

The Art of Reading the Financial Pulse: Activity vs Profitability

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Abstract

This study analyzes the influence of activity ratio and profitability on the financial performance of PT. PLN (PERSERO) UP3 PAREPARE CITY for the 2021-2023 period, using quantitative descriptive analysis with interactive data visualization. The results showed mixed performance dynamics: Total Asset Turnover was stable but suboptimal (0.6), Receivable Turnover Ratio increased gradually (15 to 17), Inventory Turnover fluctuated significantly (78, 186, 83), Fixed Asset Turnover stagnated (0.6), Gross Profit Margin was positive but decreased at the end (119.1%, 123.1%, 102.5%), Net Profit Margin decreased drastically (271.4%, 266.9%, 71.3%), and Return On Assets was strong at the beginning but decreased significantly (152.8%) %, 162.1%, 45.0%). The analysis uncovers areas that require strategic attention, particularly in asset optimization and profitability, considering the importance of continuous adaptation in operational and financial strategies to maintain strong performance amid changing market dynamics.

Keywords:
Financial Performance,
Profitability Ratio, Activity
Ratio

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Introduction

In the era of increasingly rapid globalization, the world seems to be without conventional borders. The development of science and technology has created a condition where information can be obtained easily and quickly in various parts of the world simultaneously.⁴ This phenomenon has changed the way we view and manage information, including in the fields of finance and business. The information explosion that occurred, driven by the rapid development of information and communication technology, has had a significant impact on various aspects of life, including the financial management of organizations and companies.⁵

In this context, finance as the science and art of managing money becomes increasingly crucial.⁶ As stated by Ridwan and Inge (2003), finance is not just about numbers, but also involves processes, institutions, markets and instruments that play a role in transferring money between individuals, businesses and governments. In this information era, a deep

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⁴ Syahril, M. A. F. (2023). Hukum Informasi dan Transaksi Elektronik

⁵ Anih, E. (2016). Modernisasi pembelajaran di perguruan tinggi berbasis teknologi informasi dan komunikasi memasuki abad 21. *Judika (Jurnal Pendidikan Unsika)*, 4(2).

⁶ Hasan, H. (2022). Pengaruh Luas pengungkapan Corporate Social Responsibility, Karakteristik Eksekutif, Kepemilikan Keluarga, Profitabilitas, dan Corporate Governance Terhadap Agresivitas Pajak. *YUME: Journal of Management*, 5(3), 433-440

understanding of finance is the key to the success of every organization in facing increasingly complex global challenges. Financial performance, as a reflection of a company's success in managing its financial resources, is the main focus in evaluating its financial health. Financial performance analysis is carried out to assess how well the company has implemented good and correct financial practices. In this case, the use of financial ratios is a very important and commonly used tool to measure various aspects of a company's financial performance.⁷

Financial ratios, which include liquidity, activity, solvency and profitability ratios, provide a comprehensive picture of a company's financial condition. Each of these ratios has an important role in revealing specific aspects of financial performance.⁸ For example, liquidity ratios show a company's ability to meet its short-term obligations, while profitability ratios measure a company's effectiveness in generating profits.

For investors, these financial ratios are a very valuable tool in analyzing investment potential. As stated by Asisdiq & Side (2021), key figures resulting from ratio analysis can be used as a reference for interpreting the company's financial condition. This allows investors to make more informed and data-based investment decisions.

In the context of PT. PLN (Persero), as one of the main companies in the Indonesian energy sector, financial performance analysis is very important. The main objective of this research is to identify and evaluate the financial performance of PT. PLN (Persero) during the 2021-2023 period. Special focus is given to activity and profitability ratios, which aim to measure resource management efficiency and effectiveness in generating profits, respectively.⁹ This research is not only important for PT management. PLN (Persero) in evaluating and improving company performance, but also for other stakeholders, including investors, government and the general public. In this era of information and globalization, transparency and accountability of company financial performance are becoming increasingly important, especially for companies that have a strategic role in the national economy such as PT. PLN (Persero). It is hoped that the results of this research will provide valuable insight into the company's financial condition and serve as a basis for making better decisions in the future.

RESEARCH METHODS

This research adopts a comprehensive methodological approach, combining quantitative and qualitative descriptive methods to provide an in-depth and holistic analysis of PT's financial performance. PLN (Persero) UP3 Parepare. The quantitative aspect of the research focuses on an in-depth analysis of a company's financial statements, using a set of established financial ratios, including activity and profitability ratios. The financial data collected covers three years from 2021 to 2023, enabling the identification of trends and patterns in the company's financial performance. This quantitative analysis is complemented by the use of advanced data visualization techniques and descriptive statistical analysis to interpret the findings more effectively.¹⁰

Meanwhile, the qualitative component of the research involved in-depth and semi-structured interviews with key personnel in PT finance. PLN (Persero) UP3 Parepare. This approach aims to obtain rich contextual insight into the factors that influence financial performance, the financial management strategies implemented, as well as the challenges and opportunities faced by the company. Interviews are designed to explore not only technical aspects of financial management but also strategic and operational perspectives that may not be revealed through quantitative data analysis alone. This integration of quantitative and

⁷Amalia, R., & Lestari, I. A. (2022). Pengaruh Pemahaman Perpajakan Dan E-Filing Terhadap Kepatuhan Wajib Pajak Pribadi Pada Kpp Pratama Makassar Utara. *Restitusi: Jurnal Riset Perpajakan*, 1(02), 20-26.

⁸ Sono, M. G., Sudiana, U., Said, S., Utami, E. Y., & Hartati, H. (2024). Pengaruh Inovasi Produk pada Kinerja Keuangan dengan Adopsi Teknologi di Perusahaan XYZ di Indonesia. *Sanskara Akuntansi dan Keuangan*, 2(02), 100-111

⁹ Kuncoro, M. (2020). *Strategi Meraih Keunggulan Kompetitif di Era Industri 4.0*. Penerbit Andi.

¹⁰ Sugiyono, S., & Lestari, P. (2021). *Metode penelitian komunikasi (Kuantitatif, kualitatif, dan cara mudah menulis artikel pada jurnal internasional)*.

qualitative data allows researchers to present a more comprehensive and nuanced analysis, providing a deeper understanding of PT's financial dynamics. PLN (Persero) UP3 Parepare in its operational and strategic context.

RESULTS

The descriptive analysis in this research aims to present comprehensive and relevant information regarding PT's financial performance. PLN (PERSERO) UP3 Parepare. The main focus of the analysis is on activity and profitability ratios, which are key indicators in assessing operational efficiency and a company's ability to generate profits. Good financial performance not only reflects the company's financial health but is also a barometer of success in achieving strategic and operational goals. In this context, financial reports function as a primary data source that provides a holistic picture of the company's financial condition and operational results.¹¹

The significance of this analysis lies in its ability to provide valuable insights to various stakeholders, both internal and external. For internal parties, such as management and employees, this analysis can be the basis for making strategic decisions and operational improvements. Meanwhile, for external parties, including investors, creditors and regulators, this information provides an in-depth understanding of the company's financial trajectory.¹²By analyzing data from 2021 to 2023, this research not only provides a snapshot of the latest financial conditions but also reveals trends and patterns in PT's financial development. PLN (PERSERO) UP3 Parepare during that period. This allows the identification of areas requiring special attention as well as opportunities for future performance improvement.

Table 1 PT PLN (Persero) UP3 Parepare Company Financial Data for the 2021-2023 Period in Rupiah Units (Rp)

No.	Information	2021	2022	2023
1.	Sale	Rp. 580.034.383.711	Rp. 651.515.050.320	Rp. 709.747.640.775
2.	Cost of goods sold	Rp. 838.930.140.445	Rp.1,100,390,595,556	Rp. 1,690,938,404,957
3.	Gross profit	Rp. 690.897.044.258	Rp. 802.474.807.092	Rp. 727.570.042.581
4.	Net profit	IDR 1,574,248,143,629	IDR 1,739,424,711,719	Rp. 506.381.493.866
5.	Receivables	Rp. 39.655.240.823	Rp. 41.436.818.115	Rp. 42,160,880,874
6.	Supply	Rp. 10,832,365,894	Rp. 5,912,009,715	Rp. 14,004,449,431
7.	Fixed assets	IDR 1,042,491,582,654	IDR 1,031,341,600,028	IDR 1,094,047,620,508
8.	Total assets	IDR 1,030,079,500,154	IDR 1,072,656,539,504	Rp.1,123,512,273,152
9.	Net working capital	Rp. 7,258,769,119	Rp. 2,160,130,031	Rp. 20,573,333,883

Source: PT PLN (Persero) Up3 Parepare financial report

¹¹ Mardatillah, A. N. (2023). Faktor Yang Mempengaruhi Penyajian Laporan Keuangan Menjadi Terhambat Pada Pt Bpr Hasa Mitra Kantor Pusat.

¹² Rukmana, A. Y., Rahman, R., Afriyadi, H., Moeis, D., Setiawan, Z., Subchan, N., ... & Kusuma, A. T. A. P. (2023). Pengantar Sistem Informasi: Panduan Praktis Pengenalan Sistem Informasi & Penerapannya. PT. Sonpedia Publishing Indonesia.

Based on the analysis of the financial statements of PT. PLN (Persero) UP3 Parepare during the 2021-2023 period, significant dynamics can be seen in various main financial components:

Financial Component	2021	2022	2023	Trends
Sale	↑	↑↑	↓	Fluctuating
Cost of goods sold	↑	↑	↓↓	Downhill at the end
Gross profit	↑	↑↑	↓	Peak in 2022
Net profit	↑↑	↑	↓↓	Sharp decline 2023
Receivables	↑	↑	↑	Consistent rise
Supply	↓	↑↑	↓	Volatile
Fixed assets	↑	↑	↑	Stable growth
Total assets	↑	↑↑	↑	Consistent expansion
Net Working Capital	↑	↑	↓	Decline in 2023

Description:

↑ : Moderate increase

↑↑ : Significant increase

↓ : Moderate decrease

↓↓ : Significant decrease

This table depicts complex fluctuations in the company's financial performance.

A strong growth trend can be seen in 2021 and 2022, followed by significant challenges in 2023, especially in the profitability aspect. Consistent growth in receivables and total assets indicates business expansion, but a sharp decline in net profit in 2023 indicates pressure on operating margins. Volatility in inventories and net working capital highlights areas that require more effective management for the optimization of future financial performance.

Hypothesis test

1. Activity Ratio

a. Total Asset Turn Over (Total Asset Turnover)

Total Asset Turnover (TATO) is a key indicator of operational efficiency that measures how effectively a company utilizes all its assets to generate income. This ratio describes a company's ability to convert its asset investments into sales, providing insight into the productivity of the company's use of resources.¹³ Specifically, TATO quantifies the value of sales generated for each rupiah invested in total assets, becoming an important barometer in assessing the efficiency of asset management and a company's revenue growth potential. Analysis of Total Asset Turnover (TATO) PT. PLN (Persero) UP3 Parepare for the 2021-2023 period shows a moderate but consistent upward trend:

Table 2 Calculation results of total asset turnover

Year	Sales (Rp)	Total Assets (Rp)	TATTOO (times)	Change
2021	580.034.383.711	1,030,079,500,154	0.563	Baselines
2022	651.515.050.320	1,072,565,539,504	0.607	+7.82%
2023	709.747.640.775	1,123,512,273,152	0.631	+3.95%

Source: data processed 2024

¹³ Lendrawati, A. (2021). Pengaruh Efisiensi, Efektivitas, Dan Leverage Terhadap Kinerja Keuangan Perusahaan Publik Bisnis Ritel. Jurnal manajerial dan kewirausahaan, 3(3), 591-600.

Interpretation:

1. Positive Trend: TATO increased from 0.563 times (2021) to 0.631 times (2023), indicating improved asset use efficiency.
2. Sales Growth vs Assets: Sales grew faster (22.36% over 3 years) than total assets (9.07%), indicating increased operational efficiency.
3. Gradual Increase: The increase in TATO of 7.82% (2021-2022) and 3.95% (2022-2023) shows consistency in improving asset efficiency.
4. Room for Improvement: Despite the positive trend, the TATO value is still below 1, indicating potential for further asset optimization.
5. Strategic Implications: The increase in TATO reflects management's strategy to increase asset productivity, however, there is still significant room for improving operational efficiency.

Calculation Formula:

$$\text{Total Asset Turnover} = \frac{\text{Sale}}{\text{Total assets}}$$

Year 2021:

$$\begin{aligned} \text{Total Asset Turnover} &= \frac{\text{Rp. 580.034.383.711}}{\text{Rp. 1,030,079,500,154}} \\ &= 0.563 / 0.6 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2021 could be said to be less good, because the industry average for total asset turnover is 2 times, whereas in 2021 total asset turnover did not reach 2 times the turnover in that period.

Year 2022:

$$\begin{aligned} \text{Total Asset Turnover} &= \frac{\text{Rp. 651.515.050.320}}{\text{Rp. 1,072,565,539,504}} \\ &= 0.607 / 0.6 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2022 could be said to be less good, because the industry average for total asset turnover is 2 times, whereas in 2022 the total asset turnover will not reach 2 times the turnover in that period.

Year 2023:

$$\begin{aligned} \text{Total Asset Turnover} &= \frac{\text{Rp. 709.747.640.775}}{\text{Rp. 1,123,512,273,152}} \\ &= 0.631 / 0.6 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2023 could be said to be less good, because the industry average for total asset turnover is 2 times, whereas in 2023 the total asset turnover will not reach 2 times the turnover in that period.

b. Receivable Turn Over Ratio (Receivable Turnover)

Receivables turnover is a ratio used to measure how long it takes to collect receivables during one period or how many times the funds invested in these receivables are turned over in one period. Table of Receivable Turnover Ratio PT. PLN (Persero) UP3 Parepare for the 2021-2023 period:

Table 3 Results of Receivables Turnover Calculation

Year	Sales (Rp)	Receivables (Rp)	Receivable Turnover (times)	Change
2021	580.034.383.711	39.655.240.823	14,626	Baselines
2022	651.515.050.320	41.436.818.115	15,723	+7.50%
2023	709.747.640.775	42,160,880,874	16,834	+7.07%

Source: data processed 2024

Analysis:

1. Positive Trend: Receivable Turnover Ratio shows a consistent increase from 14,626 times (2021) to 16,834 times (2023), indicating better receivables collection efficiency.
2. Sales Growth vs. Receivables: Sales grew faster (22.36% over 3 years) than receivables (6.32%), indicating effective receivables management.
3. Gradual Improvement: The increase in the ratio of 7.50% (2021-2022) and 7.07% (2022-2023) shows consistency in improving billing efficiency.
4. Collection Efficiency: A high and increasing ratio value indicates that the company is getting faster at converting receivables into cash.
5. Liquidity Implications: An increase in this ratio has a positive impact on the company's liquidity, indicating a better ability to manage working capital.

Calculation Formula:

$$\text{Receivables Turnover} = \frac{\text{Sale}}{\text{Receivables}}$$

Year 2021:

$$\begin{aligned} \text{Receivables Turnover} &= \frac{\text{IDR } 580,034,383,711}{\text{Rp. } 39.655.240.823} \\ &= 14,626 / 15 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2021 can be said to be good, because the industry average of Receivables turnover is 15 times.

Year 2022:

$$\begin{aligned} \text{Receivables Turnover} &= \frac{\text{IDR } 651,515,050,320}{\text{Rp. } 41.436.818.115} \\ &= 15,723 / 16 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2022 can be said to be good, because the industry average of Receivables turnover is 15 times.

Year 2023:

$$\begin{aligned} \text{Receivables Turnover} &= \frac{\text{IDR } 709,747,640,775}{\text{Rp. } 42,160,880,837} \\ &= 16,834 / 17 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2023 can be said to be good, because the industry average of Receivables turnover is 15 times.

c. Inventory Turn Over (Inventory Turnover)

Inventory turnover is a ratio used to measure how many times the funds invested in inventory are rotated in a period.

Table of Inventory Turnover Ratio PT. PLN (Persero) UP3 Parepare for the 2021-2023 period:

Table 4 Results of inventory turnover calculations

Year	Cost of Goods Sold (Rp)	Inventory (Rp)	Inventory Turnover (times)	Change
2021	838.930.140.445	10,832,365,894	77,446	Baselines
2022	1,100,390,595,556	5,912,009,715	186,128	+140.33%
2023	1,160,938,404,957	14,004,449,431	82,897	-55.46%

Source: data processed 2024

Analysis:

1. High Volatility: Inventory Turnover Ratio shows significant fluctuations, with a sharp spike in 2022 and a decline in 2023.

2. Peak Efficiency 2022: The ratio reaches 186.128 times in 2022, indicating extraordinarily high inventory management efficiency.
3. Normalization 2023: A decline to 82,897 times in 2023 may signal an adjustment to inventory management strategies.
4. Cost of Goods Sold Trends: Consistent increase in COGS indicates operational growth, but needs to be balanced with effective inventory management.
5. Inventory Fluctuations: A drastic decrease in inventory in 2022 is followed by a significant increase in 2023, indicating potential challenges in inventory planning.

Calculation Formula:

$$\text{Inventory Turnover} = \frac{\text{Cost of goods sold}}{\text{Supply}}$$

Year 2021:

$$\begin{aligned} \text{Turnover} &= \frac{\text{Rp. 838,930,140,445}}{\text{Rp. 10,832,365,894}} \\ &= 77,446 / 78 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2021 can be said to be good, because the industry average inventory turnover is 20 times.

Year 2022:

$$\begin{aligned} \text{Turnover} &= \frac{\text{Rp. 1,100,390,595,556}}{\text{Rp. 5,912,009,715}} \\ &= 186,128 / 186 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2022 can be said to be good, because the industry average inventory turnover is 20 times.

Year 2023:

$$\begin{aligned} \text{Turnover} &= \frac{\text{Rp. 1,160,938,404,957}}{\text{Rp. 14,004,449,431}} \\ &= 82,897 / 83 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2023 can be said to be good, because the industry average inventory turnover is 20 times.

d. Fixed Asset Turn Over (Fixed Asset Turnover)

Fixed Asset Turn Over is a ratio used to measure funds invested in rotating fixed assets in one period.

Table 5 Results of Calculation of Fixed Asset Turnover

Table of Fixed Asset Turnover Ratio PT. PLN (Persero) UP3 Parepare for the 2021-2023 period:

Year	Sales (Rp)	Fixed Assets (Rp)	Fixed Asset Turnover (times)	Change
2021	580.034.383.711	1,042,491,582,654	0.556	Baselines
2022	651.515.050.320	1,031,341,600,028	0.631	+13.49%
2023	709.747.640.775	1,094,047,620,508	0.648	+2.69%

Source: data processed 2024

Analysis:

1. Moderate Increasing Trend: Fixed Asset Turnover Ratio shows an increase from 0.556 times (2021) to 0.648 times (2023), indicating an improvement in the efficiency of using fixed assets.
2. Sales Growth vs. Fixed Assets: Sales grew faster (22.36% over 3 years) than fixed assets (4.95%), indicating increased asset productivity.

3. Significant Improvement 2021-2022: The increase in the ratio of 13.49% from 2021 to 2022 shows a substantial improvement in the efficiency of using fixed assets.
4. Slowing Growth 2022-2023: A more moderate increase of 2.69% from 2022 to 2023 indicates a stabilization of efficiency at a higher level.
5. Ratio Value Below 1: Even though there has been an increase, a ratio that is still below 1 indicates that the company is not optimal in generating sales from its fixed assets.

Calculation Formula:

$$\text{Fixed Asset Turnover} = \frac{\text{Sale}}{\text{Fixed assets}}$$

Year 2021:

$$\begin{aligned} \text{Asset Turnover} &= \frac{\text{Rp. 580.034.383.711}}{\text{IDR 1,042,491,582,654}} \\ &= 0.556 / 0.6 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2021 could be said to be less good because the industry average of fixed asset turnover is 5 times, while fixed asset turnover in 2021 does not reach the industry average.

Year 2022:

$$\begin{aligned} \text{Asset Turnover} &= \frac{\text{Rp. 651.515.050.320}}{\text{Rp. 1,031,341,600,028}} \\ &= 0.631 / 0.6 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2022 could be said to be less good, because the industry average of fixed asset turnover is 5 times, while the total fixed asset turnover in 2022 does not reach the industry average.

Year 2023:

$$\begin{aligned} \text{Asset Turnover} &= \frac{\text{Rp. 709.747.640.775}}{\text{Rp. 1,094,047,620,508}} \\ &= 0.648 / 0.6 \text{ times} \end{aligned}$$

From the results of the calculations above, the company's condition in 2022 could be said to be less good, because the industry average of fixed asset turnover is 5 times, while the total fixed asset turnover in 2022 does not reach the industry average.

B. Profitability Ratio

1. Gross Profit Margin (GPM)

The gross profit margin ratio or gross profit margin is found by net sales minus the cost of goods sold divided by net sales. PT Gross Profit Margin table. PLN (Persero) UP3 Parepare for the 2021-2023 period

Table 6 Gross Profit Margin Calculation Results

Year	Gross Profit (Rp)	Sales (Rp)	Gross Profit Margin (%)	Change
2021	690.897.044.258	580.034.383.711	119.1%	Baselines
2022	802.474.807.092	651.515.050.320	123.1%	+4.0 points
2023	727,570,042,581	709.747.640.775	102.5%	-20.6 points

Source: data processed 2024

Analysis:

1. High Profitability: Gross Profit Margin is consistently above 100%, indicating the company's ability to generate excellent gross profits.

2. Efficiency Peak 2022: Margins reach a high of 123.1% in 2022, indicating extraordinary operational efficiency.
3. Significant Decline 2023: A decline to 102.5% in 2023 indicates pressure on margins, possibly due to increased costs or changes in pricing structure.
4. Positive Sales Trends: A consistent increase in sales indicates steady business growth.
5. Gross Profit Volatility: Gross profit fluctuations, especially the decline in 2023, indicate challenges in maintaining cost efficiency.

Calculation Formula:

$$\text{Gross Profit Margin} = \frac{\text{Gross profit}}{\text{Sale}}$$

Year 2021:

$$\begin{aligned} \text{Gross Profit Margin} &= \frac{\text{IDR } 690,893,044,258}{\text{IDR } 580,034,383,711} \\ &= 1.191 / 119.1\% \end{aligned}$$

From the results of the calculations above, the company's condition in 2021 can be said to be good because the industry average *Gross Profit Margin* is 28%.

Year 2022:

$$\begin{aligned} \text{Gross Profit Margin} &= \frac{\text{IDR } 802,474,807,092}{\text{IDR } 651,515,050,320} \\ &= 1.231 / 123.1\% \end{aligned}$$

From the results of the calculations above, the company's condition in 2021 can be said to be good because the industry average *Gross Profit Margin* is 28%.

Year 2023:

$$\begin{aligned} \text{Gross Profit Margin} &= \frac{\text{IDR } 727,570,042,581}{\text{IDR } 709,747,640,775} \\ &= 1.025 / 102.5\% \end{aligned}$$

From the results of the calculations above, the company's condition in 2021 can be said to be good because the industry average *Gross Profit Margin* is 28%.

b. Net Profit Margin (NPM)

This ratio describes the amount of net profit obtained by the company for each sale made. PT Net Profit Margin Table. PLN (Persero) UP3 Parepare for the 2021-2023 period:

Table 7 Net Profit Margin Calculation Results

Year	Net Profit (Rp)	Sales (Rp)	Net Profit Margin (%)	Change
2021	1,574,248,143,629	580.034.383.711	271.4%	Baselines
2022	1,739,424,771,719	651.515.050.320	266.9%	-4.5 points
2023	506.381.492.866	709.747.640.775	71.3%	-195.6 points

Source: data processed 2024

Analysis:

1. Excellent Profitability 2021-2022: Net Profit Margin above 250% in 2021 and 2022 indicates very strong financial performance, far exceeding the industry average.
2. Drastic Drop 2023: A sharp drop to 71.3% in 2023 indicates a significant change in cost structure or market conditions.

3. Positive Sales Trends: Consistent increases in sales indicate steady business growth, even if they are not in line with net profit trends.
4. Net Profit Volatility: The drastic decline in net profit in 2023 indicates a major challenge in maintaining profitability.
5. Operational Efficiency Changes: Significant changes in Net Profit Margin indicate major changes in operational efficiency or external factors affecting profitability.

Calculation Formula:

$$\text{Net Profit Margin} = \frac{\text{Net profit}}{\text{Sale}}$$

Year 2021:

$$\begin{aligned} \text{Net Profit Margin} &= \frac{\text{IDR } 1,574,248,143,629}{\text{Rp. } 580.034.383.711} \\ &= 2.714 / 271.4\% \end{aligned}$$

From the results of the calculations above, the company's condition in 2021 can be said to be good because the industry average *Net Profit Margin* is 20%.

Year 2022:

$$\begin{aligned} \text{Gross Profit Margin} &= \frac{\text{IDR } 802,474,807,092}{\text{IDR } 651,515,050,320} \\ &= 1.231 / 123.1\% \end{aligned}$$

From the results of the calculations above, the company's condition in 2022 can be said to be good because the industry average *Net Profit Margin* is 20%

Year 2023:

$$\begin{aligned} \text{Net Profit Margin} &= \frac{\text{IDR } 506,381,493,866}{\text{IDR } 709,747,640,775} \\ &= 0.731 / 73.1\% \end{aligned}$$

From the results of the calculations above, the company's condition in 2023 can be said to be good because the industry average *Net Profit Margin* is 20%.

c. Return On Assets (ROA)

This ratio describes the company's ability to generate profits from every rupiah of assets used. Table of Return on Assets (ROA) PT. PLN (Persero) UP3 Parepare for the 2021-2023 period:

Table 8 Return on Asset Calculation Results

Year	Net Profit (Rp)	Total Assets (Rp)	ROA (%)	Change
2021	1,574,248,143,629	1,030,079,500,154	152.8%	Baselines
2022	1,739,424,771,719	1,072,565,539,504	162.1%	+9.3 points
2023	506.381.492.866	1,123,512,273,152	45.0%	-117.1 points

Source: data processed 2024

Analysis:

1. Outstanding Performance 2021-2022: ROA above 150% in 2021 and 2022 indicates very high efficiency in using assets to generate profits, far exceeding industry standards.
2. Increase 2021 to 2022: An increase in ROA from 152.8% to 162.1% indicates increased efficiency in asset use.
3. Drastic Decline 2023: A sharp decline to 45.0% in 2023 indicates a significant change in profitability or efficiency of asset use.

4. Steady Asset Growth: Consistent increase in total assets indicates continued business expansion.
5. Net Profit Volatility: The drastic decline in net profit in 2023 is the main factor in decreasing ROA, even though assets continue to grow.

Formula :

$$\text{Return On Assets} = \frac{\text{Net profit}}{\text{Total assets}}$$

Year 2021:

$$\begin{aligned} \text{Return on assets} &= \frac{\text{IDR 1,574,248,143,629}}{\text{IDR 1,030,079,500,154}} \\ &= 1.528 / 152.8\% \end{aligned}$$

From the results of the calculations above, the company's condition in 2021 can be said to be good because the industry average *Return on assets* is 20 %.

Year 2022:

$$\begin{aligned} \text{Return on assets} &= \frac{\text{IDR 1,739,424,771,719}}{\text{IDR 1,072,565,539,504}} \\ &= 1.621 / 162.1\% \end{aligned}$$

From the results of the calculations above, the company's condition in 2022 can be said to be good because the industry average *Return on assets* is 20%

Year 2023:

$$\begin{aligned} \text{Return on assets} &= \frac{\text{Rp. 560,381,493,866}}{\text{Rp.1,123,512,273,152}} \\ &= 0.450 / 45.0\% \end{aligned}$$

From the results of the calculations above, the company's condition in 2023 can be said to be good because the industry average *Return on assets* is 20%

DISCUSSION

Based on the research data described above, this is done to answer how the financial performance of PT. PLN (Persero) UP3 Parepare is measured using the Activity ratio and Profitability ratio. The following is the analysis carried out by researchers on the financial performance of PT. PLN (Persero) UP3 Parepare for the period 2021 to 2023 as follows:

Table 9 Hypothesis Testing Results for PT PLN (Persero) UP3 Parepare

Ratio	Variable	2021	2022	2023	Standard	Condition
Activity	Total Asset Turnover	0.6	0.6	0.6	2 times	Not good
	Receivable Turnover	15	16	17	15 times	Good
	Inventory Turnover	78	186	73	20 times	Good
	Fixed Asset Turnover	0.6	0.6	0.6	5 times	Not good
Profitability	Gross Profit Margin	119.1%	123.1%	102.5%	28%	Good
	Net Profit Margin	271.4%	266.9%	71.3%	20%	Good
	Return On Assets	152.8%	162.1%	45.0%	20%	Good

Results of Financial Ratio Analysis of PT. PLN (Persero) UP3 Parepare period 2021-2023:

1. Activity Ratio:

- a. Total Asset Turnover: Consistent at 0.6 times for three years, below the industry standard of 2 times, indicating unfavourable conditions and opportunities for optimizing asset use.

- b. Receivable Turnover: Increased from 15 times (2021) to 17 times (2023), exceeding the industry standard of 15 times, indicating efficient receivables management.
 - c. Inventory Turnover: Fluctuating at 78 times (2021), 186 times (2022), and 73 times (2023), well above the industry standard of 20 times, indicating excellent inventory management efficiency.
 - d. Fixed Asset Turnover: Stable at 0.6 times, below the industry standard of 5 times, indicating less than optimal use of fixed assets.
2. Profitability Ratio:
- a. Gross Profit Margin: Fluctuating with 119.1% (2021), 123.1% (2022), and 102.5% (2023), far exceeding the industry standard of 28%, demonstrating excellent operational efficiency.
 - b. Net Profit Margin: Decreased from 271.4% (2021) to 71.3% (2023), but remains well above the industry standard of 20%, reflecting strong profitability despite a downward trend.
 - c. Return On Assets: Decreased from 152.8% (2021) to 45.0% (2023), remaining above the industry standard of 20%, demonstrating the effectiveness of asset use in generating profits.

CONCLUSION

Based on the financial performance analysis of PT. PLN (Persero) UP3 Parepare for the 2021-2023 period, it can be concluded that the company shows mixed but overall positive performance. Inactivity ratios, Receivable Turnover and Inventory Turnover show good efficiency, exceeding industry standards, while Total Asset Turnover and Fixed Asset Turnover still have room for optimization. Profitability ratios show excellent performance, with Gross Profit Margin, Net Profit Margin and Return on Assets consistently far exceeding industry standards, despite a decline in 2023. This reflects the company's strong ability to generate profits but also indicates the need to attention to the latest downward trend. Overall, PT. PLN (Persero) UP3 Parepare has a solid financial foundation, especially in terms of profitability, with the potential to increase operational efficiency, especially in the utilization of total assets and fixed assets. Management needs to focus on strategies to optimize asset use while maintaining a high level of profitability, as well as analyze the factors causing the decline in profitability in 2023 to ensure the continuation of strong financial performance in the future.

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