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Analysis Of Company Financial Health By Using Liquidity Ratio And Solvability Ratio In Consumer Non Cyclical Sector Companies Listed On The Indonesia Stock Exchange For The 2016- 2020 Years

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Abstract: This study is intended to analyze the company's liquidity ratio and the company's Solvability ratio to measure the company's financial health. This research is a quantitative study with data analysis methods. The selection of research samples is determined based on criteria that have been determined by the author to determine the financial health of listed sector consumer non cyclical companies. on the Indonesian stock exchange. The results of the study show that the financial health of sector consumer non cyclical companies in 2016 - 2020 is in a very healthy condition in terms of the value of the liquidity ratio, namely PT. HM Sampoerna Tbk., PT. Indofood CBP Sukses Makmur Tbk., PT. Charoon Pokphand Indonesia Tbk and PT. Gudang Garam Tbk. except the company PT. Unilever Indonesia Tbk. with unhealthy conditions. The financial health sector consumer non cyclical companies in 2016 - 2020 is in a healthy condition. Once viewed from the value of the Solvability ratio, namely PT. HM Sampoerna Tbk., PT. Indofood CBP Sukses Makmur Tbk., PT. Charoon Pokphand Indonesia Tbk and PT. Gudang Garam Tbk. except the company PT. Unilever Indonesia Tbk. with unhealthy conditions.

Keywords: Financial Health, Liquidity, Solvability

INTRODUCTION

In the Every company generally aims to gain profit or profit from the results of its production either in the form of goods or services, which have a large influence on the continuity of the company. The company uses the profits it earns to develop and maintain the continuity of the company. The profit earned is also used as a measure of management's success in running its business. Investors are usually very concerned about the company's ability to earn a return on the use of its capital (Wibisono, 1997; 36).

The assessment of the success of management in running its business is not only seen from how much profit it earns, but also from the performance or level of health of the

company. Big profits do not necessarily guarantee that the company is also healthy. To get an idea of how much profit is earned and the level of health of a company, it can be seen from the financial statements. Financial statements provide information about the financial condition of the company operating during a certain period, where the balance sheet shows the value of assets, liabilities and own capital.

While the income statement shows the results achieved by the company (Riyanto, 1990; 251). The financial statements must then be analyzed so that the financial situation and development can be known, besides that it can also be seen the financial results that have been in the past and are currently running (Riyanto, 1990; 251). The results of the analysis are very important for improving the formulation of policies or plans that will be taken by the company in the future.

In analyzing the financial statements of a company, we need an analytical method that can evaluate the financial statements, including using ratios. Which includes the ratio of liquidity, profitability, Solvability and activity. These ratios are used to show changes in financial conditions and help describe trends and patterns of these changes, which can indicate the company's risks and opportunities (Helbert, 1997; 52).

In this study, the researcher aims to analyze the health of sector consumer non cyclical companies listed on the Indonesian stock exchange using ratio analysis. And which companies are healthier with ratio analysis in the sector consumer non cyclical listed on the Indonesian stock exchange. The ratios to be used are liquidity ratios and Solvability ratios.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Company financial health

The level of financial health of a company is an interpretation of the company's financial performance which reflects whether or not the company's financial condition is good. To find out the value of the company's financial health level, you can use financial ratio analysis (Sari et al., 2019). A company's finances are said to be healthy when the value of its financial ratios is in the following conditions:

1. The industry ratio standard that must be owned by a company for the current ratio or current ratio is at least 200% or 2 times. (Dewi, 2017)
2. The industry standard ratio for ROA is 5.85%. If the ROA is greater than 5.85%, it means that the company has the ability to generate good profits. (Saefullah, 2018)
3. The industry standard ratio for the debt to assets ratio or the ratio of total debt to the maximum total assets that a company can own is 35%. (Dewi, 2017)

Meanwhile, the criteria for evaluating the company's health are based on the Decree of the Minister of Finance of the Republic of Indonesia Number 740/1989, namely:

Table 1. Criteria For Company Health Assessment

Category	Profitability	Liquidity	Solvability
Very Healthy	>12%	> 150	> 200
Healthy	8% - 12%	100- 150	150 - 200
Unwell	5% - 8%	75 – 100	100 – 150
Not healthy	< 5%	< 75	< 100
Weight	75%	12.5%	12.5%

Financial Ratio Analysis

Financial ratio analysis is a technical analysis of the financial statements of a company using financial ratios. Financial ratios can be calculated by combining the numbers contained in the balance sheet or the numbers contained in the income statement of a company. (Hanafi, 2016). The use of financial ratio analysis to assess the financial performance of a company because this financial ratio analysis is comprehensive or thorough in research can obtain accurate data results. (Apolonaris Felix Erakipia, 2016).

Measurement of financial ratios using liquidity ratios, leverage ratios, activity ratios and profitability ratios is able to provide an overview of the company's condition so that it can be used as a basis for company policy-making actions. (Erica, 2018). In this study to analyze financial ratios using liquidity ratios and Solvability ratios.

Liquidity Ratio

This ratio is to measure the short-term liquidity ability of a company by comparing the amount of current assets to its current liabilities (Hanafi, 2016)

Solvability Ratio

This ratio is used to measure the ability of a company to meet its long-term obligations or long-term debt. This ratio can be obtained by calculating the ratio of debt to assets (Hanafi, 2016).

METHODS

The type of research carried out is quantitative research with data analysis methods that aim to determine the financial health of sector consumer non cyclicals companies on the Indonesia Stock Exchange for the period 2016 to 2020. The population in this study are sector consumer non cyclicals companies listed on the IDX, which are 55 companies. The purposive sampling method in this study has several criteria, namely:

1. The company is a sector consumer non cyclicals on the Indonesia Stock Exchange for the period 2016-2020
2. sector consumer non cyclicals companies that have published financial reports that have been audited consecutively from 2016 to 2020
3. sector consumer non cyclicals companies with a market capitalization above 70 trillion.

Based on the above criteria, the population of companies as 55 companies can be taken as many as 5 companies, namely PT. Unilever Indonesia Tbk, PT HM Sapoerna Tbk, PT. Indofood CBP Sukses Makmur Tbk, PT Charoen Pokphnd Indonesia Tbk, and PT Gudang Garam Tbk. to determine health in non cyclical consumer sector companies so that the population and sample in this study are the source of data in secondary research .

This research was conducted on sector consumer non cyclicals companies on the Indonesia Stock Exchange from 2016 to 2020. This data can be in the form of annual company financial statements published on the Indonesia Stock Exchange. This type of research uses indirect research on several companies in Indonesia. making it easier for researchers to obtain valid and easily accessible data. The variables used in this study are Liquidity (Current Ratio) and Solvability (Debt to Asset Ratio)

RESULTS AND DISCUSSIONS

Respondent Profiles

To determine the financial health of the company, it can be seen through the liquidity ratio. The following is research data from the results of data processing financial statements from sector consumer non cyclicals companies.

Table 2. Current Ratio

Emiten		UNVR	HMSP	ICBP	CPIN	GGRM
Year	2016	0.61	5.23	2.41	2.17	1.94
	2017	0.63	5.27	2.43	2.32	1.78
	2018	0.75	4.30	1.95	2.98	1.89
	2019	0.65	3.28	2.54	2.54	2.06
	2020	0.66	2.45	2.26	2.53	2.91
yearly average		0.66	4.11	2.32	2.51	2.12

Source : Research data, 2021

Based on table 2. it can be seen that the liquidity measured by using the current ratio at sector consumer non cyclicals on the Indonesia Stock Exchange for the period 2016 to

2020 has fluctuated from year to year. The company that has the highest average annual current ratio is PT. HM. Sampoerna Tbk. and the lowest is PT. Unilever Tbk Indonesia. To measure the health of the company, in addition to liquidity, it can also be measured by the Solvability ratio. non-cyclical consumer on the Indonesia Stock Exchange.

Table 3. Debt to Equity Ratio

Emiten	UNVR	HMSP	ICBP	CPIN	GGRM	
Year	2016	2.56	0.68	0.56	0.71	0.59
	2017	2.65	0.72	0.56	0.56	0.58
	2018	1.58	0.68	0.51	0.43	0.53
	2019	2.91	0.78	0.45	0.39	0.54
	2020	3.16	0.65	1.06	0.33	0.34
Yearly average	2.57	0.70	0.63	0.48	0.52	

Source : Research data, 2021

Based on table 2.3, it can be seen that the liquidity measured by using the current ratio at sector consumer non cyclicals on the Indonesia Stock Exchange for the period 2016 to 2020 has fluctuated from year to year. The company that has the highest average annual current ratio is PT. Unilever Tbk. and the lowest is PT. Charoen Pokphnd Indonesia Tbk Indonesia. To measure the health of the company, in addition to liquidity, it can also be measured by the Solvability ratio. non-cyclical consumer on the Indonesia Stock Exchange

Table 4. Liquidity (Current Ratio)

Emiten	2016	2017	2018	2019	2020	Averag/year	Unit	CompanyHealth
UNVR	60.56	63.37	74.77	65.29	66.09	66.02	%	Nothealthy
HMSP	523.41	527	430.20	327.61	245.41	410.77	%	VeryHealthy
ICBP	240.68	242.83	195.17	253.57	225.76	231.60	%	VeryHealthy
CPIN	217.28	231.85	297.87	253.80	252.63	250.68	%	VeryHealthy
GGRM	193.79	178.11	188.97	206.19	291.23	211.66	%	VeryHealthy

Source : Research data, 2021

Table 5. Solvability (Debt to Equity ratio)

Emiten	2016	2017	2018	2019	2020	Averag/year	Unit	CompanyHealth
UNVR	255.97	265.46	157.62	290.95	315,90	490.39	%	VeryHealthy
HMSP	68.43	72.03	67.77	77.68	65.04	70,19	%	Nothealthy
ICBP	56.22	55.57	51.35	45.14	105.87	62.83	%	Nothealthy
CPIN	70.97	56.16	42.57	39.31	33.45	48.49	%	Nothealthy
GGRM	59.11	58.25	53.10	54.42	33.61	51.70	%	Nothealthy

Source : Research data, 2021

Based on the calculation results can be analyzed that:

Liquidity Ratio

Liquidity Ratio by sector companies consumer non cyclical period 2016 - 2020 by calculating the current ratio value obtained the highest annual average value is HMSP of 410.77 and the lowest is UNVR which is 66.02, which can be categorized as an unhealthy company based on the decree. Minister of Finance of the Republic of Indonesia No. 740/1989, the HMSP company has high or liquid liquidity. This means that according to research (Sari.et al, 2019) that if a company is in a condition of being able to pay its short-term obligations where current assets owned by the company are liabilities, the company in a liquid state.

Solvability Ratio

Solvability Ratio by sector companies sector consumer non cyclicals period 2016 – 2020 by calculating the value of the Debt to Equity ratio, the highest average per year is Unilever is 490.39 and the lowest CPIN is 48.49 which can be categorized as a low Solvability company or solvable.unhealthy company based on SK. Minister of Finance of the Republic of Indonesia No. 740/1989, the Unilever company has high Solvability, this means that it is in accordance with research (Hanafi, 2016) that the higher the debt to equity ratio means the company is getting more risk or not good because the company is increasingly unable to meet its long-term and short-term obligations.

CONCLUSION

The financial health of sector consumer non cyclicals companies in 2016 - 2020 is in very healthy condition in terms of the value of the liquidity ratio, namely PT. HM Sampoerna Tbk., PT. Indofood CBP Sukses Makmur Tbk., PT. Charoon Pokphand Indonesia Tbk and PT. Gudang Garam Tbk. except the company PT. Unilever Indonesia Tbk. with unhealthy conditions.

The financial health of sector consumer non cyclicals companies in 2016 - 2020 is in a healthy condition. Once viewed from the value of the Solvability ratio, namely PT. HM Sampoerna Tbk., PT. Indofood CBP Sukses Makmur Tbk., PT. Charoon Pokphand Indonesia Tbk and PT. Gudang Garam Tbk. except the company PT. Unilever Indonesia Tbk. with unhealthy conditions.

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