



CORONA'S IMPACT ON THE PHARMACY SECTOR

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ABSTRACT

An additional twenty thousand cases were founded in the Indonesian pharmacy sector. The Coronavirus caused an explosion in stock prices in the pharmaceutical sector, which concerns diseases easily transmitted between humans. The health sector has been severely affected and must reset its common goal of ending the COVID-19 pandemic. The growth of the National pharmaceutical industry in Indonesia was highly expected to support the acceleration of national economic recovery, as stated in the G-20 presidency, namely the vision of supporting sustainability finance and sustainability trust in sustainable development (Mulyani, 2022). With economic sustainability development globally, investor confidence will be more significant in the company's sustainability reporting, so investors are willing to pour some of their funds (Shauki, 2022). Non-financial reporting (NFR) aspects focus on the environment, society and governance and reflect significant positive and negative impacts on humans, the environment and economic aspects (Shauki, 2022). The Indonesian Company's Sustainability Report demonstrates the commitment of companies in Indonesia. Researchers are trying to find empirical evidence of the impact of company performance with sustainability reporting as a moderating variable on the company's value. The results showed that the capital structure affects the company value; earnings and size do not affect the company value. Sustainability reporting as a moderation variable can strengthen the relationship between variable capital structure, company size and earnings.

Keywords: *SR, DER, Size, PBV, Pharmacy Sector*

RESEARCH HIGHLIGHTS

The purpose of this research is:

1. To explain the effect of DER (X_1) on PBV (Y)
2. To explain the effect of SIZE (X_2) on PBV (Y)
3. To Explain the effect of ROA (X_3) on PBV (Y)
4. To Explain whether Sustainability Reporting (X_4) can moderate DER on PBV(Y)
5. To Explain whether Sustainability Reporting (X_5) can moderate total assets and PBV (Y)
6. To Explain whether Sustainability Reporting (X_6) can moderate ROA on PBV (Y)

GRAPHICAL OF ABSTRACT

Here is the research framework built by the authors.

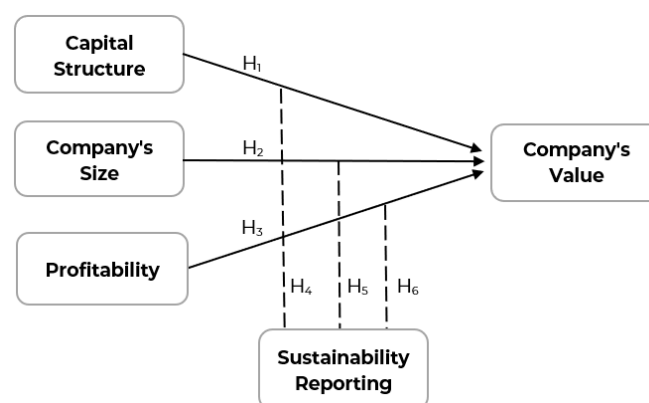


Fig. 1. Research Framework

Research Objectives

The impact of stock price developments on the pharmaceutical industry in Indonesia increased sharply during the pandemic, but this did not last long when the vaccine began to be distributed. Raw materials for pharmaceutical products in Indonesia still depend on imports of raw material suppliers from China and India. Therefore, the government is trying to diversify products to minimize dependence on the supply chain. Researchers see that the stock prices of several pharmaceutical companies have experienced a significant increase ahead of the start of the Covid-19 virus vaccination program on January 13, 2021. Voluntary disclosure guidelines are capable of improving the comparability of disclosures. The company benefits from investing in the sustainability of the company, and this practice is reflected in its share price to increase the company's value. The capital structure used by the company is essential for making decisions about investment funding.

Methodology

This model bases itself on a causality approach that can explain multiple causality. It aims to see the influence between DER, SIZE, and ROA on PBV and Sustainability reporting as moderating variables. The researcher founded 180 companies listed in the pharmaceutical sector. The formulation with multiple regression analysis is:

$$Y = a + \text{DER}X_1 + \text{SIZE}X_2 + \text{ROA}X_3 + \text{DER.SRDIZ} + \text{SIZE.SRDIZ} + \text{ROA.SRDIZ} + e$$

Results

The Kormogorov-Simirnov normality test (K-S) showed a statistical test of 0.187. The data was usually distributed, and the regression model was met. The table results show that The VIF value of all variables is approximately 1.705 to 6.493. This value indicates ≤ 10 , so the regression model was feasible. The resulting test suggested that the run test value is $0.26337 > 0.05$ so that hypothesis testing can continue. The resulting test indicated that the DER, SIZE, ROA, and SRDI variable significance levels to their residual absolutes are valued at more than 0.05. The resulting of the multiple regression analysis tests showed that:

$$\text{PBV} = 9.715 + 0.464x_1 - 0.059x_2 + 3.650x_3 + 0.040X_1.Z + 0,006X_2.Z + 0,228X_3.Z + e$$

Findings

Results showed that capital structure negatively influenced the company's value. The company did not afford to pay borrowed funds and develop long-term and short-term business. The results test showed that the company's size and ROA did not affect to company's value. The higher the ratio, the higher the cost of debt that the company can bear. In this study, profitability negatively impacts a company's value because investors predict greater than its return on investment. The capital structure of the value of the enterprise positively affects it. Companies cannot repay borrowed funds and develop long-term and short-term businesses. The results of this test allegedly showed that the company's size did not affect sustainability reporting. The company size gives a big picture

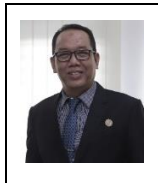
of the company's size and describes the level of business continuity that investors consider in investment decisions. The existence of sustainability reporting is a positive signal that indicates that sustainability reporting can balance. Increasing the demand for shares will increase the stock price, and increasing the stock price will increase company value. The results of sustainability reporting research can moderate Profitability to company value.

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