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THE INFLUENCE OF NPL AND CAR ON PROFITABILITY IN NGUDI LESTARI WOMEN'S COOPERATIVE, MAGETAN DISTRICT

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ABSTRACT

This research aims to determine the effect of NPL (bad credit) and CAR (capital) on profitability at the Ngudi Lestari Women's Cooperative in 2020. Bad credit is calculated using the NPL (Non Performing Loan) ratio, then capital is calculated using the CAR (Capital Adequacy Ratio) ratio.) and profitability is calculated using the ratio ROA (Return On Assets), ROE (Return On Equity) and NPM (Net Profit Margin). This type of research is quantitative research, using secondary data sources in the form of 2020 financial reports in the form of capital reports, Business Results Calculation Reports, remaining accounts receivable reports, Balance Sheet Reports and Balance Sheet reports. The collection technique is by analyzing archival evidence of the financial reports of the Ngudi Lestari Women's Cooperative in 2020. Data was analyzed using the SPSS version 16 program with descriptive analysis techniques, multiple linear regression analysis, classic assumption tests in the form of normality tests, multicollinearity tests, heteroscedasticity tests and then hypothesis testing. in the form of t test, F test and coefficient of determination test. The results of this research show that bad credit has an insignificant negative effect and capital has a significant positive effect.

Keywords: Cooperatives, Bad Credit, Capital, Profitability

A. INTRODUCTION

Background of the problem

Current economic development is very fast and rapid, this economic development can be seen from the number of increasingly diverse businesses. Many business owners compete with each other to obtain maximum profits. But sometimes deep running a business and to meet daily economic needs. Business entities are needed that can help support the economy in order to create an advanced and prosperous society, thereby creating an orderly social order as stated in the 1945 Constitution, article 33 paragraph 1 which states "the economy is structured as a joint effort based on the principle of kinship" . Based on the words of article 33 paragraph 1, the form of business that is in accordance with this article is a cooperative. In the financial sector, providing credit is an activity that always exists in both bank and non-bank financial institutions. Like a cooperative where one of the businesses carried out is savings and loans. In 2020, the first year of the Covid-19 pandemic in Indonesia, this caused an economic shock that affected the credit and capital activities of every business entity. Where the first credit problems that arise are bad credit which arises from credit payments that exceed the due date, as well as capital that is affected during the pandemic which will have an impact on profitability.

The aim to be achieved in this research is to determine the effect of bad credit and capital on profitability in the Ngudi Lestari Women's Cooperative, Magetan Regency. 2020 bad credit data for the Ngudi Lestari Women's Cooperative amounted to IDR. 23,375,000,- from the total credit provided amounting to Rp. 111,887,500,-. And for capital in 2020 it is IDR. 105,371,245.00,-. Bad loans are calculated using the NPL ratio and capital using the CAR ratio, for profitability using the ROA, ROE and NPM ratios.

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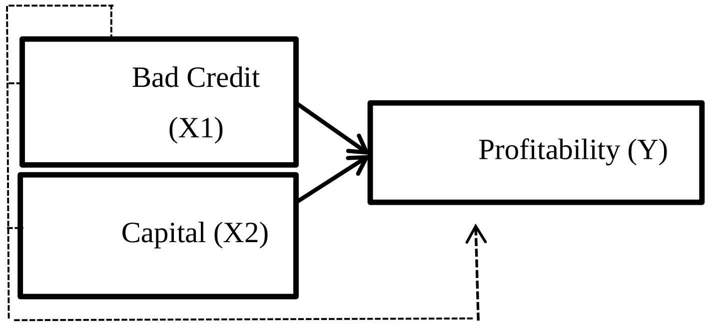
This research uses the 2020 financial year because the Covid-19 pandemic entered Indonesia in March 2020, in that year it can be assessed how the level of bad credit is because the level of customer credit payments at the Ngudi Lestari Cooperative experienced an increase in the level of bad credit and in 2020 the level of capital experienced increase from 2019. The Ngudi Lestari Cooperative was used as the object of research because the cooperative is the only cooperative in Ngumpul Village, West District, Magetan Regency, so the existence of this cooperative helps many local residents.

Cooperatives are one of the financial institutions other than banks that are quite numerous in Indonesia, with characteristics that are in accordance with the Indonesian nation which adheres to the principle of kinship. Cooperative comes from the Latin word "Coopere", which in English is called Cooperation. Co means together and Operation means working, so cooperation means working together. In this case, the collaboration is carried out by people who have the same interests and goals.(Arifin Sitio and Halomon, 2001). Meanwhile, based on Law (UU) Number 17 of 2012(Law Number 17 of 2012, 2012) in lieu of Law Number 25 of 1992, in Chapter 1 Article 1, the definition of a cooperative is a legal entity established by an individual or a cooperative legal entity, with the separation of the assets of its members as capital to run a business, which meets the aspirations and needs of all in the economic and social fields. , and culture in accordance with cooperative values and principles. Cooperative activities do not escape savings and loan activities which are usually called credit, which then also looks at the capital capacity owned by the cooperative to support credit giving activities. However, lending activities are not free from bad credit where customers are unable to pay installments according to the due date. Bad credit or non-performing loan (NPL) is credit that is late in installments and has the potential to not be paid by the debtor. With bad credit, a bank or lending institution cannot lend more funds to customers or other companies. Indirectly, the existence of bad credit will affect profitability. According to Mahmoeddin (2010:12),(Anugrah, 2018)Credit is the biggest source of income for banks compared to other sources of income.

Capital, which is another component which can influence the level of profitability, will be able to produce profitability if managed well. According to Syam (2014:16), .(Permana, 2020)Capital is a right that remains over the activities of an institution (entity) after deducting liabilities. Meanwhile, according to Munawir (2014:19),(Permana, 2020)Capital is the right or part owned by the owner of the company which is shown in the post capital (share capital), surplus and retained profits. Or the excess value of assets owned by the company over all its debts. Bad credit and capital are several components that influence the level of profitability. According to Sawir (2001:31),(Marganingsih, 2008)Profitability is the bank's ability to generate profits during a certain period. Profitability assessment is very important to determine the level of ability to generate profits within a certain time, according to Putra and Bajra (2015),(NY Sari, 2019)Profitability is to measure the company's ability to generate profits. From the brief explanation, bad credit and capital have an effect on profitability, where interest on credit can increase profitability if payments are made on time in accordance with research conducted byElizabeth Tri Rejeki Marganingsih (2008)and good capital management will also have a positive effect on profitability according to research conducted by Nuraini (2021).

B. RESEARCH METHODS

This research is a type of quantitative research, where the researcher looks for the simultaneous and partial influence of variable X on variable Y. This research uses a case study research design where the issues studied in this research cannot be applied elsewhere. In this study, the researcher looked for the partial and simultaneous influence of X1 and X2 on Y. Thus, the design in this study is as follows:



The population in this study is the financial report data for women's cooperatives for the 2020 financial year and the samples are the 2020 capital report, the 2020 Business Results Calculation Report, the 2020 remaining accounts receivable report, the 2020 Balance Sheet Report and the 2020 Work Sheet Report. Ngudi Lestari Women's Cooperative, Magetan Regency with research time starting from June to August. The data collection technique used is secondary data where data is obtained from other existing sources. . Generally, secondary data can be in the form of evidence and notes that have been compiled in published archives in the form of a 2020 capital report, 2020 Business Results Calculation Report, 2020 remaining receivables report, 2020 Balance Sheet Report and 2020 Balance Sheet report for the Ngudi Lestari Cooperative, Magetan district. The collected data was analyzed and calculated then tested using the SPSS version 16 program.

The collected data obtained from secondary data on cooperative financial reports in 2020 was then analyzed and processed using the SPSS version 16 program. The data analysis techniques used were descriptive analysis, multiple regression analysis, classic assumption tests in the form of normality tests, multicollinearity tests, heteroscedasticity and hypothesis testing in the form of t test, f test and coefficient of determination test.

C. RESULTS AND DISCUSSION

General Overview of Research Objects

1. A brief History

Ngumpul Village is part of Magetan Regency where the majority of the population relies on agriculture. Agricultural progress and local community activities are greatly assisted by cooperative activities. The Ngudi Lestari Cooperative is the only cooperative in Ngumpul Village. Directly, with this cooperative, the economy of the surrounding community can be supported, especially with the principle of a family cooperative that is in accordance with the characteristics of the surrounding community. With the community's economic activities increasing and to help the village community's economy, the village government established a cooperative that can be utilized by the village community. As a form of progress in the economic sector and meeting community needs. The Ngudi Lestari Women's Cooperative is located in Ngumpul Village, West District, Magetan Regency. This cooperative was formed on 22 October 2009, and obtained legal entity on 05 November 385/BH/XVI.13/XI/2009. The number of active members as of 2020 is 111 active members. The Ngudi Lestari Women's Cooperative is a cooperative that provides savings and loan activities.

2. Organizational structure

An organization is an association of several people who have one goal. A good organization is an organization that has principles which include objectives, division of work, delegation of authority, coordination, efficiency and general supervision. Cooperatives based on family principles have the aim of advancing the welfare of members in particular and the welfare of society in general as well as contributing to building the national economic order. In carrying out daily activities, the Ngudi Lestari Women's Cooperative has formed a complete organizational structure as follows.

Data Presentation

1. Bad credit

The bad credit used in this research is the accumulation of bad credit in 2020 in accordance with the provisions and policies of the Cooperative. So, bad credit in 2020 is an accumulation from 2012-2016 where there was a break in relief in 2017-2019. Due to the low credit term, namely 12

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months or one year, bad credit in 2020 uses the accumulation from several previous years along with data on bad credit which is classified in 2020:

Number of Bad Loans of the Ngudi Lestari Women's Cooperative 2020 period

Year	Number of Bad Credits	NPLs (%)
2012	Rp. 2,675,000.00	2.39%
2013	Rp. 7,950,000.00	7.10%
2014	Rp. 10,050,000.00	8.98%
2015	Rp. 625,000.00	0.55%
2016	Rp. 750,000.00	0.67%

From table 4.1, the number of bad loans in 2016 was 2.39%, in 2013 it increased to 7.10%, this number increased to 8.98% in 2014, but in 2015 it decreased drastically to 0.55% and In 2016 the number of bad loans increased again from the previous year, namely to 0.67%.

2. Capital

At the Ngudi Lestari women's cooperative, the author carried out capital calculations. The following describes the capital of the Ngudi Lestari Women's Cooperative for the 2020 period.

Capital Structure of the Ngudi Lestari Women's Cooperative 2020 period

Capital	Amount
External Capital: a) Short Term Debt b) Long-term debt	Rp. 3,414,070
Amount	Rp. 3,414,070
Owner's equity a) Member Savings b) Risk Reserve c) Donation d) Remaining Business Results	Rp. 39,774,500 IDR 3,390,675 Rp. 50,000,000 Rp. 8,792,000
Amount	Rp. 101.957.175
Total	**Rp. 105.371.245**

In the table above, the total capital of the Ngudi Lestari Women's Cooperative in 2020 is IDR. 105,371,245.00. The capital composition is 3% for external capital in the form of short-term debt, then 38% for own capital in member savings, 3% for risk reserves, then 48% for donations and 8% for remaining business results. The composition of external capital is 3% and own capital is 97%. In this research, capital is calculated using the CAR formula, the results obtained are:

$$CAR = \frac{\text{Modal}}{\text{ATMR}} x\ 100\%$$

$$CAR = \frac{\text{Rp.101.957.175}}{\text{Rp.111.424.750}} x\ 100\%$$
$$= 9.15\ \%$$

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3. Profitability

Profitability analysis is a tool used to measure a company's ability to earn profits with the assets used to obtain these profits and is expressed in percentage form. To determine the sustainable profitability ratio of the Ngudi Women's Cooperative during the 2020 period, it was calculated using the ROA, ROE and NPM methods.

Profitability CalculationNgudi Lestari CooperativeAs of December 31, 2020

Profitability	Amount
ROA	6.77%
ROE	8.62%
NPM	57.64%

Based on the table above, an ROA of 6.77% is obtained from comparing the amount of net profit or what is recognized as SHU with total assets. Meanwhile, for ROE, 8.62% was obtained from comparing the amount of net profit or SHU with own capital, and NPM was obtained at 57.64%, obtained from comparing net profit or SHU with operating income.

Data Analysis and Hypothesis Testing

1. Descriptive Analysis

Descriptive statistical analysis aims to see the distribution of data from the variables used for research. The following are descriptive statistics for each variable used in the research. The average value of profitability is 4.2780 with a standard deviation of 4.01 and a maximum of 8.62. Based on table 4.5, the N value shows the amount of data used in the research, namely 1 period and there are

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Bad credit	5	.55	8.98	3.9380	3.87217
Capital	5	.00	95.48	19.0960	42.69995
Profitability	5	.00	8.62	4.2780	4.01967
Valid N (listwise)	5				

samples, namely 2020 capital, 2020 Business Results Calculation Report, 2020 remaining receivables report, 2020 Balance Sheet Report and 2020 Work Balance Report. 2020. The bad credit variable shows an average value of 3.9380 with a standard deviation of 3.87217, a minimum value of 0.55 and a maximum value of 8.98 which is obtained from comparing the number of bad loans and the amount of credit given.The capital variable shows an average value of 19.0960 with a standard deviation of 42.69995, a minimum value of 0.00 and a maximum value of 95.48 which is obtained from comparing the amount of capital and risk-weighted.

2. Multiple Regression Test

Multiple linear regression is used to determine the form of relationship between the independent variable and the dependent variable. The following are the results of SPSS data processing.

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	Q	Sig.
1 (Constant)	-.281	1.673		-.168	.882
Bad credit	.910	.292	.144	3.121	.089
Capital	.584	.026	1.020	22.085	.002

a. Dependent Variable: Profitability

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Based on the multiple regression analysis table listed in table 4.6 above, a standardized regression equation is obtained, namely:

Y = a + b1 X1 + b2 X2+ e

Profitability = -0.281 + 0.910 + 0.584

From this equation it follows:

1) Every additional value of 1 unit in the bad credit variable will increase the profitability value h by 0.910.
2) Every additional value of 1 unit in the capital variable will increase the profitability value by 0.584.
3) The constant is -0.281, meaning that if credit is bad and capital = 0, then profitability = -0.281.

1. Classic assumption test
a. Normality test

The normality test aims to test whether in a regression model, the dependent variable, independent variable or both have a normal distribution or not. A good regression model is a normal or close to normal data distribution. The normality test in this research

One-Sample Kolmogorov-Smirnov Test

		Bad credit	Capital	Profitability
N		5	5	5
Normal Parametersa	Mean	3.9380	19.09600	4.2780
	Std. Deviation	3.87217	4.09200	24.37125
Most Extreme Differences	Absolute	,255	,473	,397
	Positive	,255	,473	,397
	Negative	-.193	-.327	-.274
Kolmogorov-Smirnov Z		,571	1,057	,888
Asymp. Sig. (2-tailed)		,900	,214	,410

a. Test distribution is Normal.

Based on the display of the normality test above using the Asymp Sig one sample Komogorov-Smirnov test, it can be seen that the Asymp Sig value is more than 0.05 for both the bad credit, capital and profitability.

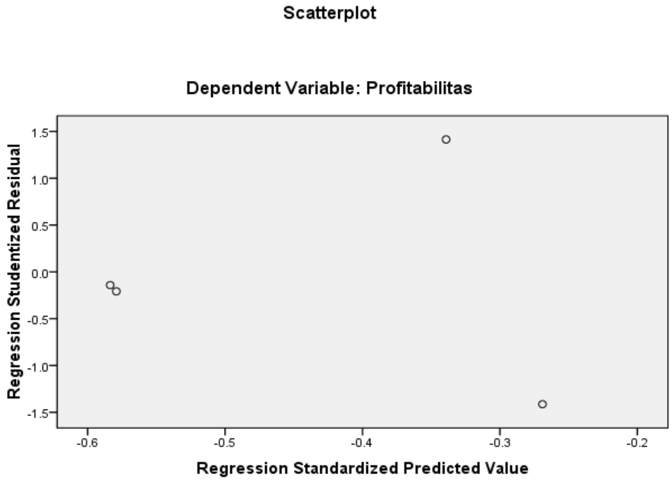
Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	Q	Sig.	Tolerance	VIF
1 (Constant)	-.281	1,673		-.168	,882		
Bad credit	,910	,292	.144	3,121	,089	,950	1,053
Capital	,584	,026	1,020	22,085	,002	,950	1,053

variables so that the data is distributed normally so that the research can continue.

b. Heteroscedasticity Test

The heteroscedasticity test aims to test whether in a regression model the variance and residual inequality from one observation to another remains constant or forms a pattern, so it is called heteroscedasticity. And if the variance is different or spread out and does not form a pattern (circle or wave) it is called heteroscedasticity. The best regression model is one where there are no symptoms of heteroscedasticity. The method used to test this research is graphs.



Based on the Scatterplot graph above, it can be seen that the data spreads below and above the number 0 and does not form a pattern, so that in this study there were no symptoms of heteroscedasticity.

c. Multicollinearity Test

This test aims to test whether in the regression there is a correlation between the independent variables. Good regression capital is to avoid multicollinearity. In this test it can be seen in the Tolerance and Variance Infaction Factor (VIF) table. If the Tolerance value is > 0.1 and the VIF value is < 10, then multicollinearity does not occur and vice versa.

Based on the table above, the calculation results show that there are no variables that have a VIF value greater than 10 and there are also no variables that have a Tolerance smaller than 0.1. This condition shows that the regression model is free from multicollinearity symptoms.

d. Hypothesis testing

1. t test

The t-test or partial test aims to partially test the significant influence of each independent variable (X1, X2) on the dependent variable (Y). The basis for making the t-test decision is that if the sig value is <0.05 then there is a partial influence of variable X on variable Y and conversely if the sig value is >0.05 then there is no significant influence between variable

Based on the data in the coefficient table for the multicollinearity test, the results of the partial hypothesis test (t test) can be concluded as follows:

a) It is known that the significant value for the influence of

b) It is known that the significant value for the influence of

2. F test

The F test aims to find the influence of the independent variable on the dependent variable or look for the simultaneous influence of variables X1 and the model is feasible and testing can continue. Meanwhile, if F count < F table or significance > 0.05 (5%) then the model is declared unfit, and modifications must be made first.

From the anova table, it is known that the sig value is 0.004 < 0.05 and the calculated F value is 245.607 > 19.16, so it can be concluded that hypothesis 3 is accepted, which means there is an influence between bad credit and capital on profitability.

3. Coefficient of Determination Test

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The determination test is used to determine the proportion of variation from the dependent variable to the independent variable. The higher the test coefficient of determination (R2), the better the prediction model of the research model being tested. This test was carried out using the SPSS program where the coefficient of determination value is 0 to 1. If the value is close to 1, the independent variable influences almost all the factors that influence the dependent variable.

ANOVAb

Model	Sum of Squares	Df	Mean Square
ʻRegression	2378,688	2	1189.344
Residual	9,685	2	4,842
Total	2388.372	4	

a. Predictors: (Constant), Capital, Bad Credit

b. Dependent Variable: Profitability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.773a	,597	,195	4.98899

a. Predictors: (Constant), CAPITAL, BAD CREDIT

b. Dependent Variable: Profitability

From the summary table it is known that the R Square value is 0.597 or 59.7%, which indicates that there is a simultaneous influence between the bad credit and capital variables on profitability of 59.7%, and the remaining 40.3% is influenced by other variables not examined in this research.

DISCUSSION

1. The Effect of Bad Credit on Profitability

From the results of data analysis carried out with the SPSS version 16 program, using a significance level of 0.05, a probability value (p) = 0.089 was obtained, so it can be concluded that bad credit does not have a negative and insignificant effect on profitability. This is because the amount of bad credit at the Ngudi Lestari Women's Cooperative in 2020 is quite low compared to the total amount of credit given, where the total bad credit in 2020 is IDR. 22,050,000.00,- from the total credit provided amounting to Rp. 111,887,500,-. With a percentage of 19.70%, the number of bad loans has no significant negative effect on profitability. This is in line with research conducted by(Handayani, 2012), where individual testing shows that the substandard credit variable has an insignificant negative relationship with the level of profitability. Apart from that, this is also in line with research conducted by(Laos, 2021), where the results of this research show that there is no partial influence, there is no significant influence between bad credit and capital. Bad credit does not affect profitability, one of which is due to the good ability of the cooperative which tries to reduce the level of bad credit by giving advice to customers to be able to pay loans according to the maturity period in order to maintain credit at the Ngudi Lestari Women's Cooperative. Apart from this, the cooperative also provides risk reserves for avoid bad credit levels which can cause operational disruption in providing cooperative credit. From the total data on bad credit in the Ngudi Lestari Women's cooperative, there are only a few members whose credit levels fall into bad credit, but the management can work around this so that bad credit does not affect profitability.

2. Capital Against Profitability

Based on test data using the SPSS version 16 program, in this research there is a significant influence between capital and profitability. Judging from the coefficient table, the sig value for bad credit is 0.002 <0.05, where the significance value is less than 0.05, which means the hypothesis is accepted, meaning there is an influence between capital and profitability. This is in line with research conducted by(Alimuddin, 2016), where capital influences the level of profitability. Apart from that, this is also in line with research conducted by(Nuraini, 2021), where there is a positive and significant influence between the use of working capital on profitability. And in accordance with research conducted by(Lisa Sari, 2018), there is an influence between capital turnover and profitability where it is assumed that the faster the capital turnover, the faster it will produce profitability. In this research, the capital variable has a significant positive effect on profitability, this happens because the Ngudi Lestari Women's Cooperative can manage capital well so that it can produce profitability. In 2020, the capital owned is IDR. 105,371,245.00,- where this amount is greater than the previous year.

3. **The Effect of Bad Credit and Capital on Profitability**

Based on the results of research that has been carried out and tested using the SPSS 2016 program, there is an influence between bad credit and capital on profitability. In hypothesis testing, the coefficient of determination test shows that bad credit and capital influence profitability by 59.7%, the remaining 40.3% is influenced by variables not studied. In line with research conducted by(Reny, 2020)where the level of bad credit and capital adequacy affect profitability, this is also in accordance with research conducted by(Maria, 2021)where bad credit has a significant negative effect and capital adequacy has a significant.

positive effect on profitability. In this study, bad credit has a negative and insignificant effect because it is assumed that if the value of bad credit increases, the amount of profitability will decrease, and after carrying out the SPSS test the results are not significant, where the total sig value in the coefficient table is 0.089 > 0.05, which then the hypothesis is rejected. . Meanwhile, capital has a significant positive effect because if the amount of capital increases, the ability to generate profitability will also increase, and after carrying out the SPSS test the sig value is 0.002 < 005, which means the hypothesis is accepted.In generating profitability, bad credit and capital are important components, where there is an influence between bad credit and capital on profitability. Research conducted at the Ngudi Lestari Women's Cooperative for the 2020 financial year shows that bad credit and capital have a simultaneous effect on profitability. This is because the cooperative can circulate and use capital well and can handle bad credit according to its capabilities which in the end can produce profitability.

D. CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of the analysis and discussion regarding the influence of bad credit and capital on profitability in the Ngudi Sustainable Women's Cooperative in Magetan Regency, the results of this research can be concluded that:

1. The level of bad credit at the Ngudi Lestari Women's Cooperative in 2020 was calculated using the NPL method at 19.69%. From these results it is known that the level of bad credit is not too high and can be controlled by the cooperative. Based on the SPSS test coefficient table, it shows that the sig value for bad credit is 0.089, where the value is > 0.05, which means the hypothesis is rejected and partially there is no influence between bad credit and profitability, because the total sig value is more than 0.05 and the level of cooperative management which is good for bad credit, then bad credit has no effect on profitability.
2. The capital level calculated using CAR shows that the amount of capital in the Ngudi Lestari Women's Cooperative in 2020 is 9.15%, then the variables tested using SPSS version 2016 show in the coefficient table a sig value of 0.02 where the value is <0.05 which is This means that the hypothesis is accepted and partially there is an influence between capital and profitability in the Ngudi Sustainable Women's Cooperative in 2020, because the sig value is less than 0.05 and the amount of capital in the cooperative in 2020 is more than the previous year. This is also due to the good governance of the cooperative.

3. Based on the F test or simultaneously it is known that the sig value is 0.004 < 0.05 and the calculated F value is 245.607 > 19.16, so it can be concluded that hypothesis 3 is accepted, which means there is an influence between bad credit and capital on profitability in the Ngodi Sustainable Women's Cooperative in during the Covid-19 pandemic in 2020. And based on the determination test, bad credit and capital have an effect of 59.7% on profitability and the rest is influenced by other variables not examined in this research, simultaneously bad credit and capital have an effect on profitability because, in the presence of bad credit which can reduce profitability and capital which can increase profitability. It can be concluded that bad credit and capital influence each other's profitability both negatively and positively.

Suggestions

Based on the research results and conclusions that have been put forward, the researcher provides suggestions related to the problems faced by cooperatives which are useful for practical purposes and for further researchers as follows:

1. For cooperatives, it is recommended that the Ngudi Lestari Women's Cooperative review its credit policy so that bad debts from the previous year can be resolved and capital circulation can run smoothly. Apart from that, it also increases asset turnover because based on ROA calculations it is quite low so new policies are needed to increase the profitability of cooperatives in terms of assets, and cooperatives can increase risk reserves in the composition of their own capital. This is expected to help cooperatives to deal with bad credit, because the number of The risk reserve is still low compared to the composition of other own capital where the risk reserve is only 3% of the total capital.
2. For customers of the Ngudi Lestari Women's Cooperative, it is recommended that they be able to pay credit according to the due date in order to minimize the risk of bad credit which will then have an impact on profitability if the value of bad credit is higher compared to the period under study.
3. Future researchers can extend the research period or add other variables to obtain better results than the previous ones.

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