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COMPARATIVE ANALYSIS OF FINANCIAL PERFORMANCE BASED ON LIQUIDITY RATIO AND PROFITABILITY RATIO

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Abstract
This study aims to analyze the comparison of financial performance based on liquidity and profitability ratios. This research uses the Quantitative Descriptive method, namely by collecting, processing, analyzing and presenting data descriptively with samples of financial statements of PT. Indofood Sukses Makmur, Tbk (INDF) and PT. Mayora, Tbk (MYOR) in 2021-2022. From the analysis we have done, INDF and MYOR have no difficulty in paying off their short-term debt obligations. Profitability ratio of PT. Indofood Sukses Makmur, Tbk in 2020 to 2021 decreased and PT Mayora, Tbk in 2020 to 2021 increased, and in the calculation of ROA and ROE at PT. Indofood Sukses Makmur, Tbk showed a decrease in 2021–2022 while PT Mayora, Tbk experienced an increase. This means that there is an increase in management performance of PT Mayora, Tbk but there needs to be an increase in management performance at PT Indofood Sukses Makmur Tbk.

Keywords: Financial Performance, Liquidity Ratio, Profitability Ratio

1. Introduction

The food and beverage industry are one of the main sectors in the global economy. In Indonesia, two companies that hold important positions in this sector are PT Indofood Sukses Makmur Tbk and PT Mayora Indah Tbk. These two companies have long been major players in the food and beverage industry, and their financial performance has a significant impact on the national economy. Therefore, a comparative analysis of the financial performance of these two companies is very important to understand the development of this sector and its impact on the Indonesian economy.

A company's financial statements are the center of information between the company and parties outside the company (Mustika &; Farikhah, 2021). Financial statements are reports that show the company's financial condition at the moment or in a certain period (Kasmir, 2017). Financial statements can be used as a tool to communicate company financial data or company activities to various parties who have interests as a result of the accounting process. The purpose of financial statement disclosure is intended so that parties outside the company get an idea of the prospects and results of the performance of companies that sell their shares to the public, so that the public can consider it in making decisions to buy or lend money to the company. The Indonesia Stock Exchange (IDX) is a company that provides facilities for parties who buy and sell securities. This research was conducted on food and beverage sub-sector companies whose shares are listed on the Indonesia Stock Exchange (IDX) which can be accessed through the www.idx.co.id website .

Some financial ratios that can be used to measure the ability of financial performance include liquidity ratios, activity ratios and profitability ratios. According to Hani (2015),

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liquidity is the ability of a company to meet all financial obligations that can be immediately disbursed or that are due. This ratio compares short-term liabilities with short-term resources (current assets) that are willing to meet those short-term obligations. Liquidity is not only concerned with the overall state of the company's finances, but also relates to the ability to convert current assets into cash. Commonly used liquidity ratios are current ratio, inventory ratio to net working capital, cash ratio and cash ratio.

2. Theoretical Background

2.1 Financial Performance Analysis.

Financial statements are an important source of information in decision making. So that in analyzing financial statements need to be done carefully. Kariyoto (2017) states financial analysis as a selection, evaluation and interpretation of financial data, as well as linking with other information intended to help make investment and financial decisions. Financial statement analysis can also be interpreted as a process with full consideration with the aim of evaluating the company's financial position and activities in the past and present so that it can be used to estimate the most likely condition and performance of the company in the future. (Kariyoto, 2020).

2.2 Financial Ratio Analysis

According to Martono and Harjito (2014), the widely used financial statement analysis is the analysis of financial ratios. The definition of financial ratios according to Harahap (2015) is a number obtained from the results of comparison of one financial statement item with another item that has a relevant and significant (meaningful) relationship. For example, between debt and capital, between cash and total assets, between cost of goods produced and total sales, and so on. According to Jumingan (2014), ratios in financial statement analysis are numbers that show the relationship between one element and other elements in financial statements. The relationship between the elements of the financial statements is expressed in a simple mathematical form.

2.3 Liquidity Ratio

The liquidity ratio is a ratio that describes the company's ability to meet short-term obligations at maturity using available current assets. The liquidity ratio consists of:

a) Current Ratio

This ratio is to measure the company's ability to pay short-term obligations.

$$\text{Current Ratio } = \frac{\text{Aktiva Lancar}}{\text{Utang Lancar}} \text{x } 100\%$$

b) Quick Ratio

Inventory is an element of current assets with the lowest level of liquidity, often experiences price fluctuations, and often incurs losses in the event of liquidation. Therefore, in the calculation of the liquid ratio (quick ratio), the value of inventory is excluded from current assets.

$$\text{Quick Ratio} = \text{x } 100\% \frac{\text{Aktiva Lancar} - \text{Persediaan}}{\text{Hutang Lancar}}$$

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2.4 Profitability Ratio

This ratio measures a company's ability to generate profits (profitability) at a certain level of sales, assets and share capital. These ratios include:

a) Profit Margin (PM)

According to Riyanto, (2013) profit margin is a ratio used to measure the margin of return on sales. This ratio will describe the company's net income based on total net sales.

$$PM\% = \frac{\text{Laba Bersih}}{\text{Penjualan}} \text{x } 100$$

b) Return on Equity (ROE)

Return on equity is the company's ability to use its capital to earn profits. The formula used to calculate the magnitude of ROE is as follows (Brigham and Houston, 2006)

$$ROE = \frac{\text{Laba Bersih}}{\text{Ekuitas}} \text{x } 100\%$$

c) Return On Assets

Return on Assets (ROA) is a company's profitability ratio measured by comparing net income with total company assets, to measure the effectiveness of using company assets, it can be formulated as follows (Brigham and Houston, 2006: 115):

$$\text{Return on asset} = \%\frac{\text{Laba bersih setelah pajak}}{\text{Total Aktiva}} \text{x100}$$

3. Methods

Research methods that can be used in this study include Descriptive Analysis Methods with quantitative approaches to collect relevant financial data from the financial statements of both companies, especially data related to liquidity and profitability. Then, financial ratios such as Current Ratio, Quick Ratio, Return on Assets (ROA), Return on Equity (ROE), and others will be calculated and compared between the two companies for the period of 2021 and the period of 2022 and related to theoretical studies and other references related to values, cultures and norms that develop in social situations studied using the Literature Method which will not be separated from scientific literature.

3.1 Object and Subject of Research

The object in this study is financial performance measured using liquidity and profitability ratios. The subjects in this study are companies PT Indofood Sukses Makmur Tbk and PT Mayora Indah Tbk. Both companies are engaged in food and beverages listed on the IDX.

3.2 Data Types and Sources

The type of data used in this study is secondary data. The secondary form of data used is the financial statements of PT Mayora Indah Tbk and PT Indofood Sukses Makmur Tbk, namely the balance sheet statement, income statement, capital change statement, cash flow statement and other information statements in 2021 and 2022 obtained from the Indonesia Stock Exchange (IDX) website.

4. Results and Discussion

4.1 Liquidity Ratio

Liquidity Ratio is closely related to the ability of a company, to finance its short-term obligations or debts, which mature immediately and be paid immediately. The company can be said to be liquid, if the company has the ability to fulfill its obligations. The ratios used are:

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4.1.1 Current Ratio

Current Ratio is a ratio that measures the ability of a company's current assets to meet its short-term liabilities. Condition: RL 100%≥

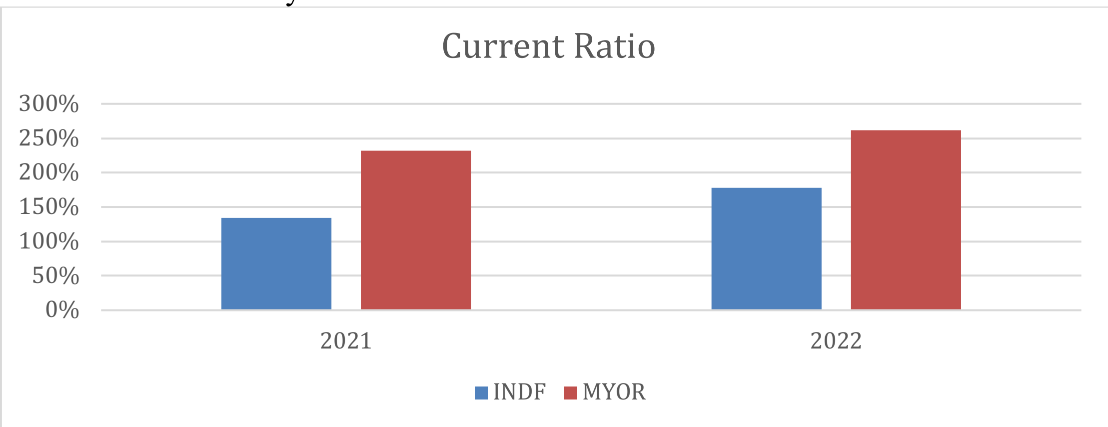
INDF: $2021 = 134\ \% \frac{54.183.399}{40.403.404} \text{ x } 100\%$

$2022 = 178\% \frac{54.876.668}{30.725.942} \text{ x } 100\%$

MYOR: $2021 = 232\ \% = \frac{12.969.783.874.643}{5.570.773.468.770} \text{ x } 100\%$

$2022 = 262\% \frac{14.772.623.976.128}{5.636.627.301.308} \text{ x } 100\%$

From these calculations, it can be concluded that in 2021 and 2022, the company's finances have the ability to cover its short-term debt.



Based on the results of the comparison in the table and graph above, we can see that the current ratio of INDF and MYOR both has increased, INDF increased by 44% from 2021-2022, while MYOR increased by 30% from 2021-2022. In 2021, the highest current ratio was owned by MYOR, which was 232%, and in 2022, the highest current ratio was still held by MYOR, which was 262%, however, the two manufacturing companies were still said to be liquid because according to the **Provisions: RL** ≥ 100% where a company is said to have the ability to pay off its short-term debt, if the ratio is more than 100%, INDF and MYOR are companies that have the ability to pay off long-term debts In short, because their current ratio value is 100%. ≥

4.1.2 Quick Ratio

Quick ratios are used to measure a company's ability to use current assets without inventory to pay its short-term debt. If this ratio is less than 100%, it is considered that the company is less liquid.

INDF: $2021 = \frac{54.183.399 - 12.683.836}{40.403.404} \text{ x } 100\% = 102\%$

$2022 = \frac{54.876.668 - 16.517.373}{30.725.942} \text{ x } 100\% = 124\%$

MYOR: $2021 = \frac{12.969.783.874.643 - 3.034.214.212.009}{5.570.773.468.770} \text{ x } 100\% = 178\%$

$2022 = \text{ x } 100\% = 193\% \frac{14.772.623.976.128 - 3.870.496.137.257}{5.636.627.301.306}$

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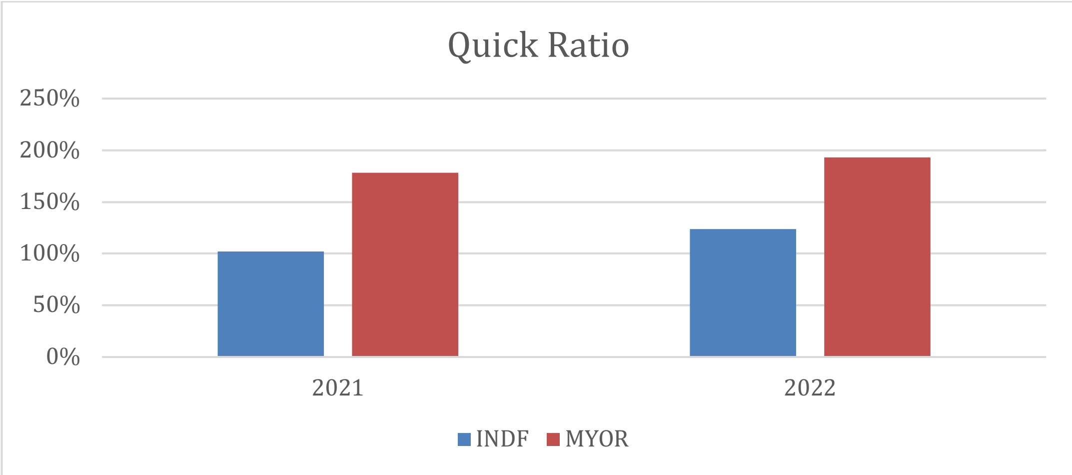


Based on the calculation above, the INDF fast ratio in 2021-2022 increased by 22% as well as the MYOR fast ratio in 2021-2022 increased by 15%. The two companies had almost equal rapid ratio increases. Based on the results of the calculation comparison above, it can be concluded that INDF and MYOR have no difficulty in repaying their short-term debt obligations. Both companies experienced an increase in ratio figures from 2021-2022.

4.2 Profitability Ratio

The profitability ratio is a comparison ratio to determine the company's ability to earn profits (profit) of revenue (earning) related to sales, assets, and equity on the basis of certain measurements. The profitability ratio is usually assessed by investors to assess investment profits and the amount of company profits to assess a company's ability to pay debts to creditors based on the level of use of assets and other resources.

4.2.1 Profit Margin Ratio

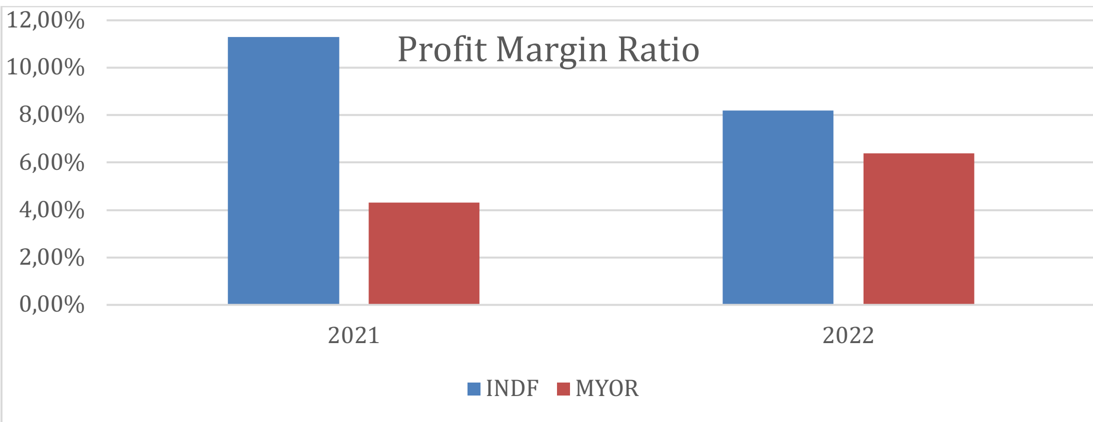
Profit margin is a profitability ratio to assess the percentage of net profit earned after deducting taxes to income earned from sales.

INDF: $2021 = \frac{11.229.695}{99.345.618} \text{ x } 100\% = 11.3\%$

$2022 = \frac{9.192.569}{110.830.272} \text{ x } 100\% = 8.2\%$

MYOR: $2021 = \frac{1.211.052.647.953}{27.904.558.322.183} \text{ x } 100\% = 4.3\%$

$2022 = \frac{1.970.664.538.149}{30.669.405.967.404} \text{ x } 100\% = 6.4\%$



From the data above, it shows that the percentage of profit obtained from INDF in 2021 was 11.3%, but in 2022 it decreased by 3.1% to 8.2%. Meanwhile, MYOR recorded an increase in profit in 2022 by 2.1% to 6.4% compared to 2021 which was only 4.3%.

4.2.2 Return on Asset Ratio (ROA)

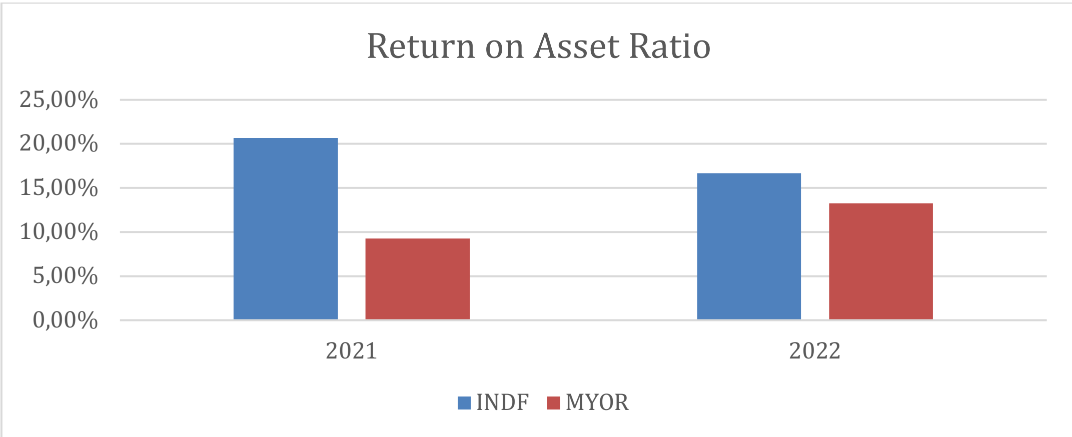
This ratio is used to determine the ability of the company/debtor to generate profits by using all assets owned.

INDF: $2021 = \% \frac{11.929.695}{54.183.399} \text{ x } 100 = 20.7\%$

$2022 = \% \frac{9.192.659}{54.876.668} \text{ x } 100 = 16.7\%$

MYOR: $2021 = \% \frac{1.211.052.647.953}{12.969.783.874.643} \text{ x } 100 = 9.3\%$

$2022 = \% \frac{1.970.064.538.149}{14.772.623.976.128} \text{ x } 100 = 13.3\%$



From the data above, it shows that the Return on assets obtained from INDF in 2021 was 20.7%, but in 2022 it decreased by 4% to 16.7%. Meanwhile, MYOR recorded an increase in return on assets in 2022 by 4% to 13.3% compared to 2021 which was only 9.3%.

4.2.3 Return On Equity (ROE)

This ratio is used to determine the company/debtor in generating profits based on certain capital.

INDF: $2021 = \frac{11.229.695}{878.043} \text{ x } 100\% = 1.278\%$

$2022 = \frac{9.192.569}{878.043} \text{ x } 100\% = 1.046\%$

MYOR: $2021 = \frac{1.211.052.647.953}{447.173.994.500} \text{ x } 100\% = 270\%$

$2022 = \frac{1.970.064.538.149}{447.173.994.500} \text{ x } 100\% = 440\%$

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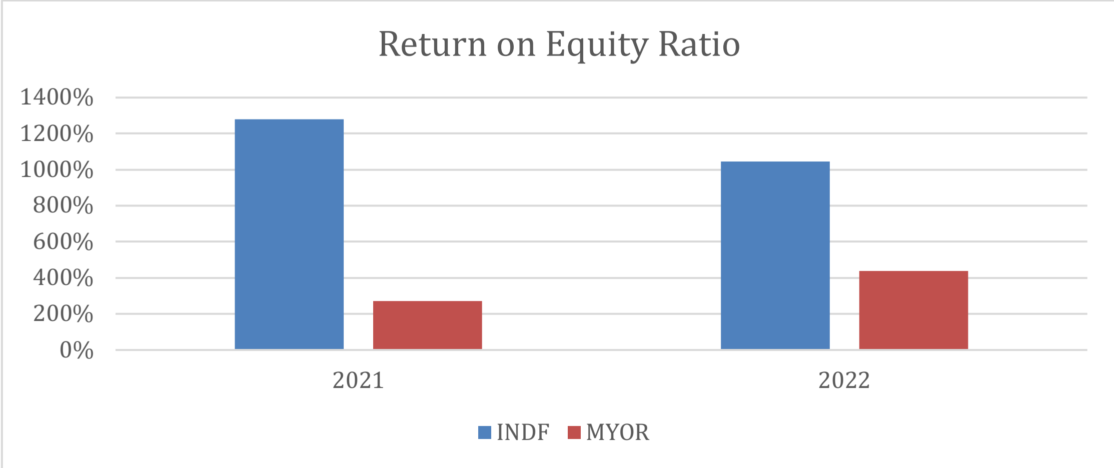

From the data above, it shows that the Return on Equity of these two companies is quite high. The return on equity obtained from INDF in 2021 was 1,278%, but in 2022 it decreased by 232% to 1,046%. Meanwhile, MYOR recorded an increase in return on equity in 2022 by 170% to 440% compared to 2021 which was only 270%.

5. Conclusion

PT. Indofood Suksek Makmur, Tbk and PT. Mayora Indah, Tbk can find out the level of Liquidity Ratio using the company's Current Ratio shows that the company is liquid in 2021 and 2022 and has increased in the ability to pay short-term debts. The Quick Ratio of PT Mayora Indah Tbk and PT Indofood Sukses Makmur Tbk is liquid and increased from 2021-2022.

PT Indofood Sukses Makmur Tbk experienced a decrease in the Profitability Ratio in 2021 and 2022, while PT Mayora Indah Tbk is known to have increased in the Profitability Ratio as seen from the Profit Margin Ratio in 2021 and 2022.

PT Indofood Sukses Makmur Tbk experienced a decrease in the rate of return on assets in 2021 and 2022 which showed a decrease in the company's ability to utilize assets to obtain profits and measure total results for all creditors and shareholders as a source of funds while the rate of return on assets of PT Mayora Tbk in 2021 and 2022 increased.

PT Indofood Sukses Makmur Tbk experienced a decrease in the rate of return on equity in 2021 and 2022 while the rate of return on equity of PT Mayora Tbk in 2021 and 2022 experienced an increase which showed that PT Mayora Tbk within 1 year experienced an increase in generating net profit against its own capital.

PT. Indofood Sukses Makmur Tbk and PT. Mayora Tbk must maintain the company's ability to pay its current debts with current assets in order to remain liquid for years to come. For both companies, especially PT. Indofood Sukses Makmur Tbk needs to make efforts to improve management performance in maximizing the use of assets, debt, and capital owned so that it can increase sales and profits in order to obtain good financial performance, and be able to compete with other companies in their fields. Researchers are then able to compare financial performance with more periods and also add ratios that have not been used in this study.

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