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1 Analysis of Financial Performance and Company Value Before and during the Covid-19 Pandemic; Study on Manufacturing Companies Listed on IDX

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22 Received: May 12, 2021

Revised: June 21, 2021

Accepted: July 2, 2021

1 Abstract

This study aims to analyze the comparison of the financial performance and value of manufacturing companies before and during the COVID-19 pandemic. This study uses secondary data in the form of financial statements for the 2019-2020 period. The sampling technique in this study used purposive sampling and obtained a sample of 108 manufacturing companies listed on the IDX. The analytical tool used is the Wilcoxon signed-rank test with the help of the SPSS 21 program. The results show that there is no decrease in leverage ratios, activity ratios, firm value during the COVID-19 pandemic, while profitability and liquidity ratios have increased during the COVID-19 pandemic. Judging from the results of the different test activity ratios, there were significant differences, while the ratios of profitability, liquidity, leverage, and firm value did not experience significant differences.

Keywords: Profitability Ratios, Liquidity Ratios, Leverage Ratios, Activity, Ratios, Firm Value

Introduction

The first COVID-19 virus infection appeared in December 2019 in the city of Wuhan, China. This virus has spread rapidly to various countries around the world and has caused the world economy to become volatile. The emergence of this virus, of course, disrupting travel activities, trade, and supply chains around the world so that it can trigger an economic crisis. At the beginning of 2020, COVID-19 had entered the territory of Indonesia. In an instant, the Indonesian economy was shaken. Since WHO announced that COVID-19 is a pandemic, the world has closed many cities and countries. Activities were not running as usual so that this health crisis also had an impact on the economic crisis at the same time. According to Mohsin et al (2021) the impact of COVID-19 on the supply side is higher than that with SARS that occurred in 2003, mainly reflected in two aspects namely re-employment delays and company trust. A pandemic condition like this, certainly has an impact on business sectors, one of which is manufacturing activity which decreased in March due to a decrease in output as well as demand due to many factory closures.

Based on a survey conducted by IHS Markit released Wednesday (1/4/2020), the purchasing Managers' Index (PMI) of the manufacturing sector fell to 45.3 in March from 51.9 in February (Nugroho, 2020). Levels below 50 signal a contraction in manufacturing activity. According to

Riyanto (2020) in certain manufacturing industries, there are various types of problems faced, such as the sales process is constrained by a decline in production, unstable raw material prices, raw material distribution raw materials and finished goods are limited by PSBB (Large-Scale Social Restrictions). However, in the employee payroll process, and employee rights must still be paid. This is what complicates the company's finances. The company makes efforts or steps to secure the finances of the finance company by reducing the number of employees through part of laid-off or laid-off employees. Of course, these steps are taken by the company in securing the company's finance for business continuity. How the condition of a company in dealing with something can be seen from its performance. In this case, the company's financial performance is a tool that can be used to measure how a company's management works in managing its financial condition. One of the impacts of this pandemic is that many company operations have been disrupted due to the PSBB which has caused many factories to have to stop operating. The company's liquidity was also disrupted due to the low purchasing power of the people during the COVID-19 pandemic. With the COVID-19 pandemic, the market appreciation also decreased and the value of the company also decreased because many foreign investors withdrew their investments.

The condition of a company that is vulnerable when there is turmoil can be identified early on by detecting how it is performing. Therefore, it is very important to measure the company's performance to find out how much impact this pandemic has on the company. Measurement of the company's performance can be done by analyzing the company's financial statements. The results of the analysis of financial statements conducted by the company's management can provide some information about the weaknesses and strengths of the company by looking at the results of comparisons of financial ratios, such as calculating the liquidity ratio to see the company's ability to meet its short-term obligations using current assets, because some of the company's wealth is reflected in its current assets, then the solvency ratio is to measure the extent to which the company's ability to meet its financial obligations, because the debt owed by the company can measure the health of the company, then the profitability ratio to assess the company's ability to seek profit or profit in a certain period activity to measure the extent to which the company uses the resources owned by the company can be used to support the company's activities. The ratio Price to Book Value can also be used to see how the market appreciates the company during the COVID-19 pandemic. In general, the information related to the weaknesses and strengths has described the situation and condition of the management's performance in managing company finances during the COVID pandemic. -19 this (Erica, 2018).

Theoretical

Analysis of Corporate Financial Statements

Financial statements are one of the most important sources of information for users of financial statements because they can be used as material for consideration in making economic decisions. Financial statement analysis is very necessary so that the financial statements that have been made become more meaningful and can be understood as well as understandable. According to Devi (2020), the company's financial performance will depend on the policies, strategies, and actions taken by the company's management to realize the company's goals. The company's performance will also be reflected by the analysis of this company's report. In the end,

by knowing the company's financial position, the management can take planning steps and decisions that will be taken in the future (Kasmir, 2014). Especially when a pandemic COVID-19 as now, by analyzing the financial statements will be known how the condition of the company and how the impact of this pandemic for the company and decide what steps will be taken in the future. In practice, there are two kinds of financial statement analysis methods that can be used, namely vertical analysis which is carried out only in one period of financial reporting by analyzing existing posts in one period, and also horizontal analysis which is carried out by comparing financial statements of several periods to find out how the company is developing. from one period to another.

Company Performance

According to Trianto (2017) performance is the result of the company's work that can describe the state of the company and how the achievements have been achieved by the company in a certain period. This assessment can be seen from its financial performance and non-financial performance. Financial performance can be seen from the financial statements owned by the company by looking at the balance sheet, income statement, and cash flow statement and looking at the analysis of financial ratios.

Financial Ratio Analysis Ratio

The analysis is an analytical method to determine the relationship of certain items in the balance sheet or income statement individually or a combination of the two reports (Munawir, 2007 in Trianto, 2017). Understanding financial ratios according to James C Van Horne is an index that connects two accounting numbers and is obtained by dividing one number by another number, so it will be seen how the condition of the company. The results of this financial ratio analysis can be used to assess how the company's management performance in achieving a predetermined target. The resulting performance can be used as an evaluation to maintain and improve the management and performance (Kasmir, 2014).

Methods

The type of research is a quantitative research that uses secondary data from financial statements and then processed using SPSS 21. The population in this study is manufacturing companies listed on the BEI. The sampling technique in this study used purposive sampling with the criteria of a company that publishes financial statements consistently and completely by the data needed by researchers for research and obtained a sample of 108 manufacturing companies listed on the IDX in 2019-2020.

Results and Discussion

Descriptive Statistical Test

The results of descriptive statistical tests for the variables of profitability ratios, liquidity ratios, leverage ratios, activity ratios, and firm value are as follows:

Table 1. Descriptive Statistical Test

Information Period	Mean Profitability	Mean Liquidity	Mean Leverage	Mean Activity	Mean Company Value
Before	-0,13	2.68	1.44	1.01	2.64
Over	-0.03	5.26	0.94	0.90	2.62
Difference	0.10	2.58	-0.50	-0.11	-0.02

From the results of descriptive statistical calculations of variables before the COVID-19 pandemic and during the COVID-19 pandemic, namely the company's profitability as proxied by net profit margin, seen from the average, there was an increase of 0.10 from before the pandemic -0.13 to -0.03 during the COVID-19 pandemic. The company's liquidity, which is proxied by the current ratio, can be seen from an average increase of 2.58 from 2.68 before the pandemic to 5.26 during the COVID-19 pandemic. The company's leverage, which is proxied by the debt-equity to ratio, is seen from an average decrease of 0.50 from before the 1.44 pandemic to 0.94 during the COVID-19 pandemic. For the ratio of company activity as proxied by total asset turnover, seen from the average there was a decrease of 0.11 from 1.01 before the pandemic to 0.90 during the COVID-19 pandemic. As for the company value, which is proxied by price book to value, it can be seen from the average that there was a decrease of 0.02 from before the 2.64 pandemics to 2.62 during the COVID-19 pandemic.

Normality Test

Summary of normality test results for the variables of profitability ratios, liquidity ratios, leverage ratios, activity ratios, and firm value are as follows:

Table 2. Normality Test

Description	N	Asymp. Sig.	Information on
Profitability Before	108	0.000	Abnormal
Profitability During	108	0.000	Abnormal
Liquidity Before	108	0.000	Abnormal
Liquidity During	108	0.000	Abnormal
Leverage Before	108	0.000	Abnormal
Leverage During	108	0.000	Abnormal
Activity Before	108	0.061	Normal
Activity During	108	0.039	Abnormal
Company Value Before	108	0.000	Abnormal
Company Value During	108	0.000	Abnormal

From the results of the normality test, it can be seen that all variables are not normally distributed and only the activity ratio during the COVID-19 pandemic is normally distributed.

Wilcoxon's Signed Rank Test

After obtaining the appropriate test model for the data used, the next step is a comparative test. Because the data used in this study were not normally distributed, the Wilcoxon signed-rank test was used.

Table 3. Wilcoxon's Signed Rank Test

Variables	N	Z	Asymp. Sig. (2-tailed)	Description
Profitability	108	-1.187 ^b	0.235	Not Supported
Liquidity	108	-1.283 ^c	0.200	Not Supported
Leverage	108	-1.581 ^b	0.114	Not Supported
Activities	108	-5.203 ^b	0,000	Supported
Corporate Value	108	-, 968 ^b	0.333	Not Supported

Since the onset of COVID-19, the world has undergone enormous changes, not only having an impact on health issues but also spreading social and economic problems. All human activities are limited in an effort that is expected to suppress the spread of the COVID-19 virus but instead causes the economy to be increasingly shaken by both developing and developed countries. Many countries around the world have closed many cities and countries. Some countries that implement lockdowns, some countries that implement Large-Scale Social Restrictions (PSBB) policies, including in Indonesia. During the COVID-19 pandemic, there are many shortages of food and health products. Many developing countries depend on other countries, including Indonesia, which with international trade imports a lot of consumer needs and other needs. With the policies that have been taken, which greatly hampers trade regulations between countries, this has an impact on manufacturing companies in Indonesia, many companies that have to import raw materials from abroad are affected so that the company's operations are also hampered which of course has an impact on how the company's performance is.

From the results of the research on profitability ratios, it is known that there is no significant difference in the profitability of manufacturing companies during the COVID-19 pandemic in Indonesia, this indicates that the COVID-19 pandemic has not decreased the profitability of companies and has increased the average profitability of manufacturing companies. At the beginning of the year 2020, where COVID-19 began to enter Indonesia, created a big economic turmoil. The average profitability of manufacturing companies decreased with the COVID-19 pandemic at the beginning of the year, many companies had to suffer losses due to stagnation in company operations, supply chains were disrupted due to the lockdown policy. which limits trade traffic, people's purchasing power also declines due to a lot of layoffs during this pandemic, resulting in many manufacturing companies' profits declining and even experiencing heavy losses, but in mid-July, it was done. and a policy new normal that resulted in companies starting to rise and being able to resume operations. This new normal is a form of adaptation by continuing to work or be active but still reduce physical contact with other people. A new life transformation must be carried out to restore the economy in Indonesia. This new normal is one solution for the community to start a new step by reopening economic, social, and other public activities. Companies can start to bounce back and company operations are gradually recovering with this new normal.

The liquidity ratio from the results of this study is known to have no significant difference in manufacturing companies during the COVID-19 pandemic, this indicates that the COVID-19 pandemic has not reduced the company's liquidity and in fact, the average liquidity of manufacturing companies has experienced a positive development, which means the ability to

8 The company's ability to pay the short-term debt is quite good, this may be because many companies still have available funds to meet their short-term obligations. According to Sari (2015) several factors that affect the company's liquidity, one of which is the cost of external financing (factors related to the costs that must be incurred by the company if using external funds), where usually the cost of external financing faced by large companies is relatively lower than small companies. This is because large companies usually have larger reserve funds compared to small companies. With the new normal, the company's operations began to recover little by little giving an impact on increasing company activities so that sales also increased and the company was able to meet its short-term obligations.

2 The ratio leverage from the results of this study is known that there is no significant difference during the COVID-19 pandemic, this indicates that the COVID-19 pandemic has not made the company's leverage increase. The average leverage of manufacturing companies decreased, indicating that the source of funds from the company's capital was greater than debt. When the company's income or profit has started to increase because the company's operations have started to run normally during this pandemic, although it has not fully recovered and the company's internal income is sufficient, then external sources of funds are no longer needed for the company's operational continuity. The increase in the company's profit is a result of. During the COVID-19 pandemic in Indonesia, people must take preventive measures to reduce the spread of this virus by wearing masks, using hand sanitizers and disinfectants. The large demand from the public for these goods makes these goods scarce in the market, it makes one of the sub-sectors of manufacturing companies, namely the basic and chemical industry, experience a significant increase in profit.

19 Activity ratio. from the results of this study, it is known that there are significant differences in the activities of manufacturing companies before and during the COVID-19 pandemic, this indicates that the COVID-19 pandemic has decreased the company's activities. Judging from the descriptive statistics, the average ratio of the company's activity has also decreased, indicating that the company's activities have been disrupted. 13 As a result of the COVID-19 pandemic, people's purchasing power has decreased, which in turn has reduced public consumption, resulting in reduced company income due to disruption of company operations. This is what affects the company's efficiency in managing operations and production. Although the has begun to be implemented new normal in Indonesia, it does not immediately change the company's activities back to normal but gradually leads to a better direction compared to the initial emergence of COVID-19 in Indonesia.

21 And also for the value of the company, from the results of this study, it is known that there is no significant difference in the value of manufacturing companies during the COVID-19 pandemic. Judging from the descriptive statistics, the average value of manufacturing companies decreased. At the beginning of the COVID-19 period, investors were still doubtful. to invest their capital to invest in a company in times of a pandemic that is full of uncertainty. There is concern over information regarding the continuous increase in the number of cases resulting in concerns for companies that continue to lose money due to the PSBB policy where all operational and production activities carried out by companies are limited and even stagnate due to the COVID-19 pandemic. Because of that concern, many investors sold their shares. An increase in trading activity that is not followed by an increase in stock prices will affect the assessment of investors

in making investment decisions. Market appreciation for companies has also decreased due to uncertainty about when this pandemic will end. However, in this era, new normal investors' views are better, all companies are starting to operate again, the PSBB policy has begun to be relaxed. this , of course, makes investor confidence also increase which makes public consumption increase. In addition, industrial sub-sectors such as pharmaceuticals experienced a rapid increase during the COVID-19 pandemic due to the high demand for medicines, hand sanitizers, and disinfectants.

Conclusion

7 based on the test results, it can be concluded that the profitability ratio and liquidity ratio did not experience a significant decrease, the leverage ratio did not increase significantly, the activity ratio decreased significantly and the firm value decreased insignificantly.

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