

Financial Performance Assessment of The First Private Auto Parts Company In Indonesia Based on Ratio Analysis

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ARTICLES INFORMATION

ABSTRACT



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Objective: This study aims to determine the effect of liquidity (CR) and NPM on the profitability (ROA) of auto parts companies listed on the Indonesia Stock Exchange for the period 2011 – 2020. **Methodology:** This study adopts a quantitative descriptive methodology, collecting financial statements of companies that have been listed on the IDX. The measurement model and hypothesis testing were carried out using SPSS software. **Findings:** The results show that the Current Ratio has no significant effect on Return on Assets Net Profit Margin has a significant effect on Return on Assets and the Current Ratio and Net Profit Margin simultaneously have a significant effect on Return On Assets. **Conclusion:** Assessment of financial performance at auto parts companies simultaneously has a significant effect on Return on Assets and partial Net Profit Margin has a significant effect on Return on Assets while the Current Ratio has no significant effect on Return on Assets.

Keyword :
*Net Profit Margin; Current Ratio;
Return on Assets.*

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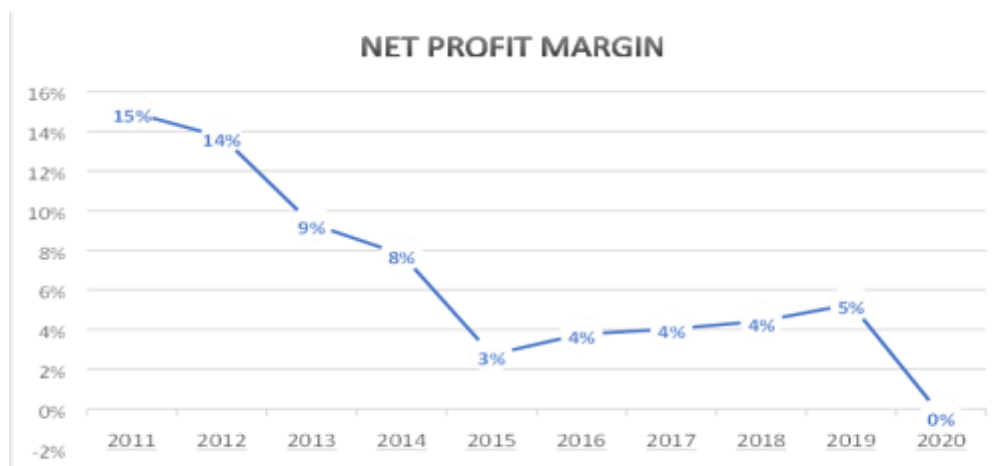
A. INTRODUCTION

According to Masno, (2016, 3) Ratio analysis is part of the analysis of the company's financial statements. Company ratio analysis is an analysis carried out by connecting various estimates in the company's financial statements, company financial ratio analysis can reveal an important relationship between the estimated financial statements and can be used to evaluate the company's financial condition.

According to Trianto (2017) analysis of a company's financial ratio is a method that compares financial statement posts with other posts to see the company's performance. The company's performance and financial ratios have a close relationship. Financial ratios have various types and each ratio has its own uses. Ratio analysis of financial statements includes:

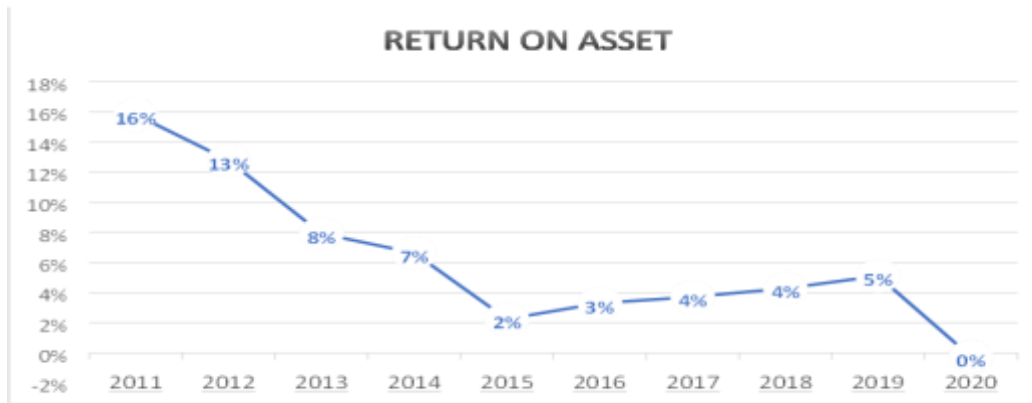
1. Profitability ratio analysis, is a useful ratio to measure the company's ability to make a profit.
2. Liquidity ratio analysis, is a useful ratio to measure the company's ability to pay off short-term liabilities.
3. Activity ratio analysis, is a useful ratio to find out the extent of the effectiveness of asset use by looking at the level of activity of assets.
4. Solvency ratio analysis is a ratio used to measure a company's ability to meet all its long-term obligations.

The performance of the company can be influenced by various internal and external factors. Internal factors include the management of the company's own operations, while external factors can be caused by company government policies, natural and non-natural disaster factors, security, and others.



Picture 1 Net profit Margin

As for Net Profit Margin, it started at 15% in 2011 then fell to 14% in 2012 and then fell back to 9% in 2013 then in the following year it fell to 8% in 2014 and until 2020 there was no significant change in each year, namely with data of 3% in 2015 then 4% in 2016 then 4% in 2017 and 4% in 2018 followed by 5% in 2019 and 0% in 2020 is due to the company's small profit every year and continues to decline.



Source: Financial Report of PT ABC, Tbk

Picture 2 Data Return on Assets

Return On Assets in 2011 was estimated at 16% and fell to 13% in 2012 then fell back to 8% in 2013 then fell back to 7% in 2014 and then did not experience a significant increase or decrease from the data as it only increased from 2% in 2015 to 3% in 2016 as well as the case with 2017 to 2018 did not change only at 4% in 2017 and 2018 then continued to rise in 2019 to 5% then in 2020 experienced a significant decrease to 0% likely due to the pandemic that hit the whole world including Indonesia.

To find out the financial performance of the first private auto parts company in Indonesia for the 2012-2020 period

B. LITERATURE REVIEW

Liquidity Ratio

The liquidity ratio is a ratio that describes the company's ability to meet short-term obligations (debt). This means that if the company is billed, the company will be able to meet the debt, especially the debt that is overdue. To find out whether the company is liquid or not, you can analyze the liquidity ratio. According to Irham Fahmi (2011:121), "The liquidity ratio is the ability of a company to meet its short-term obligations in a timely manner". According to Marjohan, Masno (2016:5), The liquidity ratio is a ratio that measures the company's ability to meet short-term debt obligations of less than one year, this ratio measures the company's ability to pay off maturing short-term obligations.

The liquidity ratio is the result of dividing cash from other liquid assets with short-term loans and liabilities. They show the number of times short-term debt obligations are covered by cash and liquid assets, if the value is more than 1, it means that the short-term is fully covered.

Current Ratio

According to Cashmere (2012:134), Sugiyanto (2019) a current ratio or current ratio is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately at the time of being billed as a whole. In other words, how much current assets are available to cover short-term liabilities or debts that are due soon

The formula for finding the current ratio can be used as follows.

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}} \times 100 \%$$

Profitability Ratio

According to Kasmir (2016:196), the profitability ratio is a ratio to assess the company's ability to seek profit. This ratio is very important to know the extent of the company's ability to make a profit, both from operational and non-operational activities. According to Harahap (2013:304), the profitability ratio describes the company's ability to make a profit through all existing capabilities and sources such as sales activities, cash, capital, number of branches and so on. So it can be concluded from the opinion of the above experts that the profitability ratio is a ratio for assessing the company's ability to make a profit, this ratio also gives a measure of the level of effectiveness of the management of an enterprise. This is indicated by the profit generated from sales and investment income.

Return On Asset

According to Munawir (2010:89) Sugiyanto (2020) "Return on Asset is a form of profitability ratio which is intended to be able to measure the company's ability with the overall funds used for the company's operations to generate profits".
The formula for finding return on assets:

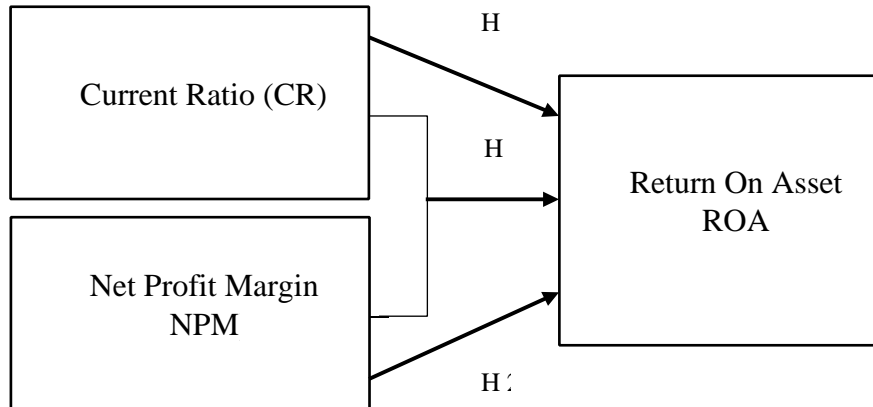
$$Return\ On\ Asset = \frac{Net\ Profit}{Total\ Asset} \times 100\%$$

Net Profit Margin (NPM)

It is a profitability analysis used to measure the ability of the company concerned to generate net income from the main operating activities of the company concerned. Brigham and Houston (2013: 107) Net Profit Margin may be a degree of the measure of a company's net benefit compared to its deals. Concurring to Hanafi and Halim (2012: 81), Net Profit Margin may be a proportion that calculates a company's capacity to create net benefit at a certain level of deals.

$$NPM = \frac{Net\ Profit\ After\ Tax}{Sales} \times 100\%$$

Based on the description above, researchers can describe the framework of thinking about Financial Performance Appraisal In The First Private Auto Parts Company In Indonesia Based On The Ratio Analysis For 2011-2020



Picture 3 Frame Work

Hypothesis

The term hypothesis comes from the word hypo which means below and these which means truth. The hypothesis is a temporary answer to research problems, until tabulation through the collected data (Arikunto, 2002: 64).

Researchers can conclude that the answer is temporarily suspected to have the effect of Current Ratio (CR) and Net Profit Margin (NPM) on Return On Asset (ROA) partially or simultaneously, namely as follows:

1. Ho1: $\beta = 0$ = Suspected Current Ratio (CR) has no significant effect on Return on Assets (ROA).
Ha1: $\beta \neq 0$ = It is suspected that there is a significant effect of the Current Ratio (CR) on the Return On Asset (ROA) partially.
2. Ho2: $\beta = 0$ = It is suspected that there is no significant effect of Net Profit Margin (NPM) on Return On Asset (ROA) partially
Ha2: $\beta \neq 0$ = It is suspected that there is a significant influence of Net Profit Margin (NPM) on Return On Asset (ROA).
3. Ho3: $\beta = 0$ = It is suspected that there is no significant effect of the Current Ratio (CR) and Net Profit Margin (NPM) on Return On Asset (ROA) simultaneously.
Ha3: $\beta \neq 0$ = It is suspected that there is a significant effect of the Current Ratio (CR) and Net Profit Margin (NPM) on Return On Asset (ROA) simultaneously.

Rasio	Pengertian	Rumus
Profitabilitas Return on Asset	A ratio that measures how efficient an enterprise is in	$\frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Aktiva}}$
Net Profit Margin	Net Profit Margin is used to measure the ability of the company concerned to generate net income from the main operating activities for the company concerned. .	$\frac{\text{EAT}}{\text{Penjualan Bersih}}$

**Likuiditas
Current Ratio**

A ratio that measures a company's ability to pay its short-term obligations. In other words how much current aktiva is available to cover short jag ka obligations or debts that are due soon

**Current Assets
Current Debt**

C. RESEARCH METHOD

The research used by the author is descriptive quantitative, meaning research that describes or tells describes how the results of calculating company financial data in the form of financial statements.

The data used by the author is secondary data. Secondary data is research data obtained indirectly but through intermediary media, which is obtained and recorded by other parties. Secondary data is generally in the form of evidence, records or historical reports that have been compiled in published and unpublished archives (document data), the following operational variables are

D. RESULT AND DISCUSSION

Multiple Linear Regression Test

Gujarati (2006) Sugiyanto (2021) defines regression analysis as the study of the relationship of one variable referred to as the explained variable with one or two explaining variables (the explanatory). Multiple regression analysis is used to predict the relationship and severity of two or more variables, consisting of dependent variables and independent variables.

Table 1 Multiple Linear Regression Test Results
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.234	1.951		1.145	.290
CR	-.010	.011	-.049	-845	.426
1 NPM	.941	.056	.966	16.689	.000

Dependent Variable: ROA

$$Y = 2.234 - 0.010X_1 + 0.941X_2$$

The regression equation above has the following meanings:

1. Constant coefficient of 2.234
States that if the Current Ratio (CR) and Net Profit Margin (NPM) variables have a value equal to zero (0), then the dependent variable Return On Assets (ROA) is 2.234
2. Variable Current Ratio (CR) of - 0.010X₁
This means that if the Current Ratio (CR) increases by 1%, then the Return On Asset (ROA) will decrease by 1% assuming the value of X₂ = 0.
3. Variable Net Profit Margin (NPM) of 0.941X₂

- This means that if the Net Profit Margin (NPM) increases by 1%, then
4. Return On Asset (ROA) will increase by 94.1% assuming $X_1 = 0$.

Hypothesis Test

1. Partial Test (t-test)

The t-test was used to test the effect of each of the independent variables used in this study on the dependent variables partially. To test the influence of free variables on bound variables, partial regression coefficients (T-test) are used, namely by comparing t and t tables, and then compared using significance level (α) 0.05 with a double-sided test with $df = n - k$ (k = number of independent variables).

Table 2 T-Test Results Table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.234	1.951		1.145	.290
CR	-.010	.011	-.049	-.845	.426
1 NPM	.941	.056	.966	16.689	.000

a. Dependent Variable: ROA

The result of the t-test between the calculated X_1 Current Extent shows up a calculated t esteem of $-0.845 < 2.36462$ (t -table = 0.05, $df = n-k-1$ ($10-2-1=7$)) with centrality regard of $0.426 > = 0.05$, In this way, it can be concluded that most of the Current Extent does not have a noteworthy effect on the Return on Resources. This result is upheld by a past investigation conducted by Chorinda Margarita Sova in 2018 with the investigation title The impact of CR and DER on ROA on Protections Companies recorded on the Indonesia Stock Trade and the comes about of the halfway t (halfway) CR test did not have a critical impact on ROA

In addition, the emergence of a t-test between X_2 Net Profit Margin appears with a calculated t-value of $16.689 > 2.36462$ (t -table = 0.05, $df = n-k-1$ ($10-2-1=7$)) with centrality price $0.000 < = 0.05$, therefore it can be concluded that Net Profit Margin has a critical impact on Return On Assets. This result is supported by an earlier investigation conducted by Eria Pratkaning Tyas in 2018 with questions regarding the title Impact of Current Proportion, add up to Resource Turn Over, Net Profit Margin on Return On Assets in Nourishment and Refreshment in the 2011-2020 BEI auto parts subsector, and NPM t (fractional) test comes about having a critical positive impact on ROA

2. Simultaneous Test (Test F)

The F-test or simultaneous test is used to determine the influence of independent variables together or simultaneously on the dependent variables, whether or not their influence is significant by comparing F -hitung $<$ F -table.

If the F -value of the F -table $<$ or significance value $>$ from 0.05 then H_0 is accepted and H_a is rejected, meaning that there is no significant influence between one independent variable on the dependent variable. And if the F -value of the F -hitung $>$ F -table or significance value $<$ from 0.05 then H_0 is rejected and H_a is accepted, meaning that there is a significant influence between one independent variable on the dependent variable.

**Table 3 F-Test Results Table
ANOVA**

Model	Sum of	df	Mean Square	F	Sig.
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		Squares				
	Regression	208.655	2	104.327	194.979	.000 ^b
	Residual	3.745	7	.535		
1	Total	212.400	9			

a. Dependent Variable: ROA

b. Predictors: (Constant), NPM, CR

The results of the F test showed that 2 independent variables, namely Current Ratio (CR) and Net Profit Margin (NPM) from the F test results obtained a calculation of 194.979 while in F-table with 0.05 and $k = 2$ and $df = n - k = 10 - 2 = 8$, F-table 4.46 was obtained. With this condition, $F_{\text{hitung}} 194.979 > F_{\text{table}} 4.46$ and a noteworthiness esteem of $0.000 < 0.05$, it can be concluded that there's a synchronous impact between the Current Proportion (CR) and Net Profit Margin (NPM) on Return On Resource (ROA). This result is backed by past inquiries conducted by Eria Pratikaning Tyas in 2018 with the inquiry about the title Impact of Current Proportion, Add up to Resource Turn Over, Net Benefit Edge on Return On Resource in Nourishment and Refreshment subsector companies recorded on the IDX in 2012-2016 and the comes about of the f (Concurrent) CR and NPM tests had a logical impact on ROA

Coefficient Test

Correlation Coefficient Analysis

To find out the value of the correlation coefficient simultaneously in the logistic regression model, according to Ghozali (2018: 333) it can be seen from the value of Nagelkerke R Square in the results of processing statistical data using SPSS. Meanwhile, to find out the value of the correlation coefficient partially Ghozali added can be seen from the value of the Correlation Matrix

Interpretation of the Interval Correlation Coefficient The relationship level coefficient 0.00 - 0.199 is very low 0.20 - 0.399 low 0.40 - 0.599 medium 0.60 - 0.799 strong 0.80 - 1.000 very strong.

Table 4 Collaboration Coefficient Results

		CR	NPM	ROA
CR	Pearson Correlation	1	-.498	-.530
	Sig. (2-tailed)		.143	.115
	N	10	10	10
NPM	Pearson Correlation	-.498	1	.990**
	Sig. (2-tailed)	.143 10		.000 10
	N		10	
ROA	Pearson Correlation	-.530	.990**	1
	Sig. (2-tailed)	.115	.000	
	N	10	10	10

The relationship is noteworthy at the 0.01 level (2-tailed).

Coefficient of Determination Analysis

Ghazali (2001) states that the coefficient of determination (R²) essentially measures how far the model is capable of explaining the variance of dependent variables. The value of the coefficient of determination is between zero and one. If the value of R² is close to 1 (one) then it can be said that the stronger the model is in explaining the variation of independent variables against dependent variables. Conversely, if R² approaches 0 (zero) then the weaker the variation of the independent variable describes the dependent variable.

Table 5 Coefficient of Assurance Comes about

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.991 ^a	.982	.977	.73148

a. Predictors: (Constant), NPM, CR

b. Dependent Variable: ROA

From the table over, it can be seen that the outline show appears that the esteem of the coefficient of assurance (Balanced R Square) is 0.977 or 97.7%. This shows that the Current Ratio (CR) and Net Profit Margin (NPM) have an influence on Return On Asset (ROA), while the remaining 0.3% is influenced by other variables that were not studied in this study.

E. CONCLUSION

Based on the results of data analysis and discussions that have been carried out in the previous chapter, the researcher draws the following conclusions: Based on the results of the F, Current Ratio (CR) and Net Profit Margin (NPM) tests together to have a significant effect on Return on Asset (ROA). This is shown by a calculated value of 194.979 > 4.46 f-table with a significant level of 0.000 < 0.05. Current Ratio (CR) partially has no significant effect on Return On Assets (ROA). This is shown by a calculated value of -0.845 < 2.36462 t-table with a significant value of 0.426 > 0.05. Net Profit Margin (NPM) partially has a significant effect on Return On Assets (ROA. This is shown by a t value of 16.689 > 2.36462 t-table with a significant value of 0.000 < 0.05. To assist the investigation, it is suggested to include investigative factors and a more extensive scope

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