COMPANY FINANCIAL PERFORMANCE: AN EXAMINATION OF FINANCIAL RATIOS AT PT. PELNI BAUBAU BRANCH

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A B S T R A C T

The purpose of this study is to determine the financial ratios in measuring the financial performance of PT Pelni Baubau Branch in accordance with industry standards. The data source technique used, namely documentation and literature study used for this study is quantitative and uses financial ratio analysis such as liquidity, solvency, activity, and profitability. The study results show that: 1) The financial performance of PT Pelni Baubau Branch in 2019-2023 is not good as measured using liquidity ratio analysis, namely the current ratio. This shows that the company has difficulty in meeting its current debt with available current assets. 2) The financial performance of PT Pelni Baubau Branch in 2019-2023 is good as measured using the solvency ratio analysis, namely the debt to equity ratio. This shows that the company has a very conservative capital structure and is mostly financed by equity rather than debt. 3) The financial performance of PT Pelni Baubau Branch in 2019-2023 is not good as measured using the activity ratio analysis, namely total assets turnover. This shows that the company is less likely to generate sales based on fixed assets owned. 4) The financial performance of PT Pelni Baubau Branch in 2019-2023 is not good as measured using profitability analysis, namely return on equity. This shows an increase in total equity that is greater than the previous year, but is unable to generate the highest company profits.

INTRODUCTION

Indonesia is an archipelago with more water than land. For a long time, the country has utilised its abundant marine resources both from the sea and from its land. In addition to its natural potential, the sea also has many other benefits storing additional potential, namely as a means of transport. This has fuelled the spirit to build sea lanes for prosperity (C.L.T, 2015). Law No. 19 Year 2003 on State-Owned Enterprises (hereinafter referred to as the SOE Law) regulates SOEs. This law provides a definition of SOEs. SOEs are defined as business entities in which all or most of the capital is owned by the state through direct participation of separated state assets, according to Article 1 point 1 of the SOE Law (Yunus & Simamora, 2021). One of the multinational companies PT Pelayaran Nasional Indonesia (Persero) is providing sea transport that transports passengers and goods between islands. The company experiences intense competition when doing business. Company management competes with each other in business because of this competition which results in pressure on the company to constantly improve the quality of its products, both goods and services to better satisfy customers (C.L.T, 2015). Munawir (2010) states that one of the bases for assessing the company's financial condition is financial performance carried out through financial ratio analysis. Interested companies really need the results of measuring the company's financial performance to evaluate the state of the company and the company in carrying out business success in running its operations (Winarno, 2019). The financial performance of a company can not only be seen from the financial statements, but must be followed by an assessment of financial ratios so that an analysis is needed that aims to encourage the company to improve its performance. The following is PT PELNI's financial data for the last 5 years.

Table 1. Financial Statements

Year	Description			
	Sales	**Profit**	**Assets**	**Equity**
2018	4.593.313	(26.455)	6.583.657	5.812.435
2019	5.544.230	178.291	7.061.282	6.026.073
2020	4.167.428	(14.331)	7.253.039	6.380.595

2021	4.330.266	(13.023)	7.416.741	6.423.235
2022	4.906.600	106.030	7.713.978	6.685.825

Source: PT PELNI

The data in the table above shows that PT PELNI's sales data from 2018 to 2019 shows an increase, but from 2020 to 2022 it has increased. PT PELNI's profit revenue has increased from 2018 to 2019, but from 2020 to 2021 it has decreased and experienced development again in 2022. Assets from 2018 to 2022 experienced significant progress. The company's equity is proportional to assets which have increased from 2018 to 2022. From what is mentioned above, you want to know how PT PELNI's ability to manage its finances after the financial statements. Thus the purpose of this study is to identify, analyse, and provide an explanation of the financial performance of PT Pelni Baubau Branch as seen from the liquidity ratio, solvency ratio, activity ratio and profitability ratio. Financial performance is one of the things that is very important for business continuity internally and externally. Reports showing the financial performance of a company convey information about the company to outsiders. The company's financial performance is the result or achievement that has been achieved by the company's management while carrying out its function to manage its assets properly within a certain period of time (Nugroho & Sunarya, 2024). Basically, the financial performance standards of each company are different, financial performance has industry standards, namely (Felia Eka Srilestari et al., 2020): The liquidity ratio, namely the current ratio, has an industry standard of 200% or 2 times. The solvency ratio, namely the debt to equity ratio, has an industry standard of 90%. The activity ratio, namely total assets turn over, has an industry standard of 2 times. The profitability ratio, namely return on equity, has an industry standard of 40%.

There are a number of analytical tools that can be used to assess financial performance, namely ratio analysis, which is a method of financial analysis used to determine how certain items in the balance sheet and income statement relate to each other and together (Putri, 2021). Financial ratios are calculations using financial statements that serve as a measure to assess the performance and financial condition of the company (Destiani & Hendriyani, 2021). Financial ratios are used to evaluate a company's financial condition and performance (Margaretha et al., 2021). Financial ratios are generally divided into four categories including liquidity ratios, solvency ratios, activity ratios and profitability ratios. According to Irham Fahmi (2020), the liquidity ratio is the expertise of a company to fulfil its short-term obligations in a timely manner (Defa et al., 2022). In this study, the current ratio is used to measure the liquidity ratio. The current ratio is a common measure of short-term solvency, namely the ability of a company to pay debts when due. The current ratio is calculated by dividing total current assets by total current debt (Liza et al., 2022).

In this study, the solvency ratio is the ratio used to measure the bank's ability to meet its long-term obligations and find funding sources to finance various company activities, namely the debt to equity ratio. Debt to equity ratio is a debt ratio used to compare total debt to total assets (Limesta & Wibowo, 2021). The activity ratio can be used to assess how effectively a company uses its resources or how well it carries out its daily activities. In this study, the activity ratio used is total assets turn over. Total assets turn over is a ratio used to calculate the amount of sales obtained from each rupiah of assets (Idris *et al*., 2022). Profitability ratio is a ratio used to measure how much the company returns in making money by utilising the equity owned by the company. Return on equity is a ratio used to calculate the company's rate of return in taking advantage of its equity.

METHODOLOGY

This research was conducted at PT Pelni Baubau Branch using quantitative research (Moh Kasiram, 2009) is a process of finding knowledge with numerical data as a tool for analysing data. Data collected, processed, and presented by others are used in this study (Panjaitan, 2020). The population and samples in this study are in the form of financial statements which include balance sheets and income statements from 2019 to 2023. The documentation technique is used for materials published by the institutions involved in the study (Yusra *et al*., 2021) and literature research technique is a type of research that looks at various references and previous research findings that are similar and useful for obtaining a theoretical basis for the problem to be studied (Sari & Asmendri, 2020). The analysis method uses financial ratio analysis and financial performance industry standards.

RESULTS & DISCUSSION

Table 2. Current Ratio Calculation Results 2019-2023

Year	Current Assets (IDR)	Current Debt (IDR)	*Current Ratio*
2019	1.024.569.479	2.333.845.068	43,90%
2020	13.239.318.073	2.877.640.587	460,07%
2021	7.613.295.724	1.586.538.330	479,86%
2022	(3.754.087.793)	4.262.137.301	(88,07%)
2023	(15.103.504.921)	1.955.774.967	(772,25%)
	The Average		**24,70%**
	Industry Standards		**200%**

In 2019, it was 43.90%, meaning that the company could not cover its short-term liabilities completely with its current assets because the ship routes were reduced and passenger services were also reduced. 2020 experienced an increase of 46.07%, meaning that the company can meet its short-term obligations due to an increase in company assets such as cash and receivables. 2021 experienced an increase of 479.86%, meaning that the company is still able to pay its current debt with its assets due to the use of cash or receivables to pay for other operational needs. Year 2022 experienced a decrease of 88.07%, meaning that the company lacks current assets that are not sufficient to cover short-term liabilities due to a decrease in the number of passengers due to the co-19 pandemic which affected the company's revenue. Year 2023 experienced a decrease of 772.25%, meaning that the company lacks current assets that are much greater and unable to meet its short-term obligations because it is still included in pelni ticketin income at the end of 2023.

The results showed that the financial performance of PT Pelni Baubau branch can be said to be not good. The company does not have current assets to adequately cover its short-term liabilities due to a significant decrease in current ratio from 2019 to 2022 caused by a decrease in revenue due to the covid-19 pandemic and a reduction in ship routes and passenger services.

The results of this study are consistent with research conducted by Tya Destiani and Rina Maria Hendriyani (2022) with the results of current ratio research in poor condition because the company's ability to pay off its debts with current assets is reduced because this ratio decreases.

Table 3. Debt to Equity Ratio Calculation Results 2019-2023

Year	Total Debt (IDR)	Total Equity (IDR)	*Debt to Equity Ratio*
2019	2.333.845.068	137.176.165.434	1,70%
2020	2.877.640.587	139.000.487.567	2,07%
2021	1.586.538.330	148.066.541.039	1,07%
2022	4.262.137.301	168.614.699.448	2,52%
2023	1.955.774.967	221.448.421.462	0,88%
	The Average		**1,64%**
	Industry Standards		**90%**

In 2019, it was 1.70%, meaning that the company was almost fully funded by equity which had debt to finance its operations due to government policies related to providing tax incentives to employees. 2020 experienced an increase of 2.07%, meaning that total debt to equity increased even though it was still low because the company was still largely financed by equity with PSO (Public Service Obligations) because PELNI had 100% state-owned capital. In 2021 it decreased by 1.07%, meaning that the company reduced its total debt due to an increase in equity which reduced dependence on debt because PELNI received subsidies from the government such as PSO. Year 2022 experienced an increase of 2.52%, meaning that the company may take on more debt to fund its operations because equity growth is not proportional to the increase in debt due to government policies related to providing tax incentives to employees. Year 2023 experienced a decrease of 0.88%, meaning that the company is less dependent on debt and more reliant on equity because the company paid off most of its debt or there was a large increase in equity due to government policies related to providing tax incentives to employees.

The results showed that the financial performance of PT Pelni Baubau Branch can be said to be good. The company relies more on capital funding than debt to finance its operations and growth because by relying on capital, the company avoids debt interest expense and regular principal payment obligations.

The results of this study are in line with previous research conducted by Yessy Arsita (2021) that the debt to equity ratio is stated to be in good condition because it can fulfil the budget for its long-term obligations.

Table 4. Total Assets Turn Over Calculation Results 2019-2023

Year	Sales (IDR)	Total Assets (IDR)	*Total Assets Turn Over*
2019	88.102.810.060	137.510.010.502	0,64 kali
2020	33.389.818.325	141.878.128.154	0,23 kali
2021	41.059.059.829	149.653.079.369	0,27 kali
2022	55.716.650.613	172.876.836.749	0,32 kali
2023	65.562.471.548	223.404.196.429	0,29 kali
	The Average		**0,35 kali**
	Industry Standards		**2 kali**

In 2019, it was 0.64 times, meaning that every asset owned by the company generated sales because the efficiency of using assets was quite good, although there was still room for improvement because the production equipment owned by PELNI tended to be past its productive age. 2020 experienced a decrease of 0.23 times, meaning that the company has not been optimally used to generate sales due to a significant decrease in sales even though total assets have increased because the production equipment owned by PELNI tends to be past its productive age. In 2021, it has increased, namely 0.27 times, meaning that even though there is an increase in sales, the use of assets is not optimal because the production equipment owned by PELNI tends to be past its productive age. Year 2022 experienced an increase of 0.32 times, meaning that the company is increasingly efficient in using its assets with an increase in sales because even so the total assets also increased because the production equipment owned by PELNI tends to be past its productive age. Year 2023 experienced a decrease of 0.29 times, meaning that the increase in total assets was greater than the increase in sales which caused the ratio to decrease because the production equipment owned by PELNI tended to be past productive age.

The results showed that the financial performance of PT Pelni Baubau Branch can be said to be not good. The company does not optimally utilise its assets to generate sales and has a production capacity or asset usage that is still not optimal.

The results of this study are consistent with research conducted by Cindy E. Aditikus, et al (2021) if the industry average is 2 times, the total assets turn over is below the industry average so that the total assets turn over is in a state that tends to be less good.

Table 5. Results of Rteurn On Equity Calculation 2019-2023

Year	Net Profit After Tax (IDR)	Equity (IDR)	*Return On Equity*
2019	51.341.114.437	135.176.165.434	37,98%
2020	3.836.812.503	139.000.487.567	2,76%
2021	9.066.053.472	148.066.541.039	6,12%
2022	20.548.158.409	168.614.699.448	121,86%
2023	52.833.722.014	221.448.421.462	23,85%
	The Average		**38,51%**
	Industry Standards		**40%**

In 2019, it was 37.98%, meaning that the company was very optimal in utilising capital to generate profits because it was able to manage its resources very well. 2020 experienced a decrease of 2.76%, meaning that the company experienced a significant decline in profits due to the COVID-19 pandemic. 2021 experienced an increase of 6.12%, meaning that the company's ability to utilise capital more effectively to generate profits because the company began to recover from the COVID-19 pandemic. Year 2022 experienced an increase of 121.86%, meaning that the company is very optimal in utilising capital to generate profits due to strong economic and operational recovery after the COVID-19 pandemic. Year 2023 experienced a decrease of 23.85%, meaning that the company is still quite optimal in generating profits because it is facing a stabilisation phase after a major recovery from the COVID-19 pandemic.

The results of the research show that the financial performance of PT Pelni Baubau Branch can be said to be not good. The company does not generate adequate profits compared to the equity invested and is less effective in managing its equity to make a profit.

The results of this study are consistent with research conducted by Lia Nirawati, et al (2022) in an incapable condition because even though the company's equity increases the profits generated are less.

CONCLUSION

As a result of the above calculations and analyses using liquidity, solvency, activity and profitability ratio analysis, the financial performance of PT Pelni Baubau Branch for 5 years can be concluded as follows: 1) The financial performance of PT Pelni Baubau Branch in 2019-2023 is not good as measured using liquidity ratio analysis, namely the current ratio. This shows that the company is having difficulty in meeting its current debt with available current assets. 2) The financial performance of PT Pelni Baubau Branch in 2019-2023 is good as measured using the solvency ratio analysis, namely the debt to equity ratio. This shows that the company has a very conservative capital structure and is mostly financed by equity rather than debt. 3) The financial performance of PT Pelni Baubau Branch in 2019-2023 is not good as measured using the activity ratio analysis, namely total assets turnover. This shows that the company is less likely to generate sales based on fixed assets owned. 4) The financial performance of PT Pelni Baubau Branch in 2019-2023 is not good as measured using profitability analysis, namely return on equity. This shows an increase in total equity that is greater than the previous year but is unable to generate the highest company profits.

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