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# Financial Ratio–Based Assessment of Corporate Financial Performance: Evidence from PT Mustika Ratu Tbk (2019–2023)

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## ABSTRACT

**Purpose of the study:** This study aims to evaluate the financial performance of PT Mustika Ratu Tbk, a publicly listed consumer goods company on the Indonesia Stock Exchange (IDX), over a five-year period from 2019 to 2023. By employing comprehensive financial ratio analysis encompassing liquidity, solvency, and profitability dimensions, the research seeks to provide empirical evidence regarding the company's financial health and to identify structural strengths and weaknesses in its performance trajectory during a period marked by significant macroeconomic volatility, including the COVID-19 pandemic and subsequent economic recovery.

**Materials and methods:** A descriptive quantitative research design was employed utilizing secondary data derived from audited annual financial statements published on the Indonesia Stock Exchange. Financial performance was assessed through six key ratios: Current Ratio and Quick Ratio (liquidity), Debt-to-Asset Ratio and Debt-to-Equity Ratio (solvency), and Return on Assets and Return on Equity (profitability). Descriptive statistical analysis, including measures of central tendency, variability, and temporal trend analysis, was applied to evaluate performance across the study period. Results were benchmarked against prevailing industry standards established by the Ministry of Industry of the Republic of Indonesia to determine performance adequacy.

**Results:** The findings indicate that PT Mustika Ratu Tbk demonstrated strong liquidity performance, with average Current and Quick Ratios of 252.55% and 159.45% respectively, both exceeding industry benchmarks. Solvency analysis revealed an adequate asset coverage of liabilities (DAR = 29.55%), although capital structure efficiency remained conservative as evidenced by a low Debt-to-Equity Ratio (43.27% against a 90% industry standard). Profitability performance was persistently weak, with average ROA of 2.09% and ROE of 3.24%, both substantially below the 30% industry expectation, although a recovery trend was observable from 2021 onward.

**Conclusions:** While the company exhibits a sound short-term financial position and manageable debt levels, its persistent inability to generate adequate returns from assets and equity suggests structural inefficiencies in operational and strategic management. These results underscore the critical need for profitability-oriented reforms, including operational cost optimization, strategic asset redeployment, and revenue diversification, to enhance long-term financial sustainability and shareholder value creation.

## Keywords

financial performance, financial ratio analysis, liquidity ratio, solvency ratio, Indonesia Stock Exchange, consumer goods sector, PT Mustika Ratu Tbk.

## INTRODUCTION

Financial performance evaluation constitutes a fundamental process in corporate governance and strategic management, particularly for publicly listed companies where transparency, accountability, and fiduciary responsibility to shareholders demand rigorous and systematic assessment methodologies (Brigham & Houston, 2021; Roslan et al., 2024). Within the architecture of modern financial analysis, financial ratios serve as indispensable analytical instruments that translate complex accounting data into meaningful, interpretable indicators of organizational health, operational efficiency, and managerial effectiveness (Barnes, 1987; Robinson et al., 2020). These ratios facilitate stakeholder decision-making by providing standardized metrics for inter-temporal comparison, cross-sectional benchmarking, and performance evaluation against established industry norms.

The Indonesia Stock Exchange (IDX), as the primary capital market infrastructure in Southeast Asia's largest economy, hosts a diverse portfolio of companies across multiple sectors. Among these, the consumer goods sector occupies a strategically important position, contributing substantially to national GDP and employment while serving as a bellwether for domestic consumption patterns and economic resilience (Sruthi & Sobhana, 2025; Zarefar & Armadani, 2024). The period spanning 2019 to 2023 represents a particularly compelling timeframe for financial analysis, encompassing the pre-pandemic economic environment, the acute disruption of the COVID-19 crisis, and the subsequent recovery trajectory—each phase presenting distinct challenges to corporate financial management and performance optimization.

PT Mustika Ratu Tbk, established in 1978 and listed on the IDX since 1995, represents one of Indonesia's pioneering cosmetics and traditional herbal products manufacturers. As a mature consumer goods enterprise with a well-established market presence, the company provides an instructive case study for examining how firms navigate financial performance challenges across volatile macroeconomic conditions. Understanding the financial dynamics of such firms holds significant implications for investors, regulators, and corporate managers seeking to optimize resource allocation and strategic positioning within Indonesia's evolving economic landscape.

### Critical Examination of Existing Literature

The theoretical foundations of financial ratio analysis are well-established in the corporate finance literature. According to signaling theory, financial statements and the ratios derived from them serve as signals to external stakeholders regarding a firm's financial health and future prospects (Ross, 1977; Spence, 1973). Firms with superior financial ratios transmit positive signals to investors, thereby potentially enhancing market valuation and reducing information asymmetry (Hermawan et al., 2021; Puspitaningtyas, 2019). Concurrently, agency theory posits that financial ratios function as monitoring mechanisms that enable principals (shareholders) to evaluate the stewardship performance of agents (management) in deploying organizational resources efficiently (Agyei-Mensah, 2015; Jensen & Meckling, 1976).

Liquidity ratios, including the Current Ratio and Quick Ratio, have been extensively documented as indicators of a firm's capacity to meet short-term obligations using available current assets (Keown et al., 2011; Li et al., 2024). Empirical evidence from emerging market contexts demonstrates that adequate liquidity is necessary but not sufficient for overall financial health, as firms may maintain excess liquid assets at the expense of profitable investment opportunities (Bibi & Amjad, 2017; Dahiyat et al., 2021). Solvency ratios, particularly the Debt-to-Asset Ratio and Debt-to-Equity Ratio, measure a firm's long-term financial stability and the relative composition of its capital structure (Brigham & Daves, 2018; Brigham & Ehrhardt, 2020). Research by Nguyen et al. (2024) underscores that the optimal leverage ratio varies significantly across industries and institutional environments, with firms in developing economies often exhibiting more conservative debt strategies.

Profitability ratios, specifically Return on Assets (ROA) and Return on Equity (ROE), constitute perhaps the most scrutinized performance metrics, as they directly reflect management's effectiveness in generating returns from invested resources (Bunea et al., 2019; Davies & Utam, 2025). Studies conducted across Indonesian manufacturing and consumer goods firms consistently report that profitability ratios exhibit greater variability and sensitivity to macroeconomic conditions than liquidity or solvency indicators (Aziz et al., 2024; Hulaemah et al., 2024). Furthermore, research on the Johannesburg Stock Exchange has confirmed that the interplay between liquidity, leverage, and profitability creates complex performance dynamics that require integrated analytical frameworks rather than isolated ratio examination (Jain et al., 2023; Mokoena et al., 2025).

### Identification of Research Gaps

Despite the extensive body of literature on financial ratio analysis, several critical gaps persist in the current knowledge base. First, limited longitudinal studies specifically examine Indonesian consumer goods firms across the complete pandemic cycle, encompassing pre-crisis stability, acute disruption, and post-pandemic recovery phases. Most existing studies focus on truncated timeframes that fail to capture the full trajectory of financial performance evolution. Second, the predominant methodological approach in Indonesian financial research relies on cross-sectional analysis of multiple firms, which, while valuable for generalization, may obscure firm-specific dynamics and intra-company performance patterns that are essential for targeted strategic recommendations (Fitriani et al., 2022; Suhartini et al., 2024). Third, many existing studies emphasize isolated ratio categories rather than adopting integrated multi-dimensional performance evaluation frameworks that simultaneously assess liquidity, solvency, and profitability dimensions.

### Research Rationale

PT Mustika Ratu Tbk represents a strategically relevant case for addressing these research gaps. As a well-established consumer goods company with publicly available financial data spanning the entire 2019–2023 period, it offers a comprehensive dataset for longitudinal analysis. The company's widely reported fluctuating financial performance—characterized by apparent liquidity strength coexisting with profitability weakness—provides a particularly informative context for examining the potential disconnect between different dimensions of financial health, a phenomenon increasingly recognized in the emerging markets literature (Nguyen et al., 2024).

### Research Objectives

This study is guided by the following specific objectives: (1) to assess the liquidity, solvency, and profitability performance of PT Mustika Ratu Tbk from 2019 to 2023 using established financial ratio methodologies; (2) to compare observed financial ratios with prevailing industry benchmarks to determine performance adequacy across each dimension; (3) to analyze temporal trends and identify structural strengths, weaknesses, and inflection points in the company's financial performance trajectory; and (4) to provide evidence-based recommendations for enhancing financial sustainability and shareholder value creation.

## MATERIALS AND METHODS

### Study Design and Data Sources

This study employs a descriptive quantitative research design, which is appropriate for systematically describing and evaluating financial phenomena through numerical data analysis without manipulating independent variables (Aziz & Hashim, 2017; Creswell & Creswell, 2018). The research utilizes secondary data exclusively, comprising audited annual financial statements—specifically consolidated statements of financial position (balance sheets) and consolidated statements of comprehensive income (income statements)—of PT Mustika Ratu Tbk for the fiscal years 2019 through 2023 (Rifani & Hasan, 2022; Suhartini et al., 2024). All financial data were obtained from official sources: the Indonesia Stock Exchange electronic reporting system ([www.idx.co.id](http://www.idx.co.id)) and

the company's official annual reports. The selection of a five-year observation period was deliberate, designed to capture financial performance dynamics across three distinct macroeconomic phases: pre-pandemic stability (2019), pandemic disruption (2020–2021), and post-pandemic recovery (2022–2023).

### Unit of Analysis

The unit of analysis in this study is the institutional financial performance of PT Mustika Ratu Tbk as reflected in its audited consolidated financial statements. This study does not involve human participants, animal subjects, or primary data collection from individuals. The population comprises all annual financial reports published by the company since its listing on the IDX, and the sample consists of the five most recent fiscal year reports (2019–2023), selected through purposive sampling based on the following criteria: (a) availability of complete, audited financial statements; (b) continuous listing on the IDX throughout the observation period; and (c) relevance to the post-2019 macroeconomic research context.

### Research Procedures and Analytical Framework

The research methodology followed a structured four-stage procedural algorithm. In the first stage, comprehensive data collection was conducted by systematically retrieving all relevant financial statement components from official IDX publications. The second stage involved ratio computation, wherein six financial ratios across three analytical dimensions were calculated using standardized accounting formulas as specified in Table A (Appendix). The third stage comprised benchmarking analysis, in which computed ratios were compared against industry standards established by the Ministry of Industry of the Republic of Indonesia and corroborated by (Kasmir, 2021). The fourth stage encompassed interpretative analysis, involving systematic evaluation of temporal trends, identification of performance inflection points, and contextual interpretation of deviations from benchmarks.

The specific financial ratios employed in this study and their computational formulas are as follows. Liquidity was assessed using the Current Ratio ( $\text{Current Assets} \div \text{Current Liabilities} \times 100\%$ ) and Quick Ratio ( $(\text{Current Assets} - \text{Inventories}) \div \text{Current Liabilities} \times 100\%$ ). Solvency was evaluated using the Debt-to-Asset Ratio ( $\text{Total Liabilities} \div \text{Total Assets} \times 100\%$ ) and Debt-to-Equity Ratio ( $\text{Total Liabilities} \div \text{Total Equity} \times 100\%$ ). Profitability was measured using Return on Assets ( $\text{Net Income} \div \text{Total Assets} \times 100\%$ ) and Return on Equity ( $\text{Net Income} \div \text{Total Equity} \times 100\%$ ).

### Statistical Analysis

Given the population-based nature of the dataset (comprising all available observations for the single entity under study), the analytical approach employed descriptive statistical methods rather than inferential testing. Descriptive statistics, including arithmetic means, standard deviations, minimum and maximum values, were computed to characterize the distribution of each financial ratio across the five-year observation period. Temporal trend analysis was conducted through year-over-year comparison and visual examination of directional patterns to identify performance trajectories and structural shifts. Performance classification was determined by comparing five-year mean ratios against established industry benchmarks, with deviations categorized as “above standard,” “below standard (favorable),” “below standard (unfavorable),” or “substantially below standard” based on the magnitude and direction of deviation. All calculations were performed using Microsoft Excel 2021 with cross-validation for computational accuracy.

### Ethical Considerations

This study exclusively utilizes publicly available secondary data obtained from regulated financial disclosures on the Indonesia Stock Exchange. No human participants, animal subjects, or confidential proprietary information were involved in this research. Accordingly, formal ethical clearance from an institutional review board was not required. Nevertheless, this study adheres rigorously to the principles of academic integrity, responsible data use, and accurate representation of financial information as mandated by the Committee on Publication Ethics (COPE) guidelines and the Declaration of Helsinki's provisions regarding research conducted with publicly accessible data. All data sources are fully disclosed and verifiable through official regulatory archives.

## RESULTS

This section presents the empirical findings of the financial ratio analysis conducted on PT Mustika Ratu Tbk for the 2019–2023 observation period. Results are organized by analytical dimension—liquidity, solvency, and profitability—and are accompanied by tabular representations and descriptive statistical summaries.

### Liquidity Performance

Table 1 presents the comprehensive summary of financial ratio values computed for PT Mustika Ratu Tbk across the five-year study period, alongside the corresponding industry benchmarks.

Table 1 Summary of Financial Ratio Performance of PT Mustika Ratu Tbk (2019–2023)

Financial Ratio	2019	2020	2021	2022	2023	Industry Std.
Current Ratio (%)	405.84	281.59	233.51	193.78	148.01	200
Quick Ratio (%)	292.41	185.24	131.20	117.02	71.38	150
Debt-to-Asset Ratio (%)	19.79	25.71	29.44	33.26	39.57	35
Debt-to-Equity Ratio (%)	24.68	34.60	41.73	49.85	65.51	90
Return on Assets (%)	2.31	0.15	-0.73	1.86	6.86	30
Return on Equity (%)	2.88	0.20	-1.03	2.79	11.35	30

Source: Computed from audited financial statements, Indonesia Stock Exchange (2019–2023).

The liquidity analysis revealed that PT Mustika Ratu Tbk maintained Current Ratio values consistently above the 200% industry benchmark throughout the study period, with the exception of 2022 (193.78%) and 2023 (148.01%). The five-year average Current Ratio stood at 252.55%, indicating that the company generally possessed more than twice the current assets relative to current liabilities required by industry standards. However, a pronounced declining trend was observed, with the ratio decreasing from a peak of 405.84% in 2019 to 148.01% in 2023, representing a 63.53% reduction over the observation period.

Similarly, the Quick Ratio demonstrated a consistent downward trajectory, declining from 292.41% in 2019 to 71.38% in 2023. The five-year average Quick Ratio of 159.45% exceeded the 150% industry benchmark, although the 2022 and 2023 values fell below this threshold, indicating an emerging constraint in the company's ability to meet short-term obligations without relying on inventory liquidation.

### Solvency Performance

The Debt-to-Asset Ratio exhibited a gradual upward trend from 19.79% in 2019 to 39.57% in 2023, with a five-year average of 29.55%. This average falls below the 35% industry standard, suggesting that the company maintained a conservative approach to debt-financed asset acquisition for most of the observation period. However, the 2023 value of 39.57% exceeded the industry threshold, signaling a potential shift toward increased leveraging.

The Debt-to-Equity Ratio similarly increased from 24.68% in 2019 to 65.51% in 2023, with a five-year average of 43.27%. This value remains substantially below the 90% industry standard, reflecting a decidedly conservative capital structure characterized by equity dominance over debt financing. While such conservatism reduces financial risk and insolvency probability, it may simultaneously constrain the company's capacity to leverage external capital for growth-oriented investments.

### Profitability Performance

Profitability analysis revealed the most critical performance deficiency. Both ROA and ROE exhibited persistent underperformance relative to industry expectations throughout the study period. The average ROA of 2.09% and average ROE of 3.24% fell substantially below the 30% industry benchmark, representing deviations of approximately 93% and 89% respectively. Notably, the profitability trajectory was non-linear. ROA declined from 2.31% in 2019 to a negative -0.73% in 2021, reflecting a net operating loss during the peak pandemic impact period. A subsequent recovery was observed, with ROA increasing to 1.86% in 2022 and reaching 6.86% in 2023—the highest value in the observation period. ROE followed a parallel pattern, declining to -1.03% in 2021 before recovering to 11.35% in 2023. While these recovery trends are noteworthy, the absolute values remain substantially below industry expectations.

### Descriptive Statistical Summary

Table 2 presents the descriptive statistical profile of all financial ratios across the study period.

Table 2 Descriptive Statistics of Financial Ratios (2019–2023)

Ratio	Mean	Std. Dev.	Min	Max	N
Current Ratio (%)	252.55	96.30	148.01	405.84	5
Quick Ratio (%)	159.45	83.47	71.38	292.41	5
Debt-to-Asset (%)	29.55	7.46	19.79	39.57	5
Debt-to-Equity (%)	43.27	15.31	24.68	65.51	5
ROA (%)	2.09	2.81	-0.73	6.86	5
ROE (%)	3.24	4.59	-1.03	11.35	5

Note. N = number of annual observations. Std. Dev. = standard deviation.

The descriptive statistics reveal substantial variability across all ratio categories. Liquidity ratios exhibited the highest absolute dispersion, with the Current Ratio standard deviation of 96.30 percentage points reflecting significant year-to-year fluctuation. Profitability ratios demonstrated the highest relative variability, with the ROE coefficient of variation (standard deviation/mean = 141.67%) indicating pronounced instability in return generation capacity.

### Integrated Performance Classification

Table 3 synthesizes the performance evaluation by classifying each financial dimension against industry benchmarks.

Table 3 Integrated Performance Classification Against Industry Benchmarks

Dimension	Five-Year Mean	Industry Benchmark	Performance Classification
Liquidity	252.55%	200%	Above Standard
Quick Liquidity	159.45%	150%	Above Standard
Leverage (DAR)	29.55%	35%	Below Standard (Favorable)
Leverage (DER)	43.27%	90%	Below Standard (Conservative)
Profitability (ROA)	2.09%	30%	Substantially Below Standard
Profitability (ROE)	3.24%	30%	Substantially Below Standard

## DISCUSSION

### Interpretation of Research Findings

The empirical findings of this study reveal a financial performance profile characterized by a fundamental structural imbalance: strong liquidity coexisting with persistently weak profitability. This pattern, which may be conceptualized as a “liquidity-profitability paradox,” suggests that PT Mustika Ratu Tbk has prioritized short-term financial security and conservative debt management at the potential expense of growth-oriented capital deployment and operational efficiency optimization. The company's ability to maintain liquidity ratios above industry benchmarks for most of the observation period indicates sound working capital management practices. However, the consistently declining trajectory of both Current and Quick Ratios signals that this liquidity advantage is eroding progressively—a trend warranting management attention and proactive intervention (Brigham & Houston, 2003; sahrir, 2025).

The solvency analysis further corroborates the conservative financial strategy characterizing the company's capital structure decisions. The consistently low Debt-to-Equity Ratio, averaging 43.27% against a 90% industry standard, indicates that management has maintained a strong preference for equity financing over debt leverage. While this approach minimizes insolvency risk and preserves financial flexibility, it may represent suboptimal capital structure management when evaluated through the lens of (Modigliani & Miller, 1958; Keown et al., 2011) capital structure theory, which posits that moderate leverage can enhance firm

value through the tax shield effect of debt.

### Comparative Analysis with Antecedent Studies

The findings of this study are broadly consistent with prior research on Indonesian manufacturing and consumer goods firms. Aziz et al. (2024) similarly reported that consumption goods companies listed on the Indonesia Stock Exchange exhibited significant variability in liquidity's impact on financial performance, with liquidity demonstrating a positive and significant influence while solvency showed no individual effect. The present study's observation of strong liquidity coupled with weak profitability aligns with the findings of Hulaemah et al. (2024), who documented parallel patterns among food and beverage subsector companies during the 2019–2022 period.

The post-pandemic profitability recovery trajectory observed in PT Mustika Ratu Tbk—from negative returns in 2021 to positive and improving returns in 2022–2023—mirrors broader sector-wide patterns documented by Nguyen et al. (2024), who found that liquidity positively influences financial performance but through the mediating mechanism of capital structure optimization in Vietnamese listed companies. Furthermore, the findings are congruent with (Li et al., 2024), whose analysis of corporate failures demonstrated that while liquidity ratios possess limited independent predictive power for financial distress, profitability and solvency ratios serve as more robust predictors of long-term financial sustainability (Asiani & Rahayu, 2024).

At the international level, the results align with evidence from the Johannesburg Stock Exchange, where Mokoena et al. (2025) documented that leverage and liquidity exhibit complex, non-linear relationships with financial performance in consumer goods firms, with profitability demonstrating the strongest predictive capacity for overall financial health. The conservative leverage strategy observed in PT Mustika Ratu Tbk resonates with Dahiyat et al. (2021), who found that Jordanian firms similarly exhibited cautious leverage approaches, particularly during periods of economic uncertainty.

### Implications of the Findings

The implications of these findings extend across multiple stakeholder groups. For corporate management, the results highlight an urgent need to rebalance the financial strategy from liquidity preservation toward profitability enhancement. Specific actionable strategies may include operational cost restructuring, strategic asset redeployment toward higher-return business segments, revenue diversification beyond traditional product lines, and calibrated leverage optimization to exploit the tax shield benefits of moderate debt financing.

For investors and market analysts, the findings provide empirical evidence that surface-level liquidity strength may mask underlying profitability deficiencies, underscoring the importance of multi-dimensional financial analysis in investment decision-making. For regulators and policymakers, the study contributes evidence regarding the financial resilience patterns of Indonesian consumer goods firms during periods of macroeconomic disruption, which may inform industry-specific support policies and regulatory frameworks.

From a theoretical perspective, the findings contribute to the empirical validation of signaling theory in the Indonesian market context, demonstrating that financial ratios serve as differentiated signals—with liquidity ratios projecting financial stability while profitability ratios reveal operational effectiveness—and that the interpretive value of these signals may diverge significantly within the same firm.

### Research Limitations

Several limitations of this study must be acknowledged to contextualize the findings appropriately. First, the single-firm research design, while enabling deep longitudinal analysis, inherently limits the external generalizability of findings to other firms or sectors. Second, the exclusive reliance on financial ratio analysis, which utilizes historical accounting data, does not capture forward-looking market-based performance indicators such as stock returns, market capitalization, or Tobin's Q. Third, the study does not incorporate qualitative contextual factors—including management strategy, competitive dynamics, or regulatory changes—that may influence financial performance outcomes. Fourth, the industry benchmarks employed represent sector-wide averages that may not fully account for sub-sector or firm-size variations. Finally, the five-year observation period, while capturing the pandemic cycle, may be insufficient for establishing robust long-term performance trends.

## CONCLUSION

This study provides a comprehensive, multi-dimensional evaluation of the financial performance of PT Mustika Ratu Tbk over the 2019–2023 period, employing an integrated analytical framework encompassing liquidity, solvency, and profitability ratio analysis. The empirical evidence demonstrates that the company maintains a sound short-term financial position, with liquidity ratios generally exceeding industry benchmarks and solvency indicators reflecting conservative debt management and controlled financial risk exposure. However, the persistent and substantial deficiency in profitability—with both ROA and ROE remaining far below industry expectations despite a post-pandemic recovery trend—constitutes the most critical finding, indicating structural inefficiencies in the company's capacity to convert its asset base and equity investments into adequate returns.

These findings reinforce the theoretical proposition that financial performance is a multi-faceted construct requiring holistic evaluation rather than reliance on isolated indicators. The coexistence of liquidity strength and profitability weakness within a single entity underscores the importance of integrated analytical frameworks in both academic research and practical financial management. The evidence presented in this study supports the conclusion that maintaining adequate liquidity, while necessary, is insufficient for long-term financial sustainability unless accompanied by commensurate profitability performance.

Based on the empirical evidence, the following recommendations are advanced. For PT Mustika Ratu Tbk management, it is recommended to implement a strategic profitability improvement program encompassing operational cost optimization, product portfolio rationalization, market expansion initiatives, and calibrated leverage adjustment to exploit moderate debt financing benefits. For the academic community, future research is encouraged to adopt multi-firm comparative designs, incorporate market-based

performance metrics, integrate qualitative analytical methods, and employ advanced econometric modeling techniques such as panel data regression and structural equation modeling to establish causal relationships among financial performance dimensions. For industry regulators, the findings suggest the potential value of developing sector-specific financial health monitoring frameworks that simultaneously evaluate multiple performance dimensions rather than relying on single-indicator assessments.

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## CONFLICT OF INTERESTS

The authors declare that this research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest. No external funding was received for this study.

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