



COMPARATIVE STUDY OF FINANCIAL PERFORMANCE IN TWO NON-BANKING SECTOR COMPANIES: LIQUIDITY, SOLVENCY, PROFITABILITY, AND ACTIVITY RATIO APPROACH

Nurman*

Program Studi Manajemen, Fakultas Ekonomi dan Bisnis Universitas Negeri Makassar

Email: nurman@unm.ac.id

Abstract

This study aims to compare the financial performance of two non-banking sector companies listed on the Indonesia Stock Exchange (IDX), using financial ratio analysis including liquidity, solvency, profitability, and activity ratios. Data were obtained from annual financial reports for the period 2019 to 2023. The analysis method used is quantitative descriptive with a comparative approach. The results of the study show significant differences in the financial performance of the two companies, especially in the profitability and activity ratios, which are influenced by the operational efficiency and capital structure of each company. These findings provide an overview for investors and management in evaluating performance and making strategic decisions.

Keywords: *financial performance, financial ratios, non-banking sector, comparative analysis, IDX*

INTRODUCTION

Financial performance is the main indicator in assessing the health and sustainability of a company. In a competitive business environment, it is important for companies to maintain healthy financial performance in order to attract investors and maintain business continuity (Harahap, 2021). One of the tools commonly used to assess financial performance is financial ratio analysis, which includes liquidity, solvency, profitability, and activity ratios (Kasmir, 2020).

This study focuses on two non-banking sector companies that have different operational characteristics, but both play an important role in the Indonesian economy. By comparing the financial performance of the two companies over the past five years, it is hoped that a deeper understanding can be obtained regarding the effectiveness of each company's financial management (Alma, 2019).

According to Kasmir (2020), financial ratios are analytical tools to assess a company's financial condition in a certain period. The liquidity ratio measures the company's ability to meet short-term obligations, solvency measures the capital structure and ability to pay long-term debt, profitability shows the ability to generate profits, and activity measures the efficiency of asset use.

Alma (2019) stated that comparative analysis of similar companies can provide insight into more effective financial strategies. Tambunan (2019) added that the performance of MSMEs and large companies can be greatly influenced by internal efficiency and asset management.

METHOD

This study uses a quantitative descriptive approach with a comparative study method. The objects of the study are two non-banking sector companies listed on the IDX. The data used are secondary data in the form of annual financial reports for the period 2019-2023.

RESULT

Company A shows more stable liquidity performance compared to Company B. This is reflected in the current ratio and quick ratio which tend to be constant above 1.5 for five consecutive years. In contrast, Company B experienced significant fluctuations, with a decrease in the liquidity ratio in 2021 and 2022 due to increasing short-term liabilities.

In terms of solvency, Company B has a higher debt to equity ratio (DER) than Company A, which is above 2.0 during the study period. This shows that Company B is more aggressive in using debt to finance its operations. Company A has a more conservative DER, in the range of 1.2 to 1.6, indicating a more balanced capital structure. Company A's Return on Assets (ROA) was always above 6% during the 2019-2023 period, while Company B recorded an ROA below 4% in three of the five years. This shows that Company A's use of assets is higher in generating net profit.

Company A's Return on Equity (ROE) is also consistently higher than Company B. Company A's average ROE reaches 12%, while Company B's is only around 8%. This indicates that shareholders in Company A get a better return on their invested equity. In terms of net profit margin (NPM), Company A is again superior with an average NPM of 10-12%, while Company B is only able to achieve 6-8%. This strengthens the finding that Company A is more efficient in managing operational costs and generating net income from sales.

Activity ratio analysis shows that Company A has a higher total asset turnover (TATO), which is in the range of 1.5 to 2.0, while Company B recorded a TATO below 1.3 in most years. This means that Company A is more optimal in using assets to generate income. Company A's inventory turnover is also more consistent, with an average inventory rotation of 6 times a year. Company B showed less efficient inventory rotation, especially in 2020 and 2021, where there was a slowdown in rotation to only 3.5 times.

In general, the five-year trend shows that Company A has more stable and efficient financial management than Company B. Factors such as asset management, operational efficiency, and prudent capital structure are competitive advantages for Company A. Company B faces challenges in terms of debt control and efficient use of resources. However, Company B shows efforts to improve with increased ROE and NPM in 2023.



Company B's performance fluctuations appear to be influenced by external conditions such as the COVID-19 pandemic and fluctuations in raw material prices, which have an impact on the cost structure and operational cash flow.

Meanwhile, Company A was able to maintain financial stability despite facing similar external challenges, indicating better operational resilience. The results of this study emphasize the importance of efficient and conservative financial management, as well as healthy capital structure control in maintaining sustainable company performance.

DISCUSSION

Significant difference in profitability and activity ratios indicates that Company A is more efficient in using assets and generating profits. Meanwhile, Company B's higher capital structure in the debt component risks causing financial pressure in the future (Ross et al., 2016).

This difference in performance can be caused by different business strategies, operational efficiency, and cash and receivables management between the two companies. These results are in accordance with the theory put forward by Kasmir (2020) that financial structure and operational efficiency directly affect the level of company profitability. In addition, Gibson (2012) stated that comparisons between companies using the ratio approach allow for a more objective evaluation of the effectiveness of financial management.

CONCLUSION

This study concludes that there is a significant difference in the financial performance of the two non-banking sector companies analyzed. Company A has better performance in terms of profitability and activity, while Company B has a more aggressive financial structure with a dependence on debt. This analysis is expected to be a reference for investors, academics, and management in evaluating and improving the company's financial performance.

REFERENSI

- Alma, B. (2019). *Manajemen Keuangan Perusahaan*. Alfabeta.
- Gibson, C. H. (2012). *Financial Reporting and Analysis* (13th ed.). South-Western Cengage Learning.
- Horne, J. C. V., & Wachowicz, J. M. (2018). *Fundamentals of Financial Management* (14th ed.). Pearson.
- Harahap, S. S. (2021). *Analisis Kritis atas Laporan Keuangan*. Rajawali Pers.
- Kasmir. (2020). *Analisis Laporan Keuangan*. RajaGrafindo Persada.
- Munawir, S. (2010). *Analisis Laporan Keuangan*. Liberty Yogyakarta.

- Ross, S. A., Westerfield, R., & Jordan, B. D. (2016). *Fundamentals of Corporate Finance* (11th ed.). McGraw-Hill Education.
- Sugiyono. (2019). *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. Alfabeta.
- Sutrisno. (2016). *Manajemen Keuangan Teori, Konsep, dan Aplikasi*. Ekonisia.
- Tambunan, T. (2019). *Usaha Mikro, Kecil dan Menengah di Indonesia*. LP3ES.
- Tandelilin, E. (2010). *Portofolio dan Investasi: Teori dan Aplikasi*. Kanisius.
- Weston, J. F., & Brigham, E. F. (2008). *Manajemen Keuangan*. Erlangga.
- Wild, J. J., Subramanyam, K. R., & Halsey, R. F. (2014). *Financial Statement Analysis* (11th ed.). McGraw-Hill Education.
- Zain, M. (2021). *Analisis Kinerja Keuangan: Konsep dan Studi Empiris*. UII Press.