COVID-19: really weakening the effect of financial performance on corporate value of consumer cyclicals?

COVID-19: enfraquecendo realmente o efeito do desempenho financeiro no valor corporativo dos consumidores cíclicos?

COVID-19: realmente se está debilitando el efecto del desempeño financiero sobre el valor corporativo de los bienes de consumo cíclicos?

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Abstract

Covid-19 is a disease outbreak that affects company performance and value. This study aims to test whether Covid-19 can strengthen the effect of financial performance on firm value. Financial performance is proxied by financial ratios consisting of the Current Ratio (CR), Debt to Asset Ratio (DAR), and Return on Assets (ROA). Meanwhile, the Company Value is proxied by Tobin's Q. The Cyclical Consumer Sector is the population of this study. Purposive Sampling is the sample selection method used. Twenty-eight companies meet the criteria. The data processed is quarterly from 2017 to 2021, so the number of observations is four hundred and twenty. The study results show that only DAR and ROA affect firm value and that Covid-19 is a quasi-moderating and strengthening effect of ROA on firm value. The novelty of this study is that Covid-19 is treated not as an independent variable but as a moderating variable, and the data is quarterly. The results of this study have implications for companies to be able to anticipate the arrival of disease outbreaks because it dramatically affects the performance and value of the company. The influence of this plague can be debilitating or strengthening.

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Keywords: COVID-19. Current Ratio. Debt to Asset Ratio. Return on Asset. Tobin’s Q.

Resumo
A Covid-19 é um surto de doença que afeta o desempenho e o valor das empresas. Este estudo visa testar se a Covid-19 pode fortalecer o efeito do desempenho financeiro no valor da empresa. O desempenho financeiro é medido por índices financeiros que consistem no Índice Corrente (CR), Índice Dívida sobre Ativos (DAR) e Retorno sobre Ativos (ROA). Enquanto isso, o valor da empresa é procurado por Tobin’s Q. O setor de consumo cíclico é a população deste estudo. Amostragem Proposital é o método de seleção de amostra utilizado. Vinte e oito empresas atendem aos critérios. Os dados tratados são trimestrais de 2017 a 2021, pelo que o número de observações é de quatrocentas e vinte. Os resultados do estudo mostram que apenas o DAR e o ROA afetam o valor da empresa e que a Covid-19 é um efeito quase moderador e fortalecedor do ROA no valor da empresa. A novidade deste estudo é que a Covid-19 é tratada não como uma variável independente, mas como uma variável moderadora, e os dados são trimestrais. Os resultados deste estudo têm implicações para que as empresas consigam antecipar a chegada de surtos de doenças porque afecta dramaticamente o desempenho e o valor da empresa. A influência desta praga pode ser debilitante ou fortalecedora.


Resumen
Covid-19 es un brote de enfermedad que afecta el desempeño y el valor de una empresa. Este estudio tiene como objetivo probar si Covid-19 puede fortalecer el efecto del desempeño financiero sobre el valor de la empresa. El desempeño financiero se representa mediante índices financieros que consisten en el índice actual (CR), el índice deuda-activo (DAR) y el rendimiento sobre los activos (ROA). Mientras tanto, el valor de la empresa está representado por la Q de Tobin. El sector de consumo cíclico es la población de este estudio. El muestreo intencional es el método de selección de muestras utilizado. Veintiocho empresas cumplen los criterios. Los datos procesados son trimestrales desde 2017 a 2021, por lo que el número de observaciones es de cuatrocientas veinte. Los resultados del estudio muestran que solo el DAR y el ROA afectan el valor de la empresa y que Covid-19 es un efecto casi moderador y fortalecedor del ROA sobre el valor de la empresa. La novedad de este estudio es que la Covid-19 no se trata como una variable independiente sino como una variable moderadora, y los
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Introduction

On January 25, 2021, the Indonesia Stock Exchange (IDX) classified the sector and industry of the new company under the name "Indonesia Stock Exchange Industry Classification" or IDX-IC. There are 12 new sectors clarified by IDX, one of which is the Non-Primary Consumer Goods Sector (consumer cyclical) which produces or distributes products or services to be sold to consumers in general. By the sector's name, the goods sold are cyclical or secondary. This has consequences for the demand for these goods and services, which will be directly proportional to economic growth. The scope of this industry consists of shoes, sports goods, and hobby goods companies, durable household goods, textile goods, companies that produce passenger cars and their components, clothing, including retail companies for secondary consumer goods, advertising companies, recreation companies, companies that provide tourism services, education, media companies, and entertainment provider companies.

The Covid-19 pandemic has hit the whole world in recent years. Until now, this problem has not been resolved. Many emerging new variants of this virus. The government continues to make efforts to prevent and handle it. Coronaviruses originate from coronaviruses (CoV) which cause disease in both humans and animals. Its forms range from the common cold to more severe ones, such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS) (World Health Organization, 2020). In Indonesia, the first case of Covid-19 was recorded on March 2, 2020. This case was revealed after two Indonesian citizens from Depok made contact with a Japanese citizen who was positive for Covid-19 (Alam, 2021). The government of the Republic of Indonesia has implemented various policies in connection with the increasing number of cases. These policies are in the form of PSBB (Large-Scale Social Restrictions) and PPKM (Implementation of Restrictions
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on Community Activities). WFH (Work From Home) is also implemented for employees. This is all intended to control the rate of spread of the virus. It is hoped that the pandemic will end soon.

As a result of business competition showing rapid progress, companies must seek new strategies and ideas to develop and achieve their goals. In addition to seeking profits, the long-term goal of establishing a company is to provide shareholder wealth and maximize company value. The achievement of the financial function as an illustration of the company's welfare can be measured by looking at the company's value. To maintain a competitive advantage, companies and retailers must anticipate customer behavior through regular research and analysis of their purchasing patterns and preferences. Providing them with a variety of products, experiences and the right prices will entice them to shop both in-store and online (Sinha, et al., 2021).

The Covid-19 pandemic has had an impact on the business sector, both positive and negative. The positive impact can be felt by companies engaged in pharmaceutical chemicals and medical devices, food and beverages, electronics, textiles and textile products, telecommunications, MSME, agriculture and logistics services. Meanwhile, negative impacts can be felt by companies engaged in tourism, construction, mining, automotive, transportation, finance (Hidayat, 2020). The recent Covid-19 outbreak has indeed had a positive impact on cashless payment methods to break the chain of transmission of this virus and maintain cleanliness (Kee et al., 2021). Research results from (Nair et al., 2021) show that the percentage of respondents buying Coca-Cola products on online shopping platforms in Malaysia increased during the pandemic.

The negative impact of Covid-19 was also felt by the consumer cyclicals sector, this was reflected in the stock index on the IDX which recorded that the consumer cyclicals sector had decreased by -16.1% year over year (YOY) in 2020. Ace Hardware Indonesia Tbk is one of the companies engaged in the consumer cyclicals sector, a company engaged in the household and lifestyle equipment business was also badly affected by the Covid-19 pandemic, where in 2018 the company experienced sales of 0.22% and in 2019 the company experienced sales of 0.12%, while during the pandemic the company only experienced a decrease in sales of -0.09% and -0.12% in 2020 & 2021. Matters regarding the impact of the co-19 pandemic have been carried out by Revinka, (2021) and Bose, Shams, Ali, & Mihret (2021) which shows the results that the Covid-19 pandemic can negatively affect company value. Other results were found by Ofeser and Susbyantoro (2021) which showed the results
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of the study that Covid-19 had no effect on company value.

Liquidity reflects how much current or short-term debt can be paid by the company. Liquidity is a serious concern for companies because liquidity is one of the keys to success. For investors, a company's good can be seen from its liquidity. Yanti and Darmayanti (2019) and Elisa and Riduwan (2021) found a positive influence between liquidity and company value. Different things were obtained from research by Manurung and Herijawati (2016), where the results of company value were not affected by liquidity.

Solvency reflects the company's ability to meet its debts. Solvency is used to measure the power of a company's assets to pay off debt. Jati (2020) and Syamsuddin and Mas'ud (2021) conducted research by concluding that solvency affects company value. Indrayani, Endiana, and Pramesti (2021) found different results: company value is unaffected by solvency.

Profitability reflects how much a company can achieve profits at certain sales, assets, and capital levels. Higher yields reflect that the company's performance is good and will increase investor confidence, which will impact rising stock prices and have implications for company value. Research conducted by Indrayani, Endiana, and Pramesti (2021) and Idris (2021) shows that profitability can positively affect company value. In contrast to the research results found by Farizki, Suhendro, and Masitoh (2021), which shows that company value is not affected by profitability.

When viewed from the results of previous studies, it was revealed that research related to firm value still shows different results. In earlier research, Covid-19 treated as an independent variable directly affecting company value; this differs from this study. In this study, the Covid-19 variable is a moderating variable that will strengthen or weaken the influence of the independent variables that affect firm value. This is one of the novelties in this research. Another new thing is that this research divides the covid period into 3 phases: pre-covid, during covid, and during the new normal era. The next novelty is that this study uses quarterly data so it is more reliable. The purpose of this study is to test whether Covid-19 weakens the influence of financial performance which is proxied by liquidity, solvency, and profitability on firm value in consumer cyclicals sector companies.
Theoretical Framework

2.1 Signaling Theory

The originator of this theory was Spence in 1973. He conducted research with the title Job Market Signaling. In this theory, two parties are involved: the internal party, the management, who will be the signal giver, and the external party, namely the investor, who will function as the signal receiver. Companies with good financial performance provide relevant information that investors will use. Brigham and Houston (2014) see signal theory as the behavior of company management who instructs investors about how management will view the company's prospects in the future.

Based on this understanding, the basis for investors in assessing the company's condition is in the form of information provided by the company. This information can be in the form of financial reports. Positive financial reports will make the market believe in the company's performance and prospects of the company, which will ultimately increase the value of a company.

2.2 The Black Swan Theory

Black swans are very rare or unpredictable events and have a huge impact when they occur. An event can be categorized as a black swan if the event is something foreign or outside normal expectations and has a significant or extreme impact. However, it can be explained and predicted once the event occurs because people, especially researchers, start researching it. Pandemic events have occurred several times and are not uncommon; some figures or experts may have predicted this. But the impact of events in a pandemic can be different.

When connected at this time, the pandemic is unprecedented, and the impact it has caused is even more significant and broader than previous pandemics. As a result of the pandemic is causing chaos in various sectors of the world, this can be called a transformation event. Transformational events are familiar but difficult to predict and cause great confusion because of differences such as motives or causes, social conditions, and other differences, even though the event is not new.
2.3 The Value of the Company

It is a condition achieved by managers or commissioners in managing the company and can be used as an investor image. High and low stock prices will affect the value of the company. Investors use this stock price as a guide before investing in the company. Firm value is an investor's perception of a company's success and is often associated with stock prices. A high stock price proves that the company's value is also high. With a high company value, it can increase market confidence and company prospects in the future (Muchtar, 2021). The stock price that reflects the company's value is influenced by factors such as the stock price index, interest rates, and fundamental conditions. This fundamental condition is related to conditions within the company. This condition will be very closely related to the condition of the company, such as conditions related to finance which are reflected in the company's financial performance.

2.3.1 Liquidity

Shows the potential to meet current debts that the company must pay off quickly. A company is said to be liquid if it can pay its obligations at the end of its expiration date. If the company has high liquidity, investors will be interested in buying the company's shares. This results in increased share prices, which has implications for increasing company value. Liquidity is used to analyze financial reports. This is because liquidity can reflect a company's ability to meet its short-term obligations. Analyzing the liquidity ratio is helpful for (a) assessing how much the company's ability to pay debts that will be due soon; (b) assessing how much the company's ability to pay short-term obligations using total current assets; (c) assessing how much ability companies in paying short-term liabilities using very current assets; (d) assessing the amount of company cash to pay short-term debts; (e) as a financial planning tool, especially about planning cash and short-term liabilities; (e) assess the condition and position of the company's liquidity each period by comparing it (Hery, 2016)

2.3.2 Solvability

It is the company's ability to pay all its debts when dissolved (Septiana, 2019). A company's solvency shows how much the company's ability at the time of liquidation is to
meet its short-term and long-term financial obligations. A company is said to be solvable if it has sufficient assets or wealth to pay all its debts. And conversely, it is considered insolvable if the assets or wealth are insufficient to be used in paying the debt.

Solvency is measured using a ratio that compares a company's debt burden with its assets or equity. This ratio describes the company's total assets owned by shareholders compared to those owned by creditors (debtors). If shareholders own more company assets, the company is less leveraged. The company has high leverage if creditors or lenders have dominant assets (Darya, 2019).

2.3.3 Profitability

Profitability is how much a company can seek profit from the company's business activities through management policies and decisions. The high level of profitability ratios will make it easier for companies to seek capital from outside, because with high profitability it also indicates good company productivity in the future. The objectives and benefits of profitability analysis are to (a) measure how much the company's ability during a specific period is to earn profits; (b) compare current period profits with previous periods; (c) assess how much profit has grown from time to time; (d) measure the amount of investment invested in assets, how much net profit will be generated; (e) measure how much net profit will be obtained from funds invested in equity; (f) measure the gross profit margin and operating profit obtained from sales clean (Hery, 2016).

2.4 COVID-19

Covid-19 is a contagious disease, sufferers infected with the virus can experience fever, shortness of breath and dry cough. Covid-19 can spread through droplets in the respiratory tract caused by coughing or sneezing. Exposure time to this virus can occur between 1-14 days. The Covid-19 virus was first discovered in China at the end of December 2019 and entered Indonesia for the first time in March 2020. Until now, the Covid-19 pandemic has not ended; on March 8, 2022, 160,430 people died in Indonesia. They are caused by Covid-19. The Indonesian government has done a lot to emphasize the transmission of Covid-19, such as currently, Indonesia is running a Covid-19 vaccination program in stages to form immunity against the Covid-19 virus.
2.5 The Effect of Liquidity on Firm Value

The high ratio of this can indicate the size of the company's obligations that can be paid, conversely if the liquidity ratio is small then it indicates the small company's obligations that can be paid. Companies that have high liquidity can make investors interested in investing, this causes the company's stock price to go up and of course the company's value will also increase. This statement is supported by Yanti and Darmayanti (2019) and Syamsuddin and Mas’ud, (2021) which shows that liquidity has a positive effect on company value. The hypothesis is formulated as follows:
H1 = Firm value is influenced by Liquidity (CR).

2.6 The Influence of Solvency on Firm Value

Solvability can be interpreted as a comparison of the total assets with the total debt of the company when the company was traded. The result is high solvency, the greater the risk of loss that will occur, conversely if the solvency is low, the risk of loss is smaller. Companies that have low solvency can indicate that dividends will be distributed more, this is because the profits generated are sufficient to pay off the company's debts, of course this can increase the company's value in the eyes of investors. This statement is supported by Jati (2020) and Syamsuddin and Mas’ud (2021) which results that solvency has a significant effect on firm value. The hypothesis is formulated as follows:
H2 = Firm value is influenced by Solvability (DAR)

2.7 Effect of Profitability on Firm Value

Profitability is the company's success in obtaining a lot of profit for shareholders. The result of high profitability is that the company's performance is considered good, this can indicate that the company's outlook in the future is good. Of course, this will increase the desire of investors to invest their funds. Research is in line with Amirullah, Dharma, and Putri (2021) and Dhani and Utama (2017) which states that profitability has a positive effect on company value. The hypothesis is formulated as follows:
H3 = Firm value is influenced by Profitability (ROA)
2.8 COVID-19 on Financial Performance and Company Value

The existence of the Covid-19 pandemic outbreak has certainly caused companies to not be able to operate their companies widely. The government implements regulations such as PPKM and PSBB which causes people to rarely do activities outside the home, of course this can cause the company to experience a decline in sales and affect company value. This is supported by Revinka (2021) who stated that Covid-19 had a negative effect on company value. The hypothesis is formulated as follows:

H4 = Covid-19 weakens the effect of financial performance on company value

Methodology

3.1 Population and Sample

Non-primary consumer goods companies listed on IDX for the 2017-2021 period were used as the population in this study. The total population of non-primary consumer goods companies is 91 companies—sampling using a non-probability sampling method, namely purposive sampling. The criteria set are companies that present their financial statements in rupiah currency and are complete. Twenty-eight companies meet the five-year requirements with quarterly data, so the number of observations is 420.

3.2 Variable Measurement

The firm value uses Tobin's Q which is a percentage that can indicate future growth opportunities for the company through investment decisions. Tobin's Q analysis can provide an overview of current financial market estimates of future investment returns (Prasetyorini, 2013). In this study, Tobin's Q is calculated using the formula:

$$\text{Tobin's Q} = \frac{\text{Stock Market Capitalization Value (MVE)} + \text{Debt}}{\text{Total Assets}}$$

Liquidity is reflection of the company's potential to pay obligations that are due soon. The higher the liquidity ratio can indicate the better the company's performance. Liquidity in this study is determined using the current ratio formula:
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Current Ratio = \frac{\text{Current Assets}}{\text{Current Liabilities}} \tag{2}

Solvability is measured using DAR (Debt to Asset Ratio). DAR is a ratio that shows how much assets can cover the debt. The lower the solvency ratio can indicate the smaller the risk of loss that the company will experience. Solvability in this study is determined using the formula:

\text{Debt to Asset Ratio (DAR)} = \frac{\text{Total Liabilities}}{\text{Total Assets}} \tag{3}

Profitability in this study is measured using ROA (Return On Assets). ROA is a ratio that shows how much assets contribute to creating net profit. The company's condition can be said to be good if this ratio is getting higher. In this study, ROA is calculated using the formula:

\text{ROA} = \frac{\text{Net Margin}}{\text{Total Assets}} \tag{4}

Covid-19 uses a dummy variable. The period of covid is divided into 3 phases. The pre-covid phase is given the number 0, namely ≤ 3rd quarter of 2019; the phase when covid is assigned the number 1, namely from the 1st quarter of 2020 to the 2nd quarter of 2020; And the new normal phase is numbered 2, namely quarter 3 of 2020 to quarter 3 of 2021.

3.3 Data Analysis Technique

Data processing uses Eviews 13, with the stages of Model Selection to select the suitable model to obtain the best approach in this analysis, namely: the Chow test to choose a common effect or a fixed effect and Husman's test to select a fixed effect or a random effect. If these two tests produce different choices, then the Lagrange Multiplier Test will determine whether it is a common or a random effect. The classic assumption test consists of normality, multicollinearity, and heteroscedasticity tests. A descriptive Statistical Test consists of the mean, median, maximum, minimum, and standard deviation. The hypothesis test consists of the Persian Significance Test (t-test), Determination Coefficient Test, and the Moderated Regression Analysis (MRA) test is used to test the moderating variable.
Results and Discussions

4.1 Results

4.1.1 Descriptive Statistics

Table 1

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOBIN'Q</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Median</td>
</tr>
<tr>
<td>Maximum</td>
</tr>
<tr>
<td>Minimum</td>
</tr>
<tr>
<td>Std. Dev.</td>
</tr>
</tbody>
</table>

Firm Value (Tobin'Q) has a mean value of 6.947101; this shows the average efficiency of conditions achieved by managers or commissioners in managing companies in non-primary consumer sector companies. The median value is 1.038581. The maximum value is 263.8551, owned by Trikomsel Oke Tbk (TRIO) in the 2018 2nd quarter. The minimum value is 0.260200 owned by MNC Land Tbk (KPIG) in the 2017 1st quarter. The standard deviation shows that 26.12499 is greater than the mean, indicating that the data varies.

Liquidity (CR) has a mean value of 2.075801; this shows the average efficiency of companies in meeting short-term obligations that companies must fulfill using current assets. The median value is 1.558121. The maximum value of 8.891427 is owned by PT Ace Hardware Indonesia Tbk (ACES) in the 3rd quarter of 2021. The minimum value of 0.020237 is owned by Globe Kita Terang Tbk (GLOB) in the 2nd quarter of 2021. The standard deviation shows the number 1.735104 is smaller than the mean value; this indicates that the data for liquidity is less varied.

Solvency (DAR) has a mean value of 2.434251. This shows the company's average efficiency in fulfilling its obligations by using its assets. The median value is 0.398542. The maximum value of 70.97411 is owned by Globe Kita Terang Tbk (GLOB) in the 2nd quarter of 2021. The minimum value of 0.081506 is owned by Ramayana Lestari Sentosa Tbk (RALS) in the 3rd quarter of 2017. The standard deviation shows the number 8.994324 is greater than the mean value, p. This shows the data for variable solvency.

Profitability (ROA) has a mean value of -0.003168. This indicates the average efficiency of the company in seeking profit (profit) from the company's business activities through
management policies and decisions. The median value is 0.009054. The maximum value is 0.353137, owned by Matahari Department Store Tbk. (LPPF) in the 3rd quarter of 2017. The minimum value is -1.046440, owned by Globe Kita Terang Tbk (GLOB) in the 3rd quarter of 2019. The standard deviation shows the number 0.106242 greater than the mean; this shows variable profitability data

4.1.2 Model selection test

**Table 2**

*Chow Test Results*

<table>
<thead>
<tr>
<th>Effects Test</th>
<th>Statistic</th>
<th>d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section F</td>
<td>18.016100</td>
<td>(27,388)</td>
<td>0.0000</td>
</tr>
<tr>
<td>Cross-section Chi-square</td>
<td>341.280363</td>
<td>27</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

Note: Prob <0.05, the selected is Fixed Effect

**Tabel 3**

*Hausman Test Results*

<table>
<thead>
<tr>
<th>Test Summary</th>
<th>Chi-Sq. Statistic</th>
<th>Chi-Sq. d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section random</td>
<td>0.000000</td>
<td>4</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

Note: Prob >0.05, the selected is Random Effect

**Table 4**

*Lagrange Test Results*

<table>
<thead>
<tr>
<th>Test Hypothesis</th>
<th>Cross-section</th>
<th>Time</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breusch-Pagan</td>
<td>659.2974</td>
<td>1.675733</td>
<td>660.9731</td>
</tr>
<tr>
<td></td>
<td>(0.0000)</td>
<td>(0.1955)</td>
<td>(0.0000)</td>
</tr>
</tbody>
</table>

The Breusch pagan value < 0.05, the chosen one is the random effect

Based on the results from tables 2, 3 and 4, the selected model is the Random effect.
4.1.3 Classic assumption test

4.1.3.1 Normality test

Table 5

Normality Test Results

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skewness</td>
<td>1.138558</td>
<td>0.127444</td>
</tr>
<tr>
<td>Skewness 3/5</td>
<td>1.339120</td>
<td>0.090266</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>1.167179</td>
<td>0.121569</td>
</tr>
<tr>
<td>Normality</td>
<td>1.297178</td>
<td>0.522783</td>
</tr>
</tbody>
</table>

The probability value using the skewness-kurtosis technique is 0.522783, greater than 0.05, meaning that the data is normally distributed.

4.1.3.2 Multicollinearity

Table 6

Multicollinearity Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>CR</th>
<th>DAR</th>
<th>ROA</th>
<th>COVID-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>1.000000</td>
<td>-0.272178</td>
<td>0.257410</td>
<td>0.036496</td>
</tr>
<tr>
<td>DAR</td>
<td>-0.272178</td>
<td>1.000000</td>
<td>-0.375997</td>
<td>0.132829</td>
</tr>
<tr>
<td>ROA</td>
<td>0.257410</td>
<td>-0.375997</td>
<td>1.000000</td>
<td>-0.096821</td>
</tr>
<tr>
<td>COVID-19</td>
<td>0.036496</td>
<td>0.132829</td>
<td>-0.096821</td>
<td>1.000000</td>
</tr>
</tbody>
</table>

Table 6 shows the value of the correlation coefficient between variables is less than 0.8, so it can be concluded that there is no multicollinearity.

4.1.3.3 Heteroscedasticity

Table 7

Heteroscedasticity Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>4.041487</td>
<td>1.225490</td>
<td>3.297854</td>
<td>0.0011</td>
</tr>
<tr>
<td>CR</td>
<td>-0.354809</td>
<td>0.411964</td>
<td>-0.861261</td>
<td>0.3896</td>
</tr>
<tr>
<td>DAR</td>
<td>1.148613</td>
<td>0.083162</td>
<td>13.81169</td>
<td>0.0591</td>
</tr>
<tr>
<td>ROA</td>
<td>4.659294</td>
<td>6.975487</td>
<td>0.667952</td>
<td>0.5045</td>
</tr>
<tr>
<td>COVID-19</td>
<td>-2.729850</td>
<td>1.395117</td>
<td>-1.956717</td>
<td>0.0711</td>
</tr>
</tbody>
</table>
Based on the results of table 7 the probability value of each independent variable with an absolute residual greater than 0.05, so it can be concluded that the model in this study is free from heteroscedasticity problems.

4.1.4 Hypothesis Testing

4.1.4.1 t test

Table 8

<table>
<thead>
<tr>
<th>Dependent Variable: TOBIN_Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method: Panel EGLS (Cross-section random effects)</td>
</tr>
<tr>
<td>Total panel (balanced) observations: 420</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>-0.267161</td>
<td>0.692320</td>
<td>-0.385892</td>
<td>0.6998</td>
</tr>
<tr>
<td>DAR</td>
<td>1.460423</td>
<td>0.121051</td>
<td>12.0645</td>
<td>0.0000</td>
</tr>
<tr>
<td>ROA</td>
<td>17.71388</td>
<td>7.803134</td>
<td>2.270099</td>
<td>0.0237</td>
</tr>
<tr>
<td>COVID-19</td>
<td>0.873979</td>
<td>0.919129</td>
<td>0.950878</td>
<td>0.3422</td>
</tr>
<tr>
<td>C</td>
<td>3.070499</td>
<td>3.059278</td>
<td>1.003668</td>
<td>0.3161</td>
</tr>
</tbody>
</table>

Based on Table 8, the variables that have a probability of < 0.05 are DAR and ROA. The coefficient of determination of 0.300234 indicates that Firm Value (TOBIN'Q) can be explained by CR, DAR, and ROA of 30.0234%, 69.9766% explained by other factors outside this model.

4.1.5 Moderating test

4.1.5.1 Effect of COVID-19 on DAR and Tobin's

Table 9

<table>
<thead>
<tr>
<th>Equation 1a DAR to TOBIN'Q</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>3.158567</td>
<td>2.486237</td>
<td>1.270421</td>
<td>0.2046</td>
</tr>
<tr>
<td>DAR</td>
<td>1.556346</td>
<td>0.115016</td>
<td>13.53157</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

Adjusted R-squared 0.299621
COVID-19: really weakening the effect of financial performance on corporate value of consumer cyclicals?

Table 10

_Equation 2a DAR, Covid-19 to TOBIN'Q_

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>2.583941</td>
<td>2.651408</td>
<td>0.974554</td>
<td>0.3303</td>
</tr>
<tr>
<td>DAR</td>
<td>1.542017</td>
<td>0.117353</td>
<td>13.13995</td>
<td>0.0000</td>
</tr>
<tr>
<td>COVID-19</td>
<td>0.571411</td>
<td>0.916324</td>
<td>0.623591</td>
<td>0.5332</td>
</tr>
</tbody>
</table>

Adjusted R-squared 0.298615

Table 11

_Equation 3a DAR, Covid-19 Interaction to TOBIN'Q_

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>2.458488</td>
<td>2.150692</td>
<td>1.143115</td>
<td>0.2536</td>
</tr>
<tr>
<td>DAR</td>
<td>1.146890</td>
<td>0.118368</td>
<td>9.689176</td>
<td>0.0000</td>
</tr>
<tr>
<td>COVID-19</td>
<td>-8.497929</td>
<td>1.343358</td>
<td>-6.325886</td>
<td>0.0000</td>
</tr>
<tr>
<td>MDAR</td>
<td>12.35562</td>
<td>1.419284</td>
<td>8.705529</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

In Equation 2a the covid prob is not significant, in equation 3a the MDAR prob is significant. This shows that Covid-19 is pure moderating. Adjusted R-squared equation 1: 0.299621. Adjusted R-squared equation 2: 0.298615, This shows that Covid-19 weakened the influence of DAR on Tobin's

4.1.5.2 Effect of COVID-19 on ROA and Tobin's

Table 12

_Equation 1 b ROA to TOBIN'Q_

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>38.87688</td>
<td>8.490537</td>
<td>4.578848</td>
<td>0.0000</td>
</tr>
<tr>
<td>C</td>
<td>7.070231</td>
<td>2.907500</td>
<td>2.431722</td>
<td>0.0154</td>
</tr>
</tbody>
</table>

Adjusted R-squared 0.041139

Table 13

_Equation 2b ROA, Covid-19 to TOBIN'Q_

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>41.12854</td>
<td>8.402540</td>
<td>4.894774</td>
<td>0.0000</td>
</tr>
<tr>
<td>COVID-19</td>
<td>3.280391</td>
<td>0.989791</td>
<td>3.314226</td>
<td>0.0010</td>
</tr>
<tr>
<td>C</td>
<td>3.578279</td>
<td>3.092618</td>
<td>1.157039</td>
<td>0.2479</td>
</tr>
</tbody>
</table>

Adjusted R-squared 0.061947
Table 14

*Equation 3b ROA, COVID-19 Interaction to TOBIN'Q*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>46.57178</td>
<td>10.53629</td>
<td>4.420131</td>
<td>0.0000</td>
</tr>
<tr>
<td>COVID-19</td>
<td>2.470086</td>
<td>0.960004</td>
<td>2.572995</td>
<td>0.0104</td>
</tr>
<tr>
<td>MROA</td>
<td>-38.40022</td>
<td>4.484330</td>
<td>-8.563201</td>
<td>0.0000</td>
</tr>
<tr>
<td>C</td>
<td>3.517863</td>
<td>1.435697</td>
<td>2.450283</td>
<td>0.0147</td>
</tr>
</tbody>
</table>

Based on Equation 2b prob covid is significant, equation 3b prob MROA is significant, this shows Covid-19 is Quasi moderating. Adjusted R-squared equation 1: 0.041139 Adjusted R-squared equation 2: 0.061947, this means the ROA effect on Tobin was amplified by the Covid-19 outbreak

4.2 Discussion

4.2.1 Liquidity (CR) on Firm Value (H1)

The liquidity coefficient value (CR) is -0.267161 with a probability of 0.6998 greater than α 0.05, indicating that company value is not affected by the level of liquidity. Research conducted by Indrayani, Endiana, and Pramesti (2021) yielded the same conclusion: the company is not affected by liquidity. Meanwhile, research conducted by Syamsuddin and Mas’ud (2021) and Sukarya and Baskara (2019) does not align with this research. They state that firm value is influenced by liquidity. The signal theory explains that good financial reports are a signal or a sign that a company is operating well. The manager must signal the company's condition to investors as a form of responsibility for managing the company. The lack of effect on liquidity can be caused because liquidity is a company liability in the short term. In contrast, the value of the company is more future-oriented. These results indicate that the liquidity level will not affect the company's value. This is because low liquidity will not affect company value just because of problems with its ability to pay its short-term debt. Still, inferior liquidity is also not good because it indicates problems in liquidation.

Meanwhile, companies with high liquidity can show idle assets not utilized by company management. It can be concluded that the size of the company's liquidity is not too concern by investors; investors are more focused on its ability to generate profits. Investors are less interested in the liquidity ratio because it concerns the company's internal condition in fulfilling its short-term obligations.
4.2.2 Solvency (DAR) on Firm Value (H2)

The solvency coefficient value is 1.460423 with a probability of 0.0000 which is less than α 0.05 indicating that solvency has a positive effect on firm value. The results of this study support research conducted by Syamsuddin and Mas’ud (2021) and Permana and Rahyuda (2019), which state that solvency affects firm value. However, the results of this study are not in line with research conducted by Farizki, Suhendro, and Masitoh (2021), which states that company value is not affected by leverage.

This study's results indicate that high solvency can be a benchmark to what extent the success of the company's management performance obtains high corporate value. Debt can be information or a signal about the company because high debt can increase confidence in the company's assets and capital. The higher the DAR, the greater the money used as investment capital. Solvency shows the extent to which the company is financed by debt; profits can increase if the debt is used correctly.

4.2.3 Profitability (ROA) on Firm Value (H3)

The profitability coefficient's value is 17.71388, with a probability of 0.0237 less than α 0.05, indicating that profitability has a positive effect on firm value. This research aligns with Putra and Lestari (2016) which state that profitability can affect company value. However, the results of this study are not in line with research by Farizki, Suhendro, and Masitoh (2021), which shows that profitability results do not affect company value.

The high level of profit generated can undoubtedly show that the company's prospects are improving, meaning that this can be a positive signal for investors to invest their capital; this can certainly increase stock prices. Increased stock prices can reflect a good company value.

4.2.4 COVID-19 Moderates Financial Performance Against Firm Value (H4)

The t-test results show that the only variables affecting company value are DAR and ROA; therefore, the moderating analysis for covid19 is only for these two variables.

Based on the MRA test, it can be seen that Covid-19 can moderate the influence of DAR on TOBIN'Q. Covid-19 is a pure moderating variable that weakens the effect of solvency (CR)
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on firm value (TOBIN'Q). With a significant level of solvency, it will reduce the company's value. This is because, during Covid-19, the company tried to fulfill its financial capabilities by obtaining larger loans; on the other hand, the burden that the company had to bear was also significant, so the increase in company value was not as significant as the increase in solvency. For the effect of ROA on firm value, the MRA test also concludes that Covid-19 can moderate the impact of ROA on solid value. In this connection, Covid-19 is a quasi moderating, namely mediating the relationship between the independent DAR and the dependent variable TOBIN'Q where the quasi-moderating variable interacts with the independent variables and is the independent variable too. Regarding the influence of DAR and Company Value, Covid-19 is strengthening in nature, so with greater company profitability, company value will be further supported by the presence of Covid-19. This is natural because when Covid-19 took place, the non-primary consumer goods sector increased revenue, which will increase profits and implement to increase the company's value.

According to the black swan theory, the COVID-19 pandemic is unpredictable. Regulations made by the government during the Covid-19 pandemic to reduce the spread of the Covid-19 virus, such as Large-Scale Social Restrictions (PSBB), make people spend more time at home without reducing existing consumption patterns.

Conclusion

Liquidity does not affect company value. Solvability and Profitability have a positive impact on firm value. The higher the solvency and profitability, the higher the company value. Covid-19 moderated both the influence of solvency on company value and the influence of Profitability on firm value. Covid-19 weakened the effect of Profitability but strengthened the impact of Profitability on company value.

The results of this study have implications for expanding the theoretical analysis of black swans, which are rare or unpredictable during the Covid-19 pandemic.

Because liquidity does not affect company value, companies must focus more on minimizing current debt to decrease the risk of loss.

The managerial implication is that company value is significant because it can describe the company's condition; this can certainly influence investors' views of the company; taking into account the factors that affect company value and showing good performance, investors will be attracted and invest their capital.
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Limitation

This research only observes until 2021, while the covid period ended in 2022, so post-covid has not been accommodated in this study.

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References


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