COMPARATIVE ANALYSIS OF THE EFFECTS OF PRESIDENT DECREE NO.55 THE YEAR 2019 ON THE COMPANY PERFORMANCE OF A CAR DISTRIBUTOR COMPANY IN INDONESIA A CASE STUDY OF ASTRA INTERNATIONAL TBK AND PT INDOMOBIL SUKSES INTERNASIONAL TBK

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ABSTRACT

Indonesia has moved towards energy efficiency, sustainable energy, and energy conservation in the transportation sector to achieve the goal of reaching net zero emissions by 2060. Moreover, the validation of President Decree Republic of Indonesia no.55/2019 encourages the growth of battery electric vehicles in Indonesia. However, the validation of the decree can be a challenge to car distributors in Indonesia that mainly focuses on fossil-fueled vehicles. The validation of the Presidential Decree is hypothesized to be affected negatively for the fossil-fueled distributors in Indonesia. Moreover, the decree also states to give incentives for purchasing electric vehicles. This also can shift the mindset of the market to purchase EVs instead of fossil-fueled vehicles which can impact the financial performance of both vehicle distributors. The purpose of this research is to analyze the financial performance of listed vehicle distributors in Indonesia and to examine the significant differences between before (2016-2018) and after (2019-2021) validation of the Decree. The objects of this research are PT Astra International Tbk and PT Indomobil Sukses Internasional. The data was collected from companies' financial reports. The data will be examined using descriptive financial ratio analysis of the companies, and paired t-test is applied to examine the significance before and after the decree. The result shows that the validation of the Presidential Decree does not significantly affect the most of financial ratios of both companies. The result also shows that the companies' healthiness rating does not significantly affect by the decree. Although Astra International Tbk is classified as Healthy and Indomobil Sukses is classified as less healthy, the result shows that there is no significant difference between before and after the validation of the Presidential Decree, there are still opportunities for both companies to improve their performance in the future. The government's initiative to validate the presidential decree should be considered for both companies to start their research about EVs, develop the EV infrastructures, and prepare for the after-sales services.

Keywords*:* Electric Vehicles, Financial Ratio Analysis, President Decree Republic of Indonesia no.55/2019, Student paired t-test, Indonesian Car Distributors

INTRODUCTION

A shift in the automotive industry from fossil-fueled engines to battery-powered engines is emerging in most countries. Indonesia is also included in the countries that accelerate the shift of fossil fuels into battery-powered vehicles. The government also plays an important role in supporting this decision, proven by the approval of Presidential Decree No. 55 in the year 2019 about the acceleration of Battery Electric Vehicles (BEV) infrastructures. President of Indonesia, Joko Widodo stated that Indonesia must be one of the players in the electric vehicle industry, starting from developing infrastructures for electric vehicles, partnering with foreign car manufacturers to build electric vehicle factories in Indonesia, and planning for electric vehicle ownership incentives in 2023. The above factors increase the appeal of having electric vehicles in Indonesia. Proven from the data gathered from the Indonesian Association of Motor Vehicles Industry or Gabungan Industri Kedaraan Bermotor Indonesia (GAIKINDO, 2022) sales of Electric vehicles in Indonesia increased significantly every year.

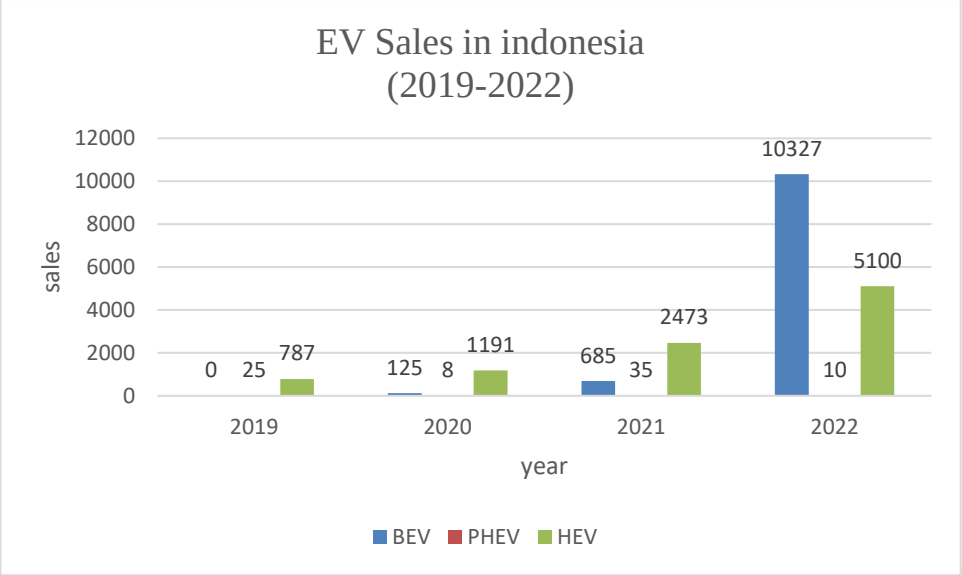


Figure 1. Electronic Car Sales in Indonesia from the first presidential decree no.55 the year 2019 until 2022 (GAIKINDO, 2022)

Figure 1 shows the increase in electric vehicle buyers in Indonesia from 2019 to 2022. The figure shows that in 2019, Hybrid Electric Vehicle (HEV) is dominating the market with 787 units sold, meanwhile, Plug-in Hybrid Electric Vehicle (PHEV) only 25 units and leaves BEV with 0 units sold. Even though, the number of Battery Electric Vehicles (BEVs) starts to increase rapidly and in 2022 stated that the sales of BEVs in the following year is at 10.327 units, followed by the sales of HEV at 5.100 units.

However, validation of the decree can be a challenge to car distributor in Indonesia that mainly focuses on fossil-fueled vehicles. Data from the Indonesian Police (POLRI) stated that there are 152,51 million fossil-fueled vehicles in Indonesia as of 31 December 2022, dominated by motorcycles with 123.993.797 units, followed by passenger cars with 19.314.077 units. Figure 2 shown below shows the leading market share in the car industry.

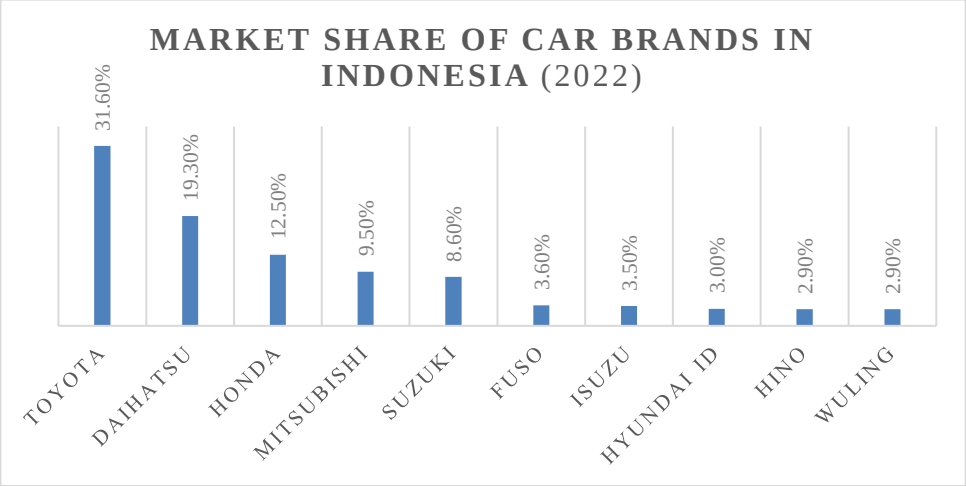


Figure 2. Market share of car brands in Indonesia in 2022 (GAIKINDO, 2022)

Figure 2 shows that Toyota, Daihatsu, and Honda are leading the market with market shares of 31.6%, 19.3%, and 12.5%, followed by Mitsubishi and Suzuki with market shares of 9.5% and 8.6% respectively as of 31 December 2022 (GAIKINDO, 2022). Most of the cars produced by the companies above use fossil-fueled engines. The entrance of Battery Electric Vehicles (BEV) in Indonesia obviously can affect the market shares of each company. The distribution of electric vehicles had been done before the validation of the decree. Even though, it was hardly sold as the market still prefers fossil-fueled vehicles as described from the data previously. With the incentives initiatives for the possession of EVs from the government, it is possible for the market to shift its paradigm to switch to EVs and leave fossil-fueled vehicles behind. That speculation influences this research to evaluate the effects of the presidential decree on fossil-fueled car distributors from the financial perspective.

Astra Indonesia Tbk established in 1957 began its business as a trading company and was pointed as a distributor of Toyota in Indonesia in 1966 later the company was appointed as the sole agent for Daihatsu in 1973. The company's history continues to expand as it established Toyota Astra Motor in 1977 and built the iconic Toyota Kijang in 1977. One year after, Astra Indonesia Tbk established PT Daihatsu Indonesia (Further known as PT Astra Daihatsu Motor) in 1978 to strengthen its appearance in the automotive industry in Indonesia. In the year 2000, Astra became the sole agent of BMW through PT Tjahaja Sakti Motor, which is also owned by Astra.

PT Indomobil Investment was established in 1976 and later known as PT Indomobil Sukses Internasional Tbk. in 1997 as a result of a merger with PT Indomulti Inti Industri Tbk. PT Indomobil Sukses International focuses on brand licensing, vehicle distribution, credit funding for vehicles, and vehicle components. PT Indomobil Sukses Internasional Tbk. holding famous vehicle brands consist of Audi, Datsun, Suzuki, Renault, Volkswagen, Volvo, and many others brands in Indonesia. With the powerful history and track record of Astra Indonesia Tbk as a distributor of Toyota, Daihatsu, and BMW in Indonesia, and PT Indomobil Sukses Internasional with their list of famous vehicle brands from Europe and Japan, it is obvious that the validation of President Decree Republic of Indonesia no.55 the year 2019 led the companies mentioned to change their strategy to maintain their competitiveness in the future.

RESEARCH QUESTIONS

1. How does the Presidential Decree affect the financial performance of car distributor companies in Indonesia?
2. Is there any differences in terms of the financial performance of the companies before and after the Presidential Decree?
3. What is the Company Healthines Level based on the Minister's Decree of State-Owned Enterprise (SOE) No: KEP-100/BMU/2002 before (2016-2018) and after (2019-2021) Presidential Decree No. 55 2019?

RESEARCH OBJECTIVES

The main objective of this research is to analyze and evaluate the effects of the validation of Presidential Decree No. 55 2019 on the financial performance of Astra International Tbk. compared with PT Indomobil Sukses Internasional. Descriptive Financial ratio analysis will be used to measure the performance of the companies three years before and after the validation of the Presidential Decree (2016-2021). According to the research question, the objective of this research is:

1. To evaluate the effects of the Presidential Decree on the financial performance of the research objects, which are car distributors in Indonesia.
2. To examine the differences in terms of financial performance of the research objects before and after the Presidential Decree.
3. To evaluate the company's healthiness level before (2016-2018) and after (2019-2021) the validation of Presidential Decree no.55 2019.

Hopefully, this research can achieve the objective mentioned above. This research is beneficial mainly for academicians that are interested in the effects of BEV on fossil-fueled vehicles from a company's financial performance perspective. Moreover, this research is also can be used by academicians and lecturers to comprehend the importance of financial ratio analysis to a company's performance. In addition, this research is also beneficial for the company manager to make strategic decisions in the future.

LITERATURE REVIEW

FINANCIAL RATIO ANALYSIS

Financial ratios can be analyzed to measure the financial health of a company. According to (Edmister, 1972) financial ratio is useful to show performance and can predict the failure of a company. Debt and profitability ratios are essential indicators to analyze the financial performance of a firm. (Babalola & Abiola, 2013) stated that financial ratio analysis is an important tool to improve the decision making of a company. Evaluating a company's financial condition, management, strategies, and business environment is important for decision makers, managers, investors, bankers, creditors, and many parties to decide their strategies in the future. In (Rashid, 2018) financial ratio analysis is important to understand and measure how well a company's performance, and identify the positive and negative state of a company. Financial ratio analysis is also essential in assessing the performance of a company between two periods (Purwanto & Daryanto, 2020). Previous research that utilized financial ratio analysis to measure a company's healthiness applied to the analysis of conventional taxi companies before and after the ride-hailing companies in Indonesia (Daryanto et al., 2019). Financial ratio analysis is also utilized in research analyzing pharmaceutical companies before and after universal healthcare coverage initiation in Indonesia (Purwanto & Daryanto, 2020).

The descriptive Financial Ratio Analysis applied in this research consists of eight indicators referring to State-Owned Company Minister Decree No.KEP-100/MBU/2022. The Minister Decree states the indicators of a company's healthiness consist of Return on Equity (ROE), Return on Investment (ROI), Cash Ratio, Current Ratio, Inventory Turnover, Total Assets Turnover, Collection Period, and Total Equity to Total Assets Ratio. Indicators will be examined and the total weighted score will be assessed to validate the financial performance of the company.

Financial ratios are divided into four main categories, 1. Liquidity Ratio, 2. Solvency Ratio. 3. Turnover Ratio, and 4. Profitability Ratio. Liquidity ratio measures the ability of firms to fulfill their current liabilities from their current assets (Daryanto, et al., 2021). The higher current ratios indicate that the company is more likely able to pay its short-term liability, hence, more liquid. The solvency ratio is a ratio to measure a company's ability to pay its long-term liabilities. Insolvent companies are shown with low numbers of solvency ratios. Companies can be categorized as liquid, but insolvent companies, meaning that the company is not able to meet its long-term liabilities (Amalia et al., 2020). Turnover ratios measure how many inventories are being sold or how fast the ratio is being sold in a period (Daryanto & Samidi, 2018). Fast turnover ratios indicate how fast and efficiently a company does to sell its inventories. Profitability ratios are used to measure a company's ability to generate sales from its sales, equity, and assets (Daryanto et al., 2020). A higher profitability ratio indicates higher returns from its equity, assets, and sales. All

ratios mentioned above are essential to measure how well a company performs, and later the ratio is compared using student's t-test to evaluate the significant differences in the two periods of time.

This study will utilize eight ratios that later on assessed using indicators referring to the State-Owned Company Minister Decree, which are Return on Equity, Return on Investment, Cash Ratio, Current Ratio, Asset Turnover, Inventory Turnover, Collection Period, and Total Equity to Total Assets Ratio.

Table 1. List of Financial Ratio Analysis performed in this study

Calculation Matrics	Description	Formula
Return on Equity	Return on Equity measures the profit shareholders can generate from the income for a certain period.	Net Income/Total Equity x 100%
Return on Investment	Return on Investment measures the return of an investment entitiy can generate for each dollar invested in a certain period.	EBIT+Depreciation/Capital Employed x 100%
Cash Ratio	Cash Ratio measures the ability of a company to repay its short-term liabilities with cash or cash-equivalent sources.	Cash/Current Liabilities x 100%
Current Ratio	Current Ratio measures the ability of a company in repaying its short-term liabilities with current assets.	Current Assets/Current Liabilities x 100%
Asset Turnover	Asset Turnover is an efficiency ratio that measures how efficiently assets are used to generate sales.	Net Sales/Capital Employed x 100%
Inventory Turnover	Inventory Turnover is an efficiency ratio that measures how efficiently inventory was sold and managed for a certain period.	Inventory/Sales x 365
Collection Period	Collection Period measures how fast and effective a company collects its receivables	Account Receivables/Sales x 365
Total Equity to Total Asset Ratio	Total Equity to Total Asset Ratio measures how much assets a company had been converted by issuing shares instead of taking on debt	Total Equity/Total Asset x 100%

Source: Minister's Decree of SOE No: KEP-100/BMU/2002

Table 1 above describes Financial Ratio Analysis that is going to be implemented in this research. Each financial ratios assess different kinds of aspects to measure the company's performance and the result will be paired with the weighted score to determine the company's healthiness.

ASSESSMENT METHOD OF COMPANY'S HEALTHINESS LEVEL FOR STATE-OWNED ENTERPRISE IN INDONESIA

The validation of Minister's Decree of State-Owned Enterprise No: KEP-100/BMU/2002 about the Assessment of Company's Healthiness is used as an indicator to assess the performance of state-owned enterprises (BUMN or Badan Usaha Milik Negara) in Indonesia. The majority of the assets and capital of a state-owned firm are directly owned by the state and kept separate. (Rahadiyan, 2013). The initial purpose of this decree is to assess whether the State-Owned Enterprises is well performing or underperforming. Even though, this indicator also can be used to measure and compare different types of companies, including private companies. A study performed by (Purwanto & Daryanto, 2020) also showed that this Minister's Decree can be utilized to assess State-Owned and Private Companies. This study utilizes this indicator to assess the performance of the research objects, since the indicators and goals are similar to the State-Owned Companies, to maximize profit through good governance practices.
Referring to the Minister's Decree State-Owned Enterprises are categorized into two classes, Financial Services, and Non-Financial Services. The Non-Financial category is further separated into Infrastructure and Non-Infrastucture companies. The healthiness of the companies is determined by the company's performance for the current year, consisting of financial, operational, and administrative aspects. The focus of this study is to assess the financial aspect of the research objects and exclude the others. Table 2 will explain about Company's healthiness score based on the Minister's Decree.

Table 2. Company's Healthiness Score

Healthiness Level	Rating	Total Weighted Score
Healthy	AAA	>95
	AA	80<Weighted Score<=95
	A	65<Weighted Score<=80
Less Healthy	BBB	50<Weighted Score<=65
	BB	40<Weighted Score<=50
	B	30<Weighted Score<=40
Unhealthy	CCC	20<Weighted Score<=30
	CC	10<Weighted Score<=20
	C	Weighted Score<=10

Source: Minister's Decree of SOE No: KEP-100/BMU/2002

To classify the companies into healthy, less healthy, and unhealthy, the total weighted score was obtained by summing the score of eight financial ratios as mentioned previously. The indicator of the weighted score is separated between the types of the company, according to the Minister's Decree. Table 3 will explain the weighted score for each indicator according to Minister's Decree.

Table 3. Indicator of weighted score based on the company type

Indicator	Weighted Score
Return on Equity (ROE)	20
Return on Investment (ROI)	15
Cash Ratio (CaR)	5
Current Ratio (CuR)	5
Collection Period (CP)	5
Inventory Turnover (IT)	5
Total Asset Turnover (TATO)	5
Total Equity to Total Asset Ratio (TETA)	10
Total Weighted Score	70

Source: Minister's Decree of SOE No: KEP-100/BMU/2002

Table 3 explains the weighted score applied to the indicators. The weighted score will be summed in the end to determine the healthiness of the assessed company. Each indicator has a different score for each of the final results.

RETURN ON EQUITY

Table 4. Return on Equity and the weighted score

Return on Equity (%)	Score
15<ROE	20
13<ROE<=15	18
11<ROE<=13	16
9<ROE<=11	14
7.9<ROE<=9	12
6.6<ROE<=7.9	10
5.3<ROE<=6.6	8.5
4<ROE<=5.3	7
2.5<ROE<=4	5.5
1<ROE<=2.5	4
0<ROE<=1	2
ROE<0	0

Source: Minister's Decree of SOE No: KEP-100/BMU/2002

Table 4 above explains the score of ROE and the weighted scores based on the ROE. The highest score of 20 will be given if the ROE is more than 15%, and the lowest score of 0 will be given if the ROE of the company is less than 0%. In the end, the score will be accumulated and the final score will be examined according to the company's healthiness level.

RETURN ON INVESTMENT

Table 5. Return on Investment and the weighted scores

Return on Investment (%)	Score
18 < ROI	15
15 < ROI <= 18	13.5
13 < ROI <= 15	12
12 < ROI <= 13	10.5
10.5 < ROI <= 12	9
9 < ROI <= 10.5	7.5
7 < ROI <= 9	6
5 < ROI <= 7	5
3 < ROI <= 5	4
1 <ROI <= 3	3
0 < ROI <= 1	2
ROI <0	1

Source: Minister's Decree of SOE No: KEP-100/BMU/2002

Table 5 above explains the score of ROI and the weighted scores based on the ROI. The highest score of 15 will be given if the ROI is more than 15%, and the lowest score of 0 will be given if the ROE of the company is less than 0%. In the end, the score will be accumulated and the final score will be examined according to the company's healthiness level.

CASH RATIO

Table 6. Cash Ratio and the weighted score

Cash Ratio (%)	Score
CaR >= 35	5
25<= CaR <35	4
15<= CaR <25	3
10<= CaR <15	2
5<= CaR<10	1
0<= CaR <5	0

Source: Minister's Decree of SOE No: KEP-100/BMU/2002

Table 6 above explains the score of Cash Rartio and the weighted scores based on the Cash Ratio. The highest score of 5 will be given if the Cash Ratio is more than 35%, and the lowest score of 0 will be given if the ROE of the company is 0% to 5%. In the end, the score will be accumulated and the final score will be examined according to the company's healthiness level.

CURRENT RATIO

Table 7. Current Ratio and the weighted score

Current Ratio (%)	Score
125<= CuR	5
110<= CuR <125	4
100<= CuR <110	3
95<= CuR <100	2
90<= CuR <95	1
CuR <90	0

Source: Minister's Decree of SOE No: KEP-100/BMU/2002

Table 7 above explains the score of the Current Ratio and the weighted scores based on the Current Ratio. The highest score of 5 will be given if the Current Ratio is more than 125%, and the lowest score of 0 will be given if the Current Ratio of the company is less than 90%. In the end, the score will be accumulated and the final score will be examined according to the company's healthiness level

COLLECTION PERIOD

Table 8. Collection Period and the weighted scores

Collection Period (Days)	Correction (Days)	Score
CP <=60	x>35	5
60< CP <=90	30<x<=35	4.5
90< CP <=120	25<x<=30	4
120< CP <=150	20<x<=25	3.5
150< CP <=180	15<x<=20	3
180< CP <=210	10<x<=15	2.4
210< CP <=240	6<x<=10	1.8
240< CP <=270	3<x<=6	1.2
270< CP <=300	1<x<=3	0.6
300< CP	0<x<=1	0

Source: Minister's Decree of SOE No: KEP-100/BMU/2002

Table 8 above explains the score of the Collection Period and the weighted scores based on the Collection Period. The highest score of 5 will be given if the Collection Period is less than or equal to 60 days or correction between Collection Period each year is more than 35 days. The lowest score of 0 will be given if the Collection Period of the company is more than 300 days or correction between Collection Period each year is 0 to 1 day. In the end, the score will be accumulated and the final score will be examined according to the company's healthiness level.

INVENTORY TURNOVER

Table 9. Inventory Turnover and the weighted score

Inventory Turnover (Days)	Correction (Days)	Score
IT <=60	35<x	5
60< IT <=90	30<x<=35	4.5
90< IT <=120	25<x<=30	4
120< IT <=150	20<x<=25	3.5
150< IT <=180	15<x<=20	3
180< IT <=210	10<x<=15	2.4
210< IT <=240	6<x<=10	1.8
240< IT <=270	3<x<=6	1.2
270< IT <=300	1<x<=3	0.6
300< IT	0<x<=1	0

Source: Minister's Decree of SOE No: KEP-100/BMU/2002

Table 9 above explains the score of Inventory Turnover and the weighted scores based on the Inventory Turnover. The highest score of 5 will be given if the Inventory Turnover is less than or equal to 60 days or correction between Inventory Turnover each year is more than 35 days. The lowest score of 0 will be given if the Inventory Turnover of the company is more than 300 days or correction between Inventory Turnover each year is 0 to 1 day. In the end, the score will be accumulated and the final score will be examined according to the company's healthiness level.

TOTAL ASSET TURNOVER

Table 10. Total Asset Turnover and the weighted score

Total Assets Turnover (%)	Correction (%)	Score
120< TATO	20<x	5
105< TATO <=120	15<x<=20	4.5
90< TATO <=105	10<x<=15	4
75< TATO <=90	5<x<=10	3.5
60< TATO <=75	0<x<=5	3
40< TATO <=60	x<=0	2.5
20< TATO <=40	x<0	2
TATO <=20	x<0	1.5

Source: Minister's Decree of SOE No: KEP-100/BMU/2002

Table 10 above explains about Total Assets Turnover and the weighted scores based on the Total Asset Turnover. The highest score of 5 will be given if the Total Asset Turnover is more than 120 days or correction between Total Asset Turnover each year is more than 20 days. The lowest score of 0 will be given if the Total Asset Turnover of the company is less than or equal to 20 days or correction between Total Asset Turnover each year is less than 0 days. In the end, the score will be accumulated and the final score will be examined according to the company's healthiness level.

TOTAL EQUITY TO TOTAL ASSET RATIO

Table 11. Total Equity to Total Asset Ratio and the weighted score

Total Equity to Total Assets (%)	Score
TETA <0	0
0<= TETA <10	4
10<= TETA <20	6
20<= TETA <30	7.25
30<= TETA <40	10
40<= TETA <50	9
50<= TETA <60	8.5
60<= TETA <70	8
70<= TETA <80	7.5
80<=TETA <90	7
90<= TETA <100	6.5

Source: Minister's Decree of SOE No: KEP-100/BMU/2002

Table 11 above explains the score of Total Equity to Total Asset Ratio and the weighted scores based on the result. The highest score of 6.5 will be given if the Total Equity to Total Asset Ratio is between 90% to 100%, and the lowest score of 0 will be given if the Total Equity to Total Asset Ratio of the company is less than 0%. In the end, the score will be accumulated and the final score will be examined according to the company's healthiness level.

STUDENT PAIRED t-TEST METHOD

Student Paired t-testing method (usually called t-test) is one of the most popular statistical methods to test the mean difference between two samples is statistically significant (Mishra et al., 2019). The alternative hypothesis claimed that both means were statistically unequal, while the null hypothesis claimed that both means were statistically equal. The purpose of this study is to determine whether the alternative hypothesis is supported by the statistical computation (Lind et al, 2021). In other words, there are statistical differences between the groups. This study is using paired t-testing method.

The mean of two matched groups of cases investigated at two different points at once is compared using paired t-testing. (Lind et al., 2021). This statistical method is commonly used in evaluating the significant differences before and after a phenomenon in many industrial sectors. In a study performed by Afriza and Daryanto this method is used to evaluate and compare the financial performance of construction industry in Indonesia (Afriza & Daryanto, 2019). There is also a study performed by Kartiningsih and Daryanto that uses t-test to evaluate the firm characteristic of the profitability of food and beverages companies (Kartiningsih & Daryanto, 2020). In some cases, there is also a study that evaluates the differences between before and after an event. For example, a study performed by Daryanto, Maharani, and Wiradjaja was to evaluate the profitability ratio of PT JAPFA

Comfeed before and after COVID-19 (Daryanto et al, 2021). This statistical method is also feasible to evaluate subjects with a small sample size, with a recommended sample size of six samples (Winter, 2013).

CONCEPTUAL FRAMEWORK

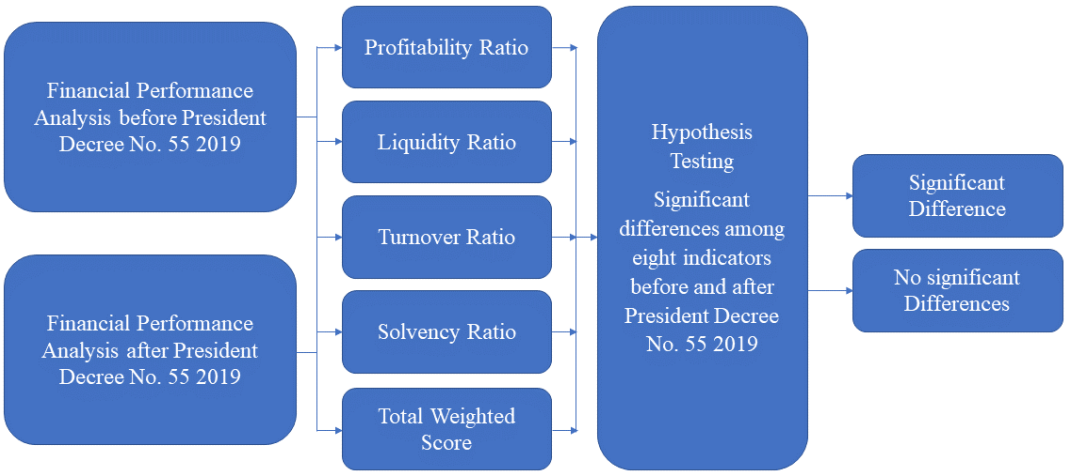


Figure 3. Conceptual Framework (Aurhors, 2023)

The conceptual framework shown in Figure 3 is adapted from studies analyzing a specific phenomenon's noteworthy distinctions using financial performance analysis. In this particular research, the framework aims specifically to examine the impact of Presidential Decree No. 55 2019 on both companies. The scope of this research is to analyze the Financial Ratio Analysis and the Total Weighted Score based on the Minister's Decree of SOE No: KEP-100/BMU/2002.

HYPOTHESES

This research is using nine hypotheses to determine the significance of the financial performance analysis of both companies before and after the Presidential Decree. The hypotheses that are used are :

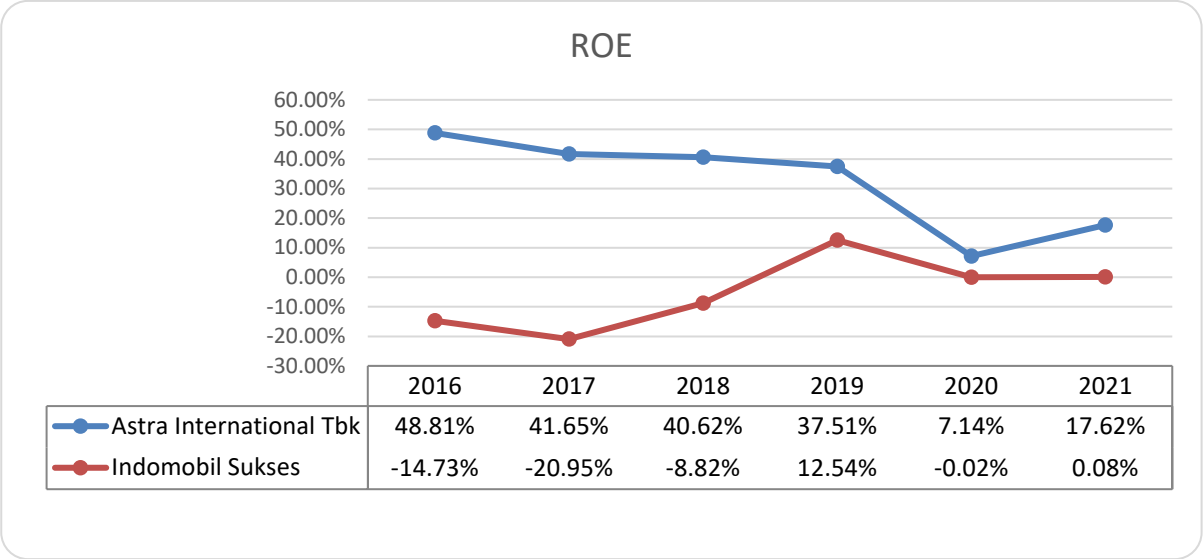
H1: No significant difference in the ROE analysis of the companies before and after the Presidential Decree.
H2: No significant difference in the ROI analysis of the companies before and after the Presidential Decree.
H3: No significant difference in the Cash Ratio analysis of the companies before and after the Presidential Decree.
H4: No significant difference in the Current Ratio analysis of the companies between before and after the Presidential Decree.
H5: No significant difference in the Collection Period analysis of the companies before and after the Presidential Decree.
H6: No significant difference in the Inventory Turnover analysis of the companies before and after the Presidential Decree.
H7: There is no significant difference in the Asset Turnover analysis of the companies before and after the Presidential Decree.
H8: No significant difference in the Total Equity to Total Asset ratio analysis of the companies before and after the Presidential Decree.
H9: No significant difference in the Total Weighted Score of the Company Healthiness Level between before and after the Presidential Decree.

RESEARCH LIMITATION

This research evaluates the financial performances of car distributors in Indonesia before and after Presidential decree no.55 Year 2019. This research used two car distributors in Indonesia as a sample. Given the small sample size and the car distributors in Indonesia, it is recommended to conduct more research with larger samples of companies and a broader period. Considering the Presidential Decree can also affect his research with the same subject can also be applied to different sectors of industries, for example, the battery industry, nickel mining industry, and many more. It is also recommended to conduct similar research using different methodologies to obtain more comprehensive findings regarding the effect of Presidential Decree No. 55 2019.

RESULTS AND DISCUSSIONS

RETURN ON EQUITY

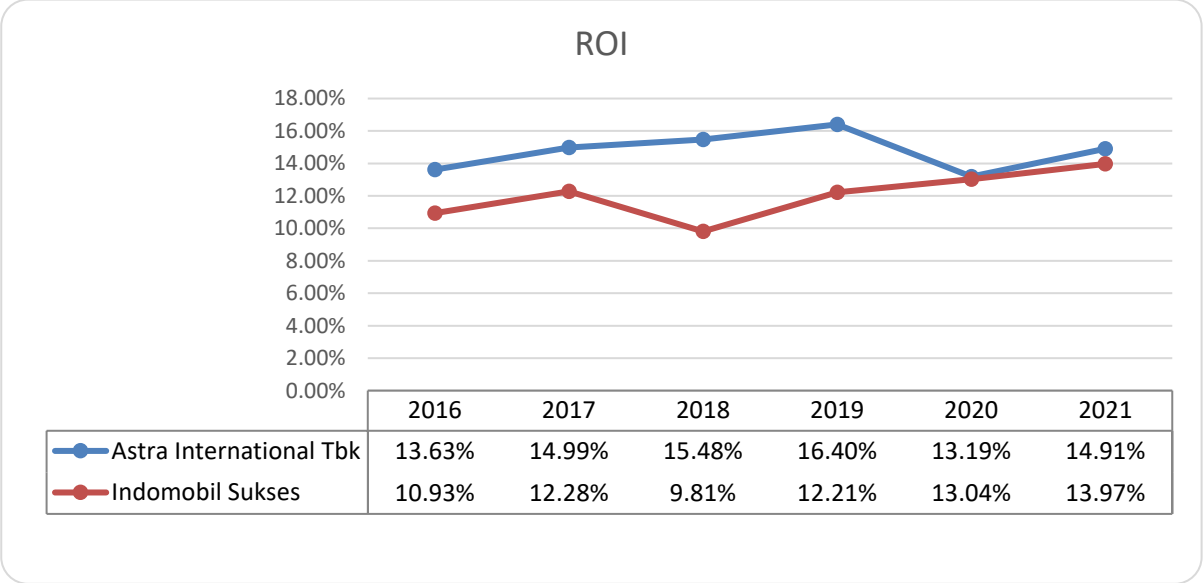


	2016	2017	2018	2019	2020	2021
Astra International Tbk	48.81%	41.65%	40.62%	37.51%	7.14%	17.62%
Indomobil Sukses	-14.73%	-20.95%	-8.82%	12.54%	-0.02%	0.08%

Figure 4. Return on Equity of Astra International Tbk and Indomobil Sukses Internasional Tbk (Authors, 2023)

Based on the paired t-test results shown on Figure 4, both p value ROE of Astra International ($p = 0.08$, μ before = 33%, μ after = 21%) and Indomobil Sukses Internasional ($p = 0.07$, μ before = -15%, μ after = 4%) are > 0.05. Hence, we should not reject the null hypothesis. With the hypothesis not rejected, the result showed no significant differences between before (2016-2018) and after (2019-2021) Presidential Decree no.55 2019.

RETURN ON INVESTMENT

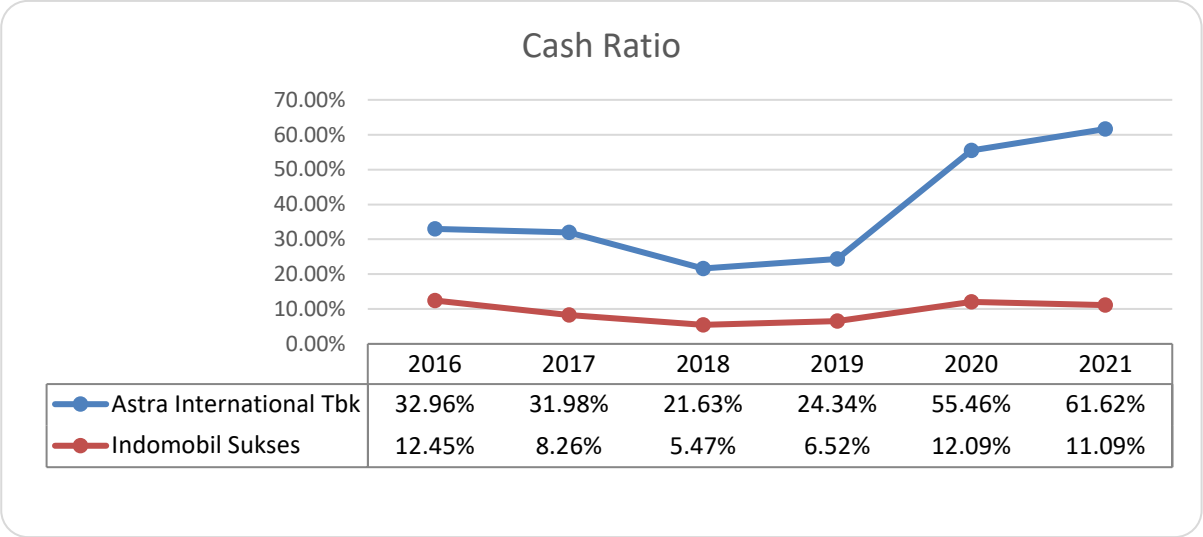


	2016	2017	2018	2019	2020	2021
Astra International Tbk	13.63%	14.99%	15.48%	16.40%	13.19%	14.91%
Indomobil Sukses	10.93%	12.28%	9.81%	12.21%	13.04%	13.97%

Figure 5. Return on Investment of Astra International Tbk and Indomobil Sukses Internasional Tbk (Authors, 2023)

Furthermore, based on the paired t-test results as shown in Figure 5, both p value ROI of Astra International ($p = 0.93$, μ before = 15%, μ after = 15%) and Indomobil Sukses Internasional ($p = 0.19$, μ before = 11%, μ after = 13%) are > 0.05. Hence, we should not reject the null hypothesis. With the hypothesis not rejected, the result showed no significant differences between before (2016-2018) and after (2019-2021) Presidential Decree no.55 2019.

CASH RATIO

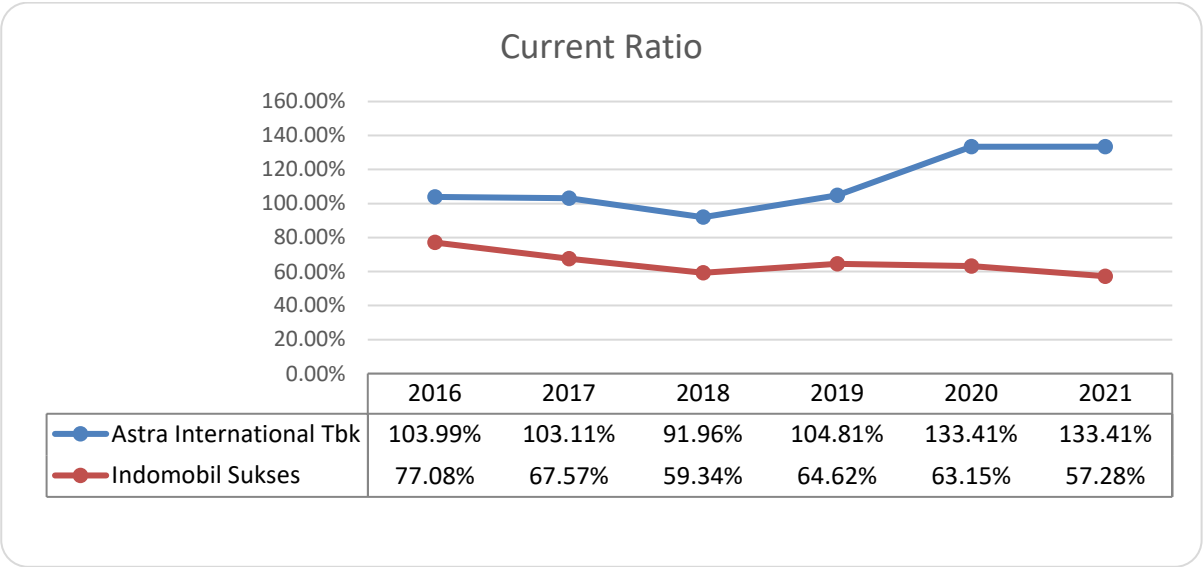


	2016	2017	2018	2019	2020	2021
Astra International Tbk	32.96%	31.98%	21.63%	24.34%	55.46%	61.62%
Indomobil Sukses	12.45%	8.26%	5.47%	6.52%	12.09%	11.09%

Figure 6. Cash Ratio of Astra International Tbk and Indomobil Sukses Internasional (Authors, 2023)

Based on the paired t-test results as shown in Figure 6, both p value Cash Ratio of Astra International (p = 0.33, μ before = 29%, μ after = 47%) and Indomobil Sukses Internasional (p = 0.77, μ before = 9%, μ after = 10%) are > 0.05. Hence, we should not reject the null hypothesis. With the hypothesis not rejected, the result showed no significant differences between before (2016-2018) and after (2019-2021) the Presidential Decree No. 55 2019.

CURRENT RATIO

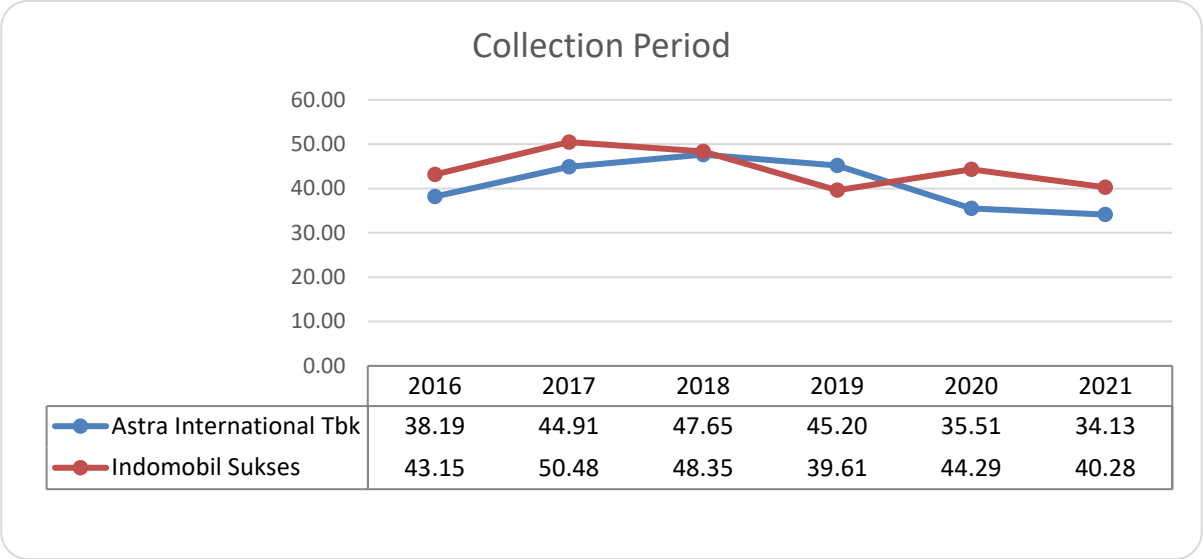


	2016	2017	2018	2019	2020	2021
Astra International Tbk	103.99%	103.11%	91.96%	104.81%	133.41%	133.41%
Indomobil Sukses	77.08%	67.57%	59.34%	64.62%	63.15%	57.28%

Figure 7. Current Ratio of Astra International Tbk and Indomobil Sukses Internasional (Authors, 2023)

Based on the paired t-test results as shown in Figure 7 above, both p-value Current Ratio of Astra International (p = 0.18, μ before = 100%, μ after = 124%) and Indomobil Sukses Internasional (p = 0.18, μ before = 68%, μ after = 62%) are > 0.05. Hence, we should not reject the null hypothesis. With the hypothesis not rejected, the result showed no significant differences between before (2016-2018) and after (2019-2021) Presidential Decree no.55 2019.

COLLECTION PERIOD

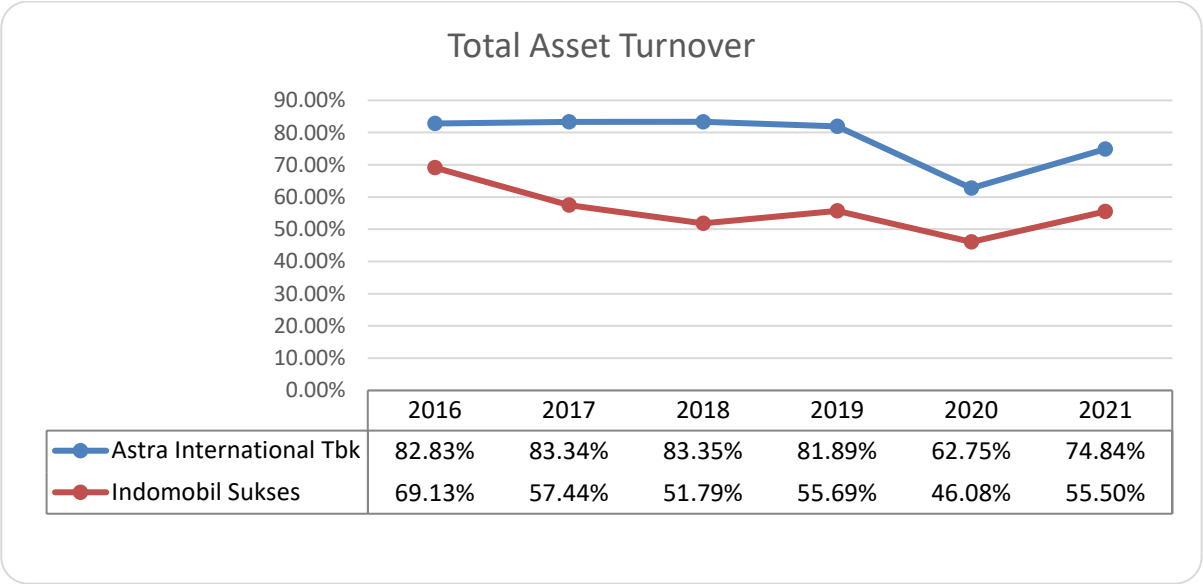


	2016	2017	2018	2019	2020	2021
Astra International Tbk	38.19	44.91	47.65	45.20	35.51	34.13
Indomobil Sukses	43.15	50.48	48.35	39.61	44.29	40.28

Figure 8. Collection Period of Astra International Tbk and Indomobil Sukses Internasional (Authors, 2023)

Furthermore, based on the paired t-test results as shown in Figure 8, the p-value of the Collection Period of Astra International is 0.49. ($p = 0.49$, μ before = 43.6, μ after = 38.3). The p value of Collection Period of Astra International is >0.05. Hence, we should not reject the null hypothesis and we can conclude that the Collection Period of Astra International is not different significantly. On the other hand, the p value of Collection Period in Indomobil Sukses Internasional ($p = 0.046$, μ before = 47.3, μ after = 41.4) is < 0.05. Hence, we reject the null hypothesis, and we can conclude that the Collection Period of Indomobil Sukses Internasional is significantly different between before (2016-2018) and after (2019-2021) Presidential Decree no.55 2019.

TOTAL ASSET TURNOVER

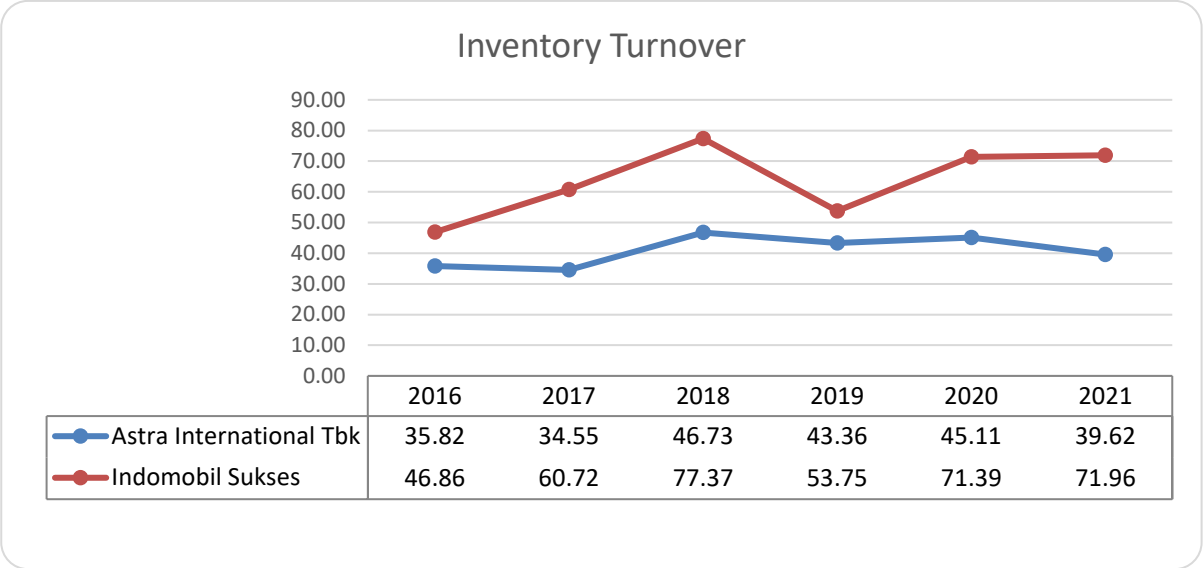


	2016	2017	2018	2019	2020	2021
Astra International Tbk	82.83%	83.34%	83.35%	81.89%	62.75%	74.84%
Indomobil Sukses	69.13%	57.44%	51.79%	55.69%	46.08%	55.50%

Figure 9. Total Asset Turnover of Astra International Tbk and Indomobil Sukses Internasional (Authors, 2023)

Based on the paired t-test results as shown in Figure 9, both p value of Total Asset Turnover of Astra International ($p = 0.22$, μ before = 83%, μ after = 73%) and Indomobil Sukses Internasional ($p = 0.32$, μ before = 59%, μ after = 52%) are > 0.05. Hence, we should not reject the null hypothesis. With the hypothesis not rejected, the result showed no significant differences between before (2016-2018) and after (2019-2021) Presidential Decree no.55 2019.

INVENTORY TURNOVER

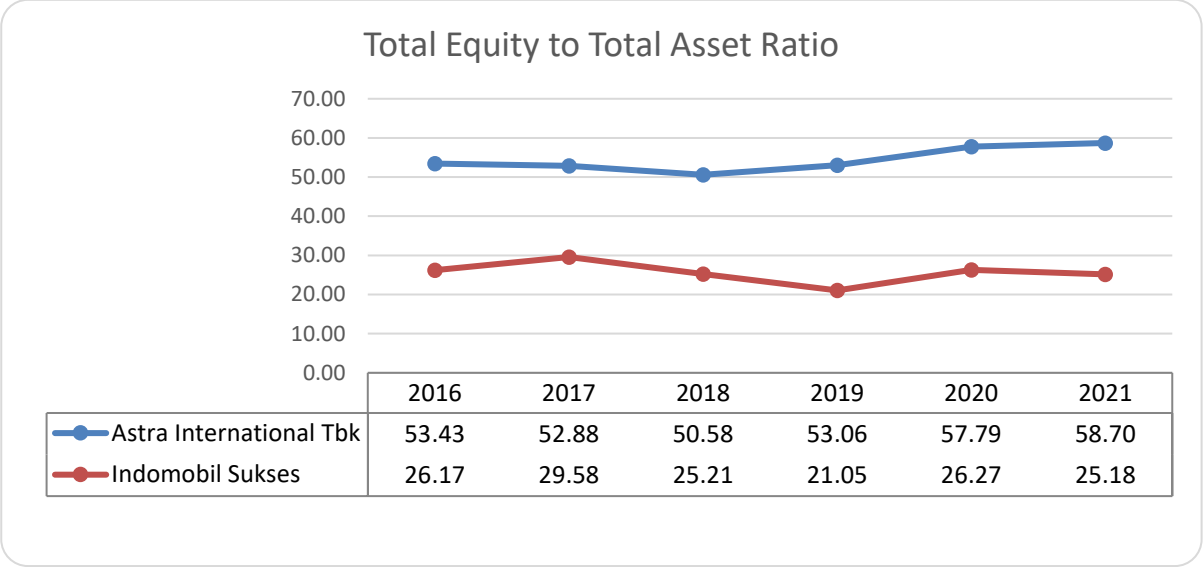


	2016	2017	2018	2019	2020	2021
Astra International Tbk	35.82	34.55	46.73	43.36	45.11	39.62
Indomobil Sukses	46.86	60.72	77.37	53.75	71.39	71.96

Figure 10. Inventory Turnover of Astra International Tbk and Indomobil Sukses (Authors, 2023)

Based on the paired t-test results as shown in Figure 10 above, both p value Inventory Turnover of Astra International ($p = 0.57$, μ before = 39.0, μ after = 42.7) and Indomobil Sukses Internasional ($p = 0.49$, μ before = 61.7, μ after = 65.7) is> 0.05. Hence, we should not reject the null hypothesis. With the hypothesis not rejected, the result showed no significant differences between before (2016-2018) and after (2019-2021) Presidential Decree no.55 2019.

TOTAL EQUITY TO TOTAL ASSET RATIO



	2016	2017	2018	2019	2020	2021
Astra International Tbk	53.43	52.88	50.58	53.06	57.79	58.70
Indomobil Sukses	26.17	29.58	25.21	21.05	26.27	25.18

Figure 11. Total Equity to Total Asset Ratio of Astra International Tbk and Indomobil Sukses Internasional (Authors, 2023)

Based on the paired t-test results as Figure 11 shows, both p value Total Equity to Total Asset Ratio of Astra International ($p = 0.23$, μ before = 52.3, μ after =56.6) and Indomobil Sukses Internasional ($p = 0.20$, μ before = 26.9, μ after = 24.2) is> 0.05. Hence, we should not reject the null hypothesis. With the hypothesis not rejected, the result showed no significant differences between before (2016-2018) and after (2019-2021) Presidential Decree no.55 2019.

TOTAL WEIGHTED SCORE

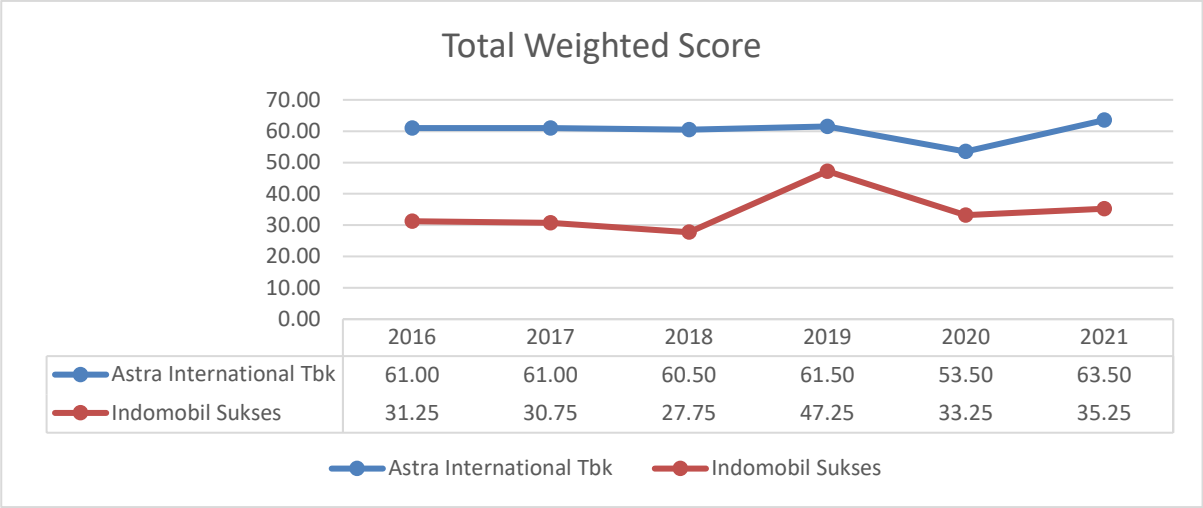


Figure 12. Total Weighted Score of Astra International Tbk and Indomobil Sukses Internasional (Authors, 2023)

Based on the paired t-test results as Figure 12 shows, both p value Total Weighted Score of Astra International ($p = 0.71$, μ before = 60.8, μ after =59.5) and Indomobil Sukses Internasional ($p = 0.16$, μ before = 29.9, μ after = 38.6) are > 0.05. Hence, we should not reject the null hypothesis. With the hypothesis not rejected, the result showed no significant differences between before (2016-2018) and after (2019-2021) Presidential Decree no.55 2019.

TOTAL WEIGHTED SCORE SUMMARY AND THE HEALTHINESS LEVEL

The total weighted score of both Astra International Tbk and Indomobil Sukses Internasional are displayed in Table 12 below.

Table 12. Company Healthiness Rating

Company Healthiness Rating

Astra International Tbk					Indomobil Sukses Internasional				
Year	Score	Weight	Weighted Score	Rating	Year	Score	Weight	Weighted Score	Rating
2016	61	70.00	87	AA	2016	31.25	70.00	45	BB
2017	61	70.00	87	AA	2017	30.75	70.00	44	BB
2018	60.5	70.00	86	AA	2018	27.75	70.00	40	BB
2019	61.5	70.00	88	AA	2019	47.25	70.00	68	A
2020	53.5	70.00	76	A	2020	33.25	70.00	48	BB
2021	63.5	70.00	91	AA	2021	35.25	70.00	50	BBB

Source: Authors, 2023

Table 12 above shows that the overall performance of Astra International is better than Indomobil Sukses International. Both companies have their peak performance period. Astra International has its peak performance in 2021 and Indomobil Sukses International has its peak performance in 2019. Astra International Tbk has a more stable performance each year compared to Indomobil Sukses International and plummeted in 2018 with a weighted score of 40.

CONCLUSION AND RECOMMENDATIONS

This research has concluded that overall, there are no significant differences in financial performance for both car distributor companies between before (2016-2018) and after (2019-2021) the validation of Presidential Decree no.55 2019. The validation of the Decree that is established to support the acceleration of BEV in Indonesia initially assumed can significantly affect the financial performance of car distributors in Indonesia that mainly distributes internal combustion engine cars. The only indicator that shows a significant difference in the effect of the Presidential Decree is the Collection Period of Indomobil Sukses Internasional. The statistical t-test shows that the Collection Period of Indomobil Sukses Internasional is significantly affected by the validation of the Presidential Decree. Focused on the financial performance of both companies, we can conclude that Astra International Tbk has a better performance compared to Indomobil Sukses Internasional even though both companies are classified as Less Healthy using Minister's Decree of State Owned Enterprises No: KEP-100/BMU/2002. To achieve better classification, both companies must improve their financial performance in the future.

This research answers the research objectives and shows that :

1. Even though the financial ratio analyses show that there are differences in financial performance during the observed period, the Presidential Decree no.55 year 2019 does not affect the financial performance significantly on PT. Astra International Tbk. and PT. Indomobil Sukses Internasional, shown from the student paired t-test.
2. There are differences in the financial performance of both companies during the observed period, even though the difference is not significant.
3. The financial healthiness level according to the Minister's Decree shows that PT. Astra International Tbk. is categorized as healthy (AA) and PT. Indomobil Sukses Internasional Tbk. is categorized as less healthy (BB), except in 2019, PT. Indomobil Sukses Internasional Tbk. is categorized as healthy (A).

Research results generate multiple business recommendations to improve the performance of both companies.

- Negative ROE occurred to Indomobil Sukses during 2016-2018. They managed to increase the ROE ratio for the next three years (2019-2021) even though it is still very small compared to Astra International. Attempting to increase net income can help Indomobil Sukses Internasional to elevate its ROE ratio in the future.
- Improvement of Cash Ratio in Astra International also spotted in the year 2020-2021. Astra International took a great strategy to increase the possession of cash to reduce risk in the future. On the contrary, Indomobil only possesses no more than 13% of cash during the observation period. It is recommended that Indomobil Sukses Internasional increase its cash ratio to increase the liquidity of the company. This research also shows that Indomobil Sukses Internasional has a lower current ratio compared to Astra International Tbk.
- Lower Current Ratio indicates that Indomobil Sukses Internasional might have difficulties in paying its short-term obligations, and might be unfavorable to investors. To improve the Current Ratio, Indomobil Sukses Internasional should delay any capital purchases in the future and elevate its Current Ratio.
- Collection Periods of both companies are relatively similar during the research period. Even though, the Collection Period of Astra International is declining over time, which is the company's performance in collecting receivables is improving throughout the research period. On the contrary, the Collection Period of Indomobil Sukses Internasional is increasing in 2020 after two years of decline (2017-2019). Indomobil Sukses managed to stop the increase of the Collection Period in 2021, though they should decrease the Collection Period even more in the future to elevate the company's performance.
- Inventory Turnover is stable under the period of 50 days. In contrast, Indomobil Sukses Internasional has an Inventory Turnover of more than 46 days in the observed period. Indomobil Sukses Internasional can improve its Inventory Turnover score by selling its products faster with the help of pricing strategy, after service quality, and promotion.
- In overall, both companies can improve their company healthiness rating to even higher scores. Most of the research output shows that the validation of Presidential Decree No. 55 2019 gives no significant effect on the observed companies means that there is more room to evaluate, and it is still viable that they can increase their capabilities to provide electric cars to win over the competition.

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