FINANCIAL PERFORMANCE BEFORE AND DURING THE COVID-19 PANDEMIC

Nur Anisah[1]
Bunga Septi Putri Ariandi[2]

Accounting Department of STIE PGRI Dewantara , Jombang, East Java , 61471 , Indonesia[1,2]

ABSTRACT

This study aims to prove differences in financial performance before and during the Covid-19 pandemic in Food and Beverage Companies Listed on the Indonesian Stock Exchange. This research method uses quantitative research with data analysis using the t-test statistical method (different tests). The sample in this study is a statement of financial position and profit and loss statement and other comprehensive income for Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2019 and 2021. The results showed that there were differences in the liquidity ratio and solvency ratio before and during the Covid-19. And there is no significant difference in the profitability ratio and activity ratio before and during Covid-19.

Keywords: Financial Performance, Profitability Ratio, Solvency Ratio, Activity Ratio, Liquidity Ratio

INTRODUCTION

Covid-19 pandemic has affected various sectors in Indonesia, especially in the economic sector. As a result, it affects the company's performance, especially the company's financial performance. Financial performance is the company's ability to achieve its financial targets. A good company financial condition is a strength to be able to survive and develop in achieving company goals. The company must try to manage its resources efficiently and effectively so that the company can realize the company's goals. In general, companies established have the aim of maximizing profits and reducing losses that can threaten the survival of the company. The survival of the company can be seen from the company's financial condition. Financial goals include, among other things, maximizing shareholder wealth, maximizing profit, revenue growth, earnings per share growth and increasing liquidity (Rahmani, 2020) .

Assessment of financial performance can inform the financial condition of a company in good condition or not. In addition, financial performance appraisal is very important for managers to make future policies and strategies. Basically the assessment of the financial performance of

each company is different, you can compare it from previous years. Performance appraisal can be known through the calculation of financial ratios from the financial statements presented by the company. Financial ratio analysis uses existing financial report data as the basis for its assessment. Ratio analysis can be used to guide investors and creditors in making decisions or judgments about company achievements and future prospects (Maulan Irwadi & Rianti, 2017) . Liquidity ratio analysis used is the *Current Ratio* and *Quick Ratio* . The solvency ratio analysis used is the *Debt To Equity Ratio* and the *Debt To Asset Ratio* . The profitability ratio analysis used is *Return On Assets* (ROA) and *Net Profit Margin* . Activity ratio analysis used is asset turnover (*Total Asset Turnover*) and inventory turnover (*Inventory Turnover*).

One example of a food and beverage company that has been affected by the *Covid-19 pandemic* is PT. Unilever Indonesia Tbk. PT. Unilever Indonesia is a company that was founded on December 5, 1933, Unilever Indonesia has grown to become one of the leading Fast Moving Consumer Good (FMCG) companies in Indonesia. PT. Unilever Indonesia has a wide range of products from various categories such as Pepsodent, Lux, Lifeboy, Dove, Sunsilk, Clear, Rexona, Vaseline, Rinso, Molto, Sunlight, Wall's, Royco, Bango, and many more Throughout the 2020 *Covid-19 pandemic* this is PT. Unilever Indonesia experienced a 3.1% decrease in profit to Rp 7,163,536,000,000 from the previous year's Rp 7,392,837,000,000 based on published financial reports. PT. Unilever Indonesia occurred simultaneously with an increase in marketing and selling expenses to IDR 8,628,647,000,000 from the previous year of IDR 8,049,388,000,000. Likewise, general and administrative expenses increased to IDR 4,357,209,000,000 from the previous year of IDR 3,861,481,000,000 (www.idx.com).

Previous research (Hidayat, 2021) , with the results of the study there were differences in Financial Performance and Company Value before and during the *Covid-19 pandemic* . Based on the average differential test, each industry experienced a decrease in earnings per share and company value, while this study used food and beverage companies listed on the Indonesia Stock Exchange as research objects.

The formulation of the problem in this study Are there significant differences in Liquidity Ratios, Solvency Ratios, Profitability Ratios and Activity Ratios before and during the *Covid-19 pandemic* in Food and Beverage Companies Listed on the Indonesia Stock Exchange?

RESEARCH METHODS

Comparative causal research is a type of ex post facto research, namely a type of research on data collected after the occurrence of a fact or event (Sugiyono, 2018) . This research was conducted by comparing financial performance, namely liquidity ratios, solvency ratios, profitability ratios and activity ratios in food and beverage companies at different times, namely before the Covid-19 pandemic and during the Covid-19 pandemic (2019 and 2021). The reason for conducting this research is that the Covid-19 pandemic is an event that is indicated to affect a company's financial performance and requires scientific evidence. The population used in this study were all food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2021 period with a *cut off* in 2020. The samples obtained according to the criteria were 14 companies . This method was chosen because the research data used is secondary data. Descriptive analysis is used to describe/describe the data as it is, without intending to draw general conclusions or generalizations. Descriptive analysis is done by making

tables, grouping data, then analyzing it. While the quantitative analysis in this study was carried out by calculating the company's financial ratios as follows:

1. Profitability ratio, using the Current Ratio = (Current assets: current debt) x 100%
2. Solvability ratio, using Debt to Asset Ratio = (Total Debt; Total Assets) x 100%
3. Profitability ratio, using Return on Assets = (Net profit after tax: Total Assets) x 100%
4. Activity Ratio, using Total Asset Turn Over = (Sales: Total Assets) x 100%

The results of calculating financial ratios are then processed to test whether there are differences in financial performance using the paired sample t test (parametric test). The paired sample t test requires that the data is normally distributed, for that the data is tested for normality with the Kolmorgorov Smirnov. If the results of testing the data show that the data is normally distributed, test it with a paired sample t test. But if the results of testing the data show that the data is not normally distributed, the test uses the Wilcoxon test (non parametric).

RESULT ANALYSIS

Descriptive Analysis

CR before the presence of *Covid-19* had an average of 2.23 including good criteria and, during the presence of *Covid-19* had an average of 1.09 with very poor criteria. DAR before the presence of *Covid-19* had an average of 0.76 including the criteria of very less and, during the presence of covid had an average of 0.48 with very less criteria. ROA before *Covid-19* had an average of 0.07 including less criteria and, during the presence of *Covid-19* had an average of 0.21 with less criteria and *Total Asset Turnover* before *Covid-19* had an average of 1.07 including lacking criteria and, during the presence of *covid-19* has an average of 0.98 with very less criteria.

Hypothesis Testing Results

a. The *Paired Sample T-Test test* above shows a significant value of 0.002 <0.05, which means that the *significant value* is less than 0.05, which means that there is a *significant difference* in the Liquidity Ratio before and after the *Covid-19 pandemic* in Food and Beverage Companies Listed on the Indonesia Stock Exchange.

Table 1 Paired Sample T-Test Current Ratio

		Paired Differences							
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	CR_before – CR during	1.136 95	1.28991	.30404	.49549	1.77841	3.740	17	.002

b. The *Paired Sample T-Test test* above shows a significant value of 0.232 > 0.05, which means that the *significant value* is greater than 0.05, which means that there is no *significant difference* in the Solvency Ratio before and after the *Covid-19 pandemic* in Food and Drug Companies. Beverages Listed on the Indonesia Stock Exchange.

Tabel 2. Paired Sample T-Test Debt to Asset Ratio

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std Deviation	Std Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	DAR before DAR_during	.27401	.93929	.22139	.19279	.74141	1.238	17	.232

c. The *Paired Sample T-Test test* above shows a significant value of 0.101 > 0.05, which means that the *significant value* is greater than 0.05, which means that there is no *significant difference* in the Profitability Ratio before and after the *Covid-19 pandemic* in Food and Drug Companies. Beverages Listed on the Indonesia Stock Exchange.

Tabel 3. Paired Sample T-Test Return on Asset

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std Deviation	Std Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	ROA before ROA_after	.13092	.32746	.07719	.29555	.02900	1.734	17	.101

d. The *Paired Sample T-Test test* above shows a significant value of 0.484 > 0.05, which means that the *significant value* is greater than 0.05, which means that there is no *significant difference* in the Activity Ratio before and after the *Covid-19 pandemic* in Food and Drug Companies. Beverages Listed on the Indonesia Stock Exchange .

Tabel 4. Paired Sample T-Test Asset Turnover

		Paired Differences					t	df	Sig. (2-tailed)
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
Pair 1	Total Fixed Turnover_before Total Asset Turnover_during	.13225	.57846	.16584	-.48620	.20055	.797	17	.434

INTERPRETATIONS

1. Differences in CR's financial performance before and during *Covid-19*

   First hypothesis Based on table 4.1 in the *Paired Sample T-Test test* above, it is known that the significant value is 0.002, <0.05 this proves that there is a significant difference in the Liquidity Ratio before and during the *Covid-19 pandemic* in Food and Beverage Companies Registered at From the Indonesian Stock Exchange, this can be seen from the average CR value in 2019 of 2.23 and 1.09 in 2021, which has a fairly high difference.

   Liquidity ratios (*Liquidity Ratios*) is a ratio of the company's finances which is assessed from the company's ability to settle all obligations, especially short-term liabilities. The principle used is that the higher the liquidity ratio, the better the company is in terms of its ability to fulfill or complete its obligations (Al Faruk, 2022) . The condition of the pandemic in the food and beverage sector companies was not greatly affected because they were still able to grow by taking advantage of the food and beverage demand situation during the pandemic, especially for food that supports nutrition and immunity.

   The results of this study support research (Hidayat, 2021) whose results prove that there are differences in Financial Performance and Company Value before and during the *Covid-19 pandemic* . In contrast to research (Ediningsih & Satmoko, 2022) which proves that there is no difference in financial performance as measured by: CR, DR and PE before and during the Covid-19 pandemic and there are differences in financial performance: TATO and ROE before and during the Covid-19 pandemic in food and beverage companies on the Indonesia Stock Exchange. Also the results of research from Fajriyanti & Wiyarni (2022) prove that PT. Indofood CBP Sukses Makmur based on the liquidity ratio is declared a good solvency ratio, the activity and profitability ratios are stated to be less efficient and optimal, but the GPM is stated to be good

2. Differences in DAR's financial performance before and during Covid-19

   Second hypothesis Based on table 4.2 in the *Paired Sample T-Test test* above, it is known that the significant value is 0.232 > 0.05. This proves that there is no significant difference in the Solvency Ratio before and after the *Covid-19 pandemic* in Food and Beverage Companies Registered at From the Indonesian Stock Exchange, this can be seen from the average CR value in 2019 of 0.76 and in 2021 of 0.46 which is not too far apart.

   Solvability, namely the description of the company's ability to finance its long-term obligations and obligations if the company is liquidated. This ratio can be calculated from long-term items such as fixed assets and long-term debt (Pura, 2021) (Pongoh, 2013) . There is an opinion, that the company's performance as seen from the solvency ratio will be in different conditions between before the *Covid-19 pandemic* and during *Covid-19* , which was

due to the global influence of a decrease in economic activity, activity restrictions and a decrease in investment and people's purchasing power (Pura, 2021) . However, this does not apply to the food and beverage sector because in a crisis due to the pandemic, the company still has positive growth.

The results of this study support Ibrahim's research (2021) whose results prove that there is no significant difference in the Debt to Equity Ratio of cigarette subsector companies listed on the IDX between before and during the *Covid -19 pandemic* . Unlike the results of research (Sidiki et al., 2014) shows that by using the ratios of profitability, liquidity, and solvency there is a significant difference in financial performance between PT. Gudang Garam Tbk with PT. HM. Sampoerna Tbk . In contrast to Hidayat's research (2021), the results prove that there are differences in Financial Performance and Company Value before and during the *Covid-19 pandemic* . Based on the average difference test, each industry experienced a decrease in earnings per share and company value.
It is also not supported by research results (Suhartini, 2022) which shows that leverage, through analysis of the Debt to Equity Ratio, has an effect on the company's financial performance (there were differences before and during the Covid-19 pandemic).

3. Differences in ROA financial performance before and during *Covid-19*
   Third hypothesis Based on table 4.3 in the *Paired Sample T-Test test* above, it is known that the significant value is $0.101 > 0.05$ which proves that there is no significant difference in Profitability Ratios before and after the *Covid-19 pandemic* in Food and Beverage Companies Listed on the Stock Exchange The Indonesian effect, this can be seen from the average CR value in 2019 of 0.07 and 2021 of 0.21, which has a difference that is not too far away. This is because food and beverage is one of the 5 sectors that is experiencing growth, namely by 1.7% at the end of 2020 (Bappenas, 2020), so this condition does not have an effect on the company's profitability ratio. This means that both pre-pandemic and during the pandemic this sector was not affected by its ability to generate company profits, even though there was a decline in profits but not significantly.

   Profitability *ratios* are a financial ratio in a company that is used to assess a company's ability to generate profit or profit, which involves a combination of activity, liquidity and leverage (Solihin & Verahastuti, 2020) . The company's performance as seen from the profitability ratio will be in different conditions between before the *covid-19 pandemic* and during *the covid-19* occurred, which was due to the global influence of a decrease in economic activity, activity restrictions and a decrease in investment and people's purchasing power (Atayah et al., 2022) . However, for certain industries such as food and beverages, which are still experiencing growth, this does not have a significant effect.

   The results of this study support research (Ediningsih & Satmoko, 2022) the results prove that there is no difference in financial performance as measured by: CR, DR and PE before and during the *Covid-19 pandemic* . Also supported by research (Evany et al., 2021) which proves that there are significant differences in the profitability ratios which include ROA, ROE, and NPM in Kompas 100 companies between the periods before and during the Covid-19 pandemic. The results of this study are different from research (Miftahurrohman, 2021) , whose results are proves that shows that there is no significant difference in financial

performance both the liquidity and profitability ratios of pharmaceutical companies listed on the IDX before the Covid-19 pandemic and during the Covid-19 pandemic.

4. *Total Asset Turnover* financial performance before and during *Covid-19*
Fourth hypothesis Based on table 4.4 in the *Paired Sample T-Test test* above, it is known that the significant value is 0.484 > 0.05. This proves that there is no significant difference in the activity ratio before and after the *Covid-19 pandemic* in Food and Beverage Companies Registered at From the Indonesian Stock Exchange, this can be seen from the average CR value in 2019 of 1.07 and 2021 of 0.98, which is not too far apart.

Food and beverage companies are still showing growth, but they are also still affected, especially in the effectiveness of their asset management. This condition is also inseparable from the decline in global conditions that has occurred as a result of the pandemic.

Activity ratios are a company's financial ratios that are used to assess a company's ability to manage its assets effectively. The company's performance, as seen from its activity ratio, will differ between conditions before the Covid-19 pandemic *and* during *Covid-19* . which is due to the global influence of a decrease in economic activity, activity restrictions and a decrease in investment and people's purchasing power (Ningsih, 2021; Nasution et al, 2020). Most of the companies experienced a decline although there were increases for companies in certain fields .

The results of this research support Al Faruk's (2022) research on *returns, ROE, EPS, and PBV between before the pandemic and during the Covid-19 pandemic in Indonesia. Meanwhile, in PER, no significant difference was found between the two comparison periods* . Ibrahim (2021) whose results prove that there is no significant difference in *Total Asset Turnover* of cigarette sub-sector companies listed on the IDX between before and when the Covid-19 pandemic occurred

CONCLUSION

Based on the results of the research conducted, it can be concluded that there are results of the *Paired Sample T - test* :
1. There is a difference in the liquidity ratio before and after *Covid-19.* This is shown from the results of hypothesis testing with a significant value of 0.003 <0.05. This is because manufacturing companies in the food and beverage sector are not effective in managing company assets into net profit as a result of *Covid-19* .
2. The results of the *Paired Sample T-test show* a difference in the solvency ratio before and after *Covid-19.* This is shown from the results of hypothesis testing with a significant value of 0.156 > 0.05. This is because manufacturing companies in the food and beverage sector are not effective in managing company assets into net profit as a result of *Covid-19* . 3. The results of the *Paired Sample T-test show* no difference in the profitability ratio before and during the presence of *Covid-19.* This is shown from the results of hypothesis testing with a significant value of 0.334 > 0.05. This was due to the increased sales obtained by manufacturing companies during the *Covid-19 era* . Even though the net profit after *Covid-19* decreased but not significantly, this was because it was also influenced by operational costs and still resulted in a net profit with a not too big decrease compared to before the *Covid-19* .

4. The results of the *Paired Sample T-test* showed no difference in the activity ratio before and after *Covid-19* , this is shown from the results of hypothesis testing with a significant value of $0.287 > 0.05$. Even though there was no difference, the total was obtained, but the activity ratio decreased after *Covid-19* . This is because the profits earned by the majority of companies have decreased.

IMPLICATIONS

The implications of the results of this study can provide a strengthening of the theory about differences in company financial performance before and during the pandemic. In addition to that practical this research has implications for companies by providing additional information that will be used as material for consideration of Food and Beverage Companies Listed on the Indonesia Stock Exchange in comparing financial performance through analysis of liquidity, solvency, profitability and activity ratios. For Investors , the results of this research can provide useful information in making investment decisions regarding the financial performance of Food and Beverage Companies listed on the Indonesia Stock Exchange before and during the pandemic.

REFERENCES

Al Faruk, AR (2022). Comparative Analysis of Sharia Stock Performance Before and During Covid-19 Pandemic in Indonesia. *Perbanas Journal of Islamic Economics and Business* , *2* (1), 65. https://doi.org/10.56174/pjieb.v2i1.44

Atayah, OF, Dhiaf, MM, Najaf, K., & Frederico, GF (2022). Impact of COVID-19 on the financial performance of logistics firms: evidence from the G-20 countries. *Journal of Global Operations and Strategic Sourcing* , *15* (2), 172–196. https://doi.org/10.1108/JGOSS-03-2021-0028

Ediningsih, SI, & Satmoko, A. (2022). Differences in Financial Performance Before and During the Covid-19 Pandemic in Food and Beverage Companies on the Indonesian Stock Exchange. *DIALEKTIKA: Journal of Economics and Social Sciences* , *7* (1), 44–54. https://doi.org/10.36636/dialektika.v7i1.890

Evany, ST, Rinofah, R., & Prima Sari, P. (2021). Profitability Analysis of Kompas 100 Companies Before and During the Covid-19 Pandemic. *Al-Kharaj : Journal of Sharia Economics, Finance & Business* , *4* (2), 397–414. https://doi.org/10.47467/alkharaj.v4i2.678

Fajriyanti, AW, & Wiyarni, W. (2022). Corporate Financial Performance in the COVID-19 Pandemic. *American Journal of Industrial and Business Management* , *12* (01), 35–57. https://doi.org/10.4236/ajibm.2022.121004

Hidayat, M. (2021). Comparative Analysis Of Financial Performance And Company Value Before And During The Covid-19 Pandemic. *Measurement* , *15* (1), 9–17.

Maulan Irwadi, MD, & Rianti, S. (2017). Analysis Of Financial Ratios To Assess Financial Performance At Pt. Sarwa Works Of Wiguna Palembang. *Journal of Accounting* , *3* (2, July-December), 248–253.

Miftahurrohman. (2021). The Impact of the Covid-19 Pandemic on the Financial Performance of Health Sub Sector Companies Listed on the Indonesia Stock Exchange. *INVEST : Journal of Business Innovation and Accounting* , *2* (2), 134–139.

https://doi.org/10.55583/invest.v2i2.182

Pongoh, M. (2013). Analysis of Financial Statements to Assess the Financial Performance of Pt. Bumi Resources Tbk. *Journal of Economics, Management, Business and Accounting Research* , *1* (3), 669–679. https://doi.org/10.35794/emba.v1i3.2135

Pura, R. (2021). Comparative Study of Financial Performance Measurement Aspects Before and During the Covid Pandemic. *ACMent SCIENTIFIC JOURNAL* , *18* (2), 135–143. https://doi.org/10.37476/akmen.v18i2.1663

Rahmani, AN (2020). Impact of Covid-19 on Company Stock Prices and Financial Performance. *Accounting Reviews* , *21* (2), 252–269. https://doi.org/10.29313/ka.v21i2.6436

Sidiki, AP, Mangantar, M., & Mekel, PA (2014). *Comparison of Financial Performance at Cigarette Companies Registered in Bei, Especially Pt. Gudang Garam, Tbk And Pt. Hmm. Sampoerna, Tbk. 2* (4), 808–816.

Solihin, D., & Verastuti, C. (2020). Profitability of the Telecommunications Sector Amid the Covid-19 Pandemic. *ACTUAL: Journal of Accounting and Finance* , *5* (2), 91–98. https://e-journal.stie-aub.ac.id/index.php/aktual

Sugiyono. (2018). *Quantitative Research Methods, Qualitative, and R&D* . PT Indonesia IKPI.

Suhartini, T. (2022). Comparative Analysis of Company Financial Performance Before and During the Covid-19 Pandemic (Literature Study Regarding Financial Ratios as an Indicator of Company Financial Performance). *Journal of Education Management and Social Sciences (JMPIS)* , *3* (1), 375–384.