



THE EFFECT OF AUTHORIZED CAPITAL AND CORPORATE INVENTORIES ON TOTAL REVENUE IN PLANTATION COMPANIES LISTED ON IDX FOR THE 2016-2020 PERIOD

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ABSTRACT

Some of the problems found in this study include; (1) The total revenue of the plantation sub-sector companies is in a downward trend, (2) Most of the plantation sub-sector companies also include authorized capital, which is below 1 billion rupiahs which have the potential to reduce investor perceptions (3) The value of corporate inventories still tends to be in the high category. This study aims to analyze the effect of authorized capital and corporate inventories on the total revenue of plantation companies listed on the Stock Exchange for the 2016-2020 period. The research method used in this study is a causal associative method with a quantitative approach. Sampling was done using purposive sampling obtained from 16 plantation companies listed on the Stock Exchange as research samples. The results of partial hypothesis testing show that the authorized capital variable (X1) does not affect total revenue (Y). TQ12 this is evidenced by the value of $t_{count} < t_{tableR}$ ($0.555 < 1.99085$), corporate inventories variable (X2) has an influence on total revenue (Y) as evidenced by the value of $t_{count} > t_{tableR}$ ($18.874 > 1.99085$) and simultaneous hypothesis testing shows that the authorized capital variable (X1) and corporate inventories (X2) have no effect on total revenue (Y) as evidenced by the value of $F_{count} < F_{table}$ ($183.80 > 3.12$). Based on the analysis above, it can conclude that partially authorized capital does not affect total revenue during the inventory variable affects total revenue, and simultaneously, assigned capital and inventory variables influence total revenue.

Keywords: Total Revenue, Authorized Capital and Corporate Inventories

INTRODUCTION

The increasingly fierce competition among companies in Indonesia indicates the need for good corporate management for these competing companies. The management of a company has several aspects, namely, human resources (man), finance (money), equipment (machine), methods (method), and marketing (marketing). These aspects have a very vital function in the management of a company. The five aspects needed in managing the company are usually categorized as the management

company. In this context, the management aspect of being studied is about finance (money).

The context of financial management in a company is an important thing that cannot be separated from the company's operational activities. This study happens because every company's operating activity requires management related to finance. Thus, financial management will always be carried out by every company because it is inseparable from the primary orientation of establishing a company, namely seeking profit.

Numerous financial components exist in a business and require immediate attention to conduct a monetary management study. These components include authorized capital, corporate inventories, total revenue, return on assets, equity, net profit margin, debt to equity ratio, dividend per share, and price-earnings ratio. The researcher chose three financial components to examine in this regard: authorized capital, corporate inventories, and total revenue. The financial components were three selected because they are highly relevant when discussed in greater detail in a study. Financial performance is critical for every business and investor because it reflects a variety of perceptions about the company. The stronger the business's financial performance, the more appealing it will be to investors as an investment destination. However, if a business's financial performance is subpar,

Investors will be viewed with suspicion.

Total revenue can be interpreted as an overall profit received by a company in a certain period. This simple meaning is in line with the opinion expressed by Wiagustini, which states that total revenue is the total income generated from a business carried out by a company. According to Wiagustini, total revenue is the company's ability to earn a profit or a measure of the effectiveness of the company's management (Wiagustini, 2013: 76).

Another financial component that has a vital function in managing company finances is authorized capital or company authority capital which is the backbone of a company in carrying out its operational activities. According to Rezkinah, money has specific goals to be achieved. Therefore every company tries to meet its capital needs, and the company can also maximize profit (Rezkinah, 2016: 1-2). According to this view, capital is a critical component of a company's operations, particularly those conducted initial public offerings.

Corporate inventory is the total amount of raw material inventory and material resources of a company to be produced and distributed to distributors or directly to consumers. According to Rezkinah, corporate inventories are one type of current asset which is quite significant in a trading or manufacturing company (Rezkinah, 2016: 35). Based on the opinion expressed by Rezkinah, corporate inventories are identical to manufacturing companies that must provide their current assets (raw materials and finished goods) on a massive scale.

The plantation sub-sector company is one type of company included in the manufacturing sector. This condition occurs because the Indonesia Stock Exchange identifies the plantation sub-sector companies as companies that process raw materials into ready-to-use or finished materials. Thus, the classification is appropriate or relevant to the use of authorized capital variables, corporate inventories, and total revenue. On the Indonesia Stock Exchange, there are 19 companies in the plantation sub-sector.

LITERATURE REVIEW

Total revenue is a company's income calculated based on all potential income from a company in a certain period. This financial component is an indicator that shows the company's ability to manage its finances to get a profit. To know and understand the meaning of total revenue, the following researchers present some opinions from experts regarding total revenue in the theoretical description below.

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Mispasari, in his journal, argues that total revenue is the total income earned by a company. In this context, the income in question is income legally by considering all components of the company's mandatory financing, such as employee wages to payments

corporate tax. The company's total revenue is always assumed to be based on market demand trends and product availability (Mispasari, 2018: 6).

According to Soekartawi Rahim and Hastuti, total income is the difference between revenue and costs. In other words, income xx (the xx is an analogy) includes gross income or total revenue and net income (Rahim and Hastuti, 2013: 166). Based on this opinion, it can understand that the total revenue comes from calculating the difference between revenues and all costs incurred by the company to obtain these revenues.

Authorized Capital

Authorized capital is a financial component closely related to the management of a company's operational capital. This financial ratio is included in the category of economic fundamentals in the application of financial performance and control. To know and understand the meaning of authorized capital well, the following researchers present some opinions expressed by experts regarding authorized capital in the theoretical description below.

Mispasari stated that authorized capital is a company's capital structure distorted by the movement of the company's shares on the Indonesian Stock Exchange. The logical consequence of this is strengthening the company's authorized capital structure. So that it can make the company carry out the development of

the line of business (Mispasari, 2018: 7-

8). According to Widaningsih, authorized capital is the number of company shares which are the authorized capital for sale listed in the deed of the establishment (Widaningsih, 2015: 4). Referring to this opinion, it can understand that authorized capital is capital that can be in the form of several shared values as authorized capital used in sales according to the company's deed of establishment. In other words, authorized capital is usually agreed upon by the company's founders to obtain capital outside of its members through a share sale scheme carried out on the stock exchange by attracting some investors at random.

Authorized capital is a phrase consisting of two words with different meanings but combined into a single unit with a new, more specific purpose. According to John M. Echols and Hassan Shadily, legal is official or legal, while capital can be interpreted as capital (Echols and Shadily, 1996: 46-97). So if the two words are combined into a single unit, it can mean the legal or official capital of a company (Mispasari, 2018: 7). Thus, authorized capital can be a financial component of a company that is valuable as official capital owned by a company. So that companies can use their capital legally and convincingly. Slightly different from the previous opinion, Munawir (2013: 64) argues that working capital turnover is an asset that must be managed by the company effectively and efficiently. The purpose of the opinion expressed by Munawir is that capital turnover in the context of authorized capital should indeed manage effectively and efficiently. This activity produces a more professional and objectively accountable financial performance. Based on the opinion of some experts regarding authorized capital in the previous description, it can conclude that authorized capital is a company's financial performance ratio concerning the provision of capital for the company's operations. Authorized capital can also attract investors who want to invest their shares in companies that have carried out initial public offerings through the description of the company's capital. This problem happens because

investors often assume authorized capital as a more effective and efficient capital turnover. Thus, investor interest in investing in the company concerned is closely related to managing the company's authorized capital.

Corporate Inventories

Corporate inventories are part of the financial component of a company related to the amount of raw material inventory it has to be processed as finished materials that are traded to its clients. Corporate inventories are also an indication of how well the company manages its raw material inventory. To find out and understand corporate inventories, the following researchers present some opinions from experts regarding corporate inventories in the theoretical description below.

Inventories are goods usually found in closed warehouses, fields, open warehouses, or other storage places, either in the form of raw materials, semi-finished goods, finished goods, goods for operational purposes, or interests for commercial purposes. a project (Indrajit and Djokopranoto, 2013: 3).

RESEARCH METHODS

This research is type of explanatory research which is a type of research that explains the relationship between the dependent variable and the independent variable.

This research is causal associative research using a quantitative approach. Causal associative research aims to determine the effect between two or more variables. This study describes the relationship between influencing and being influenced by the variables to be studied. "Using a quantitative approach because ."numbers or a numerical scale expresses the data that will be used to analyze the relationship between variables The research method used in this study is a causal associative method with a quantitative approach. Sampling was done using purposive sampling obtained from 16 plantation companies listed on the Stock Exchange as research samples.

RESULTS AND DISCUSSION

Based on our data processing, we found no influence between authorized capital on total revenue in plantation sub-sector companies listed on the Indonesia Stock Exchange for the 2016-2020 period. The correlation coefficient between assigned capital variables and total revenue is 0.160. Therefore, we conclude that there is a fragile relationship between authorized capital (X1) and total revenue (Y), and 0.160 is in the coefficient interval 0.160 - 0.199 (very weak). The coefficient of determination (R²) is 0.26, meaning that authorized capital (X1) contributes 2.60% to total revenue (Y). In comparison, the remaining 97.40% is influenced by other variables not discussed in this study, such as profitability, profitability, operating expenses, operating income, etc. Umar Sumarno (University of Bengkulu) results in this result under research, where authorized capital does not affect total revenue. With an at-count value of 1.019, more significant than the t-table value of 1.993. A correlation coefficient value of 0.014 means that the authorized capital variable has an effect of 1.40% on total revenue.

The Influence of Corporate Inventories on Total Revenue

Partial hypothesis testing corporate inventories variable (X2) to total revenue (Y). The calculation results of SPSS version 25.0 obtained an at-count value of 18.874 and an at-table of 1.99085, indicating that the value of tcount > ttable (18.874 > 1.99085), then Ho rejected and Ha was accepted. Based on the significance test, it was found that there was an influence between corporate inventories on total revenue in plantation companies listed on the IDX for the 2016-2020 period. The correlation coefficient value between corporate stocks and total revenue is 0.909. Thus it can

conclude that corporate inventories (X2) and total revenue (Y) have a moderate relationship, and 0.909 is in the coefficient interval 0.909 - 1,000 (very strong). The coefficient of determination (R²) is 0.826, meaning that corporate inventories (X2) contribute 82.60% to total revenue (Y), while the remaining 17.40% influenced by other variables not discussed in this study, for example: return on assets (ROA), return on equity (ROE), return on investment (ROI), and so on.

The Influence of Authorized Capital and Corporate Inventories on Total Revenue

Simultaneous hypothesis testing for authorized capital (X1) and corporate inventories (X2) variables on total revenue (Y). The calculation results of SPSS version 25.0 obtained the Fcount value of 183.80 and Fable of 3.12, indicating that because the Fcount > Ftable (183.80 > 3.12), H₀ rejected and H_a accepted. Based on the significance test, it is found that there is an influence between authorized capital and corporate inventories on the total revenue of plantation companies listed on the Indonesia Stock Exchange. Correlation coefficient value between authorized capital and corporate inventories to total

revenue of 0.909. Thus, it can conclude that between authorized capital (X1) and corporate stocks (X2) to total income (Y) has a strong relationship, and 0.909 is in the coefficient interval 0.909 - 1,000 (very strong). The coefficient of determination (R²) is 0.827, meaning that authorized capital (X1) and corporate inventories (X2) contribute 82.70% to total revenue (Y), the remaining 17.30% is influenced by variables not discussed in this study, for example, profitability, profitability and so on.

CONCLUSION

Based on the description in the discussion, the thesis researcher's final step entitled the effect of authorized capital and corporate inventories on total revenue in plantation sub-sector companies listed on the Indonesia Stock Exchange for the 2016-2020 period. So the researcher draws the following conclusions:

First, the results of partial hypothesis testing show that the authorized capital variable (X1) does not affect total revenue (Y). These conclusions are supported by acquiring the Fcount and Fable values of 183.80 and 3.12, respectively. Because Fcount > Ftable (183.80 > 3.12), H₀ is rejected and H_a is accepted.

The two results of partial hypothesis testing show that the variable corporate inventories (X2) affect total revenue (Y). The acquisition value of tcount proves this result is 18.874 and ttable is 1.99085, because the value of tcount > ttable (18.874 > 1.99085) then H₀ is rejected and H_a is accepted.

And finally, the results of simultaneous hypothesis testing show that the variable authorized capital (X1) and corporate inventories (X2) simultaneously affect total revenue (Y). These conclusions are supported by acquiring the Fcount and Fable values of 183.80 and 3.12, respectively. Because Fcount > Ftable (183.80 > 3.12), H₀ is rejected and H_a is accepted.

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