

IMPACT OF COVID-19 ON PROFITABILITY IN KOMPAS100 INDEX COMPANIES

Anisah Abni^{1*}, Agus Munandar², Audita Shasabilla Amin³

Universitas Islam Indonesia, Indonesia¹³

Universitas Esa Unggul, Indonesia²

annisaabni21@gmail.com^{1*}, agus.munandar@esaunggul.ac.id²

auditashasabilla2@gmail.com³

Abstract: The study was conducted to see the impact of the Covid-19 pandemic on the profitability of the industries incorporated in the Kompas100 index. There is also profitability using Return on Assets (ROA) and Return on Equity (ROE). The author sees 2 situations that change the situation the most, namely before and after the virus was announced. The author takes the entire population as well as all industries that are available and listed on the Indonesia Stock Exchange in 2019-2020. This study aims to analyze the impact that occurs on the influence of company profitability due to global phenomena. This research uses a quantitative descriptive approach and uses secondary information. The results obtained show that there is a large comparison of the ROA and ROE profitability ratios during the pandemic. Looking at the results of previous research and reviews, the results that the authors get are information related to the impact of the Covid-19 virus on the Kompas100 index on company profitability. A comparison needs to be considered because of changes in the period before and during the pandemic, to the return on assets (ROA) and return on equity (ROE) of the Kompas100 industry. Pay attention to profitability in the period before the Covid-19 pandemic.

Keywords: profitability, ROA, ROE, covid-19 pandemic.

INTRODUCTION

In December 2019, one of the countries in East Asia appeared a disease called Covid-19. In early 2020, the World Health Organization announced to the world that the earth was in a health crisis. This virus has entered all countries to Indonesia. The President of Indonesia stated that 2 Indonesian citizens were contaminated with coronavirus on March 2, 2020, this caused a lot of shock for Indonesian citizens and caused panic attacks. Since the emergence of the coronavirus, many daily activities have encountered obstacles in various factors, one of which is the economy. The Indonesian economy has experienced significant shrinkage; therefore, this research aims to examine more deeply the impact of Covid-19 on profitability in various industrial fields. The capital market is a market for buying and selling securities issued by various private and government industries in the form of equity (shares) and debt (bonds). A capital market is an option for investors to invest their capital in the hope

that it will generate income (return) from investments that have been tried. According to Silaban, (2007), each owner of capital in the capital market must carry out efficient preparations, based on optimizing the balance between risk and the expected return. In the investment plan, the owner of the capital can carry out fundamental and technical discussions before riding the available evidence and formulating provisions regarding business activities in the future. Fundamental analysis can be done by exploring the financial capabilities of the company concerned. According to Munawir, (2000), financial capability is the work carried out by an industry within a certain period and which is reflected in the financial statements of that industry. Systematically, companies with good financial capabilities will also create large stock returns, because financial performance and stock returns are expected to move in the same direction.

One method for estimating the financial performance of an industry is by using financial ratio analysis. Hery (2016) gives the opinion that the profitability ratio is a ratio used to measure the expertise of the industry in creating profits from its usual business activities. Profitability ratios can be obtained as a tool to measure the effectiveness of management activities. A company is said to be effective if it can handle profits at the most optimal stage by looking at the success of its management. This success can be seen through tools that can see the company's capabilities, namely ROA (Return On Assets) and ROE (Return on Equity).

Many studies have been conducted on ROA and ROE Febrioni, (2016) surveyed the LQ 45 Index and found that ROA, ROE, EPS, and CR have a significant impact on equity returns. This is different from the survey by Susilowati & Turyanto (2011), which used the variables EPS, NPM, ROA, ROE, and DER to conduct a survey of producers and their impact on profitability and return on equity. Previous research has always given varied results, so this research aims to test the profitability of a company in the face of global events, such as the Covid-19 pandemic.

Profitability is Investors will withdraw their funds if a company has a low level of profitability, on the contrary, investors will invest their funds to expand their business if the company's ability to generate higher profits. While the profitability itself for the company is needed to evaluate the effectiveness of the company's management Weston & Brigham, (1993). The definition of profitability itself is when the company publishes profits but is calculated within a certain time.

The Kompas 100 index is an index of 100 public sector stocks traded on the Indonesia Stock Exchange. The index was officially released on August 10, 2007 by the Indonesia Stock Exchange in collaboration with the newspaper Kompas. Stocks that are selected and qualify for this index, not only have the high market capacity with excellent fundamentals and excellent performance. The winner-loser equity portfolio has an establishment period of 12 months and a subsequent 3 months holding period from 2012 to 2017, which includes five observations. The 4,444 Kompas100 shares are worth around 70 to 80 percent of the total market capitalization, which is Rp. 1.582 trillion of all shares listed on the IDX.

According to Kasmir (2008), ROA is a comparison that is used to present the results of a condition where the company's assets have been used. Mathematically it can be formulated as follows:

$$\text{ROA} = \frac{\text{NET PROFIT}}{\text{TOTAL ASSET}} \times 100$$

Return on Assets (ROA) is used to show the difference where a company can get a profit by looking at the wealth of the company. Arista (2012) that, if the ROA shows a high level then the company can be said to have good wealth to generate profits, however, if the ROA is increasing, the profitability will also increase.

**H1: There is a finding that during the Covid-19 pandemic there was a fairly large difference in ROA (Return on Assets).
Return on Equity (ROE)**

ROE is a measure to see how much income from shares is used by related companies. Mathematically it can be formulated as follows:

$$\text{ROA} = \frac{\text{NET PROFIT}}{\text{TOTAL ASSET}} \times 100$$

Lestari and Sugiharto (2007) say in their paper that ROE is good if the percentage is more than 12. If this is fulfilled, it can be concluded that the company controls its pool of money or commonly called capital well. Stock activists in making decisions to make transactions will see whether or not the ROE of a related company is high or not.

H2: There is a finding that during the Covid-19 pandemic there was a fairly large difference in ROE (Return on Equity).

METHODS

The research was conducted using a quantitative descriptive approach and secondary data obtained in the form of Kompas100 index transactions from the Indonesia Stock Exchange. This will present 2019 financial reporting data as a reflection of the situation before the Covid-19 pandemic disaster occurred, and to trace the condition of financial statements after Covid-19 obtained through financial reports during 2020. The author collects data by making available data from research previously. This method is called the documentation method. The data processed in this study has been included in the Kompas100 index and is secondary data from the company's annual financial statements which are accessed through the Indonesia Stock Exchange (IDX) for one year obtained through the website www.IDX.co.id. Profitability is used as a variable, the profitability indicators studied in this study return on assets (ROA) and return on equity (ROE).

RESULTS AND DISCUSSION

A virus that was discovered at the end of 2019 in this East Asian country is a disaster on this earth. In addition to the welfare of the body and also the activities of human life that are affected by the negative impacts, the economy and the state of the stock market also feel the impact. The impact felt by the company is bankruptcy, many employees are laid off, life is not prosperous, and the fear of stock activists because the numbers continue to decline so that many stock activists sell or withdraw their money.



Figure 1. Historical Performance Return

Source: www.idx.co.id

Looking at the index fact sheet in 2021, the rate of return since the emergence of the virus has decreased significantly. It can be seen that the return of the kompas100 index decreased because 2020 was the beginning of the announcement of the virus. The value shown from the index is -5.5% this number is seen from the year of year return. This is also due to the virus event, so that variable changes increased sharply due to the unstable economy around the world.

Table 1. IDX Kompas100 Historical data for the period August 2020 – December 2020

Date	Price	Open	High	Low	Volume	Change%
Dec 20	1,206.82	1,141.84	1,260.95	1,130.65	172.62B	6.34%
Nov 20	1.134.88	1,015.74	1,182.71	1,007.31	149.39B	11.13%
Oct 20	1,021.25	958.40	1,039.00	953.80	85.99B	7.50%
Sep 20	949,98	1,055.41	1,082.83	938.25	86.48B	-9.99
Aug 20	1,055.41	1,034.50	1,091.41	981.51	98.36B	2.02%

Source: Investing.com (2020)

It can be seen from July that the index increase was not too large, and this is also the same as in August 2020. However, from the end of August until entering September 2020 the index showed a rather encouraging increase for shareholders due to an increase of 5,300, as the index improves. Some analysts have interpreted that there will be a movement up to 6,000 by the end of the year.

Table 2. Descriptive Statistics of Compass Index 100

	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. Deviation</i>
ROE 2019	184 .1138	38.4574	8.896276	6.4905656
ROE 2020	184 .0002	28.3762	7.281408	5.7169263
ROA 2019	184 .0943	109.0408	5.204791	9.020.8471
ROA 2020	184 .0185	19.9723	3.902093	3.9727861

Source: www.idx.co.id

It can be seen from the ROE variable table, it can be found that the maximum return on equity (ROE) that can be achieved by the Kompas100 company decreased between 2019 and 2020. Furthermore, looking at the ROA variable, it can be seen that Kompas100's ability to achieve maximum profit has decreased for some time. finals.

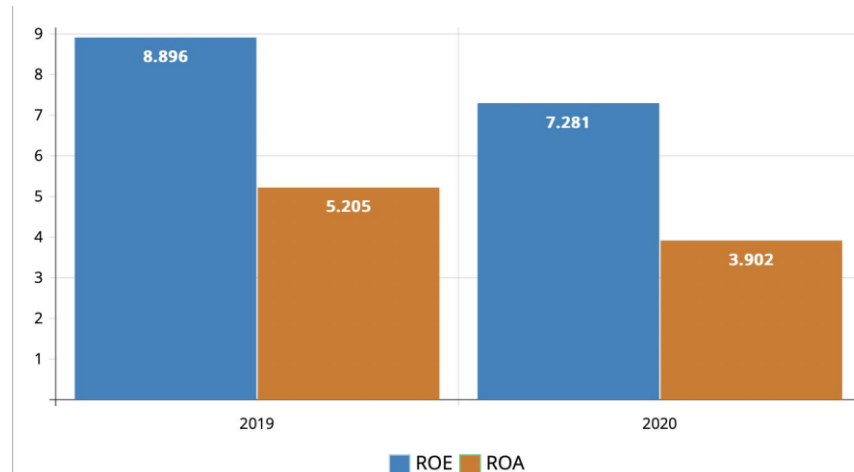


Figure 2. Average company condition

Source: www.idx.co.id

As seen from graph 2, in 2019 the company's Return On Equity reached 8,896, but entering 2020 it experienced a significant decline, which was 7,281. Similarly, the Return on Assets (ROA) which shows that the average condition of the company has decreased. It can be seen in 2019 the company showed a figure of 5,205, but in 2020 the number decreased drastically to 3,902.

The impact of the Covid-19 pandemic on the ROA of the Kompas100 company
visibleresult of the investigation process is that there are significant ROA differences for the company. This difference is due to the company experiencing a decline that they usually get, this decrease was protested because the company continues to bear operating costs. As a result, business revenues are smaller than their pre-pandemic revenues. Even though the number of assets obtained by the company has a consistent value but can cause both parts at the time of the comparison, it was found that the ROA on Kompas100 has decreased from the pre-pandemic period. Regarding the decline that occurred, this is quite significant from what the company has done to obtain a profit.

The impact of the Covid-19 pandemic on the ROE of the Kompas100 company

The results of this research can provide information that there is an important difference in ROE for the Kompas100 company, the difference found is quite large for the Kompas100 company, this occurs when the disaster that shocked the world, namely Covid-19, has greatly affected various kinds of daily activities. The results obtained are poor performance on Kompas100 during this pandemic. Many factors can be seen why this can happen, one of which is the drastic decline in the

company's net profit. This can happen because of the lack of a company in making a profit. The reason is that it is difficult for companies to do the work they usually do, therefore the benefits they get are also affected. This result can be seen from previous results, where the number of periods so far that has experienced a significant decline in generating returns on equity.

CONCLUSION

Looking at the results of previous research and reviews, the results that the authors get are information related to the impact of the Covid-19 virus on the Kompas100 index on company profitability. A comparison needs to be considered because of changes in the period before and during the pandemic, to the return on assets (ROA) and return on equity (ROE) of the Kompas100 industry. Pay attention to profitability in the period before the Covid-19 pandemic. This research can be continued by extending the research period because the authors only show quarterly periods or can use annual financial reports, and further research is also expected to take other work results, such as liquidity and solvency, to maximize the results obtained and can also increase the variety of results...

REFERENCES

- Arista & Astohar (2021). Analisis Factor-Faktor Yang Mempengaruhi Return Saham (Studi Kasus Pada Perusahaan Manufaktur Yang Go Public di BEI Priode Tahun 2005-2009). *Jurnal Ilmu Manajemen Dan Akuntansi Terapan*. Vol.3 No.1.
- Febrioni, R. (2016). Pengaruh Return Of Asset ROA, EPS, dan Current Ratio Terhadap Return Saham (Perusahaan yang Terdapat Pada Index LQ45 Tahun 2015). *E-Procceding of Manajemen*. Vol.3 No.3.
- Hery (2016). *Analisis Laporan Keuangan Integrated and Comprehensive Edition*. Jakarta: Grasindo.
- Kasmir (2008). *Bank dan Lembaga Keuangan Lainnya*. Jakarta: PT Raja Grafsindo Persada.
- Lestari, M.I & Sugiharto. T. (2007). Kinerja Bank Devisa dan Bank Non Devisa Dan Factor-Faktor Yang Mempengaruhinya. *PESAT*. Vol.2 No1.
- Munawir (2000). *Analisis Laporan Keuangan*. Edisi Ke Empat. Yogyakarta: Liberty Silaban.
- A (2007). Prilaku Disfungsional Auditor dalam Melaksanakan Program Audit. Tesis UNDIP.
- Susilowati. Y & Turyanto. T. (2011). Reaksi Signal Rasio Profitabilitas dan Rasio Solvabilitas terhadap return saham perusahaan. *Jurnal dinamika dan perbankan*. Vol.3 No.1.
- Weston, J & Bringham. E. F (1993). *Manajemen Keuangan*. Edisi Kedelapan Jilid Dua. Jakarta: Erlangga.