

MAPPING IDEA & LITERATURE FORMAT | RESEARCH ARTICLE

The Effect of Bad Loans on Working Capital in the Rahmat Sejahtera Savings and Loan Cooperative Palopo

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ABSTRACT

The effect of bad loans on working capital at the Rahmat Sejahtera Palopo savings and loan cooperative. The purpose is to find out and analyze the influence of bad loans on working capital in the Rahmat Sejahtera Palopo savings and loan cooperative. This study uses a proportional random sampling method, the data used in this study is primary data in the form of secondary data. The results of this study show that bad loans do not have a significant effect on working capital in the Rahmat Sejahtera Palopo savings and loan cooperative, this is evidenced by the results of data analysis explaining that the bad loan variable (X) has no effect on the working capital in the Rahmat Sejahtera Palopo savings and loan cooperative, the value of the correlation coefficient (R) is 54.5%, this shows that the relationship between the free variable, namely bad loans and working capital in the Rahmat Sejahtera Palopo savings and loan cooperative, has a weak relationship because it is close to 0 (zero) but still has a positive correlation, meaning that if the company tightens its collection of receivables to customers, it will increase working capital, the result of the determination coefficient value (R²) of 29.7% showed that the influence or contribution of the non-bad loan variable (x) on working capital (Y) in the Rahmat Sejahtera Palopo savings and loan cooperative was 29.7% and the remaining 70.3% was influenced by other factors or variables that were not studied in this study, The results of the t-test were conducted to see and partially measure the influence of the free variable (X) on the bound variable (Y).

Keywords: Bad Loans, Working Capital, Savings and Loan Cooperative.

I. Introduction

In an organization or institution in modern society like today, it must require capital or funds to carry out its activities to achieve goals. In today's era of globalization, which has indirectly entered global competition. Companies must have advantages in order to be able to compete, one of which is in the use of working capital. Working capital as one of the resources to carry out the company's daily operations activities, which is more important than other financial problems. The working capital management is carried out with a working capital management system which is the company's current account management which includes current assets and current debts, therefore working capital management is one of the important aspects of overall financial management. The management must be carried out efficiently. In the analysis of the efficiency of the use of working capital, financial reports are needed, so that it can assist management in



making an analysis for the basis of research on working capital efficiency. Financial statements that are closely related to this analysis include balance sheets, profit and loss statements. The balance sheet consists of assets that reflect the results of investment decisions and liabilities that reflect the results of funding decisions, while from the calculation of profit and loss, it can be seen how effective the use of assets is to support sales and how efficiently the profits obtained can be used to reward fund owners and as a source of funds for investment.

Bad loans or problem loans are loans that have difficulty repaying due to factors or elements of intentionality or conditions beyond the debtor's ability. Bad loans are loans whose principal repayment and interest payments are in arrears that have exceeded 30 days included in the category of bad loans. Bad credit is a condition where the company feels disadvantaged. The experience of bad credit funds lately has referred to companies to be more careful in managing the allocation of credit funds. In addition to improving the consumer development system, credit plans are prepared more carefully, analysis of credit applications is more targeted and credit security is also more encouraged. Based on Law No. 10 of 1998 concerning amendments to Law No. 7 of 1992 which means credit is the provision of money or bills that can be equalized, based on the approval or loan agreement between companies and other parties, namely requiring the borrower to pay off its debt after a certain period of time.

Cooperatives are also required to work efficiently. However, considering that cooperatives are business entities that are not oriented to maximizing profits and tend to provide maximum service to their members, the level of profit is solely a measure of efficiency, although cooperatives do not have to suffer losses. A cooperative is also called an association whose members are private and cannot be transferred, the main purpose of which is to show the material interests of its members on the basis of the company. Every business entity needs working capital to spend its daily operations for business entities such as the Rahmat Sejahtera Palopo savings and loan cooperative whose source of capital comes from members' deposits. The problem of bad credit is a problem that often occurs in the Rahmat Sejahtera Palopo savings and loan cooperative and many cooperatives have dissolved or stopped as a result of credit that is not so strict that business entities cannot get benefits but always suffer losses. The greater the bad loans faced by cooperatives. Then the health level of the cooperative will also decrease.

In my initial observation at the Rahmat Sejahtera Palopo savings and loan cooperative, bad loans often occur, based on information from one of the employees of the Rahmat Sejahtera Palopo savings and loan cooperative, it occurred because refunds from consumers were often not on time in repayment. Therefore, the Rahmat Sejahtera Palopo savings and loan cooperative suffered a lot of losses. Bad credits, especially bad loans that occur at the Rahmat Sejahtera Palopo savings and loan cooperative, will become a threat if the Rahmat Sejahtera Palopo savings and loan cooperative does not immediately take settlement steps. If the bad credit is not resolved immediately, it will result in the cooperative not developing healthily. The problem in this study is the increase in bad loans per year over the last 3 years, namely 2011 to 2012 and 2014. For more details, please see the following table 1:

Table 1. Bad credit Rahmat Sejahtera Palopo savings and loan cooperative

Year	Bad Loans (Rs)
2011	85.878.651
2012	100.713.325
2013	92.958.080
2014	112.634.184

Based on the data in table 1 above, it is explained that bad loans in 2011, 2012 and 2014 experienced a significant increase so that the Rahmat Sejahtera Palopo savings and loan cooperative must be careful in distributing loans to consumers, with the aim of avoiding the occurrence of larger bad loans. As for loans from 2011 to 2014, namely in 2011 bad loans amounted to Rp. 85,878,651, in 2012 bad loans increased to Rp. 100,713,325, this is due to the number of consumers who do not pay loans on time, in 2013 bad loans decreased to Rp. 92,958,080, this credit reduction is because the Rahmat Sejahtera Palopo savings and loan

cooperative tightened its receivables collection so that it causes a decrease in bad loans, in 2014 bad loans increased again to Rp. 112,634,184, this is due to the expansion of credit distribution in several areas such as Luwu and North Luwu districts which caused consumers to be slow to pay their loans due.

II. Literature Review and Hypothesis Development

2.1. Cooperatives

A cooperative is a legal entity established by an individual or a legal entity of a cooperative with the separation of the assets of its members as capital to run a business that meets the aspirations and needs of others in the economic, social, and cultural fields in accordance with the values and principles of the cooperative. As one of the economic actors, cooperatives are economic organizations that seek to mobilize the potential of economic resources to advance the welfare of members. Because these economic resources are limited, and in developing cooperatives must prioritize the interests of members, cooperatives must be able to work as efficiently as possible and follow cooperative principles and economic rules.

2.2. Bad Loans

The word Credit comes from the Roman word *Crede* which means to believe. While in Dutch the term is *Vertrouwen*, in English it is *Believe* or *trust* or *confidence* which means the same name, namely *trust*. In other words, credit contains the meaning of a word from a person or entity that is given to another person or entity, namely that the person concerned in the future will fulfill all obligations that have been agreed upon in advance. According to Article 1 number 11 of Law Number 10 of 2008 concerning companies, credit is the provision of money and bills that can be equated with it, based on an agreement or loan agreement between the company and other parties that requires the borrower to pay off its debt after a certain period of time by providing interest. From the above definition, it can be explained that credit or financing can be in the form of money or bills whose value is measured by money, for example, the company finances credit for the purchase of a house or car. Then there is an agreement between the company (creditor) and the consumer receiving credit (debtor) that they agree in accordance with the agreement that has been made. The credit agreement covers the rights and obligations of each party, including the term and interest that are mutually determined. Similarly, the issue of sanctions if the debtor reneges on promises that have been made together. According to Mulyono (2002:12) defines credit as:

A handover of money or bills that can be equated with it, based on an agreement or borrowing agreement between the Company and other parties that obliges the borrower to pay off its debt after a certain period of time with interest on the amount of the reward or the sharing of the profits. According to Bastian and Suharjono (2006:65), credit is defined as a loan of money or bills that can be equated with it based on an agreement or borrowing agreement between a company and another party that requires the borrower to pay off its debt after a certain period of time with the amount of interest, rewards or profit sharing. The Indonesian Institute of Accountants (2000) defines credit in the Financial Accounting Standard Statement as: A loan or bill that can be equated with it is based on an agreement or borrowing agreement between a company and another party that requires the borrowing party to pay off its debt after a certain period of time with the amount of interest, rewards or profit sharing. This is included in the sense of credit provided is credit in the context of co-financing, credit in restructuring, and purchase of consumer securities equipped with Note Purchase Agreement (NPA).

According to the General Encyclopedia, credit is a financial system to facilitate the transfer of capital from owners to users in the hope of making a profit. Credit is given based on the trust of others who give it to the borrower's skill and honesty. From the definitions above, it can be concluded that credit is the provision of money or bills that can be equated with it based on an agreement or borrowing agreement between the

company and other parties that obliges the borrowing party to pay off its debt after a certain period of time with the amount of interest, rewards or profit sharing.

The Indonesian Accounting Association in PSAK No. 31 (2000:12) states that credit is recognized at the time of disbursement as much as the principal credit. Credit in the context of co-financing is recognized as the principal of the credit which is the portion of the company's bill. At the time the company signs a credit agreement with the debtor, the company acknowledges the obligation of the credit facility commitment given to the debtor in the amount of the agreed or withdrawable credit ceiling according to the credit withdrawal/use schedule agreed with the debtor for forwarding or managed credit. Credit is recognized as the principal of the credit or debit. In general, credit is measured using historical cost where an asset is recorded as the amount of cash expenditure (or cash equivalent) paid or the fair value of the consideration given to acquire the asset at the time of acquisition. Bad credit is a credit whose principal repayment or interest payment is in arrears that have exceeded 90 days to 180 days from the agreed time.

2.3. Working Capital

Munasiron Miftah (2006) conducted a study on the analysis of the use of working capital on economic profitability at PT. Unilever Indonesia Tbk. said that from the analysis of the results of the efficiency of the use of working capital on profitability, there are indications that the efficiency of the use of working capital has an effect on increasing profits at PT. Unilever Tbk. The research conducted by Menuh (2008) used the variables of the effectiveness of working capital and operating assets turnover on profitability by concluding that the effectiveness of working capital and turnover assets individually did not affect the level of company profitability. Bramasto (2007: 129) stated that working capital is all current assets owned by the company or can also be included as funds that must be available to pay for the company's daily activities. According to Ganesan (2007: 217) means net working capital or excess assets against current debt, while for working capital as the amount of current assets, the term gross working capital is used. Riyanto (2001: 18) defines capital as the collectivity of capital goods contained in the balance sheet next to the debit, while what is meant by capital goods is all goods in the company's household in its productivity function to form income. What is meant in wealth is the purchasing power contained in capital goods. Thus, wealth is contained in the balance sheet next to credit. Then working capital includes three things, namely:

a. Working capital assets

Working capital is current capital that is used to support the company's daily operations so that the company can operate normally and smoothly. Some of the users of working capital include for the payment of raw material purchases, payment of labor wages, and others.

b. Gross working capital

Gross working capital is the sum of the total current assets. The definition of gross working capital is based on the amount or quantity of funds embedded in the elements of current assets. A current asset is an asset that once rotated will return to its original form.

c. Net working capital

Net working capital is the excess of current assets over current debt. With this concept, a certain amount of current assets should be used for the benefit of paying off the current debt and should not be used for other purposes.

2.4. Credit

The word credit comes from the Latin *credere* which means trust. In society, the definition of credit is often equated with a loan, meaning that if someone gets credit, it means getting a loan. Thus, credit can be

interpreted as each agreement of a service (achievement) and the existence of a reward (counter achievement) in the future. In addition, there are several definitions of credit according to economic experts, Sinungan (1997: 2) said that credit in the economic sense is an effort to delay payment, meaning that money or goods are received now and returned in the future. According to Suyatmo, et al (1990: 11) said that credit can also mean that the first party provides achievements, either in the form of goods, money or services to the other party, while the achievement contract will be accepted later within a certain period of time.

The term credit actually comes from the Latin *Creder* which means trust or *Credo* means I believe. So if a person or business entity is given, that the person concerned in the future will fulfill all the obligations that have been promised in advance. From the description above, it can be concluded that credit is a gift of achievement by one party to another party and the achievement will be returned again at a certain time in the future accompanied by a performance contract in the form of interest. Credit given by a credit institution is based on trust, so credit is a trust grant. This means that a new credit institution will provide credit if it is truly confident that the prospective debtor will return the loan he received according to the term and conditions that have been agreed upon by both parties. In providing credit, the element of trust is not limited to the creditor, but the belief in honesty and ability to return the loan on time is maintained. In other words, the person or company that will determine credit must have credibility, or a person's eligibility to obtain credit. The credibility must meet five conditions commonly known as the 5C, which are as follows.

- a. Character, which is the character or personal disposition of the debtor to obtain credit, for example honesty, attitude of business motivation, and so on.
- b. Capital is the ability of capital owned to fulfill obligations on time, especially in terms of liquidity, solvency, profitability, and solidity.
- c. Capacity is the ability of the debtor to carry out business activities or use funds/credit and return it.
- d. Collateral is a guarantee that must be provided as liability if the debtor is unable to pay off his debt.
- e. Condition of economy is the economic state of a country as a whole that affects government policies in the monetary field, especially related to corporate credit.

2.5. Theoretical Framework

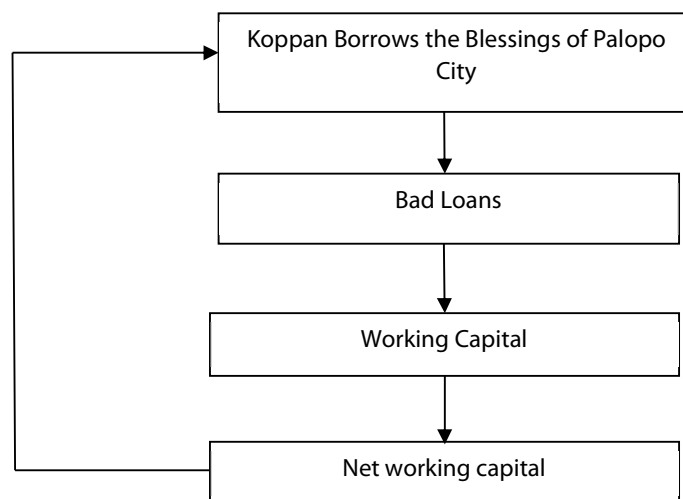


Figure 1. Theoretical Framework

III. Research Method

3.1. Data Collection Methods

In the preparation of this thesis proposal, the author uses the data collection method as follows:

1. Library Research is the collection of theoretical data through literature that is relevant to the title and problem being researched.
2. Field Research is data collection through direct visits to the company, with a question and answer technique (interview) with the leadership and staff of the finance department,
3. Documentation is data collection by recording documents in accordance with the required data.

3.2. Data Types and Sources

The data used consist of quantitative data, namely data that can be calculated or presented in numerical form, such as the company's sales and costs over several years, and qualitative data, namely data that are not numerical and cannot be calculated directly. The data sources include primary data obtained directly from the company through observation, company documents, and interviews with relevant company leaders and employees, as well as secondary data obtained from outside the company or other written information relevant to this study.

IV. Result and Discussion

4.1. Description of Research Results

Working capital is very important in the company's day-to-day operations such as for example to give advance payments on the purchase of raw materials or merchandise, pay labor wages and employee salaries, and other costs, each company needs to provide working capital to spend on the company's operations, and it is expected that it will be able to return to the company in a short period of time through the sale of merchandise or its production. The money that comes in is sourced from the sale of goods, which will then be reissued to finance the company's subsequent operations, in other words the money or funds will rotate continuously every period throughout the life of the company. The working capital used is working capital, which is an excess of current assets against short-term debt. This excess is called net working capital. This excess is the amount of current assets derived from long-term debt and own capital. This capital is qualitative because it shows the possibility of greater current assets than short-term debt and shows a level of security for short-term creditors and guarantees business continuity in the future.

The following will be explained using the formula, namely Net Working Capital = Current Assets – Current Debt. The results of the calculation will be explained in table 2 as follows:

Table 2 Net Working Capital in the Rahmat Sejahtera Palopo Savings and Loan Cooperative

Year	Current Assets (Rs)	Current obligation (Rp)	Net Working Capital (Rp)
2011	11.569.239.477	3.892.305.095	7.676.934.382
2012	11.964.876.381	4.851.960.138	7.112.916.243
2013	13.323.672.348	4.048.523.610	9.275.148.738
2014	14.252.223.179	4.123.033.003	10.129.190.176
Quantity	51.110.011.385	16.915.821.846	34.194.189.539
Average2	12.777.502.846	4.228.955.461	8.548.547.384

Based on the data in table 2 above, it is explained that the amount of current assets and current liabilities in 2011 to 2014 in the Rahmat Sejahtera Palopo savings and loan cooperative is current assets of Rp. 51,110,011,385 or an average per year of Rp. 12,777,502,846 and current liabilities of Rp. 16,915,821,846 or an

average per year of Rp. 4,228,955,461. The net working capital used during 2011 to 2014, namely in 2011 amounted to Rp. 7,676,934,382, in 2012 it decreased to Rp. 7,112,916,243 this is due to the fact that current liabilities in 2012 increased from Rp. 3,892,305,095, in 2011 to Rp. 4,851,960,138 in 2012, net working capital in 2013 amounted to Rp. 9,275,148,738, in 2014 the working capital increased again to Rp. 10,129,190,176, this increase was due to the increase in current assets from 2013 of Rp. 13,323,672,348 to Rp. 14,252,223,179 in 2014 or the average net working capital used by the Rahmat Sejahtera Palopo savings and loan cooperative per year of Rp. 8,548,547,384. The factors that caused the increase in current assets were the increase in cash, receivables and inventories in 2014 as follows:

Net Working Capital

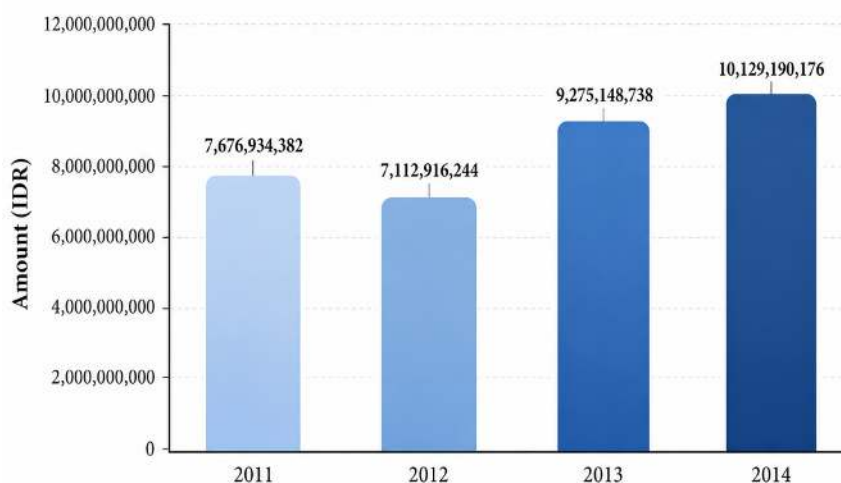


Figure. 2 Net Working Capital Chart

4.2. Bad Credit

Problematic credit here is a situation where consumers are no longer able to pay part or all of their obligations to the Rahmat Sejahtera Palopo savings and loan cooperative as promised, in terms of this credit is the main source of income of the Rahmat Sejahtera Palopo savings and loan cooperative, so that ambition or lust is excessive To obtain profit through the receipt of credit interest often raises unhealthy considerations in granting credit. Rahmat Sejahtera Palopo Loan (NPL) savings and loan cooperatives or non-performing loans are one of the key indicators to assess the performance of financial institution functions. Because the function of financial institutions is basically an intermediary institution or liaison between parties who have excess funds and those who need funds. The following will be explained in table 3 non-performing loans at the Rahmat Sejahtera Palopo Savings and Loan Cooperative as follows:

Table 3. Bad Loans and Total Loans of Rahmat Sejahtera Palopo Savings and Loan Cooperative

Year	Bad Loans (Rp)	Total Loans (Rp)	Percentage (%)
2011	85.878.651	340.651.984	25,2
2012	100.713.325	471.418.480	21,4
2013	92.958.080	453.535.502	20,5
2014	112.634.184	520.814.401	21,6
Quantity	392.184.240	1.786.420.367	88,7
Average	98.046.060	446.605.092	22,18

Based on the data in table 3 above, it is explained that the number of bad loans and total loans in 2011 to 2014 in the Rahmat Sejahtera Palopo savings and loan cooperative experienced a fluctuating increase, namely in 2011 non-performing loans were 25.2%, in 2012 non-performing loans decreased to 21.4%, the decrease was caused because employees of the Rahmat Sejahtera Palopo savings and loan cooperative tightened their receivables collection and Employees of the survey section are quite careful in choosing the right customers to be given loans with the aim of reducing bad loans then in 2013 it decreased again to 20.5% this is due to the reduction of bad loans at the Rahmat Sejahtera Palopo savings and loan cooperative, and in 2014 it increased again to 21.6% this is due to the strict selection carried out by the Rahmat Sejahtera Palopo savings and loan cooperative for customers with the aim of Reducing bad loans which can reduce net working capital, or an average per year of 22.18%. For more details, the following is the chart of the use of net working capital from 2011 to 2014 as follows:



Figure 3. Chart of Non-Performing Credit

The following are the results of data analysis to determine the effect of bad loans on working capital in the Rahmat Sejahtera Palopo savings and loan cooperative can be found after hypothesis testing. Hypothesis testing was carried out using a simple linear regression analysis method to analyze the influence between independent variables (X) on bound variables (Y) using the help of the Statistical Package for Social Science (SPSS) program.

Table 4. Raw Data from the Results of Research on the Rahmat Sejahtera Palopo Savings and Loan Cooperative

Bad Loans (Rp) (X)	Net Working Capital (Rp) (Y)
(1)	(2)
85.878.651	7.676.934.382
100.713.325	7.112.916.243
92.958.080	9.275.148.738
112.634.184	10.129.190.176

The following are the results of the calculation of simple linear regression analysis can be seen in the following Table 5:

Table 5 Results of Simple Linear Regression Analysis on Rahmat Sejahtera Palopo Savings and Loan Cooperative

Models	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	2.042E9	7.121E9		.287	.801
	Bad Loans	66.363	72.255	.545	.918	.455
Correlation Coefficient (R)			0.545 = 54.5%			
Coefficient of Determination (R2)			0.297 = 29.7%			

Based on the results of the analysis in Table 9 above, it shows that the simple linear equation of this study is as follows:

$$Y = 2.042E9 + 66.363$$

Based on the simple linear equation above, if interpreted, it can give the meaning of the analysis, namely:

- a. The constant value (b0) of 2,042E9 units indicates that if the free variable is constant or equal to zero, then the working capital in the Rahmat Sejahtera Palopo savings and loan cooperative is 2,042E9 units
- b. The value of the regression coefficient b is 66,363 units, indicating that if the non-performing loan variable (X) can increase by 1 unit, it will have a positive effect on the working capital of the Rahmat Sejahtera Palopo savings and loan cooperative of 66,363 units assuming that other variables remain constant.
- c. The value of the correlation coefficient (R) is 54.5%, this shows that the relationship between the free variable, namely bad loans and working capital in the Rahmat Sejahtera Palopo savings and loan cooperative, has a weak relationship because it is close to 0 (zero) but still positively correlated, meaning that if the company tightens its collection of receivables to customers, it will increase working capital.
- d. The value of the determination coefficient (R2) of 29.7% showed that the non-performing loan variable (x) had no effect or contribution to working capital (Y) in the Rahmat Sejahtera Palopo savings and loan cooperative of 29.7% and the remaining 70.3% was influenced by other factors or variables that were not studied in this study.
- e. The t-test analysis was carried out to see and partially measure the influence of the independent variable (X) on the bound variable (Y). The results of the t-test showed that the free variable, namely bad loans (X), t-value calculated 0.918 with a significance level of 0.455 greater than 0.05 means that bad loans had no effect on the working capital of the Rahmat Sejahtera Palopo savings and loan cooperative.

4.3. Discussion

Based on the results of the data analysis, it is explained that abad credit card is a situation where the customer is no longer able to pay part or all of his obligations to the Rahmat sejahtera Palopo savings and loan cooperative as agreed. To avoid bad loans, control is needed. Control is one of the management functions in the effort to safeguard and secure the supervision of the wealth of the Rahmat Sejahtera Palopo savings and loan cooperative in the form of more efficient credit to avoid irregularities, by encouraging compliance with established policies and striving to prepare correct administration. The bad credit control technique can be interpreted as a determination of the conditions of the credit consideration procedure to eliminate the risk that the credit will not be paid in full. Bad credit is a non-performing credit where for some reason a debtor

reneges on their promise to pay the credit that has matured so that there is a delay or no payment at all, then what is called bad credit arises. In the life of a company, how small during its life the company cannot be separated from the risk of facing non-performing credit cases, it is necessary to make efforts to reduce these risks by becoming the quality of the credit distributed. This greatly affects the working capital of a company which is a surplus of current assets against short-term debt. This excess is called net working capital. This excess is the amount of current assets that come from long-term debt and self-working capital. This definition is qualitative because it indicates the possibility of greater current assets than short-term debt and indicates a level of security for short-term creditors and guarantees business continuity in the future.

This research is not in line with the previous research by Nurmi (2013) with the title *The Effect of Non-Performing Loans on Working Capital at PT. Makmur Jaya in Makassar*. The results of the data analysis explained that bad loans had a significant effect on the working capital of PT. Makmur Jaya in Makassar from the T test, namely $T_{hitung} > T_{table} = T_{hitung} = 3.521 > T_{table} = 2.972$. This means that there is a significant influence between the free variable (bad loans) on working capital (Y). PT. Makmur Jaya in Makassar. Hanan (2010) with the title *The Effect of Non-Performing Loans and Credit Rates on Working Capital at PT. Danamon Company in Makassar*. The results of the data analysis explained that bad loans and credit rates had a significant effect on the working capital of PT. Danamon Company in Makassar from the results of the T test explained the two variables (X1 and X2), namely $T_{hitung} > T_{table} = T_{hitung} = 4.462 > T_{table} = 3.421$. This means that there is a significant influence between the free variable (bad loans) on working capital (Y). PT. Danamon Company in Makassar. Fitriani (2007) on the *Effect of Bad Loans on Working Capital in the Manurung Palopo Savings and Loan Cooperative*, in a study conducted by Fitriani, the result was $Y = 121,827.66 + 13.27$, with r^2 of 0.994 which means that bad loans that occur in the Manurung cooperative have a sufficient or significant influence on working capital, which is 99.4%.

Current assets and current liabilities in 2011 to 2014 at the Rahmat Sejahtera Palopo savings and loan cooperative, namely current assets of Rp. 51,110,011,385 or an average per year of Rp. 12,777,502,846 and current liabilities of Rp. 16,915,821,846 or an average per year of Rp. 4,228,955,461. The net working capital used during 2011 to 2014, namely in 2011 amounted to Rp. 7,676,934,382, in 2012 it decreased to Rp. 7,112,916,243, this is due to the fact that current liabilities in 2012 increased from Rp. 3,892,305,095, in 2011 to Rp. 4,851,960,138 in 2012, net working capital in 2013 amounted to Rp. 9,275,148,738, in 2014 the working capital increased again to Rp. 10,129,190,176, this increase was due to the increase in current assets from 2013 of Rp. 13,323,672,348 to Rp. 14,252,223,179 in 2014 or the average net working capital used by the Rahmat Sejahtera Palopo savings and loan cooperative per year of Rp. 8,548,547,384. Increase in net working capital in KSP. This Rahamat Sejahtera is due to the fact that every year KSP consumers or KSP customers are increasing so that it greatly affects the increase in net working capital, then the loan interest rate is relatively low, which is 5% compared to other cooperatives such as the ambassador mandiri cooperative with an interest rate of 6% in Palopo City, the services provided by KSP are more excellent, office facilities are also more complete so that they can support an increase in net working capital.

Bad loans and total loans in 2011 to 2014 at the Rahmat Sejahtera Palopo savings and loan cooperative experienced a fluctuating increase, namely in 2011 non-performing loans by 25.2%, in 2012 non-performing loans decreased to 21.4%, the decrease was due to KSP employees tightening their receivables collection and survey department employees were quite careful in choosing the right customers to be given loans with The goal to reduce bad loans then in 2013 decreased again to 20.5% this was due to the reduction of bad credit at KSP Rahmat Sejahtera, and in 2014 it increased again to 21.6% this was due to the strict selection made by KSP on customers with the aim of reducing bad loans that can reduce net working capital, or the average per year is 22.18%. The value of the correlation coefficient (R) is 54.5%, this shows that the relationship between the free variable, namely bad loans and working capital in the Rahmat Sejahtera Palopo savings and loan cooperative, has a weak relationship because it is close to 0 (zero) but still positively correlated, meaning that if the company tightens its collection of receivables to customers, it will increase working capital. The value of the determination coefficient (R²) of 29.7% showed that the non-performing loan variable (x) had no effect or contribution to working capital (Y) in the Rahmat Sejahtera Palopo savings

and loan cooperative of 29.7% and the remaining 70.3% was influenced by other factors or variables that were not studied in this study. The t-test analysis was carried out to see and partially measure the influence of the independent variable (X) on the bound variable (Y). The results of the t-test showed that the free variable, namely bad loans (X), t-value calculated 0.918 with a significance level of 0.455 greater than 0.05 means that bad loans had no effect on the working capital of the Rahmat Sejahtera Palopo savings and loan cooperative.

The things that cause bad loans to come from customers include: customers abuse the credit they obtain, every credit obtained must be used in accordance with the purpose of the credit agreement, customers are less able to manage their business, this happens when customers lack control of the business field but receive loan credit because they are able to convince the bank, customers in bad faith, with all efforts to obtain credit but after being accepted, Credit is used for unaccountable purposes. Hanan The effect of bad loans and credit rates on working capital at PT. Danamon Company in Makassar. The results of the data analysis explained that bad loans and credit rates had a significant effect on the working capital of PT. Danamon Company in Makassar from the results of the T test explained the two variables (X1 and X2), namely Thitung > T table = Thitung = 4.462 > T table = 3,421. This means that there is a significant influence between the free variable (bad loans) on working capital (Y). PT. Danamon Company in Makassar. Fitriani: The Effect of Bad Loans on Working Capital in the Manurung Palopo Savings and Loan Cooperative, in the study conducted by Fitriani, the result was $Y = 121,827.66 + 13.27$, with an r^2 of 0.994 which means that bad loans that occur in the Manurung cooperative have a sufficient or significant effect on working capital, which is 99.4%.

V. Conclusion

The conclusion and suggestions that can be put forward by the researcher are that bad loans do not have a significant effect on working capital in the Rahmat Sejahtera Palopo savings and loan cooperative, this is evidenced by the results of data analysis explaining that the non-bad loan variable (X) has no effect on working capital in the Rahmat Sejahtera Palopo savings and loan cooperative, the value of the correlation coefficient (R) is 54.5%, this shows that the relationship between the free variable, namely bad loans and working capital in the Rahmat Sejahtera Palopo savings and loan cooperative, has a weak relationship because it is close to 0 (zero) but still has a positive correlation, meaning that if the company tightens its collection of receivables to customers, it will increase working capital, the result of the determination coefficient value (R²) of 29.7% showed that the influence or contribution of the non-bad loan variable (x) on working capital (Y) in the Rahmat Sejahtera Palopo savings and loan cooperative was 29.7% and the remaining 70.3% was influenced by other factors or variables that were not studied in this study, The results of the t-test were conducted to see and partially measure the influence of the free variable (X) on the bound variable (Y). The results of the t-test showed that the variable of bad loans (X), t-value calculated 0.918 with a significance level of 0.455 greater than 0.05 means that bad loans (X) had no significant effect on working capital (Y) in the Rahmat Sejahtera Palopo savings and loan cooperative

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