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RESEARCH ARTICLE

Analysis of Financial Performance Before and During the Covid-19 Pandemic in Indonesia

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Abstract: This study aims to analyze whether or not there is a difference between financial performance before and during the covid-19 pandemic in Indonesian companies from 2019 to 2020. The financial ratios used are return on asset, current and debt to equity ratios. The population in this study are companies included in the go-public companies in the tourism, restaurant and hotel sub-sectors from 2019 to 2020. Sampling was carried out by the purposive sampling method. So we obtained 37 companies as a sample. The data analysis method used is the Wilcoxon signed rank test, previously carried out descriptive statistical tests and normality tests first. The data analysis showed significant differences between return on asset, current ratio, and debt to equity ratio before and during the covid-19 pandemic.

Keywords: Financial Performance, Return On Assets, Current Ratio, Debt to Equity Ratio.

1. Introduction

At the end of 2019, there was an outbreak of a new type of virus that spread rapidly to almost all corners of the world. This virus outbreak is officially named by World Health Organization (WHO) as Corona Virus Disease 2019 as covid-19. The spread of covid-19 is alarming and affects people's lives, even triggering a global economic crisis. Indonesia is no exception, as one of the countries affected by the covid-19 virus outbreak chose to implement a policy in the form of Large-Scale Social Restrictions (PSBB).

The existence of the covid-19 pandemic and government policies in the form of PSBB have caused the space for movement and mobility of the community to be very limited. The limited mobility has an effect on how well Indonesian businesses function, which influences economic instability, which is characterized by a reduction in output, consumption, and operations throughout all spheres and areas of life. One highly relevant example is the go-public firm in the hotel, restaurant, and tourist industries. Based on Yaumi et al. (2022), it was also said that the negative impact is experienced by companies in the field of finance/banks, land and air transportation, and tourist attractions. The company is expected to have a plan to overcome the impact of the covid-19 outbreak so that its financial performance can improve. This is because financial performance measurement can be used to show information on the effectiveness and efficiency of achieving a company (Rahmani, 2020).

According to Rudianto (2013:189), financial performance is the result or achievement that has been achieved by company management in carrying out its function of managing company assets effectively for a certain period. Analysis of a company's financial performance is one that management does to fulfill its obligations to company owners and to achieve



company goals (Ardimas & Wardoyo, 2014). As for the financial performance analysis in this study, we are using the profitability, liquidity, and solvency ratios.

The profitability ratio is a ratio that assesses management's overall performance and is determined by the magnitude of the company's profit level (Fahmi, 2015). Esomar and Christianty's research (2021) revealed that there were significant differences in the profitability ratio between the periods before and after Covid-19. Meanwhile, Jati and Jannah's research (2022) stated the opposite that there was no difference in the average value before and during the Covid-19 pandemic in the profitability variable. The liquidity ratio is a ratio that describes a company's ability to fulfill its short-term obligations on time (Fahmi, 2015). According to data from Rahma et al. (2022) revealed that there were significant differences between the period before and after the COVID-19 epidemic in terms of the liquidity ratio as measured by the current ratio and cash ratio. While research by Baune et al. (2022) shows that the liquidity ratio is measured using the current ratio, there was no significant difference between before and during the covid-19 pandemic. The solvency ratio is a ratio that measures how much a company is financed by debt (Fahmi, 2015). Adi and Daryanto's (2021) shows that there has been a decrease in the solvency ratio and overall financial health after the covid-19 pandemic. Meanwhile, research by Rahma et al. (2022) shows the opposite, which is based on the solvency ratio by measurement of debt to assets ratio and debt to equity, there was no significant difference before and after the covid-19 pandemic.

This study is an adaptation of several earlier, almost identical investigations. Inconsistent results are still present from these earlier investigations. Additionally, there are variations according to the time frame and research sample. Because these three industries: tourism, restaurants, and hotels have emerged as potential revenue generators in Indonesia in recent years, our study places a greater emphasis on them (Azka, 2020).

2. Literature Review

2.1. Signalling Theory

Signaling theory is a theory that can be used to determine the value of a company. This signal theory was first developed by Ross (1977). This theory is related to information asymmetry, which indicates the existence of information asymmetry between company management and parties with an interest in information. Therefore managers need to provide information to interested parties through the issuance of financial reports. This theory is also based on the idea that management will provide information to external parties when they get good information related to the company, such as increasing the value of the company. However, external parties do not trust this information because managers are interested parties. So that companies with high scores will carry out signaling on the company's financial policies so that they are not the same as companies with low scores.

Signaling theory is related to this research because the tourism, restaurant and hotel sectors suffered losses during the Covid-19 period which caused a decrease in tourists, layoffs, and lodging closures. It is necessary to ascertain the cause of the management's decision to layoffs and closure so that to know this decision, the management provides a signal, namely financial reports, so there is no information gap between management and external parties. The signals given by management are financial reports that will be used in this study as data to determine whether there are differences in financial performance before and during Covid-19.

3. Research Method and Materials

This study is a quantitative comparative analysis. The study's objective was to examine and explain any variations in performance across enterprises in Indonesia before and after the COVID-19 epidemic. The population in this study are companies that are included in the company go public the tourism, restaurant and hotel sub-sectors for the period 2019 to 2020. Sampling was carried out by the method purposive sampling. In order to obtain 37 companies that meet the criteria as a sample. The study was conducted in Indonesia between February



and March 2023 and used data in the form of financial reports from the website www.idx.co.id.

In this study, data analysis techniques were carried out by analyzing secondary data in the form of profitability, liquidity and solvency ratios obtained and calculated using the help of Microsoft excel. Then the company's financial ratios are processed using the software Statistical Product and Service Solutions (SPSS). The data analysis steps are descriptive statistical tests, normality tests, and hypothesis testing.

4. Results and Discussion

Table 1: Descriptive Statistical Test Results

	Descriptive Statistics							
	N Statistic	Range Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Error Std. Error	Std. Deviation Statistic	Variance Statistic
Return on Assets 2019	37	.7952	-.5414	.2538	-.007089	.0185929	.1130964	.013
Return on Assets 2020	37	.6852	-.6620	.0232	-.074930	.0197214	.1199606	.014
Current Ratio 2019	37	38.63	.50	39.13	3.2995	1.08852	6.62118	43.840
Current Ratio 2020	37	140.19	.06	140.25	6.1481	3.77139	22.94045	526.264
Debt to Equity Ratio 2019	37	2.66	.01	2.67	.7730	.11736	.71388	.510
Debt to Equity Ratio 2020	37	4.48	.00	4.48	1.0014	.17188	1.04549	1.093
Valid N (listwise)	37							

Based on Table 1, the ROA variable in 2019 has a minimum value of -0.5414, a maximum value of 0.2538, an average value of -0.007089, and a standard deviation of 0.1130964. Then in 2020, the ROA variable has a minimum value of -0.6620, a maximum value of 0.0232, an average value of -0.74930, and a standard deviation of 0.1199606. Furthermore, the CR variable in 2019 has a minimum value of 0.50, a maximum value of 39.13, an average value of 3.2995, and a standard deviation of 6.62118. Then in 2020 the CR variable has a minimum value of 0.06, a maximum value of 140.25, an average value of 6.1481, and a standard deviation of 22.94045. In addition, in 2019 the DER variable had a minimum value of 0.01, a maximum value of 2.67, an average value of 0.7730 and a standard deviation of 0.71388. Then in 2020 the DER variable has a minimum value of 0.00, a maximum value of 4.48, an average value of 1.0014, and a standard deviation of 1.04549.

Table 2: ROA, CR, DER Normality Test Results

	Tests of Normality							
	Statistic	Kolmogorov-Smirnov ^a			Shapiro-Wilk			Sig.
df		Sig.	Statistic	df	Sig.			
ROA (Before)	.235	37	.000	.701	37	.000		
ROA (During)	.251	37	.000	.614	37	.000		
CR (Before)	.373	37	.000	.376	37	.000		
CR (During)	.395	37	.000	.243	37	.000		
DER (Before)	.212	37	.000	.784	37	.000		
DER (During)	.217	37	.000	.819	37	.000		

a. Lilliefors Significance Correction

Based on the table 2, it is known that the normality test results on the ROA variable before and during the pandemic both have a significance value of 0.000 which means < 0.05 . So it can be concluded that the residual values are not normally distributed. So the different test that was carried out was the wilcoxon signed rank test. Furthermore, the normality test results on the CR variable before and during the pandemic both have a significance value of 0.000 which means < 0.05 . So it can be concluded that the residual values are not normally distributed. So the different test that was carried out was the wilcoxon signed rank test.

And then, the normality test results on the DER variable before and during the pandemic both have a significance value of 0.000 which means < 0.05 . So it can be concluded that the residual values are not normally distributed. So the different test that was carried out was the wilcoxon signed rank test.

Table 3: Results of the Wilcoxon Signed Rank Test ROA, CR, DER

		Ranks		
		N	Mean Rank	Sum of Ranks
Return on Assets 2020 - Return on Assets 2019	Negative Ranks	34	19.53	664.00
	Positive Ranks	3	13.00	39.00
	Ties	0		
	Total	37		
Current Ratio 2020 - Current Ratio 2019	Negative Ranks	28	17.68	495.00
	Positive Ranks	9	23.11	208.00
	Ties	0		
	Total	37		
Debt to Equity Ratio 2020 - Debt to Equity Ratio 2019	Negative Ranks	9	14.78	133.00
	Positive Ranks	27	19.74	533.00
	Ties	1		
	Total	37		

According to the table above, there are 34 data that indicate ROA in 2020 > 2019, three data that show ROA 2020 > 2019, and no data that show ROA 2020 = 2019. Furthermore, it is known that there are 28 data showing CR in 2020 < 2019, 9 data showing CR 2020 > 2019, and no data showing CR 2020 = 2019. And then, there are 9 data showing DER in 2020 < 2019, 27 data showing DER 2020 > 2019, and there is 1 data showing CR 2020 = 2019.

Table 4: ROA, CR, DER Mean Difference Test Results

		Test Statistics ^a
		Return on Assets 2020 - Return on Assets 2019
Z		-4.714 ^b
Asymp. Sig. (1-tailed)		.000
Z		-2.165 ^b
Asymp. Sig. (1-tailed)		.030
Z		-3.144 ^b
Asymp. Sig. (1-tailed)		.002

a. Wilcoxon Signed Ranks Test

b. Based on positive ranks.

Based on the table above, the Z value of ROA variable is -4.714 and Asymp. Sig. (1-tailed) of 0.000. Due to the significant value of 0.000, which means < 0.05, it can be concluded that there is a difference between the 2019 and 2020 ROA. This result indicates that H1 is accepted. Furthermore, the Z value of CR variable is -2.165 and Asymp. Sig. (1-tailed) of 0.030. Due to the significance value of 0.030 which means < 0.05, it can be concluded that there is a difference between the 2019 and 2020 CR. This result indicates that H2 is accepted. And then, the Z value of DER variable is -3.144 and Asymp. Sig. (1-tailed) of 0.002. Due to the significance value of 0.002 which means < 0.05, it can be concluded that there is a difference between the 2019 and 2020 DER. This result indicates that H3 is accepted.

5. Conclusion

Based on the explanation described above, it can be concluded that there are significant differences in the profitability ratios before and during the covid-19 pandemic as measured using return on asset. The covid-19 epidemic was revealed to have negatively impacted the company's growth. This shows that the tourist, restaurant, and hotel sub-sectors could not produce significant earnings during the pandemic when the firm go public. In addition, there are also significant differences in the liquidity ratios measured using the current ratio. It was shown that the company experienced positive growth during the covid-19 pandemic. This indicates that the company go public the tourism, restaurant and hotel sub-sectors can properly manage and use their assets to cover the company's current liabilities. And there are significant differences in the solvency ratios measured using debt to equity ratio. It was shown that the company experienced positive growth during the covid-19 pandemic. This indicates that the company go public the tourism, restaurant and hotel sub-sectors are said to need to be improved in terms of company financing and have a risk of default on their debts.

This study only uses three variables to measure the financial performance of a company, namely by using return on asset (ROA), current ratio (CR), and debt to equity ratio (DER). Then this study only observes the company's performance go public in the tourism, restaurant and hotel sub-sectors only. Therefore, further research is expected to add variables and extend the research period, and not only focus on the tourism, restaurant and hotel sub-sectors. This is intended to obtain research results with a higher level of generalization than this research.

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