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Financial Performance Analysis Before and After the Rise of Digital Companies (Case Study in the Transportation, Banking and Manufacturing Sector Listed on the Indonesia Stock Exchange)

Sari Widati[1,*], **Purwanto**[2], **Vionita Nadila Putri**[3]

[1,2]Lecturer of Management, Faculty of Economics. University of Veteran Bangun Nusantara Sukoharjo, Indonesia

[3]Management Student, Faculty of Economics. University of Veteran Bangun Nusantara Sukoharjo, Indonesia

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ABSTRACT

Rapid technological developments in this era have an impact on incumbent companies or in other words, are companies that first exist and operate in the world. Technology has an influence on every area of human life. The increasing number of online technology-based digital companies such as start-up companies on demand, financial technology (fintech) companies, and electronic commerce (e-commerce) companies, of course have an impact on incumbent companies in various sectors. This study was conducted to determine whether or not there are differences in the financial performance of incumbent companies between before and after the rise of digital companies. This research was conducted on companies in the transportation, banking and manufacturing sectors listed on the Indonesia Stock Exchange in 2012-2014 and 2016-2018, using profitability ratios, leverage ratios, liquidity ratios and activity ratios as measured by return on assets (ROA), debt ratio (DR), current ratio (CR) and total assets turnover ratio (TATO). Tests carried out include descriptive statistical analysis, normality test and hypothesis testing. In testing the hypothesis using the paired sample t-test method. The results of this study are that there is no significant difference in financial performance before and after the rise of digital companies assessed from ROA, DR, CR and TATO. In testing the hypothesis using the paired sample t-test method.

Keywords: *Financial Performance, Digital Company, Return On Assets (ROA), Debt Ratio (DR), Current Ratio (CR) And Total Assets Turnover Ratio (TATO)*

**Correspond author E-mail address: sarwid09@gmail.com* https://doi.org/10.32038/NCAF.2023.09.02

Preliminary

Rapid technological developments in this era have an impact on incumbent companies or in other words, are companies that first exist and operate in the world. Technology has an influence on every area of human life. Including the business sector, almost all businesses take advantage of technological advances in this era, therefore a business is required to always innovate so that the business it runs is able to compete in national and international markets. The increasing number of online technology-based digital companies such as start-up companies on demand, financial technology (fintech) companies and electronic commerce (e-commerce) companies, certainly has an impact on incumbent companies in the manufacturing, banking, transportation sectors. This triggers a negative impact for incumbent companies after the rise of digital companies. Negative impacts such as declining financial performance due to consumers switching to digital companies that are considered more capable of providing easier services.

Startup-on-demand companies emerged in Indonesia in 1998 – 2000 (Setiawan, 2019). Startup-on demand is able to disrupt the existence and financial performance of existing incumbent companies, such as PT. Bluebird, PT. Express Transindo and so on. Startup-on-demand companies offer more efficient online technology-based transportation services. The conditions at the time when digital companies were not yet widespread, namely when people used transportation from conventional companies in the form of taxis, buses, motorcycle taxis, public transportation and so on to get to a place, and people had to go to where the transportation equipment was located, such as bus stops, motorcycle taxi bases and transportation. public or have to go near the highway to get a taxi, and this was considered common by the public at the time before the rise of startup-on-demand. However, after startup-on-demand began to bloom, people did not have to walk to find transportation and vice versa, transportation came to the community. People only need to order transportation equipment through their cellphones, determine the pick-up location and destination, transportation costs and driver profiles are listed in the application. The efficiency, accuracy, and convenience offered are able to make many consumers switch to using technology, and this makes incumbent companies lose most of their customers. People only need to order transportation equipment through their cellphones, determine the pick-up location and destination, transportation costs and driver profiles are listed in the application. The efficiency, accuracy, and convenience offered are able to make many consumers switch to using technology, and this makes incumbent companies lose most of their customers. People only need to order transportation equipment through their cellphones, determine the pick-up location and destination, transportation costs and driver profiles are listed in the application. The efficiency, accuracy, and convenience offered are able to make many consumers switch to using technology, and this makes incumbent companies lose most of their customers.

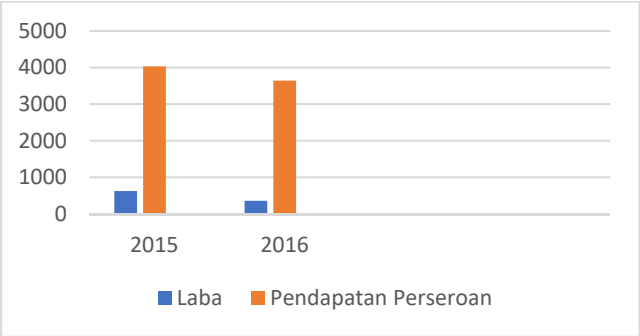

Figure 1. Phenomenon at PT. blue bird

Some phenomena that occur due to the rise of digital companies in the transportation sector are the decline in PT Blue Bird Tbk's profit by 42.30 percent and to Rp. 360.86 billion from the previous year of Rp. 625.42 billion. The decline also occurred in the company's revenue by 9.06 percent and became Rp. 3.64 trillion from the previous year which was Rp. 4.03 trillion, this happened until the third quarter of 2016 (Nurhayat & Kusuma, 2017).

Rapid technological developments have also been utilized in the financial sector in the form of financial technology (fintech). Fintech is a financial technology that is the result of a combination of technology and financial systems presenting new innovations that change the business model from traditional to moderate. Fintech makes it easier for people to make transactions, obtain financial products and improve financial literacy.The condition when digital companies in the form of fintech were not yet popular, people had to go to banks to make transfers, withdraw money, or make loans. When making a loan to a bank, the public is required to carry securities as collateral and the interest rate is quite high. Compared to today, people do not have to go to the bank to make transfers, withdraw money, or loans, because there are already many banks that provide ibanking facilities, automated teller machines (ATMs), and online loan institutions. With increasingly sophisticated technology, this certainly has an impact on incumbent companies.

*Fintech*growing rapidly throughout the world, including in Indonesia,reported from kompas.com in 2016. However, technology in the financial sector is often considered a disruption to conventional financial institutions, services and products. This is supported by the existence of fintech financing which more than doubled in 2015 which reached 12.2 billion US dollars, compared to 5.6 billion US dollars in 2014.

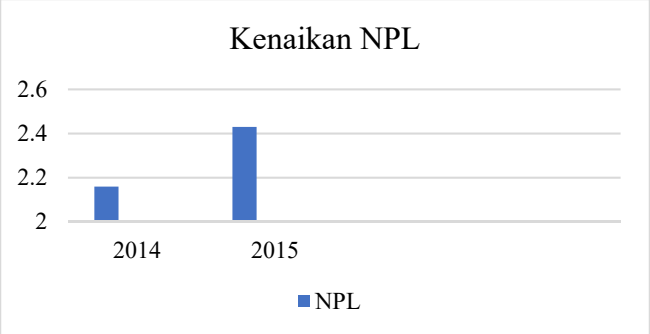

Figure 2. Phenomenon in the banking sector

As of February 15, 2015, Bank Indonesia reported an increase in the ratio of non-performing loans (NPLs) of 2.43 percent from 2.16 percent at the end of 2014. Meanwhile, a*ccenture consulting*has recorded investment growth or capital expenditure data for fintech companies, which grew 201% globally. This clearly shows that the digital revolution in the financial industry is underway and needs attention (Hasyim, 2015).

The manufacturing sector is inseparable from the impact of the proliferation of technology, especially by electronic commerce (e-commerce). *E-commerce*is the purchase, sale, and marketing of goods and services through electronic systems such as radio, television and computer networks or the internet (Wong, 2010, p. 33). The manufacturing sector provides various community needs such as food and beverages, clothing, cosmetics, household needs, and so on. Meanwhile, more and more e-commerce companies have sprung up and provide almost the same products, such as Shopee, Lazada, Berrybenka, Tokopedia, Buka, and so on. Because of this, incumbent companies are required to innovate so as not to lose their market share in the trading world. It can be seen from the conditions before the rise of digital companies in the form of e-commerce, when people had to go to stores, supermarkets or malls to buy the products they needed. There is a difference in the price of goods in one area to another, this is influenced by transportation and the distance from the area to the producer company. Meanwhile, after the rise of e-commerce, people simply place an order and purchase a product from their mobile phone, with various applications and marketplaces, people can choose which products to buy without having to go shopping.

One of the impacts of the increasing prevalence of digital companies that occurred in 2017, with the decline in the level of retail industry sales, both the food and beverage industry and the fashion industry during January to June 2017 with a sales growth rate of 5 percent, one of the contributing factors is changes in shopping behavior. People who initially shopped offline are now shopping online (Fauzi, 2017).

The presence of these online-based digital companies is known as disruptive innovation. The innovation arises to develop a product or service in a way that the general market does not expect by creating different types of consumers in the new market and lowering prices in the old market.The impact of the rise of digital companies on the financial performance of incumbent companies is the reason for the importance of conducting research related to the existing phenomenon.This study aims to analyze the influence before and after the rise of digital companies on the financial performance of incumbent companies in the transportation, banking and manufacturing sectors. So it is necessary to do further research on "Analysis of Financial Performance Before and After the Rise of Digital Companies (Case Studies in the Transportation, Banking and Manufacturing Sector Listed on the Indonesia Stock Exchange 2012-2014 and 2016-2018)".

Literature review and hypotheses formulation

The influence of the rise of digital companies on the return on assets of incumbent companies

The profitability ratio shows the company's ability to generate net income and the achievement of management performance, this ratio will be measured by return on assets. When digital-based

companies thrive by offering more convenience to consumers, this has an impact on the profitability of incumbent companies. In other words, consumers who switch to digital companies that have more convenience and benefits for consumers will cause a decrease in the profitability of incumbent companies. Based on the explanation above, the following hypothesis can be proposed:

H1: There is a significant difference in the return on assets of incumbent companies before and after the rise of digital companies.

The influence of the rise of digital companies on the debt ratio of incumbent companies

Leverage ratio is a ratio used to measure the proportion of the company's total assets or capital compared to total debt, this ratio will be measured by the debt ratio.When digital companies bloom, consumers will switch to using services from digital companies, then incumbent companies will experience a decrease in profitability. This condition has two possibilities, namely increasing the level of debt to pay the company's production costs. The second possibility is the level of debt in a fixed condition, which means that the company's capital does not only come from debt to outside parties. The researcher agrees with the difference in the company's leverage ratio on the grounds that the company definitely needs external capital in addition to internal capital in running its business. Based on the explanation above, the following hypothesis can be proposed:

H2: There is a significant difference in the debt ratio of incumbent companies before and after the rise of digital companies.

The effect of the rise of digital companies on the current ratio of incumbent companies

The liquidity ratio is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately when billed as a whole, this ratio will be measured by the current ratio. When the profitability of a company decreases it will cause current liabilities to increase, and the company's ability to pay current liabilities will decrease or be hampered. In other words, incumbent companies experience a decline or delay in paying current obligations due to declining profitability which is the impact of the rise of digital companies. Based on the explanation above, the following hypothesis can be proposed:

H3: There is a significant difference in the current ratio of incumbent companies before and after the rise of digital companies.

The influence of the rise of digital companies on the total assets turnover ratio of incumbent companies

The activity ratio helps determine how effectively the company manages its resources and the efficiency of the company's management in carrying out its performance activities within a period to achieve the set targets, this ratio will be measured by the total assets turnover ratio. Resources and activities of the company's performance will be hampered when revenues decrease, the level of current liabilities is high, and the ability to pay current liabilities is low. In other words, the company experienced a decline in financial performance which caused disruption of the efficiency

of resource management and company management, so that the company's targets could not be achieved. Based on the explanation above, the following hypothesis can be proposed:

H4: There is a significant difference in the total assets turnover ratio of incumbent companies before and after the rise of digital companies.

Method

This study analyzes the influence before and after the rise of digital companies on the financial performance of incumbent companies in the transportation, banking and manufacturing sectors. This study is a comparative study that analyzes financial performance as measured by the return on assets (ROA), debt ratio (DR), current ratio (CR) and total assets turn over ratio (TATO) variables in incumbent companies affected by the rise of digital companies. The objects used in this study are all companies in the transportation, banking and manufacturing sectors listed on the Indonesia Stock Exchange (IDX) from 2012-2018. The study population obtained 267 companies. Based on the sample selection criteria using the purposive sampling method,

Operational definition and measurement of variables

Specifically, the financial performance in this study is focused on the financial performance of companies affected by the rise of digital companies in the transportation, banking, and manufacturing sectors. The company's financial performance is measured using financial ratio indicators, as follows :

a. Return on assets (ROA)

ROA is the ratio of net income to total assets. The ratio of net income after interest and taxes to total return on assets (ROA). ROA can be calculated by the following formula:

$$ROA = \frac{return}{Total\ Asset}$$

b. Debt ratio (DR)

DR is the ratio of total debt to total assets or debt ratio is a ratio that measures the percentage of funds provided by creditors.

$$DR = \frac{debt}{Total\ Asset}$$

c. Current ratio (CR)

The purpose of CR as: to show the amount of current liabilities covered with assets that are easily converted into cash in a relatively short period of time. CR can be calculated by the following formula:

$$current\ ratio = \frac{current\ aset}{Kewajiban\ Lancar}$$

d. *Total assets turnover ratio* (TATO)

This ratio is used to calculate the turnover of all company assets which is calculated by dividing sales by total assets. This ratio measures the turnover of the entire company. TATO can be calculated by the following formula:

$$TATO = \frac{sales}{Total\ Assset}$$

Data analysis technique

The data analysis technique in this study uses descriptive statistical analysis, which aims to determine whether or not there are differences in financial performance before and after the rise of digital companies descriptively. The main variable in this study is the incumbent company's annual financial statements within a predetermined period of time. After the required data is collected, then data analysis is carried out which consists of descriptive statistical analysis, normality test and hypothesis testing.

a. Descriptive statistics

Descriptive statistical analysis is statistics used to analyze data by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. Descriptive statistics are used to describe the variables that exist in a study, the main variables in this studyis the annual financial report of the incumbent company within a predetermined period of time. Descriptive statistics provide an overview or description of a data seen from the range (range), average value (mean), maximum value (maximum), minimum value and standard deviation (standard deviation).

b. Normality test

Normality test is a procedure used to determine whether the data comes from a normally distributed population or is in a normal distribution (Nuryadi et al., 2017, p. 79). The use of parametric statistics requires that the data for each variable to be analyzed must be normally distributed. Therefore, before testing the hypothesis, it is necessary to test the normality of the data first. The normality test used in this study is the Kolmogorov-Smirnov Test, provided that if the asymptotic significance value > 0.05 then the data is declared normally distributed, and if the asymptotic significance value < 0.05 then the data is declared not normally distributed (Ghozali, 2018, p. 31).

c. Hypothesis testing

If the results of the normality test show that the sample data is normally distributed, then the hypothesis test that will be used in this study is the parametric paired sample t-test, which is a hypothesis testing method that uses independent data (pairs), this test requires the data to be normally distributed. . However, if the sample data is not normally distributed, the hypothesis test that will be used in this study is a non-parametric test using the Wilcoxon signed-rank test method, namely the refinement of the Sign Test, which is useful as a test tool used to test two paired samples, this test does not require the data to be normally distributed.

Results and discussion

Description of research object

The study population obtained 267 companies. Based on the sample selection criteria using the purposive sampling method, a sample of 43 companies was obtained with 6 research periods, each

of which is 3 years before the rise of digital companies and 3 years after the rise of digital companies, with each number of samples as many as 43 companies.

Data analysis results

a. Descriptive statistical analysis

Table 1

Descriptive statistics results

	Range Statistics	***Minimum Statistics***	***Maximum Statistics***	***Mean Statistics***	***Std. Deviation Statistics***
ROA BEFORE	0.4213	-0.2101	0.2112	0.0218	0.0605
ROA AFTER	0.6308	-0.4054	0.2254	0.0036	0.0991
DR BEFORE	2.5550	0.2678	2.8228	0.7219	0.3959
DR AFTER	2.5740	0.1686	2.7426	0.7623	0.4852
CR BEFORE	3.5290	0.3563	3.8853	1.4827	0.7001
CR AFTER	3.3686	0.1456	3.5142	1.4856	0.6512
BEFORE TATTOO	2.4964	0.0214	2,5178	0.7748	0.7979
TATTOO AFTER	3.4407	0.0143	3,4550	0.7659	0.8129
Valid N (listwise)= 43					

Source: Data processed by Researchers, 2021

Based on the results of the descriptive statistics listed in table 1 above, it shows that the average value (*mean*) the return on assets (ROA) variable before and after the rise of digital companies decreased by 0.0182 from 0.0218 to 0.0036. Judging from the standard deviation, it is relatively low, due to the small data range, namely 0.4213 ROA before and 0.6308 in ROA after the rise of digital companies. This shows that the ROA value after the rise of digital companies has decreased compared to the ROA value before the rise of digital companies.

The variable debt ratio (DR) shows the mean value has increased by 0.0404 from 0.7219 to 0.7623. Judging from the standard deviation, it is relatively low, due to the small data range, namely 2.5550 DR before and 2.5740 DR after the rise of digital companies. This shows that the DR value after the rise of digital companies has increased compared to the DR value before the rise of digital companies.

The variable current ratio (CR) shows the mean value has decreased by 0.0029 from 1.4827 to 1.4856. Judging from the standard deviation, it is relatively low, due to the small data range, namely 3.5290 CR before and 3.3686 in CR after the rise of digital companies. This shows that the CR value after the rise of digital companies has increased compared to the CR value before the rise of digital companies.

The variable total assets turnover ratio (TATO) shows the mean value decreased by 0.0089 from 0.7748 to 0.7659. Judging from the standard deviation, it is relatively low, due to the small data range, namely 2.4964 TATO before and 3.4407 to TATO after the rise of digital companies. This shows that the value of TATO after the rise of digital companies has decreased compared to the value of TATO before the rise of digital companies.

b. Normality test

Table 2 shows the result of normality test for variables.

Table 2

Kolmogorov-Smirnov . Normality test

	Test Statistics	**Criteria**	**Information**
ROA BEFORE	0.219	0.05	Normal
ROA AFTER	0.261	0.05	Normal
DR BEFORE	0.289	0.05	Normal
DR AFTER	0.275	0.05	Normal
CR BEFORE	0.195	0.05	Normal
CR AFTER	0.166	0.05	Normal
BEFORE TATTOO	0.228	0.05	Normal
TATTOO AFTER	0.213	0.05	Normal

Source: Data processed by researchers, 2021

Since all the resulting data are normally distributed, then the hypothesis will be tested using the paired sample t-test method.

c. Hypothesis test results

The statistical data for hypothesis testing in this study used the paired sample t-test method, which will be presented in the following table:

Table 3

*Paired sample T-Test*on roa

		Mean	***Std. Deviation***	***Std. Error Mean***	***Lower***	***Upper***	**t**	**df**	***Sig.*****(2-tailed)**
*Pair*1	sqrtROAse–sqrtROAses	0.0182	0.0765	0.0117	-0.0053	0.0418	1.5598	42	0.1263

Source: Data processed by researchers, 2021

Based on the test results in the paired sample t-test table on the ROA variables before and ROA after the rise of digital companies, it shows a significance value of 0.1263 and the value is greater than 0.05, so the difference is not significant. By using a 95% confidence level and df = n-1, a two-party test is carried out and a t table with a value of 2.0181 is obtained. It can also be seen from the statistical t value (t arithmetic) 1.5598 which is smaller than the t table, namely 2.0181, although there is a difference in the average ROA of 0.0182, but the difference in value is not significant. Because the significance value is greater than 0.05, H1 is rejected. The first hypothesis which reads "there is a significant difference in the return on assets of incumbent companies before and after the rise of digital companies" is rejected.

Table 4
*Paired sample T-Test*on dr

		Mean	*Std. Deviation*	*Std. Error Mean*	*Lower*	*Upper*	t	df	*Sig.*(2-tailed)
*Pair*2	sqrtDRseb–sqrtDRses	-0.0404	0.4293	0.0655	-0.1725	0.0917	-0.6176	42	0.5402

Source: Data processed by researchers, 2021

Based on the test results in the paired sample t-test table on the DR before and DR variables after the rise of digital companies, it shows a significance value of 0.5402 and the value is greater than 0.05, so the difference is not significant. By using a 95% confidence level and df = n-1, a two-party test is carried out and a t table with a value of 2.0181 is obtained. It can also be seen from the statistical t value (t arithmetic) 0.6176 which is smaller than the 5% t table, namely 2.0181, although there is a difference in the average DR of 0.0404, but the difference in value is not significant. Because the significance value is greater than 0.05, H2 is rejected. The second hypothesis which reads "there is a significant difference in the debt ratio of incumbent companies before and after the rise of digital companies" is rejected.

Table 5
*Paired sample T-Test*on cr

		Mean	*Std. Deviation*	*Std. Error Mean*	*Lower*	*Upper*	t	df	*Sig.*(2-tailed)
*Pair*3	sqrtCRseb–sqrtCRses	-0.0029	0.4848	0.0739	-0.1521	0.1463	-0.0397	42	0.9685

Source: Data processed by researchers, 2021

Based on the test results in the paired sample t-test table on the CR variables before and CR after the rise of digital companies, it shows a significance value of 0.9685 and the value is greater than 0.05, so the difference is not significant. By using a 95% confidence level and df = n-1, a two-party test is carried out and a t table with a value of 2.0181 is obtained. It can also be seen from the t statistical value of 0.0397 which is smaller than the 5% t table, which is 2.0181, although there is a difference in the average CR of 0.0029, but the difference in value is not significant. Because the significance value is greater than 0.05, H3 is rejected. The third hypothesis which reads "there is a significant difference in the current ratio of incumbent companies before and after the rise of digital companies" is rejected.

Table 6
Paired sample T-Teston tattoo

		Mean	*Std. Deviation*	*Std. Error Mean*	*Lower*	*Upper*	t	df	*Sig.*(2-tailed)
Pair4	sqrtTATOseb–sqrtTATOses	0.0090	0.6312	0.0963	-0.1853	0.2032	0.0931	42	0.9263

Source: Data processed by Researchers, 2021

Based on the test results in the paired sample t-test table on the TATO variable before and after the rise of digital companies, it shows a significance value of 0.9263 and the value is greater than 0.05, so the difference is not significant. It can also be seen from the statistical t value (t arithmetic) 0.0931 which is smaller than the 5% table value, which is 2.0181, although there is a difference in the average TATO of 0.0090, but the difference in value is not significant. Because the significance value is greater than 0.05, H4 is rejected. The fourth hypothesis which reads "there is a significant difference in the total assets turnover ratio of incumbent companies before and after the rise of digital companies" is rejected.

Result discussion

Judging from the average difference test of the ROA variable, the calculation shows Sig. (2-tailed) of the paired sample t-test 0.1263 > 0.05. In addition, the calculated t value is 1.5598 which is smaller than the t table, which is 2.0181 ($\alpha < 0.05$). So H1 is rejected, that is, there is no significant difference in the return on assets of incumbent companies before and after the rise of digital companies. The absence of this difference is in line with research conducted by Putri et al. (2018). Companies that experienced an increase in total assets but decreased net income. This shows that the company is not good at utilizing its assets, and causes the profits to be less than optimal. The impact is a decrease in the level of company profitability, although the average decline found is not significant. Some companies that have experienced this are PT. Japfa Comfeed Indonesia Tbk, PT. Bank Harda Internasional Tbk, PT. Express Trasindo Utama Tbk and so on.

Judging from the DR average difference test, the calculation shows Sig. (2-tailed) of the paired sample t-test 0.5402 > 0.05. In addition, the calculated t value is 0.6176 which is smaller than the t table, namely 2.0181 ($\alpha < 0.05$). So H2 is rejected, that is, there is no significant difference in the debt ratio of incumbent companies before and after the rise of digital companies. The absence of this difference is in line with research conducted by Aldy (2020). Companies that experience an increase in total assets but total debt also increase, there are indications of purchasing assets using debt. Because the company does not use the company's assets optimally, it causes the level of debt to increase, although the average increase found is not significant. Several companies that experienced an increase in total assets but also increased total debt were PT. SAT Nusa Persada, PT. Bank ICB Bumi Putera Tbk (MNC Bank), PT. Adi Sarana Armada Tbk and others.

Judging from the average difference test of CR, the calculation shows Sig. (2-tailed) of the paired sample t-test 0.9685 > 0.05. In addition, the calculated t value of 0.0397 is smaller than the t table, which is 2.0181 ($\alpha < 0.05$). So H3 is rejected, that is, there is no significant difference in the current ratio of incumbent companies before and after the rise of digital companies. The absence of this difference is in line with research conducted by Khukmiyah et al. (2018). There is no difference this is caused by the level of the company's current assets decreased but current liabilities increased. As for some companies, the level of current assets and short-term liabilities also increased. This shows an indication that the company is less than optimal in utilizing the company's current assets. which causes short-term liabilities to increase. Although the average

increase found is not significant. Several companies that experienced an increase in short-term liabilities were PT. Malindo Feedmill Tbk, PT. Astra International Tbk, PT. Bank Bumi Arta Tbk, PT. Express Trasindo Utama Tbk and so on.

Judging from the difference in the average TATO test, the calculation shows Sig. (2-tailed) of the paired sample t-test 0.9263 > 0.05. In addition, the t-count value is 0.0931 which is smaller than the t-table, namely 2.0181 (α <0.05). So H4 is rejected, that is, there is no significant difference in the total assets turnover ratio in incumbent companies before and after the rise of digital companies. The absence of this difference is in line with the research conducted by Komardi and Jennifer (2016). There is no significant difference because there are no significant differences in ROA, DR and CR. In addition, seen from the analysis of the sales variable and total assets, it shows that there is a decrease in sales while the total assets have increased. As for some companies whose sales increased but total assets decreased. This shows that there is an indication of a decline in sales because many consumers switch to digital companies and total assets increase due to an indication of purchasing assets using debt. Therefore, the company's financial performance has decreased, although the decline is not significant. Several companies that experienced an increase in sales but decreased total assets were PT. Bank Bukopin Tbk, PT. Zebra Nusantara Tbk, PT. Polychem Indonesia Tbk and others. although the decrease was not significant. Several companies that experienced an increase in sales but decreased total assets were PT. Bank Bukopin Tbk, PT. Zebra Nusantara Tbk, PT. Polychem Indonesia Tbk and others. although the decrease was not significant. Several companies that experienced an increase in sales but decreased total assets were PT. Bank Bukopin Tbk, PT. Zebra Nusantara Tbk, PT. Polychem Indonesia Tbk and others.

Conclusions

This study aims to determine whether or not there are differences in financial performance before and after the rise of digital companies, seen from the return on assets, debt ratio, current ratio and total assets turnover ratio. With a research period of 6 years, namely 3 years before (2012-2014) and 3 years after the rise of digital companies (2016-2018). Gives the result that there is no significant difference in all variables. The results of this study indicate that the rise of digital companies does not always have a bad impact. For the sake of business continuity, a company certainly does all kinds of innovations and also observes market share to find out future possibilities, so that companies can prepare themselves to face them and live them. At the beginning of the rise of digital companies, Incumbent companies certainly experience a period of adaptation, causing their profits to decline for some time. However, with sufficient preparation this will not last long.

In terms of debt levels, with the proliferation of digital companies, incumbent companies experienced an increase in debt levels for some time and short-term liabilities also increased. Because of this, the company is considered less than optimal in utilizing its assets. This causes the company's level of efficiency in managing all its assets to decrease and the company's financial performance to decrease as well.

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