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FINANCIAL PERFORMANCE ANALYSIS AT PT. PEGADAIAN (PERSERO) IN INDONESIA

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Abstract

This study aims to determine the financial performance of PT. Pegadaian (Persero). This type of research is descriptive quantitative, which explains the financial ratio consisting of liquidity ratio, solvency ratio, and profitability ratio that occurred within the company in 2014-2017. The population in this study is the financial statements of PT. Pegadaian (Persero) in Indonesia for three years (2018-2020), as well as being a sample in thisstudy. Documentation techniques carry out data collection. The method used in this study is a descriptive methodwith a qualitative approach. The results showed the financial performance of PT. Pegadaian (Persero) is quite good. The profitability ratio consisting of the value of ROA has decreased every year, whereas, in 2020, it has reduced and can be said to be quite good in generating optimal income. Grades in ROE declined in 2018 and 3019but are still in the excellent category, with scores of 13.80 percent and 13.48 percent. However, in 2020 it experienced a considerable decrease of 8.22 percent compared to the previous year, with a reviewed ROE standardvalue of 8.32 percent. So in 2020, the ROE value can be said to be not good, which can reduce the attractivenessof investors to invest in the company. The Cash Ratio owned by Pegadaian is categorized as not good at paying and guaranteeing the current debt. The Debt to Equity Ratio owned by Pegadaian is classified as unreasonable and it has not been able to secure its total debt.

Keywords: Financial Performance, Liquidity Ratio, Solvency Ratio, Activity Ratio, and Profitability Ratio

INTRODUCTION

Pegadaian is a financial institution that officially has a license to carry out its operational activities in the form of credit financing to the public by distributing funds in relatively small amounts or large amounts based on pawning, as well as deposit services and appraisal services.In this regard, it is necessary to have stable financial performance as a form of illustration to see the achievement and growth of company profits or profits. In addition, it can also be knownthrough financial reports such as income statements, balance sheets, etc. assessment ofeconomic performance is critical to do to find out how the financial condition of a company isand how the company's activities are carried out and which direction the company's disease tends to move and how to find out the financial condition and performance of a company (Arrias, Alvarado and Calderon, 2019). Financial performance is a description of the company's financial situation in a certain period regarding aspects of fundraising and distribution of funds, which are usually assured by indicators of capital adequacy, liquidity, and profitability (Jumingan, 2006:239).

From the financial performance, it can be seen how the company's financial statements supportthe condition of the company. Part of an important company document, where this document states how the company is in terms of fundraising and disbursing funds. This helps companies’measure indicators of the company's financial performance in the last period. Because of the importance of evaluating financial performance, there is nothing wrong if, from the start, the company always makes it a habit to have good and orderly financial records. If the company'sperformance is good, the business value will be high.

Assessment of the company's financial performance is one way that management can do in order to fulfil its obligations to investors to achieve the goals set by the company. To assess a company's financial performance, you can use benchmarks such as ratios or indexes that connect two financial data in financial statements. Financial performance evaluation can be used by analysing financial statements. Generally, the analysis of the company's financial statements is used as an effort to calculate comparisons to evaluate the company's financial capability (Syamsuddin, 2011).

The company carries out financial statement analysis by using several financial ratios. Financial ratios as a way to analyse and measure the company's financial performance in good or bad conditions. Assessment in financial comparisons is sometimes used in evaluating and measuring the company's financial performance because it is considered one of the easy methods to calculate measurements that describe relative results (Hernawati and Muthmainnah,2021).

Based on the company's financial statements, it can be seen how the company's health level runs from the previous year to the next. To see the company's financial performance, we can see one of them from the return-on-investment table below as follows:

Table 1.1: Return on Investment Ratio for the 2018 - 2020 period

Year	Net Profit Margin	Total Asset	ROI
2018	2.775.481	52.791.188	5,3 %
2019	4.208.553	65.324.177	6,4 %
2020	2.791.259	71.468.960	3,9 %

Source: Annual Report, Data Processed

From the data above, it can be seen that the return on investment has fluctuated. Where in 2018the ROI value was 5.3 percent and an increase of 6.4 percent, which was supported by an increasing total asset. However, in 2020 the value of Roi decreased by 3.9 percent. However, total assets increased by IDR 71,468,960

Based on the data above, it is not in accordance with the theory, which states that, the greater the value of Roi, the greater the level of profit achieved and the better the position of the company in terms of asset use. Based on the explanation above, the researchers made a study entitled Financial Performance Analysis at Pawnshops in Indonesia.

LITERATURE REVIEW

Financial performance

Financial performance is one of the most important things in a business related to the company,both internally and externally. In discussing an assessment of the performance of a company, the financial report becomes one of the keys that cannot be forgotten. A company's finances are a benchmark for how a company can survive in the future. All financial data will be presented in a performance report. Starting from money in and money out reports. So that all financial movements can be monitored clearly.

According to Fahmi (2018: 142) financial performance is an analysis carried out to see the extent to which a company has implemented it using financial implementation rules properly and correctly.

According to Munawir (2012), the purpose of performing financial performance is as follows:Knowing the level of liquidity. Liquidity shows the ability of a company to meet financial obligations that must be settled immediately when billed. Knowing the solvency level.

Financial Performance Assessment

This financial performance is a formal effort carried out by a company to evaluate the efficiency and effectiveness of the company's ongoing activities or activities in a certain periodof time. Broadly speaking, the notion of financial performance is a result of the work of all kinds of parts within a company that can be seen or can be seen in the financial situation or condition of the company at a certain period related to aspects of collecting and distributing funds, which are assessed based on indicators of liquidity adequacy. Then capital, as well as the company's profitability. Financial performance is then also interpreted as a description of the achievements of a company in the form of results that have been or have been achieved, namely by going through all kinds of activities or activities to then review the extent to whicha company has or has implemented financial accounting standards properly and correctly. Includes objectives as well as examples of financial statement analysis.

Fahmi (2012:239) states, "Assessment of financial performance is an assessment carried out to see the extent to which a company has carried out and used its financial implementation rules properly and correctly".

Financial Performance Ratio

The company's financial performance is closely related to performance measurement and assessment. Performance measurement is the qualification and efficiency and effectiveness ofthe company in business operations during the accounting period (Rudiwantoro, 2020). The better the financial performance of a company, of course, investors will be interested. The morethese investors invest in the company, the more stock prices will increase. If the share price increases, the value of the company will also increase. Because the value of these shares can or can be seen from the share price. The types of financial ratios are:

1) Profitability ratio

This is a ratio in assessing the company's ability to seek profit. In line with (Kasmir, 2010), theprofitability ratio is a ratio to assess the company's ability to seek profit. In its use, this ratio isused to show the level of efficiency of the company. This ratio shows or shows an overview ofthe level of effectiveness of the company's management in generating profits for a certain period. Companies that then have high profits or profits are ensured that their financial performance isgood. This is due to the company's ability to sell products or services minus the costs generatedin the company's operational activities or activities. So, it can or can increase the value of the company. The use of profitability ratios can be done by comparing the various components inthe financial statements, especially the balance sheet and income statement. Measurements canbe made for several accounting periods. The goal is to be able to see how the company has developed in a certain period of time, whether it is a decrease or an increase, as well as to findthe causes of these changes (Rudiwantoro, 2020).

2) Solvency Ratio

According to Kasmir (2010, p151) regarding the solvency ratio (leverage ratio) this is a ratio used to measure the extent to which the company's assets are financed by debt. This means how much debt burden is then borne by the company compared to its assets. According to (Sartono, 2011), the solvency ratio is a ratio that shows the company's capacity to meet short-term and long-term obligations. Using debt, of course, is also not good. Therefore, this ratio also affects investors in making decisions to invest in a company.

3) Liquidity Ratio

This liquidity ratio is a ratio that describes the company's ability to meet short-term obligations(debt). If a company is able to pay its obligations properly and there is also no risk of default, then the company's performance can be said to be good. One would not want to invest in a company that has a high risk of default. An investor will only want to invest in a healthy and going concern company. So, the ratio can also be. Meanwhile, for companies, information from the company's financial performance can then beused for various things, such as the following:

1. To be able to measure the achievements that have been or have been achieved for an organization in a certain period which then shows the level of success of the implementation of its activities or activities.
2. Besides being used to see the performance of an organization as a whole, the performancemeasurement can or can also be used to assess the contribution of a part in achieving the goals of a company as a whole.
3. Can be used as a basis for determining the company's planning / strategy in the future.
4. Provide a guide in making decisions and activities or organizational activities in general and divisions or divisions of the organization in particular.
5. As a basis for determining the policy on investment in order to increase efficiency as wellas the productivity of the company.

RESEARCH METHODS

The method used in this study is a descriptive method with a qualitative approach, based on the philosophy of post positivism, which is used to examine the condition of natural objects (asopposed to experiments) where the researcher is the key instrument of data collection techniques (Sugiyono 2016:9). In addition, it emphasizes observing phenomena and requires sharp instincts from researchers. The goal is to describe 5.25 percent of the circumstances to be observed more specifically.

Research results and discussion

Table 2.1: Profitability Ratio ROA (Return On Assets)

Year	Net Profit Margin	Total Asset	Ratio	Category
2018	2.775.481	52.791.188	5,25	Good
2019	4.208.553	65.324.177	4.76	Quite Good
2020	2.791.259	71.468.960	3,90	Quite Good

Source: Pegadaian, data processed

From the table above, it can be seen from year to year that the value fluctuated significantly, where in 2018 there was an increase of 5.25 percent which was said to be good. However, in 2019 and 2020 it decreased by 4.76 percent and 3.90 percent was said to be quite good. Giventhe standard value that must be achieved for an ROA of 5.98 percent if the ratio is said to be good. Because the higher the ROA value, the higher the net profit generated from each rupiahof funds embedded in total assets.

Table 3.1: List of Cash Ratio Calculation Results

Year	Cash	Current Payable	Cash Ratio	Category
2018	384.828	32.674.699	1,177755302	Quite Good
2019	625.092	34.974.833	1,787262287	Quite Good
2020	472.838	38.531.629	1,227142512	Quite Good

Source: Pegadaian, data processed

Based on the table above, it shows that the cash ratio value fluctuates. Where it can be explainedthat in 2018 it was 1.17 percent. However, in 2019 it increased by 1.78 percent and in 2020 it experienced a further decline of 1.22 percent and this is said to be quite good with a standard value of 50 percent being said to be good. The company's cash ratio that is considered ideal ismore than 1 percent. This means that the liquidity of the company is good. On the other hand,if the cash ratio is less than 1, the company needs to find a way so that it can be handled properly

Table 4.1 : Debt To Equity Ratio Calculation Results

Years	Total Liabilities	Total Equity	DER	Category
2018	32.674.699	20.116.489	1,624274445	Quite Good
2019	42.263.867	23.060.310	1,832753636	Quite Good
2020	46.865.344	24.603.616	1,904815292	Quite Good

Source: Pegadaian, data processed

Based on the table above, the DER value has increased every year, where in 2018 it was 1.62 percent and in 2019 and 2020 it was 1.83 percent and 1.98 percent, respectively. It's just that even though the DER value has increased, it is still in the bad category. Because debt is biggerthan own capital and the amount of debt and equity in the company should be proportional.

Table 5.1 : Financial Performance Ratio

Year	DAR= Total debt/assets	DER= Total debt/Capital	ROA= Net Profit/Total Assets	ROE= Net Profit/equity
2018	0.62	1.62	5.26	13.80
2019	0.65	1.83	4.76	13,48
2020	0.66	1.90	3.90	8.22

Source: Pegadaian, data processed

Based on the table above, it can be seen how the form of the company's financial ratios in the ratio of DAR, DER, ROA and ROE which consists of themselves:

1. The value on the DAR has increased every year is said to be good because it is still at the standard value of 0.6. then most of the company's assets are the result of debt financing.
2. The value of the DER has increased every year which is said to be not good. Because the debt is greater than the capital itself.
3. The value of ROA has decreased every year where in 2020 it has decreased and can be said to be quite good in generating optimal income.
4. The value on ROE decreased in 2018 and 3019 but was still in the very good category witha value of 13.80 percent and 13.48 percent, respectively. However, in 2020 it

experienceda considerable decline of 8.22 percent compared to the previous year with the standard value of ROE reviewed at 8.32 percent so that in 2020 the ROE value can be said to be notgood and this can reduce the attractiveness of investors to invest in the company.

CONCLUSION

Based on the results of the research and discussion above, it can be concluded that:

1. Return on Assets owned by Pegadaian is categorized as quite good in generating optimalincome.
2. Return on Equity owned by Pegadaian is categorized as quite good in generating residualoperating results
3. The cash ratio owned by Pegadaian is categorized as poor in paying and guaranteeing current debt
4. The Debt to Equity Ratio owned by Pegadaian is categorized as bad and has not been ableto guarantee the total debt.

SUGGESTION

For Further Research

1. Further research is recommended to conduct research with the population in the study not only limited to one type of company, namely food and beverage sub-sector companies.
2. It is better to increase the number of independent variables, so that the research results canbe even better.
3. For further research, it is recommended that the research period used always uses the latestresearch year

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