

THE IMPACT OF COVID-19 PANDEMIC ON THE FINANCIAL PERFORMANCE OF PT JEMBO CABLE COMPANY Tbk

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ABSTRACT

COVID-19 has caused severe damage to human lives and to the global economy. One of the companies affected by the pandemic is PT Jembo Cable Company Tbk. Jembo Cable Company is engaged in the manufacturing of electrical and telecommunications cables. This study's purpose is to analyze the effect of the COVID-19 pandemic on Jembo Cable Company's financial performance. The data used in the analysis were collected from the company's financial report in the period of pre-COVID-19 pandemic (2019) and during the COVID-19 pandemic (2020), specifically from the First Quarter (Q1), First Semester (Q2), and Third Quarter (Q3) of each year. The research was carried out by using descriptive financial ratio analysis and comparative analysis supported by a statistical t-test to examine the hypothesis based on 10 variables that are used. The analysis is done to gain insight into the company's liquidity, solvency, profitability, and activity ratio, in order to check if there are any notable changes in those financial aspects caused by the COVID-19 pandemic. The result from the hypothesis testing shows that 4 out of 10 financial ratios analyzed are significantly different in the period before and during the COVID-19 pandemic: current ratio, total equity to total assets ratio, liability to equity ratio (debt to equity ratio / DER), and liability to total assets ratio, while the other 6 variables are not significantly different, which are quick ratio, ROIC, ROE, ROA, inventory turnover ratio, and total assets turnover ratio. Based on the overall calculation, there are not many substantial changes in the financial performance of PT Jembo Cable Company Tbk due to the pandemic as reported in the news. This paper is expected to help managers in the manufacturing industry to get a better insight into financial health in the COVID-19 pandemic era by the study case of PT Jembo Cable Tbk, hoping to help in decision-making in the future.

Keywords: Financial ratio, COVID-19, Jembo Cable.

INTRODUCTION

A lot of people around the world, including in Indonesia, are infected by the COVID-19 virus. The COVID-19 first case was confirmed in Indonesia on March 2, 2020. This virus is spreading rapidly so the impact is not only on the health sector but also the economy. According to Muhyiddin and Nugroho (2020) quoted from the International Monetary Fund (IMF) through the publication of "The World Economic Outlook" (2021) in 2020 the world economy will grow by minus 3.5 percent, which is worse than the global finance in 2009 and the 1998 Asian monetary crisis. In Indonesia itself, economic growth also declined up to 5.32 percent in the second quarter of 2020 and by 2.07 percent in the whole year, for the first time in 20 years (BPS, 2021). The magnitude of the effects is unprecedented, and studies have indicated that social and economic recovery could take more than a decade (United nation, 2020). To prevent the virus from spreading faster, the ministry of Indonesia set several policies. As a result, it has a long-term effect on the economic sector's demise (Gershon, Lipton, and Levine, 2020). Due to the large number of areas affected by COVID-19, the utility of the manufacturing industry in various sectors will inevitably decline. One of the manufacturing businesses that impacted is PT Jembo Cable Company.

PT Jembo Cable Company is a manufacturing company that has produced cables since April 1973. In 1992, the Company (Perseroan) listed its shares on the Jakarta Stock Exchange (Bursa Efek Jakarta) or is now known as the Indonesia Stock Exchange (Bursa Efek Indonesia), and entered into a cooperation agreement with Fujikura Ltd., one of the leading cable companies from Japan. PT Jembo Cable Company Tbk. got the ISO 14001: 2004 in December 2007, and Certificate OHSAS 18001: 2007 by the end of December 2009. According to Muhammad Julian, to kontan.co.id, Director and Corporate Secretary of PT Jembo Cable Company Antonius Benady said the corona pandemic has resulted in the delay of number of projects, both from the State Electricity Company (PLN) and other BUMN. As a result, sales of JECC (stock code) cables to these agencies have decreased. In other news on investor.id, PT Jembo Cable Company has revised its sales target from Rp 3.27 trillion to around Rp 1.2-1.5 trillion this year. The downward revision was influenced by the COVID-19 pandemic which had an impact on financial performance (Alfaruq, 2020). A comprehensive study is needed to see the effect of COVID-19 on financial performance in PT Jembo Cable Company.

Financial performance must be measured in order to determine a firm's financial health. This study uses the financial ratio and there are 4 indicators: liquidity, profitability, activity, and solvency ratio. The analysis of the financial performance of PT Jembo Cable Company is done by studying financial reports on Q1, Q2, and Q3 2019 before COVID-19 and Q1, Q2, and Q3 2020 during COVID-19. This research is expected to be able to give better insights into the company's financial situation, as well as information about the company's management decision-making based on analysis of the financial ratios. The outcome is then hoped to be useful for the company and also for the other companies in similar sectors in their future decision-making. The research is organized into five parts. The first portion is an introduction, which is followed by a literature review in the third section, which explains the methodology, and finally, in section four, which examines the results and discusses them. Section five concludes with a discussion of the findings and recommendations.

LITERATURE REVIEW

COVID-19 Pandemic

On March 11, 2020, the World Health Organization (WHO) declared Corona-virus (COVID-19) a global pandemic (Djalante, 2020) originated from the city of Wuhan in China. COVID-19 can have effects ranging from mild to very serious flu, equivalent to or even more severe than MERS-CoV and SARS-CoV (Kirigia & Muthuri, 2020). A near contact with an affected person who has been subjected to coughing, sneezing, nasal droplets, or aerosols spreads the infection from person to person (Adnan, Suliman, Abeer, Nadia, and Rabeea, 2020). The high-level spread of COVID-19 is unavoidable and just over four months later the case hit over 200 countries, including Indonesia (Orlowski & Goldsmith, 2020). Indonesia has the largest number of COVID-19 cases in Southeast Asia (Pradana, Rubiyanti, Wahyuddin, Hasbi, Utami, 2020). Until 19 March 2021, Indonesia had reported 1,443,853 positive cases, 1,272,958 cases recovered and 39,142 cases of death. (Satuan tugas penanganan covid, 2021). The ministry of Indonesia set a policy such as partial lockdown, movement restrictions, social distancing, and work travel, especially in several areas. Quoted from Khoury and Karam journal 2020, Although this policy has proved to be effective in preventing the dissemination of COVID-19, it has certain unforeseen consequences, such as the global economic crisis and environmental consequences. (Nano, Eko, Abitassha, 2020). Therefore, COVID-19 exposed many governments around the world's lack of preparedness for its unexpected and rapid spread.

Previous Study

Several studies on financial efficiency utilizing financial ratios have been published in various sectors across the world, including the pharmaceutical industry (Daryanto & Meriana, 2019), the fashion industry (Kourtis & Curtis, 2019), the food industry (Srinivasan, 2018), the tobacco industry (Wahyu, 2017; Amalia, Fadjriah, Nugraha, 2020), the banking industry (Bawa, Goyal, Mitra & Basu, 2019), the transportation industry (Daryanto, Dzikro, & Fitri, 2019), and the energy industry (Rodrigues, 2017).

A study in the pharmaceutical industry (Daryanto, Taufiqurrohman, & Hestiningrum, 2020) uses financial ratio analysis, specifically to examine how the company performs before and after a certain case that affected the company, which is the issuance of presidential instruction about economic policy package in the form of Presidential Instruction No. 6/2016 on Acceleration of Development of the Pharmaceutical and Medical Device Industry. The indicators used in the study are profitability ratio (ROI, ROE, and ROA), liquidity ratio (cash ratio and current ratio), activity ratio (inventory turnover ratio, total assets turnover, collection period), and solvency ratio (total equity to total assets ratio, liability to equity ratio, liability to total assets ratio). The t-test is also conducted to check the validity of the hypotheses. The study indicates that 3 out of 11 financial ratios evaluated had substantially different outcomes, and the trendline showed a reduction; the variables are ROI, ROE, and total assets turnover.

The other research also analyzed the financial performance in the COVID-19 pandemic, specifically a company in the transportation industry, PT Garuda Indonesia (Daryanto, Fera, & Kristin, 2020). The study used financial ratios investigated by The Decree of Indonesia Ministry of SOEs No.KEP-100/MBU/2002 to find out the financial health of the company by rating. The ratios used to analyze are: a) Return on equity, b) Cash ratio, c) ROI, d) Current ratio, e) Collection period, f) Inventory turnover, g) Total asset turnover, h) Total equity to total asset. The result shows that PT Garuda Indonesia's financial condition was "unhealthy" due to the critical negative impact of the Covid-19 pandemic which points out the decrease in overall revenue, profitability, and investment of the company, particularly in Q2 of 2020.

METHODOLOGY

Data

This study uses descriptive financial ratio analysis and comparative analysis to examine PT Jembo Cable Company Tbk's financial performance and to see if there is a significant difference pre-COVID-19 and during the COVID-19 pandemic. The paired sample t-test is also used in this study to check the variables' hypotheses. The t-test is used to see if there is a significant difference between the two groups' means. (University of Connecticut, 2021). The data used in this study are from PT Jembo Cable Company Tbk's financial statement on First Quarter (Q1), First Semester (Q2), and Third Quarter (Q3) of 2019 and 2020, obtained from the company's official website.

The Variables

Financial ratios analysis is the activity of breaking down financial statement items into more complex units of information that are useful for decision-makers (Suwanto, 2018). The financial ratio also is one of the analytical tools to measure the health of the financial performance of the company (Priari and Wulandari, 2019). Financial performance can be measured by analyzing and evaluating financial reports. This study uses 4 ratios, which are liquidity ratio, profitability ratio, activity ratio, and solvency ratio. According to Ningsih and Sari (2019) from Kasmir (2012) liquidity ratio is a ratio that illustrates the ability of the company to meet the short-term obligation. A company can be said liquid if they have the ability to meet its short-term debt. The profitability ratio as stated by Rahman (2017) is the company's ability to generate profits from the investment. The ratio reflected the success or failure of the company. The solvency ratio is a company's ability to pay the long-term obligation. The last is the activity ratio used to determine the size of a company's level of effectiveness in utilizing its assets. The higher the ratio of activities achieved by a company, the better the company's value (Gunadi et al, 2020).

Table 1: Financial Ratio

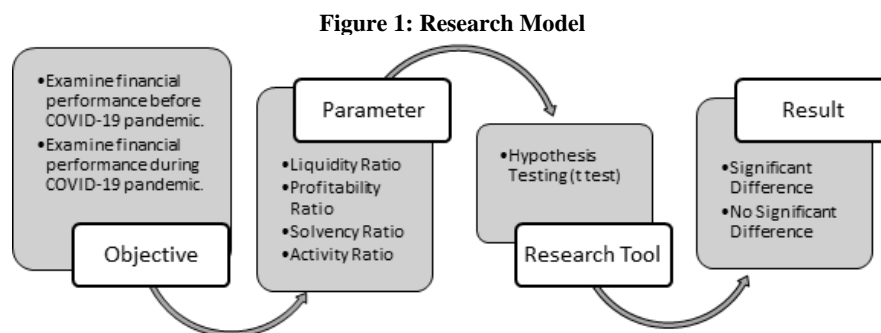
Liquidity Ratio	
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
	It is an indicator of a company's capacity to meet its current obligations on time. If the ratio is larger than one, it implies that the assets outnumber the liabilities, indicating that the company's health is good.
Quick Ratio	$\frac{\text{Monetary current assets}}{\text{Current liabilities}}$
	The quantitative relation that focuses on the ability of a company to pay for current liabilities.
Profitability Ratio	
Return on Invested Capital (ROIC)	$\frac{\text{Net income} + \text{Interest} (1 - \text{Tax rate})}{\text{Long-term liabilities} + \text{Shareholder's equity}} \times 100\%$
	ROIC measures the ability of companies to use their capital to generate profits and returns for investors.
Return on Equity (ROE)	$\frac{\text{Net income}}{\text{Shareholder's equity}} \times 100\%$
	ROE indicates a company's ability to earn a net profit from its own funds and generate available net profits for shareholders or investors.
Return on Assets (ROA)	$\frac{\text{Net income} + \text{Interest} (1 - \text{Tax rate})}{\text{Total Assets}} \times 100\%$
	One of the profitability ratios which able to assess the company's ability in terms of obtaining profit from the assets used. If the investment in the business includes existing liabilities, long-term liabilities, and owner's equity, which are the combined sources of funds accumulated in the assets, the ROA calculation is appropriate.
Solvency Ratio	
Total Equity to Total Assets Ratio	$\frac{\text{Total Equity}}{\text{Total Assets}}$
	The equity ratio indicates the company's leverage: how well they can fund asset requirements without using debt. The less leveraged the company is, the higher the value. This is also the amount that shareholders have the right to claim.
Liability to Equity Ratio (Debt to Equity Ratio/DER)	$\frac{\text{Total Liabilities}}{\text{Shareholder's equity}} \times 100\%$
	Shows the relative proportion between equity and debt that is utilized to fund the assets of the company.

Liability to Total Assets Ratio	$\frac{\text{Total Liability}}{\text{Total Assets}}$
	Measures how much the company relies on debt to finance its assets.
Activity Ratio	
Inventory Turnover Ratio	$\frac{\text{Cost of Sales}}{\text{Inventory}}$
	Inventory Turnover Ratio is an important measure of how well the inventory is successfully sold by a company.
Total Assets Turnover Ratio	$\frac{\text{Sales revenues}}{\text{Total Assets}}$
	Determine the company's potential to generate sales of total assets.

Source: Accounting Text and Cases (13th Ed), McGraw-Hill.

Research Model

This model was adapted from a study that examined the variations in financial performance before and after a specific case. Taufiqurrohman et al. (2020) did the research to compare financial performance before and after the presidential instruction was issued.



Hypotheses

- H1: Current ratio shows that PT Jembo Cable Tbk's financial performance before and during the COVID-19 pandemic differs significantly.
- H2: Quick ratio shows that PT Jembo Cable Tbk's financial performance before and during the COVID-19 pandemic differs significantly.
- H3: Return on invested capital (ROIC) ratio shows that PT Jembo Cable Tbk's financial performance before and during the COVID-19 pandemic differs significantly.
- H4: Return on equity (ROE) ratio shows that PT Jembo Cable Tbk's financial performance before and during the COVID-19 pandemic differs significantly.
- H5: Return on assets (ROA) ratio shows that PT Jembo Cable Tbk's financial performance before and during the COVID-19 pandemic differs significantly.
- H6: Total equity to total assets ratio shows that PT Jembo Cable Tbk's financial performance before and during the COVID-19 pandemic differs significantly.
- H7: Debt to equity ratio (DER) shows that PT Jembo Cable Tbk's financial performance before and during the COVID-19 pandemic differs significantly.
- H8: Liability to total assets ratio shows that PT Jembo Cable Tbk's financial performance before and during the COVID-19 pandemic differs significantly.
- H9: Inventory turnover ratio shows that PT Jembo Cable Tbk's financial performance before and during the COVID-19 pandemic differs significantly.

H10: Assets turnover ratio shows that PT Jembo Cable Tbk's financial performance before and during the COVID-19 pandemic differs significantly.

RESULT AND DISCUSSION

The following is the summary table of the financial ratios examined according to the results of the paired sample t-test:

Table 2: Financial Ratio Paired Sample T-Test of PT Jembo Cable Tbk Q1-Q3 in the year 2019-2020

No.	Variables	Periods			Means	Std. Deviation	Σ	Paired Sample T-Test	Decision
1	Current Ratio	2019	Q1	1.111879763	1.12931049	0.03	<0.05	0.009	H1 accepted
			Q2	1.109524504					
			Q3	1.166527202					
		2020	Q1	1.352183544	1.425613367	0.08			
			Q2	1.42036299					
			Q3	1.504293568					
2	Quick Ratio	2019	Q1	0.6564456262	0.650872353	0.05	<0.05	0.14	H2 rejected
			Q2	0.6995480736					
			Q3	0.5966233598					
		2020	Q1	0.7306875708	0.739035352	0.15			
			Q2	0.7297580895					
			Q3	0.7566603946					
3	Return on Invested Capital (ROIC)	2019	Q1	2.092517641	5.527294285	3.32	<0.05	0.12	H3 rejected
			Q2	5.754545809					
			Q3	8.734819406					
		2020	Q1	0.8500845773	0.859736453	0.55			
			Q2	0.3095846251					
			Q3	1.419540156					
4	Return on Equity (ROE)	2019	Q1	2.690467198	7.062155427	4.23	<0.05	0.11	H4 rejected
			Q2	7.354381634					

			Q3	11.14161745					
		2020	Q1	0.8444584534	0.833532629	0.59			
			Q2	0.2365992771					
			Q3	1.419540156					
5	Return on Assets (ROA)	2019	Q1	0.8117556242	2.206219409	1.36	<0.05	0.13	H5 rejected
			Q2	2.2726264					
			Q3	3.534276203					
		2020	Q1	0.4470239708	0.492234778	0.34			
			Q2	0.1762011276					
			Q3	0.8534792348					
6	Total Equity to Total Assets Ratio	2019	Q1	30.17134821	30.70930918	0.67	<0.05	0.0007	H6 accepted
			Q2	30.49064584					
			Q3	31.46593348					
		2020	Q1	46.25572987	49.83954169	3.45			
			Q2	50.12562043					
			Q3	53.13727477					
7	Liability to Equity Ratio (Debt to Equity Ratio / DER)	2019	Q1	231.4402769	225.7379102	7.09	<0.05	0.0002	H7 Accepted
			Q2	227.9694387					
			Q3	217.8040151					
		2020	Q1	116.1894327	101.2933406	0.01			
			Q2	99.49877756					
			Q3	88.19181156					
8	Liability to Total Assets Ratio	2019	Q1	0.6982865184	0.692906908	0.01	<0.05	0.0007	H8 Accepted
			Q2	0.6950935416					

			Q3	0.6853406652					
		2020	Q1	0.5374427013	0.501604583	0.03			
			Q2	0.4987437957					
			Q3	0.4686272523					
9	Inventory Turnover Ratio	2019	Q1	1.23975505	2.305977347	0.92	<0.05	0.3153	H9 rejected
			Q2	2.856304219					
			Q3	2.821872771					
		2020	Q1	0.8407462533	1.53292161	0.71			
			Q2	1.491363801					
			Q3	2.266654775					
10	Total Assets Turnover Ratio	2019	Q1	0.3775569842	0.744501194	0.35	<0.05	0.3951	H10 rejected
			Q2	0.7800937886					
			Q3	1.07585281					
		2020	Q1	0.2813631452	0.51142146	0.24			
			Q2	0.4948368635					
			Q3	0.7580643705					

Liquidity Ratio

A liquidity ratio measures a company's capacity to meet all of its financial obligations. These obligations are short-term or long-term obligations that are due soon (Aisyiah, Husaini, and Darminto, 2013).

Figure 2: Liquidity Ratio PT Jembo Cable Company

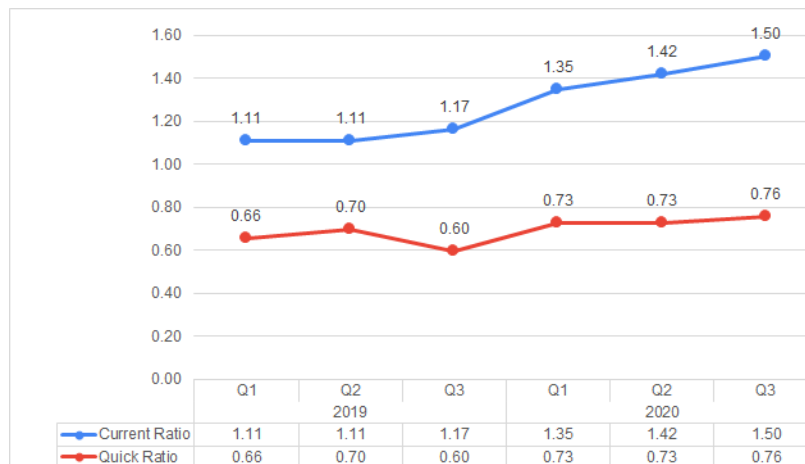


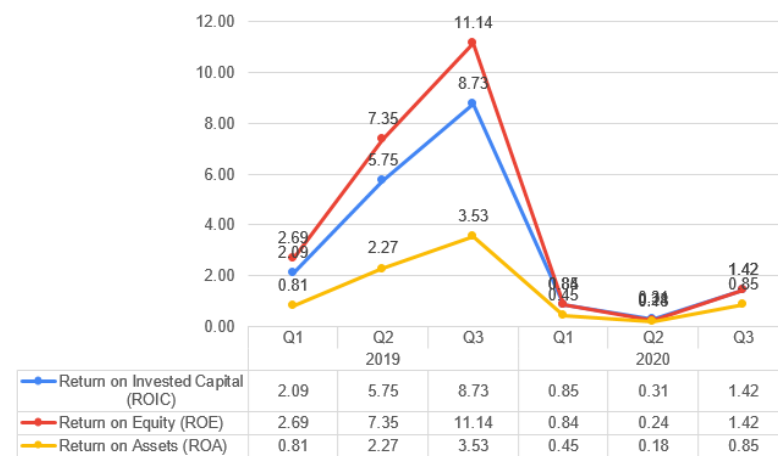
Figure 2 shows the current ratio in Q1-Q2 2019 steadily at 1.11 ratio. From Q2 to Q3 it slightly increased by 5.4%. There is a quite significant increase from Q3 in 2019 to Q1 in 2020, considering it's the first time in Indonesia confirmed a coronavirus case, but it doesn't have a bad effect on the company's ability to pay its financial obligations. After that, from Q1-Q3 in 2020 steadily increased up to 11%. The t-test also supports a significant difference in the current ratio during the pandemic in Q1-Q3 2020, the p-value of <0.05 ($0.009 < 0.05$) indicating there is an effect but in a good way, it means that the company still can fulfill to pay the obligations on time (Fernando, 2021).

The quick ratio also appears with a p-value of <0.005 ($0.146 < 0.005$). This is indicating that H2 is rejected and there is no significant difference. We can see the largest quick ratio in the period Q3 2020, which means that every IDR 1.00 in current liabilities is only guaranteed by IDR 0.76 in current assets, indicating that PT Jembo Cable is unable to satisfy its current liabilities (Seth, 2021).

Profitability Ratio

A profitability ratio is a comparison to determine the company's ability to profit from sales, assets, and equity based on specific measuring bases (Hayes, 2021).

Figure 3: Profitability Ratio PT Jembo Cable Company



Based on Figure 3, ROIC from Q1-Q3 2019 increased significantly by 318%. This means the company can make the highest profit to return to investors. By Q1 in 2020 the ROIC dropped by 90% from Q3 2019. In Q2 2020 the ROIC reached the lowest point of 0.18, but the company managed to increase ROIC slightly from Q2 to Q3 2020 from 0.18 to 0.85 ratio.

ROE and ROA during Q1-Q3 continue to increase. Unfortunately, the rate of ROE decreased significantly from Q3 in 2019 to Q1 in 2020 by 92% and 87%. The company's declining ROE shows that it is becoming less efficient at generating profits and building shareholder value (Henricks, 2020). ROA also decreased in Q1 in 2020. Return on assets (ROA) is an indicator of how well a company utilizes its assets in terms of profitability (Hargrave, 2021). The declining ROA was affected by the net income reduction of the company because of the COVID-19 pandemic. In news on www.investor.id, PT Jembo Cable company has revised down its sales target, this revision was influenced by the COVID-19 pandemic which had an impact on their financial performance

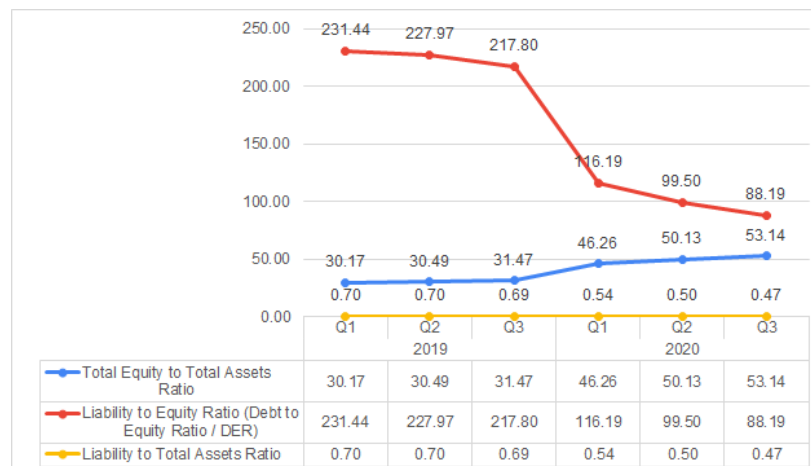
(Alfaruq, 2020). ROE reached the lowest point in Q2 2020 but can slightly increase in Q3 2020. This means the company can still gain profit, but not as much as before the pandemic.

At first glance, there is a significant decrease in these three ratios (ROIC, ROE, and ROA), but when it is examined by utilizing t-test, there is no significant difference with p-value <0.05 ($0.05 < 0.122$) for ROIC, p-value ($0.05 < 0.115$) for ROE and p-value ($0.05 < 0.133$) for ROA. This indicates that there is no significant difference between before and during the pandemic in that certain period.

Solvency Ratio

Solvency is the ability of a company to meet its long-term debts and financial obligations (Hayes, 2021).

Figure 4: Solvency Ratio PT Jembo Cable Company



From figure 4, the debt to equity ratio (DER) shows a downward trend from Q1 to Q3 in the year 2019, before the first case of corona found in Indonesia, it decreased by 6% with a mean of 225.7, which means every IDR 225.7 debts were guaranteed by IDR 1 of owner's equity. Then, it continued to decrease significantly in 2020. It dropped by 24% from Q1 to Q3 during the COVID-19 pandemic, with a mean of 101.3, it indicates that in 2020 every IDR 101.3 debts were guaranteed by IDR 1 of owner's equity. Decreasing in DER shows that the relative proportion between equity and debt that is used to fund the company's assets is decreasing (Fernando, 2021) and it is supported by the t-test that shows that it differs significantly with a p-value <0.05 ($0.014 < 0.05$).

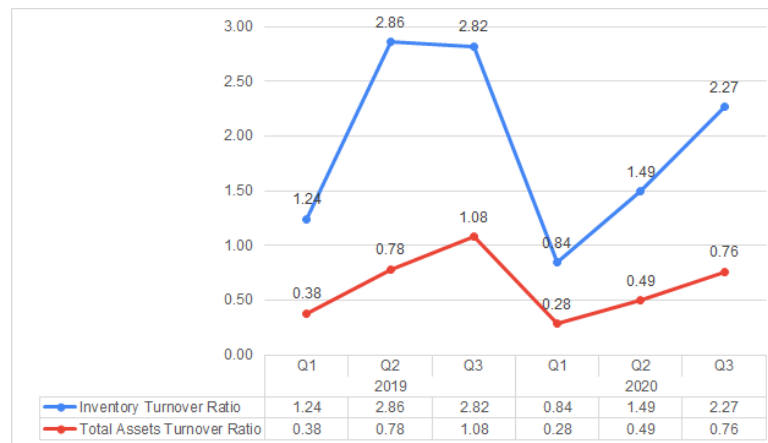
Total equity to total assets slightly increased in Q1-Q3 in 2019 and significantly in Q1-Q3 in 2020. It's proven in the t-test that there's a significant difference with a p-value of <0.05 ($0.0072 < 0.05$). It means that the amount that can be claimed by shareholders is increasing and suggests that management has limited the use of debt to cover its asset requirements (Corporate Finance Institute, 2021).

According to the paired sample t-test, there is a significant difference in liability to total assets ratio in Q1-Q3 2019 and Q1-Q3 2020 with a p-value <0.06 ($0.072 < 0.05$). The ratio is decreasing which means the percentage of debt funding the assets are less (Stotz, 2020) and shows that a larger proportion of a company's assets are supported by equity (Hayes, 2021).

Activity Ratio

The activity ratio is a metric used to evaluate a company's performance or effectiveness in using all of its capital or properties (Kenton, 2020).

Figure 5: Activity Ratio PT Jembo Cable Company



From figure 5, the inventory turnover ratio has increased 105% from Q1 to Q2 and only decreased 1% in Q3 2019. In the Q1 year 2020, the ratio decreased significantly which is 70% from the last period, but steadily increased up to 170% until Q3 2020. The mean in 2019 is 2.3 and in 2020 is 1.5, which means the inventory turnover on average was once every 2.3 days in 2019 and every 1.5 days in 2020. The hypothesis testing shows that after the COVID-19 pandemic, there is no significant difference in the overall Inventory Turnover Ratio with a p-value of >0.05 ($0.12 > 0.05$). This indicates that during the COVID-19 pandemic, the company's ability to sell its inventory did not change significantly.

The asset turnover increased 184% from Q1 to Q3 in the year 2019. This steadily increasing ratio also happens in 2020. From Q1 to Q3 the ratio increased 171%. However, this trend doesn't show a significant difference in the t-test with a p-value >0.05 ($0.07 > 0.05$). This asset turnover ratio measures how effectively a business uses its assets to produce revenue. This assumes that the higher the percentage, the more the company's investments are used to produce revenue (Hayes, 2021). This indicates that PT Jembo Cable Company Tbk is still deploying its assets in generating revenue. The mean in 2019 is 0.35 and in 2020 is 0.24, which means that on average every IDR 1 of PT Jembo Cable Company Tbk's assets generates IDR 0.35 of sales in 2019 and 0.24 in 2020.

The following are the overall findings of the hypothesis testing: From 10 variables that are used to analyze the financial performance, 4 hypotheses were accepted and 6 hypotheses were rejected. In general, there is no significant difference in financial performance between the period before and during the COVID-19 pandemic, but 4 financial ratios are significantly affected, which are the current ratio, total equity to total assets ratio, liability to equity ratio (debt to equity ratio / DER), and liability to total assets ratio. Less net income is one of the possible reasons why the financial performance dropped. PT Jembo Cable Company Tbk also decreased their sales target in July 2020 after seeing the low financial performance in Q1 of 2020.

CONCLUSION AND RECOMMENDATION

Conclusion

The goal of this study is to see if there are any substantial changes in the financial performance of PT Jembo Cable Company Tbk before and during the COVID-19 pandemic which first started in China and finally spread to Indonesia in March 2020. Based on the information obtained on the COVID-19 pandemic's influence on PT Jembo Cable Company Tbk, 10 hypotheses are stated in this research which then is examined using financial ratio analysis and paired t-test on 10 variables. Through the test, it is found that 4 out of 10 variables differ significantly before and during the pandemic; they are the current ratio, total equity to total assets ratio, liability to equity ratio (debt to equity ratio), and liability to total assets ratio. The current ratio is increased which means the company's ability to meet its current obligations on time is improving (Fernando, 2021). The total equity to total assets ratio is also rising. The higher the equity to total asset ratio, the less leveraged the company is through debt (Corporate Finance Institute, 2021), also the greater the proportion of its assets owned by the company and its investors (Hayes, 2021). The liability to equity ratio (debt to equity ratio) is decreasing, indicating that the company is doing well, implying a lower amount of debt financing via lenders (Bloomenthal, 2021). The liability to total assets ratio is decreasing which means the company owns more assets than liabilities and can meet its obligations by selling its assets if needed (Corporate Finance Institute, 2021). The lower the ratio is, the less financial risk there is in the company. The study also found that another 6 out of 10 variables are not significantly affected during the COVID-19 pandemic, which are quick ratio, ROIC, ROE, ROA, inventory turnover ratio, and total assets turnover ratio. These results show that although PT Jembo Cable's revenue is decreasing during the COVID-19 pandemic era due to the project delays (Julian, 2020), they are able to manage their finances well enough to keep these ratios in a good range or even better.

Recommendation

Based on the research, the financial performance of PT Jembo Cable Company Tbk, especially the current ratio on the liquidity ratio and the solvency ratio has been affected due to the COVID-19 pandemic. PT. Jembo Cable recommended maintaining an increasing liquidity ratio that tends to be stable, despite the effects of COVID-19 on the company's revenue so that the company

can still fulfill their short-term obligations or the debt that are due soon. For the solvency ratio, the company should maintain the company's solvency condition so that it can cover all debts/liabilities they have in the long term. For further research, it needs to extend the research period in order to obtain better and more accurate results and also add other variables related to the company's financial performance that might be affected.

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