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Financial Performance Assessment by Du Pont System On A Hotel Company

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Abstract. This study aims to determine the financial performance of hotel companies listed on the IDX in 2020 – 2022 and also what causes the decline in sales, total assets, and net profit of companies measured using Du Pont System analysis. Du Pont System itself is a measurement tool of financial performance that includes the ratio of Total Assets Turnover activity and the ratio of Profitability, namely Net Profit Margin to determine the rate of return on assets owned by the company, namely Return On Investment. This research uses data types, namely time series and data sources, namely secondary data. The research method uses qualitative methods with a sample of 5 companies with a period of 3 years. The results show that the financial performance of hotel companies listed on the IDX in 2020 – 2022 can be said to be good, because they see the average value of NPM, MER, and ROE-DP every year always increases. Although the average value of TATO and ROI-DP fluctuates. Thus, hotel companies listed on the IDX for the 2020-2022 period performed well

Keywords: Du Pont System; Financial Performance

A. INTRODUCTION

The tourism industry in Indonesia is growing, so it attracts local and international tourist to come to visit. Both to enjoy the natural atmosphere and increase knowledge about Indonesian culture that still contains traditional values, therefore the tourism industry in Indonesia continues to grow. Hotels are one branch of the service sector industry in the tourism industry, the existence of hotels is increasingly important for the community, because hotels prepare services and facilities to their customers. Hospitality services include the provision of facilities or venue rental, the provision of conference facilities, etc. In principle, hotel services are enjoyed during registration, while in the room, when eating and drinking in the restaurant or when guests attend seminars, conferences and other activities.

Performance is "the result of employee work from the aspects of quality, quantity, working time, and cooperation to achieve the goals set by the company" (Sutrisno, 2016). While financial performance is "an analysis in a certain period of time to measure a picture of the company's condition using financial implementation rules properly and correctly" (Krisnaryatko and Ika, 2019). The company's ability in finance can provide information about cash flow. Assessing financial performance can shed light on whether a business is financially sound or not. In addition, financial performance evaluation is very important for managers to formulate future policies and strategies. In essence, each company's financial performance ranking changes by comparing it from year to year or comparing it to similar industry standards.

A measuring tool that can be used to assess the company's financial performance in terms of the use of assets in carrying out operations to increase revenue is the Du Pont System analysis. Du Pont is a successful entrepreneur who has his own way of analyzing his company's financial statements. This method is actually almost the same as ordinary financial statement analysis, but the approach is more integrative by using components from two parts of financial statements as elements of analysis.

Du Pont's analysis links the activity ratio, namely Total Assets Turnover (TATO), with the profitability ratio, namely net profit margin (NPM) to show how the company is performing. Both interact to determine the rate of return on assets owned by the company aka Return On Investment (ROI). Researchers used TATO, NPM and ROI variables in the analysis using the DU PONT SYSTEM.

The Total Assets Turnover (TATO) activity ratio can show the ability of the company's assets to generate total. Net Profit Margin (NPM) can show the percentage of net profit earned from each sale. Return On Investment (ROI) can show how much profit from each investment.

The following is net profit data from the annual report of the Hospitality Sub-Sector Company in 2018-2022. The following are the results of the data collection:

Table 1 Hospitality Company Net Profit

No	Company			Net Profit Per Year		
				2020	2021	2022
1	PT	Hotel	Fitra International Tbk	8.578.274.952,00	5.398.178.653,00	5.993.823.225,00
2	PT	Eastparc Hotel	Tbk	5.268.005.617,00	12.146.882.355,00	29.761.934.843,00
3	PT		Jakarta International Hotels & Development Tbk	62.540.867,00	113.618.419,00	40.908.110
4	PT	Hotel Sahid	Jaya Tbk	51.932.285.632,00	41.782.293.320,00	31.236.943.629,00
5	PT	Pollux Investasi	Internasional Tbk.	17.438.462.295,00	35.847.355.212,00	155.049.779.830,00

Based on the table above, the company's profit in the hotel sector suffered a loss from 2020 to 2022, only PT Pollux Investasi Internasional Tbk experienced an increase in profit. The company's profit fell starting in 2021 because in that year there was the spread of the Covid-19 virus. The pandemic has greatly impacted the hospitality sector. The pandemic at the time severely affected revenues within hospitality companies. In research (Gunawan, Ruliana and Suharyono, 2021) stated that 'financial performance during the Covid-19 pandemic decreased due to a decrease in the number of tourist visits to hotel companies due to the PSBB carried out by the government'. But now the government has revoked the PSBB status to normal which should increase the number of tourist visits to hotel companies and be accompanied by increased financial performance. From this phenomenon, the author has an interest in exploring "Financial Performance Assessment by Du Pont System On A Hotel Company".

B. LITERATURE REVIEW

Financial Performance

According to Irham Fahmi (2020: 271) "Financial Performance is an analysis carried out to see the extent to which a company has implemented using financial implementation rules properly and correctly".

"Financial performance is "an analysis in a certain period of time to measure a picture of the company's condition using financial implementation rules properly and correctly" (Krisnaryatko and Ika, 2019). Meanwhile, according to Munawir (2014), the company's financial performance is the result of the company's financial ratio analysis to assess the company's financial condition. This performance results from using financial analysis tools that produce an overview of the company's financial condition, which shows whether the company's financial condition is good or bad.

Financial Statements

According to Syaiful Bahri (2020), financial statements are "a summary of a process of recording financial transactions that occurred during the reporting period and are made to account for the duties assigned to him by the owner of the company". Financial statement are a structured presentation of the financial position and financial performance of an entity. Financial statements consist of various financial statement processes, namely balance sheets, income statements, statements of changes in equity, statements of financial position, notes and other reports as well as material for explanation which is an integral part of the financial statements" (Financial Accounting Standards or SAK, 2022).

Du Pont System Analysis

According to Lianto in Yolanda and Harimurti (2017), du pont system is "a method used in assessing the effectiveness of company operations, because in du pont analysis includes elements of sales, assets used and profits generated by the company".

Du Pont System analysis is a system intended to show Net Profit Margin (NPM), Total Assets Turnover (TATO), and Return On Investment (ROI) interacting with each other to determine Return On Equity (ROE). *Du Pont System* analysis approach is used to analyze financial statements and assess the condition or performance of the company.

Ratios Used in Du Pont System a. Profitability Ratio The profitability ratio measures the effectiveness of overall management through profits obtained in relation to sales and investment (Fahmi, 2012: 68). 1) ROI (Return On Investment) or ROA (Return On Assets) ROI shows the company's ability to generate profits from the assets used (Sartono, 2011: 123). 2) ROE (Return On Equity) ROE aims to measure the company's ability to obtain profits available to the company's shareholders" (Sartono, 2011: 124). 3) Net profit margin knows

profitability after all revenues and expenses, including interest items, are considered taxes (Fraser and Ormitson, 2008:237). b. Activity Ratio "Activity ratio is a ratio used to measure the effectiveness of the company in using its assets" (Kasmir, 2014: 172) Total Asset Turnover.

Formula Du Pont System

Du Pont is an ordinary financial statement analysis, with a more integrative approach and uses the composition of financial statements as an element of analysis. For operations used in the Du Pont System include:

a. Turn Asset Turnover (TATO)

to measure the turnover and effectiveness of using all assets to earn profits.

$$\text{Tattoo} = \frac{\text{Sales}}{\text{Total Assets}}$$

b. Net Profit Margin (NPM)

to measure the level of profit associated with sales.

$$\text{NPM} = \frac{\text{EBIT}}{\text{Sales}}$$

c. Return on Investment Du Pont (ROI DP)

to generate profit with the overall funds invested in assets.

$$\text{ROI DP} = \text{NPM} \times \text{TATTOO}$$

d. Return on Equity Du Pont (ROE DP)

to measure the level of income available to shareholders.

$$\text{ROE DP} = \text{ROI DP} \times \text{MER}$$

e. Multiplier Equity Ratio

$$\text{MER} = \frac{\text{Total Assets}}{\text{Total Equity}}$$

The category of company performance appraisal using the Du Pont System method can be done by summing the average value of each indicator for 5 periods. The known average results of the overall indicators (NPM, TATTOO, ROI DP, and ROE DP) can be compared with the average of each indicator. If the average result of each indicator \geq the average result of all indicators, then the value of the company's financial performance is good. If the average result of each indicator $<$ the average result of all indicators, then the value of the company's financial performance is not good. (Sunardi, 2018).

C. RESEARCH METHODOLOGY

The type of research used in this study is qualitative research. Qualitative research methods are methods based on the philosophy of positivism used to examine certain populations and samples (Sugiyono, 2019).

According to Sugiono (2020), population is a generalized area consisting of objects or subjects that have certain qualities and characteristics that have been determined by researchers to be studied and then conclusions drawn. The population in this study is designated as the first step in determining the research sample. Based on this definition, the population in this study will be used as the hospitality subsector listed on the Indonesia Stock

Exchange in 2018-2022. The population obtained from the Indonesia Stock Exchange is 45 companies.

According to Sugiyono (2020) "the sample is part of the number and characteristics possessed by the population". The sample used in this study is a hotel subsector company listed on the Indonesia Stock Exchange in 2020-2022 with a total of 5 companies with a period of 3 years.

In this study the analysis technique used was Du Pont System. Du Pont's equation is a formula that shows that the rate of return on investment capital. The equations used are TATO, NPM, and ROI.

D. RESULTS AND DISCUSSION

Net Profit Margin (NPM) with Du Pont System Approach of Hotel Industry in Indonesia

Table 2 Net Profit Margin Data for 2020-2022

NO	COMPANY	YEAR		
		2020 (%)	2021 (%)	2022 (%)
1	PT Hotel Fitra International Tbk	8,12	13,93	9,68
2	PT Eastparc Hotel Tbk	2,00	4,68	10,86
3	PT Jakarta International Hotels & Development Tbk	0,93	1,72	0,62
4	PT Hotel Sahid Jaya Tbk	3,63	3,11	2,40
5	PT Pollux Investasi Internasional Tbk.	0,71	1,47	6,00
	Average	3,08	4,98	5,91

Based on table 2, it shows that the average value of NPM in hotel companies in Indonesia for the 2020-2022 period can be said to be good. Where from 2020-2022 the average value of NPM has increased. In 2021, it experienced a slight increase from the previous 3.08% to 4.98%, and in 2022 to 5.91%. This means that the company is good at managing its profits by using existing assets, so the company can be said to be performing well.

Total Asset Turn Over (TATO) with Du Pont System Approach of Hotel Industry in Indonesia

Table 3 Total Asset Turn Over Data for 2020-2022

NO	COMPANY	YEAR		
		2020 (times)	2021 (times)	2022 (times)
1	PT Hotel Fitra International Tbk	0,13	0,09	0,17
2	PT Eastparc Hotel Tbk	0,14	0,17	0,32
3	PT Jakarta International Hotels & Development Tbk	0,15	29,19	21,90
4	PT Hotel Sahid Jaya Tbk	0,04	0,05	0,07
5	PT Pollux Investasi Internasional Tbk.	0,09	0,08	0,13
	Average	0,11	5,92	4,52

Based on table 3, it shows that the average value of TATO in hotel companies in Indonesia for the 2020-2022 period fluctuates. Where in 2020 the average value of TATO was 0.11 times, and in 2021 it increased to 5.92 times. However, in 2022 it decreased by 4.52 times. This is because there is a percentage decrease in sales to total assets. This means that the company has not been effective in optimizing its assets to get returns or operating income.

Multiplier Equity Ratio (MER) with Du Pont System Approach of Hotel Industry in Indonesia

Table 4 Multiplier Equity Ratio Data for 2020-2022

NO	COMPANY	YEAR		
		2020 (%)	2021 (%)	2022 (%)
1	PT Hotel Fitra International Tbk	1,75	2,11	1,75
2	PT Eastparc Hotel Tbk	1,07	1,06	1,10
3	PT Jakarta International Hotels & Development Tbk	1,38	1,38	3,55
4	PT Hotel Sahid Jaya Tbk	1,62	1,66	2,50
5	PT Pollux Investasi Internasional Tbk.	1,46	1,41	1,36
	Average	1,46	1,52	2,05

Based on table 4, it shows that the average value of MER in hotel companies in Indonesia for the 2020-2022 period has increased. Where in 2020 the average value of MER was 1.46%, and in 2021 it increased by 1.52%. Until 2022, it increased again by 2.05%. It can be said that the company is performing well.

Return In Investment (ROI DuPont) with Du Pont System Approach Construction Industry (BUMN) in Indonesia

Table 5 ROI-DP Data for 2020-2022

NO	COMPANY	YEAR		
		2020 (%)	2021 (%)	2022 (%)
1	PT Hotel Fitra International Tbk	1,07	1,22	1,64
2	PT Eastparc Hotel Tbk	0,28	0,92	3,43
3	PT Jakarta International Hotels & Development Tbk	0,13	50,17	13,62
4	PT Hotel Sahid Jaya Tbk	0,14	0,16	0,17
5	PT Pollux Investasi Internasional Tbk.	0,07	0,12	0,77
	Average	0,34	10,52	3,93

Based on table 5, it shows that the average value of ROI-DP in hotel companies in Indonesia for the 2020-2022 period fluctuates. Where in 2020 the average value of ROI-DP was 0.34%, and in 2021 it increased by 10.52%. However, in 2022, it experienced a very drastic decrease of 3.93%. It can be said that the company has not performed well.

Return On Equity (ROE Du Pont) with Du Pont System Approach Construction Industry (BUMN) in Indonesia

Table 6 ROE-DP Data for 2020-2022

NO	COMPANY	YEAR		
		2020 (%)	2021 (%)	2022 (%)
1	PT Hotel Fitra International Tbk	0,23	0,19	0,30
2	PT Eastparc Hotel Tbk	0,15	0,21	0,35
3	PT Jakarta International Hotels & Development Tbk	0,19	40,42	77,75
4	PT Hotel Sahid Jaya Tbk	0,06	0,09	0,17
5	PT Pollux Investasi Internasional Tbk.	0,14	0,12	0,17
	Average	0,15	8,21	15,75

Based on table 5, it shows that the average value of ROE-DP in hotel companies in Indonesia for the 2020-2022 period has increased every year. Where in 2020 the average value of ROE-DP was 0.15%, and in 2021 it increased by 8.21%. In 2022, it experienced a very drastic increase of 15.75%. It can be said that the company is performing well, and it can be said that the company has been effective in investing its capital.

E. CONCLUSIONS AND SUGGESTIONS

Based on the results of research and discussions that have been carried out by researchers, the following conclusions can be drawn:

Analysis using du pont system using NPM calculation in hotel companies in Indonesia for the 2020-2022 period can be said to be good because it always increases, the highest in 2022 at 5.91 %.

Analysis using du pont system using TATO calculations in hotel companies in Indonesia for the 2020-2022 period cannot be said to be good because it is fluctuating, not yet stable.

Analysis using du pont system using MER calculation in hotel companies in Indonesia for the 2020-2022 period can be said to be good because it always increases, the highest in 2022 at 2.05%.

Analysis using du pont system using ROI-DP calculation in hotel companies in Indonesia for the 2020-2022 period cannot be said to be good because it is fluctuating, not yet stable.

Analysis using du pont system using ROE-DP calculation in hotel companies in Indonesia for the 2020-2022 period can be said to be good because it always increases, the highest in 2022 of 15.75 %.

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