

Cash Management Analysis in an Efforts to Maintain Liquidity Stability at PT Midi Utama Indonesia Tbk 2020-2023 Period

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received Apr 25, 2025 Revised May 02, 2025 Accepted May 06, 2025</p> <p>Keywords:</p> <p>Cash Management, Liquidity</p>	<p>This study aims to analyze cash management in an effort to maintain liquidity stability at PT MIDI UTAMA INDONESIA Tbk for the period 2020-2023. The type of research is quantitative descriptive research, using data sourced from IDKS as a research instrument. Data analysis techniques use Cash Management analysis (Optimal Cash Balance and Liquidity Ratios such as Current ratio, Quick ratio and cash ratio. The results of the study show that the company's ability has not been able to provide good results. This is proven by the calculation of the optimal cash balance that the company should have from 2020 - 2023 has never been achieved by the company, in terms of calculating the Liquidity ratio, all the ratios calculated show that the results obtained are at a figure > 1, which means that the company's cash has not been able to meet its obligations.</p> <p><i>This is an open access article under the CC BY-NC license.</i></p> 

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1. INTRODUCTION

The effectiveness of cash management is the process of achieving previously set goals in the management of a company's cash. According to (Kasmir), "Cash management is a company management system that regulates cash flow to maintain the company's liquidity". In the effectiveness of cash management, a company must be able to maintain the stability of its liquidity well, so that the company can maintain the company's survival in achieving financial goals, prevent the company from financial crises, improve the company's reputation and trust from creditors and investors.

Liquidity is the company's ability to meet its short-term obligations, including current liabilities that must be paid immediately with its current assets. A company can be considered liquid if it has current assets that are greater than its total liabilities. The company's liquidity can be measured by the liquidity ratio, which is a ratio that compares short-term liabilities with short-term sources to meet those obligations. The liquidity ratios used in this study are the Current Ratio, Quick Ratio, and Cash Ratio.

PT Midi Utama Indonesia was established in June 2007 which is engaged in general including retail and minimarkets. The company was established under the name of PT Midimart Utama and in its development in April 2008 the company's name changed to PT Midi Utama Indonesia Tbk. In 2010 PT Midi Utama Indonesia operated a Bekasi distribution center, so that by the end of 2010 the company had 3 distribution centers operating 248 Alfamidi outlets and 161 Alfaexpress outlets. The year 2010 was also an important moment for the company where, on November 30, 2010 the company listed all of its shares on the Indonesian Stock Exchange with the code "MIDI". At that time the number of shares of the company was Rp 2,450,000,000 shares, the

total registered shares were Rp 2,882,353,000 shares with a percentage of 15.00% and the offering price was Rp 275 / share. The company's commercial activities began in 2007, when the company initially opened its first retail outlets in Alfamidi outlets to produce consumer products, then developed into a minimarket concept.

The following is the financial report of PT. Midi Utama Indonesia Tbk seen from assets, liabilities, profit/loss statements and cash flow statements for the period 2020-2023. This financial report is to show the development of cash and liquidity management.

Table 1. PT. Midi Utama Indonesia Tbk Financial Report 2020-2023
(in millions of rupiah)

Year	2020	2021	2022	2023
Current asset	2,205,519	2,535,858	2,873,858	3,185,637
Non-Current Assets	3,718,174	3,808,158	4,031,290	4,600,472
Total Assets	5,923,693	6,344,016	6,905,148	7,786,109
Short Term Debt	3,395,618	3,691,937	3,766,704	3,363,103
Long-term debt	1,129,372	1,035,762	1,151,717	510,572
Total Debt and Equity	5,923,693	6,344,016	6,905,148	7,786,109
Cash Flow From Operating Activities	1,132,508	1,141,971	1,587,139	1,310,502
Cash Flow From Investing Activities	(971,921)	(657,730)	(798,433)	(917,584)
Cash Flow From Financing Activities	(163,388)	(479,073)	(615,432)	(482,899)
Cash and Cash Equivalents in Last Year	238,324	243,492	416,766	326,785
Profit	200,272	269,687	398,918	516,658

(Data source: idx)

Based on the table above, assets increased during 2020-2023. The largest increase was in 2023, the increase occurred because current assets increased in receivables and inventory. Short-term debt and long-term debt increased during 2020-2022, but decreased in 2023 by 21.24%. The decrease was due to a decrease in short-term bank debt, long-term bank debt due within 1 year and deferred income. This did not affect the decrease in liabilities but rather liabilities increased. The largest increase in liabilities was in 2023, due to an increase in retained earnings from current year profit in equity. Cash flow from operating activities in 2020-2023 fluctuated, where in 2020 there was a decrease due to an increase in cash receipts from customers lower than the increase in cash payments to suppliers. Meanwhile, in 2021-2022, there was an increase due to increased cash receipts from customers and in 2023 there was another decrease due to a decrease in cash generated from operations. The company's cash flow based on investment activities showed that in 2020 there was an increase due to the addition of the company's new store outlets which had an impact on increasing capital costs in the form of additional fixed assets and right-of-use assets. Meanwhile, in 2021 there was a decrease due to the opening of new outlets being smaller than the previous year, and in 2022-2023 there was an increase due to the opening of new outlets, thus increasing capital costs. Cash flow from financing activities in 2020-2023 fluctuated, where in 2020 there was a decrease due to cash from operating activities being lower than the previous year while cash from investment activities increased from the previous year. Furthermore, in 2021-2022 there was an increase due to improvements in working capital, thereby reducing bank debt, and in 2023 there was a decrease due to the use of working capital needs using funds from proceeds. In 2020, profit decreased by 1.37% due to low sales growth compared to operating expenses. In addition, in 2021-2023, profit increased again due to an increase in operating profit due to higher revenue compared to operating expenses.

Based on the above problems, this is what prompted the author to take the research title: "ANALYSIS OF CASH MANAGEMENT IN AN EFFORTS TO MAINTAIN LIQUIDITY STABILITY AT PT MIDI UTAMA INDONESIA TBK FOR THE 2020-2023 PERIOD".

Formulation of the problem

How can cash management maintain liquidity stability at PT.MIDI UTAMA INDONESIA Tbk for the 2020-2023 period?

Research purposes

To determine the stability of liquidity at PT.MIDI UTAMA INDONESIA Tbk in the period 2020-2023.

LITERATURE REVIEW**Cash Management**

Cash management or cash management is one of the management functions in planning and controlling cash carried out by the company so that there is more adequate cash available, which means that the cash is not too much (overcapacity) or not too little (undercapacity), so that the sustainability of the cash can be guaranteed. According to (Mulyadi, 2016), states that "Cash management is an effort to manage the company's cash resources. Cash management includes various activities, such as cash flow forecasting, cash control, and financial asset management".

Cash management is a company management system that regulates cash flow to maintain company liquidity, as well as utilizing idle cash and cash planning. In practice, as long as a company or institution operates, there are various types of cash flows. First, cash inflow and cash outflow, cash inflow and cash outflow will occur continuously throughout the life of the company. Therefore, management needs to regulate both cash inflow and cash outflow. Things that need to be regulated, for example, so that the amount received is always greater than the money spent. Thus, the company's cash flow balance can be maintained. (Kasmir, 2016:95).

Calculating Cash Management Using Optimal Cash Balance

Optimal cash balance is the most profitable condition for cash ownership that is available at all times and can be used to finance the company's operational activities. According to (Mahmudi, 2016), states that "Optimal cash balance is the amount of cash available sufficient to finance operational activities and invest unused cash". A healthy cash balance is very important for any business, because it ensures that the company has enough funds to cover its expenses and investments. A positive cash balance also indicates that the company is financially stable and can meet its financial obligations, such as paying bills and debts. A cash balance that is too low endangers liquidity, while a cash balance that is too high wastes the opportunity to invest. Optimal cash balance can be calculated using the following formula:

$$C = \sqrt{\frac{2 \cdot b \cdot T}{i}}$$

Liquidity

According to (Kasmir, 2018:130), states that "Liquidity ratio is a ratio used to measure how liquid a company is. The method is to compare the components in the balance sheet, namely total current assets with total current liabilities (short-term debt). Assessments can be carried out for several periods so that the development of the company's liquidity can be seen from time to time". Liquidity can also be known as illiquid, namely when a company is unable to meet its obligations. This often occurs due to negligence of company management in running its business. This incident can disrupt good relations between the company and creditors and investors. Therefore, the availability of current assets must exceed current liabilities so that the level of liquidity can be maintained and remain stable.

Types of Liquidity Ratios

To assess the company's liquidity, there are several ratios that can be used as tools to analyze and assess the company's liquidity position. According to (Kasmir, 2019), the types of liquidity ratios that can be used by companies are as follows:

Current Ratio

Current Ratio is a very popular measuring tool used to assess a company's liquidity and short-term ability to pay off its obligations. This ratio is calculated by dividing current assets by current liabilities. The current ratio shows the level of safety (margin of safety) of short-term creditors, or the company's ability to pay these debts, but a company with a high current ratio does not necessarily guarantee that the company's debts that are due can be paid because the proportion or distribution of current assets is not profitable. According to (Kasmir, 2019:134) "the current ratio is a ratio to measure the company's ability to pay short-term liabilities or debts that are due immediately when they are collected in full". The amount of the current ratio can be calculated using the formula:

$$\text{Current Ratio} = \frac{\text{Aktiva Lancar}}{\text{Hutang Lancar}} \times 100\%$$

A low ratio indicates high liquidity risk, while a high current ratio indicates excess current assets.

Quick Ratio

The quick ratio is a ratio that shows the company's ability to meet short-term obligations with the most liquid assets. This quick ratio in the company does not take inventory into account, because it assumes that inventory takes a long time to be realized into cash, even though in reality inventory may be more liquid than receivables. According to (Kasmir, 2019:136) "the quick ratio is a ratio that shows the company's ability to pay its debts or short-term obligations (current liabilities) with current assets without taking into account the value of its inventory". The formula for the quick ratio is as follows:

$$\text{Quick Ratio} = \frac{\text{Aktiva Lancar} - \text{Persediaan}}{\text{Hutang Lancar}} \times 100\%$$

This ratio shows the ability of the most liquid current assets to cover current liabilities. Too high a ratio for inventory indicates excess cash or receivables, while too low a ratio indicates higher liquidity risk.

Cash Ratio

Cash ratio is a liquidity ratio used to evaluate a company's ability to meet its financial obligations, especially short-term debt. This ratio is calculated by comparing the company's most liquid assets with its current liabilities using the total cash and cash equivalents it has. Cash ratio can be calculated using the following formula:

$$\text{Cash Ratio} = \frac{\text{Kas} + \text{Setara Kas}}{\text{Hutang Lancar}} \times 100\%$$

A low cash ratio indicates low liquidity, so the company has difficulty paying current debts using cash, while if the ratio is high, the company's liquidity is also high. This shows that the company has a lot of cash to pay current debts.

Hypothesis

Hypothesis is a temporary assumption or temporary answer to a research problem that needs to be proven through collected data. So a hypothesis is a basic assumption that is made freely but logically. From the main problems that have been described previously, the hypothesis that can be put forward is as follows: It is suspected that Cash Management of Liquidity of PT MIDI UTAMA INDONESIA Tbk is not good.

2. RESEARCH METHOD

Types and sources of research data

The type of data used in this study is quantitative data, namely data that includes financial position report data at PT Midi Utama Indonesia Tbk for 2020-2023 obtained from the Indonesian stock exchange publication.

The data sources used in this study are secondary data in the form of audited financial reports and published stock prices.

Research Location/Object

This research was conducted by taking secondary data obtained from the Indonesian stock exchange website. (www.idx.co.id)

Data Collection Techniques

Data collection is based on the financial report of PT Midi Utama Indonesia Tbk published on the official website of the Indonesian Stock Exchange, and other data such as annual reports and audited investor presentations are available on the company's official website.

3. RESULTS AND DISCUSSIONS

Cash Management Analysis

The calculation of the optimal cash balance in 2020-2023 shows poor cash management, where in 2020 the optimal cash balance that the company must provide to meet its operational needs is IDR 2,774,009, while the cash in the company is IDR 238,324 billion. This shows that the company has a shortfall of IDR 2,535,685 in meeting its cash needs. In 2021, the optimal cash balance that the company must provide to meet its operational needs is IDR 488,853 billion, while the cash in the company is IDR 243,492 billion. This shows that the company is still experiencing a shortfall of IDR 245,361 billion in meeting its cash needs. In 2022, the optimal cash balance that the company must provide to meet its operational needs is IDR 432,798 billion, while the cash in the company is IDR 416,766 billion. This shows that the company still has a shortfall of 16,032 billion in meeting its cash needs. In 2023, the optimal cash balance that the company must provide to meet its operational needs is 502,846 billion, while the cash in the company is 326,785 billion. This shows that the company still has a shortfall of 176,061 billion in meeting its cash needs. This shows that the company's operational needs are greater than the cash it has, so in meeting these needs the company must borrow from the bank.

Based on the calculation results, it can be seen that the optimal cash balance that must be maintained by the company has not yet been achieved. This is due to the value of the cost of revenue being too high exceeding the cash in the company. Where in 2020, the cash balance in the company was still below the optimal cash balance due to the low bank term deposit interest rate due to the COVID-19 which caused many companies to experience difficulties, one of which was PT Midi Utama Indonesia Tbk, so the company decided to withdraw the cash in the bank to meet existing needs and overcome difficulties in dealing with disasters. This made the cash balance in the bank no longer remain, so the interest received by the company was only 0.08%. This caused the company's cash to plummet very unexpectedly.

In 2021-2023, the cash balance in the company is still below the optimal cash balance that the company should provide. Therefore, in order to meet all its cash needs, the company needs to borrow from the bank. This shows that the company has not been able to manage its cash management well, so that the company has not been able to meet its current liabilities.

Liquidity Ratio Analysis

The calculation results for the Current Ratio analysis of PT Midi Utama Indonesia Tbk can be seen in the following table.

Table 2. Current Ratio Calculation Result Data

Year	Current asset	Current Liabilities	Current Ratio(%)
2020	2,205,519	3,395,618	65%
2021	2,535,858	3,691,937	69%
2022	2,873,858	3,766,704	76%
2023	3,185,637	3,363,103	95%

Data source: Processed financial reports.

Based on the calculation results, it can be seen that the Current Ratio level in 2020 was 65%, which means that Rp. 1, - of current debt is guaranteed by 0.65 of the company's current assets. In 2021-2023, the Current Ratio increased, where in 2021 it rose to 69% from the previous year, which for every Rp. 1, - of current debt is guaranteed by 0.65 of the company's current assets. In 2022, the Current Ratio increased again by 76%, meaning that every Rp. 1, - of current debt is guaranteed by 0.76 of the company's current assets. In 2023, the Current Ratio increased by 95%, meaning that every Rp. 1 of current debt is guaranteed by 0.95 of the company's current assets. Because the resulting ratio is below one (<1), it means that there is a possibility that the company is less able to pay its current liabilities when they fall due. Although the Current Ratio increases, the company may still face liquidity risks, and management needs to ensure that the increase in current assets can be offset by better management of short-term liabilities. Based on the table above, the Current Ratio from 2020-2023 increased but the resulting ratio was below one (<1). This shows that this condition was triggered by an increase in current assets that have not been able to offset short-term liabilities.

Table 3. Result Data Quick Ratio Calculation

Year	Current asset	Supply	Current Liabilities	Quick Ratio(%)
2020	2,205,519	1,496,826	3,395,618	21%
2021	2,535,858	1,811,446	3,691,937	20%
2022	2,873,858	2,007,569	3,766,704	23%
2023	3,185,637	2,329,942	3,363,103	25%

Source: Processed Financial Reports.

Based on the calculation above, it can be seen that the Quick Ratio level in 2020 was 21%, which means that the applicable 100% standard has not yet been achieved. The Quick Ratio level of 21% shows the company's ability to guarantee every Rp. 1,- of current liabilities with Rp. 0.21 of current assets. In 2021, the Quick Ratio level decreased, from 21% in 2020 to 20% in 2021. The decrease was due to an increase in current liabilities that were higher than its current assets, which means that every Rp. 1,- of current liabilities is guaranteed by 0.20 of current assets after deducting inventory. In 2022, the Quick Ratio level increased by 23%, which means that every Rp. 1,- of current liabilities is guaranteed by 0.23 of current assets after deducting inventory. In 2023, the Quick Ratio level again increased by 25%, which means that every Rp. 1,- of current liabilities is guaranteed by 0.25 of current assets after deducting inventory. Based on the table above shows the results of the liquidity analysis measured using the Quick Ratio at PT Midi Utama Indonesia Tbk in 2020-2023, it can be seen that the Quick Ratio level, although there has been an increase, is still below the average of the similar industry in the retail company sub-sector, so that the company is in an unhealthy or poor condition caused by a decrease in current assets when compared to the increase in current liabilities each year. This shows that the company has not been able to meet its obligations in paying current debts with existing assets.

Table 4. Cash Ratio Calculation Result Data

Year	Cash and cash equivalents	Current Liabilities	Cash Ratio (%)
2020	238,324	3,395,618	7%
2021	243,492	3,691,937	7%
2022	416,766	3,766,704	11%
2023	326,785	3,363,103	10%

Source: Processed Financial Reports.

Based on the calculation above, it can be seen that the development of the Cash Ratio level in 2020-2023 experienced fluctuations, where in 2020 the Cash Ratio level of 7% was still below the applicable standard, this means that Rp. 1, - current debt is guaranteed by 0.07 current assets. In 2021 the Cash Ratio level was still 7%, which means that every Rp. 1, - current debt is guaranteed by 0.07 current assets. In 2022 the Cash Ratio increased to 11% (Up 0.04) meaning that every Rp. 1, - current debt is guaranteed by 0.11 current assets. In 2023 the Cash ratio decreased by 10% (Down 0.01) meaning that every Rp. 1, - current debt is guaranteed by 0.10 current assets.

Based on table 4.5, the Cash Ratio in 2020-2023 is still at a low number, so it has not reached a safe value. This shows that the cash available in the company is not sufficient to meet the amount of current debt in the company. This can be seen the company's ability to not be able to meet its current obligations using the cash in the company. The results of the Liquidity Ratio Calculation of PT Midi Utama Indonesia Tbk can be seen in the following table.

Table 5. Liquidity Ratio Analysis Data

Year	Current Ratio	Quick Ratio	Cash Ratio
2020	65%	21%	7%
2021	69%	20%	7%
2022	76%	23%	11%
2023	95%	25%	10%

Source: processed.

Results ratio calculation liquidity of *Current Ratio*, *Quick Ratio*, And *Cash Ratio* shows that the company is not in good condition because the company is still having difficulty meeting its current liabilities with the current assets it has. This shows that the company's liquidity ratio needs to be paid more attention to in order to maintain its stability, so that cash management is also needed to see the development of existing cash whether it can be managed well by the company to meet its current obligations and avoid illiquidity.

4. CONCLUSION

Based on the results of data analysis and discussion, the following conclusions can be drawn: In cash management through the calculation of optimal cash balance shows that the cash balance of the company PT Midi Utama Indonesia Tbk is smaller than the operational needs, so the company must borrow cash from the bank to cover operational needs. This shows that the cash management of PT Midi Utama Indonesia Tbk is "not good", so it must be given more attention. In the liquidity ratio to measure the company's ability PT Midi Utama Indonesia Tbk in meeting short-term obligations "not good yet". The liquidity ratio is as follows: The Current Ratio has increased every year, but the resulting ratio is below one (<1), which means that the company's ability to pay short-term obligations or debts that will soon mature is still "not good". In Quick Ratio shows the results obtained are below one (<1). This means that the company's ability to meet current liabilities (short-term debt) with current assets without taking into account the value of inventory is "not good". In Cash Ratio shows the results obtained are below one (<1). This means that the company's ability to meet current debts using existing cash is still "not good".

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