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# THE IMPACT OF THE COVID 19 PANDEMIC ON COMPANY FINANCIAL PERFORMANCE
## (Case Study of a Food & Beverage Company listed on the IDX)

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**Abstract:** *This study aimed to compare the financial performance of companies before and during the COVID-19 pandemic in the food & beverage sector for the period 2019-2020. The population in this study consisted of 30 companies in the food & beverage sector. The sample included 19 companies obtained through purposive sampling that met the research criteria. The results of this study indicated a significant difference in the profitability ratio measured by Return on Assets before and during the pandemic. However, the liquidity ratio, solvency ratio, activity ratio, and market ratio did not show any significant differences during the COVID-19 pandemic.*

***Keywords:*** *Covid 19 Pandemic, Liquidity, Solvency, Profitability, Activity, Market Ratio*

## 1. Introduction

The spread of the Covid 19 virus in Indonesia was announced for the first time on March 2 2020. The condition of the Covid 19 pandemic has almost hit the entire country. This of course has an impact on the global economy and has an impact on weakening world trade volume due to decreased demand for exports and imports. Apart from having an impact on export and import activities in Indonesia, the Covid-19 pandemic also caused the value of the rupiah to weaken, this was recorded when the value of the rupiah fell to IDR 16,600 per US dollar compared to before the impact of the Covid 19 pandemic, namely IDR 14,000 per US dollar (Haryanto, 2020).

According to (Ramli, 2020) apart from weakening the value of the rupiah currency, the Covid 19 pandemic has also caused a decrease in people's income which has an impact on decreasing purchasing power and demand, because there is not much demand, inflation is low. Of course, this decrease in purchasing power has an impact on companies because it will cause products to become difficult for the public to reach, so that many companies experience difficulties because profits have decreased, while the price of raw materials has increased.

The performance of a company can be measured through its financial performance. With the naked eye, good company performance can be seen from the profits generated from its activities. To see whether a company's financial performance is good or not, you can do it by analyzing the company's financial reports. By analyzing company financial reports, we can compare the company's condition during the pandemic with the previous period. Companies are required to maintain company performance and strive to improve company performance so that company value will always be good in the eyes of shareholders and potential investors.

To measure financial performance, it is necessary to carry out analysis of financial reports (Rhamadana & Triyonowati, 2016). Measuring financial performance involves evaluating the financial position of a certain period which aims to find deficiencies in a company's performance in the future and as a preventive measure to determine the company's strengths in dealing with problems (Suhaimah & Chaerudin, 2020).

To find out the financial performance before and during the Covid 19 Pandemic in Food & Beverage companies listed on the IDX, the author is interested in conducting research with the title "The Impact of the Covid 19 Pandemic on Company Financial Performance" (Case Study of Food & Beverage Companies listed on the Stock Exchange Indonesian Effect)

## LITERATURE REVIEW

### Previous research

Research conducted by Bella Amelya, et all (2021) regarding differences in company financial performance before and during the Covid 19 Pandemic at PT Indofood CBP Sukses Makmur Tbk using indicators of liquidity, solvency, profitability and activity ratios shows results if there are differences in financial performance in PT Indofood CBP Sukses Makmur Tbk before and during the Covid 19 pandemic. Indicators that experienced a sharp increase were shown by the Debt to Total Equity Ratio and the Debt to Total Assets Ratio. Nevertheless, the company's performance can still be said to be good in the midst of the pandemic. This is proven by the company's ability to increase sales and profits as reflected in the Net Profit Margin ratio.

Research related to differences in company financial performance before and during the Covid 19 pandemic was also carried out by Deva Sari Violandani (2021) on public companies listed in the LQ45 Index for the period August 2020-January 2021 with a total sample of 39 companies. The results of this research show that there is also a difference between Total Assets Turnover and Return On Equity before and during the pandemic. And there is no difference in the variables Current Ratio, Debt To Asset Ratio, and Debt To Equity Ratio between before and during the pandemic.

Furthermore, research related to company financial performance during the Covid 19 pandemic was also carried out by Ikbal Halan Ibrahim, et all (2021) which was carried out on cigarette sub-sector companies listed on the Indonesia Stock Exchange. The results of this research show that there are no significant differences in the Quick Ratio, Debt to Equity Ratio, Return on Equity, and Total Asset Turnover.

### Hypothesis Formulation

1. Differences in Company Financial Performance in Liquidity Ratios Before and During the Covid 19 Pandemic

   Liquidity Ratio (Liquidity Ratio) Is a ratio that describes the company's ability to meet its short-term obligations which are due soon. Liquidity Ratio is an analysis carried out on the bank's ability to fulfill short-term obligations or obligations that are due (Goso et al., 2019). Liquidity (Liquidity Ratio) Is a ratio that describes the company's ability to meet its short-term obligations which are due soon. Liquidity Ratio is an analysis carried out on the bank's ability to fulfill short-term obligations or obligations that are due (Goso et al., 2019). Research regarding the comparison of company performance during the Covid 19 pandemic in Indonesia using the liquidity ratio indicator calculated by the Current Ratio carried out by Bella Amelya (2021) and Victor Prasetya (2021) shows that the financial performance of companies as seen from their liquidity experienced differences during the Covid 19 pandemic. what happened in Indonesia. The first hypothesis in this research is formulated as follows:

H1: There is a difference in company financial performance as measured by the liquidity ratio between before and during the Covid 19 pandemic.

2. Differences in Company Financial Performance in Solvency Ratios Before and During the Covid 19 Pandemic.

   Solvency Ratio is a ratio that describes a company's ability to fulfill all its obligations. The solvency ratio has an influence on company performance because this ratio measures the company's ability to pay its short-term and long-term obligations if the company is liquidated. The solvency ratio is a ratio used to measure the extent to which a company is financed with debt. Research regarding the comparison of company performance during the Covid 19 Pandemic in Indonesia using the solvency ratio indicator calculated by the Debt to Equity Ratio (DER) carried out by Deva Sari (2021) and Victor Prasetya (2021) shows that the company's financial performance as seen from its solvency has experienced differences during the Covid 19 Pandemic that occurred in Indonesia. The second hypothesis in this research is formulated as follows:

   H2: There is a difference in company financial performance as measured by the solvency ratio between before and during the Covid 19 pandemic.

3. Differences in Company Financial Performance in Profitability Ratios Before and During the Covid 19 Pandemic.

   Profitability Ratios are ratios that describe a company's ability to generate profits. The profitability ratio will provide the final answer about the effectiveness of company management and this ratio provides an overview of the effectiveness of company management. Research regarding the comparison of company performance during the Covid 19 pandemic in Indonesia using the profitability ratio indicator calculated by Return on Assets (ROA) carried out by Viaranti (2021) and Yuserizal (2021) shows that the company's financial performance as seen from the company's profitability has decreased during the Covid 19 pandemic occurred in Indonesia. The third hypothesis in this research is formulated as follows:

   H3: There are differences in company financial performance as measured by profitability ratios between before and during the Covid 19 pandemic.

4. Differences in Company Financial Performance in Activity Ratios Before and During the Covid 19 Pandemic.

   Activity Ratio is a ratio used to measure the level of efficiency of the company's utilization or to assess the company's ability to carry out its daily activities. Activity ratios are financial metrics used to measure how efficient a company's operations are. This term can include several ratios that can be applied to how efficiently a company uses its capital or assets. Research regarding the comparison of company performance during the Covid 19 pandemic in Indonesia using the solvency ratio indicator calculated by Receivable Turn Over (RTO) carried out by Victor Prasetya (2021) shows that the company's financial performance as seen from its activity ratio experienced differences during the Covid 19 pandemic. what happened in Indonesia. The fourth hypothesis in this research is formulated as follows:

   H4: There is a difference in company financial performance as measured by the activity ratio between before and during the Covid 19 pandemic.

5. Differences in Company Financial Performance in Market Ratios Before and During the Covid 19 Pandemic.

   The market ratio or stock ratio is a ratio used to measure the value of shares. According to Agus Sartono (2003:70), "stock market prices are formed through supply and demand

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mechanisms in the capital market. Success in generating profits will provide satisfaction for rational investors. A fairly high share price will provide benefits, namely in the form of capital gains and a better image for the company, making it easier for management to obtain funds from outside the company. Research regarding the comparison of company performance during the Covid 19 pandemic in Indonesia using the market ratio indicator calculated by the Price Earning Ratio (PER) carried out by Maria JE Esomar (2021) shows that the company's financial performance as seen from its market ratio experienced differences during the Covid pandemic. 19 which occurred in Indonesia. The fifth hypothesis in this research is formulated as follows:

H5: There is a difference in company financial performance as measured by market ratios between before and during the Covid 19 pandemic.

## 2. Research Methods

Based on the problem description and research objective, namely to determine the financial performance of Food & Beverage companies before and during the Covid 19 pandemic, this type of research is comparative research. The method in this research uses a quantitative method where this approach method uses a lot of numbers starting from data collection, interpretation of the data, and the appearance of the results (Arikunto, 2016)

The type of data used in this research is documentary data in the form of annual financial reports of Manufacturing companies in the Food & Beverage sector registered on the IDX in 2019-2020.

Descriptive statistics are statistics used to describe data that is seen from min, max, mean, sum, standard deviation, variance, range to measure data distribution with skewness and kurtosis (Ghozali, 2005). With descriptive statistics, the data collection that has been obtained will be presented concisely and can provide core information from the existing data collection.

The normality test is a test carried out to assess whether the distribution of data in a group of data or variables is normally distributed or not. To test the normality of the residuals, the Kolmogrov-Smirnov (KS) Test of Normality is used. saw significant value over Monte Carlo (2-tailed). If the resulting Monte Carlo Sig(2-tailed) value is greater than 0.05 then the residual is normally distributed.

This research compares the financial performance of Food & Beverage companies before and during the Covid 19 pandemic, so the test carried out is a paired sample t-test. The paired sample t-test was carried out with the aim of finding out whether different treatments or conditions would produce statistically different results on average. According to Mengkuningtyas (2015). From the test results, if the significance is >0.05, then the data is not different, whereas if the significance is <0.05 then the data is different.

## 3. Results and Discussion

Public companies in the Food & Beverage sector were chosen because companies in this sector have sustainable production. Apart from that, companies in the Food & Beverage sector were chosen because previous research had been carried out so that they could be used as a reference in this research. The sample selection process is based on predetermined criteria as follows:

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**Table 1**
**Sample Selection Criteria**

| No | Company Characteristics | Total |
|---|---|---|
| 1 | Food and Beverage Company listed on the Indonesian Stock Exchange until 2019 | 30 |
| 2 | Number of companies not listed on the IDX in 2019-2020 | (2) |
| 3 | Number of companies that did not publish financial reports for 2019 and 2020 | (2) |
| 4 | Number of companies that experienced losses in 2019 and 2020 | (7) |
| **5** | **Number of Research Samples** | **19** |

**Descriptive Statistical Test**

**Table 2**
**Descriptive Statistics Test Results**

| Variable | N | Min | Max | Mean | *Std. Deviation* |
|---|---|---|---|---|---|
| CR Before | 19 | 0.41 | 12.63 | 2.9900 | 2.94761 |
| CR During | 19 | 0.27 | 13.27 | 3.0453 | 2.95807 |
| DER Before | 19 | -2.13 | 1.53 | 0.4716 | 0.73906 |
| DER During | 19 | 0.30 | 0.143 | 0.4995 | 0.41347 |
| ROA Before | 19 | 0.50 | 60.72 | 15.1132 | 14.26086 |
| ROA During | 19 | 0.30 | 59.90 | 11.2437 | 12.82826 |
| Previous RTO | 19 | 3.69 | 14.75 | 7.3563 | 2.92028 |
| RTO During | 19 | 2.24 | 12.68 | 6.9979 | 2.94177 |
| PER Before | 19 | 0.25 | 60.55 | 19.1474 | 16.22933 |
| PER During | 19 | 0.03 | 164.71 | 28.1026 | 37.88547 |

The current ratio variable before the pandemic had a minimum value of 0.41, a maximum value of 12.63, and an average value of 2.9900 and a standard deviation of 2.94761. The current ratio during the pandemic had a minimum value of 0.27, a maximum value of 13.27, and an average value of 3.0453 and a standard deviation of 2.95807. Based on these results, it can be said that the current ratio during the pandemic has increased compared to the current ratio before the pandemic. This shows that some of the company's current assets have increased so that it is able to finance its short-term debt.

The Debt to Equity Ratio variable before the pandemic had a minimum value of -2.13, a maximum value of 1.53 and an average value of 0.4716 and a standard deviation of 0.73906. The Debt to Equity Ratio during the pandemic has a minimum value of 0.03, a maximum value of 1.43, and an average value of 0.4995 and a standard deviation of 0.41347. Based on these results, it can be said that the min and mean Debt to Equity Ratio values during the pandemic have decreased compared to the Debt to Equity Ratio before the pandemic. Meanwhile, the max value and standard deviation during the pandemic increased after the Covid 19 pandemic.

The Return On Assets variable before the pandemic had a minimum value of 0.50, a maximum value of 60.72, and an average value of 15.1132 and a standard deviation of 14.26086. Return On Assets during the pandemic had a minimum value of 0.30, a maximum value of 59.90, and an average value of 11.2437 and a standard deviation of 12.82826. Based on these results, it can be said that Return On Assets during the pandemic has decreased compared to Return On Assets before the pandemic. This shows that Return On Assets before the pandemic was better than Return On Assets during the pandemic.

The Receivable Turn Over variable before the pandemic had a minimum value of 3.69, a maximum value of 14.75, and an average value of 7.3563 and a standard deviation of 2.92028. Receivable Turn Over during the pandemic has a minimum value of 2.24, a maximum value of 12.68, and an average value of 6.9979 and a standard deviation of 2.94177. Based on these results, it can be said that the min Receivable Turn Over value during the pandemic has decreased compared to the Receivable Turn Over before the pandemic. Meanwhile, for the max, mean and standard deviation values during the pandemic.

The Price Earning Ratio variable before the pandemic had a minimum value of 0.25, a maximum value of 60.55, and an average value of 19.1474 and a standard deviation of 16.22933. The Price Earning Ratio during the pandemic has a minimum value of 0.03, a maximum value of 164.71, and an average value of 28.1026 and a standard deviation of 37.88547. Based on these results, it can be said that the min Price Earning Ratio value during the pandemic has increased compared to the Price Earning Ratio before the pandemic.

**Two Mean Difference Test**

**Table 4**
**Test results*Paired Samples Correlations*Liquidity Ratio**
**Before and During the Covid 19 Pandemic**

| Variable | *Mean* | *t count* | *df* | *Sig 2 tailed* |
|---|---|---|---|---|
| CR Before | -0.15000 | -0.652 | 18 | 0.522 |
| CR During | | | | |
| DER Before | -0.02789 | -0.127 | 18 | 0.900 |
| DER During | | | | |
| ROA Before | 19 | 2,118 | 18 | 0.048 |
| ROA During | | | | |
| Previous RTO | 0.38632 | 1,459 | 18 | 0.162 |
| RTO During | | | | |
| PER Before | -8.84789 | -1,509 | 18 | 0.149 |
| PER During | | | | |

The results of the data analysis test in table 4 show that there is no significant difference in the performance of the liquidity ratio which is calculated using the current ratio. This can be seen from the significance value of the Paired T test of 0.522 which is > 0.05, so Ho is accepted and there is no significant difference.

Test resultsData analysis in table 4 shows that there are differences in the performance of the solvency ratio which is calculated using the Debt to Equity Ratio. This can be seen from the significance value of the Paired T test of 0.900 which is > 0.05, so Ho is accepted and there is no significant difference.

Test resultsData analysis in table 4 shows that there is a significant difference in the performance of profitability ratios calculated using Return on Assets. The results of the

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significance value of the Paired T test are 0.048 which is <0.05, so Ho is rejected so there is a significant difference

Test resultsData analysis in table 4 shows that there is a difference but not significant in the performance of the activity ratio calculated using Receivable Turn Over. This can be seen from the significance value of the Paired T test of 0.162 which is > 0.05, so Ho is accepted and there is no significant difference.

The results of the data analysis test in table 4 show that there is no difference in the performance of the profitability ratio which is calculated using the price earnings ratio. This can be seen from the significance value of the Paired T test of 0.149 > 0.05, so Ho is accepted and there is no significant difference.

## 4. Conclusion

Based on the results of data analysis and discussion, it shows that there is a significant difference in the profitability variable due to a decrease in company profits during the Covid 19 pandemic. For the liquidity, solvency, activity and market ratio variables, there were no significant differences during the Covid 19 pandemic. Even though there was no significant difference, these results are a little worrying because several companies experienced a decline in performance during the pandemic.

## Limitations

1. This test has not examined changes in the financial performance of each sub-sector so that the research results are still general for each business sector on the IDX.
2. The research period was only carried out until 2020 because at the time the research was carried out, public company financial reports had only been published until 2020.

The research only uses five financial ratios, namely Current Ratio, Price Earning Ratio, Price Earning Ratio, Price Earning Ratio, and Price Earning Ratio in assessing financial performance.

Based on the limitations above, researchers provide several suggestions, namely:

1. Companies should pay attention to which things really influence the condition of the company when the performance of each company declines during the pandemic. It is hoped that companies will implement the right strategies, including increasing current assets from their total assets, reducing operational costs and efficiency in capital management, reducing the number of company loans, both short and long term.
2. Potential investors during this pandemic are advised to obtain more information about the company's condition during the Covid-19 pandemic before investing their assets. Prospective investors must be more selective in choosing companies to invest in. The information obtained from the results of this research should be able to determine which business sectors have good or poor company performance so that investors can use it as a reference in making decisions about which companies in which business sectors are worthy of investment.
3. For researchers Furthermore, it is hoped that we can carry out more in-depth research regarding sub-sectors that have the highest potential to increase financial performance so that investors' attention can be more specific, as well as increasing the research analysis period to test the consistency of research results considering that the Covid-19 pandemic is

still ongoing today and also Add several other financial ratios to obtain more accurate results.

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