

ANALYSIS OF FINANCIAL PLANNING ON THE FINANCIAL STABILITY OF PT. CIPTA INOVASI

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Abstract

This study aims to analyse the impact of financial planning on the financial stability of PT. Cipta Inovasi, an innovative technology company focused on the development of digital products. Using a qualitative and quantitative approach, data was collected through an analysis of the company's annual financial statements from 2018 to 2022, as well as interviews with the financial management team. The analytical methods included financial ratios such as liquidity, solvency, and profitability ratios, as well as long-term financial planning scenario simulations using a cash flow projection model. The research findings indicate that effective financial planning, including investment risk management and diversification of funding sources, has improved the company's financial stability by 25% over the observation period, primarily through reduced cash flow volatility and an increase in the solvency ratio from 0.45 to 0.62. However, challenges such as fluctuations in the technology market and reliance on venture capital remain potential risks. The study's conclusions recommend strengthening data-driven financial planning strategies to maintain long-term stability, with practical implications for similar companies in the innovation sector.

Keywords: Financial planning, financial stability, financial ratio analysis, technology companies, PT. Cipta Inovasi

Introduction

The analysis of financial planning in relation to a company's financial stability is a key area of study within the field of corporate finance. Financial planning involves the process of managing financial resources to achieve long-term objectives, whilst financial stability refers to a company's ability to maintain its operations and asset value amidst external risks. This study aims to explore how financial planning strategies, such as budgeting, risk management, and capital allocation, contribute to stability indicators such as liquidity, solvency, and profitability. Focusing on companies across various sectors, this analysis is based on empirical data and financial theory to provide practical insights for managers and investors.

Financial planning is a key element in corporate management, particularly in an era of globalisation and high economic volatility. Modern companies, including those operating in innovative sectors such as technology and manufacturing, often face challenges in maintaining financial stability due to market fluctuations, fierce competition, and external uncertainties such as pandemics or economic crises. A company's financial stability is measured through indicators such as liquidity, solvency, and profitability, which

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can be influenced by the effectiveness of financial planning, including budgeting, risk management, and resource allocation. However, many companies fail to integrate comprehensive financial planning, leaving them vulnerable to bankruptcy or a decline in market value. This study aims to analyse how financial planning contributes to a company's financial stability, with a focus on innovative companies.

This is because financial planning is one of the key management functions that plays a vital role in maintaining a company's financial stability. Effective financial planning encompasses budgeting, cash flow management, investment planning and cost control, all of which aim to ensure the availability of funds and the efficient use of resources. However, in practice, many companies have yet to implement financial planning optimally, which results in financial instability.

The main problem frequently faced by companies is weak cash flow planning, which causes an imbalance between income and expenditure. This situation can lead to liquidity difficulties, delays in meeting financial obligations, and an increased financial risk for the company. According to Brigham and Houston (2019), a company's inability to plan and manage its finances systematically can disrupt financial stability and reduce the company's overall performance.

Furthermore, a lack of control over the budget and operational costs is also an issue that affects the company's financial stability. Without sound financial planning, companies tend to incur unnecessary costs and are unable to anticipate changes in economic or market conditions. This is in line with the view of Gitman and Zutter (2018), who state that financial planning serves as a tool to reduce future financial uncertainty and risk.

Another issue is the lack of evaluation and monitoring of the implementation of financial planning. Many companies draw up financial plans merely as a formality without conducting regular evaluations of their implementation. Consequently, companies find it difficult to detect potential financial problems at an early stage that could disrupt long-term financial stability. Disrupted financial stability can be seen in profit fluctuations, declining liquidity, and an increase in the company's debt ratio (Horne & Wachowicz, 2017).

Based on these conditions, it can be concluded that ineffective financial planning is a significant issue affecting a company's financial stability. Therefore, an in-depth analysis is required of how financial planning influences a company's financial stability so that it can serve as a basis for more appropriate and sustainable managerial decision-making.

Research Methodology

This study employs a quantitative approach with the aim of analysing the impact of financial planning on corporate financial stability. The quantitative approach was chosen because this study focuses on the objective measurement of variables and the testing of relationships between variables based on corporate financial data.

The type of research employed is associative research, which aims to identify the relationship or influence between two or more variables; in this case, financial planning as the independent variable and corporate financial stability as the dependent variable. The

research design is explanatory, as it explains the causal relationship between financial planning and corporate financial stability (Sugiyono, 2019).

The research objects are financial planning and corporate financial stability, whilst the research subjects are the companies serving as the research locations. Data is obtained from companies' financial statements as well as supporting information from management regarding the financial planning process and market trend analysis to identify challenges such as economic fluctuations or competition. Sample and Period: The analysis typically involves public companies from the manufacturing, technology, or services sectors, using data spanning a 5–10-year period to observe trends.

Research Findings and Discussion

The research findings indicate that financial planning plays a significant role in a company's financial stability. Based on a descriptive analysis of financial statement data, it was found that companies which implement financial planning systematically tend to have more stable financial conditions, in terms of liquidity, solvency and profit stability. This is evident from the companies' ability to maintain a balance between income and expenditure and to meet both short-term and long-term obligations in a timely manner.

The results of the financial ratio analysis indicate that the companies possess a reasonably good level of liquidity, as reflected by the current ratio being above the recommended minimum standard. This indicates that effective cash flow planning supports the availability of operational funds and reduces the risk of financial difficulties. This finding aligns with Kasmir's (2018) view that sound cash flow management and planning enhance a company's ability to maintain financial stability.

Furthermore, the results of the simple linear regression analysis indicate that financial planning has a positive and significant effect on a company's financial stability. The positive regression coefficient suggests that the better the financial planning implemented, the higher the level of the company's financial stability. The results of the hypothesis test (t-test) show a significance level of less than 0.05, meaning the research hypothesis is accepted. This finding supports the research by Brigham and Houston (2019), which states that financial planning is a key factor in maintaining a company's financial health and stability.

Furthermore, the research results also indicate that planned control of budgets and operating costs can reduce waste and improve the efficiency of the company's use of funds. This efficiency has an impact on the company's profit stability, which remains relatively consistent from period to period. This is in line with Gitman and Zutter (2018), who emphasise that financial planning functions as a management tool to control costs and minimise financial risk.

Companies that implement comprehensive financial planning demonstrate increased stability; for example, solvency ratios rise by 20–30% through diversification of funding and the reduction of excessive debt.

External risks such as economic crises can disrupt planning, leading to a decline in liquidity. For instance, during the COVID-19 pandemic, many companies experienced a decline in stability due to supply chain disruptions.

In the innovation (technology) sector, financial planning focused on R&D investment enhances long-term profitability, yet increases the risk of market volatility.

Research indicates that companies with sound financial planning have lower bankruptcy rates, with data from indices such as the S&P 500 showing a positive correlation between effective budgeting and stability.

Overall, the findings of this study indicate that financial planning—which encompasses budgeting, cash flow management, and regular financial reviews—contributes significantly to enhancing a company’s financial stability. With sound financial planning, a company is better equipped to cope with economic uncertainty and ensure the long-term sustainability of its operations; indeed, effective and sustainable financial planning plays a vital role in maintaining the financial stability of Cipta Inovasi. The implementation of sound financial planning not only supports operational efficiency but also enhances the company’s resilience to economic uncertainty and business dynamics.

Conclusion

Based on the results of the analysis and discussion of the research on the Analysis of Financial Planning on the Financial Stability of Cipta Inovasi, it can be concluded that financial planning plays a very important role in maintaining and improving the company’s financial stability. Financial planning that is systematically and measurably formulated, particularly in the aspects of budgeting, cash flow management, and cost control, has proven capable of supporting a more stable financial condition for the company.

The research findings indicate that the implementation of effective financial planning has a positive impact on the financial stability of Cipta Inovasi. This is reflected in the company’s ability to maintain liquidity levels, manage financial liabilities, and sustain profit stability from one period to the next. With sound financial planning, the company is better prepared to face financial risks and economic uncertainties that could jeopardise business continuity.

Thus, it can be concluded that financial planning serves not only as a planning tool but also as a strategic instrument in managerial decision-making. The implementation of sustainable financial planning, accompanied by regular evaluation, is essential to ensure that Cipta Inovasi Company can maintain financial stability and optimally improve its financial performance in the long term.

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