

Impact of Covid-19 Pandemic on the Financial Performance of Regional General Companies (Study on Tirta Hita Buleleng Bali Drinking Water Supply Company)

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ABSTRACT

The regional public drinking water company Tirta Hita was established to provide clean water for the people of Buleleng Regency. As a regional company, apart from being able to provide drinking water that meets the requirements of quality, quantity, and continuity, it also expected to contribute to increasing local revenue. The Covid-19 pandemic gave a huge impact on the economic and social sectors, including the weakening of people's purchasing power and investment, which has implications for the weakening of people's incomes. For Tirta Hita Buleleng, Covid-19 caused problems to increase the number of customer arrears by 2.000 households, as well as delays in income of 1 billion rupiah. This study aimed to determine the impact of Covid-19 on the Financial Performance of the Tirta Hita Drinking Water Company in Buleleng Regency. Financial Performance includes: 1) Liquidity was measured by: Current Ratio (CR), Cash Ratio (CR) and Quick Ratio (QR); 2) Profitability was measured by: Return on Assets (ROA) and Return on Equity (ROE); 3) Solvency was measured by: Debt to Equity Ratio (DER) and Long-Term Debt to Equity Ratio (LTDER). Financial Statements for 2019 (before Covid-19) and 2020 (during covid-19) were analyzed descriptively. The population in this study were all drinking water branch companies under the Tirta Hita Buleleng Drinking Water Company covering the head office and 9 branch offices. The results showed that there were significant differences in: 1) Liquidity in: Current Ratio (CR), Cash Ratio (CR) and Quick Ratio (QR); 2) Profitability on: Return on Assets (ROA) and Return on Equity (ROE); 3) Solvency at: Debt to Equity Ratio (DER) and Long-Term Debt to Equity Ratio (LTDER). Noting that the increase in capital higher than the increase in profit, it recommended that business innovation be sought to avoid idle money. The end of Covid-19, which cannot be predicted, should be anticipated by the company for a more intensive method of billing accounts so that payment arrears can be eliminated.

Keywords : Covid 19, Financial performance, water supply demand

1. INTRODUCTION

The Covid-19 pandemic has had a huge impact on the economic and social sectors in the world, including Indonesia and of course in Buleleng Regency. The first impact is the weakening of household consumption or the weakening of people's purchasing power. The second impact is the weakening of investment which has implications for the weakening of people's income. The third impact is the weakening of the economy, causing commodity prices to fall (Susilawati et al., 2020).

The impact from the economic side, it caused sales to decline and had implications for a decrease in operating profit to termination of employments. One of the regional public companies in Buleleng Regency experiencing the impact is Tirta Hita Buleleng Drinking Water Supply Company. The company's vision is "To become one of the best drinking water companies in Indonesia, which is healthy, independent, innovative, sustainable and ethical based on the "Tri Hita Karana" philosophy. To achieve this vision, a number of missions have been set, including: 1). Provide drinking water that meets the quality, quantity and continuity that can be accounted for with excellent service; 2). To produce the best performance and be able to contribute to the increase in local revenue (PAD); 3). Carry out business management professionally with appropriate technology and management principles with a global perspective; 4). Creating a conducive working environment and adequate welfare for management and employees; 5). Serve God, maintain harmonious relationships with all stakeholders and take an active role in efforts to preserve the environment and water resources. Prior to the Covid-19 pandemic, this Regional Public Company had good financial performance. Covid-19 causes problems to increase the

number of customer arrears to reach 2000 customers. This resulted in a loss of income of up to 1 billion rupiah.

In general, the sectors that are the main concern for minimizing the impact are the health system, social services, economic activities, and other sector activities (Kementerian Kesehatan RI, 2020). In addition, the Government has provided assistance to increase people's purchasing power through direct cash assistance. However, the efforts given have not fully helped the community in its various problems.

Thus, it can be said that Covid-19 has affected the company's revenue and costs and ultimately has an impact on its financial performance as measured by the ratio of total assets turn over, return on equity, current ratio, debt to equity ratio. Evaluation of financial performance is an important part to be researched, so that the company's future strategy can be determined by the government appropriately and effectively (Bakar & Rosbi, 2020; Kitamura et al., 2020). Based on the description above, this research aims to determine the impact of Covid-19 on the Financial Performance of the Tirta Hita Drinking Water Company in Buleleng Regency.

2. LITERATURE REVIEW

2.1. Pandemic Covid-19

Kementerian Kesehatan RI (2020) state that Covid-19 is a "coronavirus disease" because it is taken from the words "corona", "virus", and "disease". While the number 19 represents 2019, the time this virus was first discovered and reported by WHO. Corona virus disease which is abbreviated as Covid is a virus that can cause mild to severe symptoms. There are at least 2 types of corona viruses that are known to cause diseases with severe symptoms, such as Middle East Respiratory Syndrome (MERS) and severe acute respiratory syndrome (SARS). COVID 19 is a new type of disease that has never been identified before, the virus that causes COVID 19 is called Sars-Cov-2. As already known in research that SARS was carried or transmitted by civets to humans and MERS from camels to humans. However, the source of the transmission of COVID-19 itself is still unknown at this time.

2.2. Financial Performance

Financial performance is the determination of certain measures that can measure the success of an organization as measured by indicators of liquidity, profitability and solvency (Prentice, 2016). Liquidity is the ability of a company to meet its short-term financial obligations that must be paid immediately. There are three indicators including: Current Ratio (CR), Cash Ratio (CR) and Quick Ratio (QR). Current Ratio (CR) shows how much the company's ability to pay off current debt. The larger this ratio indicates the more liquid the company is. Cash Ratio shows the amount of cash available to pay off the company's short-term debt. Quick Ratio (QR) is a ratio used to measure a company's ability to pay its short-term obligations by using more liquid assets. Profitability is the company's ability to earn a return on its investment. There are two indicators including: Return on Assets (ROA) and Return on Equity (ROE). Return On Assets (ROA) measures how effectively existing assets are able to generate profits. Return on Equity (ROE) measures how much net profit is available to shareholders, in other words, this ratio measures how many rupiahs of profit generated by own capital. Solvency is the company's ability to pay debts for its assets. There are two indicators including: Debt to Equity Ratio (DER) and Long-Term Debt to Equity Ratio (LTDER). Debt To Equity Ratio (DER) shows the comparison between the debt owned by the company and its own capital. Long Term Debt to Equity Ratio (LTDER) is a ratio that measures the portion of own capital that is used as collateral for long-term debt.

2.3. Research Conceptual Framework

Financial Performance prior to the determination of the public health emergency status against

COVID19 was in Good Condition. After the determination of the public health emergency status of COVID-19 caused a decline in the Financial Performance of the Tirta Hita Buleleng Public Drinking Water Supply Company. For this reason, it is necessary to know how the impact of the Covid-19 Pandemic on the Financial Performance of the Tirta Hita Buleleng Public Drinking Water Supply Company is. To measure financial performance, the approach of liquidity ratios, profitability ratios and solvency ratios is used. For more details, an image of the Conceptual Framework of the study is presented as shown in Figure 1 below.

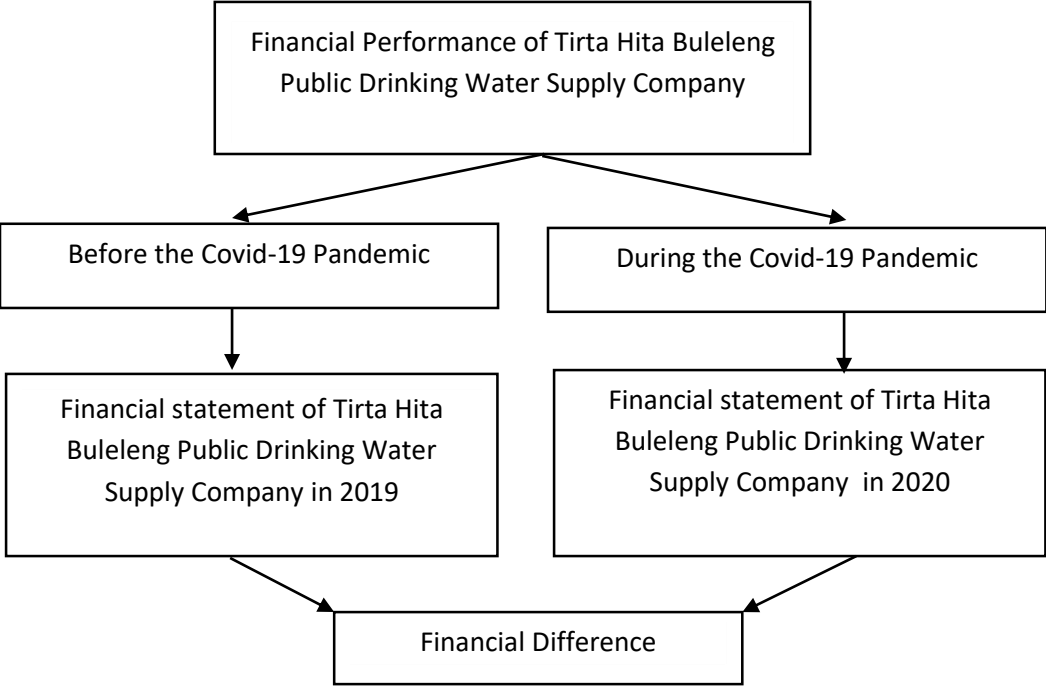


Figure 1. Research conceptual framework

3. METHODS

The research method used is descriptive quantitative. This is done by comparing two symptoms, namely symptoms for financial performance before and during the occurrence of Covid-19. From this comparison, it will be known what the impact of Covid-19 on the Financial Performance of Tirta Hita Buleleng Public Drinking Water Supply Company in 2019. The type of data used in this study is secondary data which is a source of research data obtained directly in the form of evidence, records or historical reports that have been compiled in published and unpublished archives. To collect the data needed in this study, three methods were defined which include: documentation method, observation method, and library research method. The Documentation method used to make it easier to get data in the form of documents owned by the company. The Observation method is set with the aim of being able to see directly the company's activities. Literature Research is determined to obtain the literature needed to provide theoretical support for the problems discussed. data analysis on financial performance includes four measures which include: Liquidity Ratio, Profitability Ratio and Solvency Ratio.

Liquidity Ratio include:

$$\text{Current Ratio (CR) calculated by} = \frac{\text{Current Assets}}{\text{Current Debt}} \times 100\% \tag{1}$$

$$\text{Cash Ratio (CR) calculated by} = \frac{\text{Cash}}{\text{Current Debt}} \times 100\% \tag{2}$$

$$\text{Quick Ratio calculated by} = \frac{\text{Current Assets} - \text{supply}}{\text{Current Debt}} \times 100\% \quad (3)$$

Profitability Ratio include:

$$\text{Return On Asset calculated by} = \frac{\text{Net Profit After Tax}}{\text{Total assets}} \times 100\% \quad (4)$$

$$\text{Return On Equity calculated by} = \frac{\text{Net Profit After Tax}}{\text{Equity}} \times 100\% \quad (5)$$

Solvency Ratio include:

$$\text{Debt to Equity Ratio calculated by} = \frac{\text{Total Debt}}{\text{Current Assets}} \times 100\% \quad (6)$$

$$\text{Long Term Debt to Equity Ratio calculated by} = \frac{\text{Longterm debt}}{\text{Current Assets}} \times 100\% \quad (7)$$

4. RESULT AND DISCUSSION

To find out financial performance before and during Covid-19, calculations can be made based on data in the company's financial statements as follows:

Table 1. Company Financial Statement Recapitulation

Description	Before Covid-19 (Rupiah)	During Covid 19 (Rupiah)
Cash	22.376.209.522,24	26.161.734.277,43
Supply	1.230.276.012,05	2.390.877.539,73
Current Assets	35.760.277.515,48	35.134.179.744,97
Fixed assets	36.061.582.485,52	42.179.977.909,62
Total assets	80.021.441.743,40	86.733.532.866,99
Current Debt	5.918.155.532,11	5.697.899.817,45
Long-term debt	66.267.721,00	-
Total Amount of debt	5.984.423.253	5.697.899.817,45
Equity	74.037.018.490,29	81.035.633.049,54
Net profit after tax	10.459.218.530,68	10.925.556.552,78

Source: Financial statement

4.1. Liquidity Ratio

$$\text{Current ratio (CR) before Covid-19} = \frac{35.760.277.515,48}{5.918.155.532,11} \times 100\% = 604,25\% \quad (8)$$

$$\text{Current ratio (CR) during Covid-19} = \frac{35.134.179.744,97}{5.697.899.817,45} \times 100\% = 616,62\% \quad (9)$$

Quick Ratio (QR) before Covid-19

$$= \frac{35.760.277.515,48 - 1.230.276.012,05}{5.918.155.532,11} \times 100\% = 583,46\% \quad (10)$$

Quick Ratio (QR) during Covid-19

$$= \frac{35.134.179.744,97 - 2.390.877.539,73}{5.697.899.817,45} \times 100\% = 574,65\% \quad (11)$$

$$\text{Cash Ratio (CR) before Covid-19} = \frac{22.376.209.522,24}{5.918.155.532,11} \times 100\% = 378,09\% \quad (12)$$

$$\text{Cash Ratio (CR) during Covid-19} = \frac{26.161.734.277,43}{5.697.899.817,45} \times 100\% = 459,15\% \quad (13)$$

4.2. Profitability Ratio

$$\text{Return on Asset (ROA) before Covid-19} = \frac{10.459.218.530,68}{80.021.441.743,40} \times 100\% = 13,07\% \quad (14)$$

$$\text{Return on Asset (ROA) during Covid-19} = \frac{10.925.556.552,78}{86.733.532.866,99} \times 100\% = 12,60\% \quad (15)$$

$$\text{Return on Equity (ROE) before Covid-19} = \frac{10.459.218.530,68}{74.037.018.490,29} \times 100\% = 14,13\% \quad (16)$$

$$\text{Return on Equity (ROE) during Covid-19} = \frac{10.925.556.552,78}{81.035.633.049,54} \times 100\% = 13,48\% \quad (17)$$

4.3. Solvency Ratio

Debt to equity ratio (DER) before Covid-19

$$= \frac{5.984.423.253}{74.037.018.490,29} \times 100\% = 8,08\% \quad (14)$$

Debt to equity ratio (DER) during Covid-19

$$= \frac{5.697.899.817,45}{81.035.633.049,54} \times 100\% = 7,03\% \quad (15)$$

Debt to Asset ratio (DAR) before Covid-19

$$= \frac{5.984.423.253}{80.021.441.743,40} \times 100\% = 7,48\% \quad (16)$$

Debt to Asset ratio (DAR) during Covid-19

$$= \frac{5.697.899.817,45}{86.733.532.866,99} \times 100\% = 6,57\% \quad (17)$$

4.4. Discussion

Aspects of Liquidity by using the Current ratio, Quick Ratio and Cash Ratio, it is known that there was an increase after the Covid 19 occurrence in the Current Ratio and Cash Ratio, while the Quick Ratio decreased. This increase in the current ratio occurred because although current assets decreased drastically, it was also followed by continuous debt payments. This causes the numerator and denominator to decrease equally but the decrease in the numerator is smaller than the decrease in the denominator. so the current ratio has increased. This will strengthen Tirta Hita Buleleng Public Drinking Water Supply Company's ability to fulfill its obligations. The Cash Ratio indicator is caused by the interaction of an increase in the amount of cash and a decrease in the amount of current debt. The decrease in the Quick Ratio is due to an increase in inventory and a decrease in current assets and current liabilities.

Profitability aspect by using the ratio of Return On Equity (ROE) and Return On Assets (ROA). The decrease in Return on Equity (ROE) was caused by the interaction between net income after tax and equity. The decrease in Return On Assets (ROA) was due to the interaction between Profit after tax and Assets.

The solvency aspect by using the ratio is due to the interaction showing a decrease after the occurrence of covid-19. This occurs because of the increased interaction between working capital from an increase in net income.

The Solvency aspect using the Debt to equity ratio and the Debt to asset ratio showed a decline after the occurrence of covid-19. The decrease in Debt to equity ratio is caused by the interaction

between Total Debt and Equity, while the decrease in Debt to asset ratio is caused by the interaction of Long-term Debt with total assets.

5. CONCLUSION

There is a difference in financial performance before and after covid -19 at Tirta Hita Buleleng Public Drinking Water Supply Company. Differences in financial performance from the aspect of liquidity there is an increase in the current ratio (CR) and cas ratio (CR) and a decrease in the Quick ratio (QR); from the aspect of profitability, there is a decrease in aspects of Return on Assets (ROA) and Return On Equity (ROE); From the Solvency aspect, there was a decrease in the Debt to Equity Ratio (DER) and Debt To Equity Ratio (DER) aspects. The suggestion that can be found that noting the increase in capital is higher than the increase in profit, it is recommended that business innovation be sought to avoid idle money. The end of the Covid-19 which cannot be predicted is so that Tirta Hita Buleleng Public Drinking Water Supply Company anticipates a more intensive method of billing accounts so that payment arrears can be eliminated.

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