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Analysis of Financial Performance Comparison before and after the Emergence of E-Commerce in Indonesian Retail Company

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ABSTRACT

This research aims to find out how financial performance comparisons in retail companies listed on the Indonesia Stock Exchange before and after the advent of e-commerce. The data used is secondary data obtained from the official website of the Indonesia Stock Exchange at www.idx.co.id. Data used in the years 2016 and 2017. Sample data used by 9 retail companies. The ratio of the financial performance tested and compared is Current Ratio, Gross Profit Margin (GPM), and Return on Investment (ROI). Testing was conducted with Test Paired Sample T-Test with the help of SPSS application version 24.0. The results showed that the Current Ratio, Gross Profit Margin (GPM), and Return on Investment (ROI) did not have significant differences before and after the advent of e-commerce. The correlation results indicate that the Current Ratio, Gross Profit Margin (GPM), and Return on Investment (ROI) have a significant relationship from before and after the emergence of e-commerce.

Keywords: Loyalty, Career Development, Teamwork, wards

INTRODUCTION

Retail is all activities selling goods or services directly to the end consumer for personal use and or household. Retail business does not need to make products, just have enough capital then buy products wholesale and resell to the end consumer. The retail industry is a strategic industry for the economic development of Indonesia. The characteristics of the retail industry are not so complicated that most Indonesians plunge into the retail business.

Indonesia was in second place with Hong Kong on 07 August 2008. From the record of Business Watch Indonesia (BWI) the development of retail in Indonesia since the year 2000 is growing by 20% and in the year 2007 increase to 40%. The rapid, unconsciously retail developments have formed a huge force in the retail industry in Indonesia. Retail provides a variety of daily necessities such as food, beverages, vegetables, fruits, body care products and other. Retail is present as a concept of one stop shopping and offers many advantages, such as the exact price, comfortable atmosphere, clean environment, relatively safe from crime, complete variations of goods, quality assured goods, good service, ease of transaction, as well as a program of promotion that is conducted by retailers through electronic media and print media.

Nowadays, economic activities especially in retail business tend to be lethargic, it is evident from some retail companies that have closed some of its movements resulting from the income side does not fit the target company, including 7-Eleven, PT Matahari Department Store, Lotus Department Store, and Debenhams. National retail sales in the period of January-June 2017 experienced a slowdown compared to the same period the previous year. Nielsen's Retail Audit Data in the presentation of PT. Sumber Alfaria Trijaya TBK shows that national retail sales in the

1st semester of this year only grew 3.7 percent from the previous of 10.2 percent. In modern market, the growth of retail sales in the first half of 2017 slowed to 4.8 percent from the previous 11.4 percent. For the mini market the growth slowed to 7.04 percent from the previous 18 percent.

According to the Director general Tax Ken Dwijugiasteadi, the condition happens more to the changing trends in the community namely online shopping trends. The emergence of various E-commerce also inevitably makes consumer spending preferences changed supported by the proliferation of online stores. Now consumers can easily buy the items they need, simply by visiting an E-commerce page or app, selecting the item, paying, and then sending the item. Consumers do not have to bother going to shop or shopping centers to meet their needs.

The emergence of online shopping phenomenon in the community as well as intense competition makes sales growth of retail issuers experiencing a decline trend in the last five years. Coupled with the decline in consumer buying power, several retail companies recorded a decline in sales in 2017. Based on the issuer's financial statement that has been published and processed, Katadata showed 10 issuers of retail sector at 2017 sales growth/income experienced slowdown compared to 2013. The decline in the deepest sales growth noted PT. Electronic City Indonesia Tbk (ECII), which is reaching more than 3,100 basis points (bps) to only 9.55% at 2017 from 40.69% at 2013.

While PT. Ace Hardware Indonesia TBK (ACES) suffered the lowest sales growth decline, that is only 53 bps to 20.31% from 20.85% in 2013. Even three retail issuers such as PT. Ramayana Lestari TBK (RALS), PT. Hero Supermarket Tbk and PT. Matahari Putra Prima TBK (LPPF) have decreased sales in the past year from the previous year. Total sales of 10 retail issuers below on 2017 only grew 6.41% from the previous year, whereas in 2013 were able to record growth of more than 21% from the previous year.

There are 3 top retail companies that have undergone significant changes before and after the advent of e-commerce measured at current ratio of ECII (Electronic City Indonesia Tbk) of Δ-110.67%, ACES (Ace Hardware Indonesia Tbk) of Δ-23.86% and HERO (Hero Supermarket Tbk) of Δ-15.8%. Measured from the average current ratio of retail companies before and after the emergence of e-commerce suffered a negative change of 18.45%.

While measured by the ratio of GPM on average retail companies from the year 2016-2017 experienced a positive change is not too good that is 0.1% with three companies in it that experienced negative change is MIDI (PT. Midi Utama Indonesia TBK) of Δ-0.84%, GLOB (Global Teleshop Tbk) of Δ-0.69% and ECII (Electronic City Indonesia Tbk) of Δ-0.18%. Judging from the financial statements above ECII is a company that is very experienced the impact of negative changes from the emergence of e-commerce measured from current ratio and GPM.

LITERATURE REVIEW

Financial Performance

Broadly, the understanding of financial performance is the work of various parts in a company that can be seen in the company's financial condition at a certain period related to the gathering aspect and the distribution of funds that are based on Capital adequacy indicators, liquidity, and company profitability.

Financial performance is an overview of the company's success in the form of results that have been achieved thanks to various activities. Financial performance is an analysis to assess the extent to which a company has carried out activities in accordance with the Rules of financial implementation (Fahmi 2012:2). According to Rudianto (2013:189) Financial performance is the result or achievement that has been achieved by the management of the company in managing the company's assets effectively during a certain period. Financial performance is required by the company to know and evaluate the company's success rate based on the financial activities that have been implemented.

Types of financial ratios

According to Rahardjo (2017:104) financial ratios can be classified into several groups including:

a. The liquidity ratio is a ratio that demonstrates the company's ability to meet short-term obligations.
b. Laverage is a ratio that reflects the ability or capability of a company in fulfilling its obligations, both short-term and long-term obligations.
c. The ratio of activity is a ratio that demonstrates the level of effectiveness in the use of asset activity or wealth.
d. Profitability ratio is a ratio that indicates the rate of profit compared to the seller or assets.
e. The ratio of investments is a ratio that shows the ratio of investments in securities such as stocks and bonds.

METHODOLOGY

The type of research used is a descriptive research analysis used in the business of finding and collecting data, compiling, using and interpret existing data. To describe the complete, orderly and thorough study of a research object (Rusiadi, 2014). In this study, data was collected using 2 techniques:

Library Research

The literature research is done by as an effort to obtain the theoretical data as comparative with the research data obtained. The Data can be obtained from the literature of the lecture notes, as well as other writings relating to the ongoing research. That is like a management book about financial ratios.

Web Research

Research through the Internet is conducted using websites related to research to support research based on theories that have been available regarding financial ratios.

The data processing methods used in this study use a descriptive method of analysis according to Sanapiah Faisal in the book Rusiadi (2014) says the descriptive method is to try to describe and interpret what exists, whether the condition or relationship exists, the growing opinion, the process that has been underway and develops. In other words, a descriptive method is to provide a clear and accurate picture of the material/phenomenon being investigated. Where the hypothesis testing was conducted using descriptive statistic, different tests and Tobit Regeresi test.

RESULTS

The Current Ratio, Gross Profit Margin (GPM), and Return on Investment (ROI) of 9 companies have not been distributed in the normal distribution, so it must be transformed with natural logarithm for normal distribution of data.

Data Mean or average of Current Ratio, Gross Profit Margin (GPM), and Return on Investment (ROI) of 9 companies trading Ritail also shows different average value and has difference, this indicates the difference in financial performance Before and after the advent of e-commerce.

The current Ratio of 2016 has a significant correlation or relation to the Current Ratio of 2017 which is evidenced by the significant value (Sig.) in Paired Samples Correlations in the Paired Sample T-Test. The significant value gained by 0.013 where the value is smaller than 0.05.

Gross Profit Margin (GPM) in 2016 has a correlation or a significant relationship to the Gross Profit Margin (GPM) year 2017 which is evidenced by the significant value (Sig.) in Paired Samples Correlations in the Paired test Sample T-Test. Significant value Obtained amounting to 0.000 where the value is smaller than 0.05.

Return on Investment (ROI) in 2016 has a significant correlation or relationship to Return on Investment (ROI) year 2017 evidenced by the significant value (Sig.) in

Paired Samples Correlations in the Paired Sample T-Test. Significant value Obtained amounting to 0.002 where the value is smaller than 0.05.

The results of the Paired Sample T-Test showed that the significant value of the Current Ratio was 0.212 with the average difference of Current Ratio of 2016 and the Current Ratio of 2017 of 0.2307 where the difference between-0.1656449 and 0.6377896. A significant value of 0.212 is greater than 0.05 so accept Ha and reject Ho. This indicates that there is no significant difference in the Current Ratio of 2016 with the Current Ratio of 2017. So it can be inferred hypotheses that ask is unacceptable (rejected) and proved to be incorrect.

The test results of Paired Sample T-Test showed that the significant value of the Gross Profit Margin (GPM) amounted to 0.356 with an average difference of Gross Profit Margin (GPM) in 2016 and Gross Profit Margin (GPM) in 2017 of 0.13169 where difference between differences exists Between-0.1781388 and 0.4415217. This significant value of 0.356 is greater than 0.05 so accept Ha and reject Ho. This indicates that there is no significant difference in the Gross Profit Margin (GPM) in 2016 with the Gross Profit Margin (GPM) of 2017. So it can be inferred hypotheses that ask is unacceptable (rejected) and proved to be incorrect.

The Paired Sample T-Test results showed that the significant value of Return on Investment (ROI) amounted to 0.534 with an average difference of Return on Investment (ROI) in 2016 and Return on Investment (ROI) in 2017 of 0.11017 where the difference in difference Between-0.2808529 and 0.5012049. This significant value of 0.534 is greater than 0.05 so accept Ha and reject Ho. This indicates that there is no significant difference from Return on Investment (ROI) in 2016 with Return on Investment (ROI) in 2017. So it can be inferred hypotheses that ask is unacceptable (rejected) and proved to be incorrect.

The results showed that the financial performance before and after e-commerce had a difference, but the difference was not significant. And the financial performance of retail companies listed on the Indonesia stock Exchange has decreased after the emergence of e-commerce, but the decline can be said to be not too dangerous for the company.

The results showed that the existence of e-commerce attracted consumers to make purchases via remote or online, but the existence of e-commerce until now still does not harm the retail companies that still remain Maintain the conventional way of shopping.

This e-commerce only gives practicality that the consumer does not bother and tired to come to the location, but the conventional way of shopping has a variety of advantages that are not owned by the way e-commerce shopping, namely: first, the existence of satisfaction For consumers by directly looking at the products that will be purchased, so that consumers can actually ensure the condition of the product and no regrets arising from products that come differently. This is because product photos with reality can be very much different. Then secondly, there is a special sensation of shopping directly for consumers who have a shopping hobby who loves to walk while looking and choose the product to be bought.

The results of this research is also in accordance with the results of the research conducted by Eka Suci Rahmawati (2018) which uses 30 samples of creative economic business who use e-commerce in Klaten Regency. The results showed that there was a difference in financial performance before and after using e-commerce either measured using the ratio of profit margin, gross profit margin and net profit margin, but the difference is not significant.

Although by using e-commerce ratio of profit margin, gross profit margin and net profit margin of the company increase, but the increase is not too significant when compared to the ratio of profit margin, gross profit margin and Net profit margin before using e-commerce. This is due to consumer behaviour that is still a lot and accustomed to using conventional shopping that comes to see the products to be purchased.

CONCLUSION

Based on the results of testing and analysis of data that has been done, it can be taken several conclusions as a result of the following studies:

a. There is no significant difference from the Current Ratio of retail companies before and after the advent of e-commerce. The significant value is held in the Pair Samples Test of 0.212.
b. There is no significant difference of retail company Gross Profit Margin (GPM) before and after the advent of e-commerce. The significant value is held in the Pair Samples Test of 0.356.
c. There is no significant difference of retail company Gross Profit Margin (GPM) before and after the advent of e-commerce. The significant value is held in the Pair Samples Test of 0.534.

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