ANALYSIS OF FINANCIAL RATIO AS AN INDICATOR OF FINANCIAL PERFORMANCE

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A B S T R A C T

The financial performance of a company can be known and measured using Financial ratio analysis is one of the instruments to analyze financial statements in a company. This study aims to determine the financial performance of PT Pos Indonesia by analyzing the ratio of liquidity, solvency, activity, and profitability. To assess the financial performance of PT Pos Indonesia, the purpose of this study is to find out the condition and performance based on financial ratios. The data used is secondary data. The type of research used is a type of quantitative descriptive research that aims to find factual information about the objects used in this study, namely financial statements in the form of balance sheets and income statements of PT Pos Indonesia for the period 2021 to 2023. The data analysis method used is a quantitative data analysis method. The results of the research from the liquidity ratio of the quick ratio position are said to be good while the current ratio and cash ratio are said to be poor. The solvency ratio of the debt to asset ratio is said to be unhealthy or unstable and the debt to equity ratio is said to be good. When viewed from the ratio of activities, the effectiveness level of PT Pos Indonesia is in poor condition because it is decreasing every year. The profitability ratio of NPM and ROE is said to be good while ROA is not in good condition.

INTRODUCTION

The effectiveness of a business, no matter how big or small, can be measured or understood through financial management. Working in finance is important because it provides information about financial health and stability as well as the ability to achieve set financial goals. Financial performance analysis also provides insights to identify opportunities, weaknesses and trends that need to be improved. A financial analyst's job is to analyze financial data to determine how well a business is following the rules of handling money in a fair and honest manner (Pulungan et al., 2022).

Company currency using Currency exchange rate fluctuation analysis is a basic tool for analyzing the financial performance of a business. Businesses can analyze their cash flow to determine how far they have grown. The state of the company at a certain point in time is determined using profitability, liquidity and cash flow indicators (Berutu dan Zhafira, 2022).

PT Pos Indonesia is an Indonesian State-Owned Enterprise (BUMN) operating within a network of Postal service providers, specializing in sending packages, currency and letters. Currently, PT Pos Indonesia has built an extensive network, such as accepting currency exchange services and selling goods and packages. Over the next three years, PT POS Indonesia from 2021–2023 may experience unstable fluctuations or changes in income and expenses.

It can be observed that in 2021, PT POS Indonesia's total income is 2,683,949,494, but the total expenditure is slightly higher than the total income, namely 3,839,703,756. As a result, PT POS Indonesia suffered a loss of 1,154,849,075. Furthermore, in 2022, PT Pos Indonesia's revenue will be 2,434,213,459, but for loans, the amount reached 3,739,893,157, which resulted in a loss of 1,304,195,907. In 2023, PT.

Some initial research findings regarding the subject of foreign exchange income obtained through income ratio analysis were carried out by Shofwatun & Kosasi in 2021. Research findings show that the results of the study on foreign exchange income at PT POS Indonesia (Persero) show fluctuations in the company's foreign exchange income or lack thereof. stability. A similar type of research was also conducted by Destiani and Hendriyani (2020), with results showing that the financial workforce at PT Pos Indonesia (Persero) was based on a liquidity ratio that was quite satisfactory because it was still below industry standards for financial ratios. Based on the solvency to profitability ratio in financial performance conditions, this business is running very well because the results are above industry standards for financial performance.

METHODOLOGY

This study was conducted at PT POS Indonesia. The methodology used in this study is quantitative descriptive data analysis, which involves the use of formula numbers and systematic models that can be taken from currency transactions such as balance sheets and profit and loss (Sugiyono, in Rachmawati and Putri, 2023). The population and sample used in this study is the percentage of the balance sheet and profit and loss at PT POS Indonesia for the 2021–2023 period. The data source used in this study is referred to as the second order data sample. Data collection techniques that utilize both documents and library techniques. The data analysis method involves the use of financial ratios, which consist of Liquidity Ratios, Solvency Ratios, Activity Ratios, and Profiltability Ratios.

RESULTS & DISCUSSION

Liquidity Ratio

The ratio analysis used to determine PT Pos Indonesia's working capital needs involves the use of liquidity ratios, which consist of the current ratio, cash ratio and quick ratio.

Current Ratio

Year 2021 $$Current\ Ratio = \frac{3.531{,}048{,}198{,}538}{2.777{,}651{,}937{,}035}\ x\ 100\%$$
= 127,12%

Year 2022 $$Current\ Ratio = \frac{3.623{,}287{,}500{,}344}{2.104{,}698{,}926{,}207}\ x\ 100\%$$
= 172,15%

Year 2023 $$Current\ Ratio = \frac{5.372{,}708{,}885{,}386}{43.640{,}166{,}880}\ x\ 100\%$$
= 123,11%

Current calculation ratio The tax rate in 2021 is 127.12%, which means 127.12 current debts, or every IDR 1.00 in current debt is guaranteed by IDR 12,712 in current assets. In 2022, the current ratio will decrease to 172.15%, which means that the active workforce is equivalent to 172.15 current assets, or IDR 17,215 of current assets for every IDR 1.00 of current debt. Until 2023, the current ratio has decreased to 123.11%, which means there are 123.11 current assets, or every Rp. 1.00 of current assets is guaranteed by Rp. 12,311 of current assets.

Quick Ratio

Year 2021 $$Quick\ Ratio = \frac{3.531{,}048{,}198{,}538 - 64.953{,}951{,}393}{2.777{,}651{,}937{,}035}\ x\ 100\%$$
= 124,78%

Year 2022 $$Quick\ Ratio = \frac{3.623{,}287{,}500{,}344 - 49.902{,}354{,}344}{2.104{,}698{,}926{,}207}\ x\ 100\%$$
= 169,78%

Year 2023 $$Quick\ Ratio = \frac{5.372{,}708{,}885{,}386 - 930.909{,}600{,}985}{43.640{,}166{,}880}\ x\ 100\%$$
= 101.78%

The quick ratio calculation for 2021 obtained a value of 124.78%, which means current assets are 124.78% of current debt, or every Rp. 1.00 of current debt is guaranteed by Rp. 12,478 of current assets. In 2022, the quick ratio will increase to 169.78%, which means that current assets are 169.78% of current debt, or every Rp. 1.00 of current debt is guaranteed by Rp. 16,978 of current assets. However, in 2023 the quick ratio will decrease to 101.78%, which means that current assets are 101.78% of current debt, or every Rp. 1.00 of current debt is guaranteed by Rp. 10,178 of current assets.

Cash Ratio

Year 2021 $Cash\ Ratio = \frac{1.910,010,064,695}{2.777,651,937,035}\ x\ 100\%$

= 0,68%

Year 2022 $Cash\ Ratio = \frac{2.301,803,310,923}{2.104,698,926,207}\ x\ 100\%$

= 1,09%

Year 2023 $Cash\ Ratio = \frac{385.402.397.127}{43.640.166.880}\ x\ 100\%$

The cash ratio for 2021 is 0.68%, which means that every cash and every cash equivalent is 0.68 of current debt, or every IDR 1.00 of current debt is determined by cash and cash equivalents of IDR 68. Cash ratio for the year 2022 decreased by 0.41% from 2021, or 0.68%, to 1.09%, which shows that cash and cash equivalents are 1.09 times current debt, or every Rp. 1.00 of current debt is guaranteed by cash and cash equivalents of IDR 109. The cash ratio for 2023 decreased by 1.09% from 2022 to 8.83%, or 8.83 of current debt determined by cash and cash equivalents, or every IDR 1.00 of current debt which is guaranteed by cash and cash equivalents amounting to Rp. 883.

Based on calculations, the results of PT Pos Indonesia's financial performance analysis show that liquidity for the 2021–2023 period is quite good with a current ratio of 140.79%. This is because PT Pos Indonesia's liquidity is below the industry standard of 200% as a benchmark. However, a quick ratio of 132.11 percent is considered good. This is due to the company's industry average liquidity ratio of 100% as a benchmark. A cash ratio of 1.2% is considered satisfactory as it is below the industry benchmark of 30%. The results of this research are in line with research conducted by Arsita, Yessy (2021), which states that financial workers who use liquidity ratios are in good condition because they meet industry standards.

Solvency Ratio

Solvency ratios show an organization's ability to meet its financial obligations. A business with a high debt to equity ratio will have a high solvency ratio. (Pulungan, Octalin, and Kusumastuti 2020).

Debt Ratio

Year 2021 $Debt\ Ratio = \frac{4.095,682,278,840}{9.689,157,184,118}\ x\ 100\%$

= 0,42%

Year 2022 $Debt\ Ratio = \frac{4.188,741,803,073}{11.138,314,855,869}\ x\ 100\%$

= 0,37%

Year 2023 $Debt\ Ratio = \frac{8.135.065.318.602}{13.658.839.247.108}\ x\ 100\%$

= 0,59%

The debt ratio for PT Pos Indonesia is 0.42% of total active capital in 2021. The ratio to assets during 2021 is 0.42:1, which means every IDR 42 in assets is guaranteed by IDR 1.00 in assets. The debt ratio in 2022 will decrease by 0.05 percent from 2021, or from 0.42 percent to 0.37:1. Which means that each in 2022 is 0.37:1, which means that for every Rp. 37, the recorded amount is Rp. 1.00. The debt ratio in 2023 will decrease by around 0.22 percent from 2022, or around 0.37% to 0.59 percent. The debt to asset ratio in 2023 is 0.59:1, which means that for every IDR 59, the debt amount is guaranteed by IDR 1.00 of assets.

Debt to Equity Ratio

Year 2021 $Debt\ Equity\ Ratio = \frac{4.095,682,278,840}{5.593,474,905,278}\ x\ 100\%$

= 0,73%

Year 2022 $Debt\ Equity\ Ratio = \frac{4.188,741,803,073}{6.949,573,052,796}\ x\ 100\%$

= 0,60%

Year 2023 $Debt\ Equity\ Ratio = \frac{5.523.773.928.508}{8.135.065.318.602}\ x\ 100\%$

= 0,67%

The results are based on the debt-to-equity ratio in 2021, which was approximately 0.73%. The total income ratio for 2021 is 0.73:1, which means every Rp. 73 is guaranteed with Rp. 1.00 in income. The debt to equity ratio in 2022 decreased by around 0.13% from 2021, when the ratio was around 0.73% to 0.60%. The ratio of total income for 2022 is 0.60:1, which means every Rp. 60 is guaranteed with Rp. 1.00. In 2023, the debt-to-equity ratio increases by approximately 0.07% from 2022, when the ratio was approximately 0.60% to 0.67%. Comparing the total amount of money in 2023, the ratio is 0.67:1, which means every Rp. 67 is subtracted from Rp. 1.00

PT Pos Indonesia's financial performance is measured by its solvency ratio, which is determined by comparing its actual debt to asset ratio for the 2021–2023 period with the industry average of 35%. This ratio is as low as 0.46%. This shows that PT Pos Indonesia has a somewhat unstable or unstable financial situation. This indicates that businesses use more debt to manage their accounts and less amount of capital. Additionally, based on the average debt-to-equity ratio results from the 2021–2023 fiscal year, it was found that the ratio was 0.67%, which is below the industry standard of 90%. This shows that PT Pos Indonesia's debt to equity ratio is in good condition. This also shows that PT Pos Indonesia has a good balance between debt and equity. This means that companies are not always overwhelmed.

Activity Ratio

Activity Ratios are used to determine how effectively a business is managing its resources, such as inventory turnover, average time to billing, and other relevant metrics. (Mahsun, 2013).

Fixed Asset Turn Over

Year 2021

$$Fixed\ Asset\ Turn\ Over = \frac{699.070,207,783}{9.689,157,184,118}\ x\ 1\ time$$

= 0,07 time

Year 2022

$$Fixed\ Asset\ Turn\ Over = \frac{773.395,796,780}{11.138,314,855,869}\ x\ 1\ time$$

= 0,06 time

Year 2023

$$Fixed\ Asset\ Turn\ Over = \frac{919.978.967.338}{13.658.839.247.108}\ x\ 1\ time$$

= 0,06 time

The calculation results are based on the 2021 Fixed Asset Turnover Ratio, which is 0.07 times the fixed asset turnover per year. The comparison with the 2021 sales year is 0.07:1, which means that every 0.07 times the turnover of fixed assets is reduced from the total fixed assets by IDR 1.00. The Asset Turnover Ratio in 2022 will decrease by around 0.01 from 2021, or 0.07 times, to 0.06 times. In 2023, the asset turnover ratio value will be 0.06 times the annual asset turnover rate. The comparison with 2023 is 0.06:1, which means that every 0.06 times of fixed asset turnover is rejected by IDR 1.00 of total fixed assets.

Total *Asset Turn Over*

a) Year 2021

$$Total\ Asset\ Turn\ Over = \frac{699.070,207,783}{9.689,157,184,118}\ x\ 1\ \text{time}$$

= 0,07 time

b) Year 2022

$$Total\ Asset\ Turn\ Over = \frac{773.395,796,780}{11.138,314,855,869}\ x\ 1\ \text{time}$$

= 0,06 time

c) Year 2023

$$Total\ Asset\ Turn\ Over = \frac{919.978.967.338}{13.658.839.247.108}\ x\ 1\ \text{time}$$

= 0,06 kali

The survey results are based on the 2021 Total Asset Turnover Ratio, which equals 0.07 assets annually. The comparison with sales in 2021 is 0.07:1, which means that every 0.07 times, total sales are less than IDR 1.00. The total assets ratio in 2022 will decrease by around 0.01 from 2021, which was 0.07 times, to 0.06 times. The asset turnover ratio in 2023 will be 0.06 times the previous year. The comparison with sales in 2023 is 0.06:1, which means every Rp. 0.06 is subtracted from total sales of Rp. 1.00.

PT Pos Indonesia's activity level in 2021–2023 as well as the total asset output ratio for three consecutive periods show that the company is not in good condition due to the decline in both ratios from 2021–2023. A decrease in the activity to sales ratio indicates that the company is not as effective and efficient in using all available resources. This study began with research conducted by Putri & Munafaqiro (2020), which stated that employee turnover per company using the activity to employee ratio is considered less effective because employee turnover occurs every year.

Profitability Ratio

Sugiono and Untung (Astuti, Wahono & Normaladewi, 2021) measure management effectiveness as reflected in the level of return on investment from company activities, or the company's overall performance and efficiency in managing its liabilities and capital. To increase employee productivity, one type of profitability ratio that can be used is return on equity (ROE), return on assets (ROA), and operating costs from operating income (BOPO).

Net Profit Margin

a) Year 2021

$$Net\ Profit\ Margin = \frac{4.472,942,937,407}{699.070,207,783}\ x\ 100\%$$
= 6,39%

b) Year 2022

$$Net\ Profit\ Margin = \frac{4.618,390,887,600}{773.395,796,780}\ x\ 100\%$$
= 5,97%

c) Year 2023

$$Net\ Profit\ Margin = \frac{5.479.121.136.675}{919.978.967.338}\ x\ 100\%$$
= 5,95%

The decrease in Net Profit Margin to 6.39% in 2021 was largely due to sales. The ratio for 2021 is 6.39:1, which means that every IDR 639 in profit is valued at IDR 1.00 in total assets. Net Profit Margin in 2022 will decrease by around 0.42% from 2021, or around 6.39% to 5.97%. The profit to sales ratio during 2022 is 5.97:1, which means that every IDR 597 in sales is equivalent to IDR 1.00 in profit. The profit to sales ratio in 2023 is 5.95:1, which means that for every $595 in sales, $1.00 is deducted.

Return On Investment

a) Year 2021

$$Return\ On\ Investment = \frac{607,121,752,936}{9.689,157,184,118}\ x\ 100\%$$
= 0,06%

b) Year 2022

$$Return\ On\ Investment = \frac{618.718.389.050}{11.138,314,855,869}\ x\ 100\%$$
= 0,05%

c) Year 2023

$$Return\ On\ Investment = \frac{701.891.502.785}{13.658.839.247.108}\ x\ 100\%$$
= 0,05%

Return On Equity

a) Year 2021

$$Return\ On\ Equity = \frac{589.761{,}311{,}951}{5.5934{,}474{,}905{,}278}\ x\ 100\%$$
= 0,10%

b) Year 2022

$$Return\ On\ Equity = \frac{1.356{,}098{,}147{,}519}{6.949{,}573{,}052{,}796}\ x\ 100\%$$
= 0,91%

c) Year 2023

$$Return\ On\ Equity = \frac{728.214.643.600}{13.658.839.247.108}\ x\ 100\%$$
= 0,05%

Return on equity for 2021 is expected to be around 0.10% after deducting total costs. The ratio for 2021 is 0.10:1, which means that every IDR 10 in profit is considered equivalent to IDR 1.00 in total equity after tax has been verified. The 2022 Return on Equity exceeds the 2021 Return on Equity by approximately 0.81%, or 0.10%, reaching 0.91%. The ratio of net profit after tax to total equity in 2022 is 0.91:1, which means that for every IDR 91, the amount of net profit after tax is less than IDR 1.00 of total equity. The ratio of net profit after tax to total equity in 2023 is 0.05:1, which means that for every IDR 5 invested, the amount of net profit after tax is subtracted from IDR 1.00 of total equity.

PENUTUP

PT Pos Indonesia's financial performance is calculated using the level of profitability from 2021 to 2023. Based on the industry standard of 40%, PT Pos Indonesia's financial performance seen from average profitability is said to be good with an NPM of 6.10%. On the other hand, ROA below 0.05 is considered unfavorable because it is below the industry standard of 30%. In addition, an ROE of 0.35 is considered good because it is above the industry standard of 30%. This study begins with research conducted by Berututu & Zhafira (2021) and Arsita, Yessy (2021), which states that business financial labor conditions determined by profit margins are not good because companies experience losses every year and the results do not meet industry standards for financial labor ratio.

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