

# Three General Valuation Approaches And Income Approach In Pharmaceutical Company

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## Abstract

The study discusses three approaches to the evaluation of general and approaches income at the company Pharmacy in Indonesia. Studying this characteristic of qualitative ie research that is holistic means for understand phenomena about what to be subject research, either events, perceptions, and actions, and in the description in forms of words and language, at a context special natural and with utilize various method natural. The approach used use approach conceptual, and study literature as well as using literature study. Based on the results study could conclude that in effort enhancement capacity and performance companies the pharmaceutical sector needed an approach evaluation general that includes evaluation based on an approach comparison that describes ranking the company's best pharmacy to the weakest. The next approach is based on company performance which includes the performance of employees and performance finance. The next approach is based on behavior company, which focuses on the implementation of the standard company with application principles of Good Corporate Governance. Next based on the approaching income covers draft income based on cash inflow and outflow of goods and services, next approach is based on source income, characteristics revenue, and recognition income at the company Pharmacy.

**Keywords:** General Valuation Approach, Income Approach, Pharmaceutical Company

## Introduction

Evaluation is something systematic activity that has continuity in gathering various information as well as processes from a system for the aim of deciding with considering criteria certain. The evaluation part from a data collection process to determine how far, deep matter what, and how to aim the company will achieve. I do something evaluation naturally must notice something standard assessment that has been agreed together, or has been determined previously by the company. order results evaluation could make reference in taking something decision urgent for progress company. (Amir, 2018)

Evaluation is something considered professional or a possible process somebody for making something considered about mark something. kindly systematic results evaluation is a combination Of findings quantitative with considerations made evaluator or results evaluation is a combination Of findings qualitative with considerations made appraiser. Evaluation Becomes a systematic process that contains collection information, analyzes, and interprets the information for making decisions. Evaluation Becomes an integral part of the whole process, Assessment must look at as one decisive factor of success, not only as a method for evaluating the success and growth of something entity. (Ilmih, 2018)

Enterprise values permanently Become the evaluation main for stakeholders' interest in the company. Evaluation of internal performance delivers an evaluation will the effectiveness of the operational, liquidity, solvency, and profitability company. If a company's internal performance the better, then the more good value to the company in the eyes of the ruler's interested company. On the other hand, performance external shows the trust Public or investors in the company through tall low-price shares in the capital market. The more tall price stock, then the more good value too his company. Nor is the company value regardless from governance control company. (Pribadi and Galih, 2020, 2020)

one aspect of being evaluation urgent company is income, income Becomes rejected measuring grow and develop something entity. In an effort to enhance income company must capable of designing a good strategy in an effort

to win the market competition. Current market competition enough dynamic and even more fierce with enactment trading free, where the existing product in the market no again could be monopolized by one entity course, all producer goods inside and outside the country must compete in a manner quality and quantity for guard product to be able to Becomes choice buyer. (Rahmiwijayanti and Haidah, 2018)

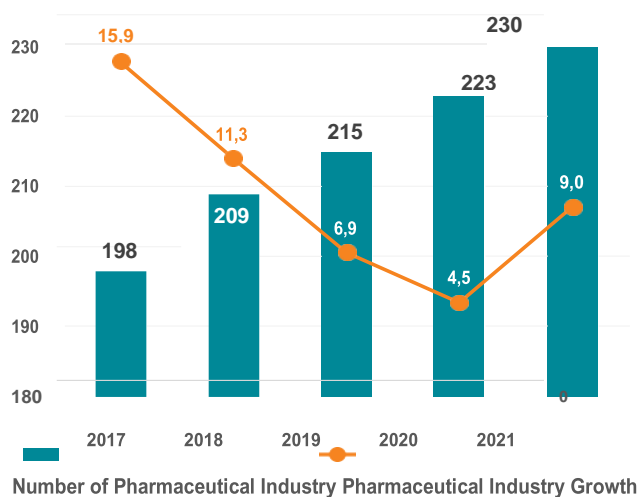
Income is the aim main of establishing something company. As something profit – an oriented organization then income has a very big role. Income is a factor urgent in the operation something a company because income will influence the level of expected profit and will ensure the continuity of life company (Hudzaifah et al., 2021). Income is Genre entered arising assets from submission of goods/services performed by a business unit During a period certain. For the company, the income earned on the operation tree will add mark asset company that basically too will increase company capital. However, for interest accounting, capital increase as a consequence submission of goods or services to other party noted alone with account income. (Dewi and Meutia, 2017)

A pharmaceutical company is one of the business sectors experiencing growth enough good in a number of the year last. Mid 2020, price share companies’ pharmacies experienced an increase. However, at the start of 2021, stock companies’ pharmacy experience dropped and return experience increased in the quarter third year of 2021. Conditions this pushed consequence exists trend enhancement profit from company sector pharmacy in the middle condition weakness economy consequence the covid19 pandemic. (Dewi and Kencana, 2022)

Combined Businessman Indonesian Pharmacy (GPMI) predicts pharmaceutical industry growth will slow down in the quarter final year because of decreased contribution from drugs related to Covid-19. Pharmaceutical industry growth grew 9.71% in the industrial chemical, pharmaceutical, and drug traditionally in the third quarter of 2021 a lot supported by requests for drugs regarding Covid-19 at the moment occur spike cases in Indonesia. Not only drug related to Covid, but also multivitamins and supports health other. In quarter four, the request Covid medicine was already smaller even minimal, but for non-Covid patients were yet back to normal. N. (Nurulrahmatiah and Pratiwi, 2021)

According to data from the Central Statistics Agency (BPS) the industrial chemical, pharmaceutical, and drug traditional grow expansive During three-quarter consecutive years, namely 11.46%, 9.15%, and 9.71%. Mentioned that growth is especially supported by upgrades in production drugs for Fulfill Request domestic in the face of the Covid-19 pandemic. As for, the assumption optimistic no will next wave of Covid -19 in the future, the groin industry will slow down by 3 percent up to 4 percent in 2022. (Ministry of Industry, 2021)

Industry Pharmacies in Indonesia have an opportunity which big for growing, marked by the increase in total industry pharmacies in Indonesia, in were period 5 year final (2017 – 2021), the industry pharmacy in the country has increased as much 132 industry new, ie from a number 198 industries in the year 2017 increase Becomes 230 industry on the year 2021, whereas industry ingredient raw medicine to increases from a number 8 industry in 2018 Becomes 14 industry in t h e year 2021. From the whole industry, the divided Becomes three type company that Body Effort Owned by the Country (BUMN), private domestic, and Multi-National Companies (MNC), in which part big is company private domestic. (Zahro and Jamil, 2021)



Source: Indonesian Ministry of Health, BPS

**Figure 1.**  
**Amount Industry Pharmacy and Growth GDP Industry Pharmacy (2017-2021)**

Temporary that, with total resident as big 270 million soul, is which biggest in Asia Southeast and Becomes biggest fourth world, Indonesia have size market pharmacy which very big. Indonesia is share market pharmacy biggest in area ASEAN, that is reach 27.8% from total share market ASEAN or reached USD 5.93 billion in 2018. kindly global market pharmacy mastered by country proceed like America union, Japan, China, as well as countries in area Europe, whereas market pharmacy Indonesia is at in ranking 26th world. (Ministry of Industry, 2021)

Temporary 73% share market pharmacy national dominated by company pharmacy local. Condition this is matter which very proud because only the only one country in area ASEAN in where company local dominate share market. Country others such as Singapore, Malaysia and Thailand share market the pharmacy mastered by Foreign / Multi-National Companies Company. (Ministry of Industry, 2021)

From the data submitted above, in framework ensuring continuity company in condition good performance, investors are inclined will do the appraisal, as well look closely the performance of company pharmacy the from a number of approaches. The interesting thing for notice covers performance in matter profitability company. use report finance in look profits generated by the company in something period naturally Becomes indicator main. When conditions company many influenced impact of the COVID-19 pandemic macro, information profit could reflect condition moment this and future conditions company is also important considered as base analysis investment. Information reflecting profit condition real company moment this and can predict future conditions company is information quality profit good

With thus, information on profit company sector pharmacy Becomes interesting for analyzed more continue. Temporary that is, quality earnings low could lower income company so that analysis conducted by investors can wrong. There is information asymmetry Among managers and holders share could used by managers in influence numbers report finance including income.

## Literature Review

### General Valuation Approaches

Term evaluation originate from language English assessment, that is action or process for determine mark something / got interpreted as action or process for determine mark all something. Assessment process is something systematic in take conclusion mark based on results observation evaluation to something activity as happened. Evaluation done to various aspect performance, production process, and business market.

In evaluate something company of course will seen based on performance her, fine performance employees, performance finance and performance Production Performance Assessment Refers to a formal and structured system used for measure, judge, and influence related properties with work, behavior, and results, incl activity employee. Performance is something achievement, that is ratio Among that result achieved with set standards. Performance is results work good in a manner quality nor quantity achieved by the company in activity the operation. (Afandi, P. 2018)

### Approach Income

Income is aim main from establishment something company. As something profit - oriented organization then income have very big role. Income is factor urgent in operation something company, because income will influence level expected profit will ensure continuity life company.

Bond Indonesian Accountants (2019) revealed in Standard Accountancy Finance Entity Without Public Accountability (SAK ETAP) defines Income is generated income in implementation activity familiar and familiar entity with designation different like sales, fees, interest, dividends, royalties and rents. Harnanto (2019) wrote that income is "ascension or increase assets and decline or decrease liability company which is consequence from activity operation or procurement goods and services to Public or consumers in particular. (IAI, 2019)

Sohib (2018) states income is Genre enter arising assets from submission goods / services performed by a business unit During period certain. For company, the income earned on operation tree will add mark asset company that basically too will increase company capital. However for interest accounting, capital increase as consequence submission goods or service to other party noted alone with account income.

### Method

Study this characteristic qualitative ie research that is holistic mean for understand phenomenon about what to be subject research, either that events, perceptions, and action, and in description in forms of words and language, at a context special natural and with utilise various method natural (Azzahra et al., 2022). Approach used use approach conceptual, and study literature. Next the author also uses a literature study that does not could separated in something research. Underlying theories problem and areas to be researched could found with do studies library (Hasibuan et al.,

2022). Besides that a researcher could obtain information about studies kind or existing relation with his research. And the studies that have done before. With do studies librarians, researchers could utilise all relevant information and ideas with his research. (Purwono, 2018)

## Results and Discussion

### Three Approach Evaluation Company General

Evaluation common to companies possible as reference company in Upgrade performance. At the company pharmacy evaluation general urgent as deep database face market competition, both domestic market and global market (Ramadhani et al., 2021). Like We know that the pharmaceutical sector Becomes part urgent in sustain national resilience of the health sector. at the time all countries face consequential health problems pandemic covid 19 supplies drugs Becomes much needed thing for who just. Based on study in a manner literature following this served three approach general evaluation pharmaceutical sector companies:

#### 1. Approach ratio

Approach ratio is an assessment process carried out throughout company existing pharmacy from aspect performance company in a manner general. Evaluation done based on rank certain later will give description to performance company. As for the stages in determine rank is as following :

##### a. Rank directly

In rank right away, researcher sort performance company, of the best until the worst, which is usually based on performance in a manner whole. Rank sort of this only suitable in organization because the more many company so the more difficult look the differences performance

##### b. Rank alternative

Evaluator will choose the best company for position top and company with performance weakest in position worst. Then choose company second best in position second best and company worst second in position worst. so so on until middle position could final filled

##### c. Ratio in pairs.

Approach ratio in pairs involve ratio each company with company other, two company at once, with standard single for determine who is more ok. Order rank individual could obtained with count how many times each company selected as more good for one fruit couple.

#### 2. Approach based on Performance

performance to be part urgent in growth company. Good performance will ensure continuity the way company, meanwhile poor performance will cause investors will leave company. Something good performance naturally will supported by sources good power too. Well resource Man nor resource organization other. In measure approach performance there is a number of author thing conclude

##### a. Employee Performance

performance is the process of evaluating how much good employee in do something compared jobs with standards that have determined. Then, the information obtained from evaluation the will communicated to the employee concerned (Harahap et al., 2022). There is a number of method in evaluation performance employee namely: (1) Midyear is Evaluation performance employee done from beginning until middle year. Evaluation this only used as mark shadow order employee / Appraiser could knowing performance at one company; (2) End Year ie Evaluation done from midyear until end year. Evaluation this used for determine mark end performance employees / Appraisees During work in the company; (3) Full Year Assessment done from beginning year until end year (January to December). Same as End Year, assessment this function for determine mark end performance employees / Appraisees in something company

##### b. Financial Performance

Financial performance in business world context contain very broad meaning. Understanding performance finance according to Bond Indonesian Accountants (2007) are ability company in manage and control source the power it has. Financial performance is description condition finance company at one period certain concerns aspect fundraising as well disbursement of funds, which is usually be measured with indicator capital adequacy, liquidity, and profitability. Information performance finance company could utilized for things as following: (1) For measure achievement achieved by a organization in something period certain reflect level success implementation its activities. (2) Can used as base determination of corporate strategy for the future come. (3) Giving instruction in making decisions and activities organization in general and its divisions or part organization

in particular. (4) As base determination wisdom investment so you can Upgrade efficiency and productivity company

### 3. Approach Based on Results.

Approach based on results is evaluation based on the achievements company in range time certain. Any way how many assessment carried out is as following

#### a. Management based on target

Assessor on method this is how experience and performance tall from company that can developing company strategy in market competition. How it works from method this is how something target could achieved with reduce ambiguity as well as possible obstacles could obstruct achievement target. Assessment done could in a manner simple nor in a manner complex, depending on the needs target to be achieved. Tops and bottoms will you're welcome do evaluation on possible failure occur and then decide goals new is possible for unfinished target achieved before.

#### b. Approach standard performance.

Approach this more many use size directly, with emphasis on testing performance. Standard used is indicators expected performance and also performance that is not usually done.

### 4. Approach based on behavior.

Standard behavior company is something systematics management Good corporate governance (GCG) based companies in each grade and levels organization To use create climate a professional, solid, good and competitive company, as well capable Fulfill need stakeholders interests. GCG implementation is believed capable Upgrade the trust of the stakeholders aligned interests with regulation legislation invitation. Principle GCG principles, values ethics and values mark essential company. In effort implementation of GCG in an effective manner consistent. Company must have commitment for enhancement one obedience with fulfillment standard behavior company.

Standard behavior company is bunch commitments that consist from ethics business and ethics work every individual in company, which organizes and performs suitability Act in demand so that achieved values realism and achievement vision and mission company.

## Approach Income

### Draft Income

Eldon Hendriksen put forward the definition of income as following: the basic concept of income is the flow process, the creation of goods and services over a certain time interval. The definition above shows that there are 2 concepts about income that is as following :

1. Draft Income which Concentrate on current enter (inflow) assets as results from activity operation company. Approach this consider income as inflow of net asset.
2. Draft that income concentrate attention to creation goods and services as well as distribution consumer or producer other, so approach this consider income as outflow of good and services. If income formulated with method other so exception must stated with clear, for example income acknowledged before current enter assets truly happened.
3. Draft base income which disclosed by Patton and littleton named as product stressed company that income is current that is creation goods and service by company.

### Source Income

Revenue another company earn income originating from the main activity also obtains income derived from activity transaction other, so income could distinguished in two group that is Operating Income (Operating Revenue) and Income Non operational (Non Operating income) (Sahputra et al., 2022).

1. Income Operational (Operating Revenue) is the results obtained live from activity operational something company as results effort principal carried out by the company. Income operational is size which show how much big company which will Becomes profit.
2. Income Non operational (Non Operating Revenue) is income accepted by companies that are not there is relationship with effort tree which done company in its activities.

### Characteristics Income

From definition and theory income according to para expert on, could is known characteristics which form understanding income, that is :

1. Genre enter or increase asset is total asset just received from consumer, flow from consumer funds, increase profit economy, profit sale asset.
2. Presenting activity operation main or continuous central continuously is income from normal company activities usually obtained from results sale goods or related services with activity main company.
3. redemption, decline, or subtraction obligation where something entity experience increase asset before, for example accept payment in advance from customer, delivery goods, or implementation service will reduce that obligation raises income. So increase asset, income could interpreted as decline obligation.
4. Something entity it means is income defined as increase asset instead increase equity clean though increase asset the finally influential to increase equity clean.
5. Product company it means where Genre asset from customer function only as gauge, however no income that alone. Product physical which generated by activity effort that's which is income. Product is achievement from each activity productive (Qi et al., 2022). Income is Genre enter assets (monetary units) and p the related with Genre physical form submission product (output) company.
6. Exchange product, must stated in unit monetary for noted into the bookkeeping system. Unit the most objective monetary is if the rupiah amount is results transaction or exchange Among party independent.  
bear a number of name or take a number of product, where Revenue is a generic concept and includes all items with various form and name whatever.

### **Evaluation Income**

Standard accountancy give guidelines base evaluation which could used for determine how many rupiah which calculated and noted first time in something transaction or how many total rupiah which must laid on something account in report finance.

There are four base valuation of income namely historical cost, current cost, value realization or settlement, and mark now is as following :

1. Cost History (Historical Cost): assets noted as big cash disbursements (or cash equivalents) paid as big mark reasonable from reward given forobtain assets the at the time gain.
2. Cost Now (Current Cost): assets rated in form of cash (or cash equivalent) which should paid when assets which same or equivalent which obtained now.
3. Mark Realization or Completion (Realization/Settlement values) : assets stated in cash amount (or cash equivalents). or equivalent assets which now with sell assets in release normal.
4. Present Value (Present Value): assets stated amount of incoming cash clean in Century discounted front value now from expected post could give results in implementation effort normal.

### **Confession Income**

In PSAK 23, income that itself consists from sales goods, sales of services, interest, royalties, and dividends. Recognition of existing revenue in PSAK No. 23, is revenue from the sale of goods recognized if whole condition under this could fulfilled:

- a. Entity has move risks and benefits on ownership goods in a manner significant to buyer.
- b. Entity no again continue management which usually related with ownership on goods or do control effective on goods which sold.
- c. Amount income could be measured in a manner reliable.
- d. Possibility big benefit economy which related with transaction willflow to entity.
- e. Cost which will occur in connection with transaction sale could be measuredwith reliable.

### **Conclusion**

Based on discussion on so could concluded that in effort enhancement capacity and performance company in the pharmaceutical sector needed something standard assessment that includes evaluation based on approach comparison that gives description about rank company best pharmacy to the weakest. Next approach based on company performance that includes performance employees, performance finance. Next approach based on behavior company, which focuses on implementation standard company with principles of Good Corporate Governance. Next based on approach income

covers draft income based on cash inflow and outflow of good and services, next approach based on source income characteristics revenue and recognition income at the company Pharmacy.

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