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EVALUATING THE BUSINESS PERFORMANCE OF BROILER CHICKEN FARMING: A CASE STUDY OF PT. BCD IN SELEBAR DISTRICT, BENGKULU CITY

Evaluasi Kinerja Bisnis pada Peternakan Ayam Broiler: Studi Kasus pada PT. BCD di Kecamatan Selebar, Kota Bengkulu

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ABSTRACT

This study aims to analyze the financial performance of the broiler farm business of PT. BCD and to find out the condition of the broiler farm business of PT. BCD. The methods used in this study are the analysis of financial ratios (solvability, liquidity, and profitability) and the Altman Z-score method (safe, gray, or distressed). The study results show that the company is suspected of experiencing unfavorable financial conditions after an analysis using financial ratios (liquidity, solvability, and profitability ratios) supported by financial report data for 2019–2021. The results obtained by broiler chicken farming company PT. BCD in 2019–2021 showed very good results. The criteria are very good, indicating that the company has managed its capital, assets, profits, and debts in a way that can be sustained for the long term. The business conditions of PT. BCD are suspected of experiencing bankruptcy after analyzing the Altman Z-score method with financial report data for 2019–2021. The results stated that the company was in a safe zone (continuing), which meant that the company did not experience bankruptcy. A high Altman Z-score indicates that the company is very far from bankruptcy.

Keyword: Altman Z-score method, business conditions, financial ratios

ABSTRAK

Penelitian ini bertujuan untuk menganalisis kinerja keuangan usaha peternakan ayam broiler PT. BCD serta untuk mengetahui kondisi usaha peternakan ayam broiler PT. BCD. Metode yang digunakan dalam penelitian ini adalah analisis rasio keuangan (solvabilitas, likuiditas dan Rentabilitas) dan metode Altman Z-score (bangkrut, abu-abu atau berlanjut). Hasil penelitian menunjukkan Perusahan diduga mengalami kondisi keuanga tidak baik, setelah dilakukan analisis menggunakan rasio keuangan (rasio likuiditas, rasio solvabilitas dan rasio rentabilitas) yang di dukung dengan data laporan keuangan tahun 2019-2021. Hasil yang di peroleh perusahaan peternakan ayam broiler PT. BCD pada tahun 2019-2021 menunjukkan hasil sangat baik. Kriteria sangat baik, mengindikasihkan bahwa perusahaan sudah mengelolah modal, asset, laba, dan hutangnya dalam kondis yang dapat dilanjutkan untuk jangka panjang. Kondisi usaha peternakan ayam broiler PT. BCD di duga mengalami kondisis kebangkrutan, setelah dilakukan analisis menggunakan metode Altman Z-score dengan data laporangn keuangan tahun 2019-2021. Diperoleh hasil yang menyatakan perusahaan dalam kondisi safet zone (Berlanjut) yang artinya perusahaan tidak mengalami kebangkurtan. Nilai Altman Z-score yang tinggi mengindikasikan perusahaan sangat jauh dari kebangkrutan.

Kata Kunci: metode Altman Z-score, kondisi usaha, rasio keuangan

INTRODUCTION

According to Bahari & Nugroho (2012), the consumption of broiler chickens strongly influences meeting the need for meat and animal protein in Indonesia. The Broiler chicken farming business greatly contributes to meeting the national demand for meat, especially for types of poultry, because it has the highest population number compared to other types of poultry. The population of broiler chickens in Bengkulu Province from 2016-2019 has increased. The peak in 2018 to 2019 was a significant increase from 6,540,103 to 8,607,301 broiler chickens (Badan Pusat Statistik, 2021). Bengkulu Province is one province with protein consumption close to the national average protein adequacy rate. In 2020, the average protein consumption in Bengkulu Province reached 59.40 grams/cap/day, which has increased compared to 2019 (58.50 grams/cap/day) (Badan Pusat Statistik, 2021).

The composition of protein consumption in Bengkulu Province in 2020 consists of 19.70 grams of animal protein. Poultry is the second highest source of animal protein after fish, with a total consumption of 4.20 grams of protein/cap/day in 2020 (Badan Ketahanan Pangan, 2021). This shows the high demand for people who consume protein from poultry, especially broiler chickens. Based on data from the Ministry of Trade, every 100 grams of broiler chicken meat contains 22% protein. Protein in broiler chickens is more easily digested than beef, making broiler chicken the ideal protein food for all people of all age ranges and friendly for people with blood vessels, heart disease, and people in the healing phase.

PT. BCD is the company that engaged in the production sector of broiler chicken meat and has spread four branches in the city of Bengkulu. PT. BCD has a total broiler production of ±117,000 heads/period from 39 chicken barns with an average income of IDR 670,930,100 per month. The phenomenon occurred when the company experienced a decrease in the population of broiler chickens from 2015-2021. This caused a significant decrease in income in 2019 from April to May, with an income value of IDR 710,930,100 to IDR 385,959,640. As a result, the number of productions, the number of barns, the number of employees, and the operational vehicles of PT. BCD has decreased.

The population decline will affect the variable costs of business. The amount of variable costs incurred will be affected by the increasing number of chickens raised. The excess maintenance period from the specified time will also affect the variable costs incurred, especially labor and feed costs. In addition, fluctuating chicken prices will also affect the company's financial condition. According to Harianto et al. (2019), broiler chicken farming generally has problems such as low operating margins, unstable prices, low access to markets, low control of capital, and lack of mastery of technology.

Marketing of broiler chicken production by PT. BCD is very concerned about the price of broiler chickens in the market to maximize their income. The price of goods or services is an element that determines the income of a company. The high income the company earns is determined by the higher prices offered by producers (Lupiyoadi & Hamdani, 2006). Based on data from the National Strategic Food Price Information Center (PIHPS) for 2019-2020, broiler chicken prices in Bengkulu Province have fluctuated. The lowest broiler price in 2020 occurred in May at IDR 25,650 per kg, while the highest price occurred in June at IDR 41,500 per kg. This happens because the high demand for broiler chickens in the community influences the marketing of broiler chickens. Prices fluctuate rapidly, and price fixing and competition are major concerns for marketing executives. Ultimately, the price will affect the location, financial performance and buyer perceptions (Aprilia, 2019).

The company will develop a strategy to get large profits for the continuity and progress of the business. Company performance will provide an overview of a company's financial condition using financial analysis tools so that work performance in a period can be seen through the merits of a company's financial condition (Faisal et al., 2017).

Financial problems are important in the company's continuity, so it requires expert handling for each operational activity to anticipate the possibility of excess or lack of funds that can cause the company to go bankrupt. Assessment of financial performance can be done to determine the company's development from period to period. The analytical tool used for the assessment financial performance, namely financial ratio analysis in the form of liquidity, solvability, and profitability ratios. According to Fahmi (2014); Rustiani & Wiyani (2017); Rakhmawati et al. (2017), Performance Finance is an analysis done to see to what extent a company has carried out its activities by using rules proper financial implementation.

Each financial ratio has a specific purpose, use and meaning. Improving the company's financial performance must be done to avoid the risk of bankruptcy (Purwanti & Wibowo, 2018). Financial distress in the company becomes the initial stage of business bankruptcy. Financial distress decreases financial condition or funding difficulties (cash or working capital), triggering liquidation or bankruptcy (Andriawan & Salean, 2016).

Companies use financial statement analysis techniques to monitor financial conditions to overcome and minimize bankruptcy (Wahyudiono, 2018 Susanto & Kholis, 2016). When the early stages of bankruptcy can be detected earlier, management can take savings measures such as a merger or financial restructuring. Tudose et al. (2022) explained that the determinants analysed had various effects on the chosen performance metrics. The three performance indicators (PM, ROA, and EVA) are all positively impacted by the company's size. According to the research, PGR and ROA have a negative impact on EVA when it comes to the linkages between the various performance metrics (second model). The determinants that were examined maintain their significance and level of influence in this model.

PT. BCD is the cause of a decrease in business income. So the company reduces the amount of production, the number of workers, and the number of cages to reduce business costs. before bankruptcy occurs, PT. BCD really needs information related to the company's financial performance. Therefore, it is considered important to carry out research regarding the evaluation of business performance at PT. BCD.

RESEARCH METHOD

Location and Respondents

This research uses a purposive or deliberate location determination method, namely at the broiler chicken farming business of PT. BCD in Selebar District, Bengkulu City. As for the considerations for broiler chicken farming PT. BCD is a broiler chicken production business that has been established for a long time and has four branches spread across Bengkulu City.

The respondents in this research were PT. BCD is a research subject with criteria including that the company is a livestock company that has been in business for more than 10 years, has a chicken population of ±50,000 chickens/period, has ±2 branch farms, and ± 30 chicken coops. The data used is single data with respondents coming from PT. BCD (manager and administrative staff).

Data Collection

Secondary data were obtained from related institutions and literature studies from a collection of books and records relevant to this research. The secondary data used in this research is about the description of the business and the financial report data of the broiler farm business of PT. BCD 2019-2021. Data was collected through the process of observation and literature study.

Data Analysis Method

This research uses quantitative analysis methods in the form of business performance analysis and financial ratio analysis. The use of quantitative analysis aims to enable researchers to analyze the performance of PT's broiler chicken farming business PT. BCD.

Business Performance Analysis

1. *Liquidity Ratio*

This ratio is an indicator of whether or not a company can fulfill its obligations in the short term when the deadline for using existing current assets (Darmawan, 2020). Here is the ratio used:

a. Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$

Table 1. Guidelines for Measurement of Liquidity Ratios

Ratio	Ratio Interval	Criteria
	200%-250%	Very Good
	175%-<200% or >250%-275%	Good
Current Ratio	150%-<175% or >275%-300%	Fair
	125%-<150% or >300%-325%	Bad
	<125% or >325%	Poor

2. *Solvability Ratio*

The solvability ratio is the ratio used to measure the extent to which a company's assets are financed by liabilities (Kasmir & Jakfar, 2013). The ratios included in the solvability ratio are:

a. Debt to Asset Ratio $= \frac{\text{Total Debts}}{\text{Total Assets}} \times 100\%$

b. Debt to Equity Ratio $= \frac{\text{Total Debts}}{\text{Equities}} \times 100\%$

Table 2. Solvability Ratio Measurement Guidelines

Ratios	Ratio Interval	Criteria
Debt to Asset Ratio	≤40%	Very Good
	>40% -50%	Good
	>50% -60%	Fair
	>60%- 80%	Bad
	>80%	Poor
Debt to Equity Ratio	≤70%	Very Good
	>70% -100%	Good
	>100% -150%	Fair
	>150%- 200%	Bad
	>200%	Poor

3. *Basic Earning Power Ratio*

This ratio illustrates the effectiveness of company management in obtaining profits and measures whether the level of return on investment made by owners or shareholders is appropriate (Hidayat, 2018). The formula can calculate the percentage level of profitability obtained:

a. Net Profit Margin = $\frac{\text{Net Income}}{\text{Sales}}$

b. Return on total assets = $\frac{\text{Barning Before Tax}}{\text{Total Assets}}$

c. Return on Equity = $\frac{\text{Barning After Tax}}{\text{Capital}}$

Table 3. Guidelines for Measuring Basic Earning Power Ratios

Ratios	Ratio Interval	Criteria
Net Profit Margin	≥15%	Very Good
	10%-14%	Good
	5% -9%	Fair
	1%- 4%	Bad
	<1%	Poor
Return on asset	≥10%	Very Good
	7%-9%	Good
	3% -6%	Fair
	1%- 2%	Bad
	<1%	Poor
Return on equity	≥21%	Very Good
	15%-20%	Good
	9% -14%	Fair
	3%- 8%	Bad
	<3%	Poor

Altman Method

The following is the Altman Z-score formula used:

$$Z = 6.56\ X_1 + 3.267\ X_2 + 6.72\ X_3 + 1.05\ X_4$$

Information :

X_1 : Working Capital/ Total Asset / $\frac{\text{Current Assets - Curren Liabilities}}{\text{Total Assets}}$

X_2 : Retained Earnings/ Total Assets / $\frac{\text{Retained Earning}}{\text{Total Assets}}$

X_3 : Earnings Before Interest/ Total Assets / $\frac{\text{Earning Before Interest}}{\text{Total Assets}}$

X_4 : Book value of equity/Book Value of Debt / $\frac{\text{Book Value of Capital}}{\text{Book Value of Debt}}$

Z : Overall Index

a. If the Z value <1.11 is in the distress zone, the company is experiencing financial difficulties and high bankruptcy risk.
b. If the value is 1.11<Z<2.60, it is in the gray zone condition. That is, financial problems require proper and fast handling by management.
c. If the Z value >2.60 is in the safe zone, the probability of bankruptcy is very small because the company is in a healthy condition.

RESULT AND DISCUSSION

The results of the analysis explain several indicators measuring PT's financial performance PT. BCD (liquidity, solvency, profitability) includes total costs (production and non-production), sales, other income, profit and loss report, and balance sheet. Apart from that, it will also discuss the status of business sustainability based on the company's financial performance. The following is a detailed explanation.

Financial Performance of PT. BCD

Chicken sales are made from their cage (53%) and partners (47%), with an average sales of IDR 8,000,000,000 per year. Furthermore, the variable costs incurred by PT. BCD in the form of DOC, feed, medicine, vitamins, vaccines, equipment conversion and depreciation with an average expenditure of IDR 4,000,000,000 per year. Apart from that, the company also has other income in selling empty sacks, feed, DOC, OVK, and dead chickens, with an average income of IDR 7,000,000,000 per year. However, non-production costs and other costs are also incurred an average of IDR 5,000,000,000 per year.

The year 2020 saw the largest net profit, totaling IDR 6,091,131,180. Compared to 2021, when enterprises' ability to market broiler chickens was restricted due to the spread of Covid-19, this year's impeded chicken marketing resulted in IDR 5,684,005,678 in net profit value. The highest total assets occur in 2021 of IDR 20,515,499,839 and the lowest in 2020 is IDR 19,424,762,963. The total value of assets (wealth) is the same as total liabilities. In 2021 it had the highest value of Rp20,515,499,839 and in 2020 the lowest was IDR 19,424,762,963. This shows that the balance sheet has been prepared properly without any recording errors that could result in an imbalance in the value of assets and liabilities. In addition, a balanced value indicates that the company is in a healthy condition.

The company's financial success is measured by its financial performance, thus it's critical to comprehend how the management of the business operate. As a measure of financial success, the ratio of liquidity, solvency, profitability, and leverage can be employed. The financial statements' cash flow, balance sheet, profit-loss, and capital change can be used to derive the data. Additionally technical and fundamental analysis. Economics, financial management, and accounting can all be studied in order to comprehend finance. (Fatihudin et al., 2018; Kasmawati & Asyik, 2022).

The three ratios (liquidity, solvability and profitability) generally fluctuate yearly. However, the ratio results show PT. BCD is in a very good position. In detail can be seen in the following Table 4.

Table 4. Results of Liquidity, Solvability and Basic Earning Power Ratios

Ratios	Year		
	2019	2020	2021
Liquidity			
Current Ratio	225% (Very Good)	243% (Very Good)	214% (Very Good)
Solvability			
Debt To Asset Ratio	29% (Very Good)	27% (Very Good)	31% (Very Good)
Debt To Equity Ratio	42% (Very Good)	36% (Very Good)	46% (Very Good)
Basic Earning Power Ratio			
Net Profit Margin	78% (Very Good)	54% (Very Good)	82% (Very Good)
Return On Total Assets	30% (Very Good)	30% (Very Good)	27% (Very Good)
Return On Equity	43% (Very Good)	41% (Very Good)	40% (Very Good)

Source: Primary Data Processed, 2023

In detail, liquidity, solvency and profitability ratios will be discussed in the sections below:

Liquidity Ratio

The current ratio in 2019 was 225% and increased in 2020 by 243%, then decreased in 2021, namely 214%. Despite experiencing fluctuations, the current ratio continues to be in the very good category. Based on the calculation of the liquidity ratio in (Table 4) shows fluctuating results. The type of liquidity ratio used is the current ratio, obtained by comparing current assets and liabilities. The highest current ratio value occurs in 2020, with a percentage of 243%. The current ratio value of PT. BCD period 2019-2021 is included in the very good criteria. The very good criteria obtained from calculating the current ratio indicate that PT. BCD is classified as a liquid company, or in other words, it can pay off its short-term debts and is quite effective in using its current assets to generate profits. The current ratio is a liquidity ratio obtained from comparing current assets and liabilities to assess a company's ability to pay off its short-term debt (Darmawan, 2020). According to Sawyer (2009), a low current ratio value may indicate a liquidation problem, while a current ratio value that is too high indicates the ineffective use of current assets resulting in a decrease in the company's ability to generate profits.

According to Durrah et al. (2016), the liquidity rate in Amman Bursa-listed food industry companies varies from year to year. Similar to this, the profitability rate of the food-related industrial enterprises listed on the Amman Stock Exchange increases every year. The analysis finds no correlation between the gross profit margin and any of the liquidity ratios (current ratio, quick ratio, cash ratio, defensive interval ratio). Because each economic entity's ability to pay, or the potential to honor its obligations on time, is the most significant and visible aspect of each economic entity in the market economy, the liquidity of the economic entities, consisting of cash, cash equivalents, and short-term investments, is important to the activity of the entities. As a result, the amount of human and material resources required must be calculated in accordance with its potential to ensure the cash equivalent and to discharge its debts to third parties (Breuer et al., 2018).

Solvability Ratio

According to Fahmi (2011), the solvability ratio shows whether or not a company can pay its debts by a predetermined time. Besides that, the solvability ratio is a benchmark for companies to fulfill all short and long-term debts when a company liquidates. In this study, the calculation of the solvability ratio used is based on the debt-to-asset and debt-to-equity ratios. Sholaeman et al. (2021), Dewi (2022) and Kusuma & Estiningsih (2023) explained that the total debt to total assets ratio and the total debt to equity ratio have decreased, according to the solvency ratio. Due to the lower financial risk, the ratio's decline signals strong corporate success.

Debt to Asset Ratio

Based on the calculation of the debt-to-asset ratio PT. BCD (Table 4) shows that 2021 has the highest debt-to-asset ratio value, with a percentage of 31%. The value obtained by PT. BCD for 3 years yields ≤40%, so it is categorized as a very good debt-to-asset ratio. Very good criteria owned by PT. BCD indicates that the total assets financed with debt are low. From 2020 to 2021, there will be an increase in the debt-to-asset ratio of 5%. This will result in the company experiencing an increase in debt and loan interest. If this happens continuously without being matched by an increase in income, it can increase the risk of financial distress. According to Darmawan (2020), Dewi (2017) and Wijaya et al. (2017), a lower ratio value signals less corporate financing from debt. In contrast, a larger ratio value means that more and more businesses are financed by debt, which makes it challenging for businesses to obtain more loans since lenders are concerned that they won't be able to repay their obligations with their assets.

Debt to Equity Ratio

Based on the value of the debt-to-equity ratio of PT. BCD shown in (Table 4) shows fluctuating results. The highest percentage of debt-to-equity ratio occurs in 2021, with a value of 46%, and the lowest in 2020 is 36%. The debt-to-equity ratio value of PT. BCD for 3 years is at intervals of 36%-46%, which indicates the company is in very good criteria. Very good criteria owned by PT. BCD shows that the company can meet its long-term debt. The calculation of the debt-to-equity ratio is obtained by comparing the total value of debt with capital so that it can explain the amount of debt-financed company assets or, in other words, it shows each capital that is used as collateral for debt (Kasmir & Jakfar, 2013). The lower the debt-to-equity ratio, the higher the company can pay its long-term debt and vice versa (Darmawan, 2020; Widhiari & Merkusiwati, 2015).

Basic Earning Power Ratio

Basic earning power is a ratio that can show the company's prospects in the future. Therefore, this ratio is important for assessing the company's viability in the long term. The company's survival will be guaranteed when it has a high level of profitability (Darmawan, 2020). The research results show that basic earning power is in the very good category based on the net profit margin, return on total assets and return on equity. This condition indicates that PT. BCD has company prospects in the future.

Net Profit Margin

Based on the results of calculating the net profit margin of PT. BCD in (Table 4). Over the last 3 years, the net profit margin has fluctuated. In 2019 the net profit margin value of PT. BCD by 78% decreased in 2020 to 53% and increased again in 2021 to 81%. Net profit margin value of PT. BCD in 3 years at intervals of >15% made the company very good. This very good criterion comes from the company's ability to manage net profit and increase sales revenue, as well as being good at managing its operational costs.

Unfavorable criteria will occur if PT. BCD indicates the company's low ability to reduce operating costs. The net profit margin value shows the company's efficiency level in running its business. A declining ratio results in a risk of decline in the future. This is because net income is lower than expenses (Widiyanti, 2019; Watung & Liat, 2016).

Return on Total Assets

Table 4. shows that in 2019 and 2020, the highest percentage was 30%, and the lowest in 2020 was 27%. The value of return on total assets of PT. BCD for 3 years was at intervals of >10%, making the company have very good criteria. Company PT. BCD has effectively used its assets to generate profits.

Unfavorable criteria will occur if the company PT. BCD cannot generate profits from company activities, and the company needs more effectiveness in using its assets. This ratio is obtained by comparing profit before tax with total assets. The low return on total assets signals that the company's ability to generate profits is low, so a decrease in total assets will occur, ultimately making the company experience increased financial distress (Azizah & Farah, 2018).

Return on Equity

Based on the calculation of return on equity PT. BCD (Table 4), in 2019 and 2021, the company had a high percentage of 43% and 41%, and in 2020 the lowest was 40%. Return on the equity value of PT. BCD in 2019-2021 is at an interval of > 21% classified as very good criteria. The company has been good at increasing its ability to manage capital effectively (Maith, 2013; Erindani, 2014). Which company will experience bad criteria if PT. BCD, the company's ability to manage capital effectively is low. The return on equity ratio is a benchmark for the profit from investments made by the owners of their capital.

Altman Z-score

Based on the calculation of Altman Z-score PT. BCD (Table 5) for 3 years shows the company is in a safe zone condition, namely a condition where the possibility of bankruptcy for the company is very small because it is in a healthy condition which means there is no financial distress. The safe limit value of the Z-score is Z>2.60. As seen in the table 2020 has the highest Z value, which is 7.85. The X1 value or working capital to total assets is the ratio used to measure a company's liquidity level in meeting its short-term debt by calculating current assets less current liabilities, then dividing it by total assets.

Value of X_1 PT. BCD was the highest from 2019-2021, with a value of 2.54 occurring in 2020. The higher the X_1 value, the higher the level of the company's ability to process and fulfill its short-term debt. The value of X_2 or retained earnings to total assets is a ratio used as a benchmark for overall profitability. This ratio is calculated by dividing retained earnings by total assets. The results are greatly influenced by the company's age because an older company is more likely to accelerate the collection of retained earnings, as evidenced by the high ratio value. In 2020, the X_2 PT. BCD value was obtained. PT. BCD was the highest with a score of 0.97. The calculation results obtained provide results that are quite high so it can be said that the company has been around for a long time.

The X_3 value or earnings before interest/total assets is a ratio used to measure the company's ability to create profits from the assets used. This ratio is obtained by comparing earnings before interest and tax with total assets. The greater the profitability value of a company, the more efficient and effective the use of assets as a whole in generating profits. In 2020, X_3 PT. BCD results were obtained. PT. BCD is the highest with a score of 1.50. This can mean that in 2020 overall asset use was more effective and efficient compared to 2019 and 2021.

The X_4 value or book value of equity to total liability is a ratio used to measure the amount of a company's assets financed by debt. In addition, this ratio can be a benchmark for a company's ability to meet all short-term or long-term debt if the company is liquidated in the future. In 2020, a value of X_4 PT. BCD was obtained. PT. BCD was the highest with a score of 2.84. Z-score results in detail can be seen in the table below:

Table 5. Z-Score Results

Ratio	Year		
	2019	2020	2021
X_1	2.44	2.54	2.37
X_2	0.94	0.97	0.92
X_3	0.08	1.50	0.08
X_4	2.48	2.84	2.37
Z	5.95	7.85	5.74
Information	*Safe Zone*	*Safe Zone*	*Safe Zone*

Information :

X_1 : Working Capital To Total Asset
X_2 : Retained Earnings To Total Assets
X_3 : Earnings Before Interest/ Total Assets
X_4 : Book Value Of Equity To Total Liability

The calculation analysis to determine business conditions uses the MDA Altman Z-score formula as follows:

Calculation of Business Conditions of PT. BCD 2019

$$Z = 6.56\,(2.44) + 3.267(0.94) + 6.72\,(0.08) + 1.50\,(2.48) = 5.95$$

With a Z value of 5.95 > 2.60, the company is in a safe zone, which means it can continue to run its business.

Calculation of the Business Conditions of PT. BCD 2020

$$Z = 6.56\,(2.54) + 3.267(0.97) + 6.72\,(1.50) + 1.50\,(2.84) = 7.85$$

With a Z value of 7.85 > 2.60, the company is said to be in a safe zone, which means the company can continue its business.

Calculation of the Business Conditions of PT. BCD in 2021

$$Z = 6.56\,(2.37) + 3.267(0.92) + 6.72\,(0.08) + 1.50\,(2.37) = 5.74$$

With a Z value of 5.74 > 2.60, the company is said to be in a safe zone, which means the company can continue its business.

CONCLUSION AND SUGGESTION

Conclusion

Based on the results of the analysis carried out on PT. BCD can be concluded that:

1. The company is suspected of experiencing a bad financial condition after an analysis using financial ratios (liquidity ratios, solvability ratios and profitability ratios) is supported by financial report data for 2019-2021. The results obtained by the broiler farm company PT. BCD in 2019-2021 showed very good results. The criteria are very good, indicating that the company has managed its capital, assets, profits and debts in a condition that can be continued for the long term.

2. Business conditions of PT. BCD is suspected of experiencing bankruptcy conditions after an analysis using the Altman Z-score method with financial report data for 2019-2021. The results stated that the company was in a safe zone (continuing) which meant that the company did not experience bankruptcy. A high Almnt Z-score indicates that the company is very far from bankruptcy.

Suggestion

There are suggestions that can be given to PT. BCD are:
1. Reduce costs to maintain business efficiency
2. Manage capital well to maintain business effectiveness
3. Manage the capital and assets owned well to obtain maximum income.

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