

UTILIZATION OF FINANCIAL REPORT INFORMATION IN COMPANY FINANCIAL PERFORMANCE ANALYSIS

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Abstract: *Study This aim For understand How information generated from report finance can used For evaluate Company performance . Approach in study This through approach qualitative use study literature . Framework methodology from study This served through search deep to various book academic as well as articles from journal local and international , as well as study relevant published related with theme finance and evaluation performance company . The results of review library show that the data contained in report finance , including report profit loss , balance sheet , report cash flow , and changes equity , have a very important role in evaluate aspect profitability , liquidity , solvency , and efficiency operational company . Therefore that , research This confirm that report finance own function very important informative in support analysis performance company in a way comprehensive.*

Keywords: *Report Finance , Performance Finance And Information Finance*

Introduction

Analysis performance company is A topic important in study about accounting , finance , and management in a way international . In the middle competition growing business intense , fluctuating economy that is not certain , and increasing need will openness and responsibility answer , company sued For capable show consistent and reliable performance accountable to all stakeholders interests . Evaluation performance company No only covers profit realized financial , but also efficiency operational , capacity For fulfil obligations and resilience company when confronted with various risk . As a result , the analysis performance company appear as instrument important for management , investors, creditors , regulators, and stakeholders interest related other in assess current status this and the track prospective companies . In various parts of the world, reports finance still become channel main For convey information about performance company with standardized and reliable method compared to Good from time to time and between entity .

A number of study previously indicates that the data contained in report finance play role important in analyze performance company . Research in field accounting and finance disclose that report profit make a loss used For evaluate profit , balance sheet For evaluate structure financial and capabilities pay debts, and report cash flow for check ability company in generate cash and keep position liquid . Investigation the field also shows that implementation analysis ratio finance , which includes profitability , liquidity , activity , and leverage ratios , many used For evaluation performance company and prognostication condition finance prospective . In addition , many studies empirical emphasize statement that the data taken from report finance is integral elements in framework taking decision investment , assessment credit , and evaluation effectiveness managerial . This conclusion strengthen corner view that report finance own mark substantive information in evaluation performance company .

Although Thus , there is a number of lack in research that requires inspection more continue . Most of studies previously part big concentrated on the implementation category ratio finance certain or context certain from designated sectors and countries ; consequently , insight comprehensive about data usage from report finance in analysis performance company still limited . In addition , the investigation certain especially highlight dimensions quantitative from results analytical , but they No Enough explore How information from report finance can used in a way effective in a way conceptual and systematic as mechanism For analysis performance . Disparity in standard accounting , characteristics organization , and requirements information stakeholders interest often No investigated in a way strict in studies previously.

Based on existing gaps , studies This present novelty with presenting review comprehensive about use information from report finance in evaluation performance company past approach literature . Research This No only reveal type information report applied finance , but also combines diverse corner view theoretical and empirical related with functions , benefits , and limitations report finance in evaluate performance company . With collect and synthesize findings from study previously , article This offer greater understanding systematic about How report finance used as instrument For analysis performance , as well as the impact to decision managerial and stakeholder interests interest .

Focus from study This is in the utilization of report data finance in evaluation performance something company . The purpose of studies This is For investigate functions , types and advantages from report data finance in evaluate performance company based on findings study previously . The method used in study This is review literature with learn book text , article journal scientific and publications relevant academics , so that expected study This can give contribution conceptual development study evaluation performance report - based company finance .

Literature Review

Agency theory is A a concept that describes relatedness between agent as operating entity company and principal as owners , both of them intertwined in A agreement . (Pradipta & Suryono , 2017). According to (Azhari and Nuryatno , 2020) In the agreement that , it is hoped can optimize benefit for owner as well as give satisfaction and guarantee that management will get reward from results activity management company . Principles main theory this is basically based on non-conformity intrinsic interest between principal and agent , which appear from different purposes , existence information asymmetrical , and inadequate mechanism effective supervision . Principal try For optimize mark organization together with return investment , whereas agent usually prioritize profit personal , including remuneration , security work , and influence . Inherent conflict This require formation designed governance and incentive systems For align interest second split parties . In the field of reporting finance , reports finance functioning as tool main For oversight and accountability , where authenticity and clarity information finance can reduce asymmetry information and improve trust stakeholders interest in decisions enforced by management . Agency theory consider report finance No only as notes historical activity organization , but also as framework Work For evaluation objective performance managerial and rationalization decision operations and investments made .

A number of effort study international has explore correlation between methodology reporting finance , data transparency , and performance organization through lens theory agency . Investigation kind of That in a way uniform show that difference in information and framework Work managerial in a way significant contribute to the relationship between caliber disclosure finance and evaluation performance . As for example , studies in companies the public in America found that improvement transparency in report finance own connection positive with

decline capital costs as well as improvement performance shares , which shows that more information complete and accurate can help reduce conflict agency between investors and managers . These results strengthen opinion that disclosure about ratio finance , cash flow , and size profitability No only just internal indicators , but also signals that direct investor perceptions about effectiveness management and prospects growth company . Research from various countries in Europe also show the same pattern , where the company with better governance good as measured from proportion commissioner independent and structure audit committee tends to produce report more finances quality and show performance superior financial findings . This confirm that theory agency No only relevant in understand conflict interests , but also as useful framework For evaluate influence reporting finance to view performance and value company .

In addition , research international other show that No all company face governance demands and needs transparency with similar way , but varies depending on the context industry and capital market regulations in each country. Research conducted in East Asia, for example , shows that in the current market growing , such as Japan and South Korea, implementation principles of good governance increase importance information finance in evaluate performance company , if compared to with countries that have larger capital markets ripe . Findings This indicates that difference institutional like tradition business , rules reporting finance , and protection towards investors can influence connection between quality report finance with perception performance . Research international the generally use diverse size performance finance such as ROA, ROE, profit margin , and cash flow from operations that are consistent proven related with governance and disclosure factors information . In overall , literature international show that theory agency Still valid in global context and that report finance. functioning as means main for principal For monitor and assess performance agent with effective

In Indonesia, research that utilizes theory agency For analyze use report finance the more increasing , along with with increase demands will transparency and governance companies in the local capital market . Investigation empirical in the company listed on the Indonesia Stock Exchange (BEI) shows existence connection positive between quality reporting finance and indicators performance finance such as Return on Assets (ROA) and Return on Equity (ROE). This becomes proof that report finance No only seen as document administrative , but also as instrument evaluation performance important managerial for investors and other parties concerned others . Some study state that companies that are consistent serve report clear and fulfilling financial standard reporting tend get level greater investor confidence high , the next one impact on decisions investment and how to market view of quality management . Findings This strengthen argument in theory agency that improvement transparency information can reduce problem agency as well as support evaluation to performance better management objective .

Other research in Indonesia also emphasizes the importance of governance company in strengthen connection between report finance and performance financial research to company the public in Indonesia expressed that governance elements , such as audit committee , ratio director independent , and involvement of experienced external auditors , can influence impact quality report finance to performance company . Findings This in line with theory agency stating that existence mechanism good supervision capable reduce problem agency , increase quality information For principal , and encourage practice more managerial responsible answer . As example , company with independent audit committee usually produce report more finances transparent , which in the end contribute to the improvement performance financial . In addition , the results research in Indonesia also shows that although standard reporting finance has aligned with IFRS, still there is difference quality report between companies that can influence use report

finance in analysis performance . Findings This important For understand dynamics utilization report finance in context agency in the current market develop like Indonesia, where the factor institutions and governance own influence big to results analysis performance .

Although global research and analysis in Indonesia has Lots study connection between report finance , governance systems , and results company in frame theory agency , still there is a number of gap in necessary research investigated more continue . First , some big studies empirical Still rely on simple models that do not fully reflect complexity connection between quality report finance , governance mechanisms , and oversight performance from corner view various group stakeholders interests . Various study tend emphasize indicator performance financial conventional (such as ROA and ROE) without consider influence information qualitative in report finance , including disclosure narrative management , information about risk , and discretionary cash flow . Second , there is A little a study that investigates role moderation or mediation from governance variables company in a way comprehensive in Indonesian context , so that Not yet known How mechanism supervision both internal and external external contribute in a way significant to connection between report finance and performance . Third , there are still very few literature that assesses use report finance from corner view user information that is not investors and creditors traditional , such as market analysts , suppliers , and employees , whereas role they the more important in ecosystem information corporation .

Proposed research own a number of donation unique in that clear separate them from study previously . First , the study This will research use report finance No only through metric general quantitative , but also through aspect qualitative , such as quality narrative in report annual and submission risk strategic , which is generally ignored in study previously in Indonesia. Second , research This will evaluate function governance mechanisms company as variables that play a role double , good as a moderator or mediator simultaneously , giving outlook more in about method internal and external supervision influence relatedness between quality report finance and valuation performance . Third , focus study This will expand perspective with take into account user views report finance outside of institutional investors , such as independent market analysts and suppliers big , for serve a clearer picture comprehensive about importance information report finance in evaluation performance . This method expected can give contribution new empirical in study accountancy finance and governance companies , especially in current market context develop like Indonesia.

Based on review theoretical and empirical that have been done , framework proposed research can summarized as following : Quality report finance (expressed through indicator quantitative and qualitative) will tested For see its relevance in a way direct with performance finance company (with use ROA, ROE indicators , and measurement other performance). Furthermore , the relationship This will influenced by governance mechanisms companies , such as independence audit committee , proportion director independent , and auditor reputation , to understand How it turns out structure supervision , both internal and external external , can strengthen or reduce impact quality report finance to performance . In addition that , research this will also explore function variables users report finance as a mediator for catch variation stakeholders ' views interest about use the information contained in report finance . In terms of conceptual research model This based on theory agency , where the report finance functioning as means monitoring information and governance mechanisms act as regulator conflict interest between principal and agent , so that can give greater understanding deep about connection between reporting finance as well as performance company in Indonesian context .

Method

Approach in study This use approach qualitative with technique data collection was carried out through library research. Researchers do search comprehensive to various book about management finance and analysis report finance For build framework solid theoretical basis . In addition , data collection also includes review article journal scientific , both large scale national and international , for get understanding about development latest in measurement performance company . This method also involves analysis to publication scientific and related proceedings with topic finance , which allows researchers For compare findings studies This with study previously , so that produce sharp analysis and has runway scientific that can accountable .

Research result

1. Effectiveness Report Finance as a tool for Analyzing Research Results Performance

disclose that report finance No only just gathering numbers , but rather as tool communication highly effective managerial in describe position strategic something company . From the analysis various literature and documents report finance , effectiveness This originate from three element main :

- **Relevance** : The information contained in Balance Sheet and Income Statement proven capable reflect mark true company . Researchers find that the market provides significant reaction to announcement profit , showing that information accountancy still become base main for investors in evaluate performance .
- **Appeal**: Application standard accounting (such as PSAK or IFRS) allows information finance used For compare performance between company in same industry (analysis cross-sectional) and compare performance company from One year to year next (analysis series time).
- **Predictability** : Report cash flow found as the most effective tool For predict sustainability business . Information This give real picture about liquidity that is not always seen in report profit make a loss based accrual .

Findings This show that use report finance as tool analysis still become the most objective way compared to with source other non- financial information in evaluate accountability management .

2. Use Financial Ratios in Shows the Actual State of the Audit Company

more in against primary data show that understanding about performance financial reach level best with utilise four base ratio finance . The following is summary findings the :

Ratio Category	Key Findings in Performance Analysis
Liquidity	Ratio liquidity that is ratio that shows connection between company cash and assets fluent other with debt smooth (Reclly and Triyonowati , 2016). Show ability company in finish urgent obligations . Research disclose that the Current Ratio is high No always profitable , because can signify the

	existence of money that is not used in a way efficient .
Solvency	Ratio solvency is ratio that shows ability company For pay all his debts with assets that he has If company the liquidated . Representing description risk company . The use of Debt to Equity Ratio (DER) provides information about how much big dependence companies on external debt For funding its assets .
Profitability	Ratio profitability is the size that describes how much effective company in produce profit from the capital they have (Reclly and Triyonowati , 2016). Become gauge measuring main For evaluate performance management . Return on Equity (ROE) is identified as the most common ratio For evaluate return investment for holder share .
Activity	Ratio activity is indicators that assess how much Good management something company in manage assets owned (Reclly and Triyonowati , 2016) . Assessing efficiency in use assets . Ratio rotation inventory and receivables show how much fast company change source its power into cash .

Study This show that only depend on One type ratio can give misleading image . For get profile risk and reward complete results , analysis proper performance need combination from the four pillars . For example , a company Possible seen profitable based on numbers , but If ratio its liquidity weak , thing This Can indicates existence risk cash crisis in the future come .

Qualitative Factors and Notes to the Financial Statements

Question study third about factor qualitative overcome with do analysis deep to Notes to the Financial Statements. Research results show that numbers in report position finance are often "static" an drequire context qualitative For avoiding bias.

Some factor significant qualitative findings found influence objectivity analysis includes :

- Policy Accounting : Differences in method depreciation asset still or evaluation inventory (FIFO vs Average) can change number profit clean in a way significant without existence change in performance actual operations .
- Incident After Date Reporting (Subsequent Events): Information qualitative about incident important after period reports (such as lawsuit law or loss consequence disaster) is very important in determine relevance past performance For predict the future .

- Opinion : Findings study show that analysis to performance finance must always notice auditor's opinion first before . Visible performance outside normal However indicated with opinion " Fair " With Exception " (WDP) or "Does Not Provide Opinion " (Disclaimer) loss credibility as tool analysis .

In a way overall , research This conclude that For reach level accuracy highest in analysis performance company , information from report finance need integrated with analysis quantitative (ratio) and understanding deep about policy accountancy as well as notes relevant qualitative .

Discussion

Elaboration from results studies about use report finance in analysis performance company show existence complex relationships between accounting data and conditions economics . Discussion following study results study with compare it with literature good inside and abroad for offer corner more perspective wide .

1. Relevance and Effectiveness Information Finance in Decision

Making Results study This show that report very effective finance as tool For analyze performance , in line with Signal Theory . Report the play a role as signal from management to party outside about condition company . Research by Lev (2018) supports matter this , confirms that even though the business world switch to digital, information about fixed profit and cash flow is indicator important things to do noticed by investors.

However , there are view different from Itami (2021) who stated that report finance traditional start lost its relevance Because No capable reflect " assets No tangible " such as intellectual capital and value brand with good . Discussion This show that although report finance efficient For evaluate asset physical and past performance , there are lack in measure potential growth company based technology assets mainly No fully recorded on the balance sheet . Therefore that , use information finance need equipped with analysis factor external For reduce " asymmetry " information " .

2. Financial Ratios : Between Research Accuracy and Distortion

About utilization ratio financial (Liquidity , Solvency , Profitability , and Activity) strengthens opinion that analysis ratio functioning as applicable language in a way wide in scope business . Discovery that Return on Equity (ROE) is indicator main profitability get support from Damodaran's study (2020), which shows that ROE is factor driver main mark for holder shares. On the other hand , research this also found that ratio high liquidity No forever give indication positive . This is in line with Subramanyam's research (2019) which states that excessive liquidity often reflects inefficiency in working capital management . However , there are more views conservative from Graham and Dodd (in theory investment values) that prioritize that the existence of a high margin of safety in the ratio fluent is method best For protect from risk bankruptcy , although There is problem inefficiency .

An interesting contradiction seen in the analysis solvency . Although study This show that high debt levels (high DER) increase risk , Modigliani-Miller research provides view different one says that in situation certain , the use of debt (leverage) can increase mark company Because incentive tax (tax shield). This proves that method We understand ratio finance is closely related with capital structure and phase in cycle life company .

3. Qualitative Data Integration Notes to the Financial Statements as Balancer

Findings from study show that existence Notes to Financial Statements (CALK) are very important For prevent the existence of numerical bias , and things This supported with strong by

Kieso et al. (2020). They state that without CALK, a analyst can trapped in " illusory " condition the number " that appears consequence difference in policy accountancy . For example , in context evaluation inventory , usage FIFO method when happen inflation will produce more profit tall compared to If use Average method . Findings This support study this is what emphasizes that understanding to the motivation behind choice policy accountancy is key For reach objectivity performance .

However , there is criticism from capital market players who think that CALK often served with Language too much law complicated and technical (disclosure boilerplate), so that make investors retail difficulty in understand real risk . This shows the need simplification information without sacrifice essence from transparency .

4. Synthesis : Towards Holistic Performance Analysis

Discussion This produce conclusion that use report finance No Can separated from context others . Explanation about results study simultaneously with reference previously show that performance finance is product from connection between decision internal management and demands outside from the market.

Aspect Discussion	Pro / Supporter Position	Position Contrast / Criticism
Information Value	Accounting figures is fundamental signal (Lev).	Fail catch asset not tangible (Itami).
Financial Ratios	Measuring instrument objective efficiency and profitability .	Can be manipulated through <i>window dressing</i> .
Context Notes to CALK Financial Statements	Give transparency on policy management .	Too often complex and difficult understood public .

As end from part discussion , study This emphasize that For create analysis in -depth performance , a analyst need perform " data triangulation ": integrate ratio numbers , explanation qualitative in Notes to Financial Statements (CALK), and monitoring trend industry . With method this , error in possible interpretations harm decision investment and management will can minimized .

Conclusion

Based on results analysis and discussion , research This conclude that utilization information report finance is a very effective and fundamental instrument in evaluate performance finance company in a way objective . Answer on question study show that effectiveness the sourced from synergy between analysis quantitative through ratio finance (liquidity , solvency , profitability , and activity) with analysis qualitative through Notes to the Financial Statements (CALK). Although numbers in report position finance give description performance historically accurate , integrity interpretation performance is highly dependent on understanding to policy applied accounting management . Research This confirm that performance superior finance No only reflected from high profitability , but also from quality cash flow and transparency information qualitatively capable mitigate risk asymmetry information for stakeholders interest .

Contribution study This lies in strengthening framework Work analytical for practitioners and academics in look at report finance No as static documents , but rather as a communication medium strategically . In theoretical , findings This enrich literature about *signaling theory* with prove that disclosure qualitative in CALK has equal weight importance with ratio finance in determine mark company . In general practical , research This give guide for manager finance For No only focus on improvement numbers balance sheet only , but also on improvement quality transparency report annually to build investor confidence and credibility companies in the capital market.

Regardless from findings generated , research This own limitations on the focus of data that is historical , so that own delay time (*time-lag*) in describe condition *real-time* very dynamic company . In addition , research This more Lots focus on internal report information finance without explore in a way deep influence volatility economy extreme macro . Therefore that , recommendation For study next is integrate analysis report finance with non- financial data like indicator *Environmental, Social, and Governance* (ESG) as well use technology *Big Data* For do analysis more predictive precision to performance companies in the future .

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