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HOW NET WORKING CAPITAL METHOD, NET INCOME ON CASH FLOW COVID-19 PADEMIC ERA

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ABSTRACT: The Covid-19 pandemic condition affects the dynamics of the stock market, causing stock exchanges around the world to decline, thereby increasing stock market inefficiency. This has a bad impact in Indonesia, so that the capital market influences investors in making investment decisions. Empirical evidence regarding the effect of net working capital, net income on the company's cash flow. The population used in this study were 26 hotel sector companies listed on the Indonesia Stock Exchange in 2019-2020. The sample selection was determined by purposive sampling, namely the sampling method based on certain criteria and considerations. Based on certain criteria and considerations, the number of hotel sector companies that meet the research criteria are 20 companies. The analytical model used in this study is a multiple linear regression analysis model. The analysis technique in this study was carried out with the help of the SPSS version 24.0 computer program for Windows. The results of the study conclude that partially net income has an effect on cash flow, then partially net working capital has no effect on cash flow in Hospitality Sector Companies listed on the Indonesia Stock Exchange Post Covid-19 Pandemic 2019-2020 Period. Meanwhile, simultaneously net income and net working capital affect cash flow in Hospitality Sector Companies listed on the Indonesia Stock Exchange Post-Covid-19 Pandemic for the 2019-2020 Period.
Keywords: Net Working Capital, Net Income, Cash Flow

1. Introduction

The Covid-19 pandemic has hit the world, affecting the market and buying and selling stocks and buying and selling other merchandise. The Covid-19 pandemic spreads to all corners of the world but does not affect the stock market. The more victims are confirmed, the stock market reacts negatively (Albab, et al., 2020). The market is a

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place where buyers and sellers meet for buying and selling transactions, both traditional markets and foreign exchange markets. The stock market is an important source of funding for a company. Companies that have gone public can add sources of funds through the sale of company ownership in the capital market. The funds obtained are a source of long-term funding so that the company can optimize these sources of funds to improve performance.

What the company has to do then is to maintain and increase investor confidence by providing the best performance. In addition, the development of the stock market will also make a positive contribution to economic growth (Thi. & Phung, 2021). An efficient stock market with economic growth, both in the short and long term, and there is an indirect transmission mechanism between the influence of stock market developments on investment. This also caused prices in the stock market to decline, especially after WHO declared that Covid-19 was a pandemic and caused negative abnormal returns (Thi. & Phung, 2021). The Covid-19 pandemic in Indonesia affected the capital market and caused changes in timing. trading on the Indonesia Stock Exchange and this is a negative signal (bad news) that causes investors to be more interested in selling their shareholdings. The Covid-19 pandemic has affected the performance of companies listed on the Indonesia Stock Exchange (IDX).

The decline in net income disrupted cash flow, because these issuers had to incur the same operating costs during normal times while net income fell drastically. More than 50 companies or issuers that listed shares on the IDX began to experience cash flow difficulties due to the impact of the Covid-19 pandemic. The cash capacity to support the operations of these issuers is only strong until June 2020. There are several sectors that are most depressed by the impact of this pandemic because their net income has fallen significantly. One of the issuers that was seriously affected was the hotel sector. The government's steps to reduce the spread of Covid-19 by implementing Large-Scale Social Restrictions (PSBB) have had an impact on travel or leisure activities. Of course, this will make the performance of issuers in this sector even more difficult.

The increasing risk of corporate liquidity in this sector due to the Covid-19 pandemic has forced rating agencies to downgrade the debt securities of several corporations. The Covid-19 pandemic has affected the business activities of hotel business companies which have had an impact on the company's cash flow over the past few months. The impact on the hotel business is due to the implementation of physical distancing and restrictions on foreign visitors, so that hotel occupancy rates have decreased drastically. Companies must monitor cash flow forecasts (stress-cash flow tests) including reviewing financial plans and designing actions to be taken to mitigate liquidity risk.

Cash flow or cash flow is the inflow and outflow of cash and cash equivalents. Cash flow statements are one of the main parts of financial statements that are useful for managers to evaluate operating activities, investment planning. With this cash flow report, it can be used by management to evaluate ongoing operational activities and

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plan investment and financing activities in the future (Ahmad et al, 2021). Information about a company's cash flows is useful for users of financial statements as a basis for assessing the company's ability to generate cash and cash equivalents and assessing the company's need to use these cash flows. The purpose of cash flow information is to provide historical information about changes in cash and cash equivalents of a company through a cash flow statement that classifies cash flows based on operating, investing and financing activities during an accounting period.

The phenomenon revealed by Yetna (2021) stated that the hotel sector listed on the Indonesia Stock Exchange for the 2019-2020 period experienced a decline in cash flow performance or experienced negative growth, there were only two companies that experienced positive growth, namely Satria Mega Kencana (SOTS) and Intikeramik Alamasri. Industry (IKAI). In addition, it is also seen that almost overall in 2020 the hotel sector companies listed on the Indonesia Stock Exchange have negative cash flow performance. Saraswati Griya Lestari (HOTL) experienced the biggest decrease in cash flow performance, which was -1333.88%. Meanwhile, based on the value of money, the largest decline in cash flow performance was experienced by Jakarta Setiabudi International (JSPT) which amounted to -Rp. 341 Billion. The decline in cash flow performance experienced by hotel sector companies listed on the Indonesia Stock Exchange is due to several factors, including those discussed in this study are the factors of net income and net working capital of the company.

Yetna (2021) stated that currently, 43% of financial reports, net income decreased by 19.71%," the Association of Indonesian Issuers (AEI) previously also highlighted the performance of issuers. AEI stated that more than 50 issuers were experiencing cash flow difficulties due to the Corona virus pandemic. Then Hidayat (2021) stated that as a result of the pandemic, income fell seriously from the hotel and tourism industry, transportation. In addition to the very low occupancy rate during the Covid-19 pandemic, the performance of hotel companies has plummeted because room rental income for events or events has also drastically reduced. This is because in normal times renting a room for an event or event contributes quite significantly to the performance of a hotel company. Net income is one of the most important elements of the formation of an income statement in a company. Net income is very influential for the whole life of the company, the greater the net income obtained, the greater the company's ability to finance all expenses and activities that will be carried out by the company. In addition, net income also affects the company's profit and loss which is presented in the income statement, therefore, net income is the lifeblood of a company.

The survival of the company is not only seen in terms of profit but there are other factors that make the company grow. One of them is the success of the company in terms of the sale of goods or services will cause the amount of net income to be obtained. This net income will be used by the company to finance its operations. An increase in income and operating expenses will have a positive or negative impact on company assets, for example current assets, such as cash. If net income increases it

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will increase the company's profit and cash and automatically have a positive effect, and if the burden increases, of course cash will experience expenses and it has a negative impact on company assets, especially company cash. In addition to net income, growing companies also need capital to carry out investment decisions. The capital can be obtained from profits or equity. This raises an important decision that must be taken from a financial manager, namely the decision to obtain capital to meet investment needs, because each different funding source will have different implications for the company.

Research Enqvist, et, all (2012) found that working capital is significantly able to predict future cash flows. Working capital is very much needed in the activities of a company in carrying out its activities, because it will have an impact on the continuity of operations to increase working capital in the long term which affects the increase in cash in the future. Working capital should be available in sufficient quantities to allow the company to operate economically and not experience financial difficulties, decisions related to working capital must also be taken carefully, because if the company cannot maintain the level of working capital properly, it is likely that the company will are in a state of insolvency (unable to pay obligations that are due) and may even go bankrupt. However, the amount of working capital must also be maintained so that it is not excessive so that there are idle funds that are not productive. (Jordan, & Miller, 2009: Liow, & Graeme, 2016: Jin, & Ximeng An. 2016: Hutauruk, et,all, 2014)

2. Theoretical Foundation

The emergence of Signaling theory provides a signal to users of financial statements. This signal is in the form of information about what the company has done to realize the owner's wishes. Signals are in the form of promotions and other information principles which state that the company is better than other companies. Then (Brigham & Houston, 2011) explains that signal theory is an action taken by company management that provides instructions for investors about how management views the company's prospects. The quality of investor decisions is influenced by the quality of information disclosed by the company in the financial statements.

The quality of the information aims to reduce information asymmetry that arises when managers know more about internal information and the company's prospects in the future than external parties. Information in the form of rating corporate bonds published is expected to be a signal of the financial condition of a particular company and describe the possibilities that occur related to the debt owned. Signaling theory is a signal from management that investors and other potential parties will react to in making economic decisions and if you see the importance of cash flow statement information for investors, the disclosure of cash flow statements is a positive signal and is expected to be reacted by the market. This reaction can be measured using the value of net working capital, net income that affects the company's cash flow, (Lou, & Yin. 2014)

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2.1.Net Working Capital

Working capital is the excess of current assets over short-term debt. This excess is called net working capital. This excess is the amount of current assets derived from long-term debt or own capital. Sufficient working capital is very important for the company because with sufficient working capital it is possible for the company to operate as economically as possible and the company does not experience difficulties or face dangers that may arise due to a crisis or financial turmoil. Working capital is one of the most important asset elements in the company. Because without working capital, the company cannot meet the funding needs to carry out its activities.

The term working capital has many meanings in foreign languages, working capital is known as working capital or other terms are liquid capital or current capital (Ozturk, Serdar & Ali, 2015). Working capital according to Fraser et al. 2007 is the funds needed to meet the daily operational needs of the company. Meanwhile, according to (Sawir, 2010), working capital is the total current assets owned by the company, or it can also be intended as funds that must be available to finance the company's daily operations. Working capital collectively includes current assets and liabilities in the short term. While net working capital describes the difference between current assets and current liabilities of a corporation. Meanwhile, according to (Garanina et al., 2012), the components of current assets and current liabilities on the balance sheet are a reflection of the working capital of a company. Maina, & Mwasa, (2014) said that working capital is the difference between current assets and current liabilities. As long as current assets exceed current liabilities, it means that the company has a certain net working capital, where this amount is largely determined by the type of business of each company. Meanwhile, according to (Ebben, & Alec, 2011: Brigham, et.al, 2011) net working capital is the difference between current assets and current liabilities.

Net Working Capital is the difference between current assets and current liabilities of the company. If current assets exceed current liabilities, the company has positive net working capital. In general, net working capital is part of current assets financed with long-term funds and shares, which consists of long-term debt and shares, the excess is paid with long-term funds. If current assets are less than current liabilities, the company has negative net working capital, in other words, working capital is fixed assets financed with current liabilities. There is a difference regarding working capital, which is the total amount of current assets in the company.

And working capital as an excess of current assets is called net working capital and which is the total current assets called gross working capital. The working capital structure is related to the long-term spending of a company as measured by the comparison of long-term debt with its own capital (Ebben, & Alec, 2011). Capital structure explains how the effect of changes in capital structure is measured by: (1). The ratio of long-term debt and equity to firm value, (2). The company's cost of capital or the market price of the company's shares, using various approaches. The formula used in measuring the net working capital variable in this study is as follows:

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$$\text{Net Working Capital } = \frac{(CA-CL)_t - (CA-CL)_{t-1}}{(CA-CL)_{t-1}}$$

Information:
CAt : Current Asset of the year you are looking for
CAt-1 : Current Asset of the previous year
CLt : Current Liability of the year you are looking for
CLt-1 : Current Liability of the previous year

2.2.Net Income

Revenue is measured at the fair value of the consideration received or to be received. The amount of income arising from a transaction is usually determined by agreement between the company and the purchaser or the use of the asset. The benefits are in the form of cash and cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or received. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of the cash received or to be received. If goods or services are exchanged (bartered) for goods or services of the same nature and value, then the exchange is not considered a transaction that results in income.

Greuning, Hennie Van., (2013) argue that the inflow of economic benefits derived from normal business activities. Revenue is defined as the gross inflow of economic benefits during the period, arising from the normal course of business, and resulting in an increase in equity that is clearly not from owner equity contributions. Income is an increase in economic benefits during the reporting period in the form of an inflow or increase in assets, or a decrease in liabilities resulting in an increase in equity that does not come from contributions from investors. Income includes revenue (revenue) and profit (gain). Revenue is income that arises in the course of the ordinary activities of an entity and is known by different names such as sales, fees, interest, dividends, royalties and rent.

Then (Dawar, 2014: Hertati & Safkaur, 2020).) put forward the notion of revenue (revenue) is the gross inflow of economic benefits during the current period that arises in a series of ordinary activities of an entity when inflows are generated in additional capital, other than those related to equity holder contributions. Income that arises from the normal course of the entity's activities and is known by different names, such as sales, fees, interest, dividends, royalties and rent. Furthermore, the gross inflows of economic benefits arising from the normal activities of the entity during a period if those inflows result in an increase in equity that are not derived from investment contributions are called income. Angahar, et, all (2014), states that income is an increase in economic benefits during an accounting period in the form of income or addition of assets or a decrease in liabilities resulting in an increase in equity that does not come from the contribution of investors.

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Revenue is income that comes from the normal activities of an entity and refers to different terms such as sales, service income, interest, dividends and royalties. Revenue is the amount of input obtained for the services provided by the company which may include the sale of products and or services to customers obtained in an operating activity of a company to increase the value of assets and reduce liabilities arising in the delivery of goods or services. According to (Adesina, et al., 2015), in general the measurement of revenue will be recognized on: (1). Accrual Base Recognition of revenue on an accrual basis means that revenue must be reported during production activities (where profit can be calculated in proportion to the completion of work). (2).

Critical Event Base In this method what he pays attention to are important events in the company's operating cycle, critical events that can be: (3). The Mathcing Principle This principle stipulates that expense charges must be made in the same period as the revenue recognition period. The formula used in measuring the net income variable in this study is as follows:

$$\text{Net Income} = \frac{INC_t - INC_{t-1}}{INC_{t-1}}$$

Information:
INC〗_t : Year income sought
INC〗_(t-1) : Previous year's income

2.3.Cash Flow

Cash flow statement as part of its annual financial statements. According to (Adesina et al., 2015) to determine and present cash flows from operating activities, one of two (2) methods can be used, namely as follows: (1) Direct Method: the direct method is a simple method, which only consists of operating cash flows which are grouped into 2 (two) categories, namely the main group of net cash receipts and net cash disbursements. The direct method is basically a cash or cash based income statement. In preparing the cash flow statement using the direct method, the amount of cash receipts and cash disbursements must first be calculated. (2) Indirect Method: the indirect method is a method whose profit and loss is adjusted by correcting the effects of non-cash transactions, deferrals or actual cash receipts and payments for past and future operations, and elements of income or expenses incurred related to investment or funding cash flows, (Hertati, et, all, 2020). In the indirect method, the presentation starts from net profit or loss and is then adjusted by adding or subtracting changes in items that affect operational activities such as depreciation, fluctuations in current assets and current liabilities.

In this method, net income is adjusted by eliminating non-cash transactions. Below are the calculations for compiling a cash flow statement according to (Skousen, & James, 2017), as follows: (1). Cash receipts from customers are equal to revenue or sales plus a decrease in trade receivables or minus an increase in trade receivables. (2). Cash payments for operating expenses are equal to operating expenses plus an increase in prepaid expenses or minus a decrease in prepaid expenses and plus a decrease in accrued expenses payable or less an increase in actual expenses payable. (3). The effect of estimates contained in the investment and financing group

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that does not affect such as: preparation, profit or loss from the sale of property, plant and equipment and from the sale of property, plant and equipment and from discontinued operations (related to investment activities), gain or loss on debt cancellations or transactions financing. (4). Comparative Balance The balance sheet must also be complete, so that information on changes between years can be known. In the new report for the first time, there is no comparison report, it is considered that the previous balance is zero, so that preparation is easier. (5). Analysis of changing fund estimates that affect cash funds either directly or indirectly. In order to find out more about this flow of funds, we must analyze the changes in the estimated funds that describe various types of transactions and events that affect cash funds, either directly or indirectly. This analysis will provide an explanation of the causes of fund transactions. The formula for measuring cash flow variables in this study is as follows:

$$\text{Cash Flow} = \frac{CFO_t - CFO_{t-1}}{CFO_{t-1}}$$

Information:
CFO〗_t : Operational Cash Flow for the year sought
CFO〗_(t-1) : Previous year's Operational Cash Flow

The results of the Projects, & Chung (2016) research show that: 1) Operating Activity Cash Flow is part of the Current Ratio such as Net Working Capital, Operating Activity Cash Flow and Net Working Capital flow from the Current Ratio. Wenas et al., 2017: Yuliana & Rismansyah, 2020: Sasongko & Apriani, 2016: Semarak et al., 2021: Clorin et al., 2019: Iqbal, Muhammad, 2017: Binilang, & Mawikere, 2017: epriana, 2019: Pangestu, 2020: amungkas & Siswanti, 2016) The results showed that operating cash flow and net income partially and simultaneously. Hipotesis:: H1: How does Net Working Capital on Cash Flow. H2: How does Net Income on Cash Flow affect

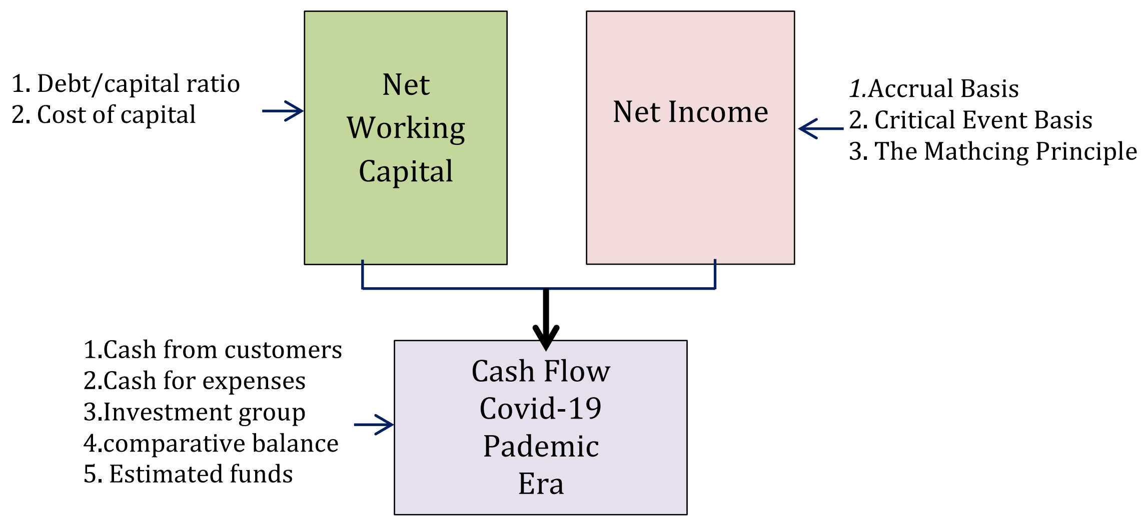

Figure 1: Research framework, 2021

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3. Methodology

Hair, et, all (2014), stated that the sample is the part that is able to represent the character of the population that is the object of research. The sampling method used in this research is purposive sampling. Purposive sampling is a research sample collection technique with several considerations as certain criteria aimed at making the data obtained more representative. The sample criteria to be used in this study are (1) Hospitality Companies listed on the Indonesia Stock Exchange in 2019-2020. (2) Publish a complete annual report for 2019-2020. (3) Have complete data related to the variables used in the study, namely net income, net working capital and cash flow.

3. DATA ANALYSIS

Hair, et, all (2014), defines population as a generalization area consisting of objects that have certain qualities and characteristics that are determined by researchers to be studied and then conclusions are drawn. The population in this study were all hotel sector companies listed on the Indonesia Stock Exchange from 2019 to 2020. The total population of this study was 26 hotel companies. the total population of hospitality companies listed on the Indonesia Stock Exchange in 2019-2020 is 26 companies. This is because the population is in accordance with the criteria for this research period, namely 2019-2020 and the hotel sector observed by researchers.

Table 1: Determination of the Number of Samples

No	Criteria	Amount
1	Hospitality Companies listed on the Indonesia Stock Exchange in 2019-2020	26
2	Companies that do not publish a complete annual report during 2019-2020	(2)
3	Companies that do not have complete data related to the variables used in the study, namely net income, net working capital and cash flow	(4)
Total Sample		**20**

Source: Processed Data, 2021.

Analysis Techniques

The analysis technique used in this study uses a predictive model, namely multiple regression with the help of the SPSS For Windows V.22 program. Multiple regression analysis is intended to test the extent and how the direction of more than one independent variable affects the dependent variable. The analysis used to test the equation is mathematically formulated as follows:

$Y = \alpha + \beta 1X1 + \beta 2X2 + \varepsilon$

Information:
Y : Company Cash Flow :
α : Constant
β1 – β2 : Regression Coefficient
X1 : Net Income
X2 : Net Working Capital
ε : Error term

Descriptive statistical analysis provides a description or description of a data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness (Kothari, 2004). The purpose of the descriptive statistical analysis test is to make it easier to understand the variables used in this study. The use of the classical assumption test is carried out to test the feasibility of the regression model used in this study as well as to ensure that the tested regression model has data that are normally distributed and free from heteroscedasticity, multicollinearity, and autocorrelation. Classical assumption test consists of:

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution (Kothari, 2004). There is a way to detect whether the residuals are normally distributed or not, namely by graphical analysis and statistical tests. (1) Graph Analysis. According to Ghozali (2011) one way to see residual normality is to use the normal probability plot method which compares the cumulative distribution and the normal distribution. The normal distribution will form a straight diagonal line and plotting the residual data will be compared with the diagonal line. (2) Statistical Test. One way to test the normality of the residuals is the Kolmogorov-Smitrov (K-S) non-parametric statistical test. The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. If the variance from the residuals of one observation to another observation is still called homoscedasticity, and if the variance of the residuals from one observation to another observation is different, it is called heteroscedasticity.

This test is done by looking at the graph plot between the predicted value of the dependent variable, namely ZPRED and the residual value of SRESID. Detection of the presence or absence can be done by looking at the presence or absence of certain patterns on the scatterplot graph between SRESID and ZPRED where the Y axis is the predicted Y, and the X axis is the standardized residual (Y predicted - Y real). The Glejser test was also carried out by regressing the independent variable with the absolute value of the residual. If the significance value between the independent variable and the absolute residual is more than 0.05, then there is no heteroscedasticity problem (Kothari, 2004).

Multicollinearity test aims to test whether the regression model found a correlation between the independent variables (independent). The method used to detect the presence or absence of multicollinearity is by looking at the tolerance and its

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opponent as well as from the Variance Inflation Factor (FIV). These two measures indicate which of each independent variable is explained by the other independent variables. A low tolerance value equals a high VIF value. A tolerance value of less than 10 or a VIF value of more than 10 indicates the presence of multicollinearity (Kothari, 2004). Autocorrelation test aims to test whether in a linear regression model there is a correlation between the confounding error in period t and period t-1 (previous). If there is a correlation, it is called an autocorrelation problem. Autocorrelation arises because consecutive observations over time are related to each other.

This problem arises because the residuals are not independent from one observation to another. In other words, this problem is often found when using time series data. A good regression model is a regression that is free from autocorrelation. One way that can be used to detect autocorrelation is the run test statistic. A regression equation is said to be free of autocorrelation if the results of the run test statistic are not significant or above 0.05 (Kothari, 2004). Decision making in the run test test is based on whether or not the data is random.

If the data is random, it can be concluded that the data is not affected by autocorrelation. To test the hypothesis regarding the effect of the independent variable (independent) on the dependent variable (dependent) statistical analysis tools can be used, namely by conducting the t test and F test. The t test is carried out to see how far the influence of the independent variable (independent) individually in explaining the dependent variable (dependent). This test is carried out by comparing t-count with t-table. The F test was conducted to see whether all the independent variables (independent) in the model have a joint effect on the dependent variable (dependent). The F test was also conducted to determine the feasibility of the regression model used in this study.

This test is done by comparing the F-count value with the F-table. The coefficient of determination (R2) essentially measures how far the model's ability to explain variations in the dependent variable is. The value of the coefficient of determination is between zero and one. A small value (R2) means that the ability of the independent variables in explaining the variation of the dependent variable is very limited. A value close to one means that the independent variables provide almost all the information needed to predict the variation of the dependent variable (Kothari, 2004). The coefficient of determination is only one and not the only criterion for choosing a good model on the grounds that if a linear regression estimate produces a high coefficient of determination but is inconsistent with the theory chosen by the researcher, or does not pass the classical assumption test, the model is not a research model. which is good and should not be selected as an empirical model and replace it with another model. The following is a table of processed data regarding descriptive statistics for the hotel sector companies in this study:

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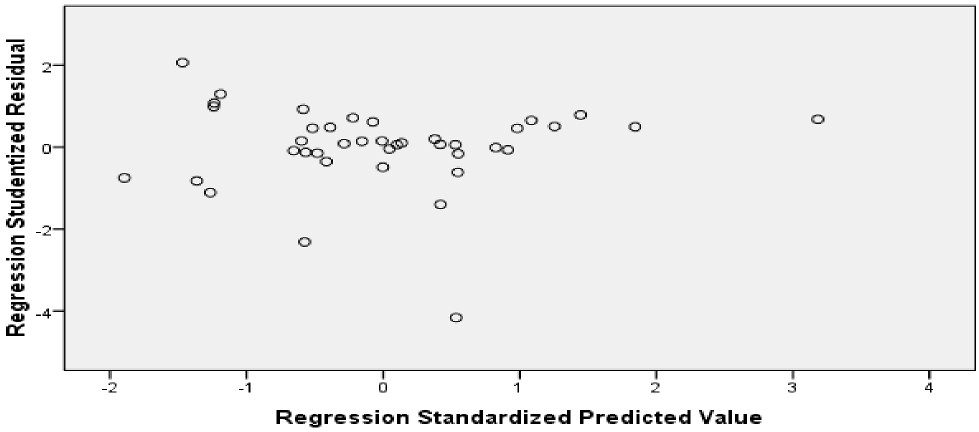
Table 2 Descriptive Statistical Analysis Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Net income	40	-1.318	.994	-.29842	.430937
Net Working Capital	40	-5.309	4.875	.09440	1.752985
Cash flow	40	-5.121	3.287	-.84658	1.588338
Valid N (listwise)	40				

Source: SPSS Processing Results 24.00

Figure 2: Scatterplot Graph Results



Source: SPSS Processing Results 24.00

Table 3 Kolmogorov-Smirnov . Test Results

Model	Analysis result	Unstandardized Residual
N		40
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	1.16098122
Most Extreme Differences	Absolute	.210
	Positive	.108
	Negative	-.210
Kolmogorov-Smirnov Z		1.326
Asymp. Sig. (2-tailed)		.060

a. Test distribution is Normal.

Source: SPSS Processing Results 24.00

Source: SPSS Processing Results 24.00

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Table 4: Glejser Test Results

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	.741	.194		3.827	.000
	Net income Net	.000	.419	.000	.001	.999
	Working Capital	-.094	.103	-.185	-.913	.367

a. Dependent Variable: ABS_RES

Source: SPSS Processing Results 24.00

Table 5 : Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Net income Net	.639	1.566
	Working Capital	.639	1.566

a. Dependent Variable: Cash flow

Source: SPSS Processing Results 24.00

Table 6 : Results **Run Test**

Model	Unstandardized Residual
Test Value[a]	.11027
Cases < Test Value	20
Cases >= Test Value	20
Total Cases	40
Number of Runs	18
Z	-.801
Asymp. Sig. (2-tailed)	.423

Source: SPSS Processing Results 24.00

Tabel 7: Hasil Analisis Regresi Berganda

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.259	.256		-1.010	.319
	Net income Net	2.025	.554	.549	3.654	.001
	Working Capital	.174	.136	.192	1.279	.209

a. Dependent Variable: Cash flow

Source: SPSS Processing Results 24.00

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From these results, multiple regression equations can be arranged as follows:

$$Y = - 0.259 + 2.025X1 + 0.174X2 + e$$

The results of the multiple regression equation prove that the constant of -0.259 means that if (X1) and Net Income (X2) are equal to 0 then Net Working Capital the amount of the Cash Flow variable is -0.259. Then b1 (Net Income regression coefficient) of 2.025 indicates that there is a positive influence between. If Net Income decreases by one unit while other variables remain constant, the Cash Flow will decrease by 2,025 units. Net Income to Cash Flow, which means if Net Income (X1) increases by one unit while other

variables remain constant, then Cash Flow will increase by 2,025 units. Furthermore, b2 (Net Working Capital regression coefficient) of 0.174 has a positive effect between Net Working Capital on Cash Flow, which means that if Net Working Capital increases by one unit while other variables remain or constant, then Cash Flow will increase by 0.174 units. Or conversely, if Net Working Capital decreases by one unit while other variables remain constant, the Cash Flow will decrease by 0.174 units.

Table 8: Coefficient of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.682[a]	.466	.437	1.191946	1.846

a. Predictors: (Constant), Net Working Capital, Net Income
b. Dependent Variable: Cash Flow
c. Source: SPSS Processing Results 24.00

The statistical results of the t-test for the net working capital variable obtained an insignificant value so that it can be concluded that the hypothesis is rejected. This is indicated by the significance value of 0.209 which is greater than = 0.05. The results of this study indicate that net working capital has a positive direction on cash flow. This means that if net working capital increases, the company's cash flow also increases, or vice versa if net working capital decreases, the company's cash flow also decreases. Working capital collectively includes current assets and liabilities in the short term. While net working capital describes the difference between current assets and current liabilities of a corporation (Khan et al., 2020).

Working capital is a measure of current assets that reflects safety for creditors. Working capital is also important in measuring the available liquidity reserves to meet contingencies and uncertainties associated with the balance between the company's cash inflows and outflows. Signaling theory shows that there is more or better information between the company's management and the parties with an interest in the information, one of which is information related to the company's net working capital. Signal theory suggests how companies should provide signals to users of financial statements. Information published by the company as an announcement will provide a signal for investors in making investment decisions.

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If the announcement of net working capital contains a positive value, it is expected that the market will react when the announcement is received by the market. The results of this study are in line with the research of Thi.AH. & Phung (2021) which says that net working capital partially has no significant effect on future cash flows. Meanwhile, the results of this study are not in line with the research of Denis, & John (2003) which revealed that operational working capital is significantly able to predict future cash flows. Working capital from operations compared to others was the best predictor in the past (Ahmad et al., 2012).

Based on the F test that Net Income and Net Working Capital have a simultaneous effect on Cash Flow, so the hypothesis is accepted. This is indicated by the significance value < alpha = 5% (0.000 < 0.05). The results of the analysis of the coefficient of determination in this study show the adjusted R square value has a value of 0.437. The value of the coefficient of determination is 0.437 or 43.7%, indicating that the Net Income and Net Working Capital variables are able to explain the Cash Flow variable of 43.7%, while the remaining 56.3% is explained by the variables of Net Profit, Liquidity, Changes in Accounts Receivable, Changes in Accounts Payable, Changes in Inventories. , Operating Expenses, Dividends and other variables other than the variables proposed in this study. Cash flow from operating activities is very important for companies in produce the company's operational needs.

Cash flow from operating activities are the most important cash flows for evaluating an entity's ability in managing and generating cash flow to finance the company's operations, paying off its liabilities in a timely manner, paying dividends, and making new investments or expansions independently without relying on outside spending, namely through loans from third parties or new capital deposits from owners (Wang, & Yang . 2016). Nirajini, & Priya. (2013) explained that signal theory is an action taken by the company's management that provides instructions for investors about how management views the company's prospects. The quality of investor decisions is influenced by the quality of information disclosed by the company in the financial statements. Information in the form of net income and net working capital of the company published is expected to be a signal of the financial condition of a particular company and describe the possibilities that occur related to the cash flow of the company.

The results of this study are in line with the research of Thi.AH.F & Phung (2021) who found that the company's capital structure is part of the profit and loss of a capital and the company's debt ratio, then the company's financial size (return on assets (ROA) and return on equity (ROE)) , is a cash cycle that has a governance relationship and has implications for the distribution of different cash dividends on the company's future cash flows. So that net income, operating cash flow and net working capital are the life cycle of the company's future cash flows. (Nirajini, & Priya. 2013: Raheman, & Bodla. 2010: Yegon, & Willy. 2014: Yazdanfar, & Peter hman. 2014: Wang, & Yang. 2016: Vatavu, 2015) The viability of corporate business capital, such as corporate finance assets (ROA) and (ROE)), is a cash cycle flow in the midst

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of the highly volatile Covid-19 pandemic crisis. The company's ability to survive is not easy empirical evidence that shows supply chain capital structure in building company resilience with supply flows to increase abnormal inventory in increasing profitability during the COVID-19 crisis (Parrino, & Thomas. 2011: Nobanee, & AlHajjar. 2011).

4. CONCLUSION

Net income is part of the cash flow of Hospitality Sector Companies listed on the Indonesia Stock Exchange after the Covid-19 Pandemic for the 2019-2020 Period. This proves that if net income increases, the company's cash flow will increase. Net working capital is part of the cash flow of Hospitality Sector Companies listed on the Indonesia . Stock Exchange after the Covid-19 Pandemic for the 2019-2020 Period. The net working capital life cycle can increase the company's cash flow. Net income and net working capital together interact in cash flow in Hospitality Sector Companies listed on the Indonesia Stock Exchange after the Covid-19 Pandemic for the 2019-2020 Period.

This shows that if net income and net working capital increase, the company's cash flow will also increase. The suggestion for the next researcher is to be able to see the company's prospects in the future in terms of current financial performance, especially from the company's net income. As one of the considerations in making investment decisions in order to reduce the risk of the investment, investors can use operating profit and operating cash flow to predict future operating cash flows so that the company's life cycle can be predicted. It is hoped that further research can add other variables such as net income, current ratio, changes in accounts receivable, and so on that affect the company's cash flow using different periods.

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