

PEFINDO25 COMPANY CLUSTERIZATION IN GLOBAL RECESSION 2023 USING FINANCIAL RATIOS INDICATORS

Ignatia Thomasita Bau Mau

Faculty of Economics and Business, Widya Mandira Catholic University

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ABSTRACT

The public in general will continue to face the phenomenon of economic recession even though the financial position of the Indonesian state is still strong and stable. To be aware of this situation, it is necessary to make appropriate investment efforts so as to maintain the sustainability of the household financial condition of each community. However, in the midst of issues of economic recession, investors are very wary of investing a certain amount of capital in companies that are on the capital market. Investors tend to look at small companies that have the possibility to invest, but from a fundamental standpoint, these companies must have optimal financial health. The world of capital markets knows the companies included in the Pefindo25 index. These Pefindo25 companies are small and medium-sized companies that are selected with certain criteria as representatives of small companies that have good financial development and have the right financial performance. From this study, an analysis of financial ratios was carried out as an indicator to measure the financial health of companies included in the Pefindo25 index for the period August 2022 to January 2023. The results of measuring financial ratios and clustering with Pseudo-F statistics in the SPSS program show that the company BFI Finance Indonesia Tbk. (BFIN) is a company that has a good level of fulfillment of short-term and long-term obligations, the assets used to carry out operational activities are managed properly and the capital owned by the company can be optimized appropriately for the company's sustainability. BFIN can be the choice of investors to invest some of their capital in the company, amidst the world's unstable economic conditions such as the issues of the 2023 global economic recession.

E-mail:

nancybaumau@gmail.com

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1. INTRODUCTION

The phenomenon of economic recession is no longer a new thing for people in the world, as well as for the people of Indonesia. Several historical recessions have been recorded in Indonesia, including the events of 1998, 2009, 2013, and the Covid-19 pandemic that occurred in 2020. The causes of economic events in recent years have also varied, with different improvement efforts being made. The covid19 pandemic event that occurred in March 2020 required physical distancing to reduce the spread of the virus. With this policy, many offline business sectors have finally switched to online so that they can carry out business activities in accordance with the health protocols called for by WHO.

Besides that, this policy also has an impact on the financial condition of the community in general, with different cases, ranging from reducing wages to even termination of employment (PHK), according to the Ministry of Finance of the Republic of Indonesia (2021). The State of Indonesia in 2021 to early 2022 is trying to stabilize the financial situation that occurred as a result of the co-19 pandemic. However, this was not optimal because of the tensions that arose between Russia and Ukraine which caused Indonesia to experience the impact of world economic uncertainty. The war between Russia and Ukraine

had serious consequences for several countries that supplied the industrial sector of the two countries. which is causing economic bottlenecks in some countries. For example, rising food prices and rising fuel prices, which trigger high inflation that has the potential to cause an economic recession (Ministry of Finance, 2022).

At the same time, namely in 2022, the Indonesian people will again be faced with the issue of the 2023 recession which ultimately creates its own unrest with the flow of the world economy. Seeing this condition, the role of the government, together with monetary and financial authorities, must anticipate Indonesia's financial position to remain stable and not experience a decline in economic growth. According to the Directorate General of State Assets of the Republic of Indonesia (2022), several indicators that have in fact managed to maintain stability are as follows. First, the government and other financial authorities seek to reduce the price of goods, by subsidizing commodities that provide a multiplier effect and have an impact on low-income people (eg fuel subsidies, electricity, fertilizers) and provide goods, including basic needs. This was done to maintain the inflation rate, and was successful in semester 1 of 2022, Indonesia's inflation rate was still low at 3.19%.

Second, the Indonesian state managed to gain profits from export and import activities as of April 2022 of USD 7.56 billion. April's export value grew by 47.76%, while imports grew by 21.97%. This advantage illustrates the better structure of Indonesia's economy where export growth reached 27%. This makes Indonesia's national economic growth have a high added value and create new jobs. Third, Indonesia's debt as of the end of May 2022, amounted to IDR 7,002.24 trillion. However, this amount of debt is still considered safe considering the total debt is 38.88% of Indonesia's Gross Domestic Product (GDP), far below the debt ratio mandated by the State Finance Law, which is 60% of GDP. Next, the debt portion is dominated by Government Securities of 88.2% which illustrates financial independence, the role of the community in development and minimal risk. Furthermore, debt is dominated by rupiah by 70.68%, thus reducing the risk of fluctuations in exchange rates and optimizing domestic resources.

The last consideration is that the portion of long-term debt is more than 90% of the total debt, so that the government has the opportunity and discretion to adopt a better debt payment policy. Fourth, income from taxes in semester 1 of 2022 reached IDR 868.3 trillion or 58.5% of the 2022 target of IDR 1,485 trillion. Rising commodity prices, successful economic recovery and business growth in several sectors including the manufacturing industry were the main contributors to this increase. Increased investment made by the community is also a significant support in improving the Indonesian economy. Fifth, in the first quarter, Indonesia's economic growth reached 5.01%, in which several sectors contributed to the growth of this economic activity. Contributors to this economic growth include manufacturing, pharmaceuticals, pharmaceuticals, trade, mining, transportation, public consumption and investment. This makes the Indonesian state optimistic to remain strong and stable in terms of economic growth which can reach 5.1% per year 2022.

The public in general will continue to face this phenomenon of economic recession even though the financial position of the Indonesian state is still strong and stable as described above. To be aware of this situation, it is necessary to make appropriate investment efforts so as to maintain the sustainability of the household financial condition of each community. According to the Indonesian Financial Services Authority (2021), one form of investment that can increase Indonesia's economic growth is investment in the capital market in the form of stocks, bonds and mutual funds. However, in the midst of issues of economic recession, investors are very wary of investing a certain amount of capital in companies that are on the capital market. Investors tend to look at small companies that have the possibility to invest, but from a fundamental standpoint, these companies must have optimal financial health. The capital market world knows the companies included in the Pefindo index²⁵. Included in Pefindo²⁵ are small and medium-sized companies that are selected with certain criteria as representatives of small companies that have good financial development and have the right financial performance. Companies included in the Pefindo 25 index are reviewed twice a year every January and July in accordance with the terms and

criteria that apply to the Indonesian stock price index and are determined by the Indonesia Stock Exchange.

In the midst of an unstable world economy where the general public as well as investors are wary of allocating a certain amount of funds and capital for investment, the presence of companies included in the Pefindo index²⁵ can be an alternative for investors to dare to invest. For this reason, it is necessary to carry out a fundamental analysis of the Pefindo companies²⁵ and carry out clustering or grouping, to what extent these companies have the best financial health. In other words, financial ratio analysis to assess company performance can be used as an indicator to measure the company's financial health, and clustering of these companies is needed as an answer for investors to choose which companies belong to Pefindo²⁵ which are worth investing in. Therefore this research aims to help provide an overview and answer the needs of the public or investors who are willing and willing to invest in small and medium-sized companies in the midst of uncertain economic issues, such as the 2023 global recession.

2. METHOD

2.1 Type and Data Source

This study uses quantitative data types in the form of numbers (Sugiyono, 2017). The data source in this study is secondary data obtained from the financial reports of twenty companies included in the PEFINDO²⁵ index for the period August 2022 to January 2023.

Table 1. Companies Included in the PEFINDO²⁵ Index for the Period August 2022-January 2023

No	Kode	Nama Perusahaan	Sektor
1	ABMM	ABM Investama Tbk.	Perdagangan, Jasa & Investasi
2	ACES	Ace Hardware Indonesia Tbk.	Perdagangan, Jasa & Investasi
3	ARTO	Bank Artos Indonesia Tbk.	Keuangan
4	BBYB	Bank Neo Commerce Tbk.	Keuangan
5	BFIN	BFI Finance Indonesia Tbk.	Keuangan
6	BKSW	Bank QNB Indonesia Tbk.	Keuangan
7	BRMS	Bumi Resources Minerals Tbk.	Perdagangan, Jasa & Investasi
8	DILD	Intiland Development Tbk.	Properti & Konstruksi
9	DOID	Delta Dunia Makmur Tbk.	Material
10	DSNG	Dharma Satya Nusantara Tbk.	Pertanian
11	ENRG	Energi Meda Persada	Material
12	ERAA	Erajaya Swasembada Tbk.	Perdagangan, Jasa & Investasi
13	HRUM	Harum Energy Tbk.	Material
14	LSIP	PP London Sumatra Indonesia Tbk.	Pertanian
15	MLPL	Multipolar Tbk.	Perdagangan, Jasa & Investasi
16	MMLP	Mega Manunggal Property Tbk.	Properti & Konstruksi
17	MNCN	Media Nusantara Citra Tbk.	Perdagangan, Jasa & Investasi
18	MPMX	Mitra Pinasthika Mustika Tbk.	Perdagangan, Jasa & Investasi
19	MYOR	Mayora Indah Tbk.	Barang Konsumsi
20	POWR	Cikarang Listrindo Tbk.	Infrastruktur & Transportasi

Source: BEI No Peng-00188/BEI.POP/07-2022

Financial reports are accessed through the Indonesia Stock Exchange (www.idx.com). The financial report period used in this study is the third quarter financial report of each company, which is as of September 30, 2022.

2.2 Analysis Method

Quantitative research methods are used in this study, with financial ratios as indicators. The financial ratios referred to include liquidity ratios, solvency ratios, profitability ratios and activity ratios.

Table 2. Financial Ratios as an Indicator of Company Clustering

Kategori	Rasio Keuangan	Kode
Rasio Likuiditas	<i>Current Ratio</i>	CR
	<i>Quick Ratio</i>	QR
Rasio Solvabilitas	<i>Debt to Assets Ratio</i>	DAR
	<i>Debt to Equity Ratio</i>	DER
Rasio Profitabilitas	<i>Gross Profit Margin</i>	GPM
	<i>Net Profit Margin</i>	NPM
Rasio Aktivitas	<i>Inventory Turnover</i>	IT
	<i>Total Assets Turnover</i>	TAT

As for grouping companies based on their respective financial ratios, average linkage with Pseudo-F statistics in the SPSS program is used. The steps taken to create clustering are as follows:

1. Twenty companies included in the Pefindo25 Index for the period August 2022 to January 2023 have their financial ratios calculated, according to the financial ratio formula.
2. The financial reports used are financial reports for the third quarter, which are in September 2022.
3. The results of the calculated financial ratios for each company are then applied to the SPSS calculations to calculate the Z-Score, the output of which is descriptive statistics and the validity of the calculations.
4. The Z-Score value is used to analyze clusters with Pseudo-F statistics, in order to obtain the average linkage to cluster membership of the sample in the study.

3. RELUST AND DISCUSSION

The results obtained from statistical calculations in clustering Pefindo25 companies are described in tables 3 to 6. A discussion of each table is provided, so that conclusions can be drawn and provide an understanding that is in accordance with the objectives of the study.

Table 3. Results of Calculation of Pefindo Company's Financial Ratios 25

KODE PERUSAHAAN	CR	QR	DAR	DER	GPM	NPM	IT	TAT
ABMM	151,22%	141,18%	256%	405%	38%	22%	13,52	2,00
ACES	3,05%	-550,25%	29%	1407%	48%	7%	0,00	0,89
ARTO	291,05%	280,53%	87%	558%	5%	4%	0,18	0,13
BBYB	395,46%	394,07%	610%	1116%	40%	50%	9,81	0,66
BFIN	213,86%	210,48%	133%	504%	185%	8731%	1,44	0,00
BKSW	656,78%	581,82%	335%	3719%	55%	56%	0,19	0,17
BRMS	322,70%	314,03%	16%	9676%	60%	78%	0,43	0,01
DILD	107,05%	36,58%	185%	10176%	39%	5%	0,23	0,32
DOID	159,76%	141,06%	528%	771%	13%	1%	12,71	4,52
DSNG	103,91%	58,24%	90%	664%	33%	14%	3,45	0,85

ENRG	55,35%	45,58%	149%	447%	42%	13%	5,43	0,70
ERAA	118,41%	40,36%	139%	1792%	10%	2%	4,70	5,17
HRUM	283,64%	267,15%	24%	75%	62%	43%	9,43	0,72
LSIP	616,77%	509,98%	17%	238%	36%	25%	2,25	0,29
MLPL	103,85%	66,41%	187%	10374%	18%	4%	3,92	1,81
MMLP	5774,26%	5774,26%	20%	783%	65%	65%	0,00	0,04
MNCN	460,35%	284,85%	13%	106%	56%	26%	0,89	0,38
MPMX	148,81%	139,43%	49%	384%	9%	6%	3,86	1,43
MYOR	225,06%	159,08%	88%	2971%	21%	5%	3,89	1,86
POWR	1201,00%	1056,50%	91%	725%	25%	13%	4,84	0,58

Source: Self Processed Data (2022)

The results of calculating liquidity ratios, solvency ratios, profitability ratios and activity ratios show different results for each company listed in the Pefindo 25 index for the period September 2022 to January 2023. When examined in general it shows that of these twenty companies each has a good performance good financial standing and fairly liquid financial health. This means that the liquidity, solvency, profitability and activity of the company's finances shown in the financial statements have a fairly healthy financial performance in accordance with the soundness standards of each ratio. As for suitability in the activities of collecting, organizing, summarizing and presenting data that is more meaningful, easy to read and understand is reported as in table 4 below.

Table 4. Output of Descriptive Statistics SPSS Cluster Analysis

Descriptive Statistics					
Rasio	N	Minimum	Maximum	Mean	Std. Deviation
CR	20	30.520.387	6.567.751.103	2.359.366.989	2.045.744.795
QR	20	-5.502.508.738	5.818.200.261	1.627.226.825	2.501.451.751
DAR	20	20.334.598	6.100.316.145	1.177.643.382	1.691.256.659
DER	20	297.148.586	9.675.904.725	3.334.078.978	2.897.794.300
GPM	20	10.180.269	1.847.516.084	425.236.392	387.202.157
NPM	20	3.740.395	8.730.642.701	650.909.169	1.916.077.854
IT	20	-	9.808.452.896	2.877.857.618	2.932.542.851
TAT	20	1.753.772	5.174.027.854	1.094.688.566	1.436.718.291
Valid N (listwise)	20				

Source: Self Processed Data (2022)

The suitability of the data that has been calculated and processed statistically shows valid data from each company included in the Pefindo 25 index. This is as shown in table 5, that the data from the Z-Score value is 100% valid and has no missing values or failed in processing as indicated by a missing score of 0.0%. This means that all data calculated by the ratio value is correct and valid.

Table 5. Data Validity

Case Processing Summary^a

		Cases					
		Valid		Missing		Total	
N	Percent	N	Percent	N	Percent	N	Percent
20	100,0%	0	0,0%	20	100,0%		

a. Squared Euclidean Distance used

Source: Self Processed Data (2022)

3.1 Liquidity Ratio

This ratio describes a company's ability to meet short-term obligations without assistance from external parties such as banks or other financial institutions. That is, companies can pay debts in the company using a number of funds and capital from the company's operations, Stephen et al (2015). The liquidity ratios used in this study are the current ratio and the quick ratio. The current ratio or current ratio is the ratio that shows the extent to which current liabilities can be paid by assets that have been provided and converted into cash in the near or short term. The standard current ratio is 200% which is in the ratio of 2:1. This means that the bigger and higher the CR means the greater the ability and strength of the company in fulfilling all short-term obligations (paying debt). For companies included in the Pefindo 25 index, the average CR level is good or quite healthy. The highest CR value is 5,774.26%, namely the Mega Manunggal Property Tbk company. (MMLP) engaged in the property and construction sector. While the lowest CR value is 3.05%, namely the company Ace Hardware Indonesia Tbk. (ACES), which is engaged in trade, services and investment. In this case, MMLP has the ability to meet short-term obligations very well to pay off all short-term debt using assets owned by the company. Meanwhile, ACES still does not or does not have good enough ability to meet short-term obligations within the company. This can be increased by optimizing sales with a stronger strategy, so that short-term obligations can be fulfilled with and or using assets within the company without having to get help from external parties.

Next is the quick ratio or commonly known as the acid test, which is the ratio used to measure a company's ability to meet short-term obligations with and without relying on inventory sales. This ratio has a standard of 150% to be classified as having good financial health. From this study it can be shown that the highest QR value is the company Mega Manunggal Property Tbk. (MMLP) of 5,774.26% while the lowest QR value is Ace Hardware Indonesia Tbk. (ACES) by -550.25%. These results indicate that in meeting short-term obligations, MMLP is able to pay all debts without relying on the sale of inventories owned by the company. Or in other words MMLP has a very large investment in inventory. In contrast to ACES, which has not been able to process short-term liabilities properly so that there is a large discrepancy in its sales and inventory turnover. Or in other words, the inventory turnover owned by the ACES company has a slow inventory turnover.

3.2 Solvency Ratio

In contrast to the liquidity ratio, which is used to meet short-term obligations, the solvency ratio is the ratio used to measure the ability to meet long-term obligations. This means that the value of this ratio shows the ability of a company to process its debts to gain profits and is able to pay off these long-term debts. In this ratio, there are two ratios that are assessed, namely the Debt to Assets Ratio and the Debt to Equity Ratio. The research results show that the one with the highest score for DAR is Bank Neo Commerce Tbk. (BBYB) of 610% of the DAR standard, namely 35%. While the lowest DAR value is Media Nusantara Citra Tbk. (MNCN) of 13% of the standard ratio. This shows that the ability to pay off all long-term debt owned by BBYB can be managed properly and properly so that the company is not only able to fulfill its long-term obligations, but can also process these obligations to gain profit for the company itself. In contrast to MNCN, in the third quarter period, it has not been able to fulfill the company's long-term obligations because it only has an amount of funds amounting to 13% of the total debt which exceeds that value. This requires that MNCN must improve sales methods and other financial strategies that are

*Pefindo25 Company Clusterization In Global Recession 2023 Using Financial Ratios Indicators-
 Ignatia Thomasita Bau Mau*

certainly suitable for the company, so that the long-term obligations that exist within the company can be managed properly and appropriately.

In addition to the DAR value in the solvency ratio, there is also a Debt to Equity Ratio (DER) value which has a function to assess the amount of debt owned by a company compared to the existing capital in the company. The results showed that the highest DER value was Multipolar Tbk. (MLPL) of 10.374% which is very far from the standard DER of 90%. This shows that in carrying out operational activities the company engaged in trade, services and investment MLPL has a sufficient amount of capital. The debt in the company is also smaller than the total capital owned by the company, so the company still has good financial health with existing capital management even though it has a number of debts. While the lowest DER value is Harum Energy Tbk. (HRUM) of 75% with a difference of 15% to approach the standard DER of 90%. This shows that HRUM, a company engaged in the material sector when compared between debt and capital contained in the company as operational capital, has 15% larger debt than meeting capital. Or in other words, to obtain sufficient capital to carry out the operational activities of the HRUM company, it must increase capital by 15% of the initial capital. In this case to increase the capital can be done by adding sources of funding and reducing excessive sources of financing.

3.3 Profitability Ratio

This ratio has a function to measure the company's ability to generate profits. The value calculated from the profitability ratio is the value of the Gross Profit Margin (GPM) and the value of the Net Profit Margin (NPM). The results showed that of the twenty companies indexed in Pefindo 25, the one with the highest GPM was BFI Finance Indonesia Tbk. (BFIN) of 185%. While the lowest GPM value is the company Bank Artos Indonesia Tbk. (ARTO) of 5%. This shows that in carrying out operational activities the company BFIN is able to effectively and efficiently reduce the cost of goods sold which is relatively low when compared to the value of sales. So that the gross profit margin can reach 185%. Meanwhile, ARTO, in carrying out its operational activities, has not been able to suppress the cost of goods sold so that it is higher than the sales value. Which rationally, the company must increase sales to obtain the highest profit compared to letting sales within the company not be properly absorbed.

Next, the Net Profit Margin (NPM) value serves to measure the acquisition of net profit after tax on sales. The results showed that the highest NPM value was the company BFI Finance Indonesia Tbk. (BFIN) of 8,731%. This shows that the performance of BFIN companies is productive in increasing investor confidence in investing a certain amount of capital in the company. Or in other words, high NPM can be taken into consideration by investors to invest in profitable companies such as BFIN. While the lowest NPM value is the company Delta Dunia Makmur Tbk. (DOID) of only 1%. This shows that to gain investor confidence in investing a certain amount of capital in this company, it is highly not recommended because the company only has an NPM value of 1%. One percent of the NPM value from DOID can be described if this company only has the ability to earn a profit of 1%, while 99% of that value is closer to losses and or has a large potential to experience losses.

3.4 Activity Ratio

This ratio serves to measure the effectiveness and intensity of a company in utilizing a number of assets owned by the company. As for the activity ratio, the value of the ratio used is Inventory Turnover (IT) and the value of Total Assets Turnover (TAT), each of which has a standard of 20 times for IT and 2 times for TAT. The results showed that on average the companies included in the Pefindo25 index during the third quarter had poor inventory turnover. Or in other words, a number of these companies have not been effective in utilizing the assets owned by the company for their operational activities. While the TAT value, with a standard of 2 times shows that Erajaya Swasembada Tbk. (ERAA) has a higher value of 5.17 times for utilizing company assets during operational activities. Of course, this value must be increased so that the existing assets owned by the company can be used optimally and appropriately.

3.5 Cluster Analysis

Cluster hierarchy based on average linkage can be done if all data has been fulfilled. Criteria using Pseudo-F is used to determine the number of clusters to be used. The results shown by the SPSS application state that there are three clusters with the highest values depicted in table 6 and depicted in

figure 1 in the cluster dendrogram. The results of this clustering are shown in table 7 of cluster membership or members of the cluster.

Tabel 6. Output Average Linkage
Average Linkage (Between Groups)

Agglomeration Schedule

Stage	Cluster Combined		Coefficients	Stage Cluster First Appears		Next Stage
	Cluster 1	Cluster 2		Cluster 1	Cluster 2	
	1	15		18	0	
2	15	19	1,03	1	0	3
3	15	20	1,12	2	0	8
4	6	14	1,13	0	0	10
5	10	11	1,30	0	0	9
6	1	8	3,02	0	0	8
7	7	16	3,12	0	0	12
8	1	15	4,07	6	3	9
9	1	10	4,32	8	5	11
10	6	17	5,90	4	0	12
11	1	3	5,98	9	0	13
12	6	7	7,83	10	7	16
13	1	13	9,58	11	0	14
14	1	2	11,49	13	0	15
15	1	12	12,47	14	0	16
16	1	6	15,06	15	12	17
17	1	9	21,84	16	0	18
18	1	4	23,61	17	0	19
19	1	5	61,92	18	0	0

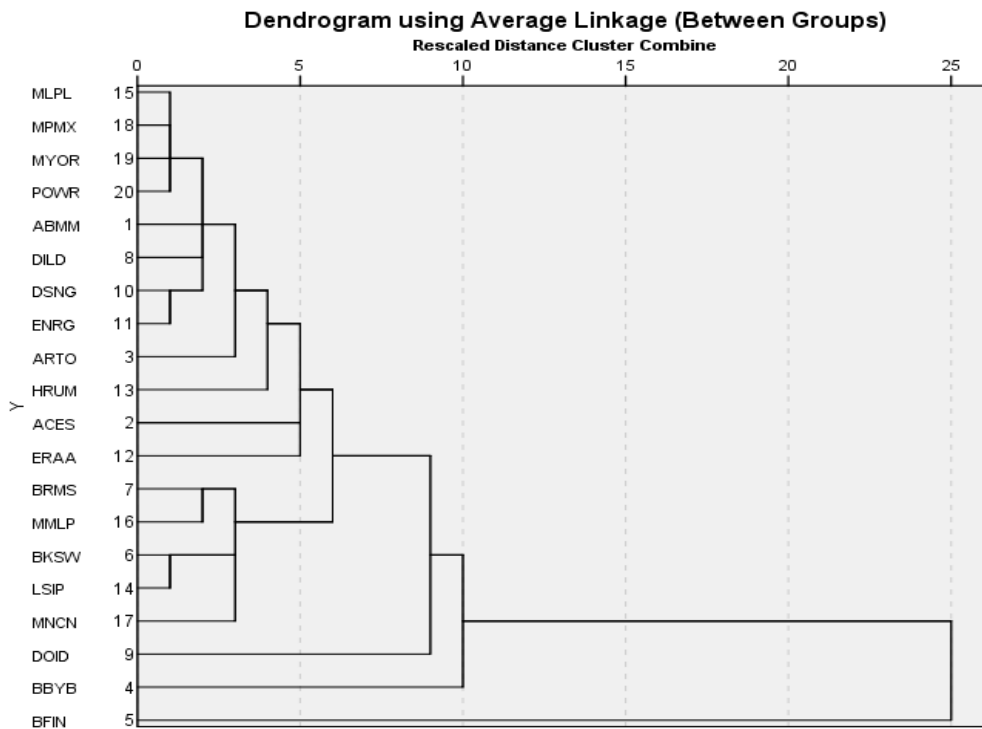


Figure 1. Dendrogram Based on Average Linkage

Table 7. Cluster Members

Case	Cluster Membership		
	4 Clusters	3 Clusters	2 Clusters
1:ABMM	1	1	1
2:ACES	1	1	1
3:ARTO	1	1	1
4:BBYB	2	2	1
5:BFIN	3	3	2
6:BKSW	1	1	1
7:BRMS	1	1	1
8:DILD	1	1	1
9:DOID	4	1	1
10:DSNG	1	1	1
11:ENRG	1	1	1
12:ERAA	1	1	1
13:HRUM	1	1	1
14:LSIP	1	1	1
15:MLPL	1	1	1

16:MMLP	1	1	1
17:MNCN	1	1	1
18:MPMX	1	1	1
19:MYOR	1	1	1
20:POWR	1	1	1

From the table of cluster members, the first cluster includes ABMM, ACES, ARTO, BKSW, BRMS, DILD, DOID, DSNG, ENRG, ERAA, HRUM, LSIP, MLPL, MMLP, MNCN, MPMX, MYOR, and POWR. The second cluster is BBYB and the third cluster is BFIN. From this clustering, BFIN has become a company that has a good level of fulfillment of short-term and long-term obligations, the assets used to carry out operational activities are well managed and the company's capital can be properly optimized for the company's sustainability. In the Pefindo 25 company for the period August 2022 to January 2023, BFIN can be the choice of investors to invest some of their capital in the company, because it has the right financial health to use and is far from losing amid unstable world economic conditions such as issues of the 2023 economic recession.

4. CONCLUSION

From the results of the study it can be explained that of the four financial ratios calculated for companies included in the Pefindo index25 show different results according to the company's financial condition attached to the third quarter financial reports as of September 2022. The results of liquidity ratios, solvency ratios, profitability ratios and activity ratios that have not been optimal in several companies must be increased by optimizing sales, managing debt and assets efficiently and maximizing sufficient capital according to company needs. The clustering that has been carried out and shows BFIN as a company that can be chosen to invest in the 2023 global recession, must maintain its financial position, so that it does not experience a decline or loss which causes investors to be reluctant to choose BFIN as a company worth investing in. This result will change and not become an absolute result and a patent, to be taken into consideration because companies that are included in the Pefindo25 index will continue to be updated in accordance with the patent provisions issued by the Indonesia Stock Exchange. However, this research can be used as a reference and learning material for measuring the financial performance of a company and classifying the company before deciding to invest in any economic situation and condition, including when facing the issue of the 2023 global recession.

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