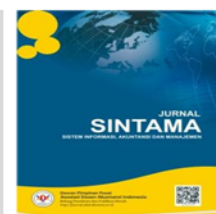




**SINTAMA: Jurnal Sistem Informasi,  
Akuntansi dan Manajemen**  
journal homepage: <https://jurnal.adai.or.id/index.php/sintamai>



## The Influence of Liquidity, Profitability and Ratios on Company Financial Performance (Case Study of PT Garuda Indonesia's Financial Reports on the IDX in 2020-2022)

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ARTIKEL INFO	ABSTRAK
<p><i>Artikel History:</i> Menerima: 20 Mei 2023 Diterima: 29 Mei 2023 Tersedia Online: 31 Mei 2023</p>	<p>Penelitian ini bertujuan untuk mengetahui kinerja keuangan PT Garuda Indonesia Tbk yang ditinjau dari Rasio Likuiditas, Profitabilitas dan Aktivitas. Data berupa laporan keuangan perusahaan penerbangan yang terdaftar di BEI tahun 2020–2022. Teknik pengumpulan data yang digunakan adalah teknik dokumentasi dan teknik kepustakaan.. Hasil penelitian ini membuktikan bahwa PT Garuda Indonesia Tbk mengalami fluktuasi kinerja keuangan dari tahun ke tahun yang tercermin dari perubahan nilai rasio likuiditas, rasio profitabilitas dan rasio aktivitas. Meskipun terjadi peningkatan pada beberapa rasio, perusahaan masih dihadapkan pada risiko likuiditas karena angka rasio likuiditas berada di bawah 1. Selain itu, tantangan lain yang dihadapi perusahaan adalah mencapai efisiensi yang lebih baik dalam menghasilkan laba bersih bagi pemegang saham dan meningkatkan penggunaan aset dan modal kerja secara efisien. Oleh karena itu, perusahaan perlu meningkatkan pengelolaan aktiva lancar, persediaan, kewajiban lancar dan kas agar dapat mempertahankan dan meningkatkan kinerja keuangan yang lebih baik, serta meningkatkan strategi pengelolaan aktiva dan modal kerja agar dapat mencapai hasil yang lebih menguntungkan bagi pemegang saham.</p>
<p><b>Kata kunci:</b> Likuiditas, Profitabilitas, Aktivitas</p>	<p>This research aims to determine the financial performance of PT Garuda Indonesia Tbk in terms of Liquidity, Profitability and Activity Ratios. The data form of financial reports of airline companies listed on the IDX for 2020-2022. The data collection techniques used are documentation techniques and library techniques. The results of this research prove that PT Garuda Indonesia Tbk experiences fluctuations in financial performance from year to year, which is reflected in changes in the values of liquidity ratios, profitability ratios and activity ratios. Even though there has been an increase in several ratios, the company is still faced with liquidity risk because the liquidity ratio figure is below 1. Apart from that, another challenge faced by the company is achieving better efficiency in generating net profits for shareholders and increasing the use of assets and working capital efficiently. Therefore, companies need to improve the management of their current assets, inventories, current liabilities and cash to maintain and improve better financial performance, as well as improve asset and working capital management strategies to achieve more profitable results for shareholders</p>
<p><i>Artikel History:</i> Received: 20 May 2023 Accepted: 29 May 2023 Available Online: 31 May 2023</p>	
<p><b>Keywords:</b> <i>Liquidity, Profitability, Activity</i></p>	

## 1. INTRODUCTION

As the business world develops and becomes increasingly stringent, of course every company must be able to develop effective strategies to maintain the company's existence and performance (Arif and John, 2020). In an increasingly complex and competitive business era, stakeholders, from shareholders to external parties, increasingly expect transparency and a deeper understanding of the company's financial condition. Therefore, companies must always pay attention to their financial performance so that it does not experience a decline (Sarah, 2021). This is where the important role of financial ratios emerges. One of the most in-depth aspects of financial ratio analysis is identifying the influence of liquidity, profitability and activity ratios on the company's financial performance (Sutrisno, 2009: 215). Liquidity ratios measure a company's ability to meet its short-term obligations, becoming a major consideration for creditors and shareholders. How a company manages its assets to maintain a healthy level of liquidity greatly influences a company's resilience to financial stress. On the other hand, the Profitability Ratio is a benchmark for success in generating profits. And profitability ratios provide an idea of whether the company is able to achieve this. The Activity Ratio, which measures efficiency in the use of company assets, is a key factor in optimizing resource use. Based on the problems above, the researchers took up research, outlined in the title Financial Performance Analysis of PT Garuda Indonesia Tbk through Liquidity, Profitability and Activity Ratios (2020 - 2022).

## 2. LITERATURE REVIEW

### Literature review

#### Financial performance

Financial performance is an assessment of the financial condition of a company's performance which requires analysis as benchmarks such as ratios and indices so that financial report data can be connected to one another (Suciati, 2021). Meanwhile, according to Jumingan (2006: 239), performance is a description of the achievements achieved by a company in its operational activities, both regarding financial aspects, marketing aspects, aspects of raising funds and distributing funds, technological aspects, and aspects of human resources. From assessing a company's financial performance, we can also find out how a company might develop in the future. If a company's performance is good then profit growth will definitely increase and vice versa if the company's performance decreases then the company's profit will decrease. According to Irhan Fahmi (2011:2) performance aims to measure business and management performance compared to the company's goals. Financial performance periodically determines the operational effectiveness of an organization and its employees based on previously established targets, standards and criteria (Mulyadi 2007)

#### Liquidity Ratio

According to Kasmir (2014), the liquidity ratio is a ratio that describes a company's ability to fulfill its short-term obligations (debt). In principle, the higher the liquidity ratio, the better the company's ability to fulfill its short-term obligations. The types of measurements in the liquidity ratio are as follows:

a. Current ratio (Current Ratio)

According to (Hery, 2015) the current ratio is a ratio to measure a company's ability to meet its short-term obligations that are due soon using available current assets. If the current ratio is 1:1 or 100%, it means that current assets can cover all current liabilities. So it is said to be healthy if the ratio is above 1 or above 100% (Wahyuni and Gunawan, 2013).

b. Cash Ratio (Cash Ratio)

According to (Harahap, 2010) the Cash Ratio is the strictest and most conservative liquidity ratio regarding the company's ability to cover its debt or short-term obligations. If the ratio is 1 times or the cash and current liabilities are the same, it means the company is able to pay its short-term debt well.

c. Quick ratio

According to (Halim, 2012) the quick ratio is a comparison between current assets minus inventory and current liabilities. The greater this ratio the better (Kasmir, 2016). This ratio figure does not have to be 100% or 1:1. Even though the ratio does not reach 100%, it has also been said to be close to 100%.

### Profitability Ratio

According to Sartono (2010), the profitability ratio is a ratio used to measure a company's ability to generate profits from its normal business activities. Meanwhile, according to Harahap (2010: 304), the profitability ratio describes the company's ability to earn profits through all capabilities and existing sources such as cash sales activities, capital, number of employees, number of branches, and so on.

a) Net Profit Margin (NPM)

Net Profit Margin is a comparison between profit after tax (EAT) and sales. A ratio value of 0.25 or 25 percent indicates that the company earns a net profit of 25 percent of total sales. The greater the ratio value, the greater the company's profitability.

b) Gross Profit Margin (GPM)

A ratio that measures a company's ability to generate gross profits from the company's net sales. A ratio value of 0.5 or 50 percent indicates that the gross profit earned by the company is 50 percent of the total sales made by the company. The greater the ratio value, the greater the gross profit the company obtains.

c) Return On Assets (ROA)

Return On Assets (ROA) is an assessment of the profitability of total assets. The higher the level of Return On Assets (ROA), the effect it will have on the volume of share sales.

d) Return On Equity (ROE)

ROE is used to measure the ability of own capital to generate profits for shareholders. Ratio. The higher this ratio, the better the company's condition.

### Activity Ratio

The activity ratio is a ratio used to measure a company's effectiveness in using its assets, including measuring the level of company efficiency in utilizing existing resources (Kasmir, 2017: 171). This ratio is also used to assess the company's ability to carry out its daily activities.

a. Total Fixed Asset Turnover (Fixed Asset Turnover)

Fixed asset turnover is a ratio used to measure the effectiveness of the company's fixed assets in generating sales.

b. Total Asset Turn Of (Total Asset Turn Of)

The activity ratio (efficiency ratio) measures a company's ability to generate sales from its total assets by comparing net sales with average total assets.

c. Working Capital Turnover Ratio

This ratio shows the extent to which the company uses its fixed assets effectively. The higher this ratio means the more effective the proportion of fixed assets is.

### 3. RESEARCH METHODOLOGY

#### Data Type

According to Sugiyono (2018:213) in his book entitled *Quantitative, Qualitative and R&D Research Methods* states that: "Research methods are a scientific way to obtain data with specific purposes and uses". In this research the author used quantitative research methods, namely from the financial reports of PT Garuda Indonesia Tbk, for the 2020-2022 period.

#### Data source

The data source used in this research is secondary data, in this case data that has been published by PT Garuda Indonesia Tbk, via the internet, books and related research journals.

#### Data collection technique

The data collection techniques used in this research are: (a). Library research is research by collecting information and data through reading related books or through literature, the internet and scientific works related to the problems in this research. (b). Documentation is information obtained from the company's financial reports related to financial performance.

#### Population and Sample

The population in this research is the financial reports of PT Garuda Indonesia Tbk, for the 2020-2022 period. The sample used in the saturated sample research is the financial report of PT Garuda Indonesia Tbk, for the 2020-2022 period.

#### Data analysis technique

The analysis technique used is descriptive analysis technique which is used to analyze data, namely by using financial ratios in PT's financial reports. Garuda Indonesia Tbk.

### 4. RESULT AND DISCUSSION

To analyze the financial performance of PT Garuda Indonesia, researchers conducted ratio analysis using three analytical methods, as follows:

#### Liquidity Ratio

The liquidity ratio is a ratio that measures a company's ability to meet all its short-term obligations or debts.

- a. Current Ratio The formula for finding the Current Ratio can use the following formula.

$$\text{Current Ratio} = \frac{\text{Aktiva Lancar}}{\text{Utang Lancar}}$$

Table 1.  
Current Ratio

Year	Current asset	Current Debt	Ratio
2020	536,547,176	4,294,797,755	0.12
2021	305,725,029	5,771,313,185	0.05
2022	801.153.825	1,681,029,672	0.48

Source: Results of data processed from the annual financial report of PT Garuda Indonesia Tbk.

## b. Cash Ratio (Cash Ratio)

The formula for finding the Cash Ratio can use the following formula.

$$\text{Cash Ratio} == \frac{\text{Kas+Efek}}{\text{Utang Lancar}}$$

Table 2.  
Cash Ratio

Year	Cash	Effect	Current Debt	Ratio
2020	200,979,909	0	4,294,797,755	0.05
2021	54,442,439	0	5,771,313,185	0.01
2022	521,682,689	0	1,681,029,672	0.31

Source: Results of data processed from the annual financial report of PT Garuda Indonesia Tbk.

## c. Quick Ratio (Quick Ratio)

The formula for finding the Quick Ratio can use the following formula

$$\text{Quick Ratio} == \frac{\text{Aset Lancar}-\text{Persediaan}}{\text{Utang Lancar}}$$

Table 3.  
Quick Ratio

Year	Current assets	Supply	Current Debt	Ratio
2020	536,547,176	105,199,006	4,294,797,755	0.10
2021	305,725,029	73,033,991	5,771,313,185	0.04
2022	801.153.825	67,986,260	1,681,029,672	0.44

Source: Results of data processed from the annual financial report of PT Garuda Indonesia Tbk.

### Profitability Ratio

The profitability ratio is a ratio used to measure a company's ability to generate profits from its normal business activities.

## a. Gross Profit Margin (Gross Profit Margin)

The formula for finding Gross Profit Margin can use the following formula.

$$\text{Gross Profit Margin} == \frac{\text{Laba Kotor}}{\text{Penjualan}}$$

Table 4.  
Gross Profit Margin

Year	Gross profit	Sale	Ratio
2020	- 2,592,583,535	1,492,331,099	-1.74
2021	- 4,532,553,816	1,336,678,470	-3.39
2022	3,935,160,004	2,100,079,558	1.87

Source: Results of data processed from the annual financial report of PT Garuda Indonesia Tbk.

## b. Net Profit Margin (Net Profit Margin)

The formula for finding Net Profit Margin can use the following formula.

$$\text{Net Profit Margin} == \frac{\text{Laba Setelah Pajak}}{\text{Penjualan}}$$

Table 5.  
Net Profit Margin

Year	Profit After Tax	Sale	Ratio
2020	- 2,476,633,349	1,492,331,099	-1.66
2021	- 4,174,004,768	1,336,678,470	-3.12
2022	3,736,670,304	2,100,079,558	1.78

Source: Results of data processed from the annual financial report of PT Garuda Indonesia Tbk.

c. Rate of Return on Assets (Return on Assets)

The formula for finding Return on Assets can use the following formula.

$$\text{Return on Assets} == \frac{\text{Laba Setelah Pajak}}{\text{Total Asset}}$$

Table 6.  
Return on assets

Year	Profit After Tax	Total Assets	Ratio
2020	- 2,476,633,349	10,789,980,407	-0.23
2021	- 4,174,004,768	7,192,745,380	-0.58
2022	3,736,670,304	7,770,110,129	0.48

Source: Results of data processed from the annual financial report of PT Garuda Indonesia Tbk.

d. Rate of Return on Equity (Return On Equity)

The formula for finding Return on Equity can use the following formula.

$$\text{Return on Equity} == \frac{\text{Laba Setelah Pajak}}{\text{Equity}}$$

Table 7.  
Return on Equity

Year	Profit After Tax	Equity	Ratio
2020	- 2,476,633,349	- 1,943,024,247	1.27
2021	- 4,174,004,768	- 6,110,059,715	0.68
2022	3,736,670,304	- 1,535,099,150	- 2.43

Source: Results of data processed from the annual financial report of PT Garuda Indonesia Tbk.

### Activity Ratio

a. Total Asset Turnover (Total Assets Turnover)

The formula for finding Total Asset Turnover can use the following formula.

$$\text{Total Assets Turnover} == \frac{\text{Penjualan}}{\text{Total Asset}}$$

Table 8.  
Total Asset Turnover

Year	Sale	Total Assets	Ratio
2020	1,492,331,099	10,789,980,407	0.14
2021	1,336,678,470	7,192,745,380	0.19
2022	2,100,079,558	7,770,110,129	0.03

Source: Results of data processed from the annual financial report of PT Garuda Indonesia Tbk.

b. Working Capital Turnover Ratio

The formula for finding Working Capital Turnover can use the following formula.

$$\text{Working Capital Turnover} = \frac{\text{Penjualan}}{\text{Aset Lancar} - \text{Utang Lancar}}$$

Table 9.  
Working Capital Turnover

Year	Sale	Current Debt	Current assets	Ratio
2020	1,492,331,099	4,294,797,755	536,547,176	- 0.40
2021	1,336,678,470	5,771,313,185	305,725,029	- 0.26
2022	2,100,079,558	1,681,029,672	801.153.825	- 2.39

Source: Results of data processed from the annual financial report of PT Garuda Indonesia Tbk.

c. Total Fixed Asset Turnover (Fixed Asset Turnover)

The formula for finding Fixed Asset Turnover can use the following formula

$$\text{Fixed asset turnover} = \frac{\text{Penjualan}}{\text{Aktiva Tetap}}$$

Table 10.  
Fixed Asset Turnover

Year	Sale	Fixed assets	Ratio
2020	1,492,331,099	10.253.433.231	0.15
2021	1,336,678,470	6,887,020	194.09
2022	2,100,079,558	5,433,857,154	0.39

Source: Results of data processed from the annual financial report of PT Garuda Indonesia Tbk.

## Discussion

Based on the results of the financial reports at PT Garuda Indonesia as follows: Judging from the calculation of liquidity ratios, companies experience fluctuations in financial performance from year to year which are reflected in changes in liquidity ratios such as the current ratio, cash ratio and quick ratio. Despite the increase, the ratio figure is still below 1, indicating liquidity risk. From the profitability ratio calculation, PT Garuda experienced fluctuations in financial performance from 2020 to 2022. Although there was an increase in Gross Profit Margin, Net Profit Margin and ROA in 2022.

From the calculation of profitability ratios, PT Garuda experienced fluctuations in financial performance from 2020 to 2022. Even though there was an increase in Gross Profit Margin, Net

Profit Margin, and ROA in 2022, the company still faces challenges in achieving better efficiency in generating net profits for shareholders,

Activity Ratio. Judging from the activity ratio calculation, PT Garuda faces challenges in increasing the efficiency of using assets, working capital and the company's fixed assets. Although there was an increase in these ratios in 2021, a significant decrease in 2022 shows the need for companies to pay more attention to asset and working capital management strategies to improve operational efficiency and company financial performance.

## 5. CONCLUSION

Based on the research that has been carried out, it can be concluded that: (a). From the calculation of liquidity ratios, companies experience fluctuations in financial performance from year to year which are reflected in changes in liquidity ratios such as the current ratio, cash ratio and quick ratio. (b). From the profitability ratio calculation, PT Garuda experienced fluctuations in financial performance from 2020 to 2022. Although there was an increase in Gross Profit Margin, Net Profit Margin and ROA in 2022. (c). From the activity ratio calculation, PT Garuda faces challenges in increasing the efficiency of using assets, working capital and the company's fixed assets.

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