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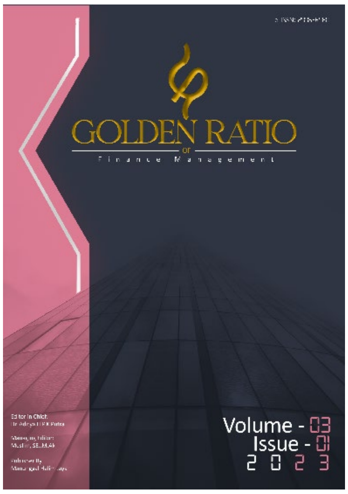

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FINANCE | RESEARCH ARTICLE

The Effect of Financial Performance on the Stock Price of Service Companies Listed on the Indonesia Stock Exchange (IDX)

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Abstract: This study aims to determine the financial performance of PT. Wijaya Karya Beton Tbk based on the analysis method of liquidity ratio, profitability ratio and solvency ratio for the period 2019-2022. The data collection technique used is documentation, with documents in the form of company financial statements in 2019-2022. Data analysis techniques use case study techniques to obtain data as material in the preparation of research. As for analyzing the development of financial performance, this study uses descriptive analysis techniques where the data obtained in the field is processed in such a way as to provide systematic, factual, and accurate data on the problems to be studied. The results showed that the company's financial performance assessment based on the analysis of liquidity ratios, solvency ratios and profitability ratios for the period 2019-2022, with details, namely (a) financial performance based on liquidity ratios has fluctuated in the last 4 years (2019-2022) this is due to the increasing number of current assets and current debt from year to year. (b) Financial performance based on Profitability Ratio has decreased in the last year (2019-2022). This is due to the increasing amount of profit after tax. (c) Financial performance based on Solvency Ratio has decreased in the last year (2019-2022) this is due to the increase in total assets.

Keywords: Financial Performance, Liquidity Ratio, Solvency and Profitability.

JEL Classification Code: E44, E43, E31

1. Introduction

The Capital Market has an important role for a country's economy. The capital market is a market that trades various long-term financial instruments, both debt securities (bonds), stocks, mutual funds, derivative instruments, and other instruments. The capital market is used to invest for parties with excess funds (investors) and for parties who lack funds (issuers) can be used to obtain additional capital. Instruments traded in the capital market are long-term instruments such as stocks, bonds, mutual funds, and various derivative instruments. An investor will benefit from investing in these financial instruments in the form of dividends (capital gains). Dividends are earned by an investor when investing for more than one year. However, if it is less than one year, an investor will try to get capital gains. Fluctuations in the Composite Stock Price Index (JCI) can reflect the level of stock returns. An increase in the JCI indicates a bullish capital market condition and vice versa if the JCI decreases then the capital market condition is bearish (weak). One of the macro factors of concern now is the rupiah exchange rate against the US rupiah is weakening from Rp 13,600 in October 2017 to Rp 15,200 in October 2018 (tribunnews.com). The weakening of the rupiah exchange rate resulted in many investors releasing shares on the Indonesia Stock Exchange so that the JCI fell, causing the Indonesian capital market to be in a bearish condition. The weakening condition of the Indonesian capital market is also caused by domestic economic turmoil, namely the worsening condition of the Indonesian economy as indicated by the economic growth report. Investors who will invest in the capital market need to have sufficient knowledge and experience to analyze which securities to buy, sell and retain. Sufficient knowledge can be in the form of how to analyze the company's financial statements against its share price. In making an investment, an investor needs to consider how much

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return will be obtained and the risks that will be faced. Although investment in the capital market promises a higher rate of return, there is something that must be considered that the greater the rate of return, the greater the level of risk. For this reason, as a rational investor, the most important thing to consider is how an investment can generate an optimal level of return at a minimal level of risk.

In maximizing the rate of return and minimizing risk, investors can diversify. Diversification can be realized by combining various stock options in their investment (forming an optimal stock portfolio). Through this portfolio, investors can maximize the expected return on investment with a certain level of risk or try to minimize risk for a certain profit level target. Based on previous research that has not been consistent about the factors that can affect stock prices. And according to the author's understanding, there is no similar research (using the same independent variables) to determine the factors that affect stock prices in service companies so that the authors are interested in examining how "The Effect of Financial Performance on Stock Prices of Service Companies Listed on the Indonesia Stock Exchange (IDX)".

2. Literature Review and Hypothesis Development

2.1. Financial Report

Every company has financial reports that aim to provide information regarding financial position (Bahri & Komarudin, 2019). Financial reports are basically the result of an accounting process that can be used as a tool to determine the financial data or activities of a company by parties with an interest in company data. Financial reports are useful for several users of financial statements in economic decision making. The company's financial statements concerned, consisting of the company's balance sheet, will obtain an overview of its financial position (Lev, 2018). Meanwhile, the analysis of the income statement will provide the results of a company's business development. Financial reports are an important tool for obtaining information about the financial condition and achievements of companies consisting of balance sheets, income statements and statements of changes in financial position, it can also be interpreted as the result of an accounting process that can be used to communicate between financial data or company activities to parties with an interest in company activities (Muda et al., 2018). According to Bai et al. (2019) regarding the definition of financial statements states that financial statements are the result of the accounting process including two reports, namely balance sheet and profit and loss. Meanwhile, the definition of financial statements according to Syamsudin et al. (2017) is to describe the financial condition and business results of a company at a certain time or period.

2.2. Financial Performance

Financial performance is a description of the achievement of a company. Financial performance can be obtained from information obtained from financial reports (Arsita, 2020). Financial performance is the result or achievement that has been achieved by company management in carrying out its function of effectively managing company assets during a certain period (Gaganis et al., 2019). Financial performance is an analysis carried out to see the extent to which the company has carried out using the rules of financial implementation properly and correctly, such as in making a financial report that meets the standards or provisions in SAK (financial accounting standards) or GAAP (generally accepted accounting principles) and others (Rambe & Rambe, 2021). Evaluation of financial performance can be done using financial statement analysis, where the main data as input in this analysis are the balance sheet and income statement (Lubis et al., 2017). Financial statement analysis can be done using financial ratios. Financial ratio analysis allows financial managers and interested parties to evaluate financial conditions quickly, because the presentation of financial ratios will show the healthy condition of a company. Ratio analysis connects the elements of the plan and profit and loss calculation so that it can assess the effectiveness and efficiency of the company (Riyadi & Yulianto, 2014).

Every company aims to maximize the wealth of its shareholders. Measurement of the company's financial performance is needed to determine success in achieving these goals (Dewi et al., 2016). The

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development of our financial position has a very important meaning for the company. The future is sometimes vague and full of uncertainty, especially seeing the current situation and condition of the country's economy in addition to the political situation that continues to heat up causing existing companies to experience a bleak period (Meidiyustiani, 2016). The most important factor in being able to see the development of a company lies in its financial elements, because from these elements it can also evaluate whether the policies pursued by a company are correct or not, given the complexity of the problems that can cause bankruptcy due to the many companies that eventually go bankrupt due to unhealthy financial factors (Tiaras & Wijaya, 2015).

2.3. Financial Ratio

The numbers in the calculation of financial ratios are easier to understand because the financial ratio formula and the numbers resulting from the calculation of financial ratios are correct results if something is according to the calculation, financial ratios are simpler calculations than other analysis calculations and more complicated analysis (Enggarwati & Yahya, 2016). Financial ratios are very useful in determining decision making because financial risks can assess financial conditions in good or bad conditions, thus influencing decision making (Rahmawati, 2017). Financial ratios are beneficial because cooperative management can predict the company in the future. Financial ratios can also compare one company with another, using company calculations, so that companies can see the development and decline of other companies (Sudiani & Darmayanti, 2016).

The types of financial ratios are liquidity ratios that describe the company's ability to meet short-term obligations (debt), solvency ratios to measure the extent to which the company's assets are financed by debt, activity ratios are used to determine the level of efficiency of resource utilization, growth ratios describe the company's ability to maintain economic position, valuation ratios provide a measure of management's ability to create market value of its business above investment costs (Riyadi & Yulianto, 2014). The types of financial ratios vary according to their respective uses and the type of company. Based on the research, the authors will examine three types of ratios, namely, the ratio of Liquidity, Profitability, Solvency at PT Wijaya Karya Beton (WIKA) Tbk.

3. Research Method and Materials

This research was conducted at PT Wijaya Karya Beton which is listed in the Indonesia Stock Exchange Gallery through the IDX Investment Gallery, Faculty of Economics, Muslim Indonesia University. This research uses case studies and to obtain data as material in the preparation of this research, the documentation method is used. The types of data used in the study are quantitative data, namely data in the form of numbers that show the number or amount of something, namely the company's financial statements (balance sheet and income statement). And Qualitative data, namely data that is not expressed in numerical form, such as a brief history of the company and the company's business field. Data obtained from companies and other written information that has to do with this writing. This research uses descriptive analysis techniques where the data obtained in the field is processed in such a way as to provide systematic, factual, and accurate data on the problems to be studied. The descriptive analysis technique used to analyze the data is by using three ratios, namely the liquidity ratio, profitability ratio, and solvency ratio.

Table 1: Operational Variables

Variables	Sub-Variables	Indicator	Reference
Liquidity Ratio	Current Ratio	Current assets: Current liabilities	(Enggarwati & Yahya, 2016; Meidiyustiani, 2016)
	Quick Ratio	Current assets-inventory: Current liabilities	
	Cash Ratio	Cash+banks: Total current debt	
Profitability Ratio	Return On Invesment (ROA)	Earnings after interest and tax: Total assets	(Agustia & Suryani, 2018; Riyadi & Yulianto, 2014)
	Return on Equity (ROE)	Earnings after interest and tax: Total equity	

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Variables	Sub-Variables	Indicator	Reference
	Net Profit Margin (NPM)	Profit after interest and tax: Sales	
	Gross Profit Margin	Gross profit: Net sales	
Solvency Ratio	Debt to Asset Ratio	Total debt: Total assets	(Dianitha et al., 2020; Sari & Indrarini, 2020)
	Debt to Equity Ratio	Total debt: Total capital	
	Long Term Debt to Equity Ratio	Long-term debt: Total capital	
	Times Interest Earned Ratio	Earnings before interest and tax: Interest Expense	
	Operating Income to Liabilities Ratio	Earnings before interest and tax: Interest expense	

4. Results and Discussion

4.1. Financial Performance Analysis Based on Liquidity Financial Ratio

Assessment of the financial performance of the Wika Concrete company is carried out by means of financial ratios. So that by analyzing the company's financial performance it can be seen whether there is an increase, decrease, or tends to be stable in the company's financial performance. Based on the financial statement data of PT. Wijaya Karya Beton Tbk, the ratios used in this analysis include liquidity ratios, profitability ratios and solvency ratios.

Table 2: Current Ratio

Years	Current Assets	Current Liabilities/Payables	Current Ratio
2019	2.127.039.036.524	1.509.531.476.033	140%
2020	2.454.908.917.918	1.793.464.704.364	136%
2021	2.439.936.919.733	1.863.793.637.441	130%
2022	4.351.377.174.399	4.216.314.368.712	103%

Based on the data provided in Table 2, which presents the Current Ratio for the years 2019-2022, the following interpretations can be made: Current Ratio is a measure of a company's ability to meet its short-term liabilities using its current assets. A higher Current Ratio indicates a better ability to cover current obligations. In 2019, the company had a Current Ratio of 140%, which means it had 1.4 times more current assets than its current liabilities. This suggests a favorable liquidity position and indicates that the company had sufficient assets to cover its short-term obligations. In 2020, the Current Ratio remained high at 136%, indicating a relatively stable liquidity position compared to the previous year. The company continued to have a comfortable margin of current assets to cover its current liabilities. The Current Ratio slightly decreased to 130% in 2021, suggesting a slight reduction in the company's liquidity. However, the ratio still indicates that the company had more than enough current assets to cover its current liabilities. In 2022, the Current Ratio decreased significantly to 103%. This indicates a notable decline in the company's ability to cover its short-term liabilities using its current assets. The company had just over one times (1.03) current assets compared to its current liabilities, which raises concerns about its liquidity position. Overall, the company's liquidity, as indicated by the Current Ratio, remained relatively strong from 2019 to 2021 but experienced a significant decline in 2022. It is crucial for the company to closely monitor its current assets and liabilities and ensure sufficient liquidity to meet its short-term obligations.

Table 3. Quick Ratio

Year	Current Assets - Inventory	Current Payables	Quick Ratio
2019	1.669.435.893.665	1.509.531.476.003	110%
2020	1.832.428.920.250	1.793.464.704.364	102%
2021	1.745.473.667.435	1.863.793.637.441	93%
2022	3.317.200.462.944	4.216.314.368.712	78%

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Based on the data provided in Table 3, which shows the Quick Ratio for the years 2019-2022, the following interpretations can be made: Quick Ratio is a measure of a company's short-term liquidity and ability to cover its current liabilities using its quick assets (current assets excluding inventory). A higher Quick Ratio indicates a better ability to meet short-term obligations. In 2019, the company had a Quick Ratio of 110%, which means it had 1.1 times more quick assets than its current liabilities. This indicates a favorable liquidity position. In 2020, the Quick Ratio decreased to 102%, indicating a slight decline in liquidity compared to the previous year. However, the company still had sufficient quick assets to cover its current liabilities. The Quick Ratio further decreased to 93% in 2021, suggesting a lower ability to meet short-term obligations. This could be attributed to changes in the company's current assets and/or current payables. In 2022, the Quick Ratio dropped significantly to 78%, indicating a further decrease in liquidity. The company had relatively fewer quick assets compared to its current liabilities, which may raise concerns about its short-term solvency. Overall, the company's liquidity position, as indicated by the Quick Ratio, fluctuated during the period 2019-2022. It is essential for the company to closely monitor and manage its quick assets and liabilities to ensure sufficient liquidity for meeting its short-term obligations.

Table 4: Cash Ratio

Year	Cash+Bank	Current payables	Cash Ratio
2019	1.038.474.698.874	1.509.531.476.033	68%
2020	823.630.866.815	1.793.464.704.364	45%
2021	342.211.214.681	1.863.793.637.411	18%
2022	637.755.397.032	4.216.314.368.712	15%

Based on the data provided in Table 4, which presents the Cash Ratio for the years 2019-2022, the following interpretations can be made: Cash Ratio is a measure of a company's ability to pay off its current liabilities using its cash and cash equivalents. A higher Cash Ratio indicates a better ability to cover short-term obligations with cash. In 2019, the company had a Cash Ratio of 68%, which means it had cash and cash equivalents that could cover 68% of its current liabilities. This suggests a favorable liquidity position in terms of cash reserves. In 2020, the Cash Ratio decreased significantly to 45%, indicating a lower ability to cover short-term liabilities with cash. The company had a relatively smaller amount of cash and cash equivalents compared to its current liabilities, which may raise concerns about its liquidity. The Cash Ratio further declined to 18% in 2021, indicating a significant reduction in the company's cash position. The company had only 18% of its current liabilities covered by cash and cash equivalents, suggesting a potential liquidity constraint. In 2022, the Cash Ratio remained low at 15%, indicating that the company's ability to cover short-term obligations with cash remained limited. The company had a relatively small amount of cash and cash equivalents compared to its current liabilities, which indicates a potential liquidity challenge. Overall, the company's cash position, as indicated by the Cash Ratio, declined significantly from 2019 to 2022. It is important for the company to carefully manage its cash flow and ensure sufficient cash reserves to meet its short-term obligations. Additionally, exploring strategies to improve the company's liquidity and cash position would be beneficial in addressing potential liquidity constraints.

4.2. Financial Performance Analysis based on Profitability Financial Ratio

Table 5: Net Profit Margin

Year	Profit After Interest and Tax	Sales	NPM
2019	411.521.100.488	3.277.195.052.159	12%
2020	206.059.338.582	2.652.622.140.207	7%
2021	340.840.053.867	3.481.731.506.128	9%
2022	419.501.620.158	5.362.263.237.778	7%

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Based on the data provided in Table 5, which presents the Net Profit Margin (NPM) for the years 2019-2022, the following interpretations can be made: Net Profit Margin is a profitability ratio that measures the percentage of profit generated from each rupiah of sales. A higher Net Profit Margin indicates better profitability and efficiency in managing costs and generating profits. In 2019, the company achieved a Net Profit Margin of 12%. This means that for every rupiah of sales, the company earned a net profit of 12 cents. This indicates a relatively healthy profitability level. In 2020, the Net Profit Margin decreased to 7%. This indicates that the company's profitability declined compared to the previous year. The company generated a net profit of 7 cents for every rupiah of sales, suggesting potential challenges in managing costs or lower revenue. The Net Profit Margin increased slightly to 9% in 2021. While this indicates a recovery in profitability compared to 2020, the margin is still lower than the 2019 level. The company generated a net profit of 9 cents for every rupiah of sales. In 2022, the Net Profit Margin remained at 7%. This indicates a stable profitability level, but it is important to note that the margin did not show improvement compared to 2019. The company generated a net profit of 7 cents for every rupiah of sales. Overall, the company's Net Profit Margin showed some fluctuations during the period 2019-2022. While the company experienced a decline in profitability in 2020, there was a slight recovery in subsequent years. It is important for the company to analyze the factors contributing to changes in profitability and identify areas for improvement to maintain or increase its Net Profit Margin.

Table 6: Return of Investment

Year	Profit After Interest and Tax	Total Assets	ROI
2019	411.521.100.488	3.802.332.940.158	10%
2020	206.059.338.582	4.456.097.502.805	4%
2021	340.840.053.867	4.663.078.318.968	7%
2022	419.501.620.158	7.067.976.095.043	5%

Based on the data provided in Table 6, which presents the Return on Investment (ROI) for the years 2019-2022, the following interpretations can be made: Return on Investment (ROI) is a financial metric that measures the profitability of an investment relative to its cost. It is typically expressed as a percentage. A higher ROI indicates a more favorable return on the investment. In 2019, the company achieved an ROI of 10%. This means that for every rupiah invested in the company, it generated a return of 10 cents. This indicates a relatively healthy return on investment. In 2020, the ROI decreased to 4%. This suggests a decline in the company's ability to generate a favorable return on the investments made. It could be due to various factors such as lower profitability or a higher asset base. The ROI increased to 7% in 2021, indicating a partial recovery in the company's ability to generate returns on its investments. However, the ROI was still lower than the 2019 level. In 2022, the ROI further decreased to 5%. This indicates a decline in the company's ability to generate a favorable return on its investments compared to the previous year. The company generated a return of 5 cents for every rupiah invested. Overall, the company's Return on Investment showed fluctuations during the period 2019-2022. While there was a decline in ROI in 2020, there was a partial recovery in subsequent years. However, it is important for the company to analyze the factors contributing to changes in ROI and identify areas for improvement to enhance the returns generated on its investments.

Table 7. Return of Equity

Year	Profit After Interest and Tax	Total Own Capital	ROE
2019	411.521.100.488	2.225.777.452.338	18%
2020	206.059.338.582	2.263.425.161.325	9%
2021	340.840.053.867	2.491.233.447.304	13%
2022	419.501.620.158	2.747.935.334.085	15%

Based on the data provided in Table 7, which presents the Return on Equity (ROE) for the years 2019-2022, the following interpretations can be made: Return on Equity (ROE) is a financial ratio that measures the profitability of a company in relation to its shareholders' equity. It is expressed as a

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percentage. A higher ROE indicates better profitability and efficiency in generating returns for shareholders. In 2019, the company achieved an ROE of 18%. This means that for every rupiah of shareholders' equity, the company generated a return of 18 cents. This indicates a relatively healthy profitability and efficiency in utilizing shareholders' capital. In 2020, the ROE decreased to 9%. This suggests a decline in the company's ability to generate favorable returns for its shareholders. It could be attributed to factors such as lower profitability or an increase in shareholders' equity. The ROE increased to 13% in 2021, indicating a partial recovery in the company's ability to generate returns for shareholders. However, the ROE was still lower than the 2019 level. In 2022, the ROE further increased to 15%. This indicates an improvement in the company's ability to generate returns for shareholders compared to the previous year. The company generated a return of 15 cents for every rupiah of shareholders' equity. Overall, the company's Return on Equity showed fluctuations during the period 2019-2022. While there was a decline in ROE in 2020, there was a partial recovery and subsequent improvement in the following years. It is important for the company to continue focusing on profitability and efficient utilization of shareholders' equity to enhance ROE and provide satisfactory returns to shareholders.

Table 8. Gross Profit Margin

Year	Gross Profit	Sales	GPM
2019	487.090.143.103	3.277.195.052.159	14%
2020	328.583.248.170	2.652.622.140.207	12%
2021	504.432.604.536	3.481.731.506.128	14%
2022	666.639.391.402	5.362.263.237.778	12%

Based on the data provided in Table 8, which presents the Gross Profit Margin (GPM) for the years 2019-2022, the following interpretations can be made: Gross Profit Margin is a financial metric that measures the profitability of a company's core operations by comparing gross profit to sales. It is expressed as a percentage. A higher GPM indicates a higher proportion of sales revenue retained as gross profit. In 2019, the company achieved a Gross Profit Margin of 14%. This means that for every rupiah of sales, the company retained 14 cents as gross profit. This indicates a relatively healthy margin and suggests that the company was able to effectively manage its cost of goods sold. In 2020, the GPM decreased to 12%. This indicates a decline in the company's ability to generate gross profit compared to the previous year. It could be attributed to factors such as increased costs of goods sold or pricing pressure on sales. The GPM increased to 14% in 2021, indicating a partial recovery in the company's ability to generate gross profit. The company was able to retain 14 cents gross profit for every rupiah of sales, like the level in 2019. In 2022, the GPM remained at 12%. This indicates a stable gross profit margin compared to the previous year. The company retained 12 cents as gross profit for every rupiah of sales. Overall, the company's Gross Profit Margin showed fluctuations during the period 2019-2022. While there was a decline in GPM in 2020, there was a partial recovery and stability in subsequent years. It is important for the company to continue monitoring and managing its cost of goods sold and pricing strategies to maintain or improve its Gross Profit Margin and ensure profitability from its core operations.

4.3. Financial Performance Analysis based on Solvency Financial Ratio

Table 9: Debt to Asset Ratio

Year	Total Debt	Total Assets	Debt to Asset Ratio
2019	1.576.555.487.820	3.802.332.940.158	41%
2020	2.192.672.341.480	4.456,097.502.805	49%
2021	2.171.844.871.664	4.663.078.318.968	46%
2022	4.320.040.760.958	7.067.976.095.043	61%

Based on the data provided in Table 9, which presents the Debt to Asset Ratio for the years 2019-2022, the following interpretations can be made: The Debt to Asset Ratio is a financial ratio that

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measures the proportion of a company's total debt to its total assets. It is expressed as a percentage. A higher Debt to Asset Ratio indicates a higher level of debt relative to total assets, which may suggest higher financial risk. In 2019, the company had a Debt to Asset Ratio of 41%. This means that 41% of the company's total assets were financed by debt. This indicates a moderate level of leverage or debt reliance. In 2020, the Debt to Asset Ratio increased to 49%. This suggests an increase in the company's debt burden relative to its total assets. The higher ratio may be attributed to an increase in total debt, a decrease in total assets, or a combination of both. The Debt to Asset Ratio slightly decreased to 46% in 2021. While the ratio decreased, the company still had a significant proportion of its assets financed by debt. It is important to closely monitor the trend and ensure the company's debt levels are sustainable. In 2022, the Debt to Asset Ratio increased significantly to 61%. This indicates a higher level of debt relative to total assets compared to previous years. The company relied more heavily on debt financing, which may increase financial risk and impact its financial flexibility. Overall, the company's Debt to Asset Ratio showed fluctuations during the period 2019-2022. The increase in the ratio suggests a higher debt burden on the company's assets, potentially impacting on its financial risk and ability to meet debt obligations. It is important for the company to carefully manage its debt levels and ensure a sustainable capital structure.

Table 10: Debt to Equity Ratio

Year	Total Debt	Total Capital	Debt to Equity Ratio
2019	1.576.555.487.820	2.225.777.452.338	70%
2020	2.192.672.341.480	2.263.425.161.325	96%
2021	2.171.844.871.664	2.491.233.447.304	87%
2022	4.320.040.760.958	2.747.935.334.085	157%

Based on the data provided in Table 10, which presents the Debt-to-Equity Ratio for the years 2019-2022, the following interpretations can be made: The Debt-to-Equity Ratio is a financial ratio that measures the proportion of a company's total debt to its total equity or shareholders' equity. It indicates the extent to which a company relies on debt financing relative to its equity financing. A higher Debt to Equity Ratio indicates higher financial leverage and potential financial risk. In 2019, the company had a Debt-to-Equity Ratio of 70%. This means that for every rupiah of equity, the company had IDR 0.70 of debt. The ratio suggests a moderate level of debt relative to equity financing. In 2020, the Debt-to-Equity Ratio increased significantly to 96%. This indicates a higher level of debt compared to equity. The company relied more heavily on debt financing, which may increase financial risk and impact the company's financial stability. The Debt-to-Equity Ratio decreased slightly to 87% in 2021. While the ratio decreased, the company still had a significant proportion of debt relative to equity. It is important to monitor the trend and ensure the company's debt levels are sustainable. In 2022, the Debt-to-Equity Ratio increased significantly to 157%. This indicates a significant increase in the company's debt relative to its equity. The company relied heavily on debt financing, which may increase financial risk and impact its financial flexibility. Overall, the company's Debt to Equity Ratio showed fluctuations during the period 2019-2022. The significant increase in the ratio suggests a higher level of debt relative to equity, indicating potential financial risk and impact on the company's financial stability. It is crucial for the company to carefully manage its debt levels and ensure a sustainable capital structure to mitigate financial risks and maintain financial stability.

Table 11: Long Term of Debt-to-Equity Ratio

Year	Total Long-Term of Debt	Total Capital	Long Tern Debt to Equity Ratio
2019	67.024.011.787	2.225.777.452.338	3%
2020	399.207.637.116	2.263.425.161.325	17%
2021	308.051.234.223	2.491.233.447.304	12%
2022	103.726.392.246	2.747.935.334.085	3%

Based on the data provided in Table 11, which presents the Long-Term Debt to Equity Ratio for the years 2019-2022, the following interpretations can be made: The Long-Term Debt to Equity

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Ratio is a financial ratio that measures the proportion of a company's long-term debt to its equity or shareholders' equity. It indicates the extent to which a company relies on long-term debt financing relative to its equity financing. A higher Long-Term Debt to Equity Ratio suggests higher financial leverage and potential financial risk. In 2019, the company had a Long-Term Debt to Equity Ratio of 3%. This means that for every rupiah of equity, the company had $0.03 of long-term debt. The ratio indicates a relatively low level of long-term debt compared to equity financing. In 2020, the Long-Term Debt to Equity Ratio increased significantly to 17%. This indicates a higher level of long-term debt relative to equity. The company relied more heavily on long-term debt financing, which may increase financial risk and impact the company's financial stability. The Long-Term Debt to Equity Ratio decreased to 12% in 2021. While the ratio decreased, the company still had a moderate level of long-term debt relative to equity. It is important to monitor the trend and ensure the company's long-term debt levels are sustainable. In 2022, the Long-Term Debt to Equity Ratio decreased significantly to 3%. This indicates a lower level of long-term debt relative to equity compared to the previous year. The company relied less on long-term debt financing, which may reduce financial risk and improve the company's financial stability. Overall, the company's Long-Term Debt to Equity Ratio showed fluctuations during the period 2019-2022. The significant increase in the ratio in 2020 suggests a higher level of long-term debt relative to equity, indicating potential financial risk. However, the decrease in the ratio in 2021 and 2022 indicates a reduction in long-term debt reliance, which may contribute to improved financial stability. It is important for the company to carefully manage its long-term debt levels and ensure a sustainable capital structure to mitigate financial risks and maintain financial stability.

Table 12: Times Interest Earned Ratio

Year	Earnings before interest and tax	Interest Expense	Times Interest Earned Ratio
2019	411.521.100.488	47.991.328.886	857
2020	206.059.338.582	62.961.848.066	327
2021	340.840.053.867	56.504.143.558	603
2022	419.501.620.158	88.526.521.259	473

Based on the data provided in Table 12, which presents the Times Interest Earned (TIE) Ratio for the years 2019-2022, the following interpretations can be made: The Times Interest Earned (TIE) Ratio is a financial ratio that measures a company's ability to cover its interest expenses with its earnings before interest and tax. A higher TIE Ratio indicates a greater ability to meet interest obligations. In 2019, the company had a TIE Ratio of 857. This means that the company's earnings before interest and tax were 857 times larger than its interest expense. This indicates a very strong ability to cover interest obligations and suggests a low risk of defaulting on interest payments. In 2020, the TIE Ratio decreased to 327. This indicates a lower ability to cover interest expenses compared to the previous year. The company's earnings before interest and tax were 327 times larger than its interest expense, suggesting a lower margin of safety. The TIE Ratio increased to 603 in 2021, indicating a partial recovery in the company's ability to cover interest obligations. The company's earnings before interest and tax were 603 times larger than its interest expense, suggesting a higher margin of safety compared to 2020. In 2022, the TIE Ratio decreased to 473. This indicates a lower ability to cover interest expenses compared to the previous year. The company's earnings before interest and tax were 473 times larger than its interest expense, suggesting a reduced margin of safety. Overall, the company's Times Interest Earned (TIE) Ratio showed fluctuations during the period 2019-2022. While the company had a very strong ability to cover interest obligations in 2019, there was a decline in the ratio in subsequent years. It is important for the company to carefully manage its earnings and interest expenses to ensure sufficient coverage of interest obligations and maintain financial stability.

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Table 13: Operating Income to Liabilities Ratio (In Rupiah)

Year	Operating Profit	Liability	Operating Income to Liabilities Ratio
2019	410.201.734.081	1.576.555.487.820	26%
2020	238.432.769.129	2.192.672.341.480	10%
2021	408.258.320.021	2.171.844.871.664	18%
2022	530.359.230.211	4.320.040.760.958	12%

Based on the data provided in Table 13, which presents the Operating Income to Liabilities Ratio for the years 2019-2022, the following interpretations can be made: The Operating Income to Liabilities Ratio is a financial ratio that measures a company's ability to cover its liabilities with its operating income. A higher ratio indicates a better ability to generate sufficient income to meet its liabilities. In 2019, the company had an Operating Income to Liabilities Ratio of 26%. This means that the company's operating income covered 26% of its total liabilities. This indicates a relatively favorable ability to generate income to cover its liabilities. In 2020, the ratio decreased to 10%. This suggests a decline in the company's ability to generate sufficient operating income to cover its liabilities. The company's operating income covered only 10% of its total liabilities, indicating a lower margin of safety. The ratio increased to 18% in 2021, indicating a partial recovery in the company's ability to generate income to cover its liabilities. The company's operating income covered 18% of its total liabilities, suggesting a higher margin of safety compared to 2020. In 2022, the ratio decreased to 12%. This indicates a lower ability to generate sufficient operating income to cover liabilities compared to the previous year. The company's operating income covered 12% of its total liabilities, suggesting a reduced margin of safety. Overall, the company's Operating Income to Liabilities Ratio showed fluctuations during the period 2019-2022. While the company had a relatively favorable ability to cover liabilities in 2019, there was a decline in the ratio in subsequent years. It is important for the company to carefully manage its operating income and liabilities to ensure sufficient coverage of liabilities and maintain financial stability.

4.4. Discussion

Liquidity Ratio

Liquidity ratio is a ratio that measures the ability of PT. Wijaya Karya Beton Tbk to pay all obligations that must be met immediately (short-term debt) using its short-term assets. Liquidity ratio can be measured using three ratios, namely current ratio, quick ratio, and cash ratio. Current ratio is a ratio used to measure the company's ability to pay its short-term debt using current assets owned by the company. The indicator of this measurement is that the higher the ratio owned, the better. The company has an unfavorable financial performance condition, based on the current ratio. It can be seen in table 2 shows that in 2014-2017 it fluctuated, in 2015 the current ratio decreased and in 2016 the current ratio decreased again. This is due to the increasing number of current assets and current debt from year to year in the company. Quick ratio is used to measure the company's ability to meet its short-term obligations by considering some of the lacar assets that have the possibility to be converted in a short time. This ratio is sharper than the current ratio because it only compares highly liquid assets (easily liquidated or cashed) with current debt. the greater this ratio the better. In this company there is a decrease in the ratio from year to year. While the cash ratio (Cash ratio) is used to measure the company's ability to pay short-term liabilities with available cash and those stored at the Bank. Based on the cash ratio, it can be seen in table 4 that in 2014 and 2017 it decreased, Based on the results of the analysis, it can be seen that the Liquidity ratio, measured using the current ratio (Current ratio), quick ratio (quick ratio) and cash ratio (Cash ratio) has fluctuated over the last 4 years (2014-2017) this is due to the increasing number of current assets and current debt from year to year.

Profitability Ratio

Profitability is a measure in percentage terms used to assess the extent to which a company can generate profits at an acceptable level. The Gross Profit Margin (GPM) ratio compares net sales minus cost of goods sold with the level of sales, this ratio illustrates the gross profit that can be achieved from

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the amount of sales. The greater this ratio the better because it is considered that the company's ability to earn profits is quite high. From the calculation results show that in 2014 and 2016 there was no increase and decrease. And in 2015 and 2017 experienced the same decline. This is due to increasing sales and decreasing gross profit. When compared between 2014 and 2017, there are ups and downs in gross profit margin, which means that there are increases and decreases in management in generating sales margins. But to further analyze this ratio, we must look at the structure of administrative selling costs and other costs that will affect net profit.

The Net Profit Margin (NPM) ratio is used to measure net profit after tax and then compared to sales volume. This ratio illustrates the percentage of net profit earned by the company for each sale because it includes all elements of income and costs. ROI profitability ratio measures the ability of capital invested in overall assets to generate net income. Based on table 6, the ROI ratio shows that in 2015 and 2017 it has decreased, this is due to the decrease in net profit after tax. While the Return on Equity (ROE) ratio is used to measure the ability of own capital to generate profits for all shareholders, both common and preferred shares. The higher this ratio the better because it provides a greater rate of return to shareholders. Based on the results of the analysis, the profitability ratio has decreased in the last year (2014-2017). This is due to the increasing amount of profit after tax.

Solvency Ratio

Solvency shows the company's ability to pay off all existing debts using all of its assets. This rarely happens unless the company goes bankrupt. This ratio is the ratio between current and long-term debt and total known assets. This ratio emphasizes the importance of debt funding by showing the percentage of the company's assets that are supported by debt. This ratio also provides information about the company's ability to adapt to conditions of asset reduction due to losses without reducing interest payments to creditors. A high ratio value indicates an increase in the risk to creditors in the form of the company's inability to pay all its obligations. On the part of shareholders, a high ratio will result in high interest payments which will ultimately reduce dividend payments. Debt to Equity Ratio is a comparison between debt and equity in the company's funding and shows the ability of the company's own capital to fulfill all its obligations. This ratio shows the percentage of funds provided by shareholders to lenders. The higher the ratio, the lower the company's funding provided by shareholders. From the perspective of the ability to pay long-term obligations, the lower the ratio, the better the company's ability to pay long-term obligations.

Based on the Long Tern Debt to Equity Ratio can be seen in table 11 shows that in 2014 and 2017 experienced the same decline. This is because the ratio between capital is greater than long-term debt. This ratio shows the amount of profit guarantee to pay long-term debt interest. Based on the Times Interest Earned Ratio, it can be seen in table 12, which shows that in 2014 and 2016 there was an increase because the company could pay the guarantee of long-term debt interest. Whereas in 2015 and 2017 it decreased due to increased earnings before interest and taxes. Meanwhile, based on the Operating Income to Liabilities Ratio, it can be seen in table 13, which shows that in 2014 and 2016 it increased. While in 2015 and 2017 it decreased this was due to increasing liabilities and decreasing the company's operating profit. Based on the results of the analysis, the Solvency Ratio measured using Debt to Asset Ratio, Debt to Equity Ratio, Long Tern Debt to Equity Ratio, Times Interest Earned Ratio and Operating Income to Liabilities Ratio has decreased in the last year (2014-2017). This is due to the increasing number of assets.

5. Conclusion

Based on the results of research on several financial ratios of PT. Wijaya Karya Beton Tbk. including liquidity ratios, profitability ratios, and solvency ratios, it can be concluded as follows:

1. The company still needs an analytical tool that can assess or provide a clear picture in terms of liquidity, and the ability to pay obligations, as well as profitability. By using these ratios, the company can find out the development or financial condition of the company so that it can assist the company in taking appropriate action on the information that is already available.

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2. From the results of the analysis in general based on financial ratios, namely the liquidity position is in good condition in terms of current ratio and quick ratio calculations, but the company's cash ratio is still lacking where the cash owned by the company has not been able to pay off the company's debt. And for the solvency ratio, only the debt to asset ratio has increased enough, and for the calculation of the debt-to-equity ratio and LTDtER has decreased. This is because the company is still not effective in managing existing finances. Furthermore, for the profitability ratio, the company has decreased, where the profits owned by the company are very low. This can make the company experience bankruptcy.
3. The financial performance of the company PT. Wijaya Karya Beton Tbk. has not gone well, because based on the results of calculations carried out with liquidity, solvency, and profitability ratios, many have decreased, this is because the company's financial management has not been good.

Suggestions that can be given by the author, among others, for companies engaged in the business world, the company is highly recommended to evaluate the financial performance and performance of the company itself, where the company still has many shortcomings. PT. Wijaya Karya Beton Tbk. for financial ratios specifically for solvency and profitability ratios, there is a need for internal control policies so that the company's ability to use debt in financing its business activities, as well as the company's ability to increase profits so that the company continues to run well. PT. Wijaya Karya Beton Tbk. should further improve the liquidity ratio by reducing the amount of short-term debt and maximizing the use of current assets by increasing company revenue. To be able to become a company that attracts investment, the company must be able to increase profits as much as possible from time to time. The funds available in the company PT. Wijaya Karya Beton Tbk. should be used properly and efficiently so that working capital in the company will be good and able to generate large profits.

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