

Comparative Analysis of Company Financial Performance Between Sub Sectors in The Consumer Goods Industry in Indonesia Before and During The Covid-19 Pandemic



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ABSTRACT: During the Covid-19 pandemic, some sectors are predicted to grow while many other sectors slump. This study aims to prove the difference in financial performance between companies in the Food and Beverages, Tobacco Manufacturers, Pharmaceuticals, Cosmetics and Household, and Houseware Sub-Sectors during the Covid-19 pandemic. Measurement of financial performance using the ratio of Return on Assets (ROA) and Return on Equity (ROE). The sample was determined purposively and 44 companies were selected as samples. Methods of data collection using documentation techniques. The research data was obtained from the company's financial statements, annual reports, summary of IDX listed companies, and the IDX Facts Book. Data obtained from the Indonesia Stock Exchange. The data analysis technique used Multivariate Analysis of Variance (MANOVA). Based on the results of data analysis, it can be concluded that the financial performance of the Cosmetics and household, Food and Beverages, and Tobacco Manufacturers sub-sector companies decreased during the Covid-19 Pandemic. The Houseware and Pharmaceuticals sub-sector achieved a significant increase during the Covid-19 Pandemic. There is a significant difference between the financial performance of the Cosmetics and household, Food and Beverages, Houseware, Pharmaceuticals, and Tobacco Manufacturers sub-sector companies listed on IDX before and during the Covid-19 Pandemic.

KEYWORDS: Financial Performance, Return on Assets, Return on Equity

I. INTRODUCTION

The COVID-19 pandemic has had a huge impact on the global business world. Companies from small to large scale must fight hard to survive in the midst of declining public consumption. This has an impact on a significant decrease in the company's revenue. Countries in the world are experiencing very strong economic pressures that can push them into a recession (Wuryandani, 2020).

The Indonesian government announced the first case of Covid-19 on March 2, 2020. Furthermore, the number of COVID-19 cases continued to increase until it reached 1,233,959 positive cases as of February 17, 2021. This figure places Indonesia as the country with the highest number of positive Covid-19 cases in Southeast Asia (Nurdiana, 2021).

The Covid-19 pandemic has had an impact on many aspects in Indonesia, especially the national economy. Economic growth even reached a minus figure, namely -3.49% in the period from July to September 2020. Anticipating a worse impact, the Indonesian government took various policies to help the Indonesian people through these difficult times.

Companies both small and large scale are struggling hard to survive in an era full of uncertainty as a result of the Covid-19 Pandemic. This situation causes a decrease in people's purchasing power and consumption. The consumer goods industry sector is one of the sectors affected by the Covid-19 pandemic. This sector consists of several sub-sectors, namely Cosmetics and household, Food and Beverages, Houseware, Pharmaceuticals, Tobacco Manufacturers, and Others.

This condition proves that the company's environment has a huge impact on the survival of the company. The corporate environment is defined as all external factors that influence the company both in terms of its organization and the activities carried out by the company. When the crisis hits, generally the company's financial performance will decline. Company performance is a display of the overall state of the company during a certain period of time, is a result or achievement that is influenced by the company's operational activities in utilizing its resources. A good corporate environment will encourage the company's performance in a good direction as well. Conversely, a bad corporate environment will also have a negative impact on the company (Kusmayadi, 2008; Wheelen & Hunger, 2012).

Comparative Analysis of Company Financial Performance Between Sub Sectors in The Consumer Goods Industry in Indonesia Before and During The Covid-19 Pandemic

Since the Covid-19 Pandemic hit Indonesia, the interest of researchers to examine the effect of the Covid-19 pandemic on financial performance is quite high. However, the financial performance of companies in various manufacturing sub-sectors has not been widely studied. When this research was conducted, only one article was found that tested the differences in the company's financial performance between before and during the Covid-19 Pandemic. The research of Ilhami & Thamrin (2021) concluded that the impact of Covid-19 on the financial performance of Islamic banking in Indonesia as measured using the ratio of CAR, ROA, NPF and FDR did not show significant differences. The banking sector has proven to be able to survive well during the Covid-19 Pandemic.

Several other studies did not compare financial performance between before and during the Covid-19 Pandemic, but compared the financial performance between companies during the Covid-19 Pandemic. The study was not conducted longitudinally, but cross sectional. This is shown through research by Surya & Asiyah (2020) and Fitriani (2020). Other studies are interested in predicting the potential for corporate bankruptcy in the Covid-19 pandemic era (Setyaningrum et al., 2020).

The novelty of this research is the study of differences in the financial performance of companies between sub-sectors in the Consumer Goods Industry which has not been studied previously. In this industry, there are several sub-sectors that are predicted to grow while others are predicted to decline. This study seeks to find answers to these hypotheses.

The purpose of this study is to prove the existence of differences in financial performance between companies in the Food and Beverage, Cigarette, Pharmaceutical, Cosmetics and Household Goods, Household Appliances, and Other Sub-Sectors during the Covid-19 pandemic.

II. LITERATURE REVIEW

The company's environment includes all factors both internal and external that can affect the company. The external environment includes economic, social, cultural, technological, legal, and political. The internal environment includes labor, equipment and machinery, raw materials, and so on.

The corporate environment is important to a company for several reasons. First, the environment can be an early warning system for companies of opportunities and threats so that companies can anticipate by developing a solution system as early as possible. Second, increasing the effectiveness of strategic management through environmental scanning. Third, information from the company's environment can help company managers predict the impact of the business environment on company development.

Changes in the business environment can affect a company's financial performance. The company's financial performance is a description of the financial condition of a company which is analyzed with financial analysis tools, so that it can be known about the good and bad financial condition of a company that reflects work performance in a certain period.

In the era of globalization, the influence of the business environment on companies is very strong. This is because national boundaries are fading and even disappearing (Kusmayadi, 2008; Wheelen & Hunger, 2012). Adaptive ability and high flexibility are absolutely mastered by every company to not only survive, but also gain competitive advantage.

The Covid-19 pandemic is an event that occurs in the business environment. Its wide spread globally affects all companies in all parts of the world. Several researchers conducted research aimed at finding scientific evidence of the influence of the business environment on financial performance. Hidayat's research (2021) in the Telecommunications and Textile industry proves that there is a significant difference in financial performance between before and during the Covid-19 Pandemic. The same conclusion was also obtained in Sullivan and Widodoatmodjo's (2021) research on the banking industry. Different results were found in the study of Ilhami & Thamrin (2021) which did not find any significant differences in financial performance before and after the announcement of the Covid-19 Pandemic in Islamic banking companies.

Based on the theory and previous research, the research hypothesis is formulated as follows:

H1 : There is a significant difference between the financial performance of the Food and Beverage, Tobacco manufacturers, Pharmaceutical, Cosmetics and Household, and Houseware Sub-Sector companies before and during the Covid-19 pandemic.

III. RESEARCH METHOD

This type of research is a comparative study, which is a type of research that aims to prove the difference in the average between several sample groups. Financial performance refers to the company's success in achieving company goals from a financial perspective by using certain financial measures. Financial performance in this study was measured using Return on Assets – ROA (Basu & Wang, 2011; Crisóstomo et al., 2011; Purkayastha et al., 2012) and Return on Equity – ROE (Wang &

Comparative Analysis of Company Financial Performance Between Sub Sectors in The Consumer Goods Industry in Indonesia Before and During The Covid-19 Pandemic

Chang, 2005; Youndt et al., 2004). ROA is the ratio between net income and total assets (Horne, 2002). ROE is the ratio between net income and equity (Higgins, 2009).

The population of this research is all manufacturing companies in the Consumer Goods Industry sector that go public on the Indonesia Stock Exchange, totaling 49 companies (IDX Fact Book, 2019). The sampling technique used purposive sampling and a sample of 44 companies was selected.

Table 1. Research Sample

No	Code	Company name
Food And Beverages		
1	ADES	Akasha Wira International Tbk.
2	ALTO	Tri Banyan Tirta Tbk.
3	BTEK	Bumi Teknokultura Unggul Tbk.
4	BUDI	Budi Starch & Sweetener Tbk.
5	CAMP	Campina Ice Cream Industry Tbk.
6	CEKA	Wilmar Cahaya Indonesia Tbk.
7	CLEO	Sariguna Primatirta Tbk.
8	DLTA	Delta Djakarta Tbk.
9	HOKI	Buyung Poetra Sembada Tbk.
10	ICBP	Indofood CBP Sukses Makmur Tbk.
11	IIKP	Inti Agri Resources Tbk.
12	INDF	Indofood Sukses Makmur Tbk.
13	MLBI	Multi Bintang Indonesia Tbk.
14	MYOR	Mayora Indah Tbk.
15	PANI	Pratama Abadi Nusa Industri Tbk.
16	PCAR	Prima Cakrawala Abadi Tbk.
17	PSDN	Prasidha Aneka Niaga Tbk.
18	ROTI	Nippon Indosari Corpindo Tbk.
19	SKBM	Sekar Bumi Tbk.
20	SKLT	Sekar Laut Tbk.
21	STTP	Siantar Top Tbk.
22	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk.
Tobacco Manufacturers		
1	GGRM	Gudang Garam Tbk.
2	HMSP	H.M. Sampoerna Tbk.
3	RMBA	Bentoel Internasional Investama Tbk.
4	WIIM	Wismilak Inti Makmur Tbk.
Pharmaceuticals		
1	DVLA	Darya-Varia Laboratoria Tbk.
2	INAF	Indofarma (Persero) Tbk.
3	KAEF	Kimia Farma Tbk.
4	KLBF	Kalbe Farma Tbk.
5	MERK	Merck Tbk.
6	PYFA	Pyridam Farma Tbk.
7	SCPI	Merck Sharp Dohme Pharma Tbk.
8	SIDO	Industri Jamu dan Farmasi Sido Muncul Tbk.
9	TSPC	Tempo Scan Pacific Tbk.
Cosmetics and household		
1	KINO	Kino Indonesia Tbk.
2	MBTO	Martina Berto Tbk.

Comparative Analysis of Company Financial Performance Between Sub Sectors in The Consumer Goods Industry in Indonesia Before and During The Covid-19 Pandemic

No	Code	Company name
3	MRAT	Mustika Ratu Tbk.
4	TCID	Mandom Indonesia Tbk.
5	UNVR	Unilever Indonesia Tbk.
Houseware		
1	CINT	Chitose Internasional Tbk.
2	KICI	Kedaung Indah Can Tbk.
3	LMPI	Langgeng Makmur Industri Tbk.
4	WOOD	Integra Indocabinet Tbk

Methods of data collection using documentation techniques. The data sources are the company's financial statements and the IDX Facts Book obtained from the Indonesia Stock Exchange. The data analysis technique used Multivariate Analysis of Variance (MANOVA). Data analysis was performed using SPSS for Windows software.

IV. RESULTS

The description of the company's financial performance variables between sub-sectors in the consumer goods industry before and during the Covid-19 pandemic is shown in Table 2.

Table 2. Comparison of Company's Financial Performance Between Sub-Sectors in the Consumer Goods Industry Before and During the Covid-19 Pandemic

Sub Sector	Average ROA		Change	Average ROE		Change
	2019	2020		2019	2020	
Cosmetics and household	8,23%	2,56%	-5,67%	27,56%	22,03%	-5,53%
Food and Beverages	9,05%	3,91%	-5,14%	13,95%	4,25%	-9,69%
Houseware	-0,60%	-0,15%	0,45%	-2,03%	-1,58%	0,44%
Pharmaceuticals	8,54%	9,46%	0,93%	12,17%	13,54%	1,38%
Tobacco Manufacturers	10,80%	4,09%	-6,71%	15,77%	2,32%	-13,45%

Source: data analysis, processed (2021)

Based on the comparison of financial performance in Table 2, the Cosmetics and household, Food and Beverages, and Tobacco Manufacturers sub-sectors experienced a decline in both ROA and ROE during the Covid-19 Pandemic. The biggest decline was experienced by the Tobacco Manufacturers sub-sector, namely -6.71% on ROA and -13.45% on ROE. In contrast, the Houseware and Pharmaceuticals sub-sector achieved a significant increase during the Covid-19 Pandemic. The largest increase was experienced by the Pharmaceuticals sub-sector, namely 0.93% in ROA and 1.38% in ROE. This is in accordance with the prediction that in a situation where health problems are a major threat, the need for pharmaceutical products will increase so that it will have a positive effect on the company's financial performance.

The test of differences in financial performance between sub-sectors in the consumer goods industry before and during the Covid-19 pandemic was carried out using the Multivariate Analysis of Variance (MANOVA). This technique was used because this study involved various sample groups and the number of dependent variables was more than one. The results of the multivariate difference test are shown in Table 3.

Table 3. Multivariate Tests

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.214	10.512 ^a	2.000	77.000	.000
	Wilks' Lambda	.786	10.512 ^a	2.000	77.000	.000
	Hotelling's Trace	.273	10.512 ^a	2.000	77.000	.000
	Roy's Largest Root	.273	10.512 ^a	2.000	77.000	.000
Grup	Pillai's Trace	.198	2.140	8.000	156.000	.035
	Wilks' Lambda	.802	2.242 ^a	8.000	154.000	.027

Comparative Analysis of Company Financial Performance Between Sub Sectors in The Consumer Goods Industry in Indonesia Before and During The Covid-19 Pandemic

	Hotelling's Trace	.246	2.341	8.000	152.000	.021
	Roy's Largest Root	.246	4.802 ^c	4.000	78.000	.002
<p>a. Exact statistic b. Computed using alpha = ,05 c. The statistic is an upper bound on F that yields a lower bound on the significance level. d. Design: Intercept + Grup</p>						

Source: data analysis, processed (2021)

The results of the multivariate test showed that the four tests yielded a significance value less than 0.05 (Pillai's Trace .035, Wilks' Lambda .027, Hotelling's Trace .021, and Roy's Largest Root .002). This indicates that there are significant differences between the groups of data being tested.

To see the univariate difference, it can be seen in the Tests of Between-Subjects Effects table as shown in Table 4.

Table 4. Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	ROA	1220.503 ^a	4	305.126	4.618	.002
	ROE	3032.054 ^c	4	758.013	4.753	.002
Intercept	ROA	1225.422	1	1225.422	18.545	.000
	ROE	2099.100	1	2099.100	13.163	.001
Grup	ROA	1220.503	4	305.126	4.618	.002
	ROE	3032.054	4	758.013	4.753	.002
Error	ROA	5154.029	78	66.077		
	ROE	12438.346	78	159.466		
Total	ROA	9076.107	83			
	ROE	20368.243	83			
Corrected Total	ROA	6374.533	82			
	ROE	15470.400	82			
<p>a. R Squared = ,191 (Adjusted R Squared = ,150) b. Computed using alpha = ,05 c. R Squared = ,196 (Adjusted R Squared = ,155)</p>						

Source: data analysis, processed (2021)

Based on Table 4, it can be seen that the F value of the ROA variable is 4.618 with a significance of 0.002. The calculated F value for ROE is 4.753 with a significance of 0.002. The significance value of both ROA and ROE is less than 0.05, so it can be concluded that there is a significant difference between ROA and ROE for Cosmetics and household, Food and Beverages, Houseware, Pharmaceuticals, and Tobacco Manufacturers companies.

V. DISCUSSION

The impact of the Covid-19 pandemic on the financial performance of companies in the consumer goods industry shows a different direction. Several sub-sectors showed a decline in financial performance, while several other sub-sectors actually showed an increase. The Cosmetics and household, Food and Beverages, and Tobacco Manufacturers sub-sectors experienced a decline in financial performance both ROA and ROE during the Covid-19 Pandemic. In contrast, the Houseware and Pharmaceuticals sub-sector achieved a significant increase during the Covid-19 Pandemic. The largest increase was experienced by the Pharmaceuticals sub-sector, namely 0.93% in ROA and 1.38% in ROE. This finding is also supported by the results of the MANOVA analysis which concludes that there are significant differences between ROA and ROE for Cosmetics and household, Food and Beverages, Houseware, Pharmaceuticals, and Tobacco Manufacturers companies.

This is in accordance with the prediction that in a situation where health problems are a major threat, the need for pharmaceutical products will increase so that it will have a positive effect on the company's financial performance. The Covid-19 pandemic has encouraged the extensive use of drugs and shaped the behavior of people who are aware of health protocols and consume various products that can increase the body's immunity.

Comparative Analysis of Company Financial Performance Between Sub Sectors in The Consumer Goods Industry in Indonesia Before and During The Covid-19 Pandemic

The results of this study are in line with the statement of Wheelen & Hunger (2012) regarding the relationship between the business environment and company performance. The company's environmental variable, in this case, the Covid-19 pandemic, has proven to have an impact on financial performance in various business sectors. The results of this study are not in line with the results of research by Ilhami & Thamrin (2021) which found that Covid-19 had no impact on the financial performance of Islamic banking in Indonesia.

CONCLUSIONS

This study concludes that the financial performance of the Cosmetics and household, Food and Beverages, and Tobacco Manufacturers sub-sector companies has decreased during the Covid-19 Pandemic. The Houseware and Pharmaceuticals sub-sector achieved a significant increase during the Covid-19 Pandemic. In a situation where health problems are a major threat, the need for pharmaceutical products will increase so that it has a positive effect on the company's financial performance. There is a significant difference between the financial performance (ROA and ROE) of the Cosmetics and household, Food and Beverages, Houseware, Pharmaceuticals, and Tobacco Manufacturers sub-sector companies that went public in Indonesia between before and during the Covid-19 Pandemic. Companies need to do a good analysis of the company's environment that will be very useful for companies in taking advantage of every opportunity and anticipating threats. Further research can be conducted by examining the impact of the Covid-19 pandemic on the company's financial performance not only from the aspect of profitability, but also liquidity, activity and even solvency.

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