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Comparative Analysis Of Financial Performance Based On Profitability And Liquidity Ratios At PT. Sumber Alfaria Trijaya Tbk And PT. Midi Utama Indonesia Tbk For The 2020-2024 Period

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Abstract

This study aims to analyze the comparative financial performance of PT Sumber Alfaria Trijaya Tbk (AMRT) and PT Midi Utama Indonesia Tbk (MIDI) during the 2020–2024 period. This study uses a descriptive quantitative method, with secondary data sourced from the annual financial reports of both companies. The analytical technique applied is a comparative descriptive analysis, to compare the financial performance of both companies through profitability ratios calculated by Return on Assets (ROA) and liquidity ratios measured using the Current Ratio (CR). The results of the study found that AMRT's financial performance for the 2020–2024 period was better than MIDI, indicated by higher ROA and CR values. However, the performance of both companies is generally still not optimal because it does not meet industry standards.

Keywords:Current Ratio, Financial Performance, Liquidity, Profitability, Return On Assets

INTRODUCTION:

Financial performance is a key measure used to evaluate a company's ability to carry out its operational activities. Financial performance assessments reveal a company's ability to generate profits and maintain financial stability, particularly in meeting short-term obligations. Therefore, financial performance analysis is crucial, as it plays a crucial role in decision-making for both management and investors.

The modern retail industry in Indonesia continues to show growth in line with the increasing public need for convenience in obtaining various daily products. In this industry, PT Sumber Alfaria Trijaya Tbk and PT Midi Utama Indonesia Tbk PT Sumber Alfataria Trijaya Tbk and PT Midi Utama Indonesia Tbk run businesses in the same field with almost similar business models. PT Sumber Alfataria Trijaya Tbk develops a wide minimarket network spread across various regions of Indonesia. On the other hand, PT

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Midi Utama Indonesia Tbk presents the concept of larger-sized stores with a diverse selection of products, including fresh products, so that consumers get a complete selection of needs.

Although the two companies are part of the same business group, each has distinct operational characteristics and business strategies. These differences have the potential to impact financial performance, making them interesting to compare in this study.

The ever-increasing level of competition in the retail industry is pushing every company to maintain stable financial performance. Therefore, an analysis is needed that not only examines the condition of an individual company but also compares it with other companies in similar sectors to obtain a clearer, more detailed picture of each company's position and performance.

This study measures financial performance through financial ratio analysis, namely profitability and liquidity ratios. The profitability ratio, measured by Return on Assets (ROA), is used to assess a company's performance in generating profits from its assets. Meanwhile, the liquidity ratio, calculated by the Current Ratio, is used to determine the company's ability to pay its short-term obligations.(Kasmir, 2019).

Based on the description, this study focuses on the objective of assessing and comparing the financial performance of PT Sumber Alfaria Trijaya Tbk and PT Midi Utama Indonesia Tbk during the 2020–2024 period.

THEORETICAL BASIS:

Financial statements

Financial reports are records containing information on the activities and financial condition of an entity, generally covering four main components.(Darmawan, 2020)These components include the statement of financial position, income statement, statement of changes in equity, and statement of cash flows. These four components are interrelated and provide a comprehensive overview of the company's financial condition and performance.(Kasmir, 2019)A financial report presents data on a company's financial position over a specific period, both in terms of financial position and business performance. This definition suggests that a financial report can be defined as written documentation containing information regarding a company's financial condition and performance over a specific period. This report serves as a basis for assessing the company's financial position and business results.

Financial Ratio Analysis

Financial ratios are the results of processing data from financial reports used as a basis for evaluating the financial condition and performance of a company.(Thian, 2022).

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The analysisobtained through the results of comparative analysis between items in the financial report with other items that show appropriate relationships and have a significant influence.

Ratio analysis is a method commonly applied in financial statement analysis, because it helps obtain various important information related to the condition and performance of the company.(Siswanto, 2021)This method is designed to explain the interrelationships between financial statement components, both the balance sheet and the income statement, analyzed through this process. Furthermore, ratio analysis is also performed as part of the evaluation. This process is carried out to standardize financial figures so that comparisons can be made more easily, both between companies and between periods within a single company.

Profitability

The profitability ratio is a tool used for measurement as a basis for assessing a company's profits during a certain period, generated based on the company's ability to carry out its business activities, while also presenting the level of management effectiveness in carrying out its operational activities.(Darmawan, 2020)This effectiveness can be seen from the comparison of profits earned from sales activities and company investments. Therefore, this ratio is often referred to as the profitability ratio. Meanwhile, according to(Thian, 2022)Profitability ratios are used to see the level of profit that a company obtains from its normal business activities.

Return on Assets

Refers to(Thian, 2022)Return on Assets functions to assess the amount of profit that will be obtained for every rupiah invested in the total assets. This ratio reflects the company's performance in optimizing all its assets to generate profits. As ROA increases, it indicates that the company is increasingly effective in utilizing its assets to generate revenue, thus improving its financial performance. The following formula can be used to calculate Return on Assets:

$$Return\ On\ Assets = \frac{Laba\ Bersih}{Total\ Aset}\ x\ 100\%$$

Liquidity

The liquidity ratio is a measuring tool that measures how much a company has short-term liquidity on time by relying on the current assets it owns.(Darmawan, 2020). In simple terms, this ratio shows how a company can pay off obligations and debts that have reached a certain level, if a company fails to fulfill its obligations, it will be considered liquid, if the company is unable to pay off its obligations, it will be considered illiquid.(Siswanto, 2021)In the opinion that the liquidity ratio is a measurement method

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used to increase the company's capacity to pay off its obligations by utilizing its current assets.

Current Ratio

Current Ratio is a measuring tool to measure a company's ability to pay off its short-term obligations by utilizing its current assets.(Kasmir, 2019)This ratio reflects a company's liquidity level, namely the ability of current assets to cover maturing short-term liabilities. As the current ratio increases, the company's ability to meet its obligations also improves, resulting in a more favorable financial position. The following is the calculation used to calculate the current ratio:

$$Current\ Ratio = \frac{Aktiva\ Lancar}{Utang\ Lancar}\ x\ 100\%$$

The framework of thought in this research is structured as follows:

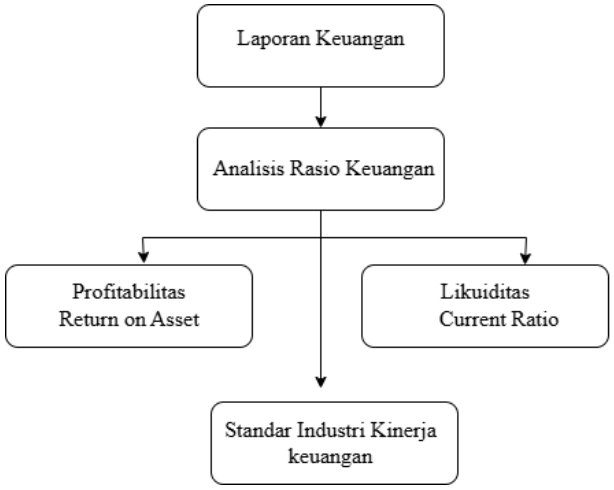


Figure 1. Thinking framework

RESEARCH METHODS

This research uses a descriptive quantitative method. The research subjects are PT Sumber Alfaria Trijaya Tbk and PT Midi Utama Indonesia Tbk for the 2020-2024 period. The data used is secondary, obtained from existing sources, such as the companies' annual financial reports. This data was obtained through the companies' official websites.https://www.alfamidiku.comAndhttps://alfamart.co.id/ and the Indonesia Stock Exchangehttps://idx.co.id/id.

Data collection was conducted through documentation, namely by collecting and reviewing published financial reports. Meanwhile, data analysis was conducted using comparative descriptive analysis, namely by comparing the financial performance of the two companies based on predetermined ratios.

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This study uses financial ratios, namely the profitability ratio calculated using return on assets and the liquidity ratio measured using the current ratio. The analysis steps are as follows:

1. Calculating the Return on Assets (ROA) and Current Ratio (CR) values for each company during the 2020–2024 period.
2. Presenting calculation results in tabular form for easy analysis.
3. Compare the ratio results between the two companies with industry standards.
4. Draw conclusions based on the results of the comparison.

The formula for calculating financial report data using the following ratio:

1. Profitability

$$\textit{Return on Asset} = \frac{Laba\ Bersih}{Total\ Aset}\ x\ 100\%$$

Source:(Thian, 2022)

2. Liquidity

$$\textit{Current Ratio} = \frac{Aktiva\ lancar}{Utang\ Lancar}\ x\ 100\%$$

Source:(Kasmir, 2019)

The industry standards used are as follows:

Tabel 2 standar Industri

Rasio	Standar industri	Kriteria
Return on Asset	30%	Baik
Current Ratio	200%	Baik

Sumber: (Kasmir, 2019)

RESULTS AND DISCUSSION:

Comparison of AMRT and MIDI Profitability Ratios for 2020-2024

Return on Assets is a ratio that shows the extent of a company's ability to generate net profit, indicated by every rupiah of funds invested in its total assets. This ratio increases the company's ability to manage all its assets effectively to achieve profits.

Table 1. Profitability Ratio Trends 2020-2024

Rasio Profitabilitas	2020		2021		2022		2023		2024		Standar industri
	AMRT	MIDI	AMRT	MIDI	AMRT	MIDI	AMRT	MIDI	AMRT	MIDI	
Return on Asset	4%	3%	7%	4%	9%	6%	10%	7%	8%	5%	30%

Source: Data processed from AMRT and MIDI financial reports for 2020-2024

Judging from the Return on Assets (ROA) data for 2020–2024, there appears to be a difference in financial performance between AMRT and MIDI. Empirical data shows that AMRT has a higher ROA value than MIDI in each year of the study period. In 2020, AMRT's ROA was 4%, higher than MIDI's 3%, indicating that AMRT has been more

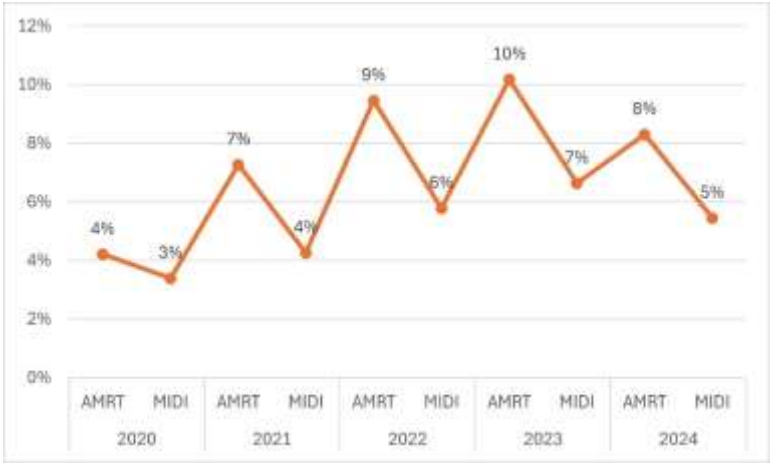
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effective in utilizing its assets since the beginning of the period. This trend continued in 2021–2023, with both companies experiencing growth, but AMRT remains superior, increasing from 7% to 10%, while MIDI's ROA increased from 4% to 7%. This reflects AMRT's ability to generate profits more efficiently from its assets.

However, during 2024, the ROA levels of both companies decreased, with AMRT reaching 8% and MIDI at 5%. Using the industry standard of 30%, the ROA levels of both companies still do not meet the standard criteria. This indicates that the company's capacity to generate profits through asset utilization is not yet fully optimized. This condition can be influenced by the characteristics of the retail industry, which tends to have large operational assets with relatively lower profit levels. The retail industry operates with very high competition, often offering discounts and promotions that emphasize profit margins. Therefore, the ROA values of 8% (AMRT) and 5% (MIDI) are actually quite reasonable for the retail sector, although below the 30% standard (Kasmir, 2019). For a clearer picture, the following is the trend of profitability ratios calculated using ROA during the study period. For easier understanding, the following shows the trend of profitability ratios in 2020–2024.

Chart 1. Profitability ratio trend 2020-2024



The graph makes it clear that the performance difference between the two companies is not only evident in the ROA value, but also in AMRT's consistency in maintaining a higher level of profitability. Furthermore, the fluctuations indicate that the company's performance still depends on its ability to achieve balanced profit and asset growth.

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Comparison of AMRT and MIDI Liquidity Ratios for 2020-2024

Current Ratio is a ratio that measures a company's ability to pay short-term debts using its current assets.

Table 2. AMRT and MIDI Liquidity Ratio Trends 2020-2024

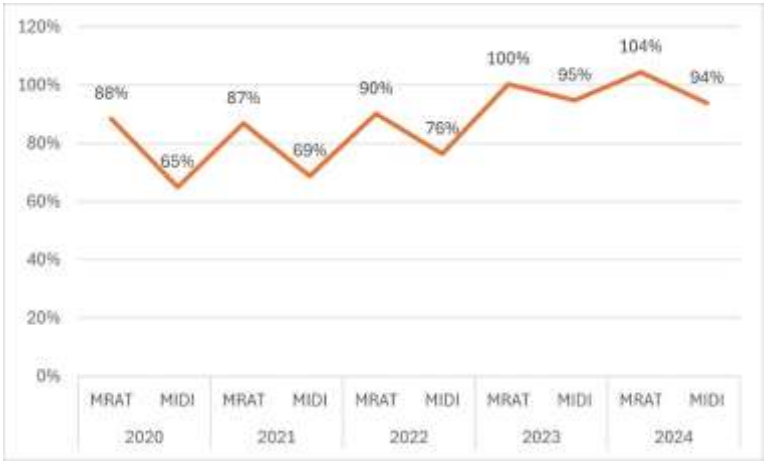
Rasio Likuiditas	2020		2021		2022		2023		2024		Standar Industri
	MRAT	MIDI	MRAT	MIDI	MRAT	MIDI	MRAT	MIDI	MRAT	MIDI	
Current Ratio	88%	65%	87%	69%	90%	76%	100%	95%	104%	94%	200%

Source: Data processed from AMRT and MIDI financial reports for 2020-2024

Based on Current Ratio (CR) data for the 2020–2024 period, AMRT and MIDI's liquidity conditions show a trend of improvement, although they still fluctuate. In 2020, AMRT's CR was recorded at 88% and MIDI's at 65%, indicating that the companies were able to meet short-term obligations, but not yet fully optimally. During the period from 2021 to 2023, the CR of both companies increased. AMRT increased from 87% to 100%, while MIDI's from 69% to 95%. This indicates that the companies' capacity to settle short-term debt is in optimal condition, in line with the increase in current assets that is relatively higher than current liabilities. In 2024, AMRT's CR increased again to 104%, while MIDI's decreased slightly to 94%. This indicates that AMRT's liquidity is getting stronger, while MIDI's experienced a slight decline, although it remains in a fairly stable condition.

Compared to the industry standard of 200%, both companies' CR values still fall short of that standard. However, this is quite normal for retail companies, as this sector generally has relatively fast inventory turnover and cash flow. As a result, companies don't always need large amounts of current assets to meet their short-term liabilities. The following graph shows the profitability ratio trend for the 2020-2024 period:

Chart 2. Liquidity ratio trend 2020-2024



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The graph shows that both companies experienced increased liquidity, but AMRT tended to be more stable in maintaining its ability to meet short-term obligations. The observed fluctuations also reflect that the balance between current assets and current liabilities remains a key factor influencing liquidity levels.

CONCLUSION AND SUGGESTION:

Conclusion:

1. There are differences in financial performance between AMRT and MIDI. The analysis shows that AMRT performed better than MIDI during the 2020–2024 period. This is demonstrated by the consistently higher return on assets (ROA) and current ratio (CR), indicating AMRT's greater ability to generate profits and meet its short-term obligations.
2. The financial performance of both companies remains suboptimal. Although ROA and CR values have shown improvement over the years studied, the results remain below industry standards. However, this situation may be influenced by the retail industry's relatively rapid inventory turnover and cash flow. Therefore, companies still need to improve asset management efficiency and maintain liquidity to optimize financial performance.

Suggestion:

1. Based on the liquidity ratio (Current Ratio), AMRT and MIDI need to improve their current asset management and current liability control to optimize and stabilize their ability to pay short-term obligations. However, MIDI requires greater attention due to its relatively lower liquidity compared to AMRT.
2. Judging from the profitability ratio (ROA), both companies are advised to increase sales and profits, as well as manage assets more effectively to increase their profit-generating capacity. MIDI needs to further optimize its performance, as it remains below AMRT.
3. For future researchers, it is hoped that other financial ratio variables can be added, such as activity and solvency ratios, and the research period can be expanded to obtain more comprehensive results.

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