ANALYSIS OF FACTORS TO ASSESS THE FINANCIAL PERFORMANCE OF INDUSTRIAL COMPANIES

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ABSTRACT
The title of this research is Factor Analysis to assess Financial Performance Industrial Company. This research aims to analyze Company Financial Reports for 2018-2021 . Using the purposive sampling method, a sample of 1 company was obtained , namely PT Multi Bintang Indonesia Tbk . The data analysis technique used is descriptive statistics . Conclusion of research results: The results of the financial performance analysis at PT Multi Bintang Indonesia Tbk in 2018-2021 using financial ratio assessments show that the company's financial condition is in a poor condition. This is proven by the company being unable to pay off debts to external parties and the analysis results do not meet general industry average standards.
KEYWORDS: Liquidity Ratio, Solvency Ratio, Profitability Ratio, Activity Ratio ; Financial performance

INTRODUCTION

Financial performance is an analysis carried out to see the extent to which the company has implemented financial implementation rules properly and correctly. One way that companies can assess financial performance is by analyzing financial reports. (Shofwatun, Kosasih and Megawati, 2021)

The financial performance of a company is a description of the activities carried out by the company to achieve business goals over a certain period of time and as a reference material to determine the extent to which the company has achieved its achievement targets in order to maintain its stability. Financial performance assessment includes determining operational, organizational and employee effectiveness based on targets, standards and criteria that have been previously established periodically . Financial performance assessment can measure the level of costs of various activities carried out by the company, to determine or measure the efficiency of each part, process or production as well as to determine the degree of profit that can be achieved by the company concerned , to assess and measure the results of work for each individual sections that have been given authority and responsibility, as well as to determine whether or not new policies or procedures need to be used to achieve better performance .

Financial performance in Indonesia is currently recovering due to the Covid-19 pandemic which began in 2019 in its home country, China. Meanwhile, Covid-19 entered Indonesia in March 2020. Almost all industries in Indonesia are recovering their performance. financial results with different results ranging from poor performance to good performance . What companies must do is increase profits and balance this with the efficiency of costs that must be incurred, so that apart from increasing profits, savings on operational costs will have the impact of increasing profits themselves. (Dewa and Sunrowiyati, 2016)

Based on the description and problems above, the researcher conducted research with the title " Factor Analysis to assess the Financial Performance of Industrial Companies".

RESEARCH METHODS

The data collection method used in this research is a documentation study, which is carried out by obtaining theoretical data . The population in this research is the financial report of the company PT. Multi

Bintang Indonesia. This research uses a sampling technique using a purposive sampling method with the aim of obtaining samples in accordance with the research objectives and research criteria

The method used in this research uses one of the financial analysis methods used as an indicator for assessing financial performance, consisting of:

1. Liquidity Ratio

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}} \times 100\%$$

$$\text{Quick ratio} = \frac{\text{Current assets} - \text{inventory}}{\text{Current liabilities}} \times 100\%$$

$$\text{Cash ratio} = \frac{\text{Cash + Cash equivalents}}{\text{Current liabilities}} \times 100\%$$

2. Profitability Ratio

$$\text{Profit Margin Ratio} = \frac{\text{Net profit}}{\text{Sale}} \times 100\%$$

$$\text{Return on investment} = \frac{\text{Net profit}}{\text{Total assets}} \times 100\%$$

$$\text{Debt to Equity Ratio} = \frac{\text{Amount of debt}}{\text{Capital}} \times 100\%$$

3. Solvency Ratio

$$\text{Debt to Asset} = \frac{\text{Total debt}}{\text{Total assets}} \times 100\%$$

$$\text{Debt to Equity Ratio} = \frac{\text{Amount of debt}}{\text{Capital}} \times 100\%$$

4. Activity Ratio

$$\text{Total assets turnover} = \frac{\text{Sales}}{\text{Total assets}}$$

$$\text{Receivable turnover} = \frac{\text{Sales}}{\text{Account receivable}}$$

RESEARCH RESULT

A. Research result

1. Liquidity Ratio

The liquidity ratio is a ratio that shows a company's ability to fulfill its obligations or pay short-term debt. This ratio can be used to measure how liquid a company is. If the company is able to fulfill its obligations, it means the company is liquid, whereas if the company is unable to fulfill its obligations, it means the company is illiquid. .

a. Current Ratio

Table 1.

Current Ratio Calculation for 2018-2021

Year	Current asset	Short Term Debt	Current Ratio
2018	1,228,961	1,578,919	77.8%
2019	1,174,555	1,939,261	60.5%
2020	1,407,707	1,641,080	85.7%
2021	2,302,223	2,620,466	87.8%

Source: Data processed

Liquidity Ratio Analysis in this research uses the current ratio which can be seen in Table 1, it is explained that the current ratio of PT. Multi Bintang Indonesia in 2018 was 77.8%. This means that every Rp. 1 of the company's current debt is guaranteed by Rp. 0.77, the company's current assets. In 2019 the current ratio of PT. Multi Bintang Indonesia at 60.5%. This means that every Rp. 1 of the company's current debt is guaranteed by Rp. 0.60 of the company's current assets. In 2020 the current ratio of PT. Multi Bintang Indonesia was 85.7%. This means that every Rp. 1 of the company's current debt is guaranteed by Rp. 0.85, the company's current assets. In 2021 PT's current ratio . Multi Bintang Indonesia was 87.8%. This means that every Rp. 1 of the company's current debt is guaranteed by Rp. 0.87 of the company's current assets.

b. Quick Ratio

Table 2.

Quick Ratio Calculation for 2018-2021

Year	Current Assets-Inventory	Short Term Debt	Quick Ratio
2018	1,056,744	1,578,919	66.9%
2019	939,959	1,939,261	48.4%
2020	1,215,123	1,641,080	74.0%
2021	2,093,899	2,620,466	79.9%

Source: Data processed

From the results obtained, all quick ratios are below 100% to guarantee short-term debt. This shows that the Cash Ratio is in a bad condition.

Table 3.

Cash Ratio Calculation for 2018-2021

Year	Cash-Cash Equivalents	Short Term Debt	Cash Ratio
2018	307,896	1,578,919	19.5%
2019	266,347	1,939,261	0.1%
2020	633,253	1,641,080	47.3%
2021	638,197	2,620,466	24.3%

Source: Data processed

The value obtained from 2018-2021 still shows the company's inability to guarantee current debt with the cash it has, because the standard ratio is below 100% to pay off short-term debt.

2. Profitability Ratio

The solvency ratio is a ratio used to measure the extent to which a company's assets are financed from debt. This means how much debt the company bears compared to its assets. In a broad sense, it is said that this ratio is used to measure the company's ability to pay all its obligations, both short and long term. long if the company is dissolved (liquidated)

a. Profit Margin Ratio

Table 4.

Calculation of Profit Margin Ratio for 2018-2021

Year	Net profit	Sale	Profit Profit Margin
2018	799,068	2,463,744	33.2%

2019	757,991	2,405,839	30.7%
2020	288,690	1,989,009	14.5%
2021	665,682	2,437,681	47.3%

Source: Data processed

From the results of the debt to capital calculation that has been carried out above, the results are as follows: This is the ratio used to measure net profit and then compared with sales volume. The ability to generate the lowest fluctuating net profit is demonstrated by the ability to generate the smallest net profit in 2020, compared to other years.

b. Return on Investment (ROI)

Table 5.

ROI Calculation for 2018-2021

Year	Net profit	Total assets	Return On Investment
2018	799,068	2,890,271	27.6%
2019	757,991	2,889,501	26.2%
2020	288,690	2,907,425	9.92%
2021	665,682	2,922,017	22.7%

Source: Data processed

Based on the calculation assessment (ROI) above,: Return on Investment (ROI) experiences fluctuations of increase and decrease. It is known that the highest ROI for the Multi Bintang company occurred in 2018, namely 27.6%, while the lowest ROI occurred in 2020, namely 9.92%. So it can be concluded that the company is categorized as being in poor condition because the value produced is not optimal according to the company's industry standards.

c. Return on Equity (ROE)

Table 6 .

ROE Calculation for 2018-2021

Year	Net profit	Capital	Return On Equity
2018	799,068	1,167,068	68.4%
2019	757,991	1,146,007	66.1%
2020	288,690	1,433,406	20.1%
2021	665,682	1,099,157	59.6%

Source: Data processed

From the ROE assessment of PT. Multi Bintang Indonesia above means: the ratio of net profit after tax to company capital has decreased every year. So it can be concluded that, in calculating this ratio the company is not performing well.

3. Solvency Ratio

The solvency ratio or leverage ratio is a financial ratio that measures a company's ability to fulfill its long-term obligations such as interest payments on debt, final principal payments on debt and other fixed obligations. Long-term debt is usually defined as payment obligations that are due in more than one year.

To find out the solvency level of PT. Multi Bintang Indonesia Tbk can make calculations based on data in the financial statements as follows.

a. Debt to Asset Ratio

Table 7.

Debt to Asset calculation results for 2018-2021

Year	Total Amoun of debt	Total assets	Debt to Assets
2018	1,721,965	2,889,501	59.5%
2019	1,750,943	2,896,950	60.4%
2020	1,474,019	2,907,425	50.6%
2021	1,822,860	2,922,017	62.3%

Source: Data processed

From the results of the calculations above, it can be seen that this company is in a fluctuating condition, because the total assets to debt shows that the ratio from year to year goes up and down. The decreasing ratio in 2020 was 50.6%, then the increasing ratio in 2021 was 62.3%

b. Debt to Equity Ratio

Table 8.

Debt to Equity calculation results for 2018-2021

Year	Amount of Debt	Capital	Debt to Equity
2018	1,721,965	1,167,536	147.4%
2019	1,750,943	1,146,007	152.9%
2020	1,474,019	1,433,406	102.8%
2021	1,822,860	1,099,157	165.8%

Source: Data processed

From the results of the debt to capital calculations carried out above, the following results are shown: The results of the above calculations show that the debt to capital value ranges from 16% to 23%, this shows that the high debt is paid for with own capital.

4. Activity Ratio

This ratio is a ratio used to measure a company's effectiveness in using the assets it owns. Or it could also be said that this ratio is used to measure the level of efficiency (effectiveness) in utilizing company resources.

a. Total Assets Turnover

Table 9.

Assets Turnover calculation results for 2018-2021

Year	Sale	Total assets	%
2018	2,405,839	2,890,271	83%

2019	2,463,744	2,889,501	85%
2020	1,985,009	2,907,425	68%
2021	2,473,681	2,922,017	84%

Source: Data processed

From the results of the debt to capital calculation that has been carried out above, the results are as follows: These values are considered high because the proceeds from sales are low and current assets are also low. So the debt that must be borne is quite high.

b. Receivable Turnover

Table 10.

Receivable Turnover calculation results for 2018-2021

Year	Sale	Account receivable	%
2018	2,405,839	605,643	3.97%
2019	2,463,744	860,651	2.86%
2020	1,985,009	336,773	5.89%
2021	2,473,681	329,199	7.51%

Source: Data processed

Based on the calculation results above, it shows that the turnover of receivables from the Company PT. Multi Bintang Indonesia Tbk has experienced an increase over the last 4 years. In 2018, the receivables turnover achieved by the company was 3.97%, which means that the funds embedded in receivables rotated 3.97 times a year, while in 2019 the receivables turnover achieved by the company was 2.86%, which means that the funds embedded in receivables rotated 2.86%. times a year. In 2020, the receivables turnover achieved by the company was 5.89%, which means that the funds embedded in receivables rotate 5.89 times a year, while in 2021 the receivables turnover achieved by the company was 7.51%, which means that the funds embedded in receivables rotated. 7.51 times a year.

DISCUSSION

1. Liquidity Ratio

From the results obtained, the liquidity ratio shows that the situation is still unsafe, because the company is still unable to cover all its short-term liabilities with the current assets it has, because the value obtained is still below 100% or not 1:1. The overall average for the liquidity ratio can be said to be illiquid, because the cash ratio, current ratio and quick ratio values are below industry standards.

2. Profitability Ratio

In this ratio, the results obtained are less favorable or the percentage obtained is still very small compared to all the assets owned. Let's just say that in 2020 the net profit margin post shows a value of only 14.5% and this is still decreasing every year. So companies must pay attention to this because company profitability is very influential on the sustainability of a company itself.

3. Solvency Ratio

Regarding the debt to capital ratio, the company's situation is very worrying. This can be seen in the ratio value experienced by the company, which ranges from 147.48% to 165.84%. The higher the value of this ratio, the worse the company's performance. The value of 147.48% occurred in 2018, then increased to 152.91% in 2019. This means that in 2020 the company's capital will no longer be sufficient to guarantee the debt given by creditors. This is also what the company experienced in mid-2021. This is not very good for the company's situation. For this reason, the company is in an insolvable position , namely a situation where the company's ability to pay its debts on time is in a problematic position and even tends to not be on time.

4. Activity Ratio

The larger this ratio, the worse it will be. Every year this company experiences an increase, this means that the company works efficiently and liquidly . Overall, the activity ratio is basically said to be in good condition. This can be seen in the four activity ratios showing an increase every year.

CONCLUSION

Based on the results of the researchers " Factor Analysis to assess Financial Performance which has been described previously, the following conclusions can be drawn regarding the problem:

1. Liquidity Ratio
   Calculation of the liquidity ratio from 2018 to 2021 shows that the company's liquidity performance can be said to be unsatisfactory. Because from 2018 to 2021 the company was unable to guarantee all of its current or short-term liabilities using the company's current assets.
2. Solvency Ratio
   Calculation of the solvency ratio from 2018 to 2021 shows that this ratio is still in good condition although the results of this ratio are a little worrying, where the percentage gain is not considered high. But in this case the company is still able to guarantee its long-term debt with its current assets.
3. Profitability Ratio
   The calculation of the profitability ratio from 2018 to 2021 shows that the profitability performance is still not very satisfactory, because this ratio is relatively low and it can be concluded that the company's profit is still not optimal.
4. Activity Ratio
   The activity ratio calculation from 2018 to 2021 shows that the activity ratio calculation for these four years is still relatively slow, this can be seen from the capital and assets owned

   the company is unable to increase profitability or company profit.

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