International Journal of Business Diplomacy and Economy
ISSN: 2833-7468
Volume 04 Number 01 (2025)
Impact Factor: 10.45
SJIF (2023): 5.208

www.inter-publishing.com

Article

The Impact of a Global Crisis: Financial Performance of the Healthcare Industry on the IDX During the Pandemic's Early Stages

Bayu Wijayantini1*, Ihza Abdhilla Nugraha2, Alfi Arif3

1. Muhammadiyah University of Jember, Indonesia
2,3. University of Jember, Indonesia
* Correspondence: bayu@unmuhjember.ac.id

Abstract: This study examines the financial performance of healthcare companies listed on the Indonesia Stock Exchange (IDX) during the early stages of the COVID-19 pandemic, a period marked by significant economic disruption. Despite the global downturn, the healthcare sector faced increased demand for medical products and services. However, limited research has addressed how this translated into financial resilience. This study aims to evaluate the sector's profitability using key metrics such as Return on Assets (ROA), Return on Equity (ROE), Operating Profit Margin (OPM), and Net Profit Margin (NPM). A quantitative analysis of financial reports revealed that healthcare firms maintained stable profitability despite market volatility. These findings highlight the sector's adaptive capacity and provide valuable insights for policymakers in strengthening industry resilience during future crises.

Keywords: ROA, ROE, OPM, NPM, Financial performance, Global Crisis

Citation: Bayu Wijayantini, Ihza Abdhilla Nugraha, Alfi Arif. The Impact of a Global Crisis: Financial Performance of the Healthcare Industry on the IDX During the Pandemic's Early Stages. International Journal of Business Diplomacy and Economy 2025, 4(1), 83-89.

Received: 8th Oct 2024
Revised: 12th Nov 2024
Accepted: 22th Dec 2024
Published: 29th Jan 2025

1. Introduction

The COVID-19 pandemic has caused unparalleled economic and social disruptions worldwide, including in Indonesia. The virus's rapid transmission required strict social distancing measures and, in many cases, lockdowns, resulting in a significant decline in economic activities on both supply and demand fronts (Republika.co.id, 2020). The first reported COVID-19 case in Indonesia occurred on March 2, 2020, in Depok, West Java, after a Japanese national tested positive following close contact with Indonesian nationals (health.detik.com, 2020). The pandemic led to widespread business closures, layoffs, and disruptions in public transportation and consumer activities, further exacerbating unemployment and reducing purchasing power (Konsultanku.co.id, 2020).

To address these challenges, the Indonesian government introduced phased reopening measures. Beginning in June 2020, the government gradually reopened industries, malls, schools, and restaurants under stringent health protocols to stimulate the economy (Kompas.com, 2020). Despite these interventions, the Indonesia Stock Exchange (IDX) experienced severe volatility. After an initial downturn, the Jakarta Composite Index (IHSG) rebounded, reflecting some resilience in specific sectors, such as healthcare, which played a pivotal role during the pandemic (Republika.co.id, 2020). Among the most resilient sectors during the crisis, the healthcare industry emerged as critical, driven by the demand for medical supplies, vaccines, and healthcare services (Rohmani et al, 2023). The IDX healthcare sector includes pharmaceutical companies, medical device manufacturers, and health service providers. Government-backed vaccination programs and heightened public health awareness further bolstered this sector's financial performance (IDX Annual Report, 2021). It shown on figure 1.

Figure 1. Companies Affected by COVID-19

Alongside information technology, e-commerce, and food production, healthcare was identified as a "safe haven" sector that sustained growth amidst the broader economic downturn (Bisnis Indonesia, 2021). Evaluating the financial performance of healthcare companies during the pandemic is essential to understanding their resilience and adaptability. Metrics such as Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), and Operating Profit Margin (OPM) serve as critical indicators of operational efficiency and profitability (Wijayantini 2019; Jumingan, 2006). ROA highlights a company’s ability to utilize assets effectively, while ROE reflects shareholder returns and value creation (Putri el al, 2022). NPM and OPM provide insights into operational efficiency and profitability from core activities (Fahmi, 2012; Brigham & Houston, 2009).

This study analyzes the financial performance of IDX-listed healthcare companies during the early stages of the COVID-19 pandemic by leveraging these profitability metrics. The findings contribute to a deeper understanding of sectoral resilience during crises and offer insights for policymakers and industry leaders on strategies to enhance preparedness and adaptability for future global disruptions.

LITERATURE RIVIEW

Financial management is a blend of science and art that examines, studies, and analyzes how a financial manager utilizes all of a company's resources to acquire, manage, and allocate funds with the aim of generating profit or wealth for shareholders while ensuring business sustainability (Arniwita et al., 2021). According to Sartono (2011), the term financial management refers to the management of funds, encompassing both the allocation of funds into various forms of investment and the collection of funds for financing investments efficiently. Financial managers implement financial management practices. Although the responsibilities of financial managers may vary across organizations, their principal functions typically include planning, sourcing, and effectively utilizing financial resources to maximize operational efficiency. The primary objective of financial management is to maximize the company's value or enhance shareholder wealth. Harmono (2011) explains that financial management aims to maximize shareholder wealth, which translates to increasing the company's value—a metric of public valuation and a focus on business continuity. Shareholder wealth can be observed through the progression of a company's stock prices in the market.

Financial Statements and Performance

Financial statements are the most critical outcomes of the accounting process, providing a snapshot of a company's performance over a specific period. In addition to measuring performance, these reports reveal the values of assets, liabilities, equity, revenues, expenses, and profits over an accounting period. Financial statements must adhere to generally accepted accounting principles to present an accurate depiction of a company's financial condition and be comprehensible to users (Brigham, 2013). According to Baridwan (2008), financial statements summarize the recording process and financial transactions over a fiscal year. These statements are prepared by management to account for their responsibilities to the company's owners.Rudianto (2013) defines financial performance as the results or achievements accomplished by management in effectively managing the company’s assets over a specific period. Similarly, Fahmi (2012) describes financial performance as an analysis conducted to evaluate how well a company adheres to financial reporting standards such as GAAP (Generally Accepted Accounting Principles) or local equivalents, such as SAK in Indonesia. Financial performance is thus the measurable outcome of financial management over a defined period, reflecting the company’s operational success.

Environmental Factors and Business Adaptation

The business environment includes all external factors influencing an organization. Task or industry-specific environments directly impact strategy and include competitors, suppliers, customers, and trade unions. Conversely, the general environment consists of broader elements, including natural physical factors (such as resources and climate) and societal influences (e.g., political, economic, social, and technological factors) (Robbins, 1994; Stoner, 1996). Businesses must adapt to these ever-changing external conditions to ensure growth and competitiveness (Suyono, 2013).

Capital Market Overview

The capital market facilitates transactions between entities with surplus funds and those requiring financing, often through securities trading (Tandelilin, 2017). It includes long-term instruments like stocks, bonds, and mutual funds. Mishkin (2017), translated by Hutagalung, defines the capital market as a marketplace for trading long-term instruments (maturing in a year or more) or equity instruments. These markets aim to promote equitable wealth distribution, encourage public participation in productive financial mobilization, and support national economic development (Rahman, 2019)

2. Materials and Methods

This study uses a quantitative approach to assess the financial performance of healthcare companies listed on the Indonesia Stock Exchange (IDX), comparing data from before and during the early stages of the COVID-19 pandemic. The analysis focuses on financial ratios and differences using the Z-test. Data Sources: Secondary data is used, sourced from financial reports of healthcare companies listed on the IDX. Data from March 2019 (pre-pandemic) and March 2020 (early pandemic) were collected, including a sample of 25 healthcare companies.

Financial reports were obtained from the IDX-IC database.Population and Sample: The sample consists of healthcare companies listed on the IDX during the study period. The sample was selected using purposive sampling, with criteria based on consistent listing on the IDX from March 2019 to February 2021. 18 companies met the selection criteria after reviewing financial report completeness.

Data Analysis: An event study methodology is applied to analyze stock price fluctuations before and during the pandemic. The Z-test is used for hypothesis testing to compare the differences in financial performance between the two periods.

Statistical Tools:

Financial ratios (such as ROA, ROE, and NPM) are analyzed to determine changes in performance.Event study methodology is used to examine abnormal returns during the pandemic period.This approach provides insight into how the healthcare sector responded to the pandemic, particularly in terms of financial stability and stock market performance.

3. Results

This research involved 18 healthcare companies listed on the Indonesia Stock Exchange. From an initial pool of 25 companies in late 2021, we selected these 18 based on their financial performance before and during the COVID-19 pandemic. We compared the periods of March 2019 to February 2020 (pre-pandemic) and March 2020 to February 2021 (early pandemic)

Table 1. Financial performance of healthcare companies in the period before and at the beginning of the COVID-19 pandemic

Information	ROA Pandemi	ROA New Normal	ROE Pandemi	ROE New Normal	OPM Pandemi	OPM New Normal	NPM Pandemi	NPM New Normal
N	18	18	18	18	18	18	18	18
Valid Missing	0	0	0	0	0	0	0	0
Mean	81,1200	270,2524	17943925,5000	1548941,6080	2159,4100	2321,2737	5220860,2310	87642282402,8800
Median	81,1200	270,2524	17943925,5000	1548941,6080	2159,4100	2321,2737	5220860,2310	87642282402,8800
Minimum	81,12	270,25	17943925,50	1548941,61	2159,41	2321,27	5220860,23	87642282402,88
Maximum	81,12	270,25	17943925,50	1548941,61	2159,41	2321,27	5220860,23	87642282402,88

Source : IDX

Table 1 presents the average financial performance of healthcare companies before and during the early stages of the COVID-19 pandemic. As indicated in the table, the mean Return on Assets (ROA) was substantially higher during the pandemic (270.2524) compared to the pre-pandemic period (81.1200). Similarly, the mean Return on Equity (ROE) experienced a significant decrease from 17,943,925.50 before the pandemic to 1,548,941.6080 during the pandemic. The average Operating Profit Margin (OPM) also showed an increase, albeit less pronounced, from 2,159.41 to 2,321.27. Notably, the Net Profit Margin (NPM) exhibited a dramatic increase from 5,220,860.2310 to 87,642,282,402.8800 during the pandemic.When comparing the individual highest values of ROA, ROE, OPM, and NPM for both periods, a similar pattern emerges.

The highest values for these ratios were generally higher during the pandemic. However, the substantial increase in NPM during the pandemic is particularly noteworthy and warrants further investigation.These findings suggest that while the overall financial performance of healthcare companies as measured by ROA, ROE, and OPM deteriorated during the early stages of the COVID-19 pandemic, the NPM experienced a significant surge. This counterintuitive result may be attributable to a combination of factors, such as increased demand for healthcare services, government subsidies, and changes in accounting practices. Further research is needed to fully understand the underlying causes of these trends.

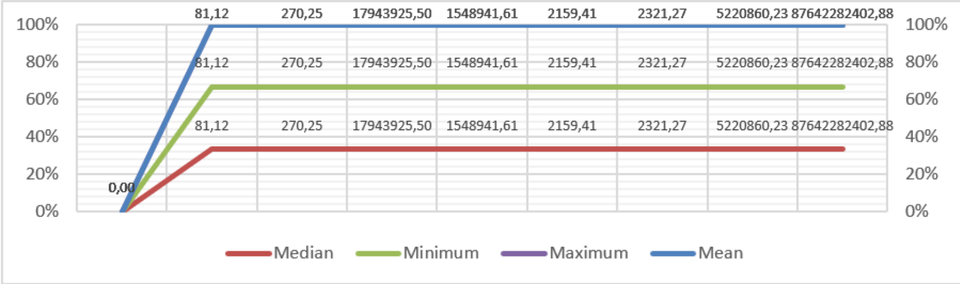

Figure 2. A comparison of pre- and post-pandemic financial performance in the healthcare industry

Source : IDX

Figure 2 provides a comparison of the average financial performance of healthcare companies before and during the early stages of the COVID-19 pandemic. As illustrated, the average Return on Assets (ROA) significantly increased from 81.12 to 270.25 during the pandemic. Similarly, the average Return on Equity (ROE) experienced a substantial decline from 17,943,925.50 to 1,548,941.6080. While the average Operating Profit Margin (OPM) showed a modest increase from 2,159.41 to 2,321.27, the average Net Profit Margin (NPM) witnessed a dramatic surge from 5,220,860.2310 to a staggering 87,642,282,402.8800. A closer examination of the individual highest values for each metric reveals similar trends. The highest ROA, ROE, and OPM were generally higher during the pandemic. However, the most pronounced increase was observed in the NPM, which suggests a significant shift in the financial performance of healthcare companies during this period.".

Table 2. Wilcoxon Test Results ROA, ROE, OPM, NPM

	Z	Asymp. Sig. (2-tailed)	Keterangan
ROA during the early stages of the pandemic	-1,46	0,935	Ditolak
ROA during the initial phase of the new normal	-2,527	0,439	Ditolak
ROE during the early stages of the pandemic	-2,997	0,305	Ditolak
ROE during the initial phase of the new normal	-2,951	0,281	Ditolak
OPM during the early stages of the pandemic	-2,95	0,698	Ditolak
OPM during the initial phase of the new normal	-0,653	1,488	Ditolak
NPM during the early stages of the pandemic	-4,012	0,165	Ditolak
NPM during the initial phase of the new normal	-1,515	1,046	Ditolak

Source : IDX

As shown in Table 2, healthcare companies performed significantly worse during the early stages of the COVID-19 pandemic (March 2020 - February 2021) compared to the pre-pandemic period (March 2019 - February 2020). This was confirmed by a statistical test (paired-sample Wilcoxon test), indicating a significant difference in financial performance between the two periods. Our findings are consistent with previous research by Devi et al. (2020), Aswar (2021), Pratama (2021), and Anisa (2021). These studies also found significant differences in financial metrics like Return on Assets (ROA), Return on Equity (ROE), Operating Profit Margin (OPM), and Net Profit Margin (NPM) for healthcare companies listed on the Indonesia Stock Exchange (IDX) during the same time period.

4. Discussion

The healthcare sector encompasses a wide range of businesses, including healthcare service providers, medical equipment manufacturers and distributors, pharmaceutical companies, and health research organizations. As of December 30, 2021, 25 companies were operating in this sector on the Indonesia Stock Exchange (IDX). However, due to data availability constraints, this research focused on a sample of 18 companies that provided comprehensive financial reports. The study aimed to determine whether there were significant differences in financial performance metrics such as Return on Assets (ROA), Return on Equity (ROE), Operating Profit Margin (OPM), and Net Profit Margin (NPM) between the pre-pandemic and early pandemic periods. By analyzing these metrics, the research sought to understand the impact of the COVID-19 pandemic on the financial health of healthcare companies.

5. Conclusion

This research delves into the financial performance of healthcare companies listed on the Indonesia Stock Exchange (IDX) before and during the early stages of the COVID-19 pandemic. By analyzing a sample of 18 healthcare companies, we employed descriptive quantitative methods to assess key financial metrics: Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), and Operating Profit Margin (OPM). Our findings reveal significant differences in these metrics between the pre-pandemic and pandemic periods. Specifically, we observed a notable increase in ROA, ROE, NPM, and OPM during the pandemic. A higher ROA indicates improved profitability relative to assets, while a higher ROE suggests better returns for shareholders. Additionally, higher NPM and OPM signify stronger operational efficiency and profitability. These results suggest that, despite the challenges posed by the pandemic, healthcare companies on the IDX were able to adapt and improve their financial performance. However, further research is needed to explore the underlying factors driving these changes and to assess the long-term implications for the industry

REFERENCES

[1] E. T. K. Arniwita, O. Abriyoso, and B. Wijayantini, Manajemen Keuangan: Teori dan Aplikasi, Solok: CV Insan Cendekia Mandiri, 2021.

[2] Z. Baridwan, Intermediate Accounting, Yogyakarta: BPFE-Yogyakarta, 2008.

[3] E. F. Brigham, Financial Management: Theory and Practice, Cengage Learning, 2013.

[4] E. F. Brigham and J. F. Houston, Fundamentals of Financial Management, Cengage Learning, 2009.

[5] I. Fahmi, Financial Performance Analysis, Bandung: Alfabeta, 2012.

[6] Harmono, Corporate Financial Management, Jakarta: Bumi Aksara, 2011.

[7] Hery, Understanding Financial Ratios, Jakarta: Grasindo, 2015.

[8] Indonesia Stock Exchange (IDX), Annual Report, 2021. [Online]. Available: https://www.idx.co.id

[9] Jumingan, Financial Analysis Techniques, Jakarta: Bumi Aksara, 2006.

[10] Kompas.com, COVID-19 Reopening Phases, 2020. [Online]. Available: https://money.kompas.com

[11] Konsultanku.co.id, Pandemic Impact on Industries, 2020. [Online]. Available: https://konsultanku.co.id

[12] F. S. Putri, B. Wijayantini, and A. H. Hafidzi, "Analisis ROA, DER, dan NPM terhadap Harga Saham pada Perusahaan JII Periode 2015-2019," Makro: Jurnal Manajemen dan Kewirausahaan, vol. 7, no. 1, pp. 84-100, 2022.

[13] F. S. Mishkin, The Economics of Money, Banking, and Financial Markets, Pearson, 2017.

[14] Rudianto, Management Accounting: Concepts and Applications, Jakarta: Erlangga, 2013.

[15] A. R. Rohmani, B. Wijayantini, and A. H. Hafidzi, "The Correlation Between the COVID-19 Pandemic and Disparities in Stock Prices, Transaction Volume, and Abnormal Returns within the Transportation Sector," International Social Sciences and Humanities, vol. 2, no. 3, pp. 557-565, 2023.

[16] Republika.co.id, The Economic Toll of COVID-19, 2020. [Online]. Available: https://republika.co.id

[17] A. Sartono, Financial Management Theory and Applications, Yogyakarta: BPFE-Yogyakarta, 2011.

[18] J. A. F. Stoner, Management, Pearson Education, 1996.

[19] E. Tandelilin, Investment Analysis and Management, Yogyakarta: BPFE-Yogyakarta, 2017.

[20] E. Tandelilin, Portfolio and Investment: Theory and Applications, Yogyakarta: Kanisius, 2010.

[21] B. Wijayantini and M. I. Sari, "Hubungan Kinerja Keuangan dan Rasionalitas Investor Industri Makanan Minuman Syariah yang Listed di Bursa Efek Indonesia (BEI)," 2017.

[22] B. Wijayantini, A. Arif, M. I. Sari, and U. Jember, "Analisis ROA, Current Ratio dan DER terhadap Kebijakan Dividen pada Perusahaan Pembiayaan di BEI," Jurnal Manajemen dan Bisnis Indonesia, vol. 5, no. 2, pp. 239-246, 2019. [Online]. Available: www.ojk.go.id