The Influence of Internal Factors on The Distribution of Rahn Financing and its Impact on Return on Assets in Indonesian Pawnshop

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Abstract. Developments in the distribution of financing for rahn Pawnshop Indonesian in 2010-2019 showed an increase and decrease. In 2015 to 2018 there was an increase, but there was a decrease in 2019 to Rp13,360,528.00. This study aims to examine the influence of internal factors, namely accounts receivable and accounts receivable turnover on rahn's financing and return on assets (ROA) either directly or indirectly and to examine the effect of accounts receivable and accounts receivable turnover on rahn financing at Indonesian Pawnshop. This study uses secondary data in the form of rahn financing reports in the 2010-2019 period. The data analysis technique used the Partial Least Square-Structural Equation Modeling (PLS-SEM) method. The results of the analysis show that accounts receivable and receivable turnover has a significant effect on rahn's financing, accounts receivable and accounts receivable turnover has no impact on return on assets (ROA). In addition, accounts receivable and accounts receivable turnover also has a direct influence on return on assets (ROA) and rahn financing does not mediate the effect of accounts receivable and accounts receivable turnover on return on assets (ROA).

Keywords: *Rahn* Financing, Accounts Receivable, Accounts Receivable Turnover, Return on Assets (ROA)

1 Introduction

Pawnshop is a non-bank state-owned enterprise that plays a role in distributing financing services, both sharia and conventional pawn systems [1]. The presence of sharia pawnshops is a renewal in pawnshops through rahn financing. According to Government Regulation No. 51 Rahn financing is the main product in distributing funds directly to the public based on sharia principles. Rahn financing continues to develop in the 2015-2019 period as shown in the figure 1.
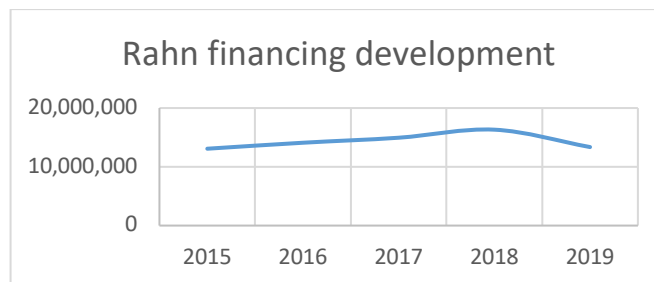
Fig 1. Development of the Distribution of Finance for Rahn
(Data processed by researchers, 2021)

The figure shows the development of rahn financing at Indonesian Pawnshop which has changed. From 2015 to 2018 there was an increase, however, there was a decrease in 2019 which was Rp. 13,360,528.00. This causes an internal influence that occurs in the distribution of rahn financing and will also have an impact on the financial performance of the Indonesian Pawnshop.

The internal factors in this study are accounts receivable and accounts receivable turnover, accounts receivable is very important company assets, it is necessary to take good steps for the progress of the company and receivable to arise as a result of sales transactions of company goods and services, where payments by the parties concerned are new will be made after the date of the sale and purchase transaction [2]. Then accounts receivable turnover, which is a number that proves a company is carrying out its obligations on its receivable at a certain time, the number is generated through calculations [3]. If the customer can pay on time, it will increase income from rahn financing. It is very important to review and see and compare the optimal amounts of receivable, because considering the management of receivable within the company, this also affects the desired rahn financing. The description states that there is an influence between receivables turnover on rahn financing. This is in line with research Hamid [4] that the faster or larger the number of rounds that occur, the higher the profitability of the company, given that the financing is sourced from payments made by customers.

The financial performance in this study uses the return on assets/ROA ratio associated with the influence of internal factors in rahn financing, namely accounts receivable and accounts receivable turnover, an increase that occurs in rahn financing will also affect the increase in ROA, the increase is influenced if the higher the receivables turnover value is If there is, then the receivables that can be billed will be more and more so that it's effect on increasing the company's profitability [5]. This is in line with research that has been done Suarnami [6] that the faster the accounts receivable and accounts receivable turnover will increase the profitability of the financial performance of a company. When viewed from the data obtained from the results of calculations on the development of accounts receivable in 2010-2019 as figure 2.
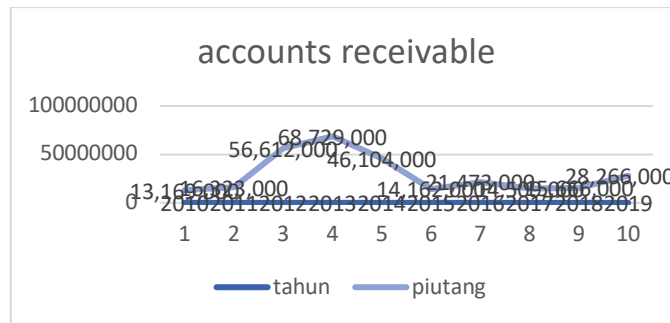
Fig 2. Average accounts receivable value 2010 – 2019
(Data processed by researchers, 2021)

Judging from the picture above, the average development of accounts receivable in 2010-2019 fluctuated. In 2015-2019 there was a very rapid decline compared to previous years, this indicates that the company cannot still manage its receivables. Then when viewed from the data obtained from the results of calculations on the development of accounts receivable turnover in 2010-2019 as figure 3.
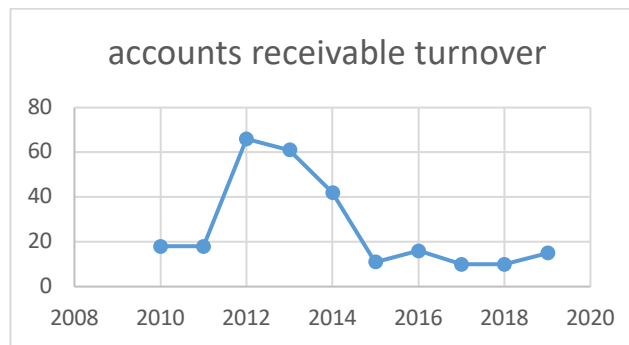

Fig 3. Average accounts receivable turnover value 2010 – 2019
(Data processed by researchers, 2021)

Judging from the picture above, the development of the average value of accounts receivable turnover in 2010-2019 fluctuated. In 2015-2019 there was a very rapid decline compared to previous years, where when looking at the rotation value on the receivables, it was a number that showed how many times a company made its receivables [7]. It is very important to know the internal factors in the financing of rahn and their impact on the financial performance of Indonesian Pawnshop, looking at the description, further research will be carried out on the financing of rahn which is an intervening variable and its impact on the financial performance of Indonesian Pawnshop. Researchers are expected to be able to reveal the problems that occur in the Industry problem.

1.1 *Rahn* financing

Activities carried out by financial institutions both in sharia and conventional ways and have been used in financing urgent funds for the community [8].

1.2 Accounts Receivable

Receivables are bills or requests that arise from buying and selling transactions, one type of accounting transaction which has the meaning of billing to consumers who are in debt. So, it can be concluded that receivables are our property rights that are still in the hands of other people or parties, either in the form of money or sales that have not been paid in full [9].

1.3 Accounts Receivable Turnover

Part of a company's balance sheet report on current assets, receivables in the company are assets that are considered very important. The higher the receivables turnover, the better the management of the company. This is an illustration of how good the company is in managing its financial statements, especially in current assets. The level of receivables efficiency is measured if the higher the receivables turnover in the financial statements, it will also be better for a company in its financial performance [9].

1.4 Return on assets

The company's ability to make a profit from the assets used is one of the profitability ratios, its use is to assess the appropriate payment based on the assets owned. This calculation is measured to weigh how efficiently management manages the company [10].

2 Method

Sourced on quantitative research, which is based on the principles used to research on certain populations and samples, with a function as a tester of pre-determined estimates. This observation is analyzed and displayed in the form of numerical data. The population of this observation is Islamic pawnshops in Indonesian which are located in 5 major regions during the 2010-2019 period. The sampling technique that will be used in this research is the purposive sampling technique.

Table 1. Sample Research

No	Pawnshop Name
1	PT. Pegadaian (persero) Kanwil X Bandung
2	PT. Pegadaian syariah cabang Palembang
3	Pegadaian syariah Kota Banjarbaru
4	Pegadaian syariah cabang Denpasar
5	Pegadaian syariah unit pasar sentral Makassar

3 Result and Discussion

Table 2. Variable Research

Information	Accounts Receivable	Accounts Receivable Turnover	*Rahn* financing	ROA
	(X1)	(X2)	(Y)	(Z)
2010	13.169.000	18	1.075.658	9%
2011	16.323.000	18	1.320.185	8%

2012	56.612.000	66		1.166.614	49%
2013	68.729.000	61		1.572.353	53%
2014	46.104.000	42		1.558.978	31%
2015	14.162.000	11		1.779.433	53%
2016	21.473.000	16		1.941.611	46%
2017	14.509.000	10		2.104.559	49%
2018	15.666.000	10		2.292.892	38%
2019	28.266.000	15		3.534.905	9%
Average	29.638.556	27		1.834.719	35%
Min	13.169.000	10		1.075.658	8%
Max	68.729.000	66		3.534.905	53%
std. deviate	20.295.927	22		716.473	0

(Results of WarpPLS 7.0; Data processed by researchers, 2021)

Based on the table above, it can be seen that the descriptive statistical values of each variable and their data analysis are as follows:

a) It is known that accounts receivable in 2010-2019 obtained an average value of 29.638.556, with a minimum value of 13.169.000, a maximum value of 68.729.000 and a standard deviation of 20.295.927. These data indicate that accounts receivable within the company is still lacking the ability to manage its receivables.

b) It is known that accounts receivable turnover in 2010-2019 obtained an average value of 27, with a minimum value of 10, a maximum value of 66 and a standard deviation of 22. These data indicate that receivables turnover within the company is not optimal in meeting its current liabilities.

c) In the *rahn* financing, it is known that in 2010-2019 an average value of Rp. 1,834,719 was obtained, with a minimum value of Rp. 1,075,658, a maximum value of Rp. 3,534,905 and a standard deviation of Rp. 716,473. The data shows that overall, the development of *rahn* financing has fluctuated, thus confirming that the number of distributions in *rahn* financing is occurring in Indonesian.

d) It is known that ROA in 2010-2019 obtained an average value of 35% with a minimum value of 8%, a maximum value of 53% and a standard deviation of 0. The ROA data shows that the company is still not optimal in meeting its profitability increase.

The level of significance used in this study is 5% and 10%. The following are the results of the direct and indirect influence path tests using WarpPLS:

Table 4. Path Test

Direct Influence					
Variable Independent	Variable Dependent		Path Coef.	p-value	Result
Accounts receivable (X1)	*rahn* financing (Y)		0,25	*0,02	Significant
Accounts receivable (X1)	ROA (Z)		-0,09	**0,24	Not Significant
Accounts receivable turnover (X2)	*rahn* financing (Y)		-0,18	*0,08	Significant
Accounts receivable turnover (X2)	ROA (Z)		0,12	**0,17	Not Significant
rahn financing (Y)	ROA (Z)		-0.51	*0,001	Significant
Indirect Influence					
Variable Independent	Variable Intervening	Variable Dependent	Ind. Eff.	p-value	Result
Accounts receivable (X1)	*rahn* financing(Y)	ROA (Z)	0.128	**0.74	Not Mediating

Accounts receivable turnover (X2)	*rahn* financing(Y)	ROA (Z)	0.130	**0.70	Not Mediating

The table above is the path test results from warppls 7.0, to test the direct effect by testing the independent variable on the dependent, the independent variable are accounts receivable and accounts receivables turnover while the dependent variable is rahn financing and ROA, the test results are path coefficients and significant values, if the path coefficient is positive then the effect will be positive and if the path coefficient is negative then the effect is negative, the p-value is to measure how significant the independent effect is on the dependent.

The results from the table above are that accounts receivable has a positive and significant effect on rahn's financing, accounts receivable has negative and not significant effect on ROA, accounts receivable turnover has a negative and significant effect on rahn's financing, accounts receivable turnover has a positive and not significant effect on ROA and rahn's financing has a negative and significant effect on ROA. The indirect effect test is to test whether the intervening variable mediates the dependent variable on the independent, the indirect effect value is to measure the positive/negative effect of the mediation and the p-value is to measure how mediating the intervening variable. The conclusion from the results of the table above is that rahn financing does not mediate accounts receivable and accounts receivable turnover on ROA. Seen in the figure 4.
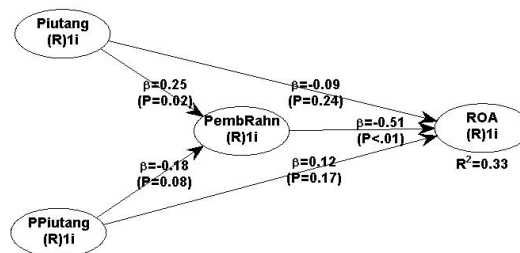

Fig 4. WarpPLS 7.0
(Results of WarpPLS 7.0; Data processed by researchers, 2021)

Based on the picture above, the following hypothesis is obtained:
a) The results of the hypothesis test indicate that accounts receivable has a positive and significant effect on *rahn*'s financing. So H1 is accepted.
b) The results of the hypothesis test indicate that accounts receivable has a negative and not significant effect on ROA. So H2 is rejected.
c) The results of the hypothesis test indicate that accounts receivable turnover has a negative and significant effect on *rahn*'s financing. So H2 is accepted.
d) The results of the hypothesis test indicate that accounts receivable turnover has a positive and not significant effect on ROA. So H2 is rejected.
e) The results of the hypothesis test indicate that *rahn* financing has a negative and significant effect on ROA. So H3 is rejected.
f) The results of the hypothesis test prove that accounts receivable and accounts receivable turnover has no effect on ROA with *rahn* financing as an intervening. So H4 is rejected.

The test results show that accounts receivable has a positive and significant effect on rahn's financing. The positive direction in this finding indicates that large receivables will be accompanied by an increase in the value of rahn financing due to the act of lending to a number of ongoing receivables in a company. This action indicates a number of new funds for the company so that it can be immediately used to overcome the slow cash flow and lack of cash availability in a company company. Then seeing the effect on this finding that a high value of receivables will be related to the financing to be proposed, this is supported by research Gunawan [11].

The test results obtained are accounts receivable has a negative and not significant effect on ROA. The negative direction in this finding shows that when receivables increase, it will be opposite to the ROA value, due to uncollectible receivables causing less than optimal management of receivables so that it will decrease the ROA value, then see that there is no influence in this finding, namely that receivables can be collected will cause increasing the amount of ROA in a company is contrary to research that has been done Iska [12] and Wahyu and Ni'mah [13].

The test results show that accounts receivable turnover has a negative and significant effect on rahn's financing. This negative direction shows that the speed at which receivables are collected will cause the financing obtained to decrease. Seeing the smaller the value of the receivable cycle, the faster the time needed to pay it off and will lead to the lower value of the term. This significant value explains that when the customer can pay at a predetermined time, namely on the due date, it will also increase income through rahn financing. This translation causes the influence of receivables turnover on rahn financing. This is following research Wati and Ayuningtyas [14] which resulted that the faster or larger the receivables turnover, the higher the profitability or financial performance considering that financing is based on payments made by customers.

The test results obtained are accounts receivable turnover has a positive and not significant effect on ROA. This positive direction indicates that the greater the amount or value obtained in the receivable cycle will also improve the financial performance of a company. Seeing that there is no influence between receivables turnover on ROA, the results of the receivables show that if the fulfillment of payment obligations is not fulfilled, it will not have an impact on finances. the performance of a company, the higher the value of the receivables turnover ratio in a company means that the working capital invested in receivables is low, on the contrary if the receivables turnover ratio decreases, it means that there is overinvestment in receivables. receivables. Inconsistent findings from the test results are that financing is not based on repayments made by customers so that it does not always affect financial performance [15][16][17]. The opinion that is not in line with this finding Aini et al. [18] is to fulfill the company's financial obligations in fulfilling its financial obligations in a limited time and to finance activities in the company and the role of turnover. receivables to assess how the company's financial performance.

Looking at the test results, rahn financing has a negative and significant effect on.This negative direction indicates that the increase in rahn financing will be the opposite of the decrease obtained by financial performance, especially ROA. Seeing the influence between rahn financing on ROA, it means that because of the profit that is influenced by loans in the capital structure through rahn financing in a company, it will affect the company's profitability, given that financing is categorized according to Law no. 20 of 2008 for customers, businesses and needs according to sharia principles [19]. This is in line with research conducted that Rahn financing affects on financial performance [20].

Looking at the test results, namely accounts receivable and accounts receivable turnover mediated by rahn financing. The test uses an indirect effect to test the mediating effect of rahn financing between accounts receivable and accounts receivable turnover on ROA, Based on the absence of influence, see that rahn financing cannot mediate accounts receivable and accounts receivable turnover on ROA, because accounts receivable and accounts receivable turnover in making investment decisions in improving the financial performance of Indonesian Pawnshop does not only look from one side of ROA profitability, so that high profitability increases are not enough to guarantee firm value. Or the financial performance is high, this means that the mediation relationship between rahn's financing and profitability has other influences. Seeing that the faster the accounts receivable turnover, will increase profitability so that it will affect rahn financing and financial performance [21]. As for the different findings made Winda and Apriyanti [22]; Nugroho et al. [23] and Natalia [24] explain that the faster the company's accounts receivable turnover the more quality the company's receivables will have.

The implication of these findings is that company management needs to improve and optimize profitability ratios by channeling rahn financing in order to minimize risks that will occur in the future such as expanding the field of industry, adding products and services and seeking new target consumers. Meanwhile, accounts receivable and accounts receivable turnover need to be increased because the large number shows the company's good management efficiency.

4 Conclusion

The conclusion in this study is that accounts receivable has affect rahn financing and not significant on ROA, accounts receivable turnover affect rahn financing, namely when customers can pay at a predetermined time it will also increase income through rahn financing, then receivables turnover not significant on ROA, by looking at the number of accounts receivable turnover, it will be more and more also what the company does in its operational activities so that it will always affect financial performance, then rahn financing affects ROA, when loans in the capital structure through rahn financing will cause an increase in their financial performance, especially in profitability ratios and receivables turnover has no effect on ROA mediated by rahn financing, meaning that receivables turnover that increases the value of the company does not necessarily increase its financial performance.

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