

Measuring Financial Performance of KPN Perintis Politeknik Negeri Ujung Pandang

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Abstract: The aim of this research is to measure financial performance of the Koperasi Pegawai Negeri (KPN) Perintis Politeknik Negeri Ujung Pandang (PNUP) in three years 2021, 2022 and 2023 respectively through measuring its performance by using financial ratios. This research was carried out in the KPN PERINTIS PNUP and data collection was obtained from audited financial reports in three different years. Type of this research is quantitative descriptive research by calculating and explaining financial performance through two different financial ratios – solvency and profitability ratios. In this study, survey was conducted in collecting financial data then to be analyzed. It was found that financial performance of the KPN Perintis based upon solvency ratio for both Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER) from 2021 to 2023 were in appropriate level (very good). Three different ratios were used in measuring profitability ratio. It was found that Return on Assets (ROA) in 2021 was in fairly good then continued to enhance and achieved to a level of good category in 2022 and 2023. Similarly, number of ratios resulted from Return on Equity (ROE) was in the less good level in 2021 but enhanced and achieved fairly good category during 2022 to 2023. Interestingly, based upon the calculation of Net Profit Margin (NPM). It was found that from 2021 to 2023, level of its ratio was in a very good level.

Keywords: Financial performance, Solvency ratio, Profitability ratio

INTRODUCTION

Cooperatives have an important role in enhancing the level of the national economy, as stated in Article 33 paragraph 1 of the 1945 *Indonesia* Constitution. According to the constitution, "The economy of *Indonesia* is built based upon the principle of family." Although the cooperative is not mentioned specifically in this article, it is interpreted that "the principle of family" correlates to cooperatives. In this regard, cooperatives are an appropriate model of business in *Indonesia*. Moreover, cooperatives are a form of business aligning with the spirit and soul of the community (Harwiki, 2016; Jamaluddin et al., 2023; Latumeten et al., 2022; Wahyuningtyas et al., 2023; Wasiaturrahma et al., 2020). According to Law of the Republic of *Indonesia* Number 17 of 2012, a cooperative is a business entity whose members are individuals or cooperative legal entities, with the separation of the wealth of its members as capital to run a business that meets the aspirations and shared needs in the economic, social, and cultural fields in accordance with the values and principles of cooperatives (Al-Hasan, 2020; Prakoso et al., 2017; Rohmat, 2015, 2016; Salle et al., 2020).

The aim of financial statements prepared by a cooperative is to serve as a way for management to report and communicate their accountability to the members of the cooperative (Deliana & Oktalia, 2022; Meihana et al., 2021; Meiryani et al., 2020; Solikhah et al., 2020). In this regard, management reports the financial position and performance resulting from their activities in managing resources owned by members of the cooperative. The annual financial position presents the amount of assets, liabilities, and equity, while the loss and profit statements show the amount of profit (loss) earned annually from its operations. Through both financial statements, members are able to analyze and evaluate whether resources have been well managed by management (Chen & Englund, 2016; Mannes et al., 2022; Messabia et al., 2023; Richter & Hanf, 2021; Veronica et al., 2021).

The level of cooperative financial health indicates financial performance and is significant information for decision-making by management and members. The indicator that an organization has managed its resources effectively and efficiently is measured not only by the amount of profit gained but also by the level of financial performance. According to Wardhani (2013), the level of financial health of a cooperative is indicated by its ability to manage financial resources to generate income while simultaneously improving the welfare of members.

Regarding the measurement of financial performance, ratio analyses are considered the best

method, as the Ministry of Cooperatives, Small and Medium Enterprises of the Republic of *Indonesia* promulgated Regulation Number 07/Per/Dep.6/IV/2016. Through this regulation, the ministry decided that there are eight indicators consisting of the amount of capital, quality of productive assets, management, efficiency, liquidity, independence and growth, cooperative identity, and aspects of compliance with *sharia* principles to measure performance.

KPN Perintis Makassar is a cooperative owned and managed by government employees assigned at Politeknik Negeri Ujung Pandang. KPN Perintis officially started its operation in 1998, with more than 500 members. From the beginning of its operation, assessing the level of financial health has never been conducted. For almost 16 years of its operation, financial performance has been measured only based on the amount of profit earned annually. As a result, KPN Perintis has not been able to measure whether its performance is still in a good position or not. Based on the problem above, the author needs to conduct further research by assessing the level of financial health and measuring KPN Perintis's financial performance based on the ratios of solvency, profitability, and rentability.

MATERIALS AND METHODS

The type of this research is a field study, which uses a quantitative descriptive approach. The data source is the financial report of KPN Perintis for the 2021, 2022 and 2023 financial years.

Data Analysis Techniques

To measure financial performance using solvency, profitability and rentability ratio analysis.

1. Solvency Ratio is a ratio used to measure the company's ability to meet short-term and long-term financial obligations. Solvency ratios include

- 1) Debt to Assets Ratio (DAR), this ratio is used to measure the percentage of funding needs that are financed with debt.

DAR formula is as follows:

$$DAR = \frac{\text{total of debt}}{\text{total of assets}} \times 100\%$$

- 2) Debt to Equity Ratio (DER), a ratio used to measure the company's ability to pay debts

DER formula is as follows

$$DER = \frac{\text{total of debt}}{\text{total of equity}} \times 100\%$$

2. Profitability and Rentability Ratios usually is used to measure the ability of company to generate profit. This ratio consist of ROA and ROE is as follows

- 1) Return on Assets (ROA) ratio is used to measure the ability of company by using their own fund to generate profit.

ROA Formula is as follows

$$ROA = \frac{\text{Amount of Profit}}{\text{total of Assets}} \times 100\%$$

- 2) Return on Equity (ROE) ratio is used to measure level of efficiency in using or optimizing own capital

ROE Formula is as follows:

$$ROE = \frac{\text{Amount of Profit}}{\text{total of equity}} \times 100\%$$

3. Net Profit Margin (NPM) ratio is used to measure correlation between net profit generated of company to the amount of sale

NPM formula is as follows:

$$NPM = \frac{\text{Amount of Profit}}{\text{Income}} \times 100\%$$

RESULTS AND DISCUSSION

Based upon financial data from audited financial report prepared by KPN Perintis, solvability ratio was calculated and then analyzed as follows:

Solvability Ratio

The aim of this ratio was to analyze the correlation of amount of debt to amount of equity or amount of assets. Based upon debt to assets ratio dan debt to equity ratio the result indicated as follow:

1. Debt to Assets Ratio (DAR)

$$DAR = \frac{\text{total of debt}}{\text{total of assets}} \times 100\%$$

Calculation of debt to assets ratio of KPN Perintis from 2021 – 2023 is as follows :

$$DAR\ 2021 = \frac{405.009.259,53}{1.641.755.547,28} \times 100\%$$

$$DAR\ 2021 = 24,67\%$$

$$DAR\ 2022 = \frac{92.691.851,53}{1.634.561.683,32} \times 100\%$$

$$DAR\ 2022 = 5,67\%$$

$$DAR\ 2023 = \frac{89.084.287,23}{1.918.437.842,64} \times 100\%$$

$$DAR\ 2023 = 4,64\%$$

2. Debt to Equity Ratio

$$DER = \frac{\text{total of debt}}{\text{total of equity}} \times 100\%$$

Calculation of debt to equity ratio of KPN Perintis from 2021 – 2023 is as follows

$$DER\ 2021 = \frac{405.009.259,53}{1.263.746.287} \times 100\%$$

$$DER\ 2021 = 32,75\%$$

$$DER\ 2022 = \frac{92.691.851,53}{1.472.965.918} \times 100\%$$

$$DER\ 2022 = 6,29\%$$

$$DER\ 2023 = \frac{89.084.287,23}{1.739.682.623} \times 100\%$$

$$DER\ 2023 = 5,12\%$$

Profitability or Rentability Ratio

This ratio is used in measuring the ability of KPN Perintis to generate profit. Profitability ratio consist of Return on Asset and Return of Equity ratios.

1. Return on Assets (ROA) is used to measure the ability KPN Perintis to optimize the whole funds invested in assets in order to generate profit

ROA Formula :

$$ROA = \frac{\text{Amount of Profit}}{\text{total of Assets}} \times 100\%$$

Calculation of Return of Assets of KPN Perintis from 2021 – 2023 is as follows

$$ROA\ 2021 = \frac{79.118.572,39}{1.641.755.547,28} \times 100\%$$

$$ROA\ 2021 = 4,82\%$$

$$ROA\ 2022 = \frac{146.603.363,20}{1.634.561.683,32} \times 100\%$$

$$ROA\ 2022 = 8,97\%$$

$$ROA\ 2023 = \frac{161.196.816,33}{1,918,437,842.64} \times 100\%$$

$$ROA\ 2023 = 8,4\%$$

2. Return on Equity (ROE) ratio is used to measure the efficiency of equity

ROE Formula :

$$ROE = \frac{\text{Amount of Profit}}{\text{total of Equity}} \times 100\%$$

Calculation of *Return of Equity* of KPN Perintis from 2021 – 2023 is as follows

$$ROE\ 2021 = \frac{79.118.572,39}{898,616,583.33} \times 100\%$$

$$ROE\ 2021 = 8,8\%$$

$$ROE\ 2022 = \frac{146,603,363.20}{1,047,571,780.00} \times 100\%$$

$$ROE\ 2022 = 13,99\%$$

$$ROE\ 2023 = \frac{161.196.816,33}{1,270,409,280.00} \times 100\%$$

$$ROE\ 2023 = 8,4\%$$

3. Net Profit Margin (NPM) ratio is used to measure the correlation between net profit earned by KPN Perintis to the amount of sale

NPM Formula :

$$NPM = \frac{\text{Amount of Profit}}{\text{Income}} \times 100\%$$

Calculation of Net Profit Margin of KPN Perintis from 2021 – 2023 is as follows

$$NPM\ 2021 = \frac{79.118.572,39}{242.374.490,54} \times 100\%$$

$$NPM\ 2021 = 32,64\%$$

$$NPM\ 2022 = \frac{146,603,363.20}{366,847,073.00} \times 100\%$$

$$NPM\ 2022 = 39,96\%$$

$$NPM\ 2023 = \frac{161.196.816,33}{389,616,749.02} \times 100\%$$

$$NPM\ 2023 = 41,37\%$$

Financial Performance Valuation

Solvability Ratio

The assessment of KPN Perintis' financial performance based on the solvency ratio for the Debt to Asset Ratio (DAR) for 2021-2023 is very good. DAR is a debt ratio used to measure the comparison between total debt and total assets. In other words, how much of the company's assets are financed by debt or how much the company's debt affects asset management. The results of the KPN Perintis DAR calculation include a low ratio, meaning that KPN Perintis is financed with very small debt or is not burdened by debt obligations so that it avoids large interest payments.

For the Debt to Equity Ratio (DER) for 2021-2023, it is very good. DER is a ratio that compares total debt to total equity. The results of the KPN Perintis DER calculation include a low ratio, meaning that KPN Perintis uses very little debt as capital, so KPN Perintis' financial condition is in the healthy category, because if it fails to pay debts, the equity it has can be used to pay debts.

Profitability and Rentability Ratios

The performance assessment of KPN Perintis is based on the profitability ratio for Return on Assets (ROA) which is used to measure KPN's ability with the total funds invested in assets to generate

profits. The results of the calculation of KPN Perintis' ROA including 2021 are in the fairly good category while 2022-2023 are in the good category, this shows that the assets owned by KPN Perintis are still less productive in generating profits.

For Return on Equity (ROE) KPN Perintis in 2021 is in the less good category and 2022-2023 is in the fairly good category. ROE is used to measure the amount of net profit against the capital owned. This shows that the capital owned by KPN Perintis has not been managed properly in generating SHU, the scale of activities carried out by KPN Perintis is still lacking, so there needs to be branch expansion so that capital management is more effective.

The performance assessment of KPN Perintis based on the profitability ratio for KPN Perintis' Net Profit Margin (NPM) in 2021-2023 is in the very good category. NPM measures how efficient a company is in generating net profit from total revenue. This shows that KPN Perintis is very effective in managing costs and generating higher SHU from its revenue both from sales of PoliMart goods and Profit Sharing income from loans.

CONCLUSION

This study successfully measured the financial performance of the *Koperasi Pegawai Negeri* (KPN) Perintis Politeknik Negeri Ujung Pandang over the period of 2021 to 2023 using solvency and profitability ratio analysis. The results indicate that the solvency ratios, including the Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER), are at a very good level, signifying that KPN Perintis has a low debt burden and is capable of meeting its financial obligations. On the profitability side, the Return on Assets (ROA) and Return on Equity (ROE) improved from a fair category to a good category over the past two years, though there is still room for enhancement. The Net Profit Margin (NPM) showed excellent results, reflecting KPN Perintis's efficiency in generating profit from its revenue. Overall, the financial performance of KPN Perintis demonstrates a positive trend, but further efforts are needed to enhance asset and capital management to achieve more optimal profit generation.

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