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Original Research Article

Study of the Financial Conditions of Regional Credit Guarantee Business before and During the COVID-19 Pandemic

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Abstract: This research is about the condition finance credit guarantee (Jamkrida) in Indonesia and aims to determine the impact of the Covid-19 pandemic on the financial condition of liquidity, risk guarantee, asset management, and profitability. The study population is 18 Jamkrida in Jamkrida, Indonesia. The sample was determined in a census; however, only 11 companies were available for the data. Period observation for four years is divided into before the Covid-19 pandemic in 2018-2019 and during the Covid-19 pandemic in 2020-2021. Data sourced from their website company and analyzed in a manner descriptive and different tests in pairs. Research results show no significant difference in ratio liquidity, ratio of guarantee risk, and asset management before and during the covid 19 pandemic, meaning the covid-19 pandemic is not influential to these three variables. However, there is a significant difference in profitability before and during the Covid-19 pandemic; in other words, the Covid-19 pandemic affects acquisition profit.

Keywords: Liquidity, Guarantee, Asset Management, and Profitability.

1. INTRODUCTION

World Health Organization officially announced the corona Covid-19 virus as a pandemic on March 9, 2020, meaning that the virus has spread widely in the world (https://covid19.go.id/). To resolve the pandemic, various countries implemented of which are known with the lockdown program and the restriction program activity society. The program impacts a manner straight activity business and economic society. Amri (2020) reveals that the Covid-19 pandemic is declining capacity production, turnover sales, and earnings. Two out of three companies have temporarily or permanently stopped their operations because their revenues have dropped drastically (Rosita, 2020). Economy and businesses are faced with a triggering uncertainty appearance risk of bankruptcy and economic recession.

In the framework resolving impact economic pandemic Covid 19, the Government of the Republic of Indonesia issued Policy National Economic Recovery (PEN) via Perppu Number 1 of 2020 and PP Number 23 of 2020, while the Financial Services Authority (OJK) issued economic stimulus policies as countercyclical with POJK number 11/POJK/03/2020 in 2020. The PEN program is a guarantee program for the credit banking sector, while the OJK stimulus program is one easing payment credit and term time. A total of 553,537 MSMEs have to get guarantee credit whose value reaches IDR 20.69 trillion. The government has too injected funds amounting to IDR 20 trillion into PT. Bahana Indonesian Business Development (BPUI) is around IDR 20 trillion. Capital injections were also used to assist PT. Askrindo and PT. Jamkrindo, under BPUI, to distribute guarantee working capital credit (KMK) in the PEN program (Detik Finance, 2021).

The government has again provide a number of stimuli to save and improveMSMEs businesses through loan restructuring policies, additional capital assistance, and other financing support, as well as continuing the National Economic Recovery (PEN), people's business credit (KUR) program which is supported by Jamkrida, as the main partner of MSMEs. Jamkrida is Provincial Government Owned Enterprises, acts of giving creditors repayment guarantee of loan or financing or orther faculties given to debtors due to their inability to meet collateral requirement as set by creditors. For financial institutions, guarantee firms help improve their intermediary function by reducing credit risk.

On base phenomenon the interesting research about condition finance of Jamkrida during the Covid-19 pandemic for knowing survival. The survival of a business is always associated with management's ability

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to manage the company so that it can survive. When something company experience problem with finances, then operations will be disturbed, which can impact maintaining the continuity life his future business (Rahim, 2016). Whereas Arens and Alvin (2015) reveal some factors causing uncertainty in continuity life companies, among them is: large recurring loss, lack of working capital, and not capable pay obligation. Next (Rahim, 2016) disclosed that through report finance, users could know the condition finance something company and can predict the company will permanently endure in the future. Based on the description, research this aim knowing the condition finance effort Jamkrida before and during the Covid- 19 pandemic. Conditions finance important that will research ratio: the ability to pay obligation period short (liquidity), ability to guarantee (guarantee risk and gearing ratio), capability to manage assets (asset management), and capabilities produce profit (profitability).

2. METHODOLOGY

The population of this research is 18 Jamkrida companies in Indonesia that publish financial reports for four years from 2018 -2021. Sampling is based on a census, but there are 11 companies with complete financial data. Period observations were shared before the Covid-19 pandemic, that is, 2018-2019 (22 observations), and during the pandemic Covid-19, 2020-2021 (22 observations), bringing a total of 44 observations. The data based on the scale used in this research is ratio data sourced from their respective websites Jamkrida.

The definition of research variables and their measurements are described as profitability ratio reflects the net result of all financing policies and operational decisions. The ratio studied profitability is the calculated return on assets with share profit clean with total assets (Ministry of BUMN No. 10 of 2014). Liquidity: the company's ability to pay off debts due within one year. Ratio liquidity mainly researched is ratio smoothly, calculated with share asset fluent with obligation fluent (Ministry of BUMN No. 10 of 2014). Guarantee Risk: comparison between net claims and net guarantee services and is measured as a percentage (OJK, 2017). Gearing Ratio: the total value of underwriting or re- insurance that is self-borne to equity and is measured by times (Ministry of BUMN No. 10 of 2014). Asset Management: measuring how effectively the company manages the assets. Ratio asset management used in research is asset turnover, measure rotation whole riches calculated company with share sale with total assets (Brigham & Houston, 2019).

An analysis of the data using the Paired sample t-test to test the differences in the two paired samples in the matter of liquidity, guarantee risk, gearing ratio, asset management, and profitability before and during the pandemic Covid-19. The decision there is nope difference based on his decision as follows (Ghozali, 2018):

a. If the significance value is <0.05, there is a significant difference.
b. If the significance value is > 0.05, there is no significant difference.

3. RESEARCH RESULTS

3.1. Statistical Results Descriptive

Table 1: Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
CR_Bef	22	117.51	939.46	537.4291	259.49474
CR_Dur	22	117.70	1006.78	458.70 59	261.82577
RG_Bef	22	23.46	62.18	47.0127	10.40264
RG_Dur	22	11.06	248.88	65.4373	49.02750
GR_Bef	22	.79	25.19	13.0809	6.24154
GR_Dur	22	1.31	91.91	20.0300	18.04088
MA_Bef	22	1.03	1.34	1.1259	.06822
MA_Dur	22	.01	4.61	.8877	.97167
ROA_Bef	22	6.14	9.81	7.5477	1.00213
ROA_Dur	22	-3.00	9.56	4.3118	3.59802
Valid N (listwise)	22				

Source: Primary data processed (2022)

Table 1 shows the average current ratio experienced a 15% reduction from before the Covid-19 pandemic (CR_Bef) of 537.42%, which became 458.70% during times of the pandemic (CR_Dur), however still at a very high position healthy. It is based on Minister of BUMN No. 10 of 2014, which is decisive category current ratio very good if CR≥150.

Guarantee Risk experienced an average increase of 39% before the Covid-19 pandemic (RG_Bef) of 47.01 % to 65.43% during the pandemic (RG_Dur), indicating an increase in net claims of 39% compared return service guarantee. An average Guarantee Risk of 65.43% indicates a net claim load of 65.43 yield return service guarantee of 100, potentially profit, with a categorized good.

The gearing ratio experienced an average increase of 53%, from before the pandemic (GR_Bef) of 13.09 times in the category pretty good, meanwhile during the pandemic (GR_Dur) by 20.03 times, indicating occur 53% increase in guarantee credit backed by equity alone, however, categorized good. It is based on Minister of BUMN No. 10 of 2014, which is decisive Categorical gearing ratios good if 30> GR≥20.

Measured asset management with asset turnover decreased by 21%, from before the pandemic (MA_Bef) by 1.13 times to 0.89 times during the pandemic (MA_Dur), indicating that during the income pandemic return guarantee smaller of its total assets, thus not effective enough.

Measured profitability with a decreased return on assets or ROA by 43% before the pandemic (ROA_Bef) of 7.55%, categorized as pretty good to 4.31% during the pandemic (ROA_Dur), categorized as not good enough. It is based on the Minister of BUMN No. 10 of 2014, whose decisive categorical ROA ratio is not good enough if 7>ROA≥0. Decline profitability caused enhancement burden from 39% net increase in claims and expenses guarantee 53%.

3.2. Paired Difference Test Results.

Table 2: Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Means	std. Deviation	std. Error Means	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	CR_Bef - CR_Dur	78.72318	199.17855	42.46501	-9.58764	167.03400	1,854	21	.078

Source: Primary data processed (2022)

Table 2 shows the different tests in pairs for measured liquidity with current ratio conditions before the Covid-19 pandemic (CR_Bef) and during the pandemic (CR_Dur) is sig. of 0.078 more big of 0.05, indicating no there is a significant difference. Those results are supported by descriptive data happening a 15% reduction. Base information that the Covid-19 pandemic is not influential to the ability of Jamkrida; it provides liquidity.

Table 3: Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Means	std. Deviation	std. Error Means	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	RG_Bef - RG_Dur	-18.42455	51.48269	10.97615	-41.25069	4.40160	-1,679	21	.108

Source: Primary data processed (2022)

Table 3 shows the different tests in pairs for guarantee risk conditions before the pandemic (RG_Bef) and during the covid-19 pandemic (RG_Dur) is sig. of 0.108 more big of 0.05, indicating no there is a significant difference. Those results are supported by descriptive data happening enhancement guarantee risk by 39%. Based on the information, the Covid-19 pandemic is not influential to the ability of Jamkrida to pay a net claim.

Table 4: Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Means	std. Deviation	std. Error Means	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	GR_Bef - GR_Dur	-6.94909	16.76330	3.57395	-14.38152	.48334	-1,944	21	.065

Source: Primary data processed (2022)

Table 4 shows the different tests in pairs for gearing ratio conditions before the pandemic (GR_Bef) and during the Covid-19 pandemic (GR_Dur) is sig. of 0.065, big than 0.05, indicating no there is a significant difference. Those results are supported by descriptive data happening a gearing ratio increase of 53%. Based on the information, the Covid-19 pandemic is not influential on the ability of Jamkrida to provide equity to ensure credit.

Table 5: Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Means	std. Deviation	std. Error Means	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	MA_Bef - MA_Dur	.23818	.95888	.20443	-.18696	.66333	1.165	21	.257

Source: Primary data processed (2022)

Table 5 shows the different tests in pairs for management asset condition before the pandemic (MA_Bef) and during the Covid-19 pandemic (MA_Dur) is sig. of 0.257 big than 0.05, indicating no there is a significant difference. Those results are supported by descriptive data happening a 21% drop; aside, it is also caused position still liquidity tall of 458.70%, which indicates a lot of idle funds because there is not enough play. On base information, the Covid-19 pandemic is not influential to the ability of Jamkrida to manage assets.

Table 6: Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Means	std. Deviation	std. Error Means	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	ROA_Bef - ROA_Dur	3.23591	3.38365	.72140	1.73568	4.73613	4,486	21	.000

Source: Primary data processed (2022)

Table 6 shows the different tests in pairs for ROA conditions before the pandemic (ROA_Bef) and during the Covid-19 pandemic (ROA_Dur); the value is sig. of 0.000 more small of 0.05, indicating there is a significant difference. Those results were supported by descriptive data happening a reduction in ROA of 43%; it was also shown that during the Covid-19 pandemic, the minimum value of ROA was -3%; before the Covid-19 pandemic, the minimum value of ROA was 6.14%. Before the Covid-19 pandemic, no anyone experienced losses; however, during a pandemic, some experience loss. Based on the information, the covid-19 pandemic affected the ability of Jamkrida in obtain profit with the decreased trend.

4. CONCLUSION

Research conclusions, the Covid-19 pandemic does not influence the current ratio, guarantee risk, gearing ratio, and asset management, as shown by different test results pairs that do not become significant before and during the Covid-19 pandemic. However, there is a difference significantly on profitability; it is shown with significantly different test results before and during the Covid-19 pandemic. Although so, all ratios studied are still in the category of good. The limitations study lies in the amount of sample, with little and no research on one type of effort, so none could be used for generalization in a manner general, so Further research is expected to expand sample, region, type, and class effort.

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