International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

# The Influence Of Liquidity On Financial Performance On PT. Garuda Indonesia Tbk. Period 2020-2022

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**Abstrack**

*This study assesses the impact of liquidity ratios on the financial performance of PT Garuda Indonesia Tbk. from 2020 to 2022. Multiple linear regression analysis was performed on financial statement data to determine the association between current ratio (CR), quick ratio (QR), and cash ratio (Cash) with return on asset (ROA). The findings revealed that CR and QR have a considerable favorable influence on ROA, however the Cashratio had no significant impact. The implication is that firm management should consider CR and QR when optimizing financial performance.This research does not use sample methodologies because it is a case study of a single organization. This analysis utilizes financial statement data from PT Garuda Indonesia Tbk. from 2020 to 2022, obtained from the Indonesia Stock Exchange's official website. SPSS version 29 was used to do multiple linear regression analysis. The study's findings revealed that CR and QR have a substantial impact on financial success, however the Cash ratio does not.*

**Keywords: Liquidity, Financial performance**

## INTRODUCTION

The rapidly developing technological era allows investors to easily obtain information about company shares, thus creating a dynamic business climate on the Indonesia Stock Exchange. Investing in a company requires a thorough examination of its financial performance which represents the company's ability to manage its assets and short-term debt.

PT Garuda Indonesia Tbk, an airline company with a long history in the sector, faced severe challenges, especially during the COVID-19 outbreak, which resulted in a



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decline in revenue and cash flow. This study seeks to understand how liquidity measures, such as current ratio, quick ratio, and cash ratio, affect the company's financial performance under these conditions.

An analysis of the financial performance of PT Garuda Indonesia Tbk. from 2020 to 2022 shows the importance of liquidity ratios in assessing the company's financial stability. The financial statement data shows considerable variation in variables such as current ratio, quick ratio, and cash ratio over time. For example, the data shows that in the fourth quarter of 2022, the current ratio reached IDR 801,153,825, while in the fourth quarter of 2021, the figure dropped dramatically to IDR 305,725,029. Likewise, the quick ratio and cash ratio also show considerable fluctuations.

This analysis shows that the company's ability to manage liquidity has a significant impact on its financial performance. One of the most significant variables affecting the company's financial performance is the decline in revenue caused by the COVID-19 outbreak. However, with a better understanding of the elements that affect liquidity, company management can design more effective methods to overcome these difficulties. This analysis examines financial statement data from 2020 to 2022, focusing on liquidity and financial performance indicators. Multiple linear regression was used in this study to gain a better understanding of the relationship between liquidity and the company's financial success.

The findings of this study are of great importance to company management, investors and other stakeholders in the aviation industry. With a better understanding of the elements that drive financial performance, individuals can make more informed investment decisions and develop long-term strategies.

Through the analysis of financial statement data, this study will provide a clear view of the performance of PT Garuda Indonesia Tbk. during the period under study, allowing for more targeted recommendations in liquidity management and more effective financial strategy planning. Thus, this study has significant added value for stakeholders in the aviation industry as well as for academics interested in the analysis of corporate financial performance.

## RESEARCH METHOD

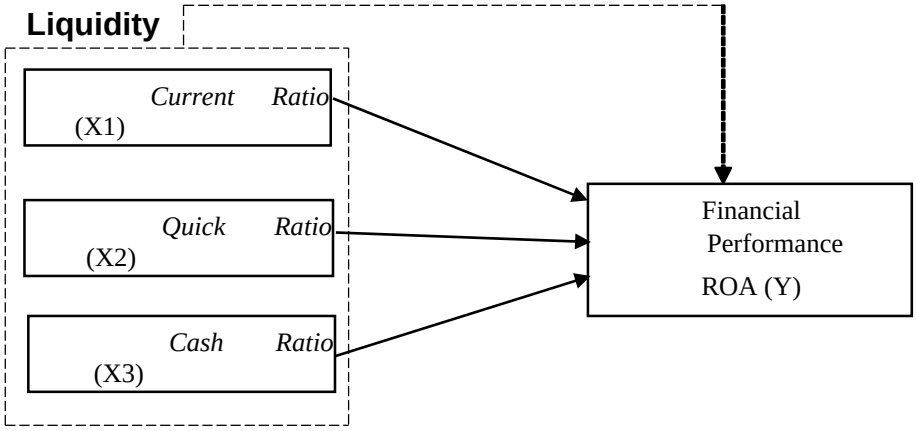
### Basic Research Framework

This proportion evaluates an organization's capacity to manage transient liabilities by looking at current resources and current liabilities. The liquidity proportion studied


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E-ISSN : 2964-0865
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includes current proportion, prompt proportion, and money proportion. This research is centered on PT Garuda Indonesia Tbk, an organization engaged in transportation.




**Research Hypothesis**

Hypotheses are speculative and temporary solutions to problems that must be tested. The alleged solution is a temporary truth that will be examined using the data provided by the independent variables (X), namely Current Ratio, Quick Ratio, and Cash Ratio on the dependent variable (Y), namely financial success at PT Garuda Indonesia Tbk. from 2020 to 2022. It is suspected that during the period 2020-2022, there is a significant influence between Current Ratio, Quick Ratio, and Cash Ratio on the financial performance of PT Garuda Indonesia Tbk. In addition, it is also suspected that there is a significant influence between the combination of these independent variables on the company's financial performance.

**RESEARCH METHOD**

This research is a quantitative descriptive study that aims to examine the impact of liquidity ratios on the financial performance of PT Garuda Indonesia Tbk. from 2020 to 2022. Liquidity is evaluated through several ratios, including current ratio, quick ratio, and cash ratio, while financial performance is measured by Return on Assets (ROA). The company's financial data was taken from annual reports using a documentation approach through the company's official website and the Indonesia Stock Exchange (IDX). Statistical tests such as normality, multicollinearity, autocorrelation, and heteroscedasticity, as well as multiple linear regression analysis were used to test the


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relationship between liquidity and financial performance. This research does not use sampling because it focuses on one population object, namely PT Garuda Indonesia Tbk. Data analysis is expected to provide better insight into the effect of liquidity on financial performance, which can be used in financial management decision making. Quantitative methods and statistical analysis such as multiple linear regression are used to understand the factors that affect the company's financial performance. The results of the study are expected to provide insight for the company's stakeholders in developing effective and sustainable financial strategies.

## RESULT AND DISCUSSION

PT Garuda Indonesia Tbk, Indonesia's flagship airline, has a rich history from its initiation by the Air Force of the Republic of Indonesia (AURI) in 1949 to becoming a state-owned airline in 1950. In its development, Garuda Indonesia continues to grow into a leading airline company with a fleet of modern aircraft and the best service to customers. Through various awards and recognition for the quality of its services, Garuda Indonesia continues to position itself as a leader in the aviation industry in Indonesia and is recognized internationally. In its organizational structure, Garuda Indonesia has a board of directors tasked with managing various aspects of the company's business, including commercial services, operations, engineering, finance and human resources. In addition, there are support units responsible for critical functions such as internal audit, risk management and corporate communications.

The data used in this analysis comes from the financial statements of PT Garuda Indonesia Tbk. from 2020 to 2022. The observed variables include liquidity indicators such as Current Ratio, Quick Ratio, and Cash Ratio, as well as Return on Assets (ROA) which measures financial performance. The liquidity ratios and Return on Assets (ROA) of PT Garuda Indonesia Tbk. fluctuated between 2020 and 2022. The Quick Ratio, which

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -16.597 | 8.778 | | -1.891 | .095 |
| | CR | .793 | .391 | .481 | 2.027 | .077 |
| | QR | .638 | .340 | .530 | 1.877 | .097 |
| | CASH | -.124 | .447 | -.054 | -.277 | .789 |

a. Dependent Variable: ROA



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measures the company's capacity to meet short-term obligations, reached a high of 54.89% in the fourth quarter of 2022 and a low of 13.98% in the first quarter of 2020. The Cash Ratio, which evaluates the availability of cash to pay debts, peaked at 33.14% in the third quarter of 2020, and dropped to 12.93% in the first quarter of 2020. Meanwhile, Return On Assets (ROA), which assesses a company's ability to create net income based on a given amount of assets, peaked at 59.00% in the fourth quarter of 2022 and dropped to 9.93% in the first quarter of 2020.

Multiple linear regression analysis is used to determine the effect of Current Ratio (CR), Quick Ratio (QR), and Cash Ratio (Cash) variables on the financial performance (ROA) of PT Garuda Indonesia Tbk.

The results of the analysis show that the CR and QR variables have a significant influence on financial performance, with coefficients of 0.793 and 0.638, respectively, which implies that an increase in CR and QR will increase the company's ROA. However, the Cash Ratio (Cash) variable has no significant effect on ROA, with a coefficient of -0.124. Based on the coefficient of determination ($R^2$) test, the independent variables in this model can explain 46.5% of the variation in ROA. The f test also shows that the CR, QR, and Cash factors together have a significant effect on ROA. However, there is about 53.5% of ROA variation that cannot be explained by the independent variables used in this study.

The results of this analysis indicate that CR and QR have a greater influence on the financial performance of PT Garuda Indonesia Tbk. than the Cash Ratio. This shows the importance of liquidity management and the company's capacity to fulfill short-term obligations on the rate of return on assets. Nonetheless, additional components outside of this model that may affect an organization's monetary progress are not addressed in this review. Therefore, further exploration might be expected to examine additional factors that could explain higher variations in an organization's monetary results.

Given the examination results that have been explained, it is possible to reason that Ongoing Proportion (CR) significantly affects the monetary exhibition (ROA) of PT Garuda Indonesia Tbk. from 2020 to 2022. This finding is reinforced by the tcount value which is lower than the ttable and the significance value which exceeds alpha (0.05). This finding is in accordance with previous exploration by Siti Umaya (2019), who also found that CR affects monetary execution at PT Unihome Lestari. Likewise, Speedy Proportion (QR) also significantly influences the organization's monetary execution. This can be seen from the tcount value which is lower than the ttable and the significance level which


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is higher than alpha (0.05). This finding is in accordance with research led by Arsya Ardy Septhina (2015), which found that QR has a significant effect on monetary execution in Food and Beverage companies listed on the Indonesia Stock Exchange.

In this case, Cash Ratio (Cash) does not have a substantial impact on the company's financial success. This finding is supported by the tcount value which is lower than the ttable, indicating that the Cash Ratio variable has minimal effect on ROA. The results of this study are in line with previous findings by Ufrah (2021), which also concluded that Cash Ratio has no significant effect on financial performance in Cement Manufacturing Companies listed on the Indonesia Stock Exchange. This shows that the liquidity of cash and cash equivalents has no direct impact on the company's financial performance.

## CONCLUSIONS

Based on the research findings, it can be concluded that Current Ratio (CR) and Quick Ratio (QR) have a significant impact on the financial performance of PT Garuda Indonesia Tbk. from 2020 to 2022, while Cash Ratio (Cash) has no significant effect. Therefore, it is recommended to Garuda Indonesia management to evaluate the liquidity of the company's cash and cash equivalents to ensure financial stability. To improve financial performance, the organization can consider increasing capital and strengthening debt management. For future researchers, it is recommended to expand the variables, sample, and research period to gain a more comprehensive understanding of the various factors that affect the company's financial performance.

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