ANALYSIS OF FINANCIAL ACHIVEMENT BEFORE AND DURING THE CORONA VIRUS PANDEMIC IN THE AUTOMOTIVE SUB – SECTOR

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ABSTRACT

The Corona Virus pandemic has had a systemic impact on all sectors, especially the business sector. This impact has resulted in the collapse of business pillars in several sectors, but has also resulted in extraordinary growth in several other sectors. Corona Virus has changed the lifestyle of society as a whole. Starting from people who have to keep their distance from each other to the decline in sales due to the decline in consumption and people's purchasing power. This has further impacted business closures and massive layoffs. This pandemic has disrupted the global economy and has had an impact on automotive sub-sector companies. The impact of this pandemic is very relevant, and the automotive sub-sector around the world is forced to face major challenges in maintaining its financial achivement. Every corporate certainly has a goal to generate maximum profit. If the corporate can achieve this goal, then the corporate will be considered to have good corporate achivement and quality. To assess the quality of a corporate, it can be seen from its financial achivement. Therefore, this study aims to identify whether or not there is a dissimilar in financial achivement before and during the Corona Virus pandemic, with 2018-2019 as the pre-pandemic period and 2020-2021 as the pandemic period by taking the automotive sub-sector listed on the Indonesia Stock Exchange as the object of studied. Financial achivement in this test will use the profitability comparison calculated using return on assets, the solvency comparation calculated using the debt on asset comparation, and the activity comparation calculated using total asset turnover. Data is processed and analyzed using SPSS 26 after going through purposive sampling. The test results prove that there is a relevant dissimilar in ROA before and during the Corona Virus pandemic. Meanwhile, the test results prove that there is no relevant dissimilar for DER and TATO before and during the Corona Virus pandemic. The implication of this study is to provide implications that automotive sub-sector business actors must improve their corporate's achivement with the resources they have effectively and minimize all risks during the Corona Virus pandemic, so that the corporate's profitability improves and recovers quickly from the impact of Corona Virus

Keywords: *Profitability, solvency, activity, Covid – 19*

1. INTRODUCTION

The SARS-CoV-2 virus which causes the Corona Virus pandemic has impacted all communities throughout the world, including Indonesia. This virus was then declared a pandemic by the World Health Organization (WHO) in 2020, after this virus previously appeared in China in December 2019. This outbreak caused public unrest due to the loss of hundreds of thousands of lives due to this virus being fast - spread at high speed in the community, which then caused the entire community to have to live in isolation due to the lockdown imposed by the government. The lockdown that has been implemented has the aim of separating those who have been infected and those who are still healthy, so that this epidemic can be resolved. Apart from that, people around the world are required to wear masks and avoid each other to prevent droplets that might spread when talking or sneezing, and also limit interactions with other people, all of which have the potential to drastically change all economic activities.

The Corona Virus pandemic has also had a major impact on the automotive sub-sector. Motor vehicle manufacturers, including cars and motorbikes, were forced to temporarily halt production to comply with government directives, including self-isolation in an effort to contain the spread of the virus. Ultimately, this leads to monetary losses and a relevant reduction in revenue. Because layoffs and reduced wages during the pandemic reduced consumer purchasing power, there was also a decline in consumer demand due to economic uncertainty. In the end, this forced companies in the automotive sub-sector to also reduce salaries and lay off their employees, which again caused a decline in economic growth in Indonesia.

The public's reluctance to make purchases, especially four-wheeled vehicles, such as cars, is the main cause of the sluggishness of companies in the automotive sub-sector. To overcome this problem and help Indonesia face this pandemic, the government is taking a number of steps, including reducing sales tax on luxury goods (PPnBM) and offering incentives for electric vehicles to increase consumption while mitigating pollution caused by four-wheeled vehicles. This fiscal strategy is expected to strengthen the automotive industry, one of the main pillars supporting Indonesia's economic growth. The government anticipates that this PPnBm relief will help stimulate the automotive subsector and encourage economic recovery, both of which will ultimately have an impact on the automotive sector.

In accordance with Hanafi and Halim (2018), financial reports in companies are usually broken down into three reports: a cash flow report which describes the corporate's cash inflow and outflow at a certain time, a balance sheet which lists assets, debts and share capital at the end of the period. certain periods, and an income statement that outlines income and expenses for a certain period. If supporting notes are added in the form of notes to the financial reports (accorporateing notes), these three reports will provide a summary of the corporate's condition. Decision making will be greatly influenced by information on profitability, risk and cash flow timing presented in this financial report. Certain patterns are necessary for financial statement analysis, and these patterns are often drawn from the last four to six years. In this case, this pattern is the Corona Virus pandemic which has occurred in recent years.

Agency Theory. Agency theory, as defined by Jensen & Meckling (1976), is a contract that exists between managers (agents) and owners (principals), who control and manage resources within the corporate. The ultimate goal of this contract is for the principal and agent to work together to maximize profits. The main object of these contracts is to maximize profits because these profits will affect the dividends paid to shareholders and, if the business is profitable, will increase the value of the shareholders' shares. Information asymmetry, or dissimilars in knowledge between management and shareholders, often arises because managers have a deeper understanding of how the business operates and how to make a profit. Both parties involved avoided the conflict of interest that led to the genesis of this contract. This kind of conflict of interest is often referred to as an agency conflict. In this case, the agent is someone who manages shares to ensure that they are used effectively and efficiently within the corporate, while the principal is the owner of the shares who owns the capital. The ability to make decisions and be accountable for these decisions to investors is what shareholders trust the manager to do.

Signal Theory. In accordance with signal theory, a corporate is worthy of investment if it can demonstrate its value. Companies use what are known as cues or signals to tell shareholders about how management is performing against the corporate's prospects, as stated by Brigham

and Houston (2011). According to Jogiyanto (2014), when this signal is known to the general public, shareholders will determine whether it is a positive or negative signal. Because this signal explains management achivement and signals whether a corporate is worthy of receiving investment capital from shareholders, this signal is considered very relevant by shareholders. The purpose of this signal is to reduce the possibility of information asymmetry. Shareholders will initially evaluate the signals given by the corporate, deciding whether the information is a positive signal or not. This is because the shareholder's decision to invest in the corporate will be based on this signal. A good example of a positive signal would occur when a corporate has excellent financial achivement, which as a consequence prompts the business to send indicators or signals that are considered positive. This concept, as proposed by Wolk et al. (2018), encourages business actors to provide voluntary information to the capital market even though it is not mandatory in the form of financial reports published annually (annual report).

Financial achivement. In their book, Gitman & Zutter (2015) define corporate achivement as the standard of a corporate's ability to generate profits at certain levels of assets, capital and sales. Financial reports and non-financial data can both be used to measure financial achivement, as stated in Jati & Jannah (2022). Financial comparations are then used to calculate nominal values in financial reports over a certain time period. When these comparations, which show income from cash invested by shareholders, show satisfactory results, shareholders will automatically gain profits from the investment. Financial achivement analysis can be obtained through the corporate's annual financial report. The income statement, balance sheet, cash flow statement, and notes to the financial statements are the four parts that make up this report. This was mentioned by Hanafi and Halim (2018). Corporate management will also benefit from studied on financial comparation analysis because this analysis will allow them to measure the corporate's overall efficiency. There are several comparations that can be used to evaluate the financial achivement of a corporate. Hanafi and Halim (2018) state that the following comparations can be used for financial achivement analysis, including: profitability comparations, solvency comparations, activity comparations, and market value comparations. These five comparations can be used by companies in evaluating the possibilities and risks they may face in the future.

Profitability Comparation. Hanafi and Halim (2018) reached the conclusion that a corporate's profitability comparation can be used to evaluate its profit potential at certain levels of sales, assets and share capital. Hanafi and Halim (2018) believe that although dividends on stock assets are not included in ROA, it will change the expenses used to fund corporate assets, such as interest on loan funding. This comparation can be used to test how effective corporate management is in using all its assets to generate profits. ROA results are closely correlated with management efficiency, which means, the higher the ROA produced, it will show how effective management is in distributing corporate assets to maximize profits. Conversely, a lower ROA reflects a lower level of efficiency across the corporate. The corporate's net profit as a percentage of its total assets will be determined as a result of this ROA. It is believed that a corporate's achivement will be better if its ROA figure is higher.

Solvency Comparation. The solvency comparation, which is also commonly referred to as leverage, is an indication of a corporate's ability to pay off its long-term debt according to Hanafi and Halim (2018). A corporate can be considered unsustainable if its total long-term debt exceeds its total assets. On the other hand, if the total long-term debt is smaller than the total assets, then this can be considered quite safe and acceptable. Hanafi and Halim (2018) stated in their book that a corporate's exposure to potential risks increases along with its level

of financial debt. This comparation is closely related to the liquidity comparation. While the solvency comparation discusses long-term debt, the liquidity comparation actually discusses the corporate's short-term debt. By dividing current assets by current liabilities on a corporate's balance sheet, the liquidity comparation calculates a corporate's ability to generate short-term liquidity. Ultimately, poor liquidity comparations will also have an impact on business solvency comparations. In this study, studieders will not use liquidity comparations because it is rare for companies in the automotive sub-sector to liquidate and because this comparation is usually used by shareholders to assess whether or not a corporate is worthy of receiving investment by looking at the corporate's capability in paying off its short-term debts. On the other hand, the author is the general public who has little desire to invest in the short term.

Activity Comparation. The purpose of the activity comparation according to Hanafi and Halim (2018) is to ensure the opecomparationn of assets in a particular corporate for a particular activity. It is best to relocate excess assets due to insufficient sales activity to areas that can generate higher profits. In studied [8] Hilaliyah et al. (2021), the amount of sales generated from each rupiah of assets is determined using TATO. Because a corporate uses these assets to generate income because the greater the sales, the higher the ROA will be, the faster the asset turnover takes place. A low TATO comparation means poor management achievement, and the corporate should reevaluate its marketing strategies and efforts. A high TATO comparation often indicates good management achievement.

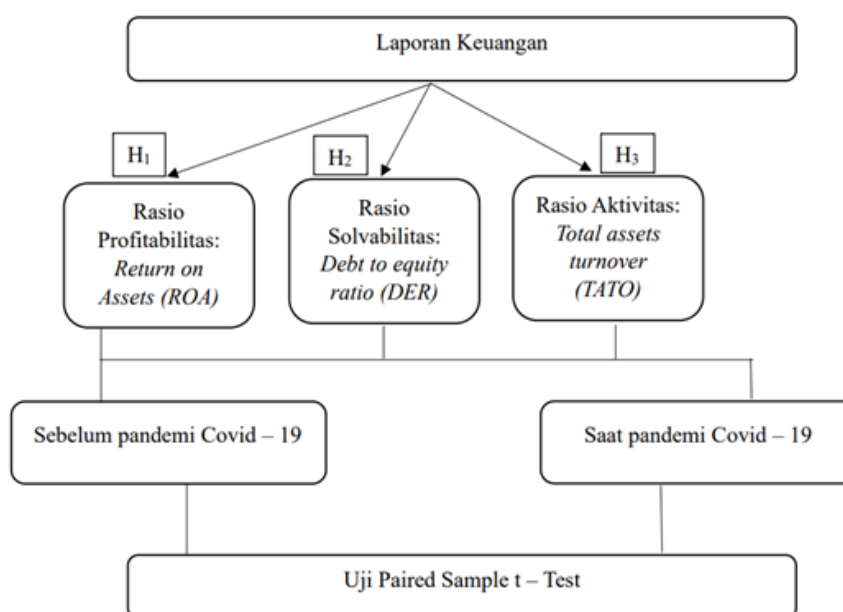## STUDIED FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Figure 1. Studied Framework

Profitability Comparation. A corporate's ability to generate profits on a certain amount of assets, share capital and sales can be measured by profitability comparations. A higher percentage indicates effective asset management, while a low percentage indicates low returns or profits. So a hypothesis is formed as follows: H1: There is a dissimilar in ROA before and during the Corona Virus pandemic.

Solvency Comparation. Solvency comparations are used to evaluate a corporate's ability to pay its long-term debt. Liability for additional money generated from corporate development loans may occur. The corporate's financial leverage increases with a higher comparation. As a result, businesses that have a lot of debt will also be at greater risk. So a hypothesis is formed as follows: H2: There are dissimilars in DER before and during the Corona Virus pandemic.

Activity Comparation. The activity level of an asset is displayed by its activity comparation. Excess cash will arise from low activity at a particular asset level, indicating inefficient deployment of assets. It would be better if these resources or assets were used in other businesses that have the potential to generate profits. The TATO comparation assesses how well a business uses all its resources to generate sales. A low TATO comparation indicates poor management achivement, and the corporate needs to review its marketing and strategy. A high TATO comparation often indicates good management achivement. So a hypothesis is formed as follows: H3: There are dissimilars in TATTOOS before and during the Corona Virus pandemic.

2. RESEARCH METHOD

This test concentrates on companies listed from 2018 to 2021 on the Indonesian Stock Exchange. The non-probability sampling technique that will be applied is called purposive sampling. The samples used must meet the specified specifications. Purposive sampling was used in selecting studied samples based on various requirements, such as: (1) companies listed on the Indonesia Stock Exchange as companies in the automotive sub-sector for the period 2018 to 2021; (2) companies that use Rupiah (Rp) in their annual reports; (3) companies that have complete annual report data from 2018 to 2021; and (4) companies that are not delisted due to bankruptcy in 2018 – 2021. Eight companies operating in the automotive sub-sector were ultimately acquired based on these criteria. All data was obtained via the Indonesian Stock Exchange website (www.idx.co.id). Then this data is processed using SPSS 26.

Variable Opecomparationnalization
Financial achivement is calculated using several comparations, for example profitability comparations, solvency comparations and liquidity comparations. The profitability comparation used in this test is return on assets, which can be calculated by dividing the corporate's net income or net profit by total assets(Wardani & Hendrawati, 2023). The solvency comparation is calculated by dividing total debt (total liabilities) by total equity (share capital) (Wardani & Hendrawati, 2023). The activity comparation can be calculated by dividing net sales by total assets (Hilaliyah et al., 2021), which can be described as follows:

Tabel 1. Variable Opecomparationnalization

Variable	Proxy	Formula	Scale
Profitability Comparation	*Return on Assets*	$\dfrac{Net\ Income}{Total\ Assets}$	Comparation
Solvability Comparation	*Debt to Equity*	$\dfrac{Total\ Liability}{Total\ Equity}$	Comparation
Activity Comparation	*Total Assets Turnover*	$\dfrac{Net\ Sales}{Total\ Assets}$	Comparation
Liquidity Comparation	*Current Comparation*	$\dfrac{Current\ assets}{Current\ Liabilities}$	Comparation

The test that is usually carried out, in the form of a data normality test, is the initial stage in the data analysis process in this studied and can then be continued with hypothesis testing using the Paired Sample T - test. If the data being analyzed does not have a normal distribution, the Wilcoxon Signed Rank Test is the next step in this procedure. To assist in processing statistical data collected through financial reports on the IDX, studieders use software called SPSS (Statistical Product and Service Solutions).

3. RESULTS AND DISCUSSIONS

Descriptive statistics
Below are the results of descriptive statistics from the data that has been collected.

Table 2. Descriptive Statistics
Source: Output using SPSS 26

	N	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic
PRE_ROA	16	0.3782	22.6171	7.5205	7.8163
POST_ROA	16	-6.1315	18.8237	3.6860	6.6008
PRE_DER	16	7.1274	235.4671	91.5923	69.1699
POST_DER	16	8.9780	286.0599	101.4813	88.9609
PRE_TATO	16	0.0905	140.4166	78.6955	39.8330
POST_TATO	16	16.0008	125.2487	70.2358	31.7503
Valid N (listwise)	16				

By distinguishing eight companies before and after the pandemic, where 2018 - 2019 is used as the pre-pandemic period and 2020 - 2021 as the post-pandemic period, it can be seen from the studied above that the total sample studied is 16 companies. This sample comes from 8 automotive sub-sector companies listed on the IDX in 2018 - 2021. Before the pandemic, the corporate's Return on Assets (ROA) was estimated to have an average of 7.5205 with a standard deviation of 7.8163. ROA in 2018 had a maximum value of 22.6171 and a minimum value of 0.3782. The corporate's Return on Assets (ROA) during the pandemic averaged 3.6860 with a standard deviation of 6.6008, the maximum value, while -6.1315 at the lowest value.

Before the pandemic, the corporate's Debt to Equity (DER) had an average value of 91.5923 with a standard deviation of 69.1699. a maximum value of 235.4671, and a minimum value of 7.1274. During the pandemic, the average value of the corporate's Debt to Equity (DER) was 101.4813 with a standard deviation of 88.9609. a maximum value of 286.0599 and a minimum value of 8.9780

Before the pandemic, the corporate's Total Assets Turnover (TATO) had an average value of 78.6955 and a standard deviation of 39.8330. the highest at 140.4166, and the lowest at 0.0905. During the pandemic, the average value of the corporate's Total Assets Turnover (TATO) was 70.2358 with a standard deviation of 31.7503. was the highest at 125.2487, and the lowest TATO at 16.0008.

Normality test

Tabel 3. Tests of Normality
Source: Output using SPSS 26

KLASIFIKASI		Kolmogorov-Smirnov[a]		
		Statistic	df	Sig.
HASIL	PRE_ROA	0.179	12	.200[*]
	POST_ROA	0.188	12	.200[*]
	PRE_DER	0.114	12	.200[*]
	POST_DER	0.240	12	0.055
	PRE_TATO	0.183	12	.200[*]
	POST_TATO	0.161	12	.200[*]

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

All data has a normal distribution according to the results of the normality test running 3, with significance values of 0.200, 0.200, 0.200, 0.055, 0.200, and 0.200 respectively which are greater than 0.05, which is the basis for the assumption of normality. This shows that H_a is rejected and H_0 is accepted, which shows that for these six results, the data is distributed normally.

Hypothesis testing
Below are the results of the Hypothesis Test that has been carried out.

Table 4. Paired Samples Test

		Paired Dissimilars					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Dissimilar				
					Lower	Upper			
Pair 1	PRE_ROA - POST_ROA	3.8346	5.2706	1.3177	1.0260	6.6431	2.910	15	0.011
Pair 2	PRE_DER - POST_DER	- 9.8890	54.9519	13.7380	- 39.1708	19.3928	-0.720	15	0.483
Pair 3	PRE_TATO - POST_TATO	8.4597	24.9575	6.2394	- 4.8392	21.7586	1.356	15	0.195

From the paired sample t - test output table above, it can be seen that there is a relevant dissimilar between ROA before and during the Corona Virus pandemic, because the significance value (sig. 2-tailed) of ROA shows 0.011, where this value is smaller or less than 0.05. Thus, it can be said that H_1 is accepted and H_0 is rejected. The results of this studied show that ROA experienced relevant changes both before and during the pandemic. Even though total assets did not increase or decrease relevantly, the corporate's profits decreased due to decreased income and increased costs that had to be borne while sales remained unchanged. This largely contributes to this relevant ROA dissimilar. The results in this study are in line with previous studied by Agustina (2022), Wijaya (2022), Hilaliyah et al. (2021), Wardani & Hendrawati (2023), [12] Nugraha & Payamta (2022), and Sari & Kristiastuti (2023) who explain that there is a relevant dissimilar between ROA before and during the Corona Virus pandemic. This studied contradicts previous studied that has been conducted by Jati & Jannah (2022), and Ningrum et al. (2022) which states that there is no relevant

dissimilar between ROA before and during the Corona Virus pandemic.

It can also be seen from the table above that DER has a relevant value of 0.483. Considering that the nominal value is more than 0.05, it can be said that there is no dissimilar between DER before and during the Corona Virus pandemic, thus supporting the rejection of H_2 and acceptance of H_0. The findings of this study also show that there is no real dissimilar in DER levels before or during the Corona Virus pandemic. Because there is no change in the corporate's total debt or equity, there is no change in DER. DER is considered stable and able to provide a signal of strength to potential shareholders. Shareholders are usually more interested in businesses with a low and stable DER value because it means the corporate will be able to face less risk if the corporate experiences a loss and its equity is still higher than its debt. DER is also a tool used by creditors to evaluate a corporate's creditworthiness and measure the likelihood that the corporate will fail to fulfill its obligations. The conclusion from this test is that there was no relevant dissimilar in DER before and during the Corona Virus pandemic, which is in line with previous tests carried out by Agustina (2023),Siwu et al. (2023), and Sari & Kristiastuti (2023), but this is contrary to studied conducted by Jati & Jannah (2022) and Wardani & Hendrawati (2022) which stated that there were relevant dissimilars in DER before and during the Corona Virus pandemic.

The significance value of TATO then shows a value of 0.195, greater than 0.05, which indicates that there is no relevant dissimilar in TATO between before and during the Covid - 19 pandemic. Thus, it can be said that H_0 is approved and H_3 is rejected. Because net sales and total assets did not grow or fell sharply during the Covid - 19 pandemic, the studied results also show that there is no dissimilar between TATO before and during the pandemic. By encouraging people to make purchases, the government's role in providing PPnBM subsidies in the form of 0% PPnBM has proven to help increase sales. This is not in line with studied by Hilaliyah et al. (2021) and Wardani & Hendrawati (2023) who stated that there were relevant dissimilars between TATO before and during the pandemic.

4. CONCLUSIONS AND SUGGESTIONS

The test results prove that there is a relevant dissimilar in ROA before and during the Corona Virus pandemic. Meanwhile, the test results prove that there is no relevant dissimilar for DER and TATO before and during the Corona Virus pandemic.

The limitations of this studied lie in the automotive sub-sector which is only a small part of other corporate sectors that support economic growth in Indonesia. Given its very narrow reach, this sub-sector has not been able to adequately describe the impact of the Corona Virus pandemic in Indonesia. Apart from that, another weakness is the short ducomparationn of the test, namely only from 2018 to 2021. Market comparations and liquidity comparations are two comparations in financial comparation analysis that are not included in this test. It is hoped that future studies will improve the existing test limits in this test.

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