



## Review of Accounting, Finance and Governance

Journal homepage: <https://akuntansi.pnp.ac.id/rafgo>

# Differences Tobacco Company in Indonesia Prior To and Following Covid-19 Pandemic Era

Randy Heriyanto<sup>1\*</sup>, Fitra Oliyan<sup>2</sup>

<sup>1</sup>Accounting Department, Politeknik Negeri Padang, Indonesia, [randy@pnp.ac.id](mailto:randy@pnp.ac.id)

<sup>2</sup>Accounting Department, Politeknik Negeri Padang, Indonesia, [fitraoliyan@pnp.ac.id](mailto:fitraoliyan@pnp.ac.id)

\*Corresponding Author

### ARTICLE INFO

#### Keywords:

Covid-19 Pandemic Era,  
Financial Performance,  
Cigarette Consumption,  
Tobacco Company

Received : 19 Nov 2021

Accepted : 1 Des 2021

Published : 2 Jan 2022

### ABSTRACT

In this pandemic era, it is said that keeping oneself healthy will keep others healthy as well. Many government officials have stated that smoking makes it easier to obtain covid-19. This statement will make smokers reconsider their cigarette consumption. This will change the way smokers live. This study will investigate whether this behavior has an impact on the tobacco company. This study aims to discover differences in financial performance before and after the Covid-19 casualty's spike. The conclusion is that tobacco companies' profits have decreased in general, but not significantly.

### Introduction

Covid-19 has harmed numerous businesses around the world. In this period, few businesses can survive and even increase their profits. This phenomenon does not apply to certain types of businesses, such as pharmaceutical firms. Companies in the health sector can actually increase their profits due to the high demand for medicines and medical equipment during the Covid-19 pandemic (bpkm.go.id, 2021).

Smoking, for example, can lower immunity, weakening the body and making it vulnerable to Covid-19 later in life (p2ptm.kemkes.go.id, 2022). As a result, many people are beginning to consider changing their lifestyle habits in order to be healthier, such as avoiding or even quitting smoking.

The goal of this study is to determine whether the habits recommended by the government in the health section can have an impact on tobacco companies. This can be seen in the company's financial statements, which show changes in performance. The Debt to Assets Ratio, Net Profit Margin, Return on Equity, and Asset Turnover are the variables used to determine this change. Furthermore, it will be known later whether Indonesians live a healthy lifestyle by not smoking. It can also be used by investors to help them decide whether to invest in tobacco companies and how much impact Covid-19 has on companies in this field.

### Literature Review

According to (Munawir, 2012), the purpose of analyzing financial performance is: Be aware of the existing cash situation. The company's liquidity describes the company's ability to meet its needs when they fall due; Be aware of the ability to meet its debts both in the short term and long term; Be aware of the profits you have. Liquidity describes the company's ability to earn profits at a certain time and understand the level of stability of the company when evaluating the company to pay debts and interest. Liquidity also describes the company's capacity to run a stable business.

Investors also often use financial reports to evaluate the condition of a company in two ways (Berk & DeMarzo, 2017): Comparing the company with other similar companies and comparing financial ratio analysis; Comparing the company's own financial condition without comparing it with other companies but by looking at its development from time to time or also

known as trend analysis. If the trend improves, it can be concluded that the company's financial performance is relatively good, and vice versa (Atmaja, 2008). To analyze financial reports, you can also use components such as Debt to Equity Ratio, Total Asset Turnover and Return on Assets (Oliyan & Heriyanto, 2020).

### Debt to Asset Ratio

According to (Kasmir, 2008) this ratio shows the extent to which debt can be covered by assets. The smaller the ratio, the safer (solvable). Information that can be concluded from the debt to assets ratio is how much percentage of debt from all total assets owned or also known as the debt to capital ratio which can be used either at book value or market value (Berk & DeMarzo, 2017). The debt to asset ratio can describe how stable the company is, the greater the company's leverage level, the higher the risk of investing in the company (Hayes, 2022).

$$\text{Debt to Asset Ratio} = \frac{\text{Total Debt}}{\text{Total Asset}}$$

### Net Profit Margin

This ratio is used to calculate the percentage of each remaining sale after deducting all costs and expenses, including interest and taxes. An increase in profit margin itself can be interpreted that there is an increase in company efficiency. It should also be noted that increasing leverage can also increase profits (Berk & DeMarzo, 2017). Net Profit Margin is different from other profit margin measurements. Net Profit Margin has an element of the costs involved in the sales section, making it the most comprehensive measure of profitability. Meanwhile, other measurements, such as Gross Profit Margin, only look at cost of goods sold and ignore overhead costs, fixed costs, interest costs and taxes. Net Profit margin is the most important indicator in measuring the level of financial soundness of a company. By rising and falling Net profit margin, a company can assess whether the company's operations are running smoothly and estimate the profit from existing sales. (Murphy, 2022).

$$\text{Net Profit Margin} = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Penjualan}}$$

### Return On Equity

The ratio that describes the company's ability to earn net income based on equity. Return On Equity is considered good if it increases from time to time which later indicates the company is able to utilize funds from shareholders to increase profits which can increase shareholder value (Wilkins, 2022).

$$\text{Return On Equity} = \frac{\text{Laba Setelah Pajak}}{\text{Rata - rata Ekuitas}}$$

### Research methods

Descriptive analysis is used in this study to see the differences that occur in the variables Debt to Asset Ratio, Net Profit Margin, and Return on Equity The Independent T Test was chosen because the significant value data using the Shapiro-Wilk (data not greater than 50) is more than <0.05 which is the limit for normally distributed data. Testing for small samples ( $n_1$  or  $n_2 \leq 20$ ). The following is the test statistic used for small samples.

$$t_{count} = \frac{x_1 - x_2}{\sqrt{\frac{(n_1 - 1)s_{1^2} + (n_2 - 1)s_{2^2}}{n_1 + n_2 - 2} \left( \frac{1}{n_1} + \frac{1}{n_2} \right)}}$$

Information:

$X_i$  = average score/value of group  $i$

$n_i$  = number of respondents in group  $i$

$s_i^2$  = variance score of groups  $i$

Previous research also states that companies engaged in telecommunications have greater revenue, although not significantly during the Covid-19 pandemic (Heriyanto & Oliyan, 2021).

### Results

Companies registered with tobacco companies on the Indonesia Stock Exchange in 2018-2019 before the pandemic and 2020-2021, namely during the pandemic (IDX, 2021).

**Table. 1. List of Tobacco Companies**

No.	Kode	Keterangan
1	GGRM	Gudang Garam Tbk.
2	HMSP	H.M. Sampoerna Tbk.
3	ITIC	Indonesian Tobacco Tbk.
4	RMBA	Bentoel Internasional Investama Tbk.
5	WIIM	Wismilak Inti Makmur Tbk.

The following is data related to the processed company

**Table 2. Average Processed Data for 2018-2019**

Kode	Debt to Asset Ratio	Net Profit Margin	Return On Equity
GGRM	0.37	13.74	18.36
HMSP	0.36	21.12	42.76
ITIC	0.41	0.68	0.31
RMBA	0.45	-7.15	-9.51
WIIM	0.22	4.02	3.30

**Table 3. Average Processed Data for 2020-2021**

Kode	Debt to Asset Ratio	Net Profit Margin	Return On Equity
GGRM	0.16	7.48	11.78
HMSP	0.40	11.20	26.82
ITIC	0.44	5.23	3.32
RMBA	0.37	-3.66	-4.83
WIIM	0.30	5.73	7.00

From the processed descriptive data, it can be seen clearly in Table 2 and Table 3 that the structure of these tobacco companies is almost the same when viewed from the debt to asset ratio (DAR) or the level of debt at the level of the company's overall assets. The DAR for this tobacco company is around 36%. After the normality test was carried out with SPSS v20, it was found that the Sig value (p value) was greater than 0.05, which means that the data in this study were normally distributed. The results of this test can be seen in Table 4 below.

**Table 4. Test Normality Shapiro-Wilk**

Variabel	Pandemic	Sig.
DAR	Before	.354
	After	.412
NPM	Before	.921
	After	.436
ROE	Before	.546
	After	.833

The following are the results of an independent T test using Microsoft Excel to see the significance of data movement in Table 5.

**Table 5. Independent T Test Debt to Assets Ratio**

P Value =	0.972
Sig=	Tidak Signifikan
Mean Kelompok 1	0.363036198
Mean Kelompok 2	0.361342692
Perbedaan	0.001693506
Kecenderungan	Penurunan

Data from Table 5 shows that the Covid-19 pandemic has not changed the level of leverage in companies. Even though it has decreased, however, the level of leverage is still at an almost the same average. This can be seen from the mean of group 1 (before the pandemic) and the mean of group 2 (during the pandemic) which were 0.36.

The results of the debt to asset ratio which measures the level of solvency in Table 5 above shows a decrease that is not significant. This result is not in line with research conducted by Esomar and Christianty (2021) which measured the level of

solvency ratios in service companies with the result that the level of solvency ratios decreased significantly during a pandemic (Esomar & Christianty, 2021)

**Table 6. Independent T Test Net Profit Margin**

P Value =	0.823
Sig=	Not Significant
Mean of group 1	6.479
Mean of group 2	5.19665
Difference	1.28235
Trend	Decrease

The results of the Net Profit Margin (NPM) test can be seen in Table 6. The results of the NPM test are that there was a decrease in NPM before and during the pandemic, this can be seen from the average before and during the pandemic there was a difference of 1.28. Judging from the level of significance, the decline that occurred was not significant, this result can be seen from the P-value at 0.823. It can be concluded that the NPM of tobacco companies in the period before and during the pandemic experienced a non-significant decrease.

**Table 7. Independent T Test Return on Equity**

P Value =	0.837
Sig=	Not Significant
Mean of group 1	11.0435
Mean of group 2	8.8152
Difference	2.2283
Trend	Decrease

The results of the Return on Equity (ROE) calculation in Table 7 above show that ROE decreased during the pandemic with a difference of 2.23. This indicates that the performance of tobacco companies has decreased to generate profits but not significantly during a pandemic. These results are different from the results of service companies where the results show a significant decrease during the Covid-19 pandemic (Esomar & Christianty, 2021). Retail companies also experience similar things with service companies where there is a significant decrease in net profit and an increase in business capital (Pratama, Pontoh, & Pinatik, 2021).

## Discussion and Conclusions

The results of this research can be concluded that the Debt to Asset Ratio has not decreased significantly, Net Profit Margin has decreased not significant, and Return on Equity has decreased which has not been significant before and during the Covid 19 pandemic for tobacco companies listed on the Exchange Indonesian Securities.

The condition of tobacco companies as a whole did not change during the Covid-19 pandemic. The performance shown through the variables in this study proves that companies in the tobacco sector have not experienced significant changes in conditions. This also means that the Indonesian population actually did not make lifestyle changes by avoiding smoking during the pandemic, so that companies in this field were not affected by the pandemic.

## References

- Atmaja, L. S. (2008). *Teori & Praktik Manajemen Keuangan*. Yogyakarta: Penerbit ANDI.
- Berk, J., & DeMarzo, P. (2017). *Corporate Finance*. Harlow: Pearson.
- bpk.go.id. (2021). *bpk.go.id*. Diambil kembali dari Kementerian Investasi/BPKM: <https://www.bkpm.go.id/id/publikasi/detail/berita/potensi-menjanjikan-di-industri-farmasi-dan-kesehatan-indonesia>
- Esomar, M. J., & Christianty, R. (2021). Dampak Pandemi Covid-19 terhadap Kinerja Keuangan . *JURNAL KONSEP BISNIS DAN MANAJEMEN*, 227-233.
- Hayes, A. (2022, July 05). *Total-Debt-to-Total-Assets Ratio*. Diambil kembali dari Investopedia: <https://www.investopedia.com/terms/t/totaldebttotalassets.asp#:~:text=What%20is%20the%20Total%20Debt,c%20companies%20in%20the%20same%20industry.>
- Heriyanto, R., & Oliyan, F. (2021). The Effect of Covid-19 In The Year 2 on Financial Ratio Analysis: Evidence from Companies Listed on Indonesia Stock Exchange. *Review of Accounting, Finance and Governance*, 12-15.
- IDX. (2021). *IDX Quarterly Statistic*. Jakarta: Indonesia Stock Exchange Data Service Division.
- Kasmir. (2008). *Analisis Laporan Keuangan*. Jakarta: Rajawali Pers.
- Munawir, S. (2012). *Analisis Informasi Keuangan*. Yogyakarta: Liberty.
- Murphy, C. B. (2022, March 6). *Net Profit Margin*. Diambil kembali dari Investopedia: [https://www.investopedia.com/terms/n/net\\_margin.asp#:~:text=company's%20overall%20profitability.-](https://www.investopedia.com/terms/n/net_margin.asp#:~:text=company's%20overall%20profitability.-)

,It%20is%20the%20ratio%20of%20net%20profits%20to%20revenues%20for,included%20in%20earning%20those%20revenues.

Oliyan, F., & Heriyanto, R. (2020). Analisis Dampak Surat Edaran Reformasi Birokrasi Nomor 34 Tahun 2020 Terhadap Kinerja Keuangan Perusahaan Sektor Telekomunikasi yang Terdaftar di Bursa Efek Indonesia. *Akuntansi dan Manajemen*, 50-55.

p2ptm.kemkes.go.id. (2022, April 5). *Kementerian Kesehatan Republik Indonesia*. Diambil kembali dari p2ptm.kemkes.go.id: <http://p2ptm.kemkes.go.id/kegiatan-p2ptm/dki-jakarta/rokok-dan-pandemi-covid-19-pandemi-tidak-berdampak-terhadap-konsumsi-rokok>

Pratama, E. H., Pontoh, W., & Pinatik, S. (2021). ANALISIS DAMPAK COVID-19 TERHADAP KINERJA KEUANGAN PERUSAHAAN RITEL YANG TERDAFTAR DI BURSA EFEK INDONESIA. *Jurnal Riset Akuntansi*, 111-118.

Wilkins, G. (2022, May 04). *6 Basic Financial Ratios and What They Reveal*. Diambil kembali dari Investopedia: <https://www.investopedia.com/financial-edge/0910/6-basic-financial-ratios-and-what-they-tell-you.aspx>