

## INVENTORY TURNOVER AND WORKING CAPITAL ANALYSIS FOR ASSESSING FINANCIAL PERFORMANCE AT PT. GUDANG GARAM Tbk LISTED ON THE IDX PERIOD 2017 – 2021

Britny Yand. S<sup>1</sup>, Anwar Ramli<sup>2</sup>, Nurman<sup>3</sup>, Abdi Akbar<sup>4</sup>, Muh. Ichwan Musa<sup>5</sup>

<sup>1,2,3,4,5</sup> Management, Economics and Business, Makassar State University, Indonesia  
e-mail: [britny\\_ys@gmail.com](mailto:britny_ys@gmail.com), [anwar288347@yahoo.com](mailto:anwar288347@yahoo.com), [nurman@unm.ac.id](mailto:nurman@unm.ac.id), [abdiakbar@msn.com](mailto:abdiakbar@msn.com),  
[ichwan.musa71@gmail.com](mailto:ichwan.musa71@gmail.com)

### Abstract

*This study aims to determine the financial performance at PT. Gudang Garam Tbk in the 2017-2021 period in terms of inventory turnover ratio and to find out the financial performance of PT. Gudang Garam Tbk in the 2017-2021 period in terms of the working capital turnover ratio. This research is a quantitative research with a descriptive approach where the subject of this research is PT. Gudang Garam Tbk. Based on the analysis that has been done, it is obtained that the value of the inventory ratio and the ratio of working capital at PT. Gudang Garam experienced fluctuations when the financial performance tested by the liquidity, solvency and profitability ratios was stated to be good, which means that the financial performance remained in good condition.*

**Keywords:** *Financial Performance, Working Capital Ratio, Inventory Turnover Ratio*

### INTRODUCTION

PT. Gudang Garam Tbk is a leading cigarette company in Indonesia which is listed on the Indonesia Stock Exchange (IDX). As a public company, PT. Gudang Garam Tbk has an obligation to provide transparent financial reports to its shareholders and the general public. Financial reports are an important tool used to evaluate the financial performance of a company.

In carrying out its operations, PT. Gudang Garam Tbk manages inventory and working capital which are important components in the company's financial cycle. Inventory includes all goods or raw materials owned by the company for production or sales, while working capital includes all current assets and current liabilities that the company uses to carry out its daily activities.

The company's financial statements provide information about the performance and changes in the company's financial position, which is very helpful for making the right decisions. Financial data must be converted into information that can be used for economic decision making so that the information presented is more useful in decision making. This is done by analyzing financial statements.

Investors can use financial statement analysis to predict the future, while management can use it to anticipate future conditions and start planning actions that will affect the company's conditions in the future. The financial report is a summary of the company's financial data with the aim of preparing and interpreting it for the benefit of management and interested parties. Financial ratios are one approach that can be taken when analyzing financial reports.

In this case the type of activity ratio used is inventory turn over and working capital turn over. The inventory turnover ratio measures the efficiency of managing merchandise inventory. This ratio is a fairly popular indication for assessing operational efficiency, which shows how well management controls the existing capital in inventory (Sawir, 2005:15). The smaller this ratio, the worse the finances, and vice versa.

Analysis of inventory turnover and working capital is one method that is commonly used to evaluate the efficiency and financial performance of a company. Inventory turnover measures how quickly a company sells its inventory and replaces it with new inventory, while working capital turnover shows the extent to which a company utilizes available financial resources to generate income.

Given the importance of inventory turnover and working capital in measuring financial performance, this study aims to analyze the inventory turnover and working capital of PT. Gudang Garam Tbk during the 2017-2021 period. In this study, an analysis of the company's financial statements will be carried out which includes balance sheets, profit and loss statements, and cash flow statements.

By analyzing the inventory turnover and working capital of PT. Gudang Garam Tbk, it is hoped that a deeper understanding of the company's operational efficiency and financial performance can be obtained which can provide valuable information for management, shareholders and other stakeholders. In addition, the results of this study can also provide useful input for companies in optimizing inventory management and working capital to improve their financial performance in a sustainable manner.

According to Sutrisno (2007: 39) working capital is the funds needed by the company to meet daily needs, such as purchasing raw materials, paying laborers, paying debts, and other payments. Working capital can be obtained both from within (retained earnings and own capital) or from outside the company (loans). Working capital management is needed to find out the optimal amount of working capital needed by the company. Working capital owned by the company should not experience a shortage or excess, because this will have a separate impact on the company. The results of working capital management in a company can be related to liquidity and profitability problems in a company.

The working capital turnover ratio shows the number of sales a company can obtain for each rupiah of working capital. If the turnover of working capital is low, it can be interpreted that the company is having an excess of working capital. This is due to low inventory turnover or accounts receivable that are too large. Another factor that can influence is the cash balance. And vice versa if the working capital turnover is high, it can be caused by high inventory turnover or accounts receivable turnover and cash balances that are too small.

## METHODS

This type of research is quantitative research with a descriptive approach. Quantitative descriptive analysis technique is data analysis by describing or describing the data that has been collected as it is without intending to make general conclusions.

Data collection in this study uses documentation techniques, namely by collecting, then recording and then processing secondary data in the form of financial statements of the company PT Gudang Garam Tbk which are registered and published by the Indonesia Stock Exchange (IDX) with the period used 2017-2021.

## RESULTS AND DISCUSSION

### Results

#### 1. Inventory Turnover Ratio

Year	Sale	Initial inventory	Final Inventory	Average Inventory	Inventory Turnover Ratio (%)
2017	83,305,925	4,968,672	6,424,958	5,696,815	1462.32
2018	95,707,663	6,424,958	8,253,412	7,339,185	1304.06
2019	110,523,819	8,253,412	8,228,497	8,240,954.5	1341.15
2020	114,477,311	8,228,497	8,723,119	8,475,808	1350.64
2021	124,881,266	8,723,119	8,723,553	8,723,336	1431.58

Source: Processed data, 2023

In the table above it can be obtained that the value of the inventory turnover ratio in 2017 was 1462.32% and in 2018 it was obtained at 1304.06%, which means that within 1 year the company experienced a decrease in inventory turnover by 0.89%. Furthermore, from 2018 to 2019, which obtained an inventory turnover ratio of 1341.15%, it is known that the company experienced an

increase in inventory turnover of 1.03%. The inventory turnover ratio in 2020 was 1350.64%, which means that from 2019 to 2020, the company experienced an increase in inventory turnover of 1%. Finally, in 2021, the inventory turnover ratio was obtained at 1431.58%, it is known that the company has experienced an increase in inventory turnover of 1.06%. Based on these values, it is concluded that the value of the inventory turnover ratio fluctuates. The cause of fluctuations in the inventory turnover ratio is due to the high product costs and the company's low inventory.

## 2. Working Capital Turnover Ratio

Year	Sale	Working capital	Working Capital Turnover Ratio (%)
2017	83,305,925	21,153,448	393.82
2018	95,707,663	23,281,152	411.10
2019	110,523,819	26,822,406	412.06
2020	114,477,311	32,527,937	351.94
2021	124,881,266	30,943,295	403.58

Source: Processed data, 2023

In the table above it can be obtained that the value of the working capital turnover ratio in 2017 was 393.82% and in 2018 it was obtained at 411.10%, which means that within 1 year the company experienced an increase in working capital turnover of 1.04%. Furthermore, from 2018 to 2019, which obtained a working capital turnover ratio of 412.06%, it is known that the company experienced an increase in working capital turnover of 1%. The working capital turnover ratio in 2020 was 351.94%, which means that from 2019 to 2020, the company experienced a decrease in working capital turnover of 0.85%. Finally, in 2021, a working capital turnover ratio of 403.58% is obtained, it is known that the company has experienced an increase in working capital turnover of 1.15%. Based on these values, it is concluded that the value of the working capital turnover ratio fluctuates. The working capital turnover ratio fluctuates because the value of current assets or current assets is too low, so the company has to take out a loan.

## 3. Financial performance

### a. Liquidity Ratio

The results of the analysis of the liquidity ratios used consist of the current ratio and quick ratio.

#### *Current Ratio*

Year	Current assets	Current Debt	<i>Current Ratio</i> (%)	Industry Standard (%)	Information
2017	43,764,490	22,661,042	193	221	Not good
2018	45,284,719	22,003,567	206	221	Not good
2019	52,081,133	25,258,727	206	221	Not good
2020	49,437,929	17,009,992	291	221	Good
2021	59,312,578	28,369,283	209	221	Not good

Source: Processed data, 2023

In 2017, the current ratio obtained was 193% and in 2018, a current ratio was obtained of 206%. This indicates an increase in the current ratio of 13%. Furthermore, in 2019, the current ratio obtained was 206%, which is the same as in 2018. For 2020, a current ratio of 291% was obtained, meaning an increase of 85%. Finally, in 2021, the current ratio obtained is 209%, which means that the company has experienced a decrease in the current ratio by 82%. Furthermore, it is known that the industry standard obtained is 221% so that the company's condition is said to be good only in 2020.

## Quick Ratio

Year	Current assets	Supply	Current Debt	Quick Ratio(%)	Industry Standard (%)	Information
2017	43,764,490	37,920,289	22,661,042	26%	38	Good
2018	45,284,719	38,560,045	22,003,567	31%	38	Good
2019	52,081,133	42,847,314	25,258,727	37%	38	Not good
2020	49,437,929	39,894,523	17,009,992	56%	38	Good
2021	59,312,578	47,456,225	28,369,283	42%	38	Good

Source: Processed data, 2023

Based on the table above, the quick ratio values obtained in 2017 and 2018 were 26% and 31% respectively, which showed an increase of 4%. In 2019 the quick ratio value was 37%, which means that from the previous year there was an increase of 6%. In 2020, the quick ratio reached a value of 56% or an increase of 19%. For 2021, a quick ratio value of 42% is obtained, which means there is a decrease of 14%. Furthermore it is known that the industry standard obtained is 38% so that the company's condition is said to be not good only in 2019.

### b. Solvency Ratio

The results of the analysis of the solvency ratio used consist of the debt to asset ratio and the debt to equity ratio.

## Debt to Asset Ratio

Year	Total Debt	Total Assets	Debt to Asset Ratio (%)	Industry Standard (%)	Information
2017	24,572,266	66,759,930	37%	33	Good
2018	23,963,934	69,097,219	35%	33	Good
2019	27,716,516	78,647,274	35%	33	Good
2020	19,668,941	78,191,409	25%	33	Not good
2021	30,676,095	89,964,369	34%	33	Good

Source: Processed data, 2023

In 2017, the debt to asset ratio obtained was 37% and in 2018 the debt to asset ratio was 35%. This indicates a decrease in the debt to asset ratio of 2%. Furthermore, in 2019, the debt to asset ratio obtained was 35%, which is the same as in 2018. For 2020, a debt to asset ratio of 25% was obtained, meaning a decrease of 10%. Finally, in 2021, the debt to asset ratio obtained is 34%, which means that the company has experienced an increase in debt to asset ratio by 9%. Furthermore, it is known that the industry standard obtained is 38% so that the company's condition is said to be not good only in 2020.

## Debt to Equity Ratio

Year	Total Debt	Total Capital	Debt to Equity Ratio (%)	Industry Standard (%)	Information
2017	24,572,266	21,153,448	116%	95	Good
2018	23,963,934	23,281,152	103%	95	Good
2019	27,716,516	28,822,406	96%	95	Good
2020	19,668,941	32,527,937	60%	95	Not good
2021	30,676,095	30,943,295	99%	95	Good

Source: Processed data, 2023

Based on the table above, the debt to equity ratio in 2017 and 2018 was 116% and 103% respectively, which showed a decrease of 13%. In 2019 the value of the debt to equity ratio was 96%,

which means that from the previous year it had decreased by 7%. In 2020, the debt to equity ratio reached 60% or decreased by 36%. For 2021, a debt to equity ratio of 99% is obtained, which means there is an increase of 39%. Furthermore, it is known that the industry standard obtained is 95% so that the company's condition is said to be not good only in 2020.

### c. Profitability Ratio

The results of the profitability analysis used consist of gross profit margin, net profit margin, return on assets, and return on equity.

#### *Gross Profit Margins*

Year	Sale	Cost of goods sold	<i>Gross Profit Margins (%)</i>	Industry Standard (%)	Information
2017	83,305,925	65,084,263	22%	18	Good
2018	95,707,663	77,063,336	19%	18	Good
2019	110,523,819	87,740,564	21%	18	Good
2020	114,477,311	97,089,067	15%	18	Not good
2021	124,881,266	110,608,655	11%	18	Not good

Source: Processed data, 2023

In 2017, the gross forift margin obtained was 22% and in 2018, the gross forift margin was 19%. This indicates a decline in the gross forift margin of 3%. Furthermore, in 2019, the gross forift margin obtained was 21%, which was an increase of 2%. For 2020, a gross forift margin of 15% was obtained, meaning a decrease of 6%. Finally, in 2021, the gross forift margin obtained is 11%, which means that the company has experienced a decrease in gross forift margin by 4%. Furthermore, it is known that the industry standard obtained is 18% so that the company's condition is said to be not good only in 2020-2021.

#### *Net Profit Margins*

Year	Net profit	Sale	<i>Net Profit Margins (%)</i>	Industry Standard (%)	Information
2017	7,755,347	83,305,925	9%	8	Good
2018	7,793,068	95,707,663	8%	8	Good
2019	10,880,704	110,523,819	10%	8	Good
2020	7,647,729	114,477,311	7%	8	Not good
2021	5,605,321	124,881,266	4%	8	Not good

Source: Processed data, 2023

Based on the table above, the net profit margin values obtained in 2017 and 2018 were 9% and 8% respectively, which showed a decrease of 1%. In 2019 the value of the net profit margin was 10%, which means that from the previous year it had increased by 2%. In 2020, the net profit margin reached 7% or decreased by 3%. For 2021, a net profit margin value of 4% is obtained, which means there is a decrease of 3%. Furthermore, it is known that the industry standard obtained is 8% so that the company's condition is said to be not good only in 2020-2021.

#### *Return On Assets*

Year	Net profit	Total Assets	<i>Return On Assets (%)</i>	Industry Standard (%)	Information
2017	7,755,347	66,759,930	12%	11	Good
2018	7,793,068	69,097,219	11%	11	Good
2019	10,880,704	78,647,274	14%	11	Good
2020	7,647,729	78,191,409	10%	11	Not good
2021	5,605,321	89,964,369	6%	11	Not good

Source: Processed data, 2023

In 2017, the return on assets was 12% and in 2018 the return on assets was 11%. This indicates a decrease in return on assets of 1%. Furthermore, in 2019, the return on assets obtained was 14%, which was an increase of 3%. For 2020, a return on assets of 10% means a decrease of 4%. Finally, in 2021, the return on assets obtained is 6%, which means that the company has experienced a decrease in return on assets of 4%. Furthermore, it is known that the industry standard obtained is 8% so that the company's condition is said to be not good only in 2020-2021.

*Return On Equity*

Year	Net profit	Total Equity	Return On Equity (%)	Industry Standard (%)	Information
2017	7,755,347	42,187,664	18%	16	Good
2018	7,793,068	45,133,285	17%	16	Good
2019	10,880,704	50,930,758	21%	16	Good
2020	7,647,729	58,522,468	13%	16	Not good
2021	5,605,321	59,288,274	9%	16	Not good

Source: Processed data, 2023

Based on the table above, the return on equity values obtained in 2017 and 2018 were 18% and 17% respectively, which showed a decrease of 1%. In 2019 the value of return on equity was 21%, which means that from the previous year it had increased by 4%. In 2020, return on equity reached 13% or decreased by 8%. For 2021, a return on equity value of 9% is obtained, which means there is a decrease of 4%. Furthermore, it is known that the industry standard obtained is 16% so that the company's condition is said to be not good only in 2020-2021. The following is a recapitulation of the company's financial condition or financial performance using liquidity ratios, solvency ratios and profitability ratios.

**Company Financial Performance Recapitulation**

Financial performance	Year				
	2017	2018	2019	2020	2021
<b>Liquidity Ratio</b>					
<i>Current Ratio</i>	Not good	Not good	Not good	Good	Not good
<i>Quick Ratio</i>	Good	Good	Not good	Good	Good
<b>Solvency Ratio</b>					
<i>Debt to Asset Ratio</i>	Good	Good	Good	Not good	Good
<i>Debt to Equity Ratio</i>	Good	Good	Good	Not good	Good
<b>Profitability Ratio</b>					
<i>Gross Profit Margins</i>	Good	Good	Good	Not good	Not good
<i>Net Profit Margins</i>	Good	Good	Good	Not good	Not good
<i>Return On Assets</i>	Good	Good	Good	Not good	Not good
<i>Return On Equity</i>	Good	Good	Good	Not good	Not good

The recapitulation of inventory turnover ratios, working capital turnover and financial performance can be seen in the following table.

Recapitulation of Inventory Turnover Ratio Data, Working Capital Turnover and Financial

Year	Inventory Turnover Ratio	Working Capital Turnover Ratio	Performance							
			Profitability Ratio		Solvency Ratio		Profitability Ratio			
			<i>Current Ratio</i>	<i>Quick Ratio</i>	<i>Debt to Asset Ratio</i>	<i>Debt to Equity Ratio</i>	<i>Gross Profit Margins</i>	<i>Net Profit Margins</i>	<i>Return On Assets</i>	<i>Return On Equity</i>
2017	1462.32	393.82	193	26	37	116	22	9	12	18
2018	1304.06	411.10	206	31	35	103	19	8	11	17
2019	1341.15	412.06	206	37	35	96	21	10	14	21
2020	1350.64	351.94	291	56	25	60	15	7	10	13
2021	1431.58	403.58	209	42	34	99	11	4	6	9

## DISCUSSION

Financial performance is analyzed using liquidity ratios, solvency ratios and profitability ratios. Analysis using the liquidity ratio shows that the financial performance is not good or not liquid, which means that the company has not been able to fulfill its short-term obligations when they fall due. For analysis with the solvency ratio, it is found that the financial performance is good or solvable, which means that the company can pay off existing debt by using all of its assets. Meanwhile, the result of the profitability ratio is that the financial performance can be said to be good, which means that the company is able to gain profit or profit. From the three performance analyzes, it was found that the financial performance of PT. Gudang Garam Tbk is in good condition.

When compared with the value of the inventory turnover ratio which has an average value of 1377.95% while the financial performance is in good condition, it can be seen that the financial performance is still in good condition with the value of the inventory turnover ratio which is still fluctuating. For the value of the working capital turnover ratio which has an average value of 394.50% while the financial performance is in good condition, it can be seen that the financial performance is still in good condition with a fluctuating working capital turnover ratio.

These results are supported by the results obtained by Huntojungo, Roy and Dantje (2017), calculating the financial ratios of PT. Gudang Garam Tbk for the period 2011 to 2015 using the liquidity ratio, it can be seen that the company's financial performance results are at an average industry standard or in other words the company is in "good" condition. Calculation of financial ratios PT. Gudang Garam Tbk for the period 2011 to 2015 using the solvency ratio, the company's financial performance is at the industry standard average or in other words the company is in "fairly good" condition. Calculation of the financial ratio of PT. Gudang Garam Tbk from 2011 to 2015 using the profitability ratio, the company's financial performance is in "unfavorable" condition when compared to the average industry standard.

The results of this study are in accordance with the results obtained by Winarno (2019), the ROA financial performance during 2016 and 2017 can be said to be quite good/healthy because it is above the industry average of 14.72%, but on the other hand the ROA value for 2018 is below the average industry that is equal to 12.89%. This shows that the company is less than optimal in asset management which has an impact on the amount of profit earned in that year. However, the overall performance of the ROA indicator during 2016-2018 when compared to BI standards shows very good results because it is above the range of 0.5% - 1.25%.

Other results that are not in accordance with this study were conducted by Khanjaya and Triyogo (2016), the company's profitability ratios from 2011 to 2014 can be said to be good, seen

from the calculation value of the ratio of gross profit and net profit owned by the company which is greater than the average value industry, while the company is not doing well in Return on Assets (ROA) and Return on equity (ROE) because the company's ratio is lower than the industry average.

## CONCLUSION

Based on the results of data analysis regarding the analysis of the company's financial performance PT. Gudang Garam Tbk then obtained the following conclusions.

1. Inventory turnover of PT. Gudang Garam Tbk fluctuates when financial performance is in good condition. Inventory turnover illustrates the company's efficiency in procuring its production goods while financial performance is illustrated by liquidity, solvency and profitability values where the values obtained are dominantly greater than industry standards so that it can be said to be good.
2. PT. Gudang Garam Tbk fluctuates when financial performance is in good condition. Working capital turnover illustrates the company's efficiency in processing existing capital while financial performance is described by the value of liquidity, solvency and profitability where the values obtained are dominantly greater than the industry standard so that it can be said to be good.

## REFERENCES

- Ariyanti, K. (2020). Analysis of Financial Statements as a Tool for Measuring Financial Performance at PT. Dzaky Beautiful Mighty Tabuk River Branch. *Scientific Journal of Business Economics*, 6(2).
- Djarwanto. (2004). *Fundamentals of Financial Statement Analysis*, Second Edition. Yogyakarta: BPFY Yogyakarta.
- Fahmi, I. (2012). *Financial Statement Analysis*. Bandung: Alfabeta.
- Harjito, A. & Martono. (2012). *Financial Management*, Second Edition. Yogyakarta: Ekonisia.
- Herawati, H. (2019). The Importance of Financial Statements for Assessing Company Financial Performance. *Unihaz Journal of Accounting*, 2(1).
- Huntojungo, F., Roy, FR and Dantje, K. (2017). *Financial Performance Analysis at PT. Gudang Garam Tbk*. UNSRAT Journal.
- Kasmir. (2013). *Financial Statement Analysis*. Jakarta: Rajawali Press.
- Khanjaya, CY and Triyogo, MA (2016). Financial Report Analysis of PT. Ciputra Property Tbk as a basis for assessing company performance in the 2011-2014 period. *Bina Insani Student Journal*, 1(1).
- Komala, L., A. (2013). The Effects of Profitability Ratio, Liquidity, and Debt towards Investment Return. *Journal of Business and Economics*, 4(11).
- Mikrad, et al. (2019). Analysis of Financial Performance Seen from Working Capital Turnover, Inventory Turnover and Profitability (Case Study at PT. Indofood Sukses Makmur, Tbk Listed on the IDX in 2014-2016). *Competitive Journal of Accounting and Finance*, 1(1).
- Munawir, S. (2010). *Analysis of Financial Statements*, Fourth Edition. Yogyakarta: Liberty.
- Nisa, CC (2020). Analysis of Working Capital Management in Assessing Liquidity and Profitability Levels (Study at PT Gudang Garam Tbk Period 2014-2017). *Journal of Business Economics and Accounting*.
- Rubisa, et al. (2018). Analysis of Financial Statements in Assessing Company Financial Performance at the Dana Raya Manado Rural Bank (BPR). *Journal of Going Concern Accounting Research*, 13(2).
- Ristono, A. (2013). *Inventory Management*. Yogyakarta: Science Graha.
- Riswan & Yolanda, FK (2014). Analysis of Financial Statements as a Basis for the Assessment of Financial Performance of PT. Budi Satria Wahana Motor. *Journal of Accounting & Finance*, 5(1).