COMPARATIVE ANALYSIS OF PROFITABILITY BETWEEN BEFORE AND DURING PANDEMIC COVID-19 IN THE COMPANY SECTOR FOOD AND BEVERAGES ARE LISTED IN INDONESIA STOCK EXCHANGE

Radju Giovani
Rais Hilmi Aminuddin
Muhammad Alfaridzky
Fernanda Lovita Putri
Leona Aquilera
Bunga Indah Bayunitri

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Radju Giovani, Widyatama University, Bandung, Indonesia.
Email: radju.giovani@widyatama.ac.id

Rais Hilmi Aminuddin, Widyatama University, Bandung, Indonesia.
Email: rais.hilmi@widyatama.ac.id

Muhammad Alfaridzky, Widyatama University, Bandung, Indonesia
Email: muhammad.alfaridzky@widyatama.ac.id

Fernanda Lovita Putri, Widyatama University, Bandung, Indonesia.
Email: lovita.putri@widyatama.ac.id

Leona Aquilera, Widyatama University, Bandung, Indonesia.
Email: leona.aquilera@widyatama.ac.id

Bunga Indah Bayunitri, Widyatama University, Bandung, Indonesia.
Email: Bunga.indah@widyatama.ac.id

ABSTRACT

This study aims to comparative analysis of profitability between before and during pandemic covid-19 in the company sector food and beverages are listed in Indonesia Stock Exchange. The financial ratios used in this study are Net Profit Margin, Return on Assets and Return on Equity. The population in this study are public companies listed on the Indonesia Stock Exchange for the period of Quarter 1 of 2019 to Quarter 3 of 2020. Sampling was carried out by purposive sampling method so that 13 companies were obtained as samples. The data analysis method used in this study uses quantitative descriptive analysis testing by describing or describing the data that has been collected. The results of data analysis show that there is a significant comparison to several ratios, *the net profit margin decreased by -25%, the return on assets decreased by -10.8%, and the return on equity increased by 31.95%. These results were obtained before and during the COVID-19 pandemic from each company.*

Keywords: Net Profit Margin, Return on Assets, Return on Equity

Introduction

In general, every company established aims to get the maximum profit. The success of a company can be seen from the financial performance that shows good conditions. This can be seen when the company earns a profit from the company's business activities so that profit becomes one of the benchmarks for the company's financial performance. Whether or not the company's financial performance can be done by analyzing the financial statements that have been made by the company[1-4]

However, not all companies can maintain their performance well. This was directly acknowledged by the Ministry of Finance of the Republic of Indonesia that the Covid-19 pandemic had a tremendous impact on the economy. Last year the whole world faced an economic downturn and caused a very deep contraction as almost all countries imposed strict mobility restrictions. Even many countries have implemented lockdowns which have consequences for the economy which immediately slumped very sharply [5]

In 2020, the Central Statistics Agency researched on the business sectors most affected by the Covid-19 pandemic with the results of a survey of 82.85% of companies affected by the Covid-19 coronavirus pandemic. Based on the sector, accommodation and eating/drinking businesses experienced the most decline in income, which was 92.47%. Other services became the sector that experienced the second largest decline in income, namely 90.90%. This position is followed by the sectors transportation and warehousing, construction, processing and trade [6-9]

This decrease was caused by unstable sales profit so that ROA has a significant effect on profit. This is agreed bythrough his research that the rise and fall of ROA are caused by unstable profits on sales, then followed by a decrease in total asset turnover. This decrease indicates that the company is increasingly ineffective in managing assets to generate profits. In addition, [1, 10] states that the company's ROE value can be increased by increasing total equity and net income, which is also supported by [11-14] This profitability ratio or profitability ratio can be used as a tool to measure the level of performance effectiveness. management. Good performance will be shown through the success of management in generating maximum profit for the company. Therefore, effective and efficient management of all equity is needed by using profitability analysis so that the resulting profit will be greater. Profitability analysis is to measures the company's ability to generate profits by using the assets and capital of the company. Predicting how much profit a company earns in a period can be measured using a profitability ratio [15] Meanwhile, to increase net income, one of them can be sought by increasing sales.

Literature Review

Profitability or profit is a reward for the company's efforts to produce goods and services. This means that profit is an excess of income over costs over the total costs attached to production activities and delivery of goods or services [16] Profit ratios or profitability ratios are ratios used to measure the efficiency of the use of company assets or the ability of a company to generate profits during a certain period (usually semiannual, quarterly and others) to see the company's ability to operate efficiently. [17]

Profitability ratios that are commonly used as indicators to analyze profitability are: 1) Net Profit Margin (NPM), NPM is a measurement of the percentage of each remaining sale’s proceeds which has been deducted by all costs and expenses which includes interest as well as taxes. This ratio calculates the net profit earned after being subject to sales tax. The higher the net profit margin percentage, the better the company's operational activities. 2) Return on Total Assets (ROA), this ratio shows the productivity of all company funds, both loan capital and own capital. The smaller (lower) this ratio, the less good, and vice versa. This ratio is used to measure the effectiveness of the company's overall operations. 3) Return on Equity (ROE), ROE is the ratio of net profit after tax compared to total equity where this total equity comes from income (income) for the owners of the company. This ratio shows the company's ability to manage its capital or is called net worth, which is effective and measures the level of profit from investments made by the owner of the capital or the company's shareholders [5, 18-21] ROE describes the profitability of capital or what is also referred to as business profitability.

Using the profitability ratio is one way to find out the comparison of the financial statements of a company before and during the Covid-19 pandemic. Profitability ratios can show that the income or profit earned from a company is the result of the activities it does. The greater the percentage of this profitability ratio, the better the company's performance before and during the Covid-19 pandemic.

Research Method

The research method used in this research is the descriptive quantitative method. Quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to examine certain populations or samples, data collection using research instruments, data analysis is quantitative/statistical, with the aim of testing established hypotheses[6]Based on this theory, quantitative descriptive research is data obtained from a sample of the research population which was analyzed according to the statistical method used. The source of data used in this study is secondary data obtained from financial reports published and published by the Indonesia Stock Exchange through the page www.idx.co.id. This research was conducted on companies in the food and beverages sector from the 1st quarter of 2019 to the 3rd quarter of 2020 which are listed on the Indonesia Stock Exchange. The sample selected in this study were 13 companies from 27 companies in the food and beverages listed on the Indonesia Stock Exchange for the period 1st quarter of 2019 to 3rd quarter of 2020.

The data collection technique in this study used the documentation study method, this method is a technique of collecting data. data by studying documents to obtain data or information related to the problem under study. The documentation used in this study is the financial statements that have been audited and published on the sector companies food and beverages listed on the IDX in the 1st Quarter of 2019 – 3rd Quarter of 2020.

Result and Discussion

Based on the results of the research above, it can be seen that the comparative analysis of profitability in the sector companies Food & Beverages before and during the Covid-19 Pandemic, especially for AISA and FOOD companies, seen through which ratio is the smallest seen in the ratio Net Profit Margin in Quarter 1 of 2020 to Quarter 3 of 2020 where the value or percentage number listed there has decreased which is very significant and continues to decrease for each Quarter. This happened to the two companies, namely AISA and FOOD, in Quarter 1 of 2020 until Quarter 3 of 2020 is a period where the Covid-19 pandemic is taking place in Indonesia and the beginning of the entry of the Covid-19 pandemic into Indonesia. Net Profit Margin is a profitability ratio where this ratio is to find out how the company can declare profits through its business operations as net income or sales, and from both companies experiencing a decrease in business operations in declaring profits from revenues or net sales. The possibility of a decline in business operations is due to obstacles during the Covid-19 pandemic, making it difficult to market products to make sales. As for which ratio the largest of these two companies in each Quarter is the ratio Return on Equity, seen in Quarter 3 of 2019 before the pandemic period and in Quarter 1 of 2020 early in Covid-19 where the value or percentage figure of Return on Equity reached dozens of percent and no one gets a minus point. As seen in AISA companies in Quarter 3 of 2019, the percentage of Return on Equity is 4% and in Quarter 1 2020 AISA the percentage of Return on Equity is 5.7%. And for FOOD companies in the 3rd Quarter of 2019 the percentage Return on Equity rate is 9% and in the 1st Quarter 2020 FOOD, the percentage Return on Equity is 13%.

This indicates that a company can generate net income by using its capital and generate net income available to owners or investors. It does not become an obstacle for the two companies to generate net income using their capital, especially for FOOD companies that get a fairly large percentage of Return on Equity at 13%. Although in the end in the 2nd - 3rd Quarter of 2020 the percentage of Return on Equity decreased along with the Covid-19 pandemic that occurred in Indonesia.

It is also possible to see from the data analysis that has been carried out that, of these 2 companies that experienced the sharpest decline, they were in the 3rd Quarter of 2019 towards the 1st Quarter of 2020, because that Quarter was right when the pandemic began to plague Indonesia and had an impact on various companies. especially companies in the sector Food & Beverages. This impact can cause a lot of losses to the company, one example is the AISA and FOOD companies which suffered losses in profits. There are even some companies that went bankrupt or went out of business during the pandemic. Another impact is that state revenues have decreased as the Covid-19 pandemic has progressed in Indonesia so that previously the Indonesian state had experienced an economic downturn or recession at that time.

Conclusion

This study aims to comparative analysis of profitability between before and during pandemic covid-19 in the company sector food and beverages are listed in Indonesia Stock Exchange. Based on the results of the research the conclusion are net profit margin decreased by -25%, the return on assets decreased by -10.8%, and the return on equity increased by 31.95%.

Recommendation

From the conclusions in this study, the results of each profitability ratio used on average during the Covid-19 pandemic have decreased, some have decreased to minus and some have even experienced stability in their values. The steps in the form of suggestions for companies in the sector food and beverages to avoid a slump during the pandemic are as follows:

a) Maximizing the use of capital, investment, and sales to generate profits, so that from these activities can increase NPM, ROA, and ROE significantly during the Covid-19 pandemic.

b) Asset management and capital management used by each company are used as efficiently as possible during this pandemic, reducing unnecessary operational costs because during this pandemic there may be some things that are not really needed, because of minimal demand.

c) Regulate and re-manage the production system carried out by the company, which distinguishes the production system before the pandemic period and during the pandemic, where there may be raw materials that do not need to be used entirely

d) Utilize assets or capital owned as efficiently as possible so that it can generate profits net based on revenue and sales. Take advantage of it by making new innovations related to what food and drinks are needed by society today.

e) Utilizing online marketing which does not require too much cost in its implementation, and is simpler than usual marketing. This can help marketing faster and increase revenue which is quite high.

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