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## ANALYSIS OF FINANCIAL PERFORMANCE IN SOUTH KOREA MUSIC INDUSTRY COMPANIES: HYBE CORPORATION

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### Abstract

The South Korean music industry is experiencing rapid development due to the Korean Wave that spread South Korean popular culture globally. This study aims to determine the financial performance of Hybe Corporation from 2018 to 2022. This research uses quantitative research. The data source used is secondary data obtained from Hybe Corporation's financial statements from 2018 to 2022 which include balance sheets and income statements obtained through the company's official website. The data analysis method uses financial ratios such as Liquidity Ratio, Solvency Ratio, and Profitability Ratio. The results showed that the liquidity ratio through the Current Ratio and Cash Ratio indicators was in quite good condition. Solvency Ratio through Debt Ratio and Debt to Equity Ratio indicators are in good condition. Profitability Ratio through indicators of Net Profit Margin, Return on Investment, and Return on Equity are in poor condition. As a result, Hybe Corporation's financial performance from 2018 to 2022 has not been optimal in managing its finances.

**Keywords:** *Financial Performance, Financial Ratios, Music Industry, Korean Wave.*

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## INTRODUCTION

Hallyu or Han Liu which means Korean Wave. The term was first coined by the Chinese media in 1999 to describe the spread of South Korean popular culture around the world in the form of television dramas (K-drama), popular music (K-pop), and movies (Londong et al., 2023). The impact of this phenomenon extends to the fields of cuisine, cosmetics, beauty, and fashion (Korean.net). However, K-pop has experienced a faster growth rate due to government support.

Koreans have been known to sing and are highly musical since ancient times (Russel, 2014). The development of Korean music has a long history dating back to the Japanese occupation (1910-1945) until the 1990s (Howard, 2007). Traditional Korean music developed by adapting the influence of Chinese, Japanese, and Western music so that today Korean music has several musical genres such as pop, hip-hop, R&B, Ballads, EDM (Electronic Dance Music), retro, rock, and Indie. The release of I Know by Seo Taiji and The Boys in 1992 marked the beginning of modern pop music in Korea, later known as Korean Pop (K-pop). Their success brought new colors to the music world, giving birth to many other quality music groups and musicians (KOCIS, 2011).

The development of the South Korean entertainment industry for several years has been dominated by the Big Three Agency, namely SM Entertainment, YG Entertainment, and JYP Entertainment as the first company to introduce K-pop and give birth to idol stars. Big Hit Entertainment is a new South Korean entertainment company founded by Bang Si-hyuk in 2005. The company debuted BTS as a seven-member boy group after several of its idols ended their contracts.

BTS or Bangtan Soyeondan means "Bulletproof Boy Scouts" and debuted with the release of the first album titled "No More Dream" from the first 2 Cool 4 Skool series of "School Trilogy" in 2013. The second series of the "School Trilogy" extended play titled O!RUL8,2? with the song "N.O" was released in the same year. The album releases won New Artist of the Year awards at the Melon Musik Awards, the Golden Disc Awards 2013, and the Seoul Music Awards 2014. The song "I Need U" the lead single from the album The Most Beautiful Moment in Life, Part 1 (2015) became a turning point in BTS' career after winning the first award on SBS MTV's broadcast music show The Show. In 2017, BTS increased its popularity internationally by becoming the first K-pop group to take part in the American Music Awards (Herman, 2017).

Commercially, in less than two years BTS' album debuted at the top of the US Billboard 200, making BTS the fastest group to achieve four number-one albums since the Beatles in 1966-1968. The albums Love Yourself: Tear (2018), Love Yourself: Answer (2018), Map of The Soul: Persona (2019), and Map of The Soul: 7 (2020) albums (Cauldfield, 2020). Big Hit distributor "Dreamus" reported that album pre-orders for Map of The Soul: 7 reached a record-breaking 4.02 million, surpassing the previous record held by Map of The Soul: Persona which reached 2.68 million (Hyun-rok, 2020).

BTS made new history in the K-pop music industry in 2020. With their single "Dynamite", they became the first Korean artist to reach No. 1 on the Billboard Hot 100 chart, earning a Guinness World Record. The song was also nominated for a Grammy in the Best Pop Duo/Group Performance category. YouTube confirmed that the music video broke the first 24-hour record with 101.1 million views. The most viewed YouTube Premiere with over 3 million simultaneous live viewers. The song is also number one on the new Billboard Global 200 and Billboard Global Excel charts. U.S (TIMES, 2021). The success of the single "Dynamite," BTS' first English-language song, is estimated to have generated revenue of 1.7 trillion won (CNBC, 2020). The impact of its global success has contributed to the development of the South Korean economy.

Big Hit showed rapid growth along with the global popularity of its first boy group BTS. Big Hit published its earnings for the first time since its founding in 2005. The company reported revenue of ₩92.4 billion (\$82 million) and operating profit of ₩32.5 billion (\$29 million) for 2017 (Ji-Yoon, 2018). Industry observers estimate Big Hit's market value to be worth up to ₩700 billion (\$624 million) if it signs an IPO in December 2018. This is both a testament and a threat to the Big Three agencies that have maintained their leadership for 10 years. CEO Bang is the largest shareholder, making him the richest person in South Korea's entertainment business due to his large shareholding position and giving him a personal ownership value of approximately ₩350 billion (\$314 million) (Man-soo, 2018). The financial report for 2018 showed a 132% increase in sales to ₩214.2 billion (\$189.38 million) compared to 2017. Operating profit rose 97% to ₩64.1 billion (\$56.72 million), while net income rose 105% to ₩50.2 billion (\$44.41 million) (Herman, 2019). As of June 2019, the company's value ranged from ₩1.28-2.22 trillion (Yeon-ju, 2019).

Over time, Big Hit Entertainment continued to grow and expand its business into labels, solutions, and platforms. Bang Si-hyuk saw that the name Big Hit Entertainment could not represent the true meaning and purpose of the company. Therefore, a new company name was needed that could cover all the bases for the line of business. Hybe is a new brand that symbolizes connection, expansion, and relationships. Meanwhile, Big Hit Entertainment lives on as Big Hit Music as the label that made Hybe (Ji-won, 2021).

In March 2021 Big Hit Entertainment announced its rebranding to Hybe Corporation (Hye-jin, 2021). HYBE innovates the music industry business model with the mission, "We Believe Music". HYBE strives to be the world's best entertainment lifestyle platform company based on music. "Content" which leads global trends and "Fans" who are our customers are the two pillars of our values, and we are committed to satisfying our customers by continuously improving our services to the highest standards (Hybe, 2021). The company operates as a record label, talent agency, music production company, event management and concert production company, and music publisher. It has several subsidiaries, including Big Hit Music, Source Music, Pledis Entertainment, Belift Lab, KOZ Entertainment, and ADOR, collectively known as Hybe Labels (Wikipedia, 2024).

Big Hit Entertainment, which has changed its name to HYBE, invested ₩1.07 trillion (\$950 million) into its US unit Hybe America to acquire Ithaca Holding. Big Hit will pay \$1.05 billion to shareholders and bondholders to purchase Ithaca in April 2021 (Lee, 2021).

## LITERATURE REVIEW

### Definition of Financial Statements

Financial statements are reports that show the company's financial condition at this time or within a certain period (Kasmir, 2017). Another opinion says financial statements are the final result of accounting activities (accounting cycle) that reflect the financial condition and operating results of the company. Therefore, financial reports can be used as a measuring tool to communicate with parties with an interest in the company's financial data (Sugiyono, 2016). Based on the understanding of the experts above, it can be concluded that financial reports are the company's financial condition in a certain period taken from the results of accounting activities to be used as a decision-making tool for stakeholders (Anwar et al., 2020).

### Forms of Financial Statements

In general, five types of financial reports are usually prepared according to (Kasmir, 2017), namely:

1. Balance Sheet

The balance sheet is a report that shows the amount of assets (assets), liabilities (debts), and capital of the company at a certain time.

## 2. Income Statement

The income statement is a report that shows the condition of the business in a certain period which is reflected in the amount of revenue received and costs incurred so that it can be seen whether the company is in a state of profit or loss.

## 3. Statement of Changes in Capital

The statement of changes in capital is a report that describes the amount of capital the company currently has and the causes of capital changes.

## 4. Cash Flow Statement

The cash flow statement is a report that shows cash inflows (income) and cash outflows (expenses).

## 5. Notes to Financial Statements

The notes report to the financial statements is a report that is made about the financial statements presented. This report provides information about explanations that are deemed necessary for the existing financial statements so that the cause becomes clear.

## Types of Financial Ratios

### 1. Liquidity Ratio

Liquidity ratio or working capital ratio is a ratio that describes the company's ability to meet short-term obligations (debt) (Kasmir, 2017).

Liquidity ratios that can be used by companies to measure company performance, namely:

#### a. Current Ratio

The current ratio assesses the ability of the business to settle immediate debts or short-term liabilities when taken as a whole. The industry standard average for current ratios is 200% or 2 times. The formula used is:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Debt}} \quad \times 100\%$$

#### b. Cash Ratio

Cash ratio is a ratio to measure how much cash is available to pay the debt. A high cash ratio indicates the company's ability to pay its short-term debt using available cash funds. Conversely, a low cash ratio indicates that the company is experiencing a shortage of cash funds to pay its short-term debt so it is necessary to sell other current assets to cover the shortage of cash funds. The average industry standard for cash ratio is 50%. The formula used is:

$$\text{Cash Ratio} = \frac{\text{Cash} + \text{Cash Equivalents}}{\text{Current Debt}} \quad \times 100\%$$

### 2. Solvency Ratio

The solvency ratio is a ratio used to measure the extent to which the company's assets are financed with debt. This means the company's ability to pay its long-term obligations if the company is dissolved or in other words how much the company's assets are financed by debt (Kasmir, 2017).

Solvability ratios that can be used by companies to measure company performance, namely:

#### a. Debt Ratio

The debt ratio is a ratio used to measure how much the company's assets are financed by debt or how much the company's debt affects asset management. The industry standard average for the debt ratio is 35%. The formula used is:

$$\text{Debt Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}} \times 100\%$$

a. Debt to Equity Ratio

Debt to equity ratio is a ratio used to assess debt to equity. The industry standard average for the debt-to-equity ratio is 90%. The formula used is:

$$\text{Ratio Debt to Equity} = \frac{\text{Total Debt}}{\text{Equity}} \times 100\%$$

3. Profitability Ratio

Profitability ratio is a ratio used to assess the company's ability to generate profits (Kasmir, 2017).

Profitability ratios that can be used by companies to measure company performance, namely:

a. Net Profit Margin

Net profit margin is a ratio used to show the company's net income on sales. This ratio is a measure of profit by comparing earnings after interest and taxes compared to sales. The average industry standard for net profit margin is 20%. The formula used is:

$$\text{Net Profit Margin} = \frac{\text{Earning After Tax}}{\text{Sales}} \times 100\%$$

b. Return on Investment

The return on investment ratio is a measure of the effectiveness of management in managing its investment. This ratio shows the return on the total assets used in the company. The average industry standard for the return on investment ratio is 30%. The formula used is:

$$\text{Return on Investment} = \frac{\text{Earning After Tax}}{\text{Total Assets}} \times 100\%$$

c. Return on Equity

Return on equity is a ratio to show the efficient use of own capital. The higher the ratio, the better. This means that the position of the company owner is getting stronger. Conversely, the lower the ratio, the weaker the position of the company owner. The industry standard average for return on equity is 40%. The formula used is:

$$\text{Return on Equity} = \frac{\text{Earning After Tax}}{\text{Equity}} \times 100\%$$

## METHODOLOGY

The scope of this research takes Hybe Corporation's financial statements from 2018 to 2022 which include balance sheets and income statements. The type of research used in this study is quantitative research. Quantitative research is a research method based on the philosophy of positivism, used to research certain populations or samples, data collection using research instruments, and quantitative or statistical data analysis, with the aim of testing

predetermined hypotheses (Sugiyono, 2017). The data source used in this research is secondary data. Secondary data is a source that does not directly provide data to data collectors, for example through other people or documents (Sugiyono, 2017). The data used is taking Hybe Corporation's financial statements from 2018 to 2022 which include balance sheets and income statements obtained through the company's official website (Halik et al., 2023).

Data collection techniques are documentation techniques and library techniques. The data analysis methods used in this research are descriptive statistical analysis and horizontal analysis. Descriptive statistical research is data analysis by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public (Sugiyono, 2017). Descriptive statistical analysis techniques use analysis of the liability ratio, solvency ratio, and profitability ratio (Silioktaviani et al., 2023; Wattilete, 2023). Horizontal analysis is an analysis by comparing financial statements for some time so that its development will be known (Munawir, 2010).

## RESULTS AND DISCUSSION

### RESULTS

**Table 1**  
**Calculation of Financial Ratios at Hybe Corporation from 2018-2022**

[Unit: ₩100M]

Ratio	2018	2019	2020	2021	2022
<b>Current Ratio</b>	$\frac{1,717.1}{1,054.6} \times 100\%$ = 162,82%	$\frac{2,946.5}{1,745.6} \times 100\%$ = 168,80%	$\frac{13,892.6}{2,962.4} \times 100\%$ = 468,96%	$\frac{20,031.3}{5,866.2} \times 100\%$ = 341,47%	$\frac{21,158.5}{8,494.8} \times 100\%$ =249,08%
<b>Cash Ratio</b>	$\frac{580.60}{1,054.6} \times 100\%$ = 55,05%	$\frac{1,608.78}{1,745.6} \times 100\%$ = 92,16%	$\frac{3,802.40}{2,962.4} \times 100\%$ = 128,36%	$\frac{6,776.80}{5,866.2} \times 100\%$ = 115,52%	$\frac{5,316.20}{8,494.8} \times 100\%$ = 62,58%
<b>Debt Ratio</b>	$\frac{1,182.7}{2,055.3} \times 100\%$ = 57,54%	$\frac{1,894.7}{3,629.9} \times 100\%$ = 52,20%	$\frac{7,255.0}{19,244.4} \times 100\%$ = 37,70%	$\frac{18,423.3}{47,289.4} \times 100\%$ = 38,96 %	$\frac{19,417.5}{48,704.3} \times 100\%$ = 39,87%
<b>Debt to Equity Ratio</b>	$\frac{1,182.7}{872.6} \times 100\%$ =135,54%	$\frac{1,894.7}{1,735.2} \times 100\%$ = 109,19%	$\frac{7,255.0}{11,989.4} \times 100\%$ = 60,82%	$\frac{18,423.3}{28,865.9} \times 100\%$ = 63,82%	$\frac{19,417.5}{29,286.8} \times 100\%$ = 66,30%
<b>NPM</b>	$\frac{-704.7}{3,013.7} \times 100\%$	$\frac{724.2}{5,872.2} \times 100\%$	$\frac{870.6}{7,962.8} \times 100\%$	$\frac{1,408.3}{12,559.3} \times 100\%$	$\frac{480.3}{17,761.5} \times 100\%$

Ratio	2018	2019	2020	2021	2022
	= -23,38%	=12,33%	=10,93%	=11,21%	=2,70%
<b>ROI</b>	$\frac{-704.7}{2,055.3} \times 100\%$ = -34,29%	$\frac{724.2}{3,629.9} \times 100\%$ = 19,95%	$\frac{870.6}{19,244.4} \times 100\%$ = 4,52%	$\frac{1,408.30}{47,289.4} \times 100\%$ = 2,98%	$\frac{480.3}{48,704.3} \times 100\%$ = 0,99%
<b>ROE</b>	$\frac{-704.7}{872.6} \times 100\%$ = -80,76%	$\frac{724.2}{1,735.2} \times 100\%$ = 41,74%	$\frac{870.6}{11,989.4} \times 100\%$ = 7,26%	$\frac{1,408.30}{28,865.9} \times 100\%$ = 4,88%	$\frac{480.3}{29,286.8} \times 100\%$ = 0,99%

Source: Data processed 2023

**Table 2**  
**Calculation Results of Hybe Corporation's Financial Ratios from 2018-2022**

[Unit: ₩100M]

Years	Current Ratio	Cash Ratio	Debt Ratio	Debt to Equity Ratio	NPM	ROI	ROE
<b>2018</b>	162.82%	55.08%	57.54%	135.54%	-23.38%	-34.29%	-80.76%
<b>2019</b>	168.80%	92.11%	52.20%	109.19%	12.33%	19.95%	41.74%
<b>2020</b>	468.96%	128.36%	37.70%	60.51%	10.93%	4.52%	7.26%
<b>2021</b>	341.47%	115.52%	38.98%	63.82%	11.21%	2.98%	4.88%
<b>2022</b>	249.08%	62.58%	39.97%	66.30%	2.70%	0.99%	0.99%

Source: Data processed 2023

### Liquidity Ratio Analysis

Analysis of liquidity ratios at Hybe Corporation from 2018-2022 in this study using current ratio and cash ratio.

Based on Table 2 the level of liquidity at Hybe Corporation as measured by the current ratio in 2018 was 162.82% or 0.16282. This means that every ₩1 current debt is guaranteed by ₩0.16882 current assets. The current ratio results obtained are below the current ratio industry standard that has been set at 200% or 2 times, so the company is in poor condition. In 2019 the current ratio was 168.80% or 0.16880. This means that every ₩1 current debt is guaranteed by ₩0.16880 current assets. The current ratio results obtained are below the current ratio industry standard that has been set at 200% or 2 times, so the company is in poor condition. In 2020 the current ratio was 468.96% or 0.46896. This means that every ₩1 current debt is guaranteed by ₩0.46896 current assets. The current ratio results obtained are above the predetermined current ratio industry standard of 200% or 2 times, so the company is in good condition. Furthermore, in 2021 the current ratio was 341.47% or 0.34147. This means that every ₩1 current debt is guaranteed by ₩0.34147 current assets. The current ratio results obtained are

above the current ratio industry standard that has been set at 200% or 2 times, so the company is in good condition. In 2022 the current ratio is 249.08% or 0.24908. This means that every ₩1 current debt is guaranteed by ₩0.24908 current assets. The current ratio results obtained are above the current ratio industry standard that has been set at 200% or 2 times, so the company is in good condition.

Based on Table 2, the level of liquidity at Hybe Corporation as measured by the cash ratio in 2018 is 55.08% or 0.5508. This means that every ₩1 current debt is financed by ₩0.5508 cash. The cash ratio results obtained are above the predetermined cash ratio industry standard of 50% or 0.5 times, so the company is in good condition. Meanwhile, in 2019 the cash ratio was 92.11% or 0.9211. This means that every ₩1 current debt is financed by ₩0.9211 cash. The results of the cash ratio obtained are above the industry standard cash ratio that has been set at 50% or 0.5 times, so the company is in good condition. Meanwhile, in 2020 the cash ratio was 128.36% or 0.12836. This means that every ₩1 current debt is financed by ₩0.12836 cash. The results of the cash ratio obtained are above the industry standard cash ratio which has been set at 50% or 0.5 times, so the company is in good condition. In 2021 the cash ratio was 115.52% or 0.1552. This means that every ₩1 current debt is financed by ₩0.1552 cash. The cash ratio results obtained are above the predetermined cash ratio industry standard of 50% or 0.5 times, so the company is in good condition. In 2022 the cash ratio was 62.58% or 0.6258. This means that every ₩1 current debt is financed by ₩0.6258 cash. The cash ratio results obtained are above the industry standard cash ratio that has been set at 50% or 0.5 times, so the company is in good condition.

### Solvency Ratio Analysis

Analysis of the solvency ratio at Hybe Corporation from 2018-2022 in this study using the ratio of debt and the ratio of debt to equity.

Based on Table 2 the level of solvency at Hybe Corporation as measured by the debt ratio in 2018 was 57.54%. This means that 57.54% of the company's assets are financed from debt or creditors. The results of the debt ratio obtained are above the industry standard debt ratio that has been set at 35%, so the company is in good condition. In 2019 the debt ratio was 52.20%. This means that 52.20% of the company's assets are financed by debt or creditors. The results of the debt ratio obtained are above the industry standard debt ratio that has been set at 35%, so the company is in good condition. In 2020 the debt ratio was 37.70%. This means that 37.70% of the company's assets are financed by debt or creditors. The results of the debt ratio obtained are above the industry standard debt ratio that has been set at 35%, so the company is in good condition. In 2021 the debt ratio was 38.98%. This means that 38.98% of the company's assets are financed by debt or creditors. The results of the debt ratio obtained are above the industry standard debt ratio that has been set at 35%, so the company is in good condition. In 2022 the debt ratio was 39.97%. This shows that 39.97% of the company's assets are financed by debt or creditors. The results of the debt ratio obtained are above the industry standard debt ratio that has been set at 35%, so the company is in good condition.

Based on Table 2 the level of solvency at Hybe Corporation as measured by the ratio of debt to equity in 2018 was 135.54%. This means 135.54% of total equity is financed from debt. The results of the debt to equity ratio obtained are above the industry standard debt to equity ratio that has been set at 90%, so the company is in good condition. In 2019 the debt to

equity ratio was 109.19%, meaning that 109.19% of total equity was financed from debt. The results of the debt to equity ratio obtained are above the industry standard debt to equity ratio that has been set at 90%, so the company is in good condition. Meanwhile, in 2020 the debt to equity ratio was 60.51%, meaning that 60.51% of total equity was financed by debt. The results of the debt-to-equity ratio obtained are below the industry standard of the predetermined debt-to-equity ratio of 90%, so the company is in poor condition. In 2021 the debt to equity ratio was 63.82%, meaning that 63.82% of total equity was financed by debt. The results of the debt-to-equity ratio obtained are below the industry standard of the predetermined debt-to-equity ratio of 90%, so the company is in poor condition. In 2022 the debt to equity ratio was 66.30%, meaning that 66.30% of total equity was financed by debt. The results of the debt to equity ratio obtained are below the industry standard of the debt to equity ratio which has been set at 90%, so the company is in poor condition.

### **Profitability Ratio Analysis**

Analysis of profitability ratios at Hybe Corporation from 2018-2022 in this study using net profit margin, return on investment, and return on equity.

Based on Table 2 the level of profitability at Hybe Corporation as measured by net profit margin in 2018 was -23.38%. This means that the company earned a net profit margin loss of -23.38% of sales. The net profit margin results obtained are below the established net profit margin industry standard of 20%, so the company is in poor condition. Meanwhile, in 2019 the net profit margin was 12.33%. This means that the company earned a net profit margin of 12.33% of sales. The net profit margin results obtained are below the predetermined net profit margin industry standard of 20%, so the company is in poor condition. In 2020 the net profit margin was 10.93%. This means that the company earned a net profit margin of 10.93% of sales. The net profit margin results obtained are above the predetermined net profit margin industry standard of 20%, so the company is in poor condition. In 2021 the net profit margin was 11.21%. This means that the company earned a net profit margin of 11.21% of sales. The net profit margin results obtained are below the predetermined net profit margin industry standard of 20%, so the company is in poor condition. In 2022 the net profit margin was 2.70%. This means that the company earned a net profit margin of 2.70% of sales. The results of the net profit margin ratio obtained are below the predetermined net profit margin industry standard of 20%, so the company is in poor condition.

Based on Table 2, the level of profitability at Hybe Corporation as measured by the ratio of return on investment in 2018 is -34.29%. This shows that the company earned a net loss of -34.29% of the company's total assets. The result of the ratio of return on investment obtained is less than the industry standard of return on investment ratio that has been set at 30%, so the company is in poor condition. In 2019 the ratio of return on investment was 19.95%. This means that the company can obtain a net profit of 19.95% of the company's total assets. The results of the investment return ratio obtained are less than the industry standard of the predetermined investment return ratio of 30%, so the company is in poor condition. In 2020 the ratio of return on investment was 4.52%. This means that the company can obtain a net profit of 4.52% of the company's total assets. The results of the investment return ratio obtained are less than the industry standard of the predetermined investment return ratio of 30%, so the company is in poor condition. In 2021 the ratio of return on investment was 2.98%. This means that the company can obtain a net profit of 2.98% of the company's total assets. The

return on investment ratio results obtained are less than the predetermined investment return ratio industry standard of 30%, so the company is in poor condition. In 2022 the ratio of return on investment is 0.99%. This means that the company can obtain a net profit of 0.99% of the company's total assets. The results of the return on investment ratio obtained are less than the industry standard of the predetermined return on investment ratio of 30%, so the company is in poor condition.

Based on Table 2, the level of profitability at Hybe Corporation as measured by the return on equity in 2018 was -80.76%, meaning that the company earned a net loss of -80.76% of its capital. The return on equity obtained is less than the industry standard return on equity which has been set at 40%, so the company is in poor condition. In 2019 the return on equity was 41.74%, meaning that the company earned a net profit of 41.74% of its capital. The return on equity obtained is above the industry standard return on equity that has been set at 40%, so the company is in good condition. In 2020 the return on equity was 7.26%, meaning that the company earned a net profit of 7.26% from its capital. The return on equity obtained is less than the industry standard return on equity which has been set at 40%, so the company is in poor condition. In 2021 the return on equity was 4.88%, meaning that the company earned a net profit of 4.88% from its capital. The return on equity obtained is less than the industry standard of return on equity.

## CONCLUSIONS

From the results of the research that has been done, it can be concluded that the financial performance of Hybe Corporation from 2018-2022 is as follows:

1. The liquidity ratio for five years has fluctuated but the company is still declared in a fairly good condition because the current ratio for the last three years is in good condition, which is above the established industry standards. While the cash ratio for the last five years is above the established industry standard.
2. The solvency ratio for five years has fluctuated but the company is still declared in a fairly good condition because the debt ratio and the debt to equity ratio are above the established industry standards.
3. The profitability ratio for five years has decreased, this shows that the company has not been effective in managing sales results into profit and efficiency in the use of company operating costs, has not been effective in managing company investment, and has not been efficient in managing funds embedded in assets to generate profits. So the profitability ratio is below the industry standard that has been set resulting in the company's condition is not good.

Overall, Hybe Corporation's financial performance from 2018-2022 has not been optimal in managing company finances. In this study, the observation period is relatively short so the company's performance measurement indicators are only limited to using three financial ratios so that future researchers can add indicators of company performance measurement to overcome the limitations in this study.

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