Impact of the Covid 19 Pandemic on the Financial Performance of Consumer Goods Industry in 2019-2020 on the Indonesia Stock Exchange

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Abstract

Covid -19 pandemic that announced by the Indonesian government on March 2, 2020, may have an impact on the company's financial performance, marked by layoffs, decreased productivity, and decreased purchasing power of the people. This study aims to determine the financial performance of companies in the consumer goods industry sector in 2019 - 2020 (food and beverage sub-sector with pharmaceutical sub-sector) listed on the Indonesia Stock Exchange. The financial performance referred to in this study is measured by Current Ratio/CR, Debt Ratio/DR, Total Asset Turnover/TATO, Return On Equity/ROE, and Price Earning/PE. This study found that the financial performance of companies in the consumer goods industry and the financial performance of companies in the food and beverage sub-sector as measured by CR, DR, TATO, and PE increased, but ROE decreased during the pandemic Covid-19. On the other hand, the financial performance of the pharmaceutical sub-sector companies as measured by DR, TATO, ROE, and PE increased, and CR decreased during the Covid-19 pandemic.

Keywords: *Financial performance, Covid-19 pandemic, increasing/decreasing*

INTRODUCTION

Covid 19 pandemic that hit Indonesia is still not over since it was announced by President Joko Widodo on March 2, 2020. Various handling efforts such as Large-Scale Social Restrictions (PSBB) to restrictions on the micro-scale followed by gradual vaccine injections have been and will continue to be carried out, considering the Covid-19 pandemic has a broad impact on life. Of course, the economy has not been spared from the COVID-19 pandemic. Several industrial sectors such as tourism, hotels, restaurants, transportation, construction and toll roads, malls, and entertainment venues are sectors affected by the Covid-19 outbreak. As it is known, many workers were laid off, factory productivity and utilities fell, wages were cut, which led to a decline in people's purchasing power due to the impact of the pandemic. This situation should not be allowed, the wheels of the economy must continue to spin, and we must believe that there is always a lesson behind this outbreak. So, it is necessary to create breakthroughs, including for investors, to help restore economic conditions in Indonesia.

Investors as part of the economic driver are expected to be able to seek investment opportunities in sectors that have the opportunity to develop during the Covid-19 pandemic. President Joko Widodo's statement in the 2020 State Revenue and Expenditure Budget Bill (RUU), along with the Financial Note on Friday 16/8/2019, stated that economic growth would be at a rate of 5.3%. Consumption and investment will be the main driving force, while inflation will be kept low at 3.1% to support people's purchasing

power. Other assumptions from the 2020 State Budget are 3-month SBN 5.4%; The exchange rate is IDR 14,400/$, the unemployment rate is 4.8 – 5.1%, and the poverty rate is 8.5 – 9% (Olvia dan Mahadi, 2019). The question is, what kind of industry that attractive for investors to drive the economy in this pandemic?. Taking into account the existing reality, medical and health sectors, trade (on line/e-commerce), and consumer goods industry may be options. Investment choices for investors on the Indonesia Stock Exchange do not only pay attention to macro variables as determined by the government but also company fundamental variables are also important. The company's fundamental variables can be seen from the company's financial statements, which can be measured from financial ratios. Several studies related to financial ratios and the impact of the Covid-19 pandemic have been analyzed, Hladika (2021) found that the Covid -19 pandemic has led to an increase in expected credit losses in certain banks and that the profitability of the banking sector in Croatia has decreased significantly due to lower income levels and higher levels of provision for non-performing loans. He et al. (2020) found that (i) COVID-19 had a negative but short-term impact on stock markets in several countries such as the People's Republic of China, Japan, South Korea, Italy, France, Spain, Germany, and the United States, and (ii) the impact of COVID -19 in the stock market has a two-way spillover effect between Asian countries and European countries and the United States. In Indonesia, Rahmani (2020) found that the Covid-19 pandemic had an impact on the decline in average stock prices and a decline in financial performance: ROA, OPM on LQ 45 Issuers on the IDX. This is reinforced by the findings of Rifa'i et al. (2020), who found a difference in the average JCI before and after the Covid-19 pandemic. Meanwhile, Ilham and Thamrin (2021) found no difference in financial performance as measured by CAR, ROA, NPF, and FDR in Islamic banking on the IDX. Research by Doerachman et al. (2016) also found no significant difference in financial performance as measured by CR, DER, ROA, and TATO in pharmaceutical companies listed on the Indonesia Stock Exchange. Based on real conditions and empirical conditions, this study aims to determine the financial performance of companies in the consumer goods industry sector in 2019 - 2020 (food and beverage sub-sector with pharmaceutical sub-sector) listed on the Indonesia Stock Exchange. The financial performance referred to in this study is measured by Current Ratio/CR, Debt Ratio/DR, Total Asset Turnover/TATO, Return On Equity/ROE, and Price Earning/PE.

LITERATURE REVIEW

The SARS-CoV-2 virus was first detected in Wuhan, China, at the end of 2019. This virus is transmitted from person to person through droplets of respiratory fluids from the body through hands or solid surfaces. Healthy people whose hands are contaminated can become infected if they touch their mouth, nose, or eyes. Until finally, this new type of coronavirus was called Covid-19. Covid-19 is an abbreviation of Corona (CO), Virus (VI) Disease (D), and the year 2019 (19), where the Covid-19 coronavirus first appeared in 2019. The World Health Organization (WHO) has finally determined Covid -19 as a pandemic that is endemic throughout the world. In Indonesia, President Joko Widodo announced the existence of the Covid -19 pandemic on March 2, 2020.

Financial statements are written reports that provide quantitative information about the financial position and its changes, as well as the results achieved during a certain period. Financial statements can be used as a medium that can be used to examine the health condition of the company, where the financial statements consist of a balance sheet, profit, and loss calculation, retained earnings efforts, and a statement of financial position. Understanding financial statements according to Financial Accounting Standards (SAK): Financial statements are part of a complete financial reporting process, usually including balance sheets, income statements, statements of changes in a financial position which can be presented in various

ways such as, for example: as cash flow statements, or statements flows of funds, notes and other reports and explanatory material that are an integral part of the financial statements. In addition, it also includes schedules and additional information related to the report, such as; financial information on industrial and geographical segments as well as disclosure of the effect of price changes.

The company's financial performance is reflected in the financial statements, which for simplicity can be assessed by comparing the accounts in the financial statements, called financial ratios. Brigham and Houston (2015) classify financial ratios into ratios: liquidity, activity, debt, profitability, and market. Financial ratios that will be assessed in this study consist of liquidity ratios measured by CR (Current Ratio), debt ratios measured by DR (Debt Ratio), activity ratios measured by TATO (Total Asset Turnover Ratio), and profitability ratios measured by ROE (Return to Equity) and market ratio as measured by PE (Price Earning).

Financial performance is often a concern in research as researched by: Rahmani (2020) found that the Covid-19 pandemic in Indonesia had an impact on the decline in average stock prices and a decline in financial performance: ROA, OPM on LQ 45 Issuers on the IDX. This is reinforced by the findings of Rifa'i et al. (2020). Meanwhile, Ilham and Thamrin (2021) found no difference in financial performance as measured by CAR, ROA, NPF, and FDR in Islamic banking on the IDX. Similar findings were stated by Doerachman et al. (2016). In the capital markets of the People's Republic of China, Japan, South Korea, Italy, France, Spain, Germany, and the United States, He et al. (2020) examined the effect of Covid-19 on the stock market and found that (i) COVID-19 had a negative but long-term impact. Short stock market and (ii) the impact of COVID-19 on the stock market has a two-way spillover effect between Asian countries and European countries, and the United States. Meanwhile, in Croatia, Hlandika (2021) found that the Covid -1 pandemic has led to an increase in expected credit losses in certain banks and that the profitability of the banking sector in Croatia has decreased significantly due to lower income levels and higher regulatory levels for non-performing loans.

RESEARCH METHOD

This research is comparative research, where researchers will compare the financial performance of companies in the consumer goods industry sector of the food and beverage sub-sector with pharmaceuticals at different times, namely before the Covid-19 pandemic and after the Covid-19 pandemic (2019 and 2020). The reason for conducting this research is that the Covid-19 pandemic is an event that affects the economy and requires scientific evidence. Therefore this research was conducted.

The population consists of objects/topics with certain characteristics determined by researchers for research and drawing conclusions (Sugiyono, 2015). In this study, the population is companies that are members of the consumer goods industry sector on the Indonesia Stock Exchange. There are 37 companies incorporated in the consumer goods industry sector, of which 27 companies are incorporated in the food and beverage sub-sector, and ten companies are incorporated in the pharmaceutical sub-sector. The sample is part of the size and characteristics of the population (Sugiyono, 2015). However, the study did not use a sample, meaning that the study was carried out on the population (saturated sample).

The method of data collection is one aspect that affects the smoothness and success of the research. This study uses the method of collecting data documentation. This method was chosen because the research data is secondary data.

Descriptive analysis is used to analyze data by describing the data collected as they are, without intending to draw general conclusions or generalizations (Sugiyono, 2015). Descriptive analysis is done by making a table, grouping the data, and then describe it.

Quantitative analysis in this study was carried out by calculating the company's financial ratios as follows:

Current Ratio = (Current Assets)/(Current liabilities)
Debt Ratio = (Total Debt)/(Total Assets)
Total Asset Turnover = Sales/(Total Assets)
Return on Equity = Earning after-tax/ Equity
Price Earning = (Price)/(Earning per share)

FINDINGS AND DISCUSSION

Based on financial report data from companies listed in the food and beverage industry as well as the pharmaceutical industry, data were collected, and then the data was processed. The descriptive data of the research variables consisting of CR, DR, TATO, ROE, and PE are as follows.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CR_19	37	2,32	2985,89	341,22	507,80
CR_20	37	1,15	9867,22	546,41	1611,01
DR_19	37	6,51	375,62	57,76	68,03
DR_20,	37	7,36	820,78	62,84	129,33
TATO_19	37	0,05	2,24	1,02	0,49
TATO_20	37	0,05	7,80	1,10	1,23
ROE_19	37	-68,47	120,26	13,65	29,34
ROE_20	37	-115,15	145,29	6,28	35,71
PE_19	37	-137,50	205,00	13,23	52,72
PE_20	37	-77,00	140,00	23,85	42,03
Valid N (listwise)	37				

Source: secondary data processed.

Based on table 1, the data of this research variable can be described as follows: the value of the CR variable in 2019 has an average = 341.22% with a standard deviation = 507.80%. The minimum value of CR = 2.32% experienced by PT Magna Investama Mandiri Tbk, while the maximum value of CR = 2985.89% experienced by PT Buyung Putra Sembada Tbk. Meanwhile, in 2020, the average value of CR = 546.41% with a standard deviation of 68.03%. The minimum CR value = 1.15% experienced by PT Magna Investama Mandiri Tbk and the maximum CR = 9867.22% experienced by PT Inti Agri Resources Tbk.

The value of the DR variable in 2019 has an average of 57.76%, with a standard deviation of 68.03%. The minimum value of DR = 6.51% was experienced by PT Inti Agri Resources Tbk, while the maximum value of DR = 375.62% was experienced by PT Sentra Food Indonesia Tbk. Meanwhile, in 2020, the average value of DR = 62.84% with a standard deviation of 129.33%. The minimum DR value = 7.36% experienced by PT Inti Agri Resources Tbk, and the maximum DR = 820.78% experienced by PT Magna Investama Mandiri Tbk.

The value of the TATO variable in 2019 has an average of 1.02 times with a standard deviation of 0.49. The minimum value of TATO = 0.05 x experienced by PT Inti Agri Resources Tbk, while the maximum value of TATO = 2.24 x experienced by PT Wilmar Cahaya Indonesia Tbk. Meanwhile, in 2020, the average TATO value = 1.10 x with a standard deviation of 1.23. The minimum TATO value = 0.05 x experienced by

PT Inti Agri Resources Tbk and the maximum TATO = 7.80 x experienced by PT Magna Investama Mandiri Tbk.

The ROE variable value in 2019 has an average of 13.65%, with a standard deviation of 29.34. The minimum value of ROE = -68.47% was experienced by PT Tiga Pilar Sejahtera Food Tbk, while the maximum value of ROE = 120.26% was experienced by PT Magna Investama Mandiri Tbk. Meanwhile, in 2020, the average value of ROE = 6.28%, with a standard deviation of 35.71. The minimum ROE = -115.15% experienced by PT Magna Investama Mandiri Tbk and the maximum ROE = 145.29% experienced by PT Tiga Pilar Sejahtera Food Tbk.

The value of the PE variable in 2019 has an average = 13.23 x with a standard deviation of 52.72. The minimum value of PE = -137.5 x experienced by PT Prima Cakrawala Abadi Tbk, while the maximum value of PE = 205 x experienced by PT Sekar Bumi Tbk. Meanwhile, in 2020, the average PE = 23.85 x with a standard deviation of 42.03. Minimum PE value = -77 x experienced by PT Tri Banyan Tirta Tbk and maximum PE = 140 x experienced by PT Wahana Interfood Nusantara Tbk.

Quantitative analysis was carried out to answer research problems, for that it was necessary to collect data. The data is then tabulated and processed, and the results are analyzed and interpreted. The results of data processing are shown in the following table.

Comparison of Financial Performance of Companies in the consumer goods industry

Table 2. Comparison of Financial Performance of Companies in the consumer goods industry

Financial Performance in	2019	2020	Changes in	Description
CR				
ave_m	356,352	662,141	305,790	Increase
ave_f	300,3784	233,9465	-66,431928	Decrease
ave_ibk	341,2238	546,4129	205,18917	Increase
DR				
ave_m	64,353	71,024	6,671	Increase
ave_f	39,9495	40,73476	0,7852605	Increase
ave_ibk	57,75753	62,83788	5,0803513	Increase
TATO				
ave_m	1,044	1,148	0,104	Increase
ave_f	0.972989	0.982839	0.0098495	Increase
ave_ibk	1.024708	1.103485	0.0787768	Increase
ROE				
ave_m	14,234	3,696	-10,538	Decreased
ave_f	12.0717	13,26158	1.1898777	Increased
ave_ibk	13,64951	6,281316	-7,3681969	Decreased
PE				
ave_m	81,76632	90,82612	9,059797	Increased
ave_f	21,89282	35,9363	14,043481	Increased
ave_ibk	13,22663	23,8512	10,624571	Increased

Source: secondary data processed

Based on table 2 above, it can be explained that in general financial performance, companies in the consumer goods industry sector, as seen from the CR, DR, TATO, and PE, experienced an increase. However, financial performance as measured by ROE experienced a decline during the Covid 19 pandemic.

Meanwhile, if we look at each sub-sector, the food sub-sector is in the same condition as the industrial sector, namely CR, DR, TATO, and PE increase during a pandemic, while ROE decreases during a pandemic. Covid pandemic 19. in the pharmaceutical sub-sector financial performance as measured by DR, TATO, ROE, and PE increased while the decline in the pandemic CR Covid 19.

CONCLUSION
Based on the results of the study, it can be concluded as follows:
1. The financial performance of companies in the consumer goods industry and the financial performance of companies in the food and beverage sub-sector as measured by CR, DR, TATO, and PE increased during the Covid-19 pandemic. Meanwhile, financial performance as measured by ROE decreased during the Covid-19 pandemic.
2. The financial performance of the pharmaceutical sub-sector companies as measured by DR, TATO, ROE, and PE increased during the Covid-19 pandemic. Meanwhile, the financial performance as measured by the CR decreased during the Covid-19 pandemic.

The expectations for further research are as follows:
1. This study assesses financial performance during the pandemic (first year), and the pandemic is still ongoing. It is better for further research to be extended.
2. This research was conducted on a public company. Further research can be carried out on a closed company such as micro, small and medium enterprises.

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