Journal of Economics, Finance and Management Studies

ISSN (print): 2644-0490, ISSN (online): 2644-0504

Volume 5 Issue 12 December 2022

Article DOI: 10.47191/jefms/v5-i12-27, Impact Factor: 6.274

Page No. 3682-3687

Comparative Analysis of Financial Performance Before and During the Covid-19 Pandemic Period 2018-2021 (Subsector Automotive and Component Companies Listed on Idx)

Linda Ayu Ningrum[1], Saryadi[2], Dinalestari Purbawati[3]

[1,2,3]Departemen Administrasi Bisnis, FISIP, Universitas Diponegoro

ABSTRACT: Covid-19 pandemic triggered a massive turmoil in uncertainty and big impact on health care, mobility, social activities and economic growth. That low economic growth lead business activities of companies in transformation. This study aims to observe the differences in financial performance of automotive and component companies listed on Indonesia Stock Exchange before and during Covid-19 pandemic 2018-2021 period. The population used is automotive and component companies listed on Indonesia Stock Exchange, determined based on the purposive sampling method with the criteria which is companies have been publishing their financial statement and annual report until 2021, resulting 10 companies as research samples. Research type in this study is event study. Secondary data used as sourced data. Analysis method of data using descriptive test and wilcoxon signed ranked test, with a software SPSS ver 26. The result shows there were no significant difference in the liquidity measured by current ratio, along with profitability measured by return on asset, return on equity and net profit margin in the automotive and component companies between before and during pandemic period. Meanwhile, companies' activity measured by receivable turnover and total asset turnover have significant difference between before and during pandemic period.

KEYWORDS: Covid-19 Pandemic, Financial Performance, Liquidity, Profitability, Activity

BACKGROUND

All decision considerations that make strategy are efforts to produce companies that have the best performance (Hu & Zhang, 2021). Company performance is influenced by various internal and external factors. External factors that can affect the company's performance are such as the economic crisis, trade war, inflation and other major events.

Entering 2020, Indonesia is one of the countries that has been affected by the spread of the virus, which has become difficult to control. Due to the rapidly growing transmission rate between countries, WHO declared Covid-19 a pandemic in March 2020. The Covid-19 pandemic triggered a massive turmoil of discontent and impacts on health, population mobility, and economic growth (Baker et al., 2020). In Indonesia, the impact of the pandemic can be seen in the decline in GDP until the second quarter of 2020 to a value of -5.32. Annual economic growth data shows that in 2020 there will be a contraction of -2.07 from the previous year of 5.02 (BPS, 2020). The pandemic caused business activities to experience limitations, such as restrictions on operational activities involving many workers and sales activities, and coupled with changes in consumer habits, increasingly encouraging companies to make decisions that must follow these conditions and bring about changes.

Financial changes in the company will be seen first in its earnings. The following includes data on the income of automotive and component sub-sector companies in Indonesia in the last four years quoted from company reports on the Indonesia Stock Exchange (IDX),

Table 1. Automotive and Component Sub-Sector Company Revenue Data Listed on the IDX Year 2018 - 2021

Company	2018	2019	2020	2021
Astra Autopart	15,356,381	15,444,775	11,869,221	15,151,663
Astra International Tbk	239,205,000	237,166,000	175,046,000	233,485,000
Gajah Tunggal Tbk	15,349,939	15,939,421	13,434,592	15,344,138
Garuda Metalindo Tbk	1,187,195	1,206,818	788,873	1,181,849

Company	2018	2019	2020	2021
Goodyear Indonesia Tbk	2,238,994	1,950,421	1,515,755	2,103,031
Indo Kordsa Tbk	3,702,163	3,438,670	2,358,892	3,636,733
Indomobil Sukses Internasional Tbk	17,878,271	18,615,129	15,230,426	19,174,995
Indospring Tbk	2,400,062	2,091,491	1,626,190	2,643,817
Multistrada Arah Sarana Tbk	4,180,970	4,455,686	4,054,509	6,484,869
Selamat Sempurna Tbk	3,933,353	3,935,811	3,233,693	4,162,931
In Millions Rupiah				

Table 1.1 is a table of revenue for the automotive and component sub-sector companies taken from the financial statements published on the Indonesia Stock Exchange website. The period before the pandemic (2018 – 2019), 6 companies experienced an increase in revenue and 4 companies decreased. Meanwhile, during the period during the pandemic (2020 – 2021), all companies in the automotive and component sub-sector experienced an increase in revenue. Increased revenue also needs to be reviewed more deeply to see the company's ability to manage its finances.

The occurrence of the Covid-19 pandemic poses a threat to the development of the automotive industry where this industry works like a system, the chain from suppliers to financing is mutually influential (Kompas.com, 2020). Business continuity is supported by suppliers, customers and a stable payment system, if these things are distributed it will be indicated in the company's financial performance.

Problem Research

Business activities in Indonesia have undergone a strategic transformation since its existence policies for dealing with pandemics in the regions, in addition to public reactions in changing priorities and decreasing purchasing power exerts a significant influence chain to the country's economy. Decreased purchasing power of secondary goods, impact on income that continues on impact on the company's financial flows. There is a difference in the speed of this economy will have an impact on the company through the performance it shows.

This study aims to test the comparative analysis of financial performance as measured by Current Ratio (CR), Return On Assets (ROA), Return On Equity (ROE), Net Profit Margin (NPM), Receivable Turn Over (RTO), Total Asset Turn Over in automotive and component sub-sector companies in the period before the pandemic (2018 – 2019) and the year during the pandemic. (2020 – 2021).

Based on the background above, the formulation of the research problem is described, namely:

1. Are there any differences in financial performance seen from the Current Ratio for automotive and component sub-sector companies in the period before the pandemic (2018 - 2019) and the period during the pandemic (2020 - 2021)?
2. Are there any differences in financial performance seen from the Return On Asset for automotive and component sub-sector companies in the period before the pandemic (2018 - 2019) and the period during the pandemic (2020 - 2021)?
3. Are there any differences in financial performance seen from the Return On Equity for automotive and component sub-sector companies in the period before the pandemic (2018 - 2019) and the period during the pandemic (2020 - 2021)?
4. Are there any differences in financial performance seen from the Net Profit Margin for automotive and component sub-sector companies in the period before the pandemic (2018 - 2019) and the period during the pandemic (2020 - 2021)?
5. Are there any differences in financial performance seen from the *Receivable Turn Over* for automotive and component sub-sector companies in the period before the pandemic (2018 - 2019) and the period during the pandemic (2020 - 2021)?
6. Are there any differences in financial performance seen from the *Total Assets Turn Over* for automotive and component sub-sector companies in the period before the pandemic (2018 - 2019) and the period during the pandemic (2020 - 2021)?

THEORITICAL REVIEW

Signalling Theory

Signalling theory also explains that signaling by management is able to reduce information asymmetry (unbalance), signaling in this case is financial reporting as a fundamental understanding of a company. According to (Jogiyanto, 2018) published information will provide a signal for stakeholders in decision making.

Financial Performance

According to (Indonesian Accounting Association, 2019), financial performance is the ability to manage and control the company's resources to generate profits. Financial performance can be expressed as a company's achievement in carrying out business activities, managing its resources as efficiently and effectively as possible is the mission of every company in generating maximum income.

Financial Statement Analysis

After the issuance of financial statements (financial statements), an understanding is needed to see more clearly the effectiveness and efficiency of the company during its activities. Financial analysis can be an art that is able to manage financial data into useful information to make the right and appropriate decisions (Horne & Wachowicz, 2009), that's why financial analysis is a consideration in looking at the condition of the company.

Liquidity Ratio

The Liquidity Ratio is calculated to determine the extent to which a company is able to meet its maturing obligations through the provision of funds. If the company is able to fulfill its obligations it is declared liquid, whereas in cases where the company is unable to fulfill its obligations it is said to be illiquid (Kasmir, 2018). Indicator of liquidity ratio used in this study is *Current Ratio*.

Profitability Ratio

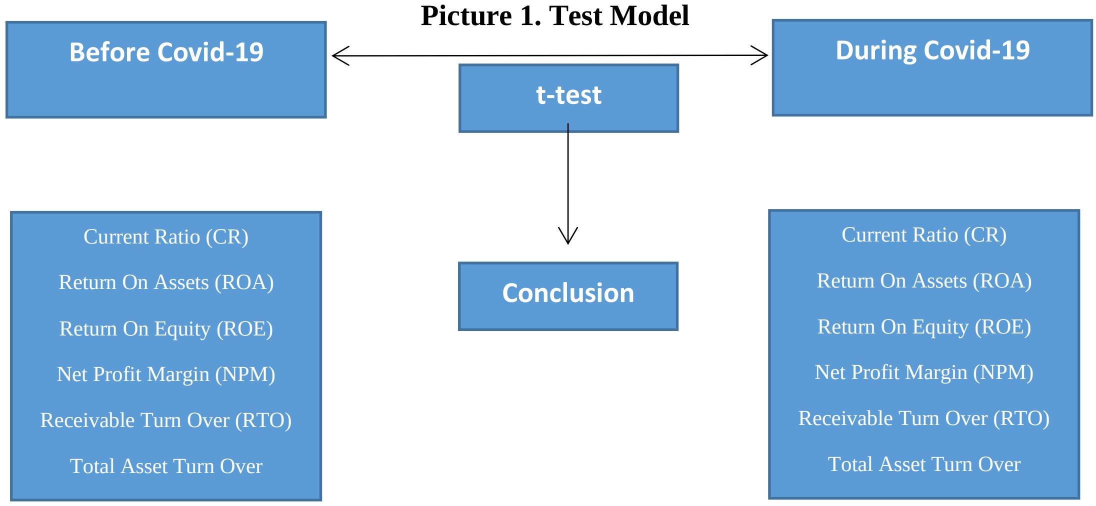
According to (Hery, 2016) Profitability Ratio is a company's ability to generate profit from managing its own resources. This ratio shows an indicator of how effective and efficient the use of company resources is in achieving profits. Return on Assets, Return on Equity and Net Profit Margin are used in this study to analyze company profitability.

Activity Ratio

The activity ratio is a calculation used to show the level of company activity associated with achieving sales or using assets in the company (Anwar, 2019). The effectiveness and intensity of the company's assets in generating sales is the goal of calculating this ratio. In looking at the company's activities in this study used *Receivable Turn Over dan Total Assets Turn Over.*

HYPOTHESIS

Picture 1. Test Model



The hypothesis in this study is as follows:

H1 : There are significant differences in the Financial Performance of calculating the Current Ratio between the period before and during the pandemic.

H2 : There are significant differences in the Financial Performance of the calculation of Return on Assets between the period before and during the pandemic.

H3 : There are significant differences in the Financial Performance of the calculation of Return on Equity between the period before and during the pandemic.

H4 : There are significant differences in the Financial Performance of the Net Profit Margin calculations between the periods before and during the pandemic.

H5 : There are significant differences in the Financial Performance of Receivable Turn Over calculations between the period before and during the pandemic.

H6 : There are significant differences in the Financial Performance of calculating Total Assets Turn Over between the periods before and during the pandemic.

METHOD

This study takes the type of research used is the event study. Meanwhile, according to the explanation is a comparative research with a quantitative approach. The population selected in this study are manufacturing companies in the automotive and component sectors in Indonesia. The research sample consisted of 10 companies selected using purposive sampling, with the criteria of companies that have reported their finances up to 2021. Data analysis used the SPSS version 26 application, the tests used were the Descriptive Statistical Test and the Difference Test (Wilcoxon Signed Rank Test).

Table 2. Formula

Indicators	Formula
Current Ratio (CR)	Current Assets / Current Liabilities
Return On Assets (ROA)	Net Income / Total Assets
Return On Equity (ROE)	Net Income / Shareholder Equity
Net Profit Margin (NPM)	Net Income / Revenue
Receivables Turnover (RT)	Net Credit Sales / Average Accounts Receivable
Total Asset Turnover	Net Sales / Average Total Assets

RESULT AND DISCUSSION

The following is a discussion of data using descriptive statistical tests of automotive and component sub-sector companies,

Table 3. Descriptive Analysis

Rasio		Minimum	Maximum	Mean	Std. Deviation
Current Ratio	Before	0.61	5.83	2.1800	1.56537
	After	0.66	6.17	2.3575	1.61318
***Return on Asset* (%)**	Before	-8.36	22.62	5.6760	8.66801
	After	-6.13	18.82	4.0190	6.41411
***Return on Equity* (%)**	Before	-21.71	29.46	5.9265	10.76789
	After	-15.78	25.01	5.7480	10.29511
***Net Profit Margin* (%)**	Before	-15.59	16.23	4.0070	7.10353
	After	-7.27	17.49	4.6480	7.39179
Receivable Turn Over	Before	2.02	16.60	6.1165	3.72171
	After	1.45	12.41	5.1340	2.76400
Total Assets Turn Over	Before	.43	1.82	.9610	.34382
	After	.33	1.27	.7960	.23327

The mean value of CR in the period before the pandemic was smaller than during the pandemic, where the mean before the pandemic was 2.1800 then the mean during the pandemic was 2.3575. This may indicate that the company's liquidity is in a healthy position.

The mean ROA before the pandemic was 5.6760, while during the pandemic the ROA was 4.0190. Then the mean ROE for the period before the pandemic was at a value of 5.9265, while the mean for the period during the pandemic was at 5.7480. The company's ROA and ROE show a decrease in the average value caused by a decrease in profit during the pandemic period. Whereas the NPM shows an increase in the average value where the mean period before the pandemic was 4.0070 with the NPM during the pandemic showing a value of 4.6380.

The RTO shows a mean of 6.1165 for the pre-pandemic period and a mean of 5.1340 for the period during the pandemic. Whereas in TATO it has a mean of 0.9610 before the pandemic with a mean of 0.7960 during the pandemic. These two ratios show that the company experienced a slowdown in activity when entering the year during the pandemic.

Then to find out whether the difference in financial performance is significant, the Wilcoxon signed rank different test is used with a critical limit of 5% (0.05). Below are the results of different tests for each ratio of automotive and component sub-sector companies between the period before and during the pandemic.

Tabel 4. Wilcoxon Signed Rank Test

No	Rasio	Z	Asymp. Sig	Result
	Current Ratio	-1.120	0.263	Not significant
	Return on Asset	-1.008	0.313	Not significant
	Return on Equity	-0.821	0.411	Not significant
	Net Profit Margin	-0.187	0.852	Not significant
	Receivable Turn Over	-2.763	0.006	Significant
	Total Assets Turn Over	-2.146	0.032	Significant

Based on the Wilcoxon signed rank test, liquidity in terms of the Current Ratio shows a significance of Asymp.Sig 0.263 > 0.05 which means there is no significant difference. While profitability with Return on assets Asymp.Sig 0.313 > 0.05 stated that there was no significant difference, Return on equity Asymp.Sig 0.411 > 0.05 showed no significant difference, and Net profit margin Asymp.Sig 0.852 > 0. 05 stated that the difference was not significant.

Meanwhile, the activity reviewed using Receivable turnover produces an Asymp.Sig of 0.006 <0.05 which means there is a significant difference, and Total asset turnover shows an Asymp.Sig of 0.032 <0.05 which means there is a significant difference.

Liquidity through an insignificant Current ratio indicates that the automotive sub-sector companies show insignificant differences that their liquidity is disrupted during the Covid-19 pandemic, and shows a recovery in value in 2021. This result is consistent with research (Ediningsih & Satmoko, 2021) which states that there is no significant differences in CR in the BEI pharmaceutical companies.

Profitability through insignificant Return on assets and Return on equity. It can be said that automotive and component sub-sector companies were able to return profits amidst the challenges of the pandemic. Meanwhile, the Net Profit Margin also did not show any significant difference between before and during the pandemic. This means that the company is able to reduce costs due to the challenges of the Covid-19 pandemic. Companies in the automotive and component sub-sectors are experiencing recovery entering 2021, thus from the economic recovery which has enabled companies to return to pre-pandemic conditions from those that previously experienced contraction in 2020. These results are in line with research (Ilahude et al., 2021) and (2021). Roosdiana, 2020) which stated that ROA, ROE and NPM did not experience significant differences.

Meanwhile, activities through Receivable Turn Over and Total Assets Turn Over show a significant difference between before and during the pandemic with the mean moving down. This was caused by the use of assets in the automotive and component sub-sector companies that were less than optimal due to activity restrictions and a decrease in product demand. These results are in accordance with research (Kustinah, 2021) which shows that there are significant differences in RTO and TATO.

CONCLUSION

Based on the results of the study, it was concluded that there was no significant difference in financial performance in terms of Current Ratio, Return on Assets, Return on Equity and Net Profit Margin in automotive and component sub-sector companies between the pre-pandemic period (2018-2019) and the period during the pandemic (2018-2019). 2020-2021). While in the activity ratio, namely Receivable Turn over and Total Asset Turn Over, there are significant differences in the automotive and component subsector companies between the pre-pandemic period (2018-2019) and the period during the pandemic (2020-2021).

From the explanation above, the researcher then gives the following suggestions for companies, companies should manage their assets more efficiently in order to increase sales. Slow asset turnover can affect the company's operational growth rate in the following years, for future research, you can add variables such as ratios that include shares and company performance in the market. As well as analyzing automotive and component sub-sector companies covering the post-pandemic year to find out the company's development.

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