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Company Financial Performance Before and During The COVID-19 Pandemic

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Abstract

This research aims to examine how liquidity, leverage, activity, and growth influence company financial performance before and during the COVID-19 pandemic. This research used purposive sampling with a population of manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2017-2019 for the period before the COVID-19 pandemic and in 2020 during the COVID-19 pandemic obtained 279 observations. Data were analyzed using SPSS 26. The results showed that Liquidity significantly affected the company's financial performance before the COVID-19 pandemic. In contrast, it has a significant negative effect on ROA, an insignificant negative effect on ROE and an insignificant positive effect on Tobin's q during the COVID-19 pandemic. Leverage has significant adverse effects before and during the COVID-19 pandemic. Activity had a significant positive effect before the COVID-19 pandemic, while it had a non-significant positive effect during the COVID-19 pandemic. Growth had a significant positive effect before the COVID-19 pandemic, a non-significant positive effect on ROA and ROE, and an insignificant negative effect on Tobin's q during the COVID-19 pandemic. Companies should pay attention to the leverage ratio because leverage has a significant negative influence before and during COVID-19, which means leverage can significantly reduce financial performance. For this reason, the company must regulate the capital structure following the company's capabilities.

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Introduction

World Health Organization, on March 11 2020, upgraded COVID-19 status from endemic to a pandemic. The continuity of COVID-19 spread has been discussion worldwide, including in Indonesia. The pandemic forced companies to close their business and created a big disturbance in global trade. The results were that almost all industries worldwide are at a loss. Retailer companies faced short-term problems, while companies in manufacturing faced long-term problems such as declining demand, cash flow and revenue, and difficulty finding labour and marketing their products. The future of business depends on their ability to meet these challenges (Rababah et al., 2020).

Manufacturing company is one of the industries listed on IDX, which has the most significant number of issuance, so companies have a significant influence on stock trading on the IDX (Putra & Putra, 2021). Devi et al. (2020) claimed that the 2008 global financial crisis put the industry in a difficult financial position. According to Indonesia's Central Bureau of Statistics, over 13% of the manufacturing sector declared bankruptcy during the 2008 financial crisis.

Company performance describes how individual companies attempt to reach their goals. Company performance describes how much output can be produced from input achieved by the company. Financial performance, also called monetary, is crucial to company performance. Before investing their funds, investors need to know companies' financial performance as seen on financial statements. Company performance is evaluated using three dimensions: productivity, profitability and firm value. Productivity is the company's efficiency in using its input to produce output. Profitability is when revenue is more significant than expenses. Firm value is the market rate or company's stock price greater than book value. Financial performance is generally defined as ROA, ROE, ROI, EPS and Tobin's q. These variables have been used by some researchers such as (Atayah et al., 2022; Egbunike & Okerekeoti, 2018; Fu & Shen, 2020; Khatib & Nour, 2021; NGUYEN et al., 2021; Rababah et al., 2020; Shen et al., 2020).

There are four ratios to analyze a company's financial performance. They are liquidity, solvability, activity and profitability ratio (Ifada et al., 2023; Sukesti et al., 2021). The liquidity ratio describes the ability to fulfil their short-term debt. The solvability ratio is used to measure to what extent they are assets company financed with debt. The activity ratio is used for measuring the effectiveness of companies in using their assets, and the profitability ratio is used to evaluate companies' ability to obtain profit. The researcher adds growth to analyze the company's financial performance in this research (Ermawati et al., 2023).

The company's ability to pay down short-term debt with a 12-month maturity date is measured using the liquidity ratio, cash or other assets, and conversion. The solvability ratio, known as leverage, measures a company's ability to pay off all its liabilities. This activity measures the effectiveness of the company in using all available resources. The activity ratio assumes that sales and accounts receivable, inventory, fixed assets, and other assets must be balanced. Growth describes asset growth as a percentage of total asset growth and is a good indicator for measuring companies' growth. The greater the asset growth, the greater the operational results will be generated. Increasing asset growth will increase the company's operations and increase financial performance (Mangesti Rahayu, 2019).

Agency theory explains the connection between the principal and the agent's responsibility to manage the company to achieve the principal's goals (Jansen & Meckling, 1976). This theory focuses on the conflict between the principal and the agent. Agency conflict comes from different goals between the principal and the agent. Principals want to increase their welfare, while agents want to satisfy psychological, economic and compensation needs. To satisfy this need, the agent uses resources from the company because the agent has the information and knows more about the company's condition than the principal (asymmetric information). The activities carried out by this agent will, of course affect the company's performance and the achievement of the principal's goals.

This study differs from previous study in terms of sample used. A number of studies were from China (Firdaus, 2020; Nurcahyono et al., 2021; Setianingsih & Kristanti, 2022) while this study conducted in Indonesia is emerging markets which has different conditions and characteristics. This research was conducted in the period before the COVID-19 pandemic, namely from 2017 to 2019 and during the COVID-19 pandemic, namely in 2020, so the research shows the impact of COVID-19 on the performance of Indonesia manufacturing companies.

Hypothesis Development

Liquidity and Company Financial Performance

The liquidity ratio analyses a company's capacity to pay its liability in the current year. The current ratio is part of the liquidity ratio, often used to measure liquidity. The current ratio is the comparison between current assets and current liabilities. This ratio is normal when the indicator for the current ratio is above 100%, which means that current assets should be higher than current liabilities (Devi et al., 2020). According to agency theory, goal alignment between the principal and agent will improve financial performance and company goals. Managers evaluate a company's success based on operating profits; the more excellent the current ratio figure, the better its performance. A high current ratio will also be misleading because it reveals a large amount of underutilized funds, which lowers the company's potential for profit a company's ability to maintain a good liquidity ratio will lead to good financial performance; this is appropriate research by Egbunike and Okerekeoti (2018), who found a significant positive effect of liquidity on financial performance. On the other hand, Vu et al. (2018) and Tang (2022) found liquidity take effect backwards on ROA and Febrianto et al. (2021) found that liquidity (CR) no take effect to performance finance (ROA). Based on the explanations above, the following hypotheses are proposed:

H1a. *Liquidity has a positive effect on company financial performance before the COVID-19 pandemic*

During the COVID-19 pandemic, the company struggled to increase sales due to social distancing. This affected the company's finances, especially current assets, for example, cash due to cash sales and receivables due to sales on credit. When there is a change in current assets as a whole, it certainly affects the current ratio (Devi et al., 2020). This condition indeed influenced company financial performance.

H1b. *Liquidity has negative effect on company financial performance during the COVID-19 pandemic*

Leverage and Company Financial Performance

According to trade-off theory, every increase in debt will also increase the risk of bankruptcy, trouble finances and costs agency and will decrease the value of a company. Pecking order theory says that the negative impact of capital structure is that higher-profit companies will use less debt in investment funding than low-profit companies. This theory in line with study from Harymawan et al. (2019), Vinjamury (2020) and Vu et al. (2018) found leverage has negative significant effect on financial performance. According to trade-off theory, every increase in debt will also increase the risk of bankruptcy, trouble finances and costs agency and will decrease the value of a company. Pecking order theory says that the negative impact of capital structure is that higher-profit companies will use less debt in investment funding than low-profit companies. This in line with study Egbunike and Okerekeoti (2018) found influence positive significant leverage against performance measured finance with ROA.

H2a. *Leverage has negative effect on company financial performance before the COVID-19 pandemic*

Large-Scale Social Restrictions (PSBB) and Large-Scale Social Activity Restrictions (PPKM) affect sales of company products, which reduce the income and cash received by the company, impacting the company's smoothness in paying all its liabilities due to the unavailability of cash. Additionally, as a result of the company's losses from declining sales, the value of capital also declines (Devi et al., 2020). Chatzinas and Papadopoulos (2018) argues that trade-off theory plays a role during times of crisis. This was also found by Rababah et al. (2020) who found capital structure (leverage) to interfere with financial performance during COVID-19 and Fu and Shen (2020) found leverage to have a negative effect on company performance during COVID-19.

H2b. *Leverage has negative effect on company financial performance during the COVID-19 pandemic*

Activity and Company Financial Performance

The activity ratio consists of long-term and short-term activities. Short-term activities are more suitable to be discussed during a financial crisis (Devi et al., 2020), Which consist of inventory turnover and accounts receivable turnover. Accounts receivable turnover is how fast accounts receivable company to be obtained in cash. The increase in sales is expected to increase profit and company performance. However, there will also be drawbacks or risks for the corporation along with the growth in sales. This is because when customers pay their receivables late, it will cause bad performance. Based on agency theory, the principle requires effective and efficient management from an agent so that receivables turnover can be managed well. Barth et al (2013) found that receivable turnover has a significant positive effect on profitability. Vu et al. (2018) found number of days receivable has an inverse effect on ROA, Martha and Saryadi (2020) found negative effect receivable turnover on profitability and Wardana et al. (2019) found receivable turnover no effect on profitability.

H3a. *Activity has a positive effect on company financial performance before the COVID 19 pandemic*

The government's announcement to carry out activities from home affects people's purchasing power and reduces company sales. A decrease in sales also decreases average receivables and accounts receivable turnover. Higher investing funds in accounts receivable will cause slow receivables turnover. This will affect to company financial performance. Fu and Shen (2020) found that accounts receivable turnover has negative impact on performance company during the temporary COVID-19.

H3b. *Activity has a negative effect on company financial performance during the COVID-19 pandemic*

Growth and Company Financial Performance

The growth of a company ensures higher profit in the future. Growth is a goal that needs to be achieved by various efforts. Investments create growth for companies because companies can compete in the market for higher profits (Mangesti Rahayu, 2019). A company’s growth indicates increasing company performance because growth will increase company profitability. The permanent income hypothesis demonstrates how the current assets needed to fund the business will depend on the predicted future income. Expectations for profit are determined by sacrificing investments that have potential returns. It is believed that making more investments with the ability to generate enough income to improve the company's performance. This result also found by Mangesti Rahayu (2019) who found that the link between corporate growth and financial performance is significantly positive otherwise NGUYEN et al. (2021) found that total asset growth has no impact on the company's ROE, ROA, or ROS performance.

H4a. *growth has a positive effect on company financial performance before the COVID-19 pandemic*

Managers will delay to invest when their self-doubt is increasing so that it will cause the risk of losing profitable projects. The existence of COVID-19 causes managers to increase cash for emergencies (Shen et al., 2020). Maslow's hierarchy of health and safety needs are a priority for consumers over other needs during the COVID-19 pandemic which results in a reduced amount of demand for goods and services so that productivity and the company's revenue has decreased which in turn has an impact on the company's performance. This is in accordance with the research of Rababah et al. (2020) who found growth disrupted company financial performance as measured by ROA and ROE during the COVID-19 pandemic and research by Fu & Shen (2020) growth was negatively related to company performance during the COVID-19 pandemic.

H4b. *growth has a negative effect on company financial performance during the COVID-19 pandemic*

Methods

This study is quantitative. Data were obtained by documentation from company financial statements. The population is the whole manufacturing companies listed on IDX. The sample is selected using a purposive sampling technique with the following: 1) company manufacturers listed on the IDX, 2) companies that are consecutively listed on the IDX from the year 2017 to 2020,) companies that use Rupiah in reporting his finances and 4) samples with equity worth positive. Based on the criteria, 279 observations were obtained. The object of this study consists of liquidity, leverage, activity, growth and performance corporate finance. Summary for variable study summarized in operational variable presented in Table 1.

Table 1. Operation Variable

Variable	Measurement	Source
Liquidity	CR: Current assets/current liabilities	Devi et al. (2020)
Leverage	DER: Total debt/total equity	Handayani & Zulyanti (2018)
Activity	Receivable turnover: Sale/ average account turnover	Vu et al. (2018)
Growth	Total assets t – total assets t-1 / total assets t	Khatib & Nour (2021)
Financial Performance	ROA: Net income/total assets ROE: net income/total liabilities Tobins'Q: MVS+D/TA	Fariha et al. (2022) Puni & Anlesinya (2020) Al Farooque et al. (2020)

Source: Research Data, 2022

The assessment in the regression test was the sign of the regression coefficient value and the significance value. Regression was carried out 2 (two) times, namely, in the period before COVID-19 (2017 until 2019 samples) and during COVID-19 (2020 samples). Regression analysis in this study used the following regression model:

$$\text{Performance}_{i,t} = a + \beta_1 Likuidity + \beta_2 Leverage + \beta_3 Activity + \beta_4 Growth + e$$

Performance$_{i,t}$ is company financial performance, α is constant, β1 to β4 are Coefficient Regression and e is error.

Result and Discussion

Analysis descriptive is used for describing variables in research. In this study, statistics descriptive explain data in the form of score maximum, minimum, average (*mean*), and standard deviation.

Table 2 Statistics Descriptive

Variable	Before COVID					During COVID				
	N	Min	Max	Mean	Std. Dev.	N	Min	Max	Mean	Std. Dev.
Liquidity	210	0.01	13.04	2.35	1.91	69	0.01	98.67	3.79	11.78
Leverage	210	0.00	23.92	1.26	2,32	69	0.00	17.30	1.27	2,30
Activity	210	0.44	58.92	8.51	7.63	69	0.00	44.79	7.54	6.73
Growth	210	-0.85	1.76	0.08	0.23	69	-1.59	1.68	0.02	0.32
ROA	210	-4.21	6.10	0.11	0.78	69	-0.23	6.70	0.12	0.80
ROE	210	-11.99	11.30	0.15	1.67	69	-7.52	13.10	0.08	1.87
Tobin's q	210	-1.87	68.33	2.16	6.52	69	-0.65	53.17	2,00	6.86

Source: Research Data, 2022

Table 2 shows descriptive statistics for variables with a total of 210 data before the COVID-19 pandemic and 69 data during the COVID-19 pandemic, with data for four years. The liquidity variable has seen a visible increase, from a mean value of 2.35 before COVID-19 to 3.79 during COVID-19. This means that the company is preparing cash funds to face the crisis caused by COVID-19. The leverage variable experienced a slight increase in the mean value; before COVID-19, it had a value of 1.26, while during COVID-19, it had a mean value of 1.27, which means companies were hesitant to apply for debt due to uncertainty in the business world. The activity variable experienced a decrease in the mean value, from 8.51 before COVID-19 to 7.54 during COVID-19. This means the company manages sales on credit because it hopes for cash to continue running the business. Apart from that, the company is also trying to ensure timely consumer payments. The growth variable also experienced a decrease in value, where the mean value before COVID-19 was 0.08 to 0.02 during COVID-19. This means the company needed help increasing assets during the crisis, so its growth was disrupted. ROA experienced an increase, as evidenced by the mean value before COVID-19 of 0.11 to 0.12 during COVID-19; this means that the company's assets were able to increase profits even during the crisis. The ROE variable has decreased because the mean value before COVID-19 was 0.15 and decreased to 0.08 during COVID-19 because the company's capital decreased during COVID-19. Likewise, the mean Tobin's Q value also experienced a decrease from 2.16 to 2.00. This proves that market players doubt the company's condition during COVID-19. Apart from that, market players are also saving cash to face the crisis.

Assumption classic test analysis needed to be performed. Assumption classic test needed to be conducted to avoid deviation so that no problems arose in regression analysis. Assumption classic tests consist of normality, multicollinearity, heteroscedasticity, and autocorrelation tests. Kolmogorov Smirnov significance 0.000 (below 0.05). These findings show that the data is abnormal. So that normal data should be done winsorizing is changing extreme value becomes non-extreme value on variable dependent. Winsorizing is not affected by positive and negative values and is not done to reduce the sample amount. After winsorizing, it is obtained that the significance value for the ROA before COVID-19 is 0.101 and during COVID-19 is 0.922. For the ROE model before COVID-19, 0.345 and during COVID-19, 0.475. For the Tobin's q model before COVID-19, 0.159 and during COVID-19, 0.908. The data is normally distributed since the value is more significant than 0.05.

The independent variables of the regression model before and during COVID-19 do not show multicollinearity because the tolerance value is above 0.1 and the VIF value is below 10. Based on the results of the Glacier test using the heteroscedasticity test, the regression values before and during the COVID-19 pandemic showed no heteroscedasticity because the value obtained was more significant than 0.05. Based on the results of the autocorrelation test using Durbin Watson, it can be concluded that the test results of all models, both before and after COVID-19, are free from problems autocorrelation because the values are between Du and 4-du, where the Du value before COVID was 1.813 and during COVID was 1.734, while the value was 4-du before COVID 2.187 and during COVID 2.266.

Table 3 demonstrates the regression results. It is found that the liquidity coefficient is positive, and the significance value is below 0.01 (<0.01) for all financial performance ratios, so liquidity has a positive effect and is significant on the financial performance of manufacturing companies before the COVID-19 pandemic. In contrast, the ROA and ROE coefficient values were negative during the pandemic. However, Tobin's q is positive, and the significance level is above the significant level in ROE and Tobin's q so that liquidity does not negatively affect the financial performance of manufacturing companies during the COVID-19 pandemic.

The regression results show that the leverage coefficient is negative, and the significance value is below 0.1 (<0.1) for all financial performance ratios before and during the pandemic, so leverage significantly negatively affects the financial performance of manufacturing companies before and during the COVID-19 pandemic. The regression results show that the activity coefficient has a positive sign and significance value is below 0.05 (<0.05) for all ratios of company financial performance before the pandemic, so that activity had a significant positive effect on the financial performance of manufacturing companies before the COVID-19 pandemic. In contrast, during the pandemic, the activity coefficient was positive. The significant value was greater than 0.1 (> 0.1), so that Activity did not negatively affect the financial performance of manufacturing companies during the COVID-19 pandemic.

Growth variable regression results show that the growth coefficient has a positive sign and a small significance value of 0.01 (<0.01) for all ratios of company financial performance before the pandemic, so that growth has a significant positive effect on the financial performance of manufacturing companies before the COVID-19 pandemic while in during the pandemic the growth coefficient was positive for ROA and ROE and negative for Tobin's q while the significant value was greater than the significant value so that growth did not negatively affect the financial performance during the COVID-19 pandemic.

Table 3 Multiple Liner Regression Results

Panel A: Regression Before COVID-19 (N = 210)						
Indep. Variable	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.
Constant	0.014		0.038		0.191	
Liquidity	0.013	0.000***	0.010	0.005***	0.061	0.009***
Leverage	-0.006	0.005***	-0.009	0.002***	-0.031	0.099*
Activity	0.001	0.027**	0.002	0.036**	0.016	0.003***
Growth	0.073	0.000***	0.156	0.000***	0.405	0.022**
Dep. Variable	ROA		ROE		Tobin's q	
Adj R-Square	0.233		0.212		0.101	
F	16.905***		15.063***		6.852***	
Panel B: Regression During COVID-19 (N = 69)						
Indep. Variable	Coef.	Sig.	Coef.	Sig.	Coef.	Sig.
Constant	0.035		0.051		0.243	
Liquidity	-0.001	0.073*	-0.002	0.179	0.002	0.513
Leverage	-0.011	0.008***	-0.017	0.004***	-0.044	0.005***
Activity	0.001	0.326	0.001	0.694	0.002	0.718
Growth	0.034	0.225	0.064	0.121	-0.020	0.851
Dep. Variable	ROA		ROE		Tobin's q	
Adj R-Square	0.132		0.130		0.082	
F	3.595**		3.539**		2.527	

Notes: *** significant at 0.01 level; ** significant at the 0.05 level; * significant at 0.10 level

Source: Research data, 2022

DISCUSSION

Hypothesis test H1a shows that liquidity positively and significantly affected the company's financial performance before the COVID-19 pandemic. It is proven by regression coefficient has a positive on the whole ratio financial performance and score significance minor from 0.01 (< 0.01), which means that H1a is accepted. These results support agency theory, which says that if the goals of the principal and agent are aligned, it will improve company performance to achieve company goals. These results also support the research of Egbunike and Okerekeoti (2018), who found a positive and significant effect of liquidity on financial performance. Managers use profit to gauge the company's performance, which a higher current ratio indicates. The standard value of the current ratio is above 100%, which means the value of current assets is above the value of current liabilities. This means that current assets can cover operating activities and debt payments. Conversely, if this ratio is too high, many funds are not used, so a value that is too high is also not good for the company. These results show that before the COVID-19 pandemic, the company had current assets to fund operational activities and pay liabilities. Hypothesis testing H1b shows that liquidity has no adverse effect on companies' financial performance during the COVID-19 pandemic. It is proven by coefficient regression liquidity on company financial performance using ROA, and ROE are negative but tested with Tobin's q ratio is positive. The significance level of liquidity testing with a ROA is 0.073 < 0.10, but Tobin's q and ROE are insignificant. So that, H1b is rejected. This result is consistent with a study by Febrianto et al. (2021) who found that liquidity (CR) does not affect performance finance (ROA). This was due to a drop in sales during COVID-19. Current assets that have been greatly affected by the crisis caused by this pandemic are cash generated from cash and credit sales, which affect the value of the current ratio (Devi et al., 2020). However, companies have prepared some strategies to face this problem, such as using external funds to pay debt and asking for extended debt payments.

Hypothesis testing H2a shows that leverage significantly negatively affected the company's financial performance before the COVID-19 pandemic. It is shown with a negative value on coefficient regression and is significant for all financial performance ratios, which means that H2a is accepted. Trade-off theory says every enhancement debt causes enhancement risk bankruptcy, financial difficulties, and agency costs will lower company performance. This occurs because companies can face financial difficulties in paying their debt in the future. There is also agency cost consisting of monitoring costs, bonding costs and residual loss that will result in declining company financial performance. The results of hypothesis testing H2a are consistent with the results of research from Harymawan et al. (2019), Vinjamury (2020), and Vu et al. (2018) found leverage has a negative significant effect on financial performance. The H2b hypothesis test shows that Leverage significantly negatively affects the companies' financial performance during the COVID-19 pandemic. It is proven by negative coefficient regression value and significant for all ratios, meaning H2b is accepted. Chatzinas and Papadopoulos (2018) said the trade-off theory suits crisis conditions. This occurred due to a decrease in sales due to social restrictions imposed by the government, which affected the company's revenue, which in turn affected the company's ability to pay all liabilities. Additionally, it supports the Pecking Order Theory, which claims that companies choose internal sources of funds rather than financing external and debt to equity if they publish security. This means that debt has a negative impact on the company's financial performance, so a company with a high profitability will use more debt for finance investment than a low profitability rate. The results of the H2b hypothesis test support the results study by Rababah et al. (2020), who found Capital Structure (leverage) is annoying performance finance during the COVID-19 pandemic and research by Fu & Shen (2020) found Leverage has a negative impact on performance company during the COVID-19 pandemic.

Hypothesis testing H3a shows that Activity positively affects the company's financial performance before the COVID-19 pandemic. It is proven by regression coefficient value positive and significant on the whole ratio, which means that H3a is accepted. These results support agency theory, which states that if the management of receivables carried out by agents is running effectively, then the turnover of receivables can run smoothly, improving company performance. One of the methods for increasing sales is giving credit sales to customers so that sales will grow higher and increase profit. Giving credit sales to customers also needs to be supervised so that account receivable turnover will be expected because high accounts receivable turnover will increase the company's profit. This result aligns with Beauvais et al (2021) who found a positive effect between accounts receivable and company performance. The H3b hypothesis shows that Activity has no adverse effect on a company's financial performance during the COVID-19 pandemic. It is proven by the regression coefficient, which has a positive value on all ratios, which means that H3b is rejected. It is also found by Wardana et al. (2019) that found receivable turnover did not affect profitability. Restrictions in social public affect people's purchasing power, which impacts sales and revenue. So, it needs to be managed to keep cash in stable condition. Account Receivables are an essential component of current assets in a company because it has an enormous amount of assets after cash. Compelling accounts receivable policies and timely collection procedures are essential to reduce the risk of a company's liquidity.

Hypothesis testing H4a shows that growth positively affected the company's financial performance before the COVID-19 pandemic. It is proven that the regression coefficient has a positive value on the financial performance ratio, meaning that H4a is accepted. Agency theory states that principals always want to get benefits from their invested funds to the company; therefore, the company's growth is one of a dream that they hope will come true. A company's growth is an effort to increase its production and gain more profit to sustain any economic condition. Getting investment funds will encourage companies to use suitable technologies and deep research and development for good financial performance. The growth ratio is one factor to be considered before investing. Companies that have good growth in the future will attract more investors. In this case, growth is not too fast and also not using such external funds like higher debt. The result is consistent with the study by Mangesti Rahayu (2019), who found that the relationship between company growth and financial performance is positive and significant. Hypothesis testing H4b shows that growth has no adverse effect on a company's financial performance during the COVID-19 pandemic. It is proved by regression coefficient were positive using ROA and ROE. However, the result is negative tested with Tobin's q ratio. So that, H4b is rejected. The results follow the research of NGUYEN et al. (2021), which shows that total asset growth does not affect company performance. COVID-19 affects company production because of lower demand and consumption, so the company managers postpone investment because they see a small opportunity to get results from investment. COVID-19 increases risk, so managers will increase cash to deal with possible emergencies (Shen et al., 2020).

Conclusions and Recommendations

This research was designed to analyze the influence of liquidity, leverage, activity and growth on company financial performance before and during the COVID-19 pandemic. This study found that liquidity significantly affected the company's financial performance before the COVID-19 pandemic. However, during the COVID-19 pandemic, liquidity had a significant adverse effect on ROA, a negative and insignificant effect on ROE and a positive and insignificant effect on Tobin's q. Leverage had a significant adverse effect on the company's financial performance before and during the COVID-19 pandemic. Activities had a significant positive effect on the company's financial performance before the COVID-19 pandemic and had a non-significant positive effect on the company's financial performance during the COVID-19 pandemic. Growth had a significant positive effect on the company's financial performance before the COVID-19 pandemic. Meanwhile, during the COVID-19 pandemic, the positive effect was insignificant on ROA and ROE. However, the negative was not significant with Tobin's q.

This study has some limitations which can also be used as a reference for future research, namely, the study only use variable liquidity, leverage, activity and growth use as independent variable. This research only used manufacturing companies to investigate the temporary impact of the COVID-19 pandemic still Many. Other sectors have been affected by the COVID-19 pandemic. The subsequent research suggests other variables to evaluate companies' performance, such as Good Corporate Governance and Corporate Social Responsibility, and add a larger sample size while companies listed on IDX and add year observation when the pandemic becomes 2020 and 2021. Suggestions for the company should pay attention to leverage (capital Structure) because it has effect on the company's financial performance before and during a pandemic, so need to consider the proportion of leverage in the company.

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