Unpacking Receivables: Gresik Bottled Water Company’s Financial Analysis

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ABSTRAK
Tujuan dari dilakukannya penelitian ini adalah untuk mengidentifikasi dan mendeskripsikan penyebab terjadinya piutang tertunggak dan upaya penanganan yang dilakukan oleh PT. XYZ, yaitu perusahaan Air Minum Dalam Kemasan yang ada di Kabupaten Gresik. Metode penelitian yang digunakan adalah deskriptif dengan pendekatan kualitatif. Metode yang digunakan dalam proses penelitian ini berasal dari wawancara yang dilakukan dengan dua informan terpilih dan dokumentasi dari data-data piutang tertunggak tahun 2020-2022 pada PT. XYZ. Teknik analisis data menggunakan Miles dan Huberman. Adapun hasil temuan dari penelitian ini adalah menunjukkan bahwa pada faktor penyebab piutang tertunggak pada PT. XYZ ada 2, faktor internal yaitu kurangnya analisa kredit, belum ada tim khusus penagihan, keterbatasan informasi, dan faktor eksternal yaitu unsur kesengajaan, kondisi ekonomi, dan kondisi lingkungan pelanggan. Upaya penyelesaian yang dilakukan antara lain melakukan pemantauan, penginformasian telepon, surat peringatan, kunjungan langsung, tindakan yuridis, hingga pelaksanaan kebijakan baru.

Kata kunci : Piutang Tertunggak, Faktor Internal, Faktor Eksternal, Penyelesaian

ABSTRACT
This research aims to identify and describe the causes of outstanding receivables and the handling efforts carried out by PT. XYZ, which is a bottled Drinking Water Company in Gresik Regency. The research method used is descriptive with a qualitative approach. The method used in this research process comes from interviews conducted with two selected informants and documentation of data on outstanding receivables for 2020-2022 at PT. XYZ. Data analysis techniques use Miles and Huberman. The findings from this research show that the factors causing outstanding receivables at PT. XYZ has 2 internal factors, namely lack of credit analysis, no special collection team, limited information, and external factors, namely intentional elements, economic conditions and customer environmental conditions. The resolution efforts carried out include monitoring, telephone information, warning letters, direct visits, judicial action, and implementing new policies.

Keywords : Outstanding Receivables, Internal Factors, External Factors, Resolution

INTRODUCTION
Globalization has an impact on several industrial sectors so that competition is also increasingly competitive. In Indonesia itself, globalization requires business and trade actors to work even harder. In order to survive in this competition, companies must have good performance (Santoso & Handayani 2018). In order to improve and maintain company performance, efforts are needed to develop innovation and expand the business so that it can continue to exist and compete in achieving the desired goals. The company's goals can basically be seen from an economic perspective, which involves achieving profits (profit orientation) and maintaining the company's survival (Alfirdausi, 2019).
According to Handayani (2020), companies were founded with the aim of developing, gaining profits, maintaining survival and satisfying customers through the products and services provided.

In the trade sector, one strategy to achieve this goal is to design sales policies that are profitable for the company. Considering the market situation is still in the economic recovery phase, many companies tend to provide credit facilities to their customers (Alfirdausi, 2019). Although credit sales can increase profits, it is important to remember that this carries a risk of loss for the company if customers are unable to pay off their debts, which in turn can have a negative impact on the company's financial condition (Novialumi, 2022).

Attention needs to be paid to the increase in credit sales which is in line with the growth in outstanding receivables. As the volume of credit sales increases, the value of receivables also increases, so the company's risk of loss becomes greater. Therefore, companies must carry out effective control and monitoring of receivables and evaluate the policies implemented so that they can be implemented well and reduce the risk of uncollectible receivables (Zulna, 2022).

PT. XYZ is a company in Gresik Regency which operates in several industrial fields, one of which is the Bottled Drinking Water industry. Implementation this business, PT. XYZ uses two payment methods, namely cash and non-cash or credit payments. Sales on credit to PT. XYZ is carried out by providing a payment period for products purchased by customers. Credit payment policy at PT. XYZ Fresh is at term n/30.

Sales credit to PT. XYZ experienced fluctuation (increase-decrease) of 2020-2022 followed with increase and decrease receivables Not yet over - collectible period time payment of the specified maturity, which becomes outstanding arrears collectible until 2023. The following is data on the percentage of PT. XYZ's outstanding receivables from 2020-2022:

![Level of Outstanding Receivables at PT. XYZ](image)

Source: Data processed from PT. XYZ

Figure 1: Level of outstanding receivables at PT. XYZ

Based on the picture above, known that percentage receivables in arrears company own instability (up and down). According to SPV Sales of PT. XYZ, the billing process carried out is not yet fully effective, because there is no special team to carry out billing at PT. XYZ bottled drinking water industry, the billing process is carried out by the same unit as other work industries, and is also due to customer delays rather than the customers themselves. According to Hery (2016), the possibility of getting payment from a company's trade receivables that have passed the payment deadline is very low so collection must be hastened, as well as control must be carried out.

There is an increase in the number of uncollectible receivables at PT. XYZ in the last year, which is in line with the increase in the number of customers submitting receivables in that period. This condition occurs because the company has not succeeded in implementing internal control of trade receivables effectively, so that the risk of uncollectible receivables cannot be minimized.

Efforts to reduce the risk of bad credit can be done, steps can be taken to identify the factors that cause bad credit. Before providing credit services, credit providers need to carry out an analysis of the trust and reliability of potential debtors (Nursyahriana, et al, 2017).
Factors that cause uncollectible receivables are divided into internal factors and external factors. Internal factors indicate that in the analysis process, the party carrying out the analysis may lack skills or may make errors in calculations. In addition, the possibility of collusion between credit analysts and creditors can cause the analysis to be carried out subjectively and inaccurately (Yusmalina, et al, 2020). Meanwhile, external factors come from customer actions carried out intentionally, such as delaying debt payments or with the intention of not fulfilling their obligations. External factors also involve an element of inadvertence, such as conditions where customers have the ability to pay, but are unable to because they experience a disaster (Maya & Dewi, 2020).

Previous research was conducted by Loviriani, et al (2023). This research was conducted to determine the factors causing uncollectible receivables and efforts to overcome and resolve bad debts. Collectible on CV. Jakarta, Palembang. Research using qualitative methods resulted in the conclusion that there are 2 factors causing bad debts, namely internal and external.

By referring to the background context that has been described, the author is interested in investigating further regarding outstanding receivables at PT. XYZ. This research aims to gain an in-depth understanding of the position and condition of the company's receivables. The focus of this research is to identify the factors that are the main causes of delays in receivable payments and analyze the efforts that have been made by the company to overcome the problem of outstanding receivables. Therefore, the title of this research is “Unpacking Receivables: Gresik Bottled Water Company’s Financial Analysis”.

LITERATURE REVIEW

Receivables
Trade receivables include claims for bills arising from the sale of merchandise, services, or sales of other assets carried out by providing credit, as well as involving other transactions that may give rise to rights to other parties (Munandar, 2018). In credit sales, cash receipts do not occur immediately at the time of sale, but instead produce receivables which will be converted into cash when customers pay off their receivables (Sulistiawan, et al, 2021).

In general, customers tend to be more interested in buying products offered with a credit scheme by the company. This is a strategy to increase sales value which will be reflected in the company's profit and loss report. Receivables arising from the sale of goods or services on credit are categorized as trade receivables, and there is the possibility of turning into money orders receivables (Surtimi, 2019).

Credit Sales System
Mulyadi (2016:167) explains that companies carry out credit sales by sending goods according to orders from consumers. Within a certain period, the company then issues a bill to the consumer.

The way to avoid the risk of non-payment of receivables, steps that can be taken are to carry out an analysis of the feasibility of providing credit to each buyer at each first credit sales transaction. In general, manufacturing companies tend to sell their products using a credit sales system.

Receivables Management
According to Kashmir as quoted by Zahroh and Handayani (2023), accounts receivable management begins with considering whether to provide credit or not. Apart from that, in managing receivables, there are strategies for forming company receivables and several alternative ways to monitor receivables. A monitoring system is implemented because without it, receivables have the potential to accumulate excessively, causing a decrease in cash flow, and can result in uncollectible receivables, which can ultimately cloud profits from sales.
Receivables management aims to carry out collections, resolve late payments on receivables, and make decisions whether to provide sales of goods or services on credit to customers (Nurkania, 2015). The level of effectiveness in receivables management has the potential to influence results and performance in receivables collection. Therefore, to assess the extent to which receivables management is running effectively, it is necessary to pay attention to certain aspects.

Credit Analysis based on 5C and 7P Principles

5C principles in providing loans (credit) credit analysis based on 5C principles (Reviandani, 2021), namely:

1. Character
   Assessing the nature or character of potential debtors, provides insight into the level of honesty, integrity and determination to fulfill their obligations.

2. Capacity
   Evaluation of the potential debtor's ability to pay off obligations from the business activities they carry out, measuring their ability to pay credit.

3. Capital
   Assess the amount of funds or own capital that prospective debtors have, including looking at their business financial reports as a reference for determining the feasibility of granting credit.

4. Collateral (guarantee)
   Collateral provided as protection for the bank if the prospective debtor is unable to pay the loan, should ideally be worth greater than the amount of credit provided.

5. Conditional of economy (economic conditions)
   Assess economic conditions both in general and specifically in the business sector guaranteed by the prospective debtor, considering how economic conditions can affect their ability to repay the loan.

Apart from the 5C principles, there are other principles applied by financial institutions in providing credit, namely the 7P principles. This principle includes seven criteria:

1. Personality
   Assessing a potential borrower's personality, similar to the character criteria of the 5C principles, includes daily attitudes and behavior.

2. Party
   The classification and class of prospective borrowers based on their finances influences the credit facilities that will be provided.

3. Purpose
   Determine the purpose of applying for credit, whether for business capital, investment, education, or consumer activities.

4. Prospect
   Assessing the prospects of the business run by the borrower, predicting the customer's ability to pay based on the business prospects.

5. Payment
   Measuring the repayment ability of potential borrowers, helps financial institutions assess whether they are able to repay their credit.

6. Profitability
   Assess the borrower's ability to generate profit or gain, especially for those borrowing for business purposes.

7. Protection
   This criterion emphasizes the collateral that can be provided by prospective borrowers, both in the form of physical assets and insurance.

Receivables Collection Procedure

The receivables collection procedure plays a role in creating a maturity agreement letter which is then sent to the debtor. This section is
directly related to the debtor, so various obstacles arise because it cannot be guaranteed that the debtor will pay the bill. (Zahroh & Handayani, 2022).

According to Kasmir (2010), there are several ways to collect receivables, namely:
1. By Mail
If a customer's debt payment has passed the deadline but has not been paid off, the company can send a warning or warning letter to customers who still have overdue bills.

2. By Telephone
If after receiving the warning letter the customer still has not made payment, the credit department can make direct telephone contact with the customer. In these discussions, the company can ask customers to immediately make payments. If the customer has an acceptable reason, the company may provide a certain time extension.

3. Personal Visit
Direct visits to customer locations are often considered important in efforts to collect receivables. This personal approach can strengthen communication and understanding between the company and customers.

4. Juridical Action
If the customer refuses to fulfill its obligations, the company can take legal action by filing a civil lawsuit through court. This is a legal step that can be taken to resolve a receivables dispute.

METHOD
This research adopts a qualitative approach. The aim of this approach is to analyze and describe phenomena or research objects. The object of this research is PT. XYZ, a Bottled Drinking Water industrial company located in Gresik Regency.

The data sources used in this research consist of primary data and secondary data. Primary data sources are data sources that provide direct information to researchers through observation and interviews with several informants. Meanwhile secondary data sources are sources that do not provide data directly to researchers. In this research, secondary data was collected from various sources, including PT's receivables report XYZ.

To collect the data needed in the research, the researcher used several data collection methods, namely Interviews and Observations. Interviews were conducted directly with employees related to outstanding receivables at PT. XYZ. In this research, the observation that is practiced is making direct observations of the object under study in order to obtain valid data.

The technique for determining informants applied in this research used a purposive sampling method, namely by conducting interviews with the SPV's sales bottled drinking water industry and the SPV billing.

The data analysis technique used in this research is the Miles and Huberman analysis technique. According to Miles & Huberman in Sugiyono (2023), analysis consists of three activity streams that work interactively and continuously until completion. Miles & Huberman's data analysis activities are: Data reduction, data representation, conclusion/verification.

In this study, to ensure the validity of the data, researchers adopted triangulation techniques. Triangulation is a data collection method that combines various collection techniques and available data sources (Sugiyono, 2023:125).

RESULTS
PT. XYZ is a company that produces bottled drinking water in Gresik Regency. In carrying out its business activities, the payment process that has been implemented at PT. XYZ uses two payment methods, namely cash and non-cash or credit payments. By implementing a credit sales strategy, the company hopes to increase revenue and gain profits.
In the receivables process, the company has set a due date for the consumer which has been agreed by both parties for the payment limit. At PT. XYZ itself sets a payment maturity policy of 30 days after the invoice is sent. However, it often happens that many consumers exceed the due date for repayment. So a good collection policy is needed to minimize the occurrence of outstanding receivables. If payment of receivables exceeds the time limit that was agreed at the start, then receivables turnover becomes a problem that can disrupt the company’s operations in the future. Therefore, researchers conducted this qualitative research to show the factors that cause outstanding receivables and efforts to handle receivables at PT. XYZ.

**Data analysis**

1. Data reduction

   In the data reduction process, researchers choose to take main data and summarize the important data. The data in this research are as follows:

   **Table 1**: Level of Arrears at PT. XYZ

<table>
<thead>
<tr>
<th>Period</th>
<th>Percentage of Outstanding Receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>14.11%</td>
</tr>
<tr>
<td>2021</td>
<td>7.41%</td>
</tr>
<tr>
<td>2022</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

   Source: Data processed from PT. XYZ (2023)

   Based on table 1, the level of receivable arrears at PT. XYZ experienced fluctuation (instability) during 2020-2022. In 2020 there was a level of outstanding receivables of 14.11%, then it decreased by 6.7% to 7.41% in 2021. Then receivables increased in 2022 to 8.3%.

   Research on receivables at PT. XYZ shows that every year the percentage of uncollectible receivables increases which needs to be looked at in more depth. PT. XYZ needs an effective strategy to overcome this problem. PT. XYZ need to design strategies to reduce the amount of unpaid receivables. However, before implementing a strategy, the company must be able to define the factors that cause receivables so that the strategy implemented is appropriate.

   **Table 2**: Data Display of Statements Regarding Overdue Receivables

<table>
<thead>
<tr>
<th>Informant</th>
<th>Sub-themes</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPV Sales</td>
<td>Internal factors</td>
<td>Outstanding Receivables</td>
</tr>
<tr>
<td></td>
<td>External Factors</td>
<td>Resolution Efforts</td>
</tr>
<tr>
<td>Billing</td>
<td>Internal factors</td>
<td>Outstanding Receivables</td>
</tr>
<tr>
<td></td>
<td>External Factors</td>
<td>Resolution Efforts</td>
</tr>
</tbody>
</table>

   Source: Researcher Mechanism (2023)

   2. Data Presentation

   In qualitative research, information can be presented through brief explanations, diagrams, or relationships between categories (Damayanti, 2022). This research presents data on outstanding receivables at PT. XYZ:

   **Table 3**: Data display regarding the level of outstanding receivables of PT. XYZ

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit sales</th>
<th>Outstanding Receivables %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>3,002,230,800</td>
<td>423,863,890 14.11%</td>
</tr>
<tr>
<td>2021</td>
<td>4,301,130,640</td>
<td>318,931,784 7.41%</td>
</tr>
<tr>
<td>2022</td>
<td>5,518,339,202</td>
<td>457,368,039 8.3%</td>
</tr>
</tbody>
</table>

   Source: Data processed by PT. XYZ (2023)

   Based on table 3, it can be seen that there are fluctuations in both credit sales, outstanding receivables, and the percentage level of outstanding receivables. Credit sales in the 2020-2022 period experienced an increase.
For outstanding receivables that have not been paid to date, there has been a fluctuation where receivables in 2021 decreased by Rp. 104,932,106 from 2020. Then from 2021 it increased. Fluctuations in outstanding receivables also have an impact on the percentage of outstanding receivables which also fluctuates, where in 2020 to 2021 the level of outstanding receivables decreased, but in 2021 to 2022 the level of outstanding receivables increased. An increase in arrears can result in the smooth flow of cash to the company being hampered, which will disrupt the company's financial condition in managing cash for the company's daily activities (Hutapea & Septriawan, 2022).

**Analysis of the Causes of Factors Causing Outstanding Receivables at PT. XYZ**

Implementing a credit sales system by a company will result in receivables obligations because the income from credit sales does not immediately become cash, but instead becomes receivables (Sulistiawan, 2021). If the receivables are not paid by the customer or the payment is delayed from the due date, this will result in the risk of outstanding receivables. This will hamper the company's financial cash flow. There are many causes of outstanding receivables, both internal factors from within the company and external factors, from customers.

Based on interviews conducted with sources, there are 2 factors that cause delinquent or outstanding receivables at PT. XYZ, namely internal factors and external factors. The following are the factors that cause delinquent accounts receivable at PT. XYZ:

**Internal Factors in Outstanding Accounts Receivables**

a. Lack of customer credit analysis
   - Process or implementation of credit sales, PT. XYZ has not maximized the implementation of customer analysis before approving credit sales, so it is not uncommon for the company to still experience errors in providing this analysis. This error in providing receivables analysis was caused by unhealthy sales. The meaning in this case is that it is carried out by the Sales Department which offers or sells its products with origin that does not take into account the principles in selecting customers who will be given credit because of double jobs or for other purposes only to pursue turnover or the important thing is that the goods are sold out first.

b. Less effective billing
   - PT. XYZ not only runs the Bottled Water Drinking business but also other businesses. Due to the Billing division/unit at PT. XYZ from the bottled water drinking business industry and other business industries were combined into one, there was no separation. This resulted in the billing process in the business by PT. XYZ is not yet fully optimal, because in terms of quantity the other business industries run by PT. XYZ is bigger so sometimes the collection of Bottled Water Drinking industry receivables is delayed. The slow arrival of bills will cause the age of receivables to increase and increase the risk of bad debts.

c. Limited information available
   - At PT. XYZ has receivables that have been in arrears for a long time, such as receivables in 2020 where the payment and collection process was very late, this is because the history of these receivables is minimal and limited and is only known by a few people who are no longer serving or working at PT. XYZ.

**External Factors in Outstanding Accounts Receivables**

a. The element of customer intention in paying receivables
   - The intentional element in late payment refers to the situation where, when collecting arrears, PT. XYZ noticed that
even though the customer showed a good and current financial condition, the customer had no intention of paying his obligations. In this context, customers behave unkindly and are deliberately reluctant to pay or pay off their outstanding obligations, and continue to delay payment times.

There are also quite a few customers who are difficult to find, run away and move locations without prior notification to the company. There have been cases where invoices and receivable payment reminder letters were not distributed or delivered to the owner or person concerned in terms of payment.

b. Customer Economic Conditions
Because credit customers from PT. XYZ is mostly in the form of business to business (B2B), so many delays in receivable payments are also caused by the decline in the company's economic condition due to the decline in general economic conditions and/or the business sector in which they operate.

c. Customer Environmental Conditions
One of the causes of late payment of receivables is also due to environmental factors. For example, if a disaster such as a flood occurs, there are several of PT. XYZ’s partner is experiencing a decline in sales so they are having problems in paying.

Like the Covid-19 pandemic some time ago which caused all sectors to be affected. This is also a factor in many delays in customer payments due to the implementation of PSBB to PPKM around 2020-2021 which causes reduced community mobility. This is also related to the declining economic conditions of customers and also problems with the billing process that must be carried out by the collection team from PT. XYZ.

Resolution Efforts to Overcome Bad Debts
PT. XYZ has made and continues to strive to handle this problem of outstanding receivables. This treatment is divided into several categories according to the age of payments that have exceeded the due date according to the agreement. Some of them are:

a. Monitoring
In this category, the handling process begins with regular monitoring of receivables that are 1-30 days past due.

b. Telephone, WhatsApp and e-mail
PT . XYZ also continues to collect through both the collection team and the sales team, because if a customer has not paid after the due date, the company usually sends the first reminder in the form of a telephone call, WhatsApp or email. This message is friendly and reminds customers of late payments. However, collection efforts via telephone, WhatsApp and e-mail will continue until the receivables are paid, in any age category.

c. Warning letter
If the receivables remain unpaid after 31 days to 90 days, the PT collection team. XYZ will send a second, more firm reminder, which could be a warning letter. These messages are usually more serious in tone and include further consequences if payment is not received within a certain time frame.

d. Field trip
Another personal visit was carried out by the collectors from PT. XYZ, usually followed by a further warning letter if the customer has not yet paid, at PT. XYZ, receivables that are more than 90 days past due are usually categorized as bad debts.

e. Legal action
If these efforts have not yielded results, the Company will send another warning letter with threats of legal action if payment is not made. At this stage, the company hands over the management of
the problem to the legal department, so that it can be taken further, either in the form of a summons or other legal action.

Apart from collection efforts, based on interviews with sources, PT. XYZ has recently also made several policy improvements, namely:

a. Providing aging access to the billing party and the industry sales party, to jointly help supervise the company's receivables, where previously this access could only be accessed by the financial party to update when there was payment of receivables, then the billing party carried out collections only when they received information from the party. finance.

b. Prioritizing cash sales Apart from providing access, to overcome the large number of outstanding receivables, sales have recently always prioritized cash purchases to minimize the additional risk of non-current receivables

CONCLUSION

Based on the results of the research, there are outstanding receivables which experienced fluctuations in 2020-2022, that Uncollected receivables from 2020-2022 until now will certainly result in a reduction in income that should have been obtained by the company. Factors that cause outstanding receivables at PT. XYZ is divided into 2, internal factors and external factors. Internal factors include: lack of implementation in analyzing customers who apply for credit, the billing department has not been implemented effectively, limited information available, staff errors. Then there are external factors, such as: customers who deliberately delay payments, customers' economic conditions, and environmental factors. The handling process carried out by PT. XYZ is making payment reminders via telephone, WhatsApp, e-mail, and even warning letters, and if it is serious then a summons will be issued, apart from that the company is also implementing several new policies. For the further researchers, it is hoped that they can conduct a more in-depth analysis of overdue accounts receivable, because this research is only limited to the causal factors and only within a period of 3 years.

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