

## Factors Affecting Profitability of Pharmaceutical Company During the COVID-19 Pandemic: An Indonesian Evidence

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**Abstract :** Purpose: This research aims to examine the factors affecting the profitability of pharmaceutical company during the Covid-19 Pandemic in Indonesia. A sharp decline in the number of patients coming to the hospital for treatment during the pandemic has an impact on the growth of the pharmaceutical sector and brought major changes in financial position and business performance. Pharmaceutical companies that provide products related to the Covid-19 pandemic can survive and continue to grow. This study investigates the factors affecting the profitability of pharmaceutical company during the Covid-19 Pandemic in Indonesia associated with the number of Covid-19 cases. Design/methodology/approach: This study uses panel-data regression models to evaluate the influence of the number of Covid-19 confirmed cases on profitability of nine listed pharmaceutical companies in Indonesia. This research is based on four independent variables that were empirically examined for their relationship with profitability. These variables are liquidity (current ratio), growth rate (sales growth), firm size (total sales), and market power (the Lerner index). Covid-19 case is used as moderating variable. Data of nine pharmaceutical companies listed on the Indonesia Stock Exchange covering the period of 2018-2021 were extracted from companies' quarterly annual reports. Findings: In the period during Covid-19, company growth (sales growth) and market power (Lerner index) have a positive and significant relationship to ROA and ROE. Total of confirmed Covid-19 cases has a positive and significant relationship to ROA and is proven to have a moderating effect between company's growth (sales growth) to ROA and ROE and market power (Lerner index) to ROA. Research limitations/implications: Due to data availability, this study only includes data from nine listed pharmaceutical companies in Indonesian Stock exchange and quarterly annual reports covering the period of 2018-2021. Originality/value: This study focuses on pharmaceutical companies in Indonesia during Covid-19 pandemic. Previous study analyzes the data from pharmaceutical companies' annual reports since 2014 and focus on universal health coverage (national health insurance) implementation from the Indonesian government. This study analyzes the data using fixed effect panel-data regression models to evaluate the influence of Covid-19 confirmed cases on profitability. Pooled ordinary least squares regression and fixed effects were used to analyze the data in previous study. This study also investigate the moderating effect of Covid-19 confirmed cases to profitability in relevant with the pandemic situation.

**Keywords :** profitability, indonesia, pharmaceutical, Covid-19

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