

ANALYSIS OF THE DIFFERENCES AND RELEVANCE OF ISLAMIC AND CONVENTIONAL BANKING PRINCIPLES

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ABSTRACT:

Financial performance is the result or achievement that has been achieved by the company's management in carrying out its function of managing company assets effectively during a certain period. Financial performance is very much needed by companies to find out and evaluate the level of success of the company based on the financial activities that have been carried out. Indonesian Securities for the period 2018-2020. In this study, the types of data used were qualitative and quantitative data with secondary data sources. The data collection procedure in this study is to analyze the financial statements that have been documented using a descriptive and comparative qualitative approach. Based on the results of this study, PT Darya Varia Laboratoria Tbk, PT Kalbe Farma Tbk, PT Kimia Farma Tbk, PT Merck Tbk and PT Pyridam Farma Tbk have had good financial performance at certain financial ratios. The company also has poor financial performance on profitability ratios.

Keywords: Financial Performance, Financial Ratios, Indonesia Stock Exchange

INTRODUCTION

According to PSAK No. 1 (revised 1998) with PSAK No. 1 (revised 2009), the criteria for complete financial statements are in point (f) which requires entities to present statements of financial position. Financial statements are one of the media that can be used to assess company performance (Dong et al., 2018). Based on the Statement of Financial Accounting Standards (PSAK) No. 1 of 2012, the purpose of financial statements is to inform users of such information about the position of financial performance and cash flows of entities that are favorable to report users in making economic decisions.

A company's financial statements will be more useful or more important if the company can compare from year to year or analyze further to be able to find out the actual state of the company whether the company has increased or decreased. So that the company will know what causes the company to increase or decrease (Wallsten, 2000). Analysis of the company's financial performance is carried out to be able to determine the company's financial condition (Osadchy et al., 2018). The analysis is a tool in the process of evaluating the company's financial condition and business results (Zeghal & Maaloul, 2010). Measurement of financial performance is carried out by analyzing financial statements that use the company's financial ratios (Naz et al., 2016).

Financial performance analysis is a process of reviewing financial performance which includes reviewing financial data, calculating, measuring, interpreting, and providing solutions to the company's financial problems in a period, financial performance can be assessed using several ratio analyses. Financial performance analysis tools include liquidity ratio analysis, solvency ratio, activity ratio, and profitability ratio.

Cashmere (2016:104). According to Fred Weston in Cashmere states that the liquidity ratio is a ratio that describes the company's ability to meet short-term obligations. This means that if the company is collected, the company will be able to meet these debts, especially overdue debts. This ratio compares current liabilities with short-term resources available to meet those liabilities. The level of liquidity of a company can be measured using several aspects, namely Current Ratio (CR), Cash Ratio (CSR), Quick Ratio (QR).

According to Kasmir (2010: 112) solvency ratio or leverage ratio, is a ratio used to measure the extent to which company assets are financed by debt. That is, how much debt burden the company bears compared to its assets. The solvency ratio is a ratio that a company uses to meet long-term obligations or is used to measure the extent to which a company is financed from debt. Here are some aspects that can be used in calculating solvency ratios, namely Total Asset to Total Debt, Equity Debt Ratio (EDR), Long Term Debt to Equity Ratio (LTDER).

Cashmere (2016:154). The activity ratio is a ratio used to measure the effectiveness of the company in using its assets. The activity ratio can also be used to measure the level of efficiency of the company's resource utilization. Some aspects of the activity ratio are closely related to the liquidity ratio. In measuring this ratio, several aspects can be used, namely Receivable Turnover, Inventory Turnover (ITO), Total Asset Turnover.

To measure profit (profit) can be done with the Profitability Ratio, by knowing the profitability ratio owned by the company can be analyzed how the development of the company owned by the company can be analyzed how the development of the company from year to year, because high company profits do not necessarily indicate high profitability, but high profitability has been ensured that the profits generated are high.

The Profitability Ratio relates to the ability and effectiveness of the company's operations in generating profits (Al Nimer et al., 2015). The basis for profitability assessment is the financial statements consisting of the balance sheet and the company's profit or loss statement (Givoly & Hayn, 2000). Profitability ratio analysis aims to measure the company's ability to earn profits, both in relation to revenue, assets, and own capital (Anwar, 2018). So the results of profitability can be used as a benchmark or an illustration of the effectiveness of management performance in terms of the profits obtained by the company (Mahrani & Soewarno, 2018). The level of profitability is measured from several aspects, namely Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE) (Rehman et al., 2015).

This study was conducted to determine how financial performance by comparing the ability or performance of a company with other companies from year to year in order to know the advantages and weaknesses of each pharmaceutical sub-sector manufacturing company listed on the IDX. The company shows an irregular financial position from year to year. The period of financial statements studied is from 2018 to 2020 (Atayah et al., 2022). The development of pharmaceutical companies in Indonesia is increasingly rapid, this is due to the distribution of drugs

Until it reached the middle of remote communities of the archipelago. The increasing need for these drugs is certainly supported by the pharmaceutical industry, which is currently supported by at least 2,250 Pharmaceutical Wholesaler (PBF) distributors, 17,000 active pharmacy units, 4,135 large and small drug stores throughout Indonesia. Currently, pharmaceutical companies that have gone public on the Indonesia Stock Exchange number 12 companies, and it is possible that in the following years it will increase again.

Problem Statement

1. How is the measurement of financial performance using liquidity ratios in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2020 period?
2. How is the measurement of financial performance using the solvency ratio of pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2020 period?
3. How is the measurement of financial performance using the activity ratio of pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2020 period?
4. How is the measurement of financial performance using profitability ratios in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2020 period?

Research Objectives

1. To analyze financial performance using liquidity ratios in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) in terms of liquidity ratios in 2018-2020.
2. To analyze financial performance using the solvency ratio in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) as seen from the solvency ratio in 2018-2020.
3. To analyze financial performance using the activity ratio in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) as seen from the activity ratio in 2018-2020.
4. To analyze financial performance using profitability ratios in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) in terms of profitability ratios in 2018-2020.

Financial statement analysis has many forms or types or forms of analysis that have the purpose and use of determining the form of the relationship being analyzed (Suwanda, 2015). For banks, financial statement analysis is used as one of the considerations in providing loans. In the short run creditors show how the company's liquidity is, while in the long run creditors pay attention to the company's ability to generate profits and the efficiency of the company's operations (Dirman, 2020). Unprofitable operations can erode assets and a strong current financial position does not guarantee the availability of funds to repay the debtor's loan in the long term (Adeyanju, 2011). For investors or investors in company shares interested in long-term company operations in generating efficient profits (Osazefua, 2019).

A liquidity ratio is a ratio that describes a company's ability to repay its short-term debts.

soon mature. The function of this ratio is to show or measure the company's ability to fulfill the company's obligations in fulfilling maturing obligations, both obligations to other parties and to the company itself.

- a. Current Ratio is a ratio that describes the company's ability to meet short-term liabilities / current debt through current assets
- b. Cash Ratio describes the adequacy of cash / cash equivalents to pay current debt at a certain time. The industry standard for a good cash ratio is 100% (1:1) it can also be 50% is said to be good.
- c. Quick Ratio describes a company's ability to repay all of its short-term debt through liquid assets. The liquid assets in question are cash/banks, securities, and receivables. Liquid assets are assets that are quick to use as cash

The solvency ratio is a ratio used to measure the extent to which a company's assets are financed with debt. This means how much debt burden the company bears compared to its assets. In a broad sense, the solvency ratio is used to measure the company's ability to pay all of its obligations, both short-term and long-term if the company is dissolved.

- a. Total Asset to Total Debts describes the company's ability to pay off all liabilities using assets or in other words collateral provided by assets against total debt. This ratio is also called asset solvency

- b. Debt to Equity Ratio describes a company's ability to pay off

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- c. Long Term Debt to Equity Ratio describes the percentage of long-term debt to own capital. This ratio also describes the ability of own capital to guarantee long-term liabilities.

The activity ratio is a ratio that describes the extent to which a company uses its resources to support the company's activities, where the use of this activity is carried out optimally with the intention of obtaining maximum results.

- a. Receivable Turnover Ratio is a ratio used to measure how long the collection of receivables during a period or how many times the funds invested in receivables rotate during a period.
- b. Inventory Turnover Ratio is a ratio used to measure the number of times funds invested in inventory rotate in a period. This ratio is also known as the inventory turnover ratio. Inventory turnover is a ratio that shows the number of times the number of inventory items are replaced in one year.
- c. Total Asset Turnover is a ratio used to measure all assets owned by the company and measure how much sales are obtained from assets.

The profitability ratio is a ratio to assess the company's ability to make a profit. Profitability is the company's ability to earn profits in relation to sales, total assets, and own capital. The profitability ratio measures the effectiveness of overall management aimed at the size of the level of profit obtained in relation to sales and investment. The better the profitability ratio, the better it describes the company's high profit generation capabilities. This ratio is used to see the company's ability to generate profits, both for every rupiah of sales that have been made and for the use of capital, both as a whole (assets) and own capital. This ratio also measures the level of efficiency of management of an enterprise.

- a. Net Profit Margin is to see the net profit earned from each sale made. Net profit margin is a measure of profit by comparing earnings after interest and taxes compared to sales. This ratio shows the company's net income on sales.
- b. Return On Asset describes the ability of the operational/invested assets to generate net income. Thus, this ratio is also used to see the share earned by investors (Creditors and Owners) of each dollar that has been invested.
- c. Return On Equity describes the amount of net profit earned for each use of own capital. It is also said to look at the level of profit for one's own capital. From this frame of mind, it can be explained that from the financial statements using financial ratios consisting of 4 ratios, namely liquidity ratios, solvency ratios, activity ratios and profitability ratios to determine the company's financial performance at the end of the year in a company whether financial performance increases or decreases.



Figure 1 Research Framework

METHOD

Object of Research

The object of this study is Financial Performance Analysis using Liquidity Ratio, Solvency Ratio, Activity Ratio, Profitability Ratio in Pharmaceutical Sub-Sector Manufacturing Companies on the Indonesia Stock Exchange for the 2018-2020 period. The unit of analysis in this study is the Financial Statements of Pharmaceutical Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange for the period 2018-2020 using liquidity ratios, solvency ratios, activity ratios, and profitability ratios.

Data Types and Sources

The type of data used in this study is quantitative data, in the form of information on numbers contained in audited financial statements. The source of data in this study is secondary data, namely data obtained from pre-existing reports and made previously by companies, in this case pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange. The data obtained is in the form of annual financial statements of pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (www.idx.co.id) for the 2018-2020 period.

ANALYSIS TECHNIQUES

The techniques used in analyzing data about this study are:

1. Take data from the financial statements of pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2020 period online through the Indonesia Stock Exchange website (www.idx.co.id)
2. Analyze the financial statements using financial ratios based on the elements contained in the financial statements.
3. Comparing the financial ratios of companies engaged in the pharmaceutical sub-sector. The company's industry average can be calculated by the following steps
 - a. Collection of financial statements from comparable companies (homogeneous in operations and uniform data in the sense of uniformity in financial policy, asset valuation and depreciation methods, and describing or representing groups that are homogeneous in their activities and types of companies) in the industry.
 - b. Calculates the ratio number selected for each company in the industry c. Calculate the average of the calculations or determine the media.
4. Compare the calculation of the company's financial ratio with previous years. Then give the analysis

RESULTS AND DISCUSSION

Rasio Likuiditas

Current Ratio

No.	Perusahaan	2018	2019	2020
1	PT Darya-Varia Laboratoria Tbk	289	291	252
2	PT Kimia Farma Tbk	142	99	90
3	PT Kalbe Farma Tbk	466	433	412
4	PT Merck Tbk	137	251	255
5	PT Pyridam Farma Tbk	276	353	289
Rata-Rata Industri		262	286	259
Standar Rata-Rata		200%		

Cash Ratio

No.	Perusahaan	2018	2019	2020
1	PT Darya-Varia Laboratoria Tbk	73	77	48
2	PT Kimia Farma Tbk	52	18	18
3	PT Kalbe Farma Tbk	138	40	164
4	PT Merck Tbk	57	60	51
5	PT Pyridam Farma Tbk	6	19	22
Rata-Rata Industri		65	43	60
Standar Rata-Rata		50%		

Quick Ratio

No.	Perusahaan	2018	2019	2020
1	PT Darya-Varia Laboratoria Tbk	210	202	175
2	PT Kimia Farma Tbk	75	47	41
3	PT Kalbe Farma Tbk	280	179	273
4	PT Merck Tbk	79	151	111
5	PT Pyridam Farma Tbk	135	174	156
Rata-Rata Industri		156	151	151
Standar Rata-Rata		150%		

Judging from the Liquidity Ratio, companies that have good financial performance are companies that have ratios above the average standard and continue to increase. The increasing liquidity ratio reflects the company's ability to meet its short-term obligations better. Therefore,

companies that do not yet have a constellation above the average standard must improve their ability to meet their short-term obligations by maximizing the use of their current assets and selling unproductive assets. The proceeds from the sale of unproductive assets can be stored as cash and get additional own capital.

Rasio Solvabilitas

Total Asset to Total Debt

No.	Perusahaan	2018	2019	2020
1	PT Darya-Varia Laboratoria Tbk	28,7	28,6	33,3
2	PT Kimia Farma Tbk	64,5	59,6	59,3
3	PT Kalbe Farma Tbk	15,7	17,6	19,0
4	PT Merck Tbk	59,0	34,08	34,11
5	PT Pyridam Farma Tbk	36,4	34,6	31,0
Rata-Rata Industri		41	35	35
Standar Rata-Rata		35%		

Debt to Equity Ratio

No.	Perusahaan	2018	2019	2020
1	PT Darya-Varia Laboratoria Tbk	40	40	50
2	PT Kimia Farma Tbk	182	148	147
3	PT Kalbe Farma Tbk	19	21	23
4	PT Merck Tbk	144	52	52
5	PT Pyridam Farma Tbk	57	53	45
Rata-Rata Industri		88	63	63
Standar Rata-Rata		90%		

Long Term Debt to Equity Ratio

No.	Perusahaan	2018	2019	2020
1	PT Darya-Varia Laboratoria Tbk	5,3	6,3	7,9
2	PT Kimia Farma Tbk	69	48	52
3	PT Kalbe Farma Tbk	5,7	5,9	6,1
4	PT Merck Tbk	6,8	6,4	8,3
5	PT Pyridam Farma Tbk	29,4	31,2	16,6
Rata-Rata Industri		23	20	18
Standar Rata-Rata		50%		

Judging from the Solvency Ratio, companies that have good financial performance are companies that have ratios below the average standard and continue to decline. When this percentage increases, the company's performance decreases due to the increasing portion of debt in asset funding. The greater the percentage, it means that most investments are funded by debt which results in greater interest payments. Therefore, companies that do not yet have a ratio below the average standard must be done to reduce the level of solvency is to increase total assets in order to cover the company's debt.

Activity Ratio

Receivable Turnover

No.	Perusahaan	2018	2019	2020
1	PT Darya-Varia Laboratoria Tbk	3	3	3
2	PT Kimia Farma Tbk	8	6	5
3	PT Kalbe Farma Tbk	7	15	30
4	PT Merck Tbk	0	3	3
5	PT Pyridam Farma Tbk	6	6	5
Rata-Rata Industri		5	7	9
Standar Rata-Rata		15 kali		

Inventory Turnover

No.	Perusahaan	2018	2019	2020
1	PT Darya-Varia Laboratoria Tbk	3	3	2
2	PT Kimia Farma Tbk	3	2	3
3	PT Kalbe Farma Tbk	3	3	4
4	PT Merck Tbk	0	1	1
5	PT Pyridam Farma Tbk	2	2	2
Rata-Rata Industri		2	2	2
Standar Rata-Rata		20 kali		

Total Asset Turnover

No.	Perusahaan	2018	2019	2020
1	PT Darya-Varia Laboratoria Tbk	102	103	96
2	PT Kimia Farma Tbk	96	68	56
3	PT Kalbe Farma Tbk	121	118	108
4	PT Merck Tbk	1	55	72
5	PT Pyridam Farma Tbk	145	131	132
Rata-Rata Industri		93	95	93
Standar Rata-Rata		2 kali		

Judging from the Activity Ratio, companies that have good financial performance are companies that have ratios above the average standard and continue to increase. The increasing activity ratio reflects the company's ability to fund increased sales activity. Therefore, companies that do not yet have a ratio above the average standard should limit the purchase of new assets that can reduce capital.

Rasio Profitabilitas

Net Profit Margin

No.	Perusahaan	2018	2019
1	PT Darya-Varia Laboratoria Tbk	11805	12233
2	PT Kimia Farma Tbk	5	0,17
3	PT Kalbe Farma Tbk	12	11
4	PT Merck Tbk	7730	13
5	PT Pyridam Farma Tbk	3	4
Rata-Rata Industri		3911	2452
Standar Rata-Rata		20%	

Return On Asset

No.	Perusahaan	2018	2019	2020
1	PT Darya-Varia Laboratoria Tbk	11,9	12,1	8
2	PT Kimia Farma Tbk	4	0,09	0,12
3	PT Kalbe Farma Tbk	14	13	12
4	PT Merck Tbk	92	9	8
5	PT Pyridam Farma Tbk	4,5	4,9	10
Rata-Rata Industri		25	8	8
Standar Rata-Rata		30%		

Return On Equity

No.	Perusahaan	2018	2019	2020
1	PT Darya-Varia Laboratoria Tbk	16,7	17,0	12
2	PT Kimia Farma Tbk	12	0,21	0,29
3	PT Kalbe Farma Tbk	16	15,19	15,21
4	PT Merck Tbk	224	13	12
5	PT Pyridam Farma Tbk	7,1	7,5	14
Rata-Rata Industri		55	11	11
Standar Rata-Rata		40%		

Judging from the Profitability Ratio, companies that have good financial performance are companies that have ratios above the average standard and continue to improve. The increasing profitability ratio reflects better performance and more effective use of assets for profit.

Therefore, companies that do not yet have a ratio above the average standard must be more effective and efficient in using assets in order to obtain high profits

CONCLUSION

Judging from the liquidity ratio, it can be concluded that Pharmaceutical Sub-Sector Manufacturing Companies in the 2018-2020 period have very good financial performance. Seen in the current ratio, PT Merck Tbk has a ratio that meets the average standard in the cash ratio, PT Darya Varia Laboratoria Tbk and PT Kalbe Farma Tbk have a ratio that meets the average standard in the quick ratio. Judging from the solvency ratio, it can be concluded that Pharmaceutical Sub-Sector Manufacturing Companies in the 2018-2020 period have very good financial performance. It can be seen that PT Darya Varia Laboratoria Tbk, PT Kalbe Farma Tbk, PT Merck Tbk, and PT Pyridam Farma Tbk have ratios that meet the average standards both in debt to asset ratio, debt to equity ratio, and long term debt to equity ratio. Judging from the activity ratio, it can be concluded that Pharmaceutical Sub-Sector Manufacturing Companies in the 2018-2020 period have good financial performance. It can be seen that PT Kalbe has a ratio that meets the average standard on receivable turnover, PT Darya Varia Laboratoria Tbk, PT Kimia Farma Tbk, PT Kalbe Farma Tbk, PT Merck Tbk, and PT Pyridam Farma Tbk have a ratio that meets the average standard on total asset turnover. Judging from the profitability ratio, it can be concluded that Pharmaceutical Sub-Sector Manufacturing Companies in the 2018-2020 period have poor financial performance. It can be seen that PT Darya Varia Laboratoria Tbk has a ratio that meets the average standard in net profit margin, PT Merck Tbk has a ratio that meets the average standard in net profit margin in 2018, but in 2019 and 2020 does not meet the average standard. In 2018 PT Merck Tbk's return on assets met the average standard, but in 2019 and 2020 its ratio did not meet the average standard. In 2018 PT Merck Tbk's return on equity met the average standard, but in 2019 and 2020 its ratio did not meet the average standard.

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