1st International Conference on Management, Business and Economy (ICoMBEc 2025)
Vo. 1 No. 1 2025
e-ISSN : XXXX-XXX

ANALYSIS OF FINANCIAL MANAGEMENT EFFECTIVENESS AT PT BAYU BUANA TBK THROUGH LIQUIDITY, ACTIVITY, AND SOLVENCY

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Abstract

This research aims to analyze the effectiveness of financial management at PT Bayu Buana Tbk through the assessment of liquidity, activity, and solvency ratios during the 2015–2024 period. The study employs a quantitative descriptive approach using secondary data derived from the company's annual financial statements. Liquidity ratios are used to evaluate the company's ability to meet short-term obligations, activity ratios to measure the efficiency of asset utilization in generating revenue, and solvency ratios to assess the company's long-term financial stability. The analysis results show that PT Bayu Buana Tbk has maintained a stable level of liquidity throughout the observation period, indicating its capability to fulfill current liabilities. The company's activity ratios suggest effective asset management, while solvency ratios demonstrate a strong ability to manage debt and sustain financial independence. Overall, the findings indicate that PT Bayu Buana Tbk has effectively managed its financial performance during 2015–2024, ensuring continuous growth and sound financial health.

Keywords:
financial management, liquidity, activity, and solvency

Introduction

In the current era of global business competition, financial management plays a crucial role in ensuring the stability and sustainability of a company. The effectiveness of financial management can be assessed through the company's ability to maintain liquidity, utilize its assets efficiently, and manage its debts responsibly. These aspects are reflected in financial ratios, which serve as analytical tools to evaluate a company's financial performance and decision-making effectiveness.

PT Bayu Buana Tbk, as one of Indonesia's well-established companies in the travel and tourism service industry, has faced various challenges in maintaining its financial stability, especially during periods of economic fluctuation and the impact of the COVID-19 pandemic. Therefore, analyzing the company's financial performance through liquidity, activity, and solvency ratios provides valuable insight into how effectively the company manages its financial resources over time.

Liquidity ratios are essential for understanding the company's ability to meet short-term obligations using its most liquid assets. Activity ratios measure how efficiently the company utilizes its assets to generate revenue, while solvency ratios evaluate the company's long-term financial structure and ability to meet long-term liabilities. These three aspects provide a comprehensive overview of the company's financial health and management performance.

This study focuses on analyzing the financial statements of PT Bayu Buana Tbk from 2015 to 2024 to evaluate its financial management effectiveness. By examining the trends and relationships among liquidity, activity, and solvency ratios, this research aims to identify the company's financial strengths and weaknesses. The results of this study are expected to contribute to the understanding of financial management practices in the service industry and to provide useful information for investors, management, and other stakeholders in making informed financial decisions.

Theoretical Framework

Financial management is a vital component of an organization's success, as it involves planning, organizing, directing, and controlling financial activities to achieve the company's objectives effectively and efficiently. According to Gitman and Zutter (2015), financial management focuses on maximizing shareholder value by ensuring the optimal use of financial resources. The effectiveness of financial management can be evaluated through various financial ratios that reflect a company's ability to manage its assets, liabilities, and equity.

1. **Liquidity Theory**

   Liquidity describes a company's ability to meet its short-term financial obligations by utilizing its current assets. According to Brigham and Houston (2016), liquidity ratios assess how quickly a company can convert its assets into cash without experiencing a significant decrease in value. Some commonly used ratios to measure liquidity include the Current Ratio and the Quick Ratio, which reflect a company's short-term financial strength. A high liquidity ratio indicates that a company is able to effectively pay its current obligations, while a low ratio may indicate potential financial problems.

2. **Activity Theory**

   Activity ratios, also known as efficiency ratios, assess how effectively a company utilizes its assets to generate sales or revenue. According to Kasmir (2018), these ratios measure management's ability to control and utilize company resources efficiently. Common activity ratios include Total Asset Turnover, Receivable Turnover, and Inventory Turnover. Higher activity ratios generally indicate better efficiency in asset utilization, which contributes positively to profitability and overall financial performance.

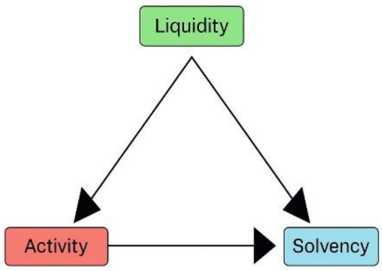
3. **Solvency Theory**

   Solvency describes a company's ability to meet its long-term obligations and maintain financial stability. According to Hargrave (2020), solvency ratios are used to assess the proportion of debt in a company's capital structure and its ability to pay its long-term obligations. Ratios frequently used to measure solvency include the Debt to Equity Ratio (DER) and the Debt to Asset Ratio (DAR). A balanced level of solvency indicates that a company is able to maintain its financial independence and is not overly dependent on external funding sources.

4. **Relationship Between Liquidity, Activity, and Solvency**

These three financial aspects are interrelated in evaluating financial management effectiveness. High liquidity ensures short-term stability, efficient activity ratios enhance operational performance, and strong solvency ensures long-term financial security. Together, they provide a comprehensive picture of how well a company manages its financial resources and maintains sustainability. An imbalance among these elements can affect the overall financial performance and risk profile of the company.

Based on the theories above, this study employs liquidity, activity, and solvency ratios as analytical tools to measure the financial management effectiveness of PT Bayu Buana Tbk during the 2015–2024 period. The theoretical framework suggests that optimal levels of liquidity, efficient asset utilization, and balanced solvency contribute to effective financial management and long-term corporate stability.



Analysis of Financial Management Effectiveness at PT Bayu Buana Tbk through Liquidity, Activity, and Solvency

Method

This study uses a quantitative descriptive method to analyze the effectiveness of PT Bayu Buana Tbk's financial management through an assessment of liquidity, activity, and solvency ratios for the period 2015–2024. The data used is secondary data obtained from the company's annual financial reports published by the Indonesia Stock Exchange (IDX) and other reliable financial sources. This data includes the balance sheet and income statement, which serve as the basis for calculating various relevant financial ratios.

The analysis process is carried out in several stages. First, the collected financial data is compiled and input into EViews software for further statistical processing. Liquidity ratios, such as the Current Ratio and Quick Ratio, are used to assess the company's ability to meet its short-term obligations. Meanwhile, activity ratios—such as Total Asset Turnover and Receivable Turnover—are used to measure the company's efficiency in managing its assets to generate revenue. Solvency ratios, such as the Debt to Equity Ratio (DER) and the Debt to Asset Ratio (DAR), serve to assess a company's ability to meet long-term obligations and maintain a balanced capital structure.

Data analysis was conducted using descriptive statistics, ratio comparisons, and trend analysis using the EViews application. This approach helped identify patterns and changes in PT Bayu Buana Tbk's financial performance over the ten-year observation period. Graphics generated by EViews—such as line charts and trend movements—were used to visualize the development of the company's liquidity, activity, and solvency ratios over time.

The interpretation stage focused on assessing the effectiveness of the company's financial management in maintaining operational stability and efficiency. By combining ratio analysis and trend evaluation using EViews, this study provides a comprehensive overview of the company's financial health and its ability to manage resources effectively over the long term.

Results

Analysis of the effectiveness of financial management at PT Bayu Buana Tbk is conducted quantitatively using three main categories of financial ratios. Liquidity ratios are used to assess the company's ability to meet short-term obligations. Indicators include the Current Ratio, which compares current assets to current liabilities, and the Quick Ratio, which compares current assets minus inventory to current liabilities. This ratio provides a more rigorous picture because it excludes inventory.

Furthermore, activity ratios are used to measure the company's efficiency in utilizing its assets to generate revenue. These measures include Inventory Turnover, which indicates how quickly the company can sell and replace its inventory, and Total Asset Turnover, which illustrates the company's ability to use its total assets to generate net sales.

Finally, solvency ratios assess the company's ability to meet long-term obligations and maintain its capital structure. The two main ratios used are the Debt to Equity Ratio (DER), which shows the comparison between total debt and equity, and the Debt to Asset Ratio (DAR), which describes the proportion of a company's assets financed through debt.

No.	Variable	Statistic
1	Liquidity (X1)	Valid, Significant Correlation
2	Activity (X2)	Valid, Significant Correlation
3	Solvency (X3)	Valid, Significant Correlation
4	Effectiveness (Y)	Valid, Significant Correlation

Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-2.33893	0.0097	4	36
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-0.67961	0.2484	4	36
ADF - Fisher Chi-square	10.5011	0.2316	4	36
PP - Fisher Chi-square	11.2410	0.1884	4	36

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Based on the results of the panel data stationarity test conducted on the variables in the analysis of the effectiveness of PT Bayu Buana Tbk's financial management, reviewed from the aspects of liquidity, activity, and solvency, the Levin, Lin & Chu (LLC) test obtained a probability value of 0.0097, which is less than 0.05. This indicates that the data is stationary at the level level, in accordance with the assumption of the common unit root process. This means that the data does not experience trends or instability of variance over time, making it suitable for use in the next stage of analysis.

Meanwhile, results from other tests, such as the Im, Pesaran and Shin (IPS), ADF-Fisher, and PP-Fisher, showed probability values greater than 0.05. This condition indicates that individually there is still the possibility of a unit root, or in other words, not all variables are stationary based on the assumption of the individual unit root process.

Overall, the results can be interpreted that the data tends to be stationary according to the general approach (LLC test), so that panel data regression analysis can be carried out without the need for additional data transformation such as differencing. This situation indicates that the financial data of PT Bayu Buana Tbk during the research period is relatively stable and does not contain trends that can interfere with the estimation results in evaluating the effectiveness of the company's financial management based on the aspects of liquidity, activity, and solvency.

Dependent Variable: Y
Method: Least Squares
Date: 10/30/25 Time: 16:56
Sample: 2015 2024
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.008925	0.012380	0.720976	0.4980
X1	0.003078	0.007867	0.391192	0.7092
X2	0.059107	0.006497	9.097314	0.0001
X3	0.001621	0.007516	0.215671	0.8364

R-squared	0.968782	Mean dependent var	0.025010
Adjusted R-squared	0.953173	S.D. dependent var	0.011836
S.E. of regression	0.002561	Akaike info criterion	-8.807492
Sum squared resid	3.94E-05	Schwarz criterion	-8.686458
Log likelihood	48.03746	Hannan-Quinn criter.	-8.940266
F-statistic	62.06601	Durbin-Watson stat	1.985884
Prob(F-statistic)	0.000066		

The results of the multiple linear regression analysis indicate that the research model has a very good and significant level of fit overall, with an R-squared value of 0.968782. This means that 96.88% of the variation in the dependent variable (Y) can be explained jointly by the independent variables X1, X2, and X3. The overall significance of the model is also strengthened by a very small F-statistic probability value, namely 0.000066. Partially, only variable X2 has a positive and significant effect on Y with a P value of 0.0001. A positive coefficient of 0.059107 indicates a unidirectional relationship, where each one-unit increase in X2 will increase the value of Y by 0.059107 units assuming other variables remain constant. In contrast, variables X1 and X3 did not show a significant effect on Y.

This regression model has high predictive power with a coefficient of determination of 0.968782, indicating that almost all of the variation in Y can be explained by X1, X2, and X3 together. This model is also statistically significant based on the F-test results (Prob(F-statistic) = 0.000066). However, when viewed individually, only X2 has a significant positive effect on Y (coefficient 0.059107; P-value 0.0001), while X1 and X3 are insignificant. Furthermore, the Durbin-Watson value of 1.985884, which is close to 2, indicates that this model does not experience autocorrelation in its residuals.

Using the t-test to test the significance of each independent variable, only X2 was statistically significant, as its P-value was less than 0.05 (0.0001). Therefore, it can be concluded that X2 has a significant effect on Y. Meanwhile, X1 (P-value 0.7092) and X3 (P-value 0.8364) were declared insignificant, so their effect on Y could not be statistically proven.

Based on the F-test results, it was found that all three independent variables (X1, X2, and X3) simultaneously had a significant effect on the dependent variable Y. This is indicated by the Prob(F-statistic) value of 0.000066, which is much smaller than the significance limit of 0.05. Therefore, it can be concluded that X1, X2, and X3 collectively have a significant effect on Y.

Discussion

The discussion section interprets the research findings by relating the analysis of liquidity, activity, and solvency ratios to the established objectives and theoretical framework. The consistent improving trend observed across all three ratio categories (Liquidity, Activity, and Solvency) suggests that PT Bayu Buana Tbk has executed its financial management effectively from 2021 to 2024. Specifically, the rising Current Ratio and Quick Ratio (Liquidity) confirm the company's enhanced capacity to cover short-term debts, which aligns with modern working capital theories. Furthermore, the decreasing Debt to Equity Ratio (Solvency) indicates a strategic move toward lower financial leverage, contributing positively to long-term stability and reducing creditor risk. The study's main contribution lies in providing quantitative evidence that effective financial management in publicly listed travel firms leads to simultaneous improvements in short, medium, and long-term financial health. The practical implication is that management should maintain focus on efficient asset utilization and debt control. A limitation of this study is its reliance solely on financial statement data, excluding broader macroeconomic or industry-specific competitive factors that may also influence financial performance.

Conclusion

In conclusion, the study found that the financial management effectiveness at PT Bayu Buana Tbk, when measured through its key financial ratios from 2021 to 2024, has been continuously effective and improving. This conclusion is supported by the consistently positive trends in liquidity (higher Current and Quick Ratios), activity (improving Inventory and Total Asset Turnover), and solvency (lower Debt to Equity and Debt to Asset Ratios). The study contributes to the academic literature by confirming the strong interrelationship among these three facets of financial health within the context of the travel industry. For practical application, the findings strongly endorse the current financial strategies employed by PT Bayu Buana Tbk. Future research could focus on correlating these positive ratio trends with the company's stock market performance or comparing these ratios with key industry competitors to establish benchmark effectiveness.

Acknowledgments

The authors wish to express their deepest gratitude to PT Bayu Buana Tbk for generously providing the necessary financial statements and essential data access which formed the foundation of this quantitative analysis. Sincere appreciation is also extended to Jeni Irnawati S.E., M.M. for her invaluable academic guidance, constructive feedback, and continuous support that ensured the methodological rigor of this research project.

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