



The role of liquidity and profitability ratios in driving financial performance

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Abstract

This study aims to measure performance financial management of PT Bank Tabungan Negara (Persero) Tbk. Parepare Branch Office using ratio profitability and liquidity. This quantitative research uses secondary data in the form of financial reports for 2019–2023 which were analyzed through observation, interviews, documentation, and studies library. The results of the study show that the performance finance based on indicator profitability (Net Profit Margin 20%, Return on Investment 40%, and Return on Equity 30%) and Liquidity (Current Ratio 11 times, Quick Ratio 20 times, Cash Ratio 0.09%, and Cash Turnover 0.01%) is in the unhealthy category because it does not meet the requirements standard industry, which is characterized by the existence of losses after tax and decline investment and capital.

Keywords: Profitability ratio, liquidity ratio, financial ratio, financial performance, financial management

Introduction

A company is a form of organization that has specific goals to achieve in an effort to meet the interests of its members. Success in achieving a company's goals is a management achievement. The performance of an organization or company is measured so that it can be used as a basis for decision-making, both internally and externally.

Financial matters are crucial for a company's progress and development. One of the primary goals of establishing a company is to maximize profits. However, measuring a company's success in achieving and maintaining profits depends on its financial performance. A company must have strong, efficient, and effective financial performance to maximize profits. Therefore, financial performance is crucial for every company to maintain its operations.

Good management skills are also a company's responsibility to ensure the effective use of funds to achieve its goals. When a company's finances are well-managed, investment decisions, vision realization, and optimal profit can be implemented smoothly. Financial management encompasses more than just production and distribution; it also encompasses accounting, fixed asset management, and payment processing. Financial management encompasses all company activities related to obtaining, using, and managing funds in accordance with the company's overall objectives (Agusnia Wati et al., 2022) [2]. Financial management is the activity of company owners and management to obtain the cheapest possible capital sources and use them as effectively, efficiently, and productively as possible to generate profits (Mulyanti, 2017) [37, 34].

Financial management is a company activity that is related to how obtaining funds, using funds, and managing assets in accordance with the company's overall objectives. Financial performance is the financial achievements reflected in a company's financial statements, namely the profit and loss balance sheet, and financial performance reflects the company's business (operating income). (Frihatni et al., 2021) [14]. Financial performance reflects a company's success and can be interpreted as the results achieved through various activities (Putri et al., 2023) [39]. One method for assessing a company's performance is by

analyzing financial statements prepared in accordance with financial accounting principles (Paulus et al., 2023).

In addition to sound financial management and performance, companies also require financial statement analysis to determine their ability to address financial issues and make quick and accurate decisions. Through financial statement analysis, management can determine the company's financial position, performance, and financial strength.

Financial reports are the final product of a company's accounting process over a specific period, where the information contained therein is the result of collecting and managing financial data with the aim of helping the company make appropriate decisions or policies (Susantika et al., 2023). (H. Hasan, 2021) Financial reports are information that describes a company's financial condition, and furthermore, this information can be used as an illustration of the company's financial performance. In general, financial reports consist of a balance sheet, a profit/loss statement, and a statement of changes in equity. The profit/loss statement is a report that describes the results achieved by the company and the expenses incurred during a specific period. The statement of changes in equity is a report that shows the sources and uses of the company's capital. The balance sheet is a financial report that describes the amount of assets, liabilities, and capital of a company on a specific date.

Financial ratio analysis is an analysis that describes a relationship or balance between a certain amount and another amount, and uses an analysis tool in the form of a ratio that can explain or provide an overview to the analyst about the good or bad condition of a company's financial position, especially if the ratio figure is compared with the comparative ratio figure used as a standard (M. Dewi, 2017) [8].

Financial statement analysis uses ratio calculations to evaluate a company's past, present, and future financial condition. One way to assess a company's performance and make investment decisions is through financial ratio analysis. Some ratios frequently used in financial statement analysis include profitability ratios and liquidity ratios. A

financial ratio compares figures in financial statements by dividing one number by another. Financial indicators are used to assess a company's financial position and performance. The results of financial ratios indicate the company's performance (Atul et al., 2022) [6].

The profitability ratio is a company's ability to generate profit during a specific period at a certain level of sales, assets, and share capital. The profitability ratio aims to calculate the company's net profit after deducting taxes from its equity, and assesses the company's profit position compared to that obtained in the previous period (Ali et al., 2022). The profitability ratio describes a company's ability to generate profit through all its capabilities and resources, namely those derived from sales activities, asset utilization, and capital utilization. The profitability ratio can be used as a tool to measure the effectiveness of management performance. Good performance is demonstrated by management's success in generating maximum profit for the company (Machmud et al., 2023) [28].

The next ratio, the liquidity ratio, assesses a bank's ability to maintain adequate liquidity and the adequacy of liquidity risk management. This ratio can be calculated using working capital information sources, namely current assets and current liabilities (Rifani, 2021) [43]. Liquidity analysis evaluates a company's ability to repay its short-term debt using its current assets (Handayani & Handayani, 2022) [18].

PT. Bank Tabungan Negara (Persero) Tbk. BTN has a total of 737 office networks with details of 6 Regional Offices, 81 Branch Office Units, 541 Sub-Offices. Meanwhile, the Sharia Banking network has 34 Sharia Branch Offices, and 75 Sharia Sub-Branch Offices throughout Indonesia. BTN is also connected to 3,789 ATMs and CRMs. Bank Tabungan Negara Parepare Branch Office or commonly abbreviated as BTN. BTN is a state-owned company engaged in financial services. BTN provides various financial products and services, one of which is providing homeowner loans (KPR). To support its business activities. PT. Bank Tabungan Negara (Persero) Tbk. Parepare Branch Office is a public entity that discloses its financial performance transparently for evaluation including revenue, net profit, and other financial indicators. The amount of assets, capital and company profits can be seen in the following table:

Table 1: Financial Report of PT. Bank Tabungan Negara 2019-2023

Year	Asset	Capital	Profit
2019	Rp. 311,776,828	Rp. 23,836,195	Rp. 209,263
2020	Rp. 361,208,406	Rp. 19,987,845	Rp. 1,602,358
2021	Rp. 371,868,311	Rp. 21,406,647	Rp. 2,376,227
2022	Rp. 402,148,312	Rp. 25,909,354	Rp. 3,045,073
2023	Rp. 438,749,736	Rp. 30,479,736	Rp. 3,500,988

Source: PT. Bank Tabungan Negara (Persero) Tbk. Parepare Branch Office

The table above shows the annual movement. This can be seen in the asset's column, which increased by Rp 438,749,736 between 2019 and 2023. The capital column increased by Rp 30,479,736 in 2023. Similarly, the profit column increased annually, for example, by Rp 3,500,988 in 2020 and 2021.

PT. Bank Tabungan Negara (Persero) Tbk in the city of Parepare, South Sulawesi. PT. BTN Parepare Branch Office can provide various BTN bank services to its customers such as BTN bank savings and loans, BTN bank savings,

BTN bank exchange rate checks, BTN credit applications, fund transfers, cash deposits, direct withdrawals, and account creation. In addition, BTN bank also has many other products such as the BTN bank mortgage program and internet banking and mobile banking services to support mobile customer activities. Further information can be obtained through the BTN call center contact and the official BTN Bank website.

This research is in line with research (Weni, 2022); (Lase et al., 2022) [25]; (Shabrina, 2019) [48]; (Khair, 2020); (Wenda & Ditilebit, 2021) the results of this study indicate an efficient company performance profitability ratio reviewed by the average value of the Net Profit Margin ratio because it is above the industry average (time series). The Return on Asset (ROA) ratio is also efficient because the company's net profit value tends to increase and is above the industry average (time series). The average value of the Return on Equity (ROE) ratio below the industry average (time series) for financial performance is said to be inefficient. Liquidity Ratio Analysis when viewed from the Current Ratio indicates the company's liquidity condition is not good, the results of the average Current Ratio calculation are below the industry average (time series) for financial performance is said to be IL Liquid (not good). The average calculation of the Quick Ratio is below the industry average (time series) for financial performance is said to be IL Liquid (not good).

Meanwhile, research conducted by (Setiawan, 2013) [47]; (Simanullang & Chandra, 2021) [49]; (Hanifah & Fatimah, 2022) [19]; (Maith, 2013) [30]; and (A. Rozi et al., 2022) [1] shows that profitability ratios, measured using net profit margin, return on assets, and return on equity, indicate that the company's financial performance is poor, while gross profit margin indicates that the company's financial performance is good. Meanwhile, liquidity ratios, measured using the current ratio, quick ratio, and cash ratio, indicate that the company's financial performance is good.

In this paper, the author attempts to re-examine related variables and other variables that influence a company's financial performance. The author chose profitability and liquidity ratios as the independent variables, while financial performance served as the dependent variable.

Based on the background, the formulation of the problem in this study is based on the background explained previously, the formulation of the problem in this study is how the Profitability Ratio and Liquidity Ratio to Improve the Financial Performance of PT. Bank Tabungan Negara (Pesero) Tbk. Parepare Branch Office in 2019-2023 in the good category?

Methodology

This research was conducted by PT. Bank Tabungan Negara (Pesero) Tbk. Parepare Branch Office, Jl. Andi Makkasau Timur, Lakessi Village, Soreang District, Parepare City, South Sulawesi. The research period will last for approximately two months, starting from May to July 2024. In this study, the population is the financial report of PT. Bank Tabungan Negara (Pesero) Tbk. Parepare Branch Office. The sample for this research is the balance sheet and profit and loss report of PT. Bank Tabungan Negara (Pesero) Tbk. Parepare Branch Office.

The type of data used is qualitative data. The data analyzed in this study are financial reports that include balance sheets and profit and loss statements for 5 consecutive years,

namely 2019-2023. The data source used in this study is secondary data obtained by researchers indirectly through intermediaries. In this study, the secondary data referred to are financial reports and information related to the research obtained from PT. Bank Tabungan Negara (Pesero) Tbk. Parepare Branch Office.

The analytical tools in this research are as follows:

Table 2: Profitability Ratio Measurement Standards

No	Types of Ratios	Standard	Note
1.	Net Profit Margin	≥ 20%	Good
2.	Return on Equity	≥ 40%	Good
3.	Return on Investment	≥ 30%	Good

Source: Kasmir (2019)

Table 3: Liquidity Ratio Measurement Standards

No	Types of Ratios	Standard	Note
1.	Current Ratio	≥ 2 times	Good
2.	Quick Ratio	≥ 1.5 times	Good
3.	Cash Ratio	≥ 50%	Good
4.	Cash Turnover	≥ 10%	Good

Source: Kasmir (2019)

Results and Discussion

Data Description

Financial reports aim to provide information about a company's financial position or condition and the efficiency of its use of capital. Financial reports generally consist of a balance sheet and a profit and loss statement.

The balance sheet and profit and loss statements were taken from PT. Bank BTN KC Parepare for the 2019-2023 period. This data was used to measure the company's financial performance using financial ratios as research variables, including profitability and liquidity ratios.

Within the profitability and liquidity ratios, there are indicators used to calculate the values found in a company's balance sheet and income statement. These indicators include:

1. The profitability ratio is also used to measure a company's ability to generate profits, both in relation to sales and profit and loss on equity (Aini et al., 2022) [4]. The indicators for this variable are:
 - a. Net Profit Margin
 - b. Return on Equity
 - c. Return on Investment
2. Liquidity ratios describe a company's ability to meet its short-term obligations. These ratios can be calculated using working capital information sources, such as current assets and current liabilities (Dharma et al., 2023). The indicators for this variable are:
 - a. Current ratio
 - b. Quick ratio
 - c. Cash ratio

Hypothesis Testing

In this study, the method used is a quantitative analysis method using financial ratios in the form of profitability ratios and liquidity ratios.

1. Profitability Ratio

Profitability ratios are a key component of financial statement analysis. While all financial statements can be

used for profitability analysis, the most important is the income statement. The income statement reports the company's operating results for a period (Machmud, 2021) [27, 29].

a. Net Profit Margin

Net Profit Margin is the sales profit after accounting for all costs and income taxes. Net Profit Margin indicates a company's ability to generate profit from a given business volume. Net Profit Margin can be interpreted as a company's level of efficiency, namely the extent to which it can reduce costs. The higher the Net Profit Margin, the more effective a company's operations. Net Profit Margin is calculated using the formula:

$$Net\ Profit\ Margin = \frac{Laba\ Setelah\ Pajak}{Pendapatan} \times 100\%$$

- a) 2019

$$= \frac{Rp\ 209.263.000}{Rp\ 2.109.852.000} \times 100\% = Rp\ 0,09\%$$
- b) 2020

$$= \frac{Rp\ 1.602.358.000}{Rp\ 2.514.607.000} \times 100\% = Rp\ 0,63\%$$
- c) 2021

$$= \frac{Rp\ 2.376.227.000}{Rp\ 32.362.567.000} \times 100\% = Rp\ 0,07\%$$
- d) 2022

$$= \frac{Rp\ 3.045.073.000}{Rp\ 1.709.597.000} \times 100\% = Rp\ 1,78\%$$
- e) 2023

$$= \frac{Rp\ 3.500.988.000}{Rp\ 3.885.367.000} \times 100\% = Rp\ 0,90\%$$

Table 4: Results of the Net Profit Margin Assessment of PT. Bank BTN Parepare Branch Office for 2019-2023

Year	Net Profit Margin Results (NPM)	Standard	Category
2019	0.09%	20%	Not good
2020	0.63%		Not good
2021	0.07%		Not good
2022	1.78%		Not good
2023	0.90%		Not good

Source: processed data

From table 4 above, it can be seen that the calculation results (Net Profit Margin) at PT. Bank BTN KC Parepare are as follows:

- a. In 2019, the Net Profit Margin calculation was 0.09%. This indicates that PT Bank BTN Parepare Branch's financial performance was poor, falling below the established standard of 20%.
- b. In 2020, the Net Profit Margin calculation was 0.63%. This indicates that PT Bank BTN Parepare Branch's financial performance was poor, falling below the established standard of 20%.
- c. In 2021, the Net Profit Margin calculation was 0.07%. This indicates that PT Bank BTN Parepare Branch's financial performance was poor, falling below the established standard of 20%.
- d. In 2022, the Net Profit Margin calculation showed a 1.78% gain. This indicates that PT Bank BTN Parepare Branch's financial performance is poor, falling below the established standard of 20%.
- e. In 2023, the Net Profit Margin calculation showed a 0.90% return. This indicates that PT Bank BTN

Parepare Branch's financial performance is poor, falling below the established standard of 20%.

From the explanation above, it can be concluded that the Net Profit Margin at PT. Bank BTN Parepare Branch Office fluctuated from 2019 to 2023. In 2022, cash increased by 1.78%, and in 2019, it experienced a drastic decrease of 0.09%, due to total net profit exceeding net income. Therefore, it can be concluded that the Net Profit Margin at PT. Bank BTN Parepare Branch Office has been in poor condition for five years, with a standard of 20%.

b. Return on Equity

Return on equity is a measure of the income available to a company's owners (both common and preferred shareholders) on the capital they invest in the company. Return on equity is calculated using the formula:

$$Return\ on\ Equity = \frac{Laba\ setelah\ pajak}{Total\ Ekuitas\ (Modal\ sendiri)} \times 100\%$$

- 1) 2019
 $= \frac{Rp\ 209.263.000}{Rp\ 23.836.195.000} \times 100\% = Rp\ 0,009\%$
- 2) 2020
 $= \frac{Rp\ 1.602.358.000}{Rp\ 19.987.845.000} \times 100\% = Rp\ 0,08\%$
- 3) 2021
 $= \frac{Rp\ 2.376.227.000}{Rp\ 21.406.647.000} \times 100\% = Rp\ 0,11\%$
- 4) 2022
 $= \frac{Rp\ 3.045.073.000}{Rp\ 25.909.354.000} \times 100\% = Rp\ 0,11\%$
- 5) 2023
 $= \frac{Rp\ 3.500.988.000}{Rp\ 30.479.152.000} \times 100\% = Rp\ 0,11\%$

Table 5: Results of ROE Assessment of Bank BTN Parepare Branch Office for 2019-2023

Year	Return on Equity Results	Standard	Category
2019	0.009%	40%	Not good
2020	0.08%		Not good
2021	0.11%		Not good
2022	0.11%		Not good
2023	0.11%		Not good

Source: processed data

From table 5 above, it can be seen that the results of the Return on Equity calculation at PT. Bank BTN KC Parepare in 2019-2020 are as follows:

- a. In 2019, the Return on Equity calculation was 0.009%. This indicates that PT Bank BTN Parepare Branch's financial performance was poor, falling below the established standard of 40%.
- b. In 2020, the Return on Equity calculation showed a 0.08% return. This indicates that PT Bank BTN Parepare Branch's financial performance is in poor condition, falling below the established standard of 40%.
- c. In 2021, the Return on Equity calculation showed a 0.11% return. This indicates that PT Bank BTN Parepare Branch's financial performance is poor, falling below the established standard of 40%.
- d. In 2022, the Return on Equity calculation was 0.11%. This indicates that PT Bank BTN Parepare Branch's financial performance is poor, falling below the established standard of 40%.

- e. In 2023, the Return on Equity calculation showed a 0.11% return. This indicates that PT Bank BTN Parepare Branch's financial performance is poor, falling below the established standard of 40%.

From the explanation above, it can be concluded that Return on Equity at PT. Bank BTN KC Parepare fluctuated from 2019 to 2023. In 2019, cash decreased by 0.00% and in 2023, it increased by 0.11%, due to total net profit exceeding total assets. Therefore, it can be concluded that Return on Equity at PT. Bank BTN KC Parepare has been in poor condition for 5 years, with a standard of 40%.

c. Return on Investment

Return on investment is a ratio that measures a company's overall ability to generate profits using the total assets available within the company. The higher this ratio, the better the company's performance. Return on investment is calculated using the formula:

$$Return\ on\ Investment = \frac{Laba\ setelah\ pajak}{Total\ Aktiva} \times 100\%$$

- 1) 2019
 $= \frac{Rp\ 209.263.000}{Rp\ 311.776.828.000} \times 100\% = Rp\ 0,00\%$
- 2) 2020
 $= \frac{Rp\ 1.602.358.000}{Rp\ 361.208.406.000} \times 100\% = Rp\ 0,04\%$
- 3) 2021
 $= \frac{Rp\ 2.376.227.000}{Rp\ 371.868.311.000} \times 100\% = Rp\ 0,06\%$
- 4) 2022
 $= \frac{Rp\ 3.045.073.000}{Rp\ 402.148.312.000} \times 100\% = Rp\ 0,07\%$
- 5) 2023
 $= \frac{Rp\ 3.500.988.000}{Rp\ 438.749.736.000} \times 100\% = Rp\ 0,07\%$

Table 6: Results of ROI Assessment of Bank BTN Parepare Branch Office 2019-2023

Year	Return on Investment Results	Standard	Category
2019	0.00%	30%	Not good
2020	0.04%		Not good
2021	0.06%		Not good
2022	0.07%		Not good
2023	0.07%		Not good

Source: processed data

From table 6 above, it can be seen that the results of the calculation of Return on Investment of PT. Bank BTN KC Parepare are as follows:

- a. In 2019, the ROI calculation was 0.00%. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office was in poor condition, falling below the established standard of 30%.
- b. In 2020, the ROI calculation was 0.04%. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 30%.
- c. In 2021, the ROI calculation was 0.06%. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office in Parepare is poor, falling below the established standard of 30%.
- d. In 2022, the ROI calculation was 0.07%. This indicates that PT Bank BTN Parepare Branch's financial performance was poor, falling below the established standard of 30%.

- e. In 2023, the ROI calculation was 0.07%. This indicates that PT Bank BTN Parepare Branch's financial performance is poor, falling below the established standard of 30%.

From the explanation above, it can be concluded that the Return on Investment at PT. Bank BTN Parepare Branch Office fluctuated from 2019 to 2023. In 2021, there was a 0.00% decrease in cash and a 0.07% increase in 2023, due to the larger total profit after tax compared to total assets. Therefore, it can be concluded that the Return on Investment at PT. Bank BTN Parepare Branch Office has been in poor condition for five years, with a standard of 30%.

2. Liquidity Ratio

Liquidity ratios are used to describe a company's ability to settle its short-term obligations. These ratios can be calculated using information sources on working capital in the form of current assets and current liabilities (Dharma et al., 2023)^[10].

a. Current Ratio

The current ratio measures a company's ability to pay short-term liabilities, or debts that are immediately due when collected in full. The current ratio is calculated using the formula:

$$\text{Return on Investment} = \frac{\text{Laba setelah pajak}}{\text{Total Aktiva}} \times 100\%$$

- 1) 2019 = $\frac{\text{Rp } 209.263.000}{\text{Rp } 311.776.828.000} \times 100\% = \text{Rp } 0,00\%$
- 2) 2020 = $\frac{\text{Rp } 1.602.358.000}{\text{Rp } 361.208.406.000} \times 100\% = \text{Rp } 0,04\%$
- 3) 2021 = $\frac{\text{Rp } 2.376.227.000}{\text{Rp } 371.868.311.000} \times 100\% = \text{Rp } 0,06\%$
- 4) 2022 = $\frac{\text{Rp } 3.045.073.000}{\text{Rp } 402.148.312.000} \times 100\% = \text{Rp } 0,07\%$
- 5) 2023 = $\frac{\text{Rp } 3.500.988.000}{\text{Rp } 438.749.736.000} \times 100\% = \text{Rp } 0,07\%$

Table 7: Results of the Current Ratio Assessment of Bank BTN Parepare Branch Office for 2019-2023

Year	Current Ratio Results	Standard	Category
2019	0.11 times	2 times	Not good
2020	0.10 times		Not good
2021	0.12 times		Not good
2022	0.11 times		Not good
2023	0.13 times		Not good

Source: processed data

From table 7 above, it can be seen that the results of the Current Ratio calculation at PT. Bank BTN KC Parepare are as follows:

- a. In 2019, the Current Ratio calculation showed a value of 0.11. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 2 times.
- b. In 2020, the Current Ratio calculation showed a value of 0.10. This indicates that the financial performance of

- PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 2x.
- c. In 2021, the Current Ratio calculation showed a value of 0.12. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 2x.
- d. In 2022, the Current Ratio calculation showed a value of 0.11. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 2x.
- e. In 2023, the Current Ratio calculation showed a value of 0.13. This indicates that the financial performance of Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 2 times.

From the explanation above, it can be concluded that the Current Ratio at PT. Bank BTN Parepare Branch Office fluctuated from 2019 to 2023. It experienced a drastic increase of 0.13 times in 2023 and a decrease of 0.10 times in 2020. Therefore, it can be concluded that the Current Ratio at PT. Bank BTN Parepare Branch Office has been in poor condition for five years, with a standard of 2 times.

a. Quick Ratio

Quick Ratio or Acid Test Ratio is a ratio that shows the company's ability to meet or pay current liabilities or debts (short-term debt) with current assets without taking into account the value of supplies or inventory. Quick Ratio is calculated using the formula:

$$\text{Quick Ratio} = \frac{\text{Aktiva lancar} - \text{Persediaan}}{\text{Hutang Lancar}}$$

- 1) 2019 = $\frac{\text{Rp } 31.249.908.000 - \text{Rp } 2.600.197.000}{\text{Rp } 269.451.682.000} = 0,10 \text{ kali}$
- 2) 2020 = $\frac{\text{Rp } 34.637.555.000 - \text{Rp } 3.784.186.000}{\text{Rp } 321.376.142.000} = 0,09 \text{ kali}$
- 3) 2021 = $\frac{\text{Rp } 41.229.907.000 - \text{Rp } 2.505.522.000}{\text{Rp } 327.693.592.000} = 0,11 \text{ kali}$
- 4) 2022 = $\frac{\text{Rp } 41.526.686.000 - \text{Rp } 2.352.762.000}{\text{Rp } 53.037.770.000} = 0,11 \text{ kali}$
- 5) 2023 = $\frac{\text{Rp } 53.037.770.000 - \text{Rp } 3.235.046.000}{\text{Rp } 381.164.489.000} = 0,61 \text{ kali}$

Table 8: Results of the Quick Ratio Assessment of Bank BTN Parepare Branch Office for 2019-2023

Year	Quick Results Ratio	Standard	Category
2019	0.10	1.5 times	Not good
2020	0.09		Not good
2021	0.11		Not good
2022	0.11		Not good
2023	0.61		Not good

Source: processed data

From table 8 above, it can be seen that the results of the Quick Ratio calculation at PT. Bank BTN KC Parepare are as follows:

- a. In 2019, the Quick Ratio calculation showed a value of 0.10. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 1.5 times.
- b. In 2020, the Quick Ratio calculation showed a value of 0.09. This indicates that the financial performance of

- PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 1.5 times.
- c. In 2021, the Quick Ratio calculation showed a value of 0.11. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 1.5 times.
- d. In 2022, the Quick Ratio calculation showed a value of 0.11. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 1.5 times.
- e. In 2023, the Quick Ratio calculation showed a value of 0.60. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 1.5 times.

From the explanation above, it can be concluded that the Quick Ratio at PT. Bank BTN Parepare Branch Office fluctuated from 2019 to 2023. It experienced a drastic increase of 0.61 times in 2023 and a decrease of 0.09 times in 2020. Therefore, it can be concluded that the Quick Ratio at PT. Bank BTN Parepare Branch Office has been in poor condition for five years, with a standard of 1.5 times.

a. Cash Ratio

The cash ratio is a tool used to measure how much cash is available to pay debts. The cash ratio is calculated using the formula:

$$Cash\ Ratio = \frac{Aktiva\ lancar}{Hutang\ lancar}$$

- 1) 2019 = $\frac{Rp\ 31.249.908.000}{Rp\ 269.451.682.000} = 0.11\%$
- 2) 2020 = $\frac{Rp\ 34.637.555.000}{Rp\ 321.376.142.000} = 0.10\%$
- 3) 2021 = $\frac{Rp\ 41.229.907.000}{Rp\ 327.693.592.000} = 0.12\%$
- 4) 2022 = $\frac{Rp\ 41.526.686.000}{Rp\ 351.376.683.000} = 0.11\%$
- 5) 2023 = $\frac{Rp\ 53.037.770.000}{Rp\ 381.164.489.000} = 0.13\%$

Table 9: Results of the Cash Ratio Assessment of Bank BTN Parepare Branch Office for 2019-2023

Year	Cash Ratio Results	Standard	Category
2019	0.11%	50%	Not good
2020	0.10%		Not good
2021	0.12%		Not good
2022	0.11%		Not good
2023	0.13%		Not good

Source: processed data

From table 9 above, it can be seen that the results of the Cash Ratio calculation at PT. Bank BTN KC Parepare are as follows:

- a. In 2019, the Cash Ratio calculation showed a 0.11% ratio. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, as it is below the established standard value of 50%.

- b. In 2020, the Cash Ratio calculation showed a 0.10% ratio. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 50%.
- c. In 2021, the Cash Ratio calculation showed a 0.12% gain. This indicates that PT Bank BTN Parepare Branch's financial performance is in poor condition, falling below the established standard of 50%.
- d. In 2022, the Cash Ratio calculation showed a 0.11% ratio. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 50%.
- e. In 2023, the Cash Ratio calculation showed a 0.13% ratio. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 50%.

From the explanation above, it can be concluded that the Cash Ratio at PT. Bank BTN KC Parepare fluctuated from 2019 to 2023. In 2019, cash experienced a drastic increase of 0.12% and in 2020, it experienced a drastic decrease of 0.10% due to total debt being greater than total assets. Therefore, it can be said that the Cash Ratio at PT. Bank BTN KC Parepare has been in poor condition for 5 years with a standard of 50%.

a. Cash Turnover

The Cash Turnover Ratio measures the adequacy of a company's working capital, which is needed to pay bills and finance sales. The Cash Turnover Ratio is calculated using the following formula:

$$Cash\ Turn\ Over = \frac{Penjualan\ bersih}{Modal\ Kerja\ Bersih}$$

- 1) 2019 = $\frac{Rp\ 622.952.000}{Rp\ 23.836.195.000} = 0.02\%$
- 2) 2020 = $\frac{Rp\ 664.519.000}{Rp\ 19.987.845.000} = 0.03\%$
- 3) 2021 = $\frac{Rp\ 895.413.000}{Rp\ 21.406.647.000} = 0.04\%$
- 4) 2022 = $\frac{Rp\ (500.324.000)}{Rp\ 25.909.354.000} = (0.01\%)$
- 5) 2023 = $\frac{Rp\ 548.061.000}{Rp\ 438.749.736.000} = 0.00\%$

Table 10: Results of the Cash Turnover Assessment of Bank BTN Parepare Branch Office for 2019-2023

Year	Cash Turnover Results	Standard	Category
2019	0.02%	10%	Not good
2020	0.03%		Not good
2021	0.04%		Not good
2022	0.01%		Not good
2023	0.00%		Not good

Source: processed data

From table 10 above, it can be seen that the results of the Cash Turnover calculation at PT. Bank BTN KC Parepare are as follows:

- a. In 2019, the Cash Turnover calculation was 0.02%. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, as it is below the established standard of 10%.
- b. In 2020, the Cash Turnover calculation showed a 0.03% ratio. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 10%.
- c. In 2021, the Cash Turnover calculation was 0.04%. This indicates that PT Bank BTN Parepare Branch's financial performance is poor, falling below the established standard of 10%.
- d. In 2022, the Cash Turnover calculation showed a level of 0.01%. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor

- e. In 2023, the Cash Turnover calculation showed a 0.00% ratio. This indicates that the financial performance of PT. Bank BTN Parepare Branch Office is in poor condition, falling below the established standard of 10%.

From the explanation above, it can be concluded that cash turnover at PT. Bank BTN Parepare Branch Office fluctuated between 2019 and 2023. In 2022, cash decreased by 0.00%, and in 2021, it experienced a drastic increase of 0.04%, due to total net working capital exceeding net sales. Therefore, it can be concluded that cash turnover at PT. Bank BTN Parepare Branch Office has been in poor condition for five years, with a standard of 10%.

Discussion

Table 11: Results of Financial Statement Analysis of PT. Bank Tabungan Negara (Persero) Tbk. Parepare Branch Office for 2019-2023

Ratio	Year					Average	Standard dar	Category
	2019	2020	2021	2022	2023			
1. Profitability s a. Net Profit Margin (NPM)	0.09%	0.63%	0.07%	1.78%	0.90%	0.69%	20%	Not good
	0.00%	0.08%	0.11%	0.11%	0.11%	0.08%	40%	Not good
	b. Return on Assets (ROA)							
c. Return on Equity (ROE)	0.009%	0.04%	0.06%	0.07%	0.07%	0.03%	30%	Not good
2. Liquidity a. Current Ratio	0.11 time	0.10 time	0.12 time	0.11 times	0.13 time	0.11 time	2 Time	Not good
b. Quick Ratio	0.10	0.09	0.11	0.11	0.61	0.20 time	1.5 Time	Not good
c. Cash Ratio	0.11%	0.10%	0.12%	0.11%	0.13%	0.09%	50%	Not good
d. Cash Turnover	0.02%	0.03%	0.04	(0.01%)	0.00%	0.01%	10%	Not good

Source: processed data

This research was conducted in the city of Parepare using a qualitative approach. The population used was the financial reports of PT. Bank Tabungan Negara (Persero), and the sample used was the balance sheet and income statement. The data used in this study were the balance sheet and income statement for the last five years, from 2019 to 2023. After the research data had been collected, the researchers analyzed it using descriptive analysis to further clarify the data. The collected data resulted in the research results in the table above.

Based on table 11 above, it explains that the financial performance of PT. Bank BTN KC Parepare with a profitability ratio in terms of Net Profit Margin (NPM) in 2019 obtained a result of 0.09%, then in 2020 it increased by getting a result of 0.63%, in 2021 it decreased by 0.07%, then in 2022 it increased by 1.78%, and in 2023 it decreased again with a result of 0.90. So that the Net Profit Margin (NPM) produces an average value of 0.69%, this result does not reach the average of 20% so that the NPM profitability ratio is categorized as not good.

Furthermore, profitability with Return on Assets (ROA) results in 2019 obtained analysis results of 0.00%, then in 2020 there was an increase with analysis results of 0.08%, in 2021 also increased with analysis results of 0.11%, then in 2022 the analysis results did not change with a total of

0.11%, and in 2023 the data analysis results decreased with a total of 0.08%. Therefore, it can be said that the profitability ratio in Return on Assets (ROA) obtained an average value of 0.08% and this result does not meet the specified standard of 40% so that ROA is included in the poor category.

The profitability of Return on Equity (ROE) results obtained in 2019 with a total of 0.009%, then in 2020 it increased with the analysis results of 0.04%, then in 2021 it also increased with a total of 0.06% in 2022 and 2023 obtained analysis results of 0.07%. So the profitability of the ROE results obtained an average value of 0.03%. Where this result is not included in the standard. Where less than 30%, ROE is included in the category of not good.

The results of research from Oki Iqbal Khair (2020) liquidity ratio based on the average CR and QR calculations for the last ten years are 1.64 times and 1.08 times, from the two 81 indicators it can be concluded that the financial performance of PT Astra Otoparts Tbk is in the "Poor" category because it is still below the average of 81 indicators. The results of the activity ratio based on the average FATO and TATO calculations for the last ten years are 0.99 times and 1.63 times, from the two 81 indicators it can be concluded that the financial performance of PT Astra Otoparts Tbk is in the "Poor" category because it is still

below the average of 81 indicators. The results of the profitability ratio based on the average ROA and ROE calculations for the last ten years are 11% and 15%, from the two 81 indicators it can be concluded that the financial performance of PT Astra Otoparts Tbk is in the "Poor" category because it is still below the average of 82 indicators.

In contrast to Riska Adinanra's research (2020), the results of the liquidity ratio analysis measured using the Current Ratio have an average value of 3.236%, indicating a very good category. The Quick Ratio has an average value of 4.253%, indicating a very good category. The Cash Ratio has an average value of 4.561%, indicating a very good category. Meanwhile, in the profitability ratio analysis measured by Net profit margin, return on assets, and Return on equity, the financial performance of the Tirta Bukae Regional Drinking Water Company (PDAM) of North Luwu Regency from 2016 to 2020 is included in the very good category according to the specified criteria. Net Profit Margin has an average value of 10.64%, indicating a very good category. Return on Equity (ROE) has an average value of 9.294%, indicating a good category. Return on Assets (ROA) has an average value of 9.878%, indicating a good category.

Profitability Ratio

a. Net Profit Margin

Based on the calculation and management results of the Net Profit Margin at PT. Bank BTN KC Parepare in 2019-2023, it fluctuated. Where in 2019 it was 0.09%, 2020 it was 0.63%, 2021 it was 0.07%, 2022 it was 0.78%, and 2023 it was 0.90%. From the five years, an average value of 0.69% was obtained. These results indicate that the Net Profit at PT. Bank BTN KC Parepare in 2019-2023 is in poor condition because it is above the industry standard of 20% Net Profit Margin. PT. Bank Tabungan Negara KC Parepare is a provider of home loans which is one of the company's sources of income, so based on the calculation of the Net Profit Margin which experiences fluctuations which are classified as unhealthy categories due to income being greater than the profit after tax. The profit after tax value is smaller because the total assets, income is smaller than the expenses reduced by tax. This results in the amount of profit after tax being lower than the initial income amount.

b. Return on Assets

Based on the results of the management and calculation of Return on Assets (ROA) at PT. Bank BTN KC Parepare in 2019-2023 experienced fluctuations. Where the calculation of Return on Assets (ROA) in 2019 was 0.008%, in 2020 it was 0.08%, in 2021 it was 0.11%, in 2023 it was 0.11%, and in 2024 it was 0.11%. From the five years, an average value of 0.08% was obtained. These results indicate that Return on Assets (ROA) at PT. Bank BTN KC Parepare 2019-2023 is in poor condition because it is above the industry standard of 40% Return on Assets (ROA). This result is due to the increase in assets owned by PT. Bank Tabungan Negara Kota Parepare to maintain the profits obtained from the bank's total assets should further increase income so that profits are greater and can reach the standard ratio.

c. Return on Investment

Based on the calculation and management results of Return on Equity at PT. Bank BTN KC Parepare in 2019-2023

experienced fluctuations. Where in 2019 it was 0.009%, 2020 it was 0.04%, 2021 it was 0.06%, 2022 it was 0.07%, and 2023 it was 0.07%. From the five years, an average value of 0.30% was obtained. These results indicate that Return on Equity at PT. Bank BTN KC Parepare in 2019-2023 is in poor condition because it is above the industry standard of 30%. Based on the calculations that have been obtained, the ROE experienced fluctuations in the unhealthy category due to the total equity/capital being greater than the profit after tax obtained.

Based on table 11 above, it explains that the financial performance of PT. Bank BTN KC Parepare with the liquidity ratio of the current results in 2019 obtained an analysis result of 0.11 times, in 2020 there was a decrease with an analysis result of 0.10 times, in 2021 there was an increase with an analysis result of 0.12 times, in 2022 there was a decrease again by 0.11 times, and in 2023 there was an increase again by 0.13. So, the liquidity ratio of the current results t gets an average value of 0.11 times this result does not meet the standard of 2 times so it can be said that the current results are in the poor category.

The liquidity ratio from the quick ratio in 2019 obtained an analysis result of 0.10, in 2020 there was a decrease and obtained an analysis result of 0.9, in 2021 there was an increase with an analysis result of 0.11, and in 2022 the analysis result remained at 0.11, in 2023 there was a rapid increase of 0.61. Therefore, the liquidity ratio from the quick ratio obtained an average value of 0.20 times this result does not meet the standard of 1.5 times so the liquidity ratio from the quick ratio is included in the poor category.

Furthermore, the liquidity ratio of the cash ratio in 2019 obtained an analysis result of 0.11%, in 2020 it decreased with an analysis result of 0.10%, in 2021 it increased with an analysis result of 0.11% and also in 2022, in 2023 it increased by 13%. Therefore, the liquidity ratio of the cash ratio obtained an average value of 0.09%. Where this result does not meet the standard of 50%, the cash ratio is included in the poor category.

Finally, the liquidity ratio of cash turnover results in 2019 obtained data analysis results of 0.02%, in 2020 it increased by 0.03%, in 2021 it increased by 0.04%, in 2022 it decreased by 0.01%, and in 2023 it obtained results of 0.00% so that cash turnover got an average value of 0.01%. Where this result does not meet the standard of 10%, it can be said that the liquidity ratio of cash turnover results is in the poor category.

In line with Fitriani Saragih's (2019) ^[45] research, it can be concluded that the financial performance of PT. Pelabuhan Indonesia I (Persero) Medan is in poor condition. This is indicated by the Return on Investment (ROI) value, which shows that there has been a decline in ROI performance in 2010 by 6.9%, and in 2011 by 6.1%. Although there has been a decline in performance in 2010 and 2011, which indicates that the company has not been able to effectively utilize all its assets. Despite an increase in assets each year, it has not been able to generate optimal profits.

In contrast to Riska Adinanra's research (2020), the results of the liquidity ratio analysis measured using the Current Ratio have an average value of 3.236%, indicating a very good category. The Quick Ratio has an average value of 4.253%, indicating a very good category. The Cash Ratio has an average value of 4.561%, indicating a very good category. Meanwhile, in the profitability ratio analysis

measured by Net profit margin, return on assets, and Return on equity, the financial performance of the Tirta Bukae Regional Drinking Water Company (PDAM) of North Luwu Regency from 2016 to 2020 is included in the very good category according to the specified criteria. Net Profit Margin has an average value of 10.64%, indicating a very good category. Return on Equity (ROE) has an average value of 9.294%, indicating a good category. Return on Assets (ROA) has an average value of 9.878%, indicating a good category.

1. Liquidity Ratio

1. Current Ratio

Based on the results of calculations and management of Current at PT. Bank BTN KC Parepare in 2019-2023 experienced fluctuations. Where in 2019 it was 0.11 times, 2020 it was 0.10 times, 2021 it was 0.12 times, 2022 it was 0.11 times, 2023 it was 0.13 times. From the five years obtained an average value of 0.11 times. The results show that the Current Ratio at PT. Bank BTN KC Parepare in 2019-2023 is in poor condition because it is above the industry standard of 2 times Return on Assets. The reason the Current Ratio is in poor condition is because, based on the financial report which shows a larger amount of debt divided by the amount of assets that have a smaller nominal value.

2. Quick Ratio

Based on the results of the calculation and management of the Quick Ratio at PT. Bank BTN KC Parepare in 2019-2023, it fluctuated. Where in 2019 it was 0.10 times, 2020 it was 0.09 times, 2021 it was 0.11 times, 2022 it was 0.11 times, and 2023 it was 0.61 times. From the five years, the average value was 20 times. These results indicate that the Quick Ratio at PT. Bank BTN KC Parepare in 2019-2023 is in poor condition because it is above the industry standard of 1.5 times the Quick Ratio. Based on the calculations in table 17 which shows the calculations that make the quick ratio in poor condition, because the amount of assets minus inventory has a lower value than the amount of debt divided.

3. Cash Ratio

Based on the results of the calculation and management of the Cash Ratio at PT. Bank BTN KC Parepare in 2019-2023, it fluctuated. Where in 2019 it was 0.11%, 2020 it was 0.10%, 2021 it was 0.12%, 2022 it was 0.11%, and 2023 it was 0.13%. From the five years, the average value was 0.09%. These results indicate that the Cash Ratio at PT. Bank BTN KC Parepare in 2019-2023 is in poor condition because it is above the industry standard of 50% Cash Ratio. The reason the Current Ratio is in poor condition is because, based on the financial report, it shows a larger amount of debt divided by the amount of assets that have a smaller nominal value.

4. Cash Turnover

Based on the results of the calculation and management of Cash Turn Over at PT. Bank BTN KC Parepare in 2019-2023, it fluctuated. Where in 2019 it was 0.02%, 2020 it was 0.03%, 2021 it was 0.04%, 2022 it was (0.1%), and 2023 it was 0.00%. From the five years, an average value of 0.01% was obtained. These results indicate that Cash Turn Over at PT. Bank BTN KC Parepare in 2019-2023 is in poor condition because it is above the industry standard of 10%

Cash Turn Over. This unfavorable condition is because the sales generated are smaller than the capital provided. Based on the results of the research description above, the researcher can say that the financial performance at PT. Bank BTN KC Parepare is in poor condition because it is below the standard value set in the profitability ratio and liquidity ratio in the table above. And previously, the observation stage of the observation data collection technique at PT. Bank BTN KC Parepare aimed to collect information directly from the work environment of the observing party.

Conclusion

Based on the results of research conducted by researchers at PT. Bank BTN KC Parepare "Analysis of Profitability Ratio and Liquidity Ratio to Financial Performance at PT. Bank BTN Tabungan Negara (Persero) KC Parepare" from 2019 to 2023, the conclusion that can be drawn from the analysis is the result of the calculation of the profitability ratio from the average Net Profit Margin with a value of 0.69%, Return on Assets with a value of 0.09%, and Return on Equity in 2019 of 0.00% with a value in the last 5 years of 0.30%. The conclusion that can be drawn is that the financial performance of PT. Bank BTN KC Parepare for the last 5 years from 2019-2023 is in poor condition.

Based on the results of the liquidity ratio calculation from the average Current Ratio with a value of 0.11 times, Quick Ratio with a value of 0.20 times, Cash Ratio with a value of 0.09% and Cash Turnover Ratio with a value of 0.01%. The conclusion that can be drawn is that the financial performance of PT. Bank BTN KC Parepare for the last 5 years from 2019-2023 is in poor condition.

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