e-ISSN: 2686-522X, p-ISSN: 2686-5211
Received: 19 May 2023, Revised: 15 June 2023, Publish: 18 July 2023
DOI: https://doi.org/10.31933/dijms.v4i6

DIJMS
DINASTI INTERNATIONAL JOURNAL OF MANAGEMENT SCIENCE
DINASTI PUBLISHER
https://dinastipub.org/DIJMS
editor@dinastipub.org
0811 7401 455

Analysis of The Influence of Revenue, Expense, and Liquidity on Financial Performance (Literature Review)

Unggul Uji Nurhayati[1*], Hapzi Ali[2]
[1]Master of Management Student, Universitas Terbuka, Indonesia, email: unggulujinurhayati@gmail.com
[2]Lecturer in Master of Management at the Universitas Terbuka, Indonesia, email: hapzi.ali@gmail.com

[*]Corresponding author: Unggul Uji Nurhayati[1]

Abstract: Article Literature Review Analysis of the Effect of Revenue, Expense and Liquidity on Financial Performance is a scientific article that aims to build a research hypothesis on the influence of variables to be used in further research, within the scope of the science of Financial Management. The method of writing this Literature Review article is the library research method, which is sourced from online media such as Google Scholar, Mendeley and other academic online media. The results of this literature review article are: 1) Revenue affects financial performance; 2) Expense has an effect on Financial Performance; and 3) Liquidity affects Financial Performance.

Keyword: Revenue, Expense, Liquidity, Financial Performance

INTRODUCTION

Every student, whether Undergraduate, Undergraduate or Undergraduate, must conduct research in the form of a thesis, thesis and dissertation. Likewise for lecturers, researchers and other functional staff who actively conduct research and create scientific articles for publication in scientific journals.

Scientific work is a requirement for students to complete their studies at most universities in Indonesia. This provision applies to all levels of education, namely undergraduate thesis (S1), undergraduate thesis (S2) and third-level dissertation (S3).

Based on empirical experience, many students and authors have difficulty finding supporting articles for their scientific work, such as previous research or relevant research. Relevant articles are needed to strengthen the theory studied and see the relationship or influence between variables in building hypotheses. This article discusses the analysis of the effect of revenue, expense and liquidity on financial performance, a literature review study in the field of financial management.

Based on the background, problems can be formulated that will be discussed to build hypotheses in further research, namely:

1) Does Revenue affect Financial Performance?
2) Does Expense affect Financial Performance?
3) Does Liquidity affect Financial Performance?

LITERATURE REVIEW

Financial performance

Financial performance is an analysis that is carried out to see how far a company has carried out by using the rules of financial implementation properly and correctly (Irhan Fahmi, 2011). Dimensions or indicators of Financial Performance are financial report analysis (Irhan Fahmi, 2011).

Financial performance is a picture of a company's financial condition in a certain period regarding aspects of raising funds and channeling funds (Permendagri No. 61, 2007). The dimensions or indicators of Financial Performance are capital adequacy, liquidity, and profitability (Permendagri No. 61, 2007).

Financial performance is a series of financial activities in a certain period that are reported in financial reports including income statements and balance sheets (Indriyo Gitosudarmo and Basri, 2002). Dimensions or indicators of Financial Performance are financial reports (Indra Bastian, 2006).

Revenue

Revenue is an increase in economic benefits during a certain period in the form of income or addition of assets or a decrease in liabilities resulting in an increase in equity, which does not come from the contribution of investors (Soemarso, 2005). Revenue dimensions or indicators are revenue or additions to assets or decreases in liabilities (Soemarso, 2005).

Revenue is the gross increase in own capital (owner's capital) resulting from selling merchandise, performing services to customers or clients, leasing property, borrowing money and all business activities and professions aimed at earning revenue (Nafarin, 2004). Revenue dimension or indicator is the gross increase in own capital (Nafarin, 2006).

Regional revenue is the receipt of money through the regional general cash account which adds to the equity of current funds in one reporting period that occurs from transactions (Abdul Halim, 2008). Revenue dimension or indicator is the receipt of money (Abdul Halim, 2008).

This revenue has been examined by many previous researchers including (Evi Nilawati, 2019), (Husni Mubarak & Azmir Salman, 2022) and (Yuri Pratiwi & Bambang Pamungkas, 2013).

Expense

Regional expense is all government spending in a budget period (Halim, 2007). The dimensions or indicators of regional spending are government spending (Halim, 2007).

Regional expense are all regional cash expenditures or obligations that are recognized as a reduction in the value of net worth in a one-year fiscal period for which the government will not receive repayment (Yuwono et al, 2005). The dimension or indicator of regional expense is regional cash expense (Yuwono et al, 2005).

Regional expense is the obligation of the local government which is recognized as a deduction from net worth (Permendagri No 13, 2006). Regional spending dimensions or indicators are the obligations of local governments (Permendagri No 13, 2006).

Liquidity

Liquidity is the company's ability to meet its short-term obligations which are due soon (Permendagri No. 61, 2007). Liquidity dimensions or indicators are short-term obligations (Permendagri No. 61, 2007).

Liquidity is the company's ability to obtain financial obligations that must be fulfilled immediately or the company's ability to meet its finances when billed (Munawir, 2000). Liquidity dimensions or indicators are obligations that are immediately fulfilled (Munawir, 2000).

Liquidity is the company's ability to meet short-term financial obligations in a timely manner (Wild, Subramanyam, and Halsey, 2005). Liquidity dimensions or indicators are short-term financial obligations (Wild, Subramanyam, and Halsey, 2005).

RESEARCH METHOD

The method of writing this Literature Review article uses the Descriptive Qualitative method and Library Research, sourced from the online Google Scholar application, Mendeley and other online academic applications.

In qualitative research, literature review must be used consistently with methodological assumptions. This means that it must be used inductively so that it does not direct the questions posed by the researcher. One of the main reasons for conducting qualitative research is that it is exploratory in nature (Ali & Limakrisna, 2013).

FINDINGS AND DISCUSSION

Based on relevant theoretical studies and previous research, the discussion of this literature review article is a review of relevant articles, followed by a review of the influence between variables followed by making conceptual thinking about a research plan:

Review Relevant Articles

Conduct a review of relevant articles as a basis for setting research hypotheses by explaining the results of previous studies, explaining similarities with research plans and differences in research plans with previous authors.

Tabel 1: *Review Relevant Articles*

No	*Author* (Year)	Previous Research Results	Similarities With This Article	The Difference With This Article	Hypothesis
1	Annisa Ayu Pradibta; Rizal Yaya (2018)	The performance of Sleman Hospital after the implementation of BPJS Health insurance from a financial perspective is considered not good except for the activity ratio on the total asset turnover indicator.	Both use the variable financial perspective.	Added the activity ratio to the total asset turnover indicator as an independent variable.	H1
2	Wikan Budi Utami dan Sri Laksmi Pardanawati (2016)	Investors mostly assess the financial performance of the company's liquidity value. Even so, companies should not only focus on company liquidity (Current Ratio). Too much value of the company's liquidity has a negative impact on profitability.	Both use the variable value of liquidity.	Added Return on Assets (ROA) as an independent variable.	H1

No	*Author* (Year)	Previous Research Results	Similarities With This Article	The Difference With This Article	Hypothesis
3	Dien Noviany Rahmatika (2017)	Liquidity of RSUD Kardinah after implementation of PPK-BLUD exists increase in terms of cash ratio and quick ratio.	Both use the variable Liquidity.	Added Stock Price as an independent variable.	H1
4	Bambang Pamungkas (2013)	Recognition of regional revenues, expense, and financing, recognition using the cash basis that is for revenue recognized when received in the State/Regional General Treasury Account. Purchases are recognized when on when the expense occurs from the State/Region General Treasury Account.	Both use revenue and expense variables	Both use revenue and expense variables.	H2
.5	Wikan Budi Utami dan Sri Laksmi Pardanawati (2016)	Too much value of the company's liquidity has a negative impact on profitability.	Both use the variable value of liquidity.	Does not use asset management variables.	H2
6	Dien Noviany Rahmatika (2017)	To increase financial liquidity Hospital, Management hospital recommended for negotiate with related BPJS payment of claims for service funds BPJS to be more smooth and precise time, and review the schedule accounts receivable collection to be more stringent, so the billing period receivables are not too old.	Both use liquidity as the dependent variable.	Accounts receivable collection is added as an independent variable.	H2
7	Bambang Pamungkas (2013)	Expense are recognized when on when expense occurs from the State/Region General Treasury Account.	Both use the expense variable as the dependent variable.	Does not use financing receipts as an independent variable.	H3

No	*Author* (Year)	Previous Research Results	Similarities With This Article	The Difference With This Article	Hypothesis
8	Nuril Astuti, Jubaedah, Sri Mulyantini (2021)	Puskesmas and hospitals simultaneously Liquidity Ratio; Activity Ratio; The Solvability Ratio has a significant influence on the ROA Ratio so that the hypothesis in this study can be accepted.	Both use the Liquidity variable.	Added activity ratio and solvency ratio as independent variables.	H3
9	Noviany Rahmatika (2017)	To improve efficiency (Ratio Activity) hospital, management home to upgrade smooth cash flow, and guarantee availability of drugs and alkes consumables, as well as optimizing utilization of hospital assets especially medical support tools.	Both use the variable spending efficiency.	Added activity ratio as an independent variable.	H3

Influence Analysis between Variables

Effect of Revenue on Financial Performance

Income affects financial performance, where the dimensions or indicators of income (government spending) affect the dimensions or indicators of financial performance (financial reports) (Indra Bastian, 2006). Income affects financial performance, where income dimensions or indicators (gross increase in own capital) affect financial performance dimensions or indicators (financial statement analysis) (Irhan Fahmi, 2011). Income affects financial performance, where the dimensions or indicators of income (receipts) affect the dimensions or indicators of financial performance (capital adequacy, liquidity, and profitability) (Permendagri No. 61, 2007). To improve financial performance by paying attention to income, what must be done by management is to continue to increase income because this will create positive financial performance.

The Effect of Expense on Financial Performance

Expense affect financial performance, where the dimensions or indicators of spending (income or addition of assets or decrease of liabilities) affect the dimensions or indicators of financial performance (financial reports) (Indra Bastian, 2006). Spending affects financial performance, where spending dimensions or indicators (regional cash disbursements) influence financial performance dimensions or indicators (capital adequacy, liquidity, and profitability) (Permendagri No. 61, 2007). Spending affects financial performance, where spending dimensions or indicators (local government obligations) affect financial performance dimensions or indicators (financial report analysis) (Irhan Fahmi, 2011). To improve financial performance by paying attention to spending, what must be done by management is to continue to streamline spending because this will create positive financial performance.

The Effect of Liquidity on Financial Performance

Liquidity affects financial performance, where the dimensions or indicators of liquidity (short-term liabilities) affect the dimensions or indicators of financial performance (financial reports) (Indra Bastian, 2006). Liquidity affects financial performance, where dimensions or indicators of liquidity (immediately fulfilled obligations) affect dimensions or indicators of financial performance (capital adequacy, liquidity, and profitability) (Permendagri No. 61, 2007). Liquidity affects financial performance, where the dimensions or indicators of liquidity (short-term financial obligations) affect the dimensions or indicators of financial performance (financial statement analysis) (Irhan Fahmi, 2011). To improve financial performance by taking into account liquidity, what must be done by management is to continue to increase liquidity because this will create positive financial performance.

Research Conceptual Framework

Based on the formulation of the problem, theoretical studies, relevant previous research and discussion of the influence between variables, the framework of this article is processed as follows:

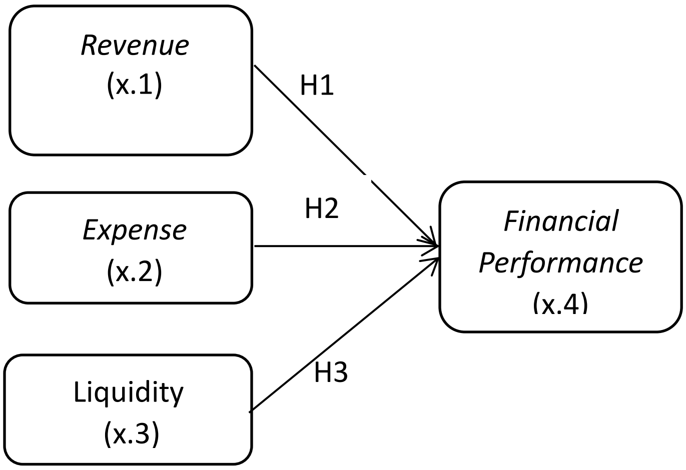

Figure* 1: *Conceptual Framework

Based on the conceptual framework picture above, then: Revenue, Expense, and Liquidity affect Financial Performance.
Apart from these three exogenous variables that affect financial performance, there are many other variables that affect financial performance, including:
1) Activity ratio (Nuril Astuti, Jubaedah, Sri Mulyantini, 2021).
2) Solvability ratio (Nuril Astuti, Jubaedah, Sri Mulyantini, 2021).
3) Receipt of financing (Bambang Pamungkas, 2013)

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the theory, relevant articles and discussion, hypotheses can be formulated for further research:

1. Revenue affects financial performance.
2. Expense has an effect on financial performance.
3. Liquidity affects financial performance.

Recommendations

Based on the conclusions above, the suggestion for the next author is that there are still many other factors that affect financial performance, apart from revenue, expense and liquidity, therefore further studies are still needed to use these factors. Other factors affect financial performance apart from the three variables described in this article, such as activity ratios, solvency ratios, and financing receipts.

REFERENCES

Annisa Ayu Pradibta dan Rizal Yaya (2018). Analisis Kinerja Rumah Sakit Umum Daerah Sleman Berdasarkan Balanced Scorecard Setelah Penerapan Asuransi Badan Penyelenggara Jaminan Sosial Kesehatan. *Reviu Akuntansi dan Bisnis Indonesia, Vol. 2 No. 1, Hlm: 11-25, Juli 2018.*

Bambang Pamungkas (2013). Analisis Pengakuan Pendapatan, Belanja, Dan Pembiayaan Daerah Pada Pemerintah Daerah Kota Bogor. *Jurnal Ilmiah Akuntansi Kesatuan · December 2013.*

Dien Noviany Rahmatika (2021). Analisa Kinerja Keuangan Sebelum dan Sesudah PPK-BLUD Pada RSUD Kardinah. *MULTIPLIER – Vol. I No. 1 November 2016.*

Nuril Astuti, Jubaedah, Sri Mulyantini (2021). Analisis Kinerja Keuangan di Sarana Kesehatan Provinsi DKI Jakarta Terhadap Pengaruh Keterlambatan Pembayaran BPJS. *Jurnal Sosial dan Budaya Syar-i.*

Wikan Budi Utami dan Sri Laksmi Pardanawati (2016). Pengaruh Likuiditas, Solvabilitas, dan Manajemen Aset Terhadap Kinerja Keuangan Pada Perusahaan Go Public yang Terdaftar dalam Kompas 100 di Indonesia. *Jurnal Akuntansi dan Pajak Vol. 17 No.01, Juli 2016.*