Financial Performance Analysis of Tourism Company listed in IDX during COVID-19 Pandemic

Diajeng Fitri Wulan[1]*, Zahwa Farahdila[2]

[1]*Accounting Department, Faculty of Economics & Business, University of Lampung*
[2]*Communication Science, Faculty of Communication, Tarumanagara University*

[1]* *diajengfitriw@gmail.com*

ABSTRACT
The tourism industry around the world including Indonesia is facing significant challenges due to the COVID-19 pandemic. The declining number of tourists and the number of tourist sites that had to be closed during the pandemic were the major factors why the tourism industry had become so volatile over the past few months. The purpose of this study was to analyze the effect of COVID-19 on the financial performance of tourism sector companies by analyzing financial ratios, namely Net Profit Margin (NPM), Return on Assets (ROA), and Return on Equity (ROE). This study uses a quantitative approach and secondary data from a company in the tourism sector listed in IDX for the second quarter of 2019 and the second quarter of 2020 as a comparison before and during the COVID-19 outbreak. Testing is done by using the Paired Sample T-Test. The results of data processing show that there are significant differences in the financial performance of tourism companies in Indonesia before and during COVID-19 which can be seen from the results of the Table Paired Sample T-Test ratio of NPM, ROA, and ROE.

Keywords: *Financial Performance, Profitability, Tourism, COVID-19*

1. INTRODUCTION

For more than a year, all countries in the world are struggling with the COVID-19 pandemic virus. This virus was first discovered in December 2019, precisely in Wuhan, China. Since March 2020, this virus has been designated as a global epidemic or pandemic by the World Health Organization (WHO). Indonesia is one of many countries that still have to deal with this pandemic. The Government had issued various policies and regulations since early 2020, where the virus was first detected in Indonesia. The most massive policy carried out so far in dealing with the COVID-19 outbreak, the government did not carry out regional restrictions (lockdown) but used the Large-Scale Social Restriction (PSBB) policy [1].

Various policies are also applied to the tourism sector in Indonesia. As is well known, the tourism industry is a global industry that has a major impact on the economic development of the state, the private sector, and the community [2]. However, based on research conducted by Esomar & Christianity (2021) it was stated that the policy of prohibiting unwanted movement for tourism activities and the number of tourist visits decreased [3]. The number of tourist arrivals has also decreased significantly because of the number of flights being stop, as well as because of the PSBB policy in local areas of Indonesia [4].

All shifts in an activity that occurred during the COVID-19 pandemic pressured all Indonesian, especially those engaged in the tourism, hotel sector. The decline in consumer power in this field has resulted in targeting the number of tourists in Indonesia. The United Nations World Tourism Organization (UNWTO) stated that there was a 72% decline in international travel rates at a global level starting from January to October in 2020 compared to a year earlier in the same period confidently in 2019. This resulted in losses, as sales from the tourism sector around the world amounted to 935 billion US dollars. According to the Central Statistics Agency (BPS), there was a decrease in the number of foreign tourists (foreign tourists) by almost 74% throughout the year until November 2020 when compared to the same period in 2019. Based on this number, the total foreign tourist visits to Indonesia in 2020 will approach the target of decreasing to 4 million tourists when compared to the initial target of 18 million tourists by the end of 2020.

There are many hotels and restaurants industries have gone out of business or even temporarily closed their businesses, ranging from ordinary class to star class businesses. This is very unfortunate, considering that tourism is one of the biggest sources of revenue for Indonesia [5]. Before the COVID- 19 pandemic, the sector recorded an increase in profits, but during the COVID-19 pandemic, this sector experienced a decline in performance [6].

The policy carried out was the rebranding of tourism in Indonesia, starting with the creation of the Cleanliness, Healthy, and Safety (CHS) protocol as educational videos and guidebooks aimed at tourism businesses and the creative economy. In addition, the #DreamNowTravelTomorrow campaign is also predicted to be the attraction that is expected to bring foreign tourists to Indonesia. In addition, the Ministry of Tourism and Creative Economy also provides many subsidies and budgets for tourism businesses and the creative economy to improve their businesses so that they can meet the required health protocols. It aims to provide a sense of trust, safety, and comfort for tourists who come.

Based on various policies and regulations during the COVID-19 pandemic that affected the condition of the tourism sector throughout Indonesia and caused the entry of income to this sector to decline and various efforts that were also made to revive the tourism sector, the researchers were interested in research to find out that The pandemic which is still happening until now has caused changes in the financial condition of subjects who were in the tourism sector both before the COVID-19 pandemic and during the COVID-19 pandemic.

The specific purpose of the study is to observe whether there are differences that occurred before the COVID-19 pandemic and during the COVID-19 pandemic by using measurements using financial ratio variables that can measure the financial performance of an entity. The financial ratio variables comprise Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). This financial ratio will measure the company's liquidity, solvency, and profitability conditions before the COVID-19 pandemic and during the COVID-19 outbreak. This research is also intended to find out how significant the difference is, given the many policies and regulations that have had a positive or negative impact on the world of Indonesian tourism during the COVID-19 pandemic.

Profit can be said as a management policy as results where this can show a quality of work in a company that is seen based on the profits it has. This event is called profitability, which is a company's performance ability to get a profit [7]. This profitability ratio is a ratio that can show a company generating various profits. There are two types of ratios according to experts: a ratio that is seen from the rate of return on investment and there is also a ratio that is seen based on the ratio of operating performance [8]. Profitability ratio is a ratio that can be generated from performing a company to provide long results over a certain time and period according to measurement needs. The high profitability of the company's performance illustrates the performance of the company itself, which can generate high profits as well [9].

Net profit margin can be called NPM or Net Profit Margin, which results from the percentage of the remaining net sales, which of course has been reduced by the results of expenses such as taxes and interest owned from a company's performance. If the NPM owned is higher, it means that the company has a more productive performance where investors will have more confidence in the company to be used as a place of investment [10]

Below are the formulas or equations used to see the results of the NPM, which are:

$$\text{NPM} = \frac{\text{EAIT (Earnings After Interest and Tax)}}{\text{Net Sales}}$$

The Asset Development Ratio is also known as ROA or Return on Asset Ratio which is a ratio that can measure efficiency in the company to manage its assets so that it can generate profits within a predetermined period as a percent [9]. If the calculation has been carried out and it turns out that the ROA results are low, it shows that the company's ability is considered not too productive to generate high profits. This, of course, can make it difficult for the company to manage finances and losing many investors and at worst, can lead to a higher potential for bankruptcy.

High ratio of ROA in the company can illustrate that the condition of a company is also good [11]. ROA can show how much of a return the company gives to each asset that is invested [12].

Below there is a formula or equation used to see the results of the ratio of ROA, which is:

$$\text{ROA} = \frac{\text{Net Sales}}{\text{Total Assets}}$$

The Return on Equity Ratio is often referred to as ROE or Return On Equity which is a ratio that shows the results of the comparison between profits from taxes using own capital or a share capital got to measure the rate of return on investment from various shareholders. shares or ordinary owners of capital [10]. This ROE ratio can also see the results of the company's performance in managing equity to generate profits. In addition, this ROE can describe the return on capital that will be received by people who have capital. The measurement of this return is by calculating the net profit from taxes and then dividing it by the result of total equity [7].

Below there is a formula or equation used to see the results of the ratio of ROE, which is:

$$\text{ROE} = \frac{\text{Net Sales}}{\text{Total Equity}}$$

Various studies have been conducted previously to discuss this phenomenon. Based on research conducted by Esomar & Christianity (2021). The total population in this study was 35 companies in the hospitality, restaurant, and tourism sub-sectors listed on IDX for the 2019-2020 period. The variables used are the Current Ratio (CR), Debt to Equity Ratio (DER), Return on Equity ratio (ROE), and Price-Earnings Ratio (PER). This test was carried out using the Paired Samples t-Test method which concluded that the occurrence of the COVID-19 pandemic in Indonesia impacted several corporate sectors such as the hotel, restaurant, and tourism sector, although there were no significant changes in the Current Ratio and Price Earnings. Ratio both before and during the COVID-19 pandemic in Indonesia, while in the Debt to Equity Ratio (DER), Return on Equity ratio (ROE) there were significant differences before and during the COVID-19 pandemic in Indonesia.

Subsequent research was conducted by Intansari (2020) who conducted a case study at PT Pembangunan Jaya Ancol Tbk by measuring the financial health of this company using the Altman Z-score analysis model. Based on the results of data processing using this method, it was concluded that in the first quarter of 2020, namely in conditions at the start of the COVID-19 pandemic, performing sample issuers decreased on a large enough scale so that they were in a condition that was not good enough because of related government policies also closure of almost all tourist sites and several other industries [13].

Other previous research references were carried out by Harahap et al. (2020) who conducted an analysis of financial ratios on performing the company PT Eastparc Hotel Tbk. at the start of the COVID-19 pandemic. This study uses financial liquidity ratios, solvency financial ratios, activity financial ratios, and profitability financial ratios. The results of the analysis carried out stated that at the beginning of the pandemic, the company's financial condition was in good condition for its liquidity and solvency ratios, while the activity and probability ratios said the opposite [14].

Seeing the condition of the gap between each previous study where some said that there were changes in financial conditions before and during COVID-19 in Indonesia in tourism sector companies. Another reason for formulating this hypothesis is because of the background described previously where there are efforts from the government and related officials to revive the tourism sector in Indonesia. then based on this, the researchers determined three hypotheses in this study, namely:

H1: There is a significant fundamental difference owned by industrial companies in the ROA ratio results from events before and after the COVID-19 outbreak.

H2: There is a significant fundamental difference owned by industrial companies in the ROE ratio results from events before and after the COVID-19 outbreak.

H3: There is a significant fundamental difference owned by industrial companies in the results of the NPM ratio from events before and after the COVID-19 outbreak.

Figure 1. Research Model

2. METHOD

Research design is a significant element of research because it describes a focused method for the research stages, starting from data collection, classification, processing, to concluding research results. A comparative descriptive method is a quantitative approach or method used by researchers in research with categories to carry out examinations because of COVID-19 on the financial performance of tourism companies. The population of research information includes the totality of companies listed on the Indonesia Stock Exchange from 2019 to 2020 in sub-sector hotels, resorts, and cruise lines.

This research uses secondary data sourced by the IDX on the www.IDX.co.id page, among others, as stock prices, market capitalization values, and company financial statements. The financial statements of Quarter II 2019 and Quarter II 2020 are financial reports used in this research, namely from companies listed on the Indonesia Stock Exchange in the cyclical consumer sector.

Data analysis in this study was carried out through descriptive statistical analysis. Previously, a classical assumption test (normality test) will also be carried out, where each data to be analyzed using parametric statistics must have a reasonable data distribution. The normality test of the data in this study used the Kolmogorov-Smirnov test. The Kolmogorov-Smirnov test is a comparison test between data and a fair distribution that can apply to data as ratios.

Statistical hypothesis testing is carried out by testing financial performance before and after the announcement of the first COVID-19 pandemics in Indonesia. The testing stages use partial testing for research variables with the Paired Samples T-Test. The level of significance or alpha value in this study was set at 0.05 or 5%. Testing this hypothesis using the Paired Samples T-Test because the different test models are popularly used for pre-post or before-after research models.

Table 1. Samples Used

Criteria	Total
Company listed in sub-sector hotels, resorts, and cruise lines IDX.	31
Company with incomplete data	(11)
Company with outlier data	(7)
Company used as the sample	13

3. RESULTS AND DISCUSSION

The results of data analysis are briefly listed in Table 2. below

.

Table 2. Statistic Descriptive Test Result

	N	Minimum	Maximum	Mean	Std. Deviation
NPM Q2 2019	13	-1,143	,188	-,11762	,341806
NPM Q2 2020	13	-1,957	,002	-,55331	,522722
ROA Q2 2019	13	3,942	36,588	15,28592	9,007387
ROA Q2 2020	13	8,962	46,551	25,50615	12,450309
ROE Q2 2019	13	,902	21,812	10,68031	6,388571
ROE Q2 2020	13	2,300	30,817	18,51292	9,130519

Based on the results of the descriptive statistical test above, it shows that there are changes that occur in each test variable, namely NPM, ROA, ROE, from before the pandemic and during the pandemic. Of the three ratios used in the study, only NPM decreased. This may show that there is a decline in the company's revenue during the COVID-19 pandemic. However, this is in contrast to other variables, namely ROA and ROE, where the two variables show an increase from the second quarter of 2019 to the second quarter of 2020.

The normality test in this study uses the Kolmogorov-Smirnov test, which aims to test whether the distribution of the data used is normal or not. Based on the tests that have been carried out, there are some outlier data found so that the researcher must select the data to get normal data that is ready to be tested further. After selecting the outlier data, we can conclude that the data used is normal because it shows significance with a value of over 0.05 in the table 3 below. This shows that the data is ready to be tested further in the paired t-test.

Table 3. Normative Test Result

	Kolmogorov-Smirnov[a]		
	Statistic	df	Sig.
NPM Q2 2019	,202	13	,149
NPM Q2 2020	,223	13	,076
ROA Q2 2019	,181	13	,200*
ROA Q2 2020	,150	13	,200*
ROE Q2 2019	,147	13	,200*
ROE Q2 2020	,159	13	,200*

Table 4. Paired T-Test Result

		t	df	Sig. (2 tailed)
Pair 1	NPM T2 2019 - NPM T2 2020	6,329	12	,000
Pair 2	ROA T2 2019 - ROA T2 2020	-6,364	12	,000
Pair 3	ROE T2 2019 - ROE T2 2020	-6,193	12	,000

Based on the results of the tests carried out, it can be concluded that all variables except NPM have increased. NPM has decreased, while ROA and ROE have increased. Another thing that can be concluded is that there is a significant change from before the pandemic and during the pandemic for the ratio of NPM, ROA, and ROE, which is shown with a significance value of 0.000 below the alpha value of 0.005.

4. CONCLUSION

Based on the results of research that has been done, there are significant changes in the company's financial condition which are described in the variables NPM, ROA, and ROE. This can, of course, be caused by changes that occurred during the COVID-19 pandemic that hit not only in Indonesia but also throughout the world. These changes have forced the tourism sector to adapt to existing conditions. The decline in the value of NPM before the pandemic and during the pandemic is homework that must be paid more attention to. The decrease in NPM can show that there is a decline in the income of companies engaged in tourism. So that an injection of funds and other policies and regulations is needed to support and strengthen tourism activities that can be carried out while the pandemic is still ongoing. This requires evaluation and cooperation from various related parties ranging from internal management to support from the government and the private sector in helping the effectiveness of the activities of the tourism sector companies during the pandemic.

REFERENCES

[1] Soehardi, S., Permatasari, D.A. and Sihite, J. (2020), "Pengaruh Pandemik Covid-19 Terhadap Pendapatan Tempat Wisata dan Kinerja Karyawan Pariwisata di Jakarta", *Jurnal Kajian Ilmiah*, Vol. 1 No. 1, pp. 1–14.

[2] Wiratma, H.D., Subandi, Y., Yogyakarta, U.R. and Korespondensi, P. (2020), "Pengaruh Virus Corona Terhadap Industri Pariwisata Indonesia the Effects of Corona Virus on", pp. 97–102.

[3] Esomar, M.J.F. and Chritianty, R. (2021), "JKBM Covid-19 Pandemic Impact towards the Financial Performance of Companies on Service Sector in BEI", Vol. 7 No. 2, pp. 227–233.

[4] Sugihamretha, I.D.G. (2020), "Respon Kebijakan: Mitigasi Dampak Wabah Covid-19 Pada Sektor Pariwisata", *Jurnal Perencanaan Pembangunan: The Indonesian Journal of Development Planning*, Vol. 4 No. 2, pp. 191–206.

[5] Malik, M. S., and Nadeem, M (2014) ' Impact of corporate social responsibility on the financial performance of banks in pakistan', International Letters of Social and Humanistic Sciences, 21(9), 9-19.

[6] Muliati, N.K. (2020), "Pengaruh Perekonomian Indonesia di Berbagai Sektor Akibat Corona Virus Disease 2019 (Covid-19)", *Widya Akuntansi Dan Keuangan*, Vol. 2 No. 2, pp. 78–86.

[7] Dewi Marlina, E.N.S. (2016), "Pengaruh Rasio Profitabilitas Dan Leverage Terhadap Return Saham (Studi Empiris Perusahaan Manufaktur Di Bei)", *Jurnal Riset Akuntansi & Bisnis*, Vol. 9 No. 1, pp. 80–105.

[8] Aisyah, N.N., Kristanti, F.T. and Zultilisna, D. (2017), "Pengaruh Rasio Likuiditas, Rasio Aktivitas, Rasio Profitabiltas, dan Rasio Leverage Terhadap Financial Distress (Studi pada Perusahaan Tekstil dan Garmen yang Terdaftar di Bursa Efek Indonesia Tahun 2011-2015)", *E- Proceeding Of Management*, Vol. 4 No. 1, pp. 411–419.

[9] Dewi, N.L.P.A., Endiana, I.D.M. and Arizona, I.P.E. (2015), "Pengaruh Rasio Likuiditas, Rasio Leverage dan Rasio Profitabilitas Terhadap Financial Distress Pada Perusahaan Manufaktur", *Journal of Chemical Information and Modeling*, Vol. 53 No. November, pp. 1689–1699.

[10] Susilawati, E. (2016), "Pengaruh Rasio Likuiditas, Rasio Solvabilitas, Dan Rasio Profitabilitas Terhadap Earning Per Share (Study Kasus Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2008-2011)", *Jurnal Akuntansi*, Vol. 2 No. 1, available at: https://doi.org/10.24964/ja.v2i1.28.

[11] Amanah, R. (2014), "Pengaruh Rasio Likuiditas Dan Rasio Profitabilitas Terhadap Harga Saham (Studi pada Perusahaan Indeks LQ45 Periode 2008-2012)", *Jurnal Administrasi Bisnis S1 Universitas Brawijaya*, Vol. 12 No. 1, p. 83167.

[12] Putri, R., A, Z. and NP, M. (2016), "Pengaruh Rasio Likuiditas Dan Rasio Profitabilitas Terhadap Nilai Perusahaan (Studi pada Perusahaan Santoso, 2010, Statistik Nonparametrik, 2010, Elex Media Komputindo, Jakarta.

[13] Intansari, D., Kristanti, F., Atahau, A.D.R. and Sakti, I.M. (2020), "Analisis Kesehatan Keuangan PT Pembangunan Jaya Ancol Tbk Menggunakan Model Analisis Altman Z-Score", *Pamator Journal*, Vol. 13 No. 2, pp. 206–212.

[14] Harahap, L.R., Anggraini, R., Ellys and Effendy, R.Y. (2020), "Analisis Rasio Keuangan Terhadap Kinerja Perusahaan PT Eastparc Hotel, Tbk (Masa Awal Pandemi Covid-19)", *Jurnal Akuntansi Dan Keuangan*, Vol. 5 No. 1, pp. 57–63.