

## **THE EFFECT OF PSAK 115 IMPLEMENTATION ON THE FINANCIAL PERFORMANCE OF RETAIL AND MINING COMPANIES**

### ***PENGARUH PENERAPAN PSAK 115 TERHADAP KINERJA KEUANGAN PERUSAHAAN RITEL DAN PERTAMBANGAN***

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#### **ABSTRACT**

One of the ways a company's financial performance is influenced by how the accounting standards are implemented. Changes in accounting standards will certainly affect financial performance. It is believed that financial performance is also influenced by the firm size. This research is quantitative research with the application of PSAK 115 as an exogenous variable, Debt to Asset Ratio, Return on Asset Ratio, and Current Ratio as endogenous variables, and Company Size as a control variable. The aim of this research is to test and analyze the effect of implementing PSAK 115 on financial performance. The research population is companies operating in the retail and mining sectors that are registered on the IDX in 2020-2022. Purposive sampling is used as a sampling method. Research analysis uses the Partial Least Square method with the SmartPLS 4.1 as an application test tool. The research results show that the implementation of PSAK 115 has a positive effect on the debt to asset ratio, has no effect on the return on asset ratio, and has a negative effect on the current ratio. Company size has no influence on the three endogenous variables.

**Keywords:** PSAK 115; Firm Size; Financial Performance.

#### **ABSTRAK**

Salah satu cara kinerja keuangan perusahaan dipengaruhi adalah dengan bagaimana standar akuntansi diterapkan. Perubahan dalam standar akuntansi tentu akan mempengaruhi kinerja keuangan. Diyakini bahwa kinerja keuangan juga dipengaruhi oleh ukuran perusahaan. Penelitian ini adalah penelitian kuantitatif dengan penerapan PSAK 115 sebagai variabel eksogen, Debt to Asset Ratio, Return on Asset Ratio, dan Current Ratio sebagai variabel endogen, dan Ukuran Perusahaan sebagai variabel kontrol. Tujuan penelitian ini adalah untuk menguji dan menganalisis pengaruh penerapan PSAK 115 terhadap kinerja keuangan. Populasi penelitian adalah perusahaan yang beroperasi di sektor ritel dan pertambangan yang terdaftar di BEI pada tahun 2020-2022. Purposive sampling digunakan sebagai metode pengambilan sampel. Analisis penelitian menggunakan metode Partial Least Square dengan aplikasi SmartPLS 4.1 sebagai alat uji. Hasil penelitian menunjukkan bahwa penerapan PSAK 115 memiliki pengaruh positif terhadap debt to asset ratio, tidak berpengaruh terhadap return on asset ratio, dan memiliki pengaruh negatif terhadap current ratio. Ukuran perusahaan tidak memiliki pengaruh terhadap ketiga variabel endogen tersebut.

**Kata Kunci:** PSAK 115; Ukuran Perusahaan; Kinerja keuangan.

## **INTRODUCTION**

Accounting is an information system that is able to provide reports for stakeholders regarding economic activities and company conditions. Accounting can be said to be the language of business because through the financial reports produced by accounting it can be communicated to stakeholders (Warren et al., 2018). The benefit of publishing financial reports at the end of the period is that it provides

information in the form of signals in financial reports for managers, directors, commissioners, shareholders and external parties. Therefore, its implementation requires compliance with the Financial Accounting Standards (SAK) that apply in Indonesia.

The signals contained in the financial reports will be represented by financial performance. Financial performance is the result of analysis carried out to see how far an organization has implemented financial implementation rules properly and

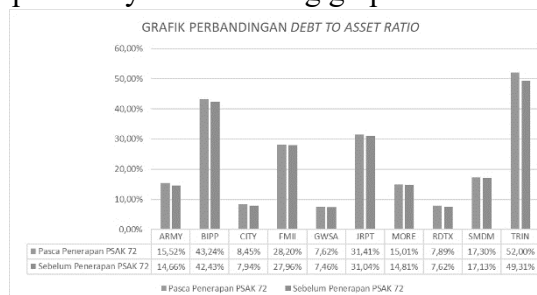
correctly, such as making financial reports based on applicable regulations, such as SAK or IFRS (Mardaningsih et al., 2021). Halim & Herawati (2020) stated that analysis of financial performance is displayed by financial ratios.

PSAK 115 is one of the standards used in the recognition and measurement of income carried out by companies. PSAK 72 which was replaced with PSAK 115 was ratified on July 26 2017. On January 1 2024, DSAK stated the change in numbering to 3 digit numbers (IAI, 2024). PSAK 115 is effective as of January 1 2020, which means that every entity that adopts PSAK as a reference in implementing accounting is required to apply PSAK 115 in its applied accounting policies. Noviana & Aminah (2023) and Lestari (2023) state that the financial performance that is most impacted by the implementation of PSAK 115 is the debt to asset ratio, return on asset ratio, and current ratio.

Debt to asset ratio is a financial ratio used to measure how much liabilities a company has which is used as the composition of the company's assets (Higgins et al., 2022:48). The greater this financial ratio, the greater the risk the company has. Return on Assets is a ratio used by management which shows the company's ability to use all existing assets in order to earn profits (Rosa, 2021:103). The greater this financial ratio, the better the financial performance. Current Ratio is a ratio used to describe a company's ability to pay off short-term liabilities using current assets (Brigham & Houston, 2019: 108). The greater the financial ratios, the better the company's financial performance.

Based on research conducted by Mustiko & Putra (2022) which examined construction and real estate companies, the results show that with the implementation of PSAK 115, the debt to asset ratio will increase. This claim is

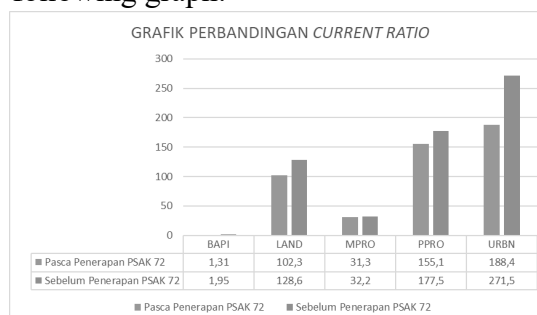
proven by the following graph:



**Figure 1.** Comparison Chart of Debt to Asset Ratio Before and After Implementation of PSAK 72

Research conducted by Yulianti et al. (2023) states the opposite. They argue that the debt to asset ratio actually improved when PSAK 72 was applied to PT Kalbe Farma, Tbk and PT Gudang Garam, Tbk. Based on the results of their analysis, it was found that the debt value of the two companies was smaller when using PSAK 72.

Based on research conducted by Atmoko (2023) which examined construction and real estate companies, the results show that with the implementation of PSAK 115, the current ratio will decrease. This claim is proven by the following graph:



**Figure 2.** Comparison Chart of Current Ratio Before and After Implementation of PSAK 72

Research conducted by Amyulianthy et al. (2022) states the opposite. The results of their research show that there was an increase in the current ratio after the implementation of PSAK 72. They believe this was due to an increase in the company's cash and cash equivalents.

Due to the implementation of PSAK

115, one of the industries most affected is the retail and mining industry (Mutiha, 2022). Companies in the retail industry are companies that operate in the field of fulfilling daily needs, both retail and wholesale (Levy & Grewal, 2022:4). If there is a wholesale, the company will make a contract with a company operating in the retail sector in order to fulfill the delivery of goods. When there is a contract between a retail company and a consumer company, PSAK 115 applies in accounting measurement and recognition. This is usually represented by an account called “advance”, “unearned income”, or “deferred income”. The mining industry also has the same transaction flow as the retail industry regarding sales transactions. The same transaction flow is that the mining industry will ultimately also carry out sales transactions for goods and the need for delivery of goods.

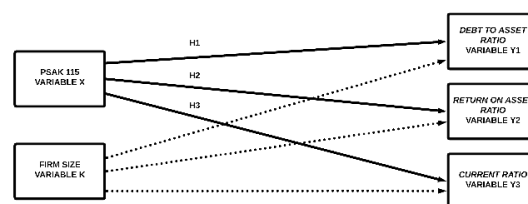
Mardaningsih et al. (2021) and Kurniawati et al. (2020) believe that financial performance is not only influenced by the accounting methods applied, company size also influences the financial performance of a company. They stated that a larger company size can provide more accurate information, because the bigger the company, the greater the possibility of being known by the wider community, so that they have a reputation to maintain. Companies going public with extensive resource utilization should be companies with a large size and have good financial performance (Amalia & Khuzaini, 2021), so they must maintain their reputation by presenting good financial performance information.

Based on the background above, a motivation emerged in order to find out whether the implementation of PSAK 115 has an effect on financial performance as measured by the debt to asset ratio, return on asset ratio, and current ratio in retail and mining companies listed on the BEI in 2020-

2022. The aim of this research is to test and analyze the effect of implementing PSAK 115 on financial performance as measured by the debt to asset ratio, return on asset ratio, and current ratio of retail and mining companies listed on the IDX in 2020-2022.

## RESEARCH METHOD

This research aims to test and analyze whether there is an effect of implementing PSAK 115 on financial performance as measured by the debt to asset ratio, return on asset ratio, and current ratio of retail and mining companies. This can be represented through the following research chart:



**Figure 3.** Research Chart

## Institutional Theory

Institutional Theory explains that the formation of organizations is due to pressure from the institutional environment which causes institutionalization (Berger et al., 2022: 122). PSAK 115 replaces the income system from rule based to principle based. The purpose of this application is to provide information to users of financial statements regarding the timing, nature and uncertainty of income and cash flows arising from contracts with customers. This Institutional Theory is useful for explaining that the Indonesian Accountants Association (IAI) as an accounting organization tries to emphasize the distinction between the two types of transactions (revenue transactions and accounts payable transactions), where it is important for a company to create commercial substance in transactions that are clear with PSAK 115.

## PSAK 115

PSAK 115 requires that cash income

and/or receivables related to the operations of a company or organization can be recognized as income when the obligation to deliver assets to customers has been carried out by the company or organization. So, if after the reporting date there are still assets that have not been handed over to customers, it will be the company's obligation to fulfill them, in this case the obligation will be recognized in the company's or organization's liabilities (Casnla & Nurfitriana, 2020). PSAK 115 requires the revenue recognition process to go through 5 stages. The 5 stages are (1) Identifying contracts with customers, (2) Contract combination, (3) Contract modification, (4) Identifying implementation obligations, (5) Completion of implementation obligations.

### Financial Performance

Financial performance is a result and information provided by company management within a certain period of time (Alexander, 2018:3). Financial performance is a representation of financial conditions in a certain period which concerns aspects of collecting funds and distributing funds which are usually measured by indicators of capital adequacy, liquidity and profitability. Financial performance can be measured using financial ratios. A financial ratio is an index that connects two accounting numbers and is connected by dividing one number by another number. This research will use the debt to asset ratio, return on asset ratio, and current ratio as the basis for measuring financial performance.

### Firm Size

Firm size is a value that gives an idea of how big or small a company is. The larger the size of a company, the greater the opportunity for the company to generate profits (Higgins et al., 2022: 113). The large size of the company will

also have an impact on the information presented by the company. The larger the company size, the more complete and more complex the information presented (Firdaus & Trisnaningsih, 2023). Company size can be measured through various methods, such as total assets, number of sales, share value, and so on (Purwanti, 2021).

Based on the objectives of the research explained above, the following hypothesis can be offered:

H<sub>1</sub>: Implementation of PSAK 115 affects the Debt to Asset Ratio

H<sub>2</sub>: Implementation of PSAK 115 affects the Return on Asset Ratio

H<sub>3</sub>: Implementation of PSAK 115 affects the Current Ratio

Research variables consist of 3 types, namely exogenous variables, endogenous variables, and control variables which will be measured using the following method:

**Table 1.** Variable Operationalization

| Variable              | Definition                                                                                                                    |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------|
| PSAK 115              | Dummy Variable<br>(Score 1 indicates that the company uses PSAK 115, Score 0 indicates that the company doesn't use PSAK 115) |
| Debt to Asset Ratio   | $\frac{\text{Total Debt}}{\text{Total Asset}}$                                                                                |
| Return on Asset Ratio | $\frac{\text{Earning after Taxes}}{\text{Total Assets}}$                                                                      |
| Current Ratio         | $\frac{\text{Current Asset}}{\text{Current Liabilities}}$                                                                     |
| Firm Size             | Ln (Total Assets)                                                                                                             |

This research focuses on retail and mining companies. The results of data

collection on the IDX website state that there are 98 companies operating in the retail and mining sectors. The sampling technique used is purposive sampling with the following criteria and elimination of the population to be sampled:

**Table 2. Research Sample**

| Number                                                                                                                           | Criteria                                                                                                                                                 | Total |
|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 1.                                                                                                                               | Retail and mining companies listed on the Indonesia Stock Exchange in 2020-2022                                                                          | 98    |
| 2.                                                                                                                               | Retail and mining companies listed on the Indonesia Stock Exchange in 2020-2022 which regularly publish financial reports for 2020-2022                  | (2)   |
| 3.                                                                                                                               | Retail and mining companies listed on the Indonesia Stock Exchange in 2020-2022 which regularly publish financial reports for 2020-2022 and have profits | (48)  |
| 4.                                                                                                                               | Retail and mining companies listed on the Indonesia Stock Exchange in 2020-2022 that have complete research variables                                    | -     |
| Final number of companies                                                                                                        |                                                                                                                                                          | 48    |
| The final number of companies is multiplied by the number of financial reports for each company starting from 2020-2022 = 48 X 3 |                                                                                                                                                          | 144   |

The data required is the financial reports of the companies sampled in the research. Financial reports will be taken from the official IDX website. The data collection technique used is documentation.

The analysis technique used is Partial Least Square (PLS) which will be processed using the smartPLS 4.1 application emphasizing component based predictive models. Hair et al. (2021) stated that this model is often also

referred to as soft modeling. The purpose of this is that the data to be analyzed does not have to meet ideal criteria which are not based on assumptions about the measurement scale, data distribution and sample size. The analysis technique will go through several stages, such as Model Measurement Evaluation (Convergent Validity Test, Discriminant Validity Test, Reliability Test), Structural Model Evaluation ( $R^2$  Test).

The significance test in the PLS model aims to determine the effect of exogenous variables on endogenous variables. Hypothesis testing using the SEM PLS method is carried out by carrying out a bootstrapping process so that the relationship between the influence of exogenous variables on endogenous variables is obtained. Hair et al. (2021) stated that hypothesis testing was carried out with a significance level ( $\alpha$ ). If the p value < significance level ( $\alpha$ ) of 0.05, then there is a significant influence of the exogenous variable on the endogenous variable and vice versa if the p value > significance level ( $\alpha$ ) of 0.05, then there is no significant influence. P Values are supported by T Statistics with values considered influential when  $\geq 1.96$  (Hamid & Anwar, 2018:43).

## RESULT AND DISCUSSION

This research is using PLS as its analysis technique. Debt to Asset Ratio will be shown as DAR, Return on Asset Ratio will be shown as ROA, Current Ratio will be shown as CR, and Firm Size will be shown as UP. Here are the following results of the analysis:

### Convergent Validity Test

**Table 3.** First Result of Convergent Validity Test

|         | CR   | DAR | PSAK 115 | ROA | UP |
|---------|------|-----|----------|-----|----|
| CR 2020 | 0.37 |     |          |     |    |

|               | CR   | DAR  | PSAK 115 | ROA  | UP   |
|---------------|------|------|----------|------|------|
| CR 2021       | 0.60 |      |          |      |      |
| CR 2022       | 0.98 |      |          |      |      |
| DAR 2020      |      | 0.91 |          |      |      |
| DAR 2021      |      | 0.83 |          |      |      |
| DAR 2022      |      | 0.88 |          |      |      |
| PSAK 115 2020 |      |      | 0.88     |      |      |
| PSAK 115 2021 |      |      | 0.92     |      |      |
| PSAK 115 2022 |      |      | 0.92     |      |      |
| ROA 2020      |      |      |          | 0.67 |      |
| ROA 2021      |      |      |          | 0.91 |      |
| ROA 2022      |      |      |          | 0.87 |      |
| UP 2020       |      |      |          |      | 0.84 |
| UP 2021       |      |      |          |      | 0.82 |
| UP 2022       |      |      |          |      | 0.91 |

Hamid & Anwar (2018:42) state that the minimum value for each reflective indicator is a loading value of 0.6. The CR 2020 reflective indicator with a loading value below 0.6 causes the need for additional steps to be taken so that the convergent validity test is declared valid. The step that must be taken based on these numbers is to remove the CR 2020 reflective indicator (Hair et al., 2021:118).

**Table 4.** Second Result of Convergent Validity Test

|               | CR   | DAR  | PSAK 115 | ROA  | UP   |
|---------------|------|------|----------|------|------|
| CR 2021       | 0.64 |      |          |      |      |
| CR 2022       | 0.97 |      |          |      |      |
| DAR 2020      |      | 0.91 |          |      |      |
| DAR 2021      |      | 0.83 |          |      |      |
| DAR 2022      |      | 0.87 |          |      |      |
| PSAK 115 2020 |      |      | 0.88     |      |      |
| PSAK 115 2021 |      |      | 0.92     |      |      |
| PSAK 115 2022 |      |      | 0.92     |      |      |
| ROA 2020      |      |      |          | 0.67 |      |
| ROA 2021      |      |      |          | 0.91 |      |
| ROA 2022      |      |      |          | 0.87 |      |
| UP 2020       |      |      |          |      | 0.84 |
| UP 2021       |      |      |          |      | 0.83 |
| UP 2022       |      |      |          |      | 0.91 |

### Discriminant Validity Test

**Table 5.** Average Variance Extracted

|          | AVE   |
|----------|-------|
| CR       | 0.685 |
| DAR      | 0.768 |
| PSAK 115 | 0.834 |
| ROA      | 0.692 |
| UP       | 0.747 |

Average Variance Extracted (AVE) is a calculation used to test discriminant validity. The minimum AVE value to be said to be valid is when it has a value  $\geq 0.6$

(Hair et al., 2021:118). The table above shows the numbers that are  $>0.6$  so they are declared valid because they meet the applicable rule of thumb.

**Table 6.** Fornell-Larcker Criterion

|          | CR   | DAR  | PSAK 115 | ROA  | UP   |
|----------|------|------|----------|------|------|
| CR       | 0.82 |      |          |      |      |
| DAR      | 0.53 | 0.87 |          |      |      |
| PSAK 115 | 0.37 | 0.28 | 0.91     |      |      |
| ROA      | 0.14 | 0.31 | -0.05    | 0.83 |      |
| UP       | 0.01 | 0.07 | 0.00     | 0.24 | 0.86 |

The next stage after the AVE is declared valid is to test it using the Fornell-Lacker Criterion. Fornell-Lacker Criterion numbers are declared valid when the same construct has a higher value than other constructs (Hamid & Anwar, 2018:42). The table above shows that the CR variable has a higher value, namely 0.82, the DAR variable has a value of 0.87, the PSAK 115 variable has a value of 0.91, the ROA variable has a value of 0.83, and the UP variable has a value of 0.86. This shows that the discriminant validity test is declared valid because it meets the applicable rule of thumb.

### Reliability Test

**Table 7.** Composite Reliability

|          | COMPOSITE RELIABILITY |
|----------|-----------------------|
| CR       | 0.807                 |
| DAR      | 0.909                 |
| PSAK 115 | 0.938                 |
| ROA      | 0.869                 |
| UP       | 0.898                 |

The rule of thumb that applies in reliability testing is that research variables are said to be reliable when the composite reliability value shows  $\geq 0.7$  (Hamid & Anwar, 2018:42). The table above shows the results of the reliability test. The table states that all the variables used in this research are reliable because the test results show that all variables have a value of  $>0.7$ .

### R<sup>2</sup> Test

**Table 8.** R<sup>2</sup> Test

|     | R-SQUARE | R-SQUARE ADJUSTED |
|-----|----------|-------------------|
| CR  | 0.137    | 0.099             |
| DAR | 0.087    | 0.046             |
| ROA | 0.06     | 0.018             |

The R<sup>2</sup> test is used to measure the level of variation in changes in exogenous variables towards endogenous variables. The higher the value, the better it is stated (Hamid & Anwar, 2018:43). The table above shows the results of calculating R<sup>2</sup> for endogenous variables, namely CR, DAR, and ROA. The calculation results show that 13.7% of CR can be explained by PSAK 115 variables, so that the other 86.3% is explained by variables not examined in this study. DAR can be explained by PSAK 115 at 8.7%, meaning that 91.3% of other variables also influence DAR but were not examined in this research. ROA explained by PSAK 115 is 6%, meaning that 94% of ROA is influenced by other variables not discussed in this research.

### Hypothesis Test

**Table 9.** Hypothesis Test

|              | Original Sample (O) | T Statistics | P Values |
|--------------|---------------------|--------------|----------|
| PSAK 115→CR  | -0.370              | 2.256        | 0.024    |
| PSAK 115→DAR | 0.286               | 1.961        | 0.050    |
| PSAK 115→ROA | -0.050              | 0.272        | 0.785    |
| UP→CR        | 0.018               | 0.083        | 0.934    |
| UP→DAR       | 0.070               | 0.354        | 0.724    |
| UP→ROA       | -0.240              | 1.467        | 0.142    |

Table 9 has several criteria that must be of primary concern, namely Original Sample (O), T Statistics, and P Values. The original sample will be used to determine the form of influence of exogenous and control variables on endogenous variables. If the original sample is positive, then the form of influence is positive influence, and vice versa. Determining whether exogenous variables have an effect on endogenous variables is by looking at the p values and T statistics. If the p value has a value of  $\leq 0.05$ , it is concluded that the exogenous variable influences the endogenous, and vice versa (Hair et al. 2021:177). The P values will be strengthened by T Statistics with the condition that if the T Statistics value is  $\geq 1.96$  then it is considered influential, and vice versa (Hamid & Anwar, 2018:43). The following is an explanation of the hypothesis test table:

- PSAK 115 has a negative effect on the Current Ratio as shown by P Values of 0.024, T Statistics of 2.256 and original sample value of -0.037. This means that every time PSAK 115 is applied, there will be a decrease in the CR value of 0.037. The results of this measurement also show that  $H_0$  is accepted and  $H_a$  is rejected.
- PSAK 115 has a positive effect on the Debt to Asset Ratio as shown by P Values of 0.050, T Statistics of 1.961 and the original sample value of 0.286.

This means that every time PSAK 115 is implemented, there is an increase in the DAR value of 0.286.  $H_0$  is accepted and  $H_a$  is rejected.

- PSAK 115 has no effect on the Return on Asset Ratio as shown by P Values of 0.785 and T Statistics of 0.272.  $H_0$  is rejected and  $H_a$  is accepted.
- Firm size has no effect on the Current Ratio as shown by P Values of 0.934 and T Statistics of 0.083.
- Firm Size has no effect on the Debt to Asset Ratio as shown by P Values of 0.724 and T Statistics of 0.354.
- Firm size has no effect on the Return on Asset Ratio as shown by P Values of 0.142 and T Statistics of 1.467.

### The Effect of PSAK 115 on Debt to Asset Ratio

Institutional theory as a grand theory in this research is able to explain that PSAK 115 which was created by IAI is able to make retail and mining companies have financial performance as measured by DAR with conditions that are not much different from one company to another and is able to explain the actual condition of the company. PSAK 115 presents a higher DAR value compared to previously applied standards, but this does not mean that this higher number is a negative thing. Stakeholders, both internal and external, are able to view this as a form of transparency and leveling from one company to another.

The results of this research are supported by other research conducted by Amyulianthy et al. (2022), Yulianti et al. (2023) and Atmoko (2023). PSAK 115 indeed states that this applicable standard will directly affect the company's liability posts with the company's obligations in its recognition for sales transactions that have not been completed. An increase in the DAR value will of course increase the company's risk. The increase in the DAR value must be seen as a transparency implemented by the company and with an influence that is not too significant, so the

increase in the DAR value does not require special attention to improve management performance in managing its temporary obligations.

### **The Effect of PSAK 115 on Return on Asset Ratio**

Institutional theory as a grand theory in this research is able to explain that PSAK 115 which was created by IAI is able to make retail and mining companies have financial performance as measured by ROA with conditions that are not much different from one company to another and is able to explain the actual condition of the company. PSAK 115 presents ROA values that are not much different from previously applied standards.

Retail and mining companies record liabilities for sales transactions in the current liabilities section. This means that when obligations are paid off in less than one year, the profit for the current year will not have any influence because it was completed before the financial statements were issued, so it can be recognized as profit for the current year. Financial performance is not affected because profits can be recognized in the current year. ROA becomes less volatile due to the implementation of PSAK 115. ROA is influenced a lot by other variables apart from the implementation of PSAK 115 to ensure the level of significance of its fluctuations. The results of this research are supported by the results of research conducted by Lestari (2023).

### **The Effect of PSAK 115 on Current Ratio**

Institutional theory as a grand theory in this research is able to explain that PSAK 115 which was created by IAI is able to make retail and mining companies have financial performance as measured by CR with conditions that are not much different from one company to another and is able to

explain the actual condition of the company. PSAK 115 presents a lower CR value compared to previously applied standards, but this does not mean that this higher figure is a negative thing. Stakeholders, both internal and external, are able to view this as a form of transparency and leveling from one company to another, so that these companies are able to be supported by stakeholders so that it is feasible for these companies to continue their operations as long as they remain within reasonable limits in the company's operations.

PSAK 115 will provide the actual financial condition of a company, especially when it relates to the company's obligations in completing sales transactions that have not been recognized. Previously applicable standards did not require recognition of liabilities for income that could not yet be recognized. PSAK 115 which requires this will give rise to an income settlement obligation account in the current liabilities post.

The impact on the financial statements is that current liabilities will increase, but the company's current assets do not grow as fast as the growth of current liabilities. The non-smooth development of current assets is due to the flow of current assets which is not in accordance with the obligations that must be carried out by the company for its sales transactions. This causes the CR ratio to have a greater current liabilities value than using the previous standard. This is actually a positive thing for shareholders, because PSAK 115 will describe the actual condition of the company. Casnila & Nurfitriana (2020) and Yulianti et al. (2023) also produced the same research results.

### **The Effect of Firm Size on Debt to Asset Ratio**

The argument which shows that the larger the company size, the better the Debt to Asset Ratio can be refuted. This research shows that there is no influence between

company size and the Debt to Asset Ratio. This financial ratio is also heavily influenced by other variables apart from company size. Company management also plays an important role in carrying out company operations so it is likely that the Debt to Asset Ratio will be influenced by how the company manages its debt. The results of this research are in line with research conducted by Lestari (2023).

### **The Effect of Firm Size on Return on Asset Ratio**

The argument which states that the larger the company size, the better the Return on Asset Ratio is refuted. The research results show that large companies are not always able to generate large profits. This inability will affect financial ratios so that their values do not fluctuate too much from year to year. This financial ratio is also heavily influenced by other variables apart from company size. This argument is supported by research conducted by Amalia and Khuzaini (2021).

### **The Effect of Firm Size on Current Ratio**

The argument which states that the larger the company size, the better the Current Ratio is refuted. Management has a very important role in determining the Current Ratio value. The choice of management strategy will influence how much the company will take a sales strategy to increase its current assets in the form of cash or receivables. Apart from that, management strategies in making decisions regarding submitting short-term debt to banks and/or to suppliers. This argument is supported by research conducted by Kurniawati et al. (2020).

## **CONCLUSION**

This research aims to test and analyze the effect of implementing

PSAK 115 on the financial performance of retail and mining companies listed on the IDX in 2020-2022 which is measured using the debt to asset ratio, return on asset ratio, and current ratio. This research also has a control variable in the form of company size. The sample obtained was 48 companies with 144 financial reports. The research results based on the analysis carried out produced the following conclusions:

- a. The implementation of PSAK 115 has a positive effect on financial performance as measured by the debt to asset ratio of retail and mining companies listed on the IDX in 2020-2022.
- b. The implementation of PSAK 115 has no effect on financial performance as measured by the return on asset ratio of retail and mining companies listed on the IDX in 2020-2022.
- c. The implementation of PSAK 115 has a negative effect on financial performance as measured by the current ratio of retail and mining companies listed on the IDX in 2020-2022.
- d. Company size has no effect on financial performance as measured by the debt to asset ratio of retail and mining companies listed on the IDX in 2020-2022.
- e. Company size has no effect on financial performance as measured by the return on asset ratio of retail and mining companies listed on the IDX in 2020-2022.
- f. Company size has no effect on financial performance as measured by the current ratio of retail and mining companies listed on the IDX in 2020-2022.

The research that has been carried out is able to provide several suggestions for companies. The implementation of PSAK 115 causes the debt to asset ratio to look degenerating, but this also has an impact in the form of transparency for stakeholders who have an interest. The application of this standard also does not have an impact on reducing profits due to the short-term nature of the obligation, so

that if it can be carried out within the current accounting period, it can be immediately recognized as a sale and generate a profit. The implementation of PSAK 115 has a negative impact on the company's liquidity, but the impact is not too significant, so it is best for the company to maintain its commitment and ability to complete its obligations for sales transactions which can increase the value of the current ratio.

It is hoped that future research will not only use a time span of 3 years. Future research can use a time span of 5 years so that the number of samples is larger. Other variables can also be added that have more significant impact on financial performance as measured using the debt to asset ratio, return on asset ratio, and current ratio.

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