating profit	Total assets	Economic Profitability	Criteria
2015	508,562,483	7,294,672,621	6.97%	Not good
2016	447.163.370	8,328,480,337	5.36%	Not good
2017	651,587,276	8,284,699,367	7.86%	Not good
2018	351,092,408	9,018,844,952	3.89%	Not good
2019	391,597,620	9,466,942,773	4.13%	Not good
Average			5.64%	Not good

Source: Data Processed by Researchers (2020)

Based on the calculations above, it can be described the economic profitability ratio of PT Sampoerna Agro Tbk for five periods, namely 2015 to 2019. The calculation of the Economic Profitability Ratio is as in Figure 3

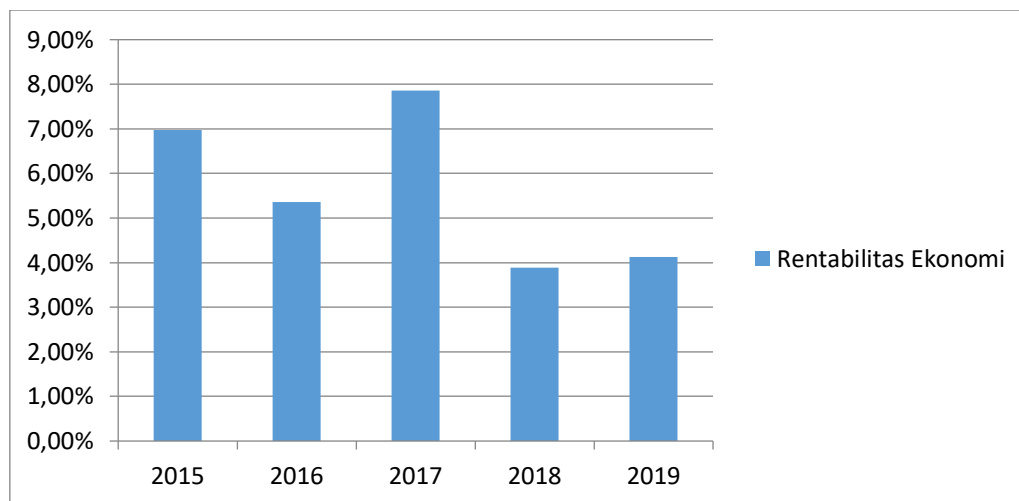


Figure 3. Economic profitability graph

In the five year period, namely 2015, 2016, 2017, 2018 and 2019, PT Sampoerna Agro Tbk had an economic profitability figure of 6.97%; 5.36%; 7.86%; 3.89%; and 4.13%. The results of this analysis show that PT Sampoerna Agro Tbk can be said to be not good in its economic profitability ratio because every year from 2015 to 2019 it does not meet the established profitability assessment standards, namely < 14% with very good criteria, 10% - 14% with good criteria, and > 14% with poor criteria. So it can be concluded that the financial performance of PT Sampoerna Agro Tbk for five consecutive years showed poor financial performance.

3. Conclusion

Based on the results of data analysis and discussion through the cost control ratio, working capital turnover ratio (WCT), and economic profitability ratio of PT Sampoerna Agro Tbk for the 2015-2019 period, the following conclusions can be drawn:

1. From the analysis carried out, it can be seen that the financial performance of PT Sampoerna Agro Tbk based on the cost control ratio is declared efficient, this is based on the calculation of the cost control ratio for 5 (five) periods below 65% with an average of 33.41%.
2. From the analysis carried out, it can be seen that the financial performance of PT Sampoerna Agro Tbk based on the Working Capital Turnover (WCT) ratio is stated to be poor, this is based on WCT calculations for 5 (five) periods below number 4 with an average of 2.994.
3. From the analysis carried out, it can be seen that the financial performance of PT Sampoerna Agro Tbk based on the economic profitability ratio is stated to be not good, this is based on calculations for 5 (five) periods below 14 % with an average of 5.64%.

References

- Djarwanto. (2011). *Pokok-Pokok Analisa Laporan keuangan*. BPFE.
- Fahmi, I. (2016). *Manajemen Keuangan*. CV Alfabeta.
- Hasibuan, M. (2016). *Manajemen Sumber Daya Manusia*. Penerbit Bumi Aksara.



- Husnan Suad dan Enny Pudjiastuti. (2012). *Dasar-Dasar Manajemen Keuangan* (Edisi Keen). UPP STIM YPKN.
- Kasmir. (2012). *Analisa Laporan keuangan*. PT Raja Grafindo Persada.
- Kasmir. (2015). *Analisis laporan keuangan*. PT Raja Grafindo Persada.
- Musthafa. (2017). *Manajemen Keuangan*. CV Andi Offset.
- Riyanto, B. (2010). *Dasar-Dasar Pembelanjaan Perusahaan*. BPFE.
- Sawir. (2015). *Analisis Kinerja Keuangan dan Perencanaan Keuangan Perusahaan* (PT Gramedi).
- Simamora, Henry. 2012. *Akuntansi Manajemen*, Edisi Ketiga. Riau: Star Gate Publisher.
- Sitanggang, J.P. 2014. *Manajemen Keuangan Perusahaan* Ed.2. Jakarta: Mitra Wacana Medis.
- Sugiyono. (2014). *Statiska Untuk Penelitian* (Cetakan ke Dua Puluh Dua (ed.)). Alfabeta.
- Sugiyono. (2017). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta
- Sujarweni, V. W. (2017). *Analisis Laporan keuangan : Teori, Aplikasi, dan Hasil Penelitian*. Pustaka Baru Press.
- Sutrisno. (2012). *Manajemen Keuangan Teori Konsep dan Aplikasi*. Yogyakarta : Ekonisia.
- Tampubolon, Manahan P. (2013). *Manajemen Keuangan (Finance Manajemen)*, Cetakan Pertama, Mitra Wacana Media, Jakarta.
- Utari, Dewi, dkk. (2014). *Manajemen Keuangan : Kajian Praktik dan teori dalam Mengelola Keuangan Organisasi Perusahaan*. Mitra Wacana Media.