

FINANCIAL PERFORMANCE ANALYSIS OF PT. PEGADAIAN CABANG BISNIS MIKRO MANADO SELATAN BEFORE AND DURING FINANCIAL RESTRUCTURING

ANALISIS PELAKSANAAN KINERJA KEUANGAN PADA PT. PEGADAIAN CABANG BISNIS MIKRO MANADO SELATAN SEBELUM DAN SELAMA REKSTRUKTURISASI KEUANGAN

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Abstract: The rapid spread of the COVID-19 outbreak has resulted in disruptions to banking performance and financial system stability. In response to this the government made one of the credit relaxation policies through credit restructuring for debtors affected by Covid 19. This debt restructuring provides relief for debtors to fulfill their obligations which indirectly the company has to opportunity to be able to allocate funds to the company's operation first in the hope that this has an impact on improving financial performance. This study aims to find out how the impact or influence of credit restructuring on financial performance during the covid 19 pandemic. This study uses a non-experimental quantitative approach in cross sectional, by collecting data to calculate profitability ratios, liquidity ratios, collectability ratios, which are taken from financial statements taken at PT. Pegadaian Cabang Bisnis Mikro Manado Selatan. Financial reports for 2020-2022 when the pandemic occurred. The results of this study indicate that from the data obtained from the financial statements by calculating the profitability ratio, liquidity ratio, collectability ratio, it shows that the company still has the ability to meet its obligations during this pandemic, even though the credit restructuring is extended.

Keywords: financial performance, financial restructuring, restructuring, finance

Abstrak: Pesatnya penyebaran wabah COVID-19 mengakibatkan terganggunya kinerja perbankan dan stabilitas sistem keuangan. Menyikapi hal tersebut, pemerintah melakukan salah satu kebijakan relaksasi kredit melalui restrukturisasi kredit bagi debitur terdampak Covid 19. Restrukturisasi utang ini memberikan keringanan bagi debitur untuk memenuhi kewajibannya yang secara tidak langsung perusahaan berpeluang untuk dapat mengalokasikan dananya ke operasional perusahaan terlebih dahulu dengan harapan hal ini berdampak pada peningkatan kinerja keuangan. Penelitian ini menggunakan pendekatan kuantitatif non eksperimental secara cross sectional, dengan mengumpulkan data untuk menghitung rasio profitabilitas, rasio likuiditas, rasio kolektibilitas, yang diambil dari laporan keuangan yang diambil pada PT. Pegadaian Cabang Bisnis Mikro Manado Selatan. Laporan keuangan tahun 2020-2022 saat pandemi terjadi. Hasil penelitian ini menunjukkan bahwa dari data yang diperoleh dari laporan keuangan dengan menghitung rasio profitabilitas, rasio likuiditas, rasio kolektibilitas, menunjukkan bahwa perusahaan masih memiliki kemampuan untuk memenuhi kewajibannya selama pandemi ini, meskipun restrukturisasi kredit dilakukan. diperpanjang.

Kata Kunci: kinerja keuangan, resturkturisasi keuangan, resturkturisasi, keuangan

INTRODUCTION

Research Background

Financial institutions namely business entities whose assets are mainly in the form of financial assets compared to non-financial assets or real assets. Financial institutions have provided financing or credit to customers and have also invested their funds in securities (Dahlan, 2004:47). A financial institution is any company whose line of business is engaged in the financial sector. Financial institutions are divided into two,

namely bank financial institutions and non-bank financial institutions. Which is where the Central Bank, Commercial Banks, and BPR are bank financial institutions. Meanwhile, insurance, leasing, factoring, venture capital, pawnshops, pension funds, capital markets, credit cards, and consumer financing institutions are non-bank financial institutions.

According Purnamawati (2014), Non-Bank Financial Institutions (NBFIs) aim to encourage the development of the capital market money market and assist companies with capitalization, especially for the economically weak. For this reason, LKBB is allowed to collect funds from the public by issuing securities to then distribute them to companies and carry out activities as intermediaries in the issuance of securities and guarantee the sale of these securities. Non-bank Financial Institutions are all entities that carry out activities in the financial sector, namely directly or indirectly raising funds, especially by issuing valuable papers and distributing them to the public, especially financing investment companies.

Along with economic development in Indonesia, the general public who participate in development often experience problems in terms of capital. Therefore, many people are starting to be interested in using Pegadaian as non-bank financial institutions as an alternative to getting credit in addition to other bank financial institutions that are already widely known by the public. The definition of credit according to banking law number 10 of 1998 is the provision of money or an equivalent claim, based on an agreement or loan agreement between a bank and another party that requires the borrower to repay his debt after a certain period of time with interest (Kasmir, 2007). Thomas in Ismail (2010: 93) stated that credit in a general sense is a belief in the ability of the debtor (credit recipient) to pay a certain amount of money in the future. From several definitions of credit, several elements that allow credit to occur can be drawn. With the rapid development of today's society, along with the price of each alternative need, credit is one of the efforts made by every person or entity to earn income with the aim of supporting the development of capital owned by companies or individuals who are unable to meet their needs.

PT. Pegadaian is a formal forum in Indonesia that officially has a permit, namely in the Government Regulation of the Republic of Indonesia Number 51 of 2001 concerning Changes in the Form of the Legal Entity of a Public Company (PERUM) Pegadaian as a Limited Liability Company (Persero) and now as a form of regulatory entity changed from "Persero" to "limited company" on September 23, 2021 according to Government Regulation (PP) No. 73 of 2021, which has the task of carrying out financial forum activities in the form of financing in the form of distributing funds to residents using the form of credit distribution on the basis of pawn regulations, for example as referred to in Article 1150 of the Civil Code.

PT. Pegadaian has the task of being a bridge to the fund needs of the middle and lower class residents using the gift of loan money according to the pawn regulations. Although the community has an interest in pawnshops because of the fast disbursement process. This pawning service is a financing activity that has risks to customers, due to the possibility of the customer's inability as a debtor to fulfill his obligations to pay his debts when they fall due the risk of a possible inability of customers as debtors to fulfill their obligations to pay their debts is increasing when at the end of 2019, the Corona Virus Outbreak has shocked the whole world.

The presence of the coronavirus disease 2019 (Covid-19) affects most aspects, not only the health aspect, the economic aspect is also greatly affected by the corona virus pandemic. A study by the Ministry of Finance shows that the COVID-19 pandemic has had a negative impact on the national economy, such as a decrease in people's consumption and purchasing power, a decrease in the operational efficiency of the business world, threats to the banking and financial sector, and the presence of MSMEs. Responding to the very fast spread of COVID-19, the President of the Republic of Indonesia issued Instructions regarding the policy of credit/loan relaxation or relaxation such as delaying installments of up to 1 (one) year. Financial Services Authority Regulation Number 14/POJK.05/2020 concerning Countercyclical Policy on the Impact of the Spread of Coronavirus Disease 2019 for Non-Bank Financial Institutions, such as relief provided by Pegadaian in the form of extension of time period, exemption of arrears of fines, and late payment fees. In which there is one strategy by using credit restructuring or in this case financing as a rescue effort so that it does not get worse and causes difficulties in resolving the inability of PT. Pegadaian to pay off their debts during this COVID-19 pandemic.

Restructuring is an effort to repair or realignment carried out in this case is a credit activity for debtors who have difficulty fulfilling their obligations. Credit restructuring is principally to improve credit quality. This credit restructuring needs to be of great concern to both Bank institutions and Non-Bank institutions that provide credit to debtors of micro, small and medium enterprises (MSMEs). Because both bank and non-bank financial institutions have fundamental differences regarding the concept of implementing credit restructuring in their respective institutions, strict supervision is needed by the Financial Services Authority to prevent bad loans from occurring in related institutions as well as reduce the burden on debtors who will apply for credit restructuring.

The financial restructuring program, in this case is financing that will provide debt payments on softer or lighter terms than the conditions before the restructuring process so that it can help improve the customer's financial position as a debtor. In addition, customers who have been affected by the spread of COVID-19, including customers of micro, small and medium enterprises (MSMEs) can resume their business.

The government's decision through the Financial Services Authority (OJK) Regulation Number 14 of 2020 has a very important role in the current pandemic situation in helping financing provided before and after the customer is affected by the spread of COVID-19 in order to develop the business run by the customer so that the business can develop and minimize the risk of bankruptcy for both customers as debtors or the risk of non-performing loans for PT. Pegadaian as creditor. so that this credit or financing restructuring can be an alternative that many financial institutions in Indonesia take in dealing with non-performing loans to affected debtors. Based on the description of the problem above, this is the reason for the author in carrying out the research, namely to be able to raise issues regarding the possibility of the customer's inability to fulfill their obligations to pay their debts due to the impact of the COVID-19 pandemic, and then after the research it is hoped that the author can draw conclusions regarding the application of credit restructuring arrangements on the financial performance of PT. Pegadaian as debtors affected by COVID-19.

Research Objectives

The aims of this research include:

1. To find out and analyze the implementation of financial restructuring to customers of PT. Pegadaian Cabang Bisnis Mikro Manado Selatan due to the impact of the COVID-19 pandemic.
2. To determine the effectiveness of the implementation of financial restructuring towards financial performance at PT. Pegadaian Cabang Bisnis Mikro Manado Selatan.
3. To find out and analyze the consequences for customers if the credit is not saved through financial restructuring efforts by PT. Pegadaian Cabang Bisnis Mikro Manado Selatan.
4. To determine the effect and relationship of the implementation of financial restructuring on the financial performance of PT. Pegadaian Cabang Bisnis Mikro Manado Selatan.
5. To analyze the cause of bad credit, substandard credit, doubtful credit from customers of PT. Pegadaian Cabang Bisnis Mikro Manado Selatan as a result of covid-19.

THEORETICAL FRAMEWORK

Financial Management

Weston and Copeland (2010:3) stated that the notion of financial management can be formulated from the duties and responsibilities of financial managers, although the duties and responsibilities are different for each company, the main tasks of financial management include decisions on investment, financing of business activities and distribution of dividends in various companies.

Credit

Jayanti and Haryanto (2012) stated that credit implies the existence of a word from a person or entity given to another person or entity, namely that the person concerned in the future will fulfill all obligations that have been agreed in advance.

Financial Restructuring

Financial restructuring is the process of reshuffling or reorganizing the financial structure, which primarily comprises of equity capital and debt capital. Financial restructuring can be done because of either compulsion or as part of the financial strategy of the company. This financial restructuring can be either from the assets side or the liabilities side of the balance sheet. If one is changed, accordingly the other will be adjusted.

Credit Restructuring

Credit restructuring is an improvement effort made by banks in credit activities for debtors who have difficulty fulfilling their obligations. In addition, credit restructuring or rearrangement has other meanings, namely changes in credit conditions involving additional bank funds, conversion of part/all arrears of interest into new loan principal, or conversion of part/all of credit into bank participation or taking other partners to increase participation (Suartama, Sulindawati, and Herawati, 2017).

Consumer Behavior

Ling (2015) defined consumer behavior is the behavior that is displayed by the consumers in searching for purchasing, using, evaluating, and disposing of products and services. Customer behavior can be seen as the actions, reactions, and the consequences that is happening when the customers goes through a decision making process, reaches a decision and then use the product itself.

Financial Performances

Financial performance is the entire result of the company's operating activities. The company's financial performance in the company is shown from the profits earned. Profit is the difference between revenue and expenses. The company's financial performance is an indication of the effectiveness and efficiency of an organization in order to achieve its goals. Effectiveness indicates the company's ability to choose the right goals. Efficiency shows comparison between input and output that is with certain inputs to obtain optimal output (Hastuti, 2005). Financial performance is a description of the company's financial condition in a certain period regarding aspects of fund raising and distribution of funds, which are usually measured by indicators of capital adequacy, liquidity, and profitability (Jumingan, 2006:239). Financial performance is an analysis carried out to see the extent to which a company has implemented by using financial implementation rules properly and correctly (Fahmi, 2014). To find out the company's financial performance, it is generally necessary to analyze the financial statements, which according to Brigham and Houston (2007:78) include: (1) comparing the company's performance with other companies in the same industry and (2) evaluating the tendency of the company's financial position over time. The company's financial statements report both the company's position at a certain time and its operations over several past.

Previous Research

Agustina (2021) analyzed the credit restructuring as a form of protection against customer during the COVID-19 pandemic. The approach method used is empirical juridical. The results of the research obtained stated that debtors who were affected by COVID-19, including micro, small and medium business debtors, were having difficulty fulfilling their obligations to banks, because the debtor or debtor's business was affected by the spread of COVID-19 either directly or indirectly to the economy. So far it has been running efficiently according to the restructuring agreement. The customer pays according to the agreement that has been made. Credit restructuring to maintain credit quality, which saves from bad credit

Seto et al. (2022) aimed to determine whether the implementation of credit restructuring meets the predicted expectations. This research was a comparative type. This study employed three variables; Non-Performing Financing (NPF), Financial Deposit Ratio (FDR), and Capital Adequacy Ratio (CAR). The data was utilised quantitative, and the source was secondary information in the form of financial statements. The data was collected using documentation and literature review methods. This study's population consisted of all Islamic commercial banks in Indonesia, comprising 15 banks. The sampling technique employed purposive sampling with a total sample of 10 Islamic commercial banks. The findings revealed that the NPF and CAR values differed before and after credit restructuring. Meanwhile, FDR discovered the inverse outcome, with no difference in FDR before and after credit restructuring.

Syahputra and Suwadi (2021) analyze the impact of the extension credit restructuring on banking soundness. This research uses a quantitative approach, where the data used is secondary data. Secondary data is obtained by using documentation techniques. The population in this research were Regional Development Banks registered with the OJK until 2019 as many as 25 banks, all of which were used as samples or with saturated sampling technique. Hypothesis testing using independent sample t-test. The results of the research show that there are differences in the Loan to Deposit Ratio (LDR), Return On Assets (ROA) and Capital Adequacy Ratio (CAR) between before and after the extension of credit restructuring, while in Non-Performing Loans (NPL), Net Interest Margin (NIM) and Good Corporate Governance (GCG) there is no difference between before and after the extension of credit restructuring. Overall assessment using a composite rating of bank soundness there is no difference between before and after the extension of credit restructuring, namely banking soundness is at composite rating 2 with a healthy predicate.

Conceptual Framework

This section explains about the focus of the research, namely to analyze the Financial Performance of PT. Pegadaian Cabang Bisnis Mikro Manado Selatan Before and During Financial Restructuring.

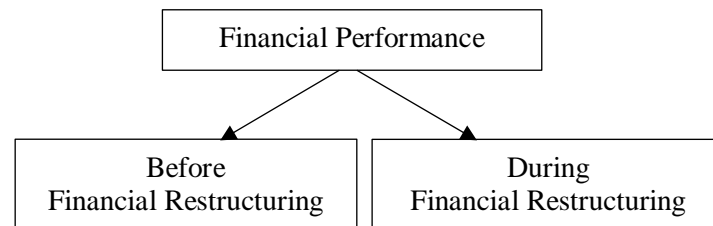


Figure 1. Conceptual Framework

Source: Data Processed (2022)

RESEARCH METHOD

Research Approach

This study uses a non-experimental quantitative approach in a cross-sectional manner, by comparing two groups of an event that has occurred through statistical procedures, in order to answer research questions related to company performance from financial ratios in conditions before and during financial restructuring (Notoatmodjo, 2002). The object of this research is the impact of financial restructuring and financial performance, while the subject of this research is PT Pegadaian Cabang Bisnis Mikro Manado Selatan. The population of this study is the financial statements of PT Pegadaian Cabang Bisnis Mikro Manado Selatan. The sampling technique in this study used purposive sampling. The sample in this study is the monthly financial report of PT Pegadaian Cabang Bisnis Mikro Manado Selatan for the year 2017-2019 before financial restructuring and 2020-2022 during financial restructuring, which is the year the financial restructuring was carried out.

Population, Sample and Sampling Technique

Sugiyono (2016) stated that the population is a generalization area that includes objects or subjects that have certain qualities and characteristics that are studied by researchers to be studied and then drawn conclusions. The population 44 that is the object of this research is the Office of PT. Pegadaian CBM Manado Selatan. The data source is the subject from which the data can be obtained, while the data itself is a collection of raw facts that contain the information needed in research. The data used in this study uses secondary data, namely data obtained indirectly, namely from a second party. The data in this study are financial report data in the form of financial restructuring status reports, active and inactive balances, and other information that is the research sample, with report data per year 2017-2019 before financial restructuring and 2020- 2022 during financial restructuring taken from data from PT. Pegadaian Cabang Bisnis Mikro Manado Selatan.

Data Collection Method

The data used in this study uses secondary data, namely data obtained indirectly, namely from a second party. The data collection technique used in this research is using interview and documentation techniques, as follows:

1. Interview. Interviews are used as a data collection technique if researchers want to conduct a preliminary study to find out problems that must be researched, and to find out what deeper than the respondents (Sugiyono, 2016).
2. Documentation. This study uses documentation techniques, namely obtaining data and information in the form of books, archives, documents, written numbers and pictures in the form of reports and information that can support research (Sugiyono, 2016).
3. Observation. According to Widoyoko (2014:46) observation is a systematic recording of the elements that appear in a symptom in the object of research. This study uses observations to find out firsthand the situation in the field about how the implementation of financial performance before and during financial restructuring at PT. Pegadaian Micro Business Branch South Manado.
4. Library Research. The collection of data or information is done by reading and studying literature or sources related to the problem under study.

Operational Definition of Research Variables**Table 1. Operational Definition and Indicator of Research Variables**

Variable	Definition	Indicators
Financial Performance	Financial performance is a description of the company's financial condition in a certain period regarding aspects of fund raising and distribution of funds, which are usually measured by indicators of capital adequacy, liquidity, and profitability (Jumingan, 2006)	1. Liquidity 2. Profitability 3. Collectability
Financial Restructuring	Financial Restructuring is an improvement effort made by banks in credit activities for debtors who have difficulty fulfilling their obligations. In addition, credit restructuring or rearrangement has other meanings, namely changes in credit conditions involving additional bank funds, conversion of part/all arrears of interest into new loan principal, or conversion of part/all of credit into bank participation or taking other partners to increase participation. (Suartama, Sulindawati, and Herawati, 2017).	1. Liquidity 2. Profitability 3. Collectability

Source: Data Processed (2022)

Testing of Research Instruments

In this study, the researcher is the planner, implementer of data collection, analyst, data interpreter, and in the end he becomes the reporter of the results of his research. This research instrument was obtained from respondents who were interviewed. In practice, interviews can be conducted in a structured and unstructured (free) manner. Freely means that the interviewer is free to ask the interview anything. The requirement for an interview like this is that the interviewer must keep in mind the data that must be collected.

Data Technical Analysis

The data analysis method used is to calculate the company's financial performance every month from the available data in accordance with predetermined operational variables. Furthermore, the data is grouped by identifying the year before and during financial restructuring. After that, descriptive statistical analysis was performed.

Descriptive Test

Descriptive statistical analysis is used to provide a description or descriptive of a data, in this study descriptive statistical analysis is seen using the mean of financial performance result (2017-2019) before financial restructuring program and (2020-2022) during the financial restructuring. The measurements used in this study is variance of the company's financial performance indicators from financial ratios during the implementation of the restructuring policy. In calculating and analyzing the financial ratios of a company, company required financial data of the company concerned. To find out more about the company's financial performance and growth of PT. Pegadaian Cabang Bisnis Mikro Manado Selatan based on financial ratio analysis, the company's financial statements from 2017-2019 are used before financial restructuring and financial statements for 2020- 2022 are carried out after financial restructuring due to the covid-19 pandemic.

Table 2. Financial Ratio Descriptive Results

Ratio	Period	
	Before	During
Operating Profit Margin	1.32%	1.3%
Loan to Dept Ratio	77.08%	77.04%
Non-Performing Loan	2.66%	7.79%

Source: Data Processed (2022)

Discussion**Description of the Financial Restructuring Process at PT Pegadaian Cabang Bisnis Mikro Manado Selatan**

Based on the results of interviews conducted at PT Pegadaian Cabang Bisnis Mikro Manado Selatan, data

on the number of bad credit were obtained in 2017, 2018, 2019, 2020, 2021 and 2022. Judging from the existing problems, a strategy is needed that can anticipate losses caused by bad credit, one of which is by using a financial restructuring strategy as an effort security so that it does not get worse and results in difficulty in resolving Substandard credit, Bad credit, and Doubtful credit. Financial restructuring is an effort made to improve financial institutions in credit activities for debtors who have difficulty fulfilling their obligations as regulated in Financial Services Authority Regulation (OJK) No.11/POJK.03/2015 and PBI Number 14/15/PBI/ 2012. The credit restructuring program will provide debt repayments on softer or lighter terms than the conditions before the restructuring process so as to improve the debtor's financial position. In the Circular Letter of Bank Indonesia (SEBI) Number 23/12/BPPP dated February 28, 1991, it describes several policies in rescuing bad loans, starting from rescheduling (re-scheduling), reconditioning (reconditioning), restructuring (rearrangement).

Financial Performance PT. Pegadaian CBM Manado Selatan

Operating Profit Margin Ratio

Ratio before privatization (2017-2019) PT. Pegadaian fluctuate does not have a significant change. Score the highest OPM occurred in 2019 at 1.35% and the lowest OPM value occurred in 2018 at 1.3%. The operating profit margin of PT. Pegadaian Cabang Bisnis Mikro Manado Selatan before financial restructuring since 2017-2019 has not changed significantly, and has not significant change during financial restructuring since 2020-2022. That there is not has a significant difference between the company's profitability performance before and during the financial restructuring period, so that it can be said that financial restructuring has succeeded in improving company profitability. Analysis of the operating profit margin during these three periods also experienced an decrease in profit, namely from 1.32% decreased to 1.3%, this profit affected the company's activities, because the profits obtained changed during the three periods.

Loan to Debt Ratio

The results of this study are not in line with Gupta's research (2017) which states that there is a significant difference in the value of the Loan to Debt Ratio (LDR) before and during financial restructuring. Gupta (2017) found a significant difference in the form of a decrease in Loan to Debt Ratio (LDR) value, meaning that the company's liquidity increased after the financial restructuring exist. This can happen because the financial restructuring method most widely used by the sample companies in this research is rescheduling, which means that there will be a change from short-term debt to long-term debt, thus allowing a decrease in the amount of short-term debt, and impact on the company's liquidity. However, the change in short-term debt to long-term debt in the year the financial restructuring is carried out means that there will be new short-term debt in the period after the financial restructuring. This means that there is only a delay in short-term debt to the next period, so that although there is a decrease in the Loan to Debt Ratio (LDR) caused by an increase in short-term debt, the difference is not significantly different. According to the results of the average value before the financial restructuring (2017-2019) the company's LDR was at 77.08%, which means that the company only provides low credit disbursements due to low demand from customers or creditors and after the covid-19 pandemic (2020-2022), the company's LDR average decreased to 77.04%, but in 2022 the LDR ratio increase to 80.17%, this indicates due to the high demand from creditors for financial restructuring programs, in this case credit extensions to prevent bad loans caused by the pandemic.

Non-Performing Loan

Non-performing loan (NPL) is one of a number of factors that indicate the health of a bank. From the NPL information, it can be seen the evaluation of credit risk, capital condition, liquidity, and market risk. The higher the NPL ratio, it can be concluded that there is something wrong with the bank's performance. The negative consequences that appear are also increasing. Meanwhile, if the NPL ratio is small, it can be concluded that the bank's performance is good and fulfills its function. The main function of a bank is to connect two parties. The first party wants to keep the money and the second party is the one who needs the money so he asks the bank for credit. There are several types of customers who apply for credit. First, customers are always on time to pay credit. The second is those who rarely pay their credit, causing bad credit. This bad credit makes the 60 NPL ratio increase. Just one customer can cause a drastic increase in the NPL ratio. According to BI, the ideal NPL ratio is around 5%. A ratio above 5% indicates more bad loans than current loans. Non-Performing Loan (NPL) has a significance value of 2.66% (2017-2019) before financial restructuring which is smaller than 7.79% (2020-2022). This means that the results of this study found significant effect between NPL on Financial Performance. The results of this study are in accordance with the existing theory, namely the smaller the NPL, the higher the

profitability. This was due to a decrease in NPL as a proxy for credit risk which did not become an obstacle to increasing profitability. The results of this study indicate that the NPL ratio shows company management ability in managing non-performing loans. in a pandemic year, NPLs increase due to the large number of bad loans by creditors. The highest NPL percentage is in 2020- 2022 at 7.79% because of the pandemic, but the company is trying to continue to finance the bad loans by means of financial restructuring. The higher the NPL ratio, the worse the credit quality, which causes the number of non-performing loans to increase. So it can be said that the higher the NPL ratio, the lower the performance of a company. According to Bank Indonesia, the ideal NPL ratio for the banking sector is 5%, where a higher than 5% ratio indicates high non-performing loans in a bank.

PT Pegadaian's financial restructuring carried out in 2020 until now the process of implementing. The decision to restructure this debt is based on the COVID-19 pandemic and discussions on the Company's Work Plan and Budget. Based on the results of the calculation of the financial performance ratio before and during conducting financial restructuring, the operating profit margin of PT Pegadaian Cabang Bisnis Mikro Manado Selatan before financial restructuring since 2017-2019 has not changed significantly, and has significant change during financial restructuring since 2020-2022. The Loan to Dept Ratio has a fairly stable value every month and does change significantly, there is only a delay in short-term debt to the next period, so that although there is a decrease in the Loan to Dept Ratio (LDR) caused by an increase in short-term debt, the difference is not far different. Non-Performing Loans generated in the period of before and during financial restructuring find a significant effect between NPL on Financial Performance. The results of this study are in accordance with the existing theory, namely the smaller the NPL, the higher the profitability. This was due to the decrease in NPL as a proxy for credit risk which did not become an obstacle to increasing profitability.

CONCLUSION AND RECOMMENDATION

Conclusions

1. Profitability ratio, which is to measure the company's ability to generate profits. With measurement indicators through the operating profit margin ratio. The results of the analysis of the financial performance of PT. Pegadaian in 2017-2019, seen from all existing indicators, is categorized as "not good". OPM ratio before privatization (2017- 2019) PT. Pegadaian fluctuate go up and down. OPM in 2018 decreased by 1.3% from the previous year, in 2019 it rise 1.35% from the previous year.
2. Liquidity ratio, which is the ratio used to measure the company's ability to pay off its short-term debt. With measurement indicators through Loan to Debt Ratio. The results of the analysis of the financial performance of PT. Pegadaian in 2020-2022 seen from the Loan to Debt Ratio indicator "good".
3. Based on the calculation of the company's financial performance, PT. Pegadaian Cabang Bisnis Mikro Manado Selatan 2020-2022 shows a value of 7.79%, which means that bad loans were very high in that year than before financial restructuring (2017-2019)2,66%, because the Covid-19 outbreak.

Recommendations

1. PT. Pegadaian is recommended to review and reconsider its credit restructuring plan and prepare a strategic plan that will maintain and assist PT Pegadaian to improve its financial performance, such as conducting Research & Development, cost efficiency programs, as well as asset utilization. The company's profitability ratio is in good shape, for that the company further increases profits from the following year the company must be able to process the capital invested in assets and increase net income to obtain a better net profit. The company's liquidity ratio before the financial restructuring was in a bad condition, this can be seen from the ratio basically experiencing a decline, indicating the company is in an illiquid state where the company tends to be slow to pay off its short-term obligations. The situation must be improved by further increasing Cash and Current Receivables so that the company continues to run smoothly in fulfilling obligations. The ratio of the company's non-performing loans is in good condition, this can be seen from the ratio that does not experience an increase in percentage depreciation of more than 5% and above from year to year. According to BI, the ideal NPL ratio is around 5%. Despite the pandemic factor, the company was able to reduce the pace and solve the problem of bad loans that occurred in the financial restructuring program during covid19. This situation must be maintained so that creditors, debtors, and users of assets by the company are more effective and efficient.

2. Further researchers may add variables, increase success measurements, and also analyze financial statements that better reflect the company's ability to meet its debts.

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