

## Investment of Vehicle Fixed Asset Investment on improving profitability (Case study of Parahyangan Express Karawang Branch)

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### Abstract

The purpose of this study is to determine how much influence has fixed asset investment in profitability of Parahyangan Express Karawang Branch. This research uses the descriptive method with primary data source of Parahyangan Express Karawang Branch between 2007 - 2016. The result of this research is the average investment value of Parahyangan Express in the period 2007 until 2016. Parahyangan Express in the period 2007 to 2016 tends to decline. Based on test results the comparison  $t_{arithmetic}$  with  $t_{table}$  showing  $2.840 > 2.093$  more than  $t_{table}$ . The percentage of influence of fixed asset investment of 30% means 30% development of profitability. Parahyangan Express is influenced by in-kind fixed assets while 70% is influenced by other factors not examined in this study.

**Keywords:** Investment, Profitability, Banking, Karawang Branch.

### Introduction

In the era of globalization, competition between companies for market shares has increased. Obviously this can be seen from the competition in the form of price and product quality. Prior to the investment policy, it is necessary to have investment planning and an analysis in order to evaluate the planning of capital goods or fixed assets. The most important thing is to prepare a method to assess whether the investment can be run or not.

Any investment that has been executed by the company is expected to achieve results in accordance with the design, namely the achievement of a certain level purchaser with the lowest cost expenses possible which means achieving a high level of efficiency, resulting in a satisfactory *return* (Darminto; 2008).

For some firms, investment activity is an important element of the company's operations, and the company's performance appraisal largely depends on the reported results of this activity, and some companies invest as a way of placing excess funds, as well as some other companies trading in investments to strengthen relationship business or gain a trading advantage.

The growth of transportation company in Karawang regency has increased in 2014 by 5.76% from 2013. This shows the development of transportation company

in Karawang known as industrial city in the presence of Karawang International Industry City, Suryacipta, and Kawasan Industry Partner .

The tendency in the Karawang regency both private companies or government institutions do not have their own transport in order for shuttle employees to send goods in their production needs. The increasing development of transportation services makes Parahyangan Express increase its investment but lower its profitability. The instability of fixed asset investment in a company will affect profitability in the company (Novi Megawatie: 2006).

## Literature Review

### Accounting

According to the *American Institute of Certified Public Accountants* (AICPA) quoted by Zaki Bari dwan (2008: 1) accounting is a service activity. Its function is to provide quantitative data, especially those of a financial nature, of economic unity which can be used in economic decisions in choosing alternatives to a situation. Meanwhile, according to Charles T. Hongren, and Walter T. Haririson (2007: 4) accounting is an information system that measures business activity. Process the data into reports, and communicate the results to decision makers.

### Accounting Management

According to Rahman Pura (2012: 7) accounting management is more focused on the use of accounting data for decision making and overall operating control. According to Dwi Martani, Dkk (2014: 8) management accounting is an accounting field that focuses on accounting for the internal purpose of the entity. Oriented towards providing information for management especially in terms of control and planning.

### Financial statements

Before financial managers make decisions, financial managers need to understand the company's financial condition. To understand the company's financial condition, an analysis of the company's financial statements is required. The financial statements describe the financial condition and results of a company's business at a certain time or a certain period of time. Financial statements according to PSAK No. 1 (2015: 2) is part of the financial reporting process. Complete financial statements usually include a balance sheet, an income statement, a statement of changes in financial position (which may be presented in various ways eg, cash flow statement, or fund flow statement), other records and reports and explanatory materials that are an integral part of the financial statements. It also includes schedules and additional information relating to the report, such as industrial and geographical segment financial information and disclosure of the effects of price changes. According to Martono and Agus (2010: 51) financial statements ( *financial statements* ) is an overview of the financial state of a company at a certain time. According to Fahmi (2011: 2) financial statements is an information that describes the financial condition of a company, and further information can be used as a description of the company's financial performance.

## **Financial Statement Analysis**

The definition of financial statement analysis according to KR Subarmanyam (2010: 4) is the application of analysis tools and techniques for general purpose financial statements and related data to generate useful estimates and conclusions in business analysis. While according to munawir (2010: 35) financial statement analysis is consisting of review or study of the relationship and tendency or trend (trend) to determine the financial position and results of operations and development of the company concerned.

Based on the above statement it can be said that the financial statement analysis is a tool and analysis technique for financial statements and related data to generate useful estimates and conclusions about the financial position and results of current and past change operations with the aim of determining the performance condition company in the future.

## **Types of Investment**

### **Fixed assets**

According to the Institute of Indonesian Accountants (2012: 16.1) a fixed asset is a tangible asset which (1) is owned to be supplied in the production or supply of coal or services to be directed to another party, or for administrative purposes; and (b) is estimated to be used for more than one period . According Dwi Martani, et al (2012: 271) Fixed assets are tangible assets, such as land, buildings, and vehicles. And intangible, such as copyrights and trademarks, Fixed assets are included in non-current assets, as they are expected to be used for more than 1 (one) accounting period.

While according to Firdaus (2010: 177) a fixed asset is an asset acquired for use in a company's activities for a period of more than one year, is not intended to be resold in the normal course of the enterprise, and represents expenditure of a large or material value .

### **Profitability**

According to Bambang Riyanto (2008 : 27) profitability of a company shows the comparison between profits with assets or capital that generate profits. In other words profitability is the company's ability to generate profit over a certain period. Meanwhile, according to Munawir (2010: 33) profitability is the company's ability to earn profits during a certain period.

Meanwhile, according to Martono and Agus (2010: 53) profitability is a ratio that shows the ability of companies to benefit from the use of capital. From the above definitions, it can be concluded that profitability is the ratio used to measure how much the company's ability to generate profits.

According to Pratomo (2008) The reason why a person invests is because it is triggered by the need for the future and the many uncertainties in life (disaster, health condition) and inflation rate. Because of the need for the future, then investment planning needs to be done in order to meet future needs. From both the above definition there are similarities, that the magnitude of a company's profitability shows the company's ability in obtaining profit over a certain period.

## Research Methods

### Research variable

The variables in this study are divided into two main categories, namely independent (independent) and dependent (dependent) variables. The independent variable is a variable that influences or becomes the cause of the change or the incidence of the dependent variable (bound). While the dependent variable is the variable that is affected or the result, because of the independent variables. In this research, there are two variables: Fixed Investment Asset (X) and Profitability (Y) .

### Research Instruments

Table 1  
Research Instruments

Variables	Sub Variable / Dimension	Indicator
X = Investment of Fixed Assets of Vehicles	The form of inclusion of long-term (over one year) or more geared to long-term financial planning and investment are not intended for resale in the near future. (Zaky Baridwan: 2008)	Amount and a are issued to acquire fixed assets of the vehicle
Y = Profitability	Rate of Return an Total Asset (Bambang Riyanto: 2008)	$\frac{EBIT}{\text{Total Assets}}$

Source: Reseacher's Study, 2017

### Method of collecting data

#### Data source

Source of data used in this research is primary data that is financial report CV. Parahyangan Express Karawang Branch from Period 2007-2015. According to Sugiyono (2012: 139), the primary source is a source of data that directly provide data to the data collector.

### Data analysis method

#### Data Normality Test

According to Imam Ghozali (2011: 160) that the Normality Test aims to test whether in the regression model, the intruder or residual variable has a normal distribution, if this assumption is violated then the statistical test becomes invalid for small sample quantities. Normality test data was done with Kolmogorov-Smirnov. To facilitate statistical calculations, this study is assisted by SPSS software in data processing. The data is otherwise normal distribution if the value of Asymp Sig (2-tailed) calculated by Kolmogorov Smirnov is more than  $1 / 2\alpha$ .

### Heteroscedasticity Test

According to Imam Ghozali (2011: 139) that the Heteroskedasticity Test aims to test whether the regression model of variance inequality occurs from one observation residual to another observation. If the variance of the residual to one observation to another observation remains, then it is called Homoscedasticity and if different it is called Heteroscedasticity.

### Autocorrelation Test

According to Imam Ghozali (2011: 110) Autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t with the intruder error in period t-1 (previously). If there is a correlation, it is called an autocorrelation problem.

### Statistical Analysis

Statistical Analysis used in this research is as follows:

#### Least Square Regression Analysis (Ordinary Least Square)

According to Suharyadi and Purwanto (2009: 168) regression analysis is a technique used to build an equation that connects between independent variables (Y) with independent variables (X) and simultaneously to determine the value of prediction or prediction. The form of the regression equation in the sample drawn from the population is:

$$Y = a + bX + e$$

Source: Suharyadi and Purwanto (2009: 168)

Y = Y variable value

a = approximate value for Y when X is equal to Zero

b = average change for each unit of change in variable X

X = Value of variable X

Where to know the value of a and b is used the formula as follows:

$$b = \frac{n(\sum xy) - (\sum x)(\sum y)}{(\sum y) - \frac{b(\sum x)^2}{n}}$$
$$a = \frac{\sum y}{n} - \frac{b(\sum x)}{n}$$

### Coefficient of Determination

According to Suharyadi and Purwanto (2009: 162) the coefficient of determination is part of the total diversity of the dependent variable Y (influenced or *dependent variable*) which can be explained or taken into account by the diversity of independent variables X (variables that influence or *independent*). With the following formula:

## Koefisien Determinasi ( $R^2$ )

$$R^2 = \frac{((n)(\sum XY) - (\sum X)(\sum Y))^2}{(n(\sum X^2) - (\sum X)^2)(n(\sum Y^2) - (\sum Y)^2)}$$

$$R^2 = \frac{(8)(198) - (24)(56)^2}{(8(96) - (24)^2)(8(48) - (56)^2)}$$

$$R^2 = \frac{(1584 - 1344)^2}{(768 - 576)(384 - 3136)}$$

$$R^2 = \frac{(240)^2}{(192)(448)} = \frac{57.600}{86.016} = 0,6696$$

Nilai determinasi ( $R^2$ ) sebesar 0,6696, artinya sumbangan atau pengaruh pengalaman Kerja terhadap naik turunnya omzet penjualan adalah sebesar 66,96%. Sisanya 33,04% disebabkan oleh faktor lain yang tidak dimasukkan dalam model.

Where :

- r = Correlation Coefficient
- n = Amount of data
- X = Independent Variable (Independent)
- Y = Dependent Variable (Dependent)

If the value of the correlation coefficient is known, then to get the coefficient of determination can be obtained by squaring it.

### Hypothesis test

According to Andi Supangat (2007: 293) that Hypothesis Testing is one way in statistics to test "Parameter" population based on the sample statistics, for could accepted or rejected at a certain level of significance. Hypothesis which will tested in research this related with how much influence variable X to variable Y, that is the effect of investment of fixed assets of vehicle on profitability .

## Research result and discussion

### Research result

#### Investment of Fixed Assets Vehicle CV. Parahyangan Express Karawang Branch

Investment is referred to CV. Parahyangan Express (Parex) is an investment for one or more assets (in this case a Large Bus Vehicle) that has a long time in the hope of gaining profit in the future. Here is the investment data CV. Parahyangan Express: Table 2 Investment (In IDR rupiah)

No	Year	Smester	Vehicle Unit	Investment
1	2007	1	20	5,000,000
2		2	10	2,500,000
3	2008	1	6	1.500.000
4		2	4	1,000,000
5	2009	1	7	1.750.000
6		2	3	750,000
7	2010	1	5	1.250.000
8		2	3	750,000

9	2011	1	15	3.750.000
10		2	5	1.250.000
11	2012	1	6	1.500.000
12		2	4	1,000,000
13	2013	1	5	1.250.000
14		2	3	750,000
15	2014	1	7	1.750.000
16		2	3	750,000
17	2015	1	2	500,000
18		2	1	250,000
19	2016	1	3	75 0.000
20		2	1	250,000
Average				1412 .500

Source: CV. Parahyangan Express Cab. Karawang

During the period of 2007 to 2016 with the lowest investment is in 2015 as many as 3 units of vehicles with an investment value of Rp. 750.000.000, -. The highest investment is in 2007 which is 30 units of vehicles with an investment value of Rp. 5.500.000.000, -. While the average investment of Rp. 1.412.500.000, -.

### Profitability of CV. Parahyangan Express Karawang Branch

Profitability is the ratio used to measure how much a company's ability to generate profits. Here is the data profitability CV. Parahyangan Express in 2007 until 2016.

Table 3 Profitability

No	Year	Smester	EBIT	Total Assets	ROA (%)	Ups and down
1	2007	1	5.844.407.900	13,711,000,000	42	
2		2	6.199.673.110	14,513,500,000	42	0
3	2008	1	13,065,840,000	39.326.950.000	33	-9
4		2	13.460.209.900	41,571,000,000	32	-1
5	2009	1	14.811.589.466	40.086 million	37	5
6		2	15.885.050.293	42,048,000,000	37	0
7	2010	1	26.248.382.111	64,508,500,000	41	4
8		2	26.628.897.360	64,699,750,000	41	0
9	2011	1	45.245.299.323	111.250.250.000	41	0
10		2	46.417.307.756	111.232.500.000	41	0

11	2012	1	47.474.559.907	114.265.850.000	41	0
12		2	46.729.895.106	114.377.600.000	41	0
13	2013	1	43.245.765.886	114.473.982.500	38	-3
14		2	43.825.542.479	115.941.300.000	38	0
15	2014	1	45.316.409.400	117.395.700.000	38	0
16		2	44.589.235.886	116.720.500.000	38	0
17	2015	1	37.814.808.138	114.400.200.000	33	-5
18		2	35.717.182.128	111.497 million	32	-1
19	2016	1	34.338.528.413	110,046,000,000	31	-1
20		2	34.549.837.357	110.646.300.000	31	0
Average					37.4	

Source: CV. Parahyangan Express Cab. Karawang

In the period 2007 to 2016 profitability CV. Parahyangan Express tends to decline. The highest profitability was in 2007 at 42%, while the lowest was in 2016 at 31%. Average profitability of CV. Parahyangan Express 37% for the period of 2007 to 2016.

### Discussion

#### Investment of Fixed Assets Vehicle CV. Parahyangan Express Karawang Branch

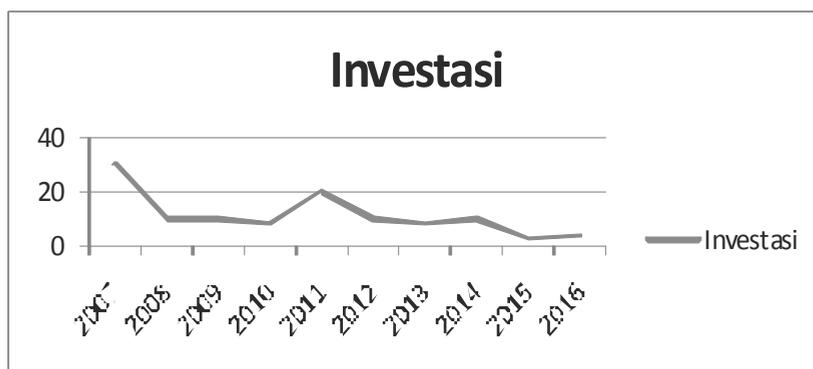
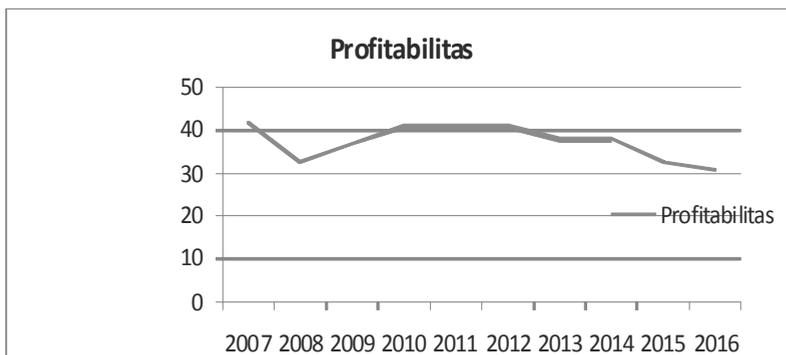


Figure 1. Investment Graph  
 Source: Researcher, 2017

From the research that has been the author expressed fixed asset investment in CV. Parahyangan Express branch Karawang less so good, proved in the year 2007 -2016 investment tends to decline due to poor management of processing within the company so that the damage and end of life of a fixed asset is not quickly overcome. While the increase in 2011 due to sufficient funds owned by the company to invest.



h

Figure 2 Profitability Chart

Source: Researcher, 2017

Profitability CV. Parahyangan Express in the period of 2007 - 2016 tends to decrease because of the lack of good management in managing corporate finance resulted in the level of profitability that occurs in the company always experience instability. From the above data can be seen that the rise and fall of fixed asset investment will also impact on the rise and fall of profitability, for example between 2007 to 2008 fixed asset investment decreased as well as profitability.

### **Effect of Vehicle Fixed Asset Investment on Increasing Profitability of CV. Parahyangan Express Karawang Branch**

From the results of simple regression analysis constant value of  $a = 34.663$  and regression coefficient  $b = 1.901$ , then the regression equation is Profitability (Y) =  $34.663 + 1,901$  Investments. so if the profitability variable (Y) is not influenced by the investment variable or the value is equal to 0, then the average profitability will be worth 1.901. The results of simple regression calculations on the independent variables describe if the estimated independent variables rise one unit, then the value of the dependent variable is estimated to rise or fall in accordance with the sign of regression coefficient independent variables. The regression coefficient for variable  $x$  is positive value investment which means there is a direct relationship between investment and profitability. The variable regression coefficient (X) of 1.901 means that each additional investment (X) of one-unit will add profitability of 1.901.

The result of the coefficient of determination obtained coefficient value determination or  $R^2$  of 0.309. This shows that the variables studied are investments affect 30% of profitability. Koefisien explained that 30% of changes in pofitabilitas can be explained by the investment while the remaining 70% is explained by other riabel va not studied. This is in line with a research conducted by Yeni Sri Hartini that investment partially influences on profitability at PT. POS Indonesia (Persero). Another research conducted by Novi Megawatie showed that investment has significant effects on profitability at PT.

## Conclusions

Based on the results of the research, data analysis and discussion of hypotheses that have been done before, it can be concluded the effect of fixed asset investment vehicle against profitability CV. Parahyangan Express Karawang branch is as follows:

- Average investment value of Parahyangan Express in the period 2007 to 2016 tends to decline. The highest investment value is in 2007 as many as 30 units with a value of Rp. 5.500.000.000, - and the lowest investment value in 2016 as much as 2 units of vehicles with an investment value of Rp. 500.000.000,-.
- Average value of profitability of Parahyangan Express in the period 2007 to 2016 tends to decline. The highest profitability in 2007 was 42% while the lowest profitability was in 2016 at 31%.
- T-test, comparing  $t_{\text{arithmetic}}$  with  $t_{\text{table}}$  shows  $2,785 > 2,093$ ,  $t_t$  is  $t_{\text{table}}$ . Thus it can be concluded that  $H_a$  accepted and  $H_o$  rejected which means fixed asset investment vehicle significant effect on profitability in CV. Parahyangan Express. With a significance value of 30% means 30% development of profitability CV. Parahyangan Express is influenced by fixed asset investment while 70% is influenced by other factor that is not examined in this research.

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