Financial Ratio Analysis to Measure Company Performance

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ABSTRACT

This study aims to determine the achievement of financial performance in companies in the retail trade sector listed on the Indonesia Stock Exchange in 2018-2022. This study use a population of all Financial Statements for companies in the retail trade sector and the sample is the Balance Sheet and Income Statement for 2018-2022. The data analysis technique used in this study is ratio analysis consisting of liquidity ratios, solvency, activity and profitability ratios.The results of this study indicate that of the five companies when viewed from the aspect of good liquidity ratios only PT. Ace Hardware. If based on the debt to asset ratio and debt to to equity ratio the five companies show good financial performance. If seen from the fixed asset turnover of the five companies the financial performance is not good. If based on the total asset turnover PT Sumber Alfaria Trijaya and The PT Ace Hardware Indonesia show good financial performance. If based on the NPM the five companies show good financial performance. If seen from the GPM of the five companies that show good financial performance, namely PT Midi Utama Indonesia and PT MAP Aktif Adi Perkasa. If based on the ROE of the five companies showing good financial performance.
Keywords: Financial Ratios, Financial Performance, Retail Sector.

Introduction

Technology-based companies are growing in Indonesia. This is reflected in the increasing number of companies. Indonesia's economic growth continues to increase in both the second quarter (Q2) and third quarter (Q3) of 2021. This is inseparable from the growth of wholesale and retail trade which is a retail trade activity. Based on Euromonitor data (dataindonesia.id) there were 4.58 million retailers in Indonesia in 2018, in 2019 there were 4.55 million retailers, and in 2020 4.1 million retailers, and in 2021 3.61 million retailers. The more companies there are, the more problems there will be in the company. On the other hand, we know that the Covid-19 pandemic is currently sweeping almost the entire world and has even paralyzed several areas of business life. To deal with this, companies must innovate and be able to do so and adapt to changes that have occurred and will come in the future. Companies are required to take strategic steps to maintain their survival to be able to compete with other companies. Standing companies provide information and reports on all the implementation of the company's activities within a certain period of time, both in terms of performance and finance.

However, there is bad news among business investors and other interested parties. In 2021, retail wholesale sales were recorded at $71.64 billion. This is down 12.4% from wholesale retail sales in 2020. In 2020, sales were estimated at $81.82 billion. The 2020 sales value recorded a 28.9% decrease compared to 2019. This greatly affected the retail sector.

The financial performance of the retail company industry based on financial statement data available on the Indonesia Stock Exchange.period 2018-2022 fluctuates, when viewed from the Qurrent Ratio the lowest average company is PT Midi Utama Indonesia with an annual average of 0.72 this is because current liabilities are greater than current assets. When viewed from the average Quick Ratio, the lowest company is PT Midi Utama Indonesia with an annual average of 0.26 which is due to current debt being greater than current assets after deducting inventory. When viewed from the average Debt Asset Ratio, the highest company is PT Midi Utama Indonesia with an annual average of 0.75 which is due to most of the assets owned are financing from total debt. When viewed from the average Debt To Equity Ratio, the highest company is PT Midi Utama Indonesia with an annual average of 3.06 which is due to most of the capital owned by the company is debt financing. When viewed from the Average Fixed Asset Turnover, the lowest company is PT Midi Utama Indonesia with an annual average of 5.77, which is due to the fact that in 2020 and 2021 the company's sales decreased by a considerable amount.

When viewed from the Total Asset Turn Over, the lowest company average is PT Ace Hardware Indonesia with an annual average of 1.09, which is due to the company's total assets in 2021 being greater than its total sales. When viewed from the average NPM, the lowest company, namely PT Sumber Alfaria Trijaya, has an annual average of 1.87, which is due to earnings after interest and taxes being greater than sales. When viewed from the average GPM, the lowest company is PT Erajaya Swasembada with an annual average of 2.05 which is due to lower gross profit than sales. When viewed from the average ROA, the lowest company is PT Midi Utama Indonesia with an annual average of 4.16 which is due to lower profit after tax compared to total assets. When viewed from the average ROI, the lowest company is PT Erajaya Swasembada with an annual average of 13.8 which is due to lower profit after tax compared to total equity.

Research Method

In this study, the users are companies in the retail sector listed on the Indonesia Stock Exchange (IDX) for the period 2018-2022, by accessing the official website of the Indonesia Stock Exchange (IDX) at www. .idx .co.id.

The type of research used is descriptive research with a quantitative approach. Descriptive research is not intended to test certain hypotheses, the author uses quantitative data, namely numbers from the company's annual financial statements (balance sheet and profit and loss).

Sugiyono (2013) says that secondary data is information collected indirectly or through previous in-depth research. This type of information collection can be found through various sources, including literature, statistics, books, and the internet. The secondary data used in this study are the financial statements of retail trade sector companies (retail) for the period 2018-2022. This report is obtained from 28 companies listed on the Indonesia Stock Exchange (IDX), which can be accessed at www.idx.co.id.

The following are the data collection methods used in this study:
a. Literature Study
The author conducts evaluation and research, observing various literature such as magazines, articles, books and sources related and related to the research.
b. Field Study/Documentation

The author collects information by observing and collecting data available at www.idx.co.id, the official website of the Indonesia Stock Exchange (IDX), for business financial reports in the retail trade sector for 2018 and 2022.

Result

Liquidity Ratio
Table 1. The results of the calculation of the average liquidity ratio at PT Sumber Alfaria Trijaya Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
CR	114.96%	112.27%	88.47%	86.78%	90.08%	98%
QR	50.06%	54.72%	38.62%	33.32%	37.59%	43%

Source: Processed data 2023

In table 1, the average current ratio is 98%, which means that every rupiah of short-term debt guaranteed by the company is equal to Rp 980 of current assets, which means that the company's current ratio is "not good". The average value of the Quick Ratio is 43%, meaning that every rupiah of current debt guaranteed by the company is equivalent to Rp 430 of current assets after deducting the company's inventory. It can be said that the company's quick ratio is "not good".

Table 2. Results of the Average Calculation of Liquidity Ratio at PT. Ace Hardware Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
CR	649.12%	557.79%	595.88%	718.59%	800.71%	230%
QR	249.8%	219.16%	305.53%	390.87%	381.05%	135%

Source: Processed data 2023

In table 2, the average current ratio is 664%, which means that every rupiah of short-term debt guaranteed by the company corresponds to 6,640 current assets, this shows that the company's current ratio is in "good" condition. The average and mean value of the Quick Ratio is 309%, which means that every rupiah of current debt guaranteed by the company is equivalent to Rp 3,090 of current assets after deducting the company's inventory. The company's quick ratio can be said to be in "good" condition.

Table 3. The results of the calculation of the average liquidity ratio at PT Erajaya Swasembada, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
CR	129.88%	150.46%	146.74%	154.79%	124.34%	140%
QR	42.1%	70.44%	83.37%	62.92%	57.11%	64%

Source: Processed data 2023

In table 3, the average current ratio value is 140%, meaning that every rupiah of current debt guaranteed by the company is equal to Rp 1,400 of current assets, so it can be said that the company's current ratio is "not good". The average value of the quick ratio is 64%, which means that every rupiah of current debt guaranteed by the company represents Rp 640 of the company's current assets. As a result, the company's current ratio is considered "poor".

Table 4. Results of the Average Calculation of Liquidity Ratios at PT. Midi Utama Indonesia Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
CR	73.47%	77.81%	64.95%	68.69%	76.3%	72%
QR	33.28%	32.42%	20.87%	19.62%	23%	26%

Source: Processed data

In table 4, the average current ratio is 72%, meaning that every rupiah of current debt guaranteed by the company is equal to Rp 720 of current assets, which means that the company's current ratio is "not good". The average value of the quick ratio is 26%, meaning that each rupiah of current debt guaranteed by the company represents Rp 260 of current assets after deducting the company's inventory. The company's quick ratio can be said to be "not good".

Table 5. Results of the Average Calculation of Liquidity Ratios at PT MAP Aktif Adi Perkasa Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
CR	246.56%	362.38%	186.55%	221.1%	225.31%	248%
QR	105.4%	153.16%	61.65%	77.31%	97.92%	99%

Source: Processed data 2023

In table 5, the average current ratio is 248%, which means that every rupiah of current debt guaranteed by the company is equal to Rp 2,480 of current assets, which means that the company's current ratio is "good". The average value of the Quick Ratio is 99%, so that every rupiah of current debt is financed by the company with current assets of Rs 990 after deducting the company's inventory. The company's quick ratio can be said to be "not good".

Solvency Ratio

Table 6. The results of the calculation of the average solvency ratio at PT Sumber Alfaria Trijaya Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
DAR	72.85%	71.31%	70.6%	67.3%	62.69%	69%
DER	268.35%	248.51%	240.09%	205.83%	168.04%	226%

Source: Processed data 2023

In table 6, the average debt-to-asset ratio is 69%, which means that every rupiah of the company's assets will guarantee a debt of Rs 690. Debt ratio can be said to be in "good" status. And with an average debt-to-equity ratio of 226%, this means that for every rupiah of equity the company will guarantee a debt of Rs 2,260. The debt to equity ratio can be said to be in "good" condition.

Table 7. Results of the Average Calculation of Solvency Ratio at PT. Ace Hardware Indonesia Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
DAR	20.4%	29.59%	27.94%	23.33%	18.14%	24%
DER	25.63%	42.03%	38.77%	30.42%	22.16%	32%

Source: Processed data 2023

In table 7, the average debt-to-asset ratio is 24%, which means that for every rupiah of company assets will guarantee debt of Rp 240. The debt-to-asset ratio can be said to be "good". And as a result, the average value of the debt-to-equity ratio is 32%, which means that every rupiah of company equity guarantees debt of Rs 320. The debt to equity ratio can be said to be in "good" condition.

Table 8. The results of the calculation of the average solvency ratio at PT Erajaya Swasembada Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
DAR	61.95%	48.92%	49.27%	43.17%	57.77%	52%
DER	162.82%	95.79%	97.11%	75.98%	136.83%	114%

Source: Processed data 2023

In table 8, the average debt-to-asset ratio is 52%, which means that every rupiah of the company's assets will guarantee a debt of Rs 520. Debt ratio can be said to be in "good" status. And for the average value of the debt to equity ratio of 114%, this means that for every dollar of equity the company will guarantee a debt of Rs 1,140 crore. The debt to equity ratio can be said to be in "good" condition.

Table 9. Calculation Results of the Average Solvency Ratio at PT. Midi Utama Indonesia Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
DAR	78.21	75.53%	76.39%	74.52%	71.23%	75%
DER	358.92%	308.71%	323.51%	292.5%	247.56%	306%

Source: Processed data

In table 9, the average debt-to-asset ratio is 75%, which means that every rupiah of company assets will guarantee debt of Rs 750. Debt ratio can be said to be in "good" status. And for the average debt to equity ratio value of 306%, this means that every rupiah of company equity will guarantee debt of Rs 3,060. The debt to equity ratio can be said to be in "good" condition.

Table 10. Results of the Average Calculation of Solvency Ratio at PT. MAP Adi Perkasa Tbk, Year 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
DAR	35.93%	25.79%	44.46%	39.26%	39.67%	37%
DER	56.09%	34.76%	80.05%	64.63%	100%	67%

Source: Processed data 2023

In table 10, the average debt-to-asset ratio is 37%, which means that every rupiahaset of the company will guarantee a debt of Rs 370. Debt ratio can be said to be in "good" status. And for the average value of the debt to equity ratio of 67%, this means that for every rupiahekuitas the company will guarantee debt of Rs 670. The debt to equity ratio can be said to be in "good" condition.

Activity Ratio

Table 11. The results of the calculation of the average activity ratio at PT Sumber Alfaria Trijaya Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
FATO	12.15	13.38	12.45	13.14	13.45	12.91
TATO	3.01	3.04	2.92	3.09	3.15	3.04

Source: Processed data 2023

In table 11, the average fixed asset turnover is 1.291% or 12.91 times, which shows that the company can generate 12.91 times more revenue from total fixed assets. Asset turnover can be said to be "not good". The average value of total sales is 304% or 3.04 times, which shows that the company is able to generate revenue from its total fixed assets of 3.04 times. Total asset turnover can be said to be in "good" condition.

Table 12. Results of Average Activity Ratio Calculation at PT. Ace Hardware Indonesia Tbk, 2018-2022.

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
FATO	16.31	5.5	5.02	4.95	15.53	9.46
TATO	1.36	1.23	1.02	0.91	0.91	1.09

Source: Processed data

In table 12, the average turnover of fixed assets is 946%, which is 9.46 times, indicating that the company can generate revenue from total fixed assets of 9.46 times. Asset turnover can be said to be "not good". The average value of total revenue is 109% or 1.09 times which indicates that the company can only generate revenue from total fixed assets. Total asset turnover can be said to be "not good".

Table 13. Results of Average Activity Ratio Calculation at PT. Erajaya Swasembada Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
FATO	62.75	53.61	47.61	51.02	31.45	49.29
TATO	2.74	3.38	3.04	3.82	2.9	3.18

Source: Processed data 2023

In table 13, the average turnover of fixed assets is 4.929%, namely 49.29 times, which shows that the company can generate revenue from total fixed assets of 49.29 times. Asset turnover can be said to be "not good". The average value of total revenue is 318%, namely 3.18 times, which also shows that the company is able to generate revenue from total fixed assets. Total asset turnover can be said to be in "good" condition.

Table 14. Results of Average Activity Ratio Calculation at PT. Midi Utama Indonesia Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
FATO	6.7	7.46	3.6	3.81	7.27	5.77
TATO	2.16	2.33	2.14	2.14	2.26	2.21

Source: Processed data 2023

In table 14, the average fixed asset turnover is 577% or 5.77 times, which shows that the company can generate revenue from total fixed assets of 5.77 times. Asset turnover can be said to be "not good". The average value of total revenue is 221% or 2.21 times, which shows that the company can only generate revenue from its total fixed assets. Total asset turnover can be said to be "not good".

Table 15. Results of Average Activity Ratio Calculation at PT. MAP Aktif Adi Perkasa Tbk, Year 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
FATO	10.46	9.77	65.19	9.8	11.14	9.55
TATO	1.71	1.83	8.82	1.2	1.32	1.39

Source: Processed data 2023

In table 15, the average turnover of fixed assets is 955%, which is 9.55 times, indicating that the company can generate revenue from total fixed assets of 9.55 times. Asset turnover can be said to be "not good". The average value of total revenue is 139% or 1.39 times which indicates that the company can only generate revenue from total fixed assets. Total asset turnover can be said to be "not good".

Profitability Ratio

Table 16. Results of Average Calculation of Profitability Ratios at PT Sumber Alfaria Trijaya Tbk, 2018-2022

| Description | Year | | | | | Average Ratio |
	2018	2019	2020	2021	2022	
NPM	1%	1.56%	1.44%	2.34%	3%	1.87%
GPM	19.79%	19.94%	20.33%	20.82%	20.66%	20.31%
ROA	3.02%	4.75%	4.19%	7.23%	9.46%	5.73%
ROE	11.11%	16.54%	14.25%	22.12%	25.35%	17.87%

Source: Processed data 2023

In table 16, the average net profit margin is 1.87%, meaning that every Rp 1 that generates a profit of Rp 0.019 can be considered a "good" net profit margin. The average gross profit margin is 20.31%, which means that every Rp 1 generates a profit of Rp 0.203, which can be considered a "poor" gross margin. The average return on assets rate is 5.73%, which means that every Rp 1 can generate a net profit of Rp 0.057, the level of return on assets can be said to be in "good" condition. The average return on equity is 17.87%, meaning that every Rp 1 can generate a profit of Rp 0.179 from the available equity, ROE can be said to be in "good" condition.

Table 17. Results of the Average Calculation of Profitability Ratios at PT. Ace Hardware Indonesia Tbk, 2018-2022

| Description | Year | | | | | Average Ratio |
	2018	2019	2020	2021	2022	
NPM	13.48%	12.57%	9.87%	10.99%	10.19%	11.42%
GPM	47.56	47.74%	49.36%	49.1%	49.42%	48.64%
ROA	18.35%	15.41%	10.09%	10%	9.29%	12.63%
ROE	23.05%	21.89%	14%	13.04%	11.35%	16.67%

Source: Processed data 2023

In table 17, the average net profit margin is 11.42%, meaning that every Rp 1 generates a profit of Rp 0.114 which can be said to be a "good" net profit. The average gross profit margin is 48.64%, which means that every Rp 1 generates a profit of Rp 0.486 which can be considered a "good" gross profit margin. The average return on assets is 12.63%, which means that every Rp 1 can generate a net profit of Rp 0.126, which can be considered a "good" return on assets. The average return on equity is 16.67%, meaning that every Rp 1 can generate a profit of Rp 0.167 from the available equity, ROE can be said to be in "good" condition.

Table 18. The results of the calculation of the average profitability ratio at PT Erajaya Swasembada Tbk, 2018-2022

| Description | Year | | | | | Average Ratio |
	2018	2019	2020	2021	2022	
NPM	2.56%	0.99%	1.97%	2.57%	2.18%	2.05%
GPM	9.12%	8.65%	10%	11.06%	10.84%	9.93%
ROA	7.01%	3.34%	5.99%	9.83%	6.31%	6.5%
ROE	18.43%	6.54%	11.8%	17.3%	14.95%	13.8%

Source: Processed data 2023

In table 18, the average net margin is 2.05%, which means that every Rp that generates a profit of 0.021 can be considered a "good" net margin. The average gross profit margin is 9.93%, meaning that every Rp 1 that generates a profit of 0.099 can be considered a gross profit margin in "poor" condition. The average return on assets is 6.5%, which means that every Rp 1 can generate a net profit of Rp 0.065 which can be considered a return on assets in "good" condition. The average return on equity is 13.8%, which means that every Rp 1 can generate a profit of Rp 0.138 from the available equity, ROE can be said to be in "good" condition.

Table 19. Results of the Average Calculation of Profitability Ratios at PT. Midi Utama Indonesia Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
NPM	1.49%	1.75%	1.58%	2.03%	2.55%	1.88%
GPM	25.03%	25.03%	24.89%	25.19%	25.3%	25.09%
ROA	3.21%	4.07%	3.38%	4.34%	5.78%	4.16%
ROE	14.73%	16.63%	14.32%	17.03%	20.09%	16.56%

Source: Processed data 2023

In table 19, the average net profit margin is 1.88%, meaning that every Rp 1 that generates a profit of Rp 0.019 can be considered a "good" net profit margin. The average gross profit margin is 25.09% which means that every Rp 1 generates a profit of Rp 0.251 which can be considered a "poor" gross profit margin. The average return on assets is 4.16%, which means that for every Rp 1 net profit, Rp 0.416 can be obtained, which can be said to be ROA in "good" condition. The average return on equity is 16.56%, which means that every Rp 1 can generate a profit of Rp 0.166 from the available equity, ROE can be said to be in "good" condition.

Table 20. Results of the Average Calculation of Profitability Ratios at PT. MAP Aktif Adi Perkasa Tbk, 2018-2022

Description	Year					Average Ratio
	2018	2019	2020	2021	2022	
NPM	5.66%	9.22%	0.01%	3.5%	11.97%	6.09%
GPM	45.28%	44.71%	4.03%	40.41%	47.85%	43.65%
ROA	9.69%	16.89%	0.08%	4.21%	15.78%	9.33%
ROE	15.13%	22.77%	0.15%	6.93%	39.79%	16.95%

Source: Processed data 2023

In table 20, the average net profit margin is 6.09%, meaning that every Rp 1 generates a profit of Rp 0.061, which can be said to be a "good" net profit. The average gross profit margin is 43.65%, which means that every Rp 1 generates a profit of Rp 0.437, which can be considered a "good" gross profit margin. The average return on assets is 9.33%, which means that every Rp 1 can generate a net profit of Rp 0.093. ROA can be said to be in "good" status. The average return on equity is 16.95%, meaning that every Rp 1 can generate a profit of Rp 0.17 from the available equity, ROE can be said to be in a "good" state.

Conclusion

Liquidity Ratio

Based on the results of the calculation of the liquidity ratio for the 2018-2022 period, of the seven companies that are able to pay their short-term debt, only PT. Ace hardware Indonesia because it is above the industry average.

Solvency Ratio

Based on the results of the calculation of Debt Asset To Ratio and Debt Equity To Ratio for the period 2018-2022, the seven companies are able to pay their debts because they are below the industry average.

Activity Ratio

Based on the results of the calculation of the fixed asset turnover ratio for the period 2018-2022, all seven companies can be said to be not good at using their fixed assets to generate sales because they are below the industry average FATO.

Based on the results of the calculation of the total asset turnover ratio for the period 2018-2022, all seven companies, only PT Sumber Alfaria Trijaya and PT Ace Hardware Indonesia, which can be said to be good at using their fixed assets in generating sales because they are above the TATO industry average.

Profitability Ratio

Based on the results of the calculation of Net profit margin for the period 2018-2022, companies that are good at using their fixed assets to generate sales are the seven companies.

Based on the results of the calculation of Gross profit margin for the period 2018-2022, it shows that the company's ability can be said to be good in the percentage of gross profit to revenue generated from sales, namely PT MAP Aktif Adi Perkasa and PT Midi Utama Indonesia because they are above the industry average.

Based on the results of the calculation of Return On Asset and Return On Equity for the period 2018-2022, the seven companies are above the industry average, this shows that the seven companies are good at increasing the profitability of their investment funds.

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