

COMPARATIVE ANALYSIS OF FINANCIAL RATIO BEFORE AND DURING THE COVID-19 PANDEMIC IN RETAIL TRADE COMPANIES IN INDONESIA BEFORE AND DURING THE COVID-19 PANDEMIC

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Abstract:

This study aims to determine the financial performance of retail trading companies listed on the Indonesia Stock Exchange before and during the first year of the COVID-19 pandemic in 2020 until early 2021. The financial ratios used are the current, debt-to-asset, and debt-to-equity ratios. Total assets turnover and return on equity. The population in this study are companies listed on the Indonesia Stock Exchange. Sampling was done by purposive sampling method. The population is 26 retail trading companies listed on the Indonesia Stock Exchange in 2020. A sample of 24 companies that have published their financial statements for 2020. The data analysis method used is the paired sample t-test, and the Wilcoxon signed rank test, which previously tested normality. The analysis results show that the company's profitability during the COVID-19 pandemic, when viewed from ROA, ROE and PM, can be said to be unhealthy because the company's average profitability is below the industry standard ratio value. Meanwhile, the company's liquidity during the COVID-19 pandemic can also be considered unhealthy when viewed from the CR, DER, and DAR. It can be seen from the average ratio value, which is far from the industry standard.

Keywords: Indonesia Stock Exchange, COVID-19 pandemic, Wilcoxon signed rank test



INTRODUCTION

One of the successes of a company can be seen from its financial performance, which shows a good condition. When the company earns profits from its business activities, profits become one of the benchmarks for its financial performance. Whether a company's financial performance is good or not can be done by analyzing the financial reports that the company has prepared. The results of the financial report analysis can be used to compare the company's condition with the previous period, whether the company experienced an increase or decrease. It greatly influences the decisions the company will make in the future. Financial reports can carry out various data processing such as comparison, evaluation, and trend analysis. As stated by Kasmir (2017), one way to analyze financial reports is to analyze the financial ratios. Financial ratio analysis is intended to obtain an overview of a company's good and bad financial condition when the analysis is carried out. Based on the results of this analysis, management will obtain information about the company's strengths and weaknesses.

Fahmi (2012) states that financial performance is "an analysis carried out to see the extent to which a company has implemented financial implementation rules properly and correctly." Financial performance analysis needs to be carried out to assess the level of efficiency and productivity of a company.

Financial report analysis can be done using financial ratios. The financial ratios consist of liquidity, solvency, activity, and profitability ratios. According to Hansen & Mowen (quoted by Aldila, 2019), The liquidity ratio describes the company's ability to fulfill short-term obligations. The solvency/leverage ratio measures the extent to which a company's assets are financed with debt,

meaning the amount of debt the company uses to finance its business activities compared to using its capital. The activity ratio measures the efficiency level in utilizing company resources (sales, inventory, collection of receivables). The activity ratio is a ratio to assess a company's ability to seek profits or profits in a certain period.

This research aims to determine the financial performance of retail trading companies listed on the Indonesia Stock Exchange during the first year of the COVID-19 pandemic in 2020. Financial performance will be seen based on profitability and liquidity ratios based on industry-standard ratios. The profitability ratio will show how much the company can return on its investment during the COVID-19 pandemic. Meanwhile, the liquidity ratio will provide an overview of the company's capability to continue to finance its activities through its capital and not through outside parties.

A company's revenue and net profit decrease affect financial ratios, such as the debt-to-equity ratio, total assets turnover and return on equity. Regarding the debt-to-equity ratio, if the profit earned is small, equity is also low because the profit brought to the retained earnings account in equity is small. It causes the ratio produced by the company to be high. A high ratio will reduce investor interest in the company. On the side of total assets turnover and return on equity, if the income and profits obtained are small, it causes the ratio produced by the company to be low. A low ratio will reduce investor interest in the company.

Literature Review. According to Van Home & John (quoted by Febriani, 2019), Financial Ratios are indexes that connect two accounting numbers and are obtained by dividing one number by another. This division can be made between one post and another in the financial statements. Financial ratios have four types of ratios, namely:

1. Liquidity Ratio. "Liquidity ratio of ten, also called working capital, is a ratio used to measure how liquid a company is" (Kasmir, 2017). It can be concluded that the liquidity ratio is used as a tool to measure the company's ability to pay off its short-term obligations, which are due soon. A company can be said to be liquid or not, one of which is seen from this liquidity ratio. If the company can pay off short-term liabilities that are due soon, then it can be said that it is liquid. On the other hand, if a company cannot pay off short-term liabilities when they fall due, it can be said that it is illiquid. This ratio is calculated by dividing current assets by short-term liabilities.

There are three types of liquidity ratios, namely the current ratio, quick ratio and cash ratio. In this research, the type of liquidity ratio used is the current ratio. The current ratio is a ratio that functions as a benchmark for a company's ability to pay off its short-term liabilities that are due soon using the total existing current assets. Based on this current ratio, the smaller the current ratio a company produces, the less current it has to pay off its current liabilities due soon. Vice versa, the greater the current ratio a company produces, it cannot be said that it is in good condition. A company's high current ratio can occur due to ineffective inventory and cash management. Therefore, a standard ratio is needed to say whether liquidity is good. The following is the formula for calculating the current ratio:

$$\text{Current Ratio} = \frac{\text{Current asset}}{\text{Current Liabilities}}$$

2. Solvency Ratio. "The solvency or leverage ratio is used to measure the extent to which a company's assets are financed with debt" (Kasmir, 2017). This ratio measures the company's ability to fulfill its long-term obligations. The solvency ratio is a ratio that determines a company's ability to pay its obligations if the company is liquidated. A non-stable company has a total debt more significant than its total assets. This ratio also concerns the company's financial structure, which is how it funds its activities. A company with a high solvency ratio also has high liabilities, which

impacts the emergence of financial risks. This financial risk arises from the company's burden of paying large amounts of interest. Even so, the company has the opportunity to earn high profits. The company uses funds from loan proceeds effectively and efficiently by purchasing productive assets or for company development. Likewise, vice versa, a company that has a low solvency ratio results in a low opportunity to get high profits.

According to Warsono (2003), "Leverage is any use of assets and funds that carries the consequences of fixed costs and expenses." This fixed burden can be in the form of loan interest if the company uses external sources of financing (foreign capital). In contrast, if the company uses machines, it will bear a fixed burden in the form of depreciation costs for the machines (depreciation). If a company rents a fixed asset to another party, the consequence is that it has to pay fixed costs in the form of rental fees. According to Warsono (2003), companies using leverage aim to increase returns for ordinary shareholders (company owners).

The solvency ratios used in this research are the debt-to-asset and debt-to-equity ratios.

Debt to Asset Ratio.

$$Debt\ to\ Asset\ Ratio = \frac{Total\ Liabilitas}{Total\ Assets}$$

The debt to assets ratio is a ratio to measure the size of the company's assets, which are financed by liabilities, or how much the company's liabilities influence asset financing. This ratio is measured by comparing total liabilities with total company assets. The results of this comparison provide information regarding the funds originating from loans used to purchase assets. The result of a small debt-to-asset ratio means that little or most of the company's assets are financed by liabilities or that the company's assets are financed by equity. Suppose the results of this ratio are high. In that case, it will affect the company's ability to obtain additional loans from creditors because it is feared that it will not be able to pay off its liabilities with little asset ownership.

Debt to Equity Ratio.

$$Debt\ to\ Equity\ Ratio = \frac{Total\ Liabilitas}{Total\ Equity}$$

The debt-to-equity ratio is a ratio that can be used to calculate how large the share of liabilities is to equity. This ratio is measured by comparing total liabilities with total equity. This ratio shows the amount of funds creditors provide and the amount from the company owner himself. This ratio is helpful in also knowing the size of each rupiah of equity used as collateral for liabilities.

3. Profitability Ratio. The profitability ratio is a ratio to assess a company's ability to make a profit" (Kasmir, 2017). Profitability ratios are also known as profitability ratios. This ratio determines the company's ability to generate profits from the resources the company already owns. Through this ratio, management's performance in running the company will be known to generate profits. Management that can produce maximum profits will show good performance. Profitability ratios can be measured by comparing the components of the profit/loss report or financial position report. This ratio can be calculated for several accounting periods. It aims to find out whether there has been an increase or decrease in this profitability ratio. In addition, measuring profitability ratios for several accounting periods can be a reference for management to set practical and efficient strategies for future company improvement. The type of profitability ratio used for this research is the return on equity.

Return on equity is a ratio used to measure the amount of equity contributing to net profit. Return on equity measures the net profit generated from each rupiah of funds invested in equity. This ratio can be measured by dividing net profit by total equity. If the return on equity shows low results, then the net profit generated from each rupiah of funds invested in equity is also low. Likewise, if the return on equity shows high results, the net profit generated from each rupiah of funds invested in equity will also be high. The following is a formula for calculating the return on equity:

$$\text{Return on Equity} = \frac{\text{Net profit}}{\text{Total Equitas}} \times 100\%$$

METHODS

This research uses a quantitative descriptive analysis method with profitability and liquidity financial performance formulas as measuring tools. The data required in this research is as follows:

1. Annual financial report data of retail trading companies listed on the Indonesia Stock Exchange during 2020.
2. Data on financial position reports and profit and loss reports for retail trading companies listed on the Indonesia Stock Exchange during 2020.
3. The data analysis technique will be used to analyze financial ratios of profitability and liquidity.

RESULT AND DISCUSSION

Results of analysis of the financial performance of retail trading companies listed on the Indonesia Stock Exchange in 2020.

Table 1. Financial Performance of Retail Trading Companies Listed on the Indonesian Stock Exchange in 2019, 2020, 2021

No	Name Company	ROA			PM			CR			DER			DAR		
		2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
1	ACES	0.17	0.12	0.12	0.12	0.11	0.13	8.08	5.96	7.19	0.12	0.30	0.30	0.10	0.28	0.23
2	AMRT	0.04	0.06	0.07	0.01	0.02	0.02	1.12	0.88	0.87	2.49	2.06	2.06	0.71	0.71	0.67
3	CSAP	0.01	0.01	0.03	0.00	0.01	0.02	1.14	1.09	1.09	2.34	1.10	1.10	0.70	0.27	0.27
4	DAYA	0.02	-0.07	-0.07	0.02	-0.05	-0.05	0.78	0.68	0.67	3.31	8.58	8.58	0.77	0.83	0.90
5	DIVA	0.09	0.06	0.54	0.03	0.02	0.26	4.14	3.96	11.53	0.32	0.10	0.10	0.24	0.24	0.09
6	DNET	0.03	0.03	0.05	1.59	0.95	1.11	53.88	7.94	4.71	0.62	0.67	0.67	0.38	0.41	0.38
7	ECII	0.00	-0.04	0.08	0.00	-0.04	0.08	2.08	2.24	2.59	0.34	0.38	0.38	0.25	0.23	0.28
8	ERAA	0.03	0.06	0.10	0.01	0.02	0.03	1.50	1.47	1.55	0.96	0.76	0.76	0.49	0.49	0.43
9	GLOB	-4.79	-4.77	-4.36	-0.17	-1.65	-1.27	0.02	0.02	0.02	-1.01	-1.02	-1.02	90.99	75.94	64.63
10	HERO	0.00	-0.25	-0.16	0.00	-0.34	-0.28	1.19	0.68	0.77	0.56	6.18	6.18	0.36	0.62	0.86
11	KIOS	-0.02	-0.22	0.04	0.00	-0.04	0.01	1.49	13.84	3.53	1.63	0.29	0.29	0.62	0.74	0.22
12	KOIN	-0.03	0.06	-0.03	-0.01	0.03	-0.01	1.07	1.15	0.99	6.58	9.85	9.85	0.87	0.81	0.91
13	LPPF	0.29	-0.13	0.15	0.14	-0.17	0.16	1.06	0.56	0.73	1.77	4.82	4.82	0.64	0.91	0.83
14	MAPA	0.17	0.00	0.04	0.09	0.00	0.04	3.62	1.92	2.15	0.35	0.65	0.65	0.26	0.44	0.39
15	MAPI	0.08	-0.04	0.03	0.05	-0.04	0.03	1.44	1.11	1.23	0.89	1.37	1.37	0.47	0.63	0.58
16	MCAS	0.08	0.04	0.07	0.02	0.01	0.01	4.26	3.44	2.94	0.30	0.41	0.41	0.23	0.27	0.29
17	MIDI	0.04	0.04	0.04	0.02	0.02	0.02	0.78	0.65	0.69	3.09	2.92	2.92	0.76	0.76	0.75



18	MKNT	-0.22	-0.13	-0.06	-0.04	-0.02	-0.01	4.13	3.70	2.89	5.60	21.74	21.74	0.85	0.91	0.96
19	MPPA	-0.16	-0.08	-0.07	-0.07	-0.05	-0.05	0.73	0.56	0.84	6.20	6.96	6.96	0.86	0.96	0.87
20	NFCX	0.04	0.04	0.18	0.01	0.01	0.04	4.45	3.31	3.26	0.27	0.39	0.39	0.21	0.29	0.28
21	RANC	0.05	0.06	0.01	0.02	0.03	0.00	1.69	1.27	0.97	0.74	1.98	1.98	0.42	0.59	0.66
22	SONA	0.06	-0.15	-0.08	0.04	-0.53	-0.82	4.29	7.49	12.05	0.33	0.14	0.14	0.25	0.18	0.12
23	TELE	-1.86	-7.69	-0.47	-0.19	-0.59	-0.06	0.31	0.05	0.23	-2.80	-1.05	-1.05	1.56	13.74	19.83
24	TRIO	-0.84	-2.45	-1.56	-0.12	-0.55	-0.32	0.11	0.07	0.05	-1.04	-1.02	-1.02	28.12	36.70	43.47

Source: Data Processed

Table 1 presents the results of an analysis of the financial performance of retail trading companies listed on the Indonesia Stock Exchange in 2019 - 2020 and 2021. The table shows that most companies are in an unhealthy financial condition compared to the standard industry ratios set by Kasmir (2017). It is mainly due to the company's net profit, some of which are in a loss position (RoA). The company's debt also appears to be quite large when compared to the company's capital (DER and DAR).

1. Return on Asset (ROA). Return on Assets (ROA) is a ratio that shows a company's ability to generate profits or returns on investment in its assets. The industry standard ratio for ROA is 30%. The table shows that only some retail trading companies in Indonesia have succeeded in reaching or exceeding these standards. Based on the analysis results, PT Globe Kita Terang Tbk (GLOB) has the lowest ROA results in 2019, 2020 and 2021. GLOB recorded a ROA of -479% in 2019, to -479% in 2020 and in 2021, it was - 436%. The GLOB company's ROA achievement is far below the industry standard ratio of 30%. HERO (Hero Supermarket Tbk), KIOS (Indonesian Commercial Kiosk Tbk), KOIN (Kokoh Inti Arebama Tbk), MKNT (Mitra Communications Nusantara Tbk), MPPA (Matahari Putra Prima Tbk), SONA (Matahari Putra Prima Tbk), TELE (Omni Innovation Indonesia Tbk) and TRIO (Trikonsel Oke Tbk) noted that their ROA development in three consecutive years was minus. Thus, it can be said that the Covid-19 pandemic has significantly impacted the profitability performance of retail trading companies in Indonesia.

2. Profit Margin (PM). Based on the analysis results in Table 1, it can be seen that the Profit Margin (PM) of retail trading companies listed on the Indonesia Stock Exchange during 2019, 2020 and 2021 was below the industry standard ratio. The only company that achieved PM above 30% and had the highest PM from 2019 to 2021 was PT Indoritel Makmur International Tbk (DNET). PM DNET could be above 100% in 2019 and 2021, far above the industry standard ratio of 30%. It happens because there is no cost of goods sold charged to the company's income. PT Indoritel Makmur International Tbk has a service development business board. Thus, the basis for PM calculations is net profit and is within the company's main income. Meanwhile, the lowest PMs in 2020 and 2021 occurred at PT Globe Kita Terang Tbk (GLOB), with PMs of -166% and -126%. Compared to the industry standard ratio of 30%. It is because, in 2020, the company experienced a loss of Rp. 50,590,661,957,-. The impact of COVID-19 during 2020 was felt for PT Globe Kita Terang Tbk.

3. Current Ratio (CR). Current Ratio (CR) is a liquidity ratio that shows a company's ability to meet its short-term obligations. Based on Table 1, the highest CR during the COVID-19 pandemic 2020 occurred at PT Kioson Dagang Indonesia Tbk (KIOS) at 1384%, far above the industry standard CR ratio of 200%. However, in the following year, 2021, this figure dropped to 353%. It happens because there is a considerable amount of current inventory above the current debt of PT Kioson Dagang Indonesia Tbk in 2020. Table 1 shows that more than 50% of the retail trading companies listed on the IDX have a CR, which is still quite good because it is above the industry average of

200%. Meanwhile, the lowest CR occurred at PT Globe Kita Terang Tbk (GLOB), with an average CR of 2% from 2019 to 2021. Several other companies such as DAYA (PT Duta Intidaya Tbk), MIDI (Midi Utama Indonesia Tbk), MPPA (Matahari Putra Prima Tbk), TELE (Omni Innovation Indonesia Tbk) and TRIO (Trikonsel Oke Tbk), show that their CR is far from satisfactory. This figure is generally caused by the number of current assets, which is far below the number of current liabilities, which originates mainly from short-term accrued expenses. In 2020, GLOB's short-term accrued expenses were IDR 105,241,450,879,- while current assets were only around IDR 8 billion.

4. Debt to Equity Ratio (DER). Debt to Equity Ratio (DER) is a liquidity ratio describing the debt to equity proportion. From Table 1, it can be seen that the majority of companies have a DER below 80%, which is the industry standard ratio. It shows that during the COVID-19 pandemic, most companies financed their activities from outside parties and not from their capital. The highest DER is at MKNT at 2174%. It is caused by the company's total debt being higher than its capital. Some companies need to be at least zero regarding their ability to meet long-term obligations. It is caused by the amount of equity needing to be sufficient to cover the total debt from the company, especially those originating from long-term debt. TRIO and TELE's total equity became less than zero due to the company's accumulated losses at the end of 2020. During the first year of the COVID-19 pandemic, the company tried to survive by relying on financing rather than on the results of the company's performance.

5. Debt to Asset Ratio (DAR). Debt to Asset Ratio (DAR) measures how much of a company's assets are financed by creditors. The industry standard ratio is 35%. The analysis results in Table 1 show that almost all retail trading companies finance most of their assets from creditors. Even PT Globe Kita Terang Tbk (GLOB) has a DER above 7000%. Because the company has accumulated losses at the end of 2020, which makes equity less than zero, the company's activities are carried out with external financing.

CONCLUSION

Based on the results of the analysis carried out on retail trading companies listed on the Indonesia Stock Exchange during 2019, 2020 and 2021, it can be concluded as follows:

1. The Company's profitability during the Covid-19 pandemic, if viewed from ROA, ROE and PM, can be unhealthy because the average company profitability is below the industry standard ratio value. These unhealthy company conditions could be caused by the COVID-19 pandemic, where most companies experienced business losses.
2. The Company's liquidity during the Covid-19 pandemic, if viewed from CR, DER and DAR, can be considered unhealthy. It can be seen from the ratio value, which, on average, is far from the industry standard ratio value.
3. It is necessary to investigate the extent to which the company's poor financial performance results from the Covid-19 pandemic.

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