

Impact of Covid-19 on Profitability (Case Study on The Health Subsector Listed on Indonesia Stock Exchange)

Reta Rosita¹⁾, Muhammad Wadud²⁾, Endah Dewi PurnamaSari³⁾

^{1),2),3)}Universitas Indo Global Mandiri, Indonesia

Email: retarosita20@gmail.com¹⁾, endahdps86@gmail.com²⁾, wadud@uigm.ac.id³⁾

Abstract

This study aims to explore the impact of the Covid-19 pandemic on the profitability of health subsector companies listed on the Indonesia Stock Exchange. The aspects analyzed in this study were gross profit margin, net profit margin, return on assets, and return on equity. Samples were selected deploying purposive sampling technique. Data of 9 companies were collected from the investment gallery of the Indonesia Stock Exchange (BEI). This study implemented a series of paired sample t-test to analyze data before and during the Covid-19 pandemic. The results evidenced that there is no significant difference between before and during the Covid-19 pandemic for each aspect of gross profit margin, net profit margin, return on assets, return on equity.

Keywords: gross profit margin, net profit margin, return on assets, return on equity, pandemic

1. Introduction

Virus is another word for poison. Viruses are microscopic parasites that infect the cells of biological organisms. Viruses can only reproduce in living material by utilizing living cells. Because viruses do not have the cellular equipment to reproduce on their own. Viruses are particles called virions. In addition to being very small, viruses also have properties like inanimate objects.

A pandemic is a global disease outbreak. A pandemic is declared when a new disease spreads throughout the world beyond borders, the KBBI term pandemic is interpreted as an epidemic that is spreading simultaneously everywhere covering a wide geographic area. Disease outbreaks that fall into the pandemic category are infectious diseases and have a continuous line of infection. If a case occurs in another country, the country of origin is still classified as a pandemic.

Coronavirus Disease 2019 (COVID-19) is an infectious disease caused by Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2). SARS-CoV-2 is a new type of coronavirus that has never been previously identified in humans. There are at least two types of coronaviruses that are known to cause diseases that can cause severe symptoms, such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS).

The company is a legal entity formed by a group of people involved in running a business entity in a commercial or industrial capacity and the profitability ratio is a ratio to assess the company's ability to seek profit according to Qurotul (Kasmir, 2015:196). This ratio also provides a measure of the effectiveness of a company's management. According to Sartono and Rika Ayu Nurafika (Lestari, 2017: 8), profitability is the company's ability to earn profits in relation to sales, total assets and own working capital. Profitability ratio is used to measure the level of rewards or gains (profits) compared to sales or assets, measuring how much the company's ability to earn profits in relation to sales, assets and profits and own capital. (V. Wiratna Sujarweni, 2019: 114).



2. Research Method

The objects in this study were ten companies in the Health sub-sector, namely focusing on the Pharmaceutical Industry which were listed on the Indonesia Stock Exchange in the period of Quarter II-IV 2019 and Quarter I-III in 2020. The sample in this study were 9 companies. This research was conducted during 2019 to 2020. The data collection techniques used in this study were:

1. Documentation, by collecting financial data in the form of profit/loss on the Pharmaceutical Industry sub-sector companies listed on the Indonesia Stock Exchange.
2. Literature, where data is obtained from financial reports by accessing the Investment Gallery of the Indonesia Stock Exchange. And by reading books, journals, websites, and literature studies.

Rasio Profitabilitas yang diukur menggunakan *Gross Profit Margin*, *Net Profit Margin*, *Return on Asset*, dan *Return on Equity* terlihat jelas tidak terdapat perbedaan yang signifikan. Hal tersebut terjadi karena produk-produk farmasi yang berkaitan dengan penanganan covid-19 mengalami peningkatan. Sesuai dengan pernyataan Direktur Utama PT. Kimia Farma Tbk, Covid-19 telah menyebabkan permintaan dan kebutuhan produk kesehatan meningkat sehingga akhirnya turut berdampak terhadap pendapatan perseroan”.

3. Findings and Discussions

There are several other factors that support the pharmaceutical industry to continue to gain considerable growth during the COVID-19 pandemic, namely the government's support by providing tax incentives and subsidies to trigger industrial growth, including the pharmaceutical industry to face difficulties in the industry. the government provides tax incentives and subsidies. The existence of goods and services tax incentives used for handling the pandemic from the Ministry of Economy through the Minister of Finance Regulation (PMK) Number 143/PMK.03/2020 which was set on October 1, 2020 states that the tax incentives provided include income tax (PPh) article 21 borne by the government, exemption of import PPh article 22, reduction of installments of PPh article 25, and accelerated return of value added tax (VAT). In addition, the government through the Ministry of Industry (Kemenperin) has issued Minister of Industry Regulation Number 16 of 2020 which regulates the provisions and procedures for calculating the Domestic Content Level Value (TKDN) of Pharmaceutical Products a few months ago to encourage increased competitiveness and independence of the Pharmaceutical industry. , especially the production of medicinal raw materials. Head of the Indonesian Pharmacy Undergraduate Study Program at the International Institute for Life Science (I3L) Leonny Yulita Hartiadi Leonny revealed that the pharmaceutical industry has a positive contribution to Indonesia's current economic growth.

At a time of slowing economic conditions due to the pandemic, the pharmaceutical, traditional medicine and chemical industries grew by 5.59 percent in the first quarter of 2020 as monitored by the Ministry of Industry. Positive growth was also reflected in the increase in profits achieved by several pharmaceutical companies. “For the supply of medicinal raw materials, the pharmaceutical industry needs to look for alternative sources of raw materials from other countries. The pharmaceutical industry also needs to change its marketing strategy by optimizing the use of information technology or digitization, especially for over-the-counter and limited-free drugs. The relaxation of taxes and subsidies for business actors has provided fresh air for the pharmaceutical industry. Therefore, I am optimistic that the pharmaceutical



industry will grow positively," said Leonny. Thus, the existence of a pandemic has a positive impact on the Pharmaceutical Industry, which continues to gain considerable growth.

Seeing from the government support and the high demand for pharmaceuticals as well as the increasing need for drugs and supplement products among the public during the corona virus outbreak, For example, the newly released products Vitamin Prove D3-1000 UI, Prove D3 Drops and other products such as Fatigon, Supplements H2, XONCE Vit C 500 mg, Hevit C, Joss C 1000, Sunbe, Entrasol, heat in, tolak angin, ginger milk, fragrant ginger, vitamin C 1000, Vitagon C, enervon C, Neurovit E and Becefort, and supported by the results of the four Paired Sample T tests. -test above the value obtained > 0.05 , it can be concluded that the Covid-19 pandemic does not affect the profitability of pharmaceutical companies.

Profitability ratios are measured using Gross Profit Margin, Net Profit Margin, Return on Assets, and Return on Equity, it is clear that there is no significant difference. This is because pharmaceutical products related to the handling of COVID-19 have increased. In accordance with the statement of the President Director of PT. Kimia Farma Tbk, Covid-19 has caused the demand and need for health products to increase, which in turn has an impact on the company's revenue."

There are several other factors that support the pharmaceutical industry to continue to gain considerable growth during the COVID-19 pandemic, namely the government's support by providing tax incentives and subsidies to trigger industrial growth, including the pharmaceutical industry to face difficulties in the industry. the government provides tax incentives and subsidies. The existence of goods and services tax incentives used for handling the pandemic from the Ministry of Economy through the Minister of Finance Regulation (PMK) Number 143/PMK.03/2020 which was set on October 1, 2020 states that the tax incentives provided include income tax (PPh) article 21 borne by the government, exemption of import PPh article 22, reduction of installments of PPh article 25, and accelerated return of value added tax (VAT). In addition, the government through the Ministry of Industry (Kemenperin) has issued Minister of Industry Regulation Number 16 of 2020 which regulates the provisions and procedures for calculating the Domestic Content Level Value (TKDN) of Pharmaceutical Products a few months ago to encourage increased competitiveness and independence of the Pharmaceutical industry. , especially the production of medicinal raw materials. Head of the Indonesian Pharmacy Undergraduate Study Program at the International Institute for Life Science (I3L) Leonny Yulita Hartiadi Leonny revealed that the pharmaceutical industry has a positive contribution to Indonesia's current economic growth.

At a time of slowing economic conditions due to the pandemic, the pharmaceutical, traditional medicine and chemical industries grew by 5.59 percent in the first quarter of 2020 as monitored by the Ministry of Industry. Positive growth was also reflected in the increase in profits achieved by several pharmaceutical companies. "For the supply of medicinal raw materials, the pharmaceutical industry needs to look for alternative sources of raw materials from other countries. The pharmaceutical industry also needs to change its marketing strategy by optimizing the use of information technology or digitization, especially for over-the-counter and limited-free drugs. The relaxation of taxes and subsidies for business actors has provided fresh air for the pharmaceutical industry. Therefore, I am optimistic that the pharmaceutical industry will grow positively," said Leonny. Thus, the existence of a pandemic has a positive impact on the Pharmaceutical Industry, which continues to gain considerable growth.

Seeing from the government support and the high demand for pharmaceuticals as well as the increasing need for drugs and supplement products among the public during the corona virus



outbreak, For example, the newly released products Vitamin Prove D3-1000 UI, Prove D3 Drops and other products such as Fatigon, Supplements H2, XONCE Vit C 500 mg, Hevit C, Joss C 1000, Sunbe, Entrasol, tolak angin, ginger milk, fragrant ginger, vitamin C 1000, Vitagon C, enervon C, Neurovit E and Becefort, and supported by the results of the four Paired Sample T tests. -test above the value obtained > 0.05 , it can be concluded that the Covid-19 pandemic does not affect the profitability of pharmaceutical companies.

References

- Kasmir. (2015). *Analisis Laporan Keuangan. Ed.1*. PT.Raja Grafindo Persada, Jakarta.
- Nurfika, R. A. (2018). Pengaruh perputaran kas, perputaran piutang, perputaran persediaan terhadap profitabilitas pada perusahaan semen. *Jurnal Akutansi dan Bisnis: Jurnal Program studi Akutansi*, 4(1).
- Purwanto, Erwan Agus, dan Dyah Ratih sulistyastuti. (2011). *Metode Penelitian Kuantitatif untuk Administrasi Publik dan Masalah-Masalah Sosial*. Gava Media: Yogyakarta.
- Sugiyono. (2018). *Metode Penelitian Pendidikan kuantitatif dan R&D*. Alfabeta: Bandung.
- Sujarweni, V. Wiratna. (2019). *Manajemen Keuangan Teori, Aplikasi dan Hasil Penelitian*. Pustaka Baru Press, Yogyakarta.