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THE IMPACT OF THE CORONA PANDEMIC ON THE FINANCIAL PERFORMANCE OF ALGERIAN ECONOMIC INSTITUTIONS: A CASE STUDY OF THE SAIDAL GROUP

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Abstract:

The study aimed to examine the impact of the COVID-19 pandemic on the financial performance of Algerian economic institutions. The study found a significant negative impact of the pandemic on the financial performance of the institution under study, leading to a decline in net profits for the years 2019, 2020, and 2021 compared to 2018. The study concluded that economic institutions should adopt precautionary policies to mitigate future risks to avoid financial losses and challenges similar to those faced during the pandemic. Additionally, the study praised the measures and policies implemented by the state to support economic institutions, which greatly helped them in managing the pandemic's adverse effects and minimizing losses.

Keywords: Economic institutions, COVID-19 pandemic, Financial performance evaluation.

Introduction:

The COVID-19 pandemic has caused significant repercussions that extended beyond the health crisis, impacting the economy with a force comparable to its effects on the healthcare sector. The signs of the crisis became evident in many sectors on a global scale, including the economic sector, which is the focus of our study. This sector is one of the key drivers of the national economy, representing a substantial portion of the national economy and GDP.

Therefore, the current study focuses on assessing financial performance by analyzing certain financial indicators of economic institutions before and during the COVID-19 pandemic to determine the extent to which these institutions' financial performance was affected by the crisis and the resulting implications. This assessment will aid professional bodies and organizations in developing guidelines and recommendations for economic institutions to mitigate the impacts of such crises in the future. The research is divided into two main parts: the first part is theoretical, discussing the COVID-19 pandemic and the financial performance of economic institutions, while the second part is practical, featuring an applied study on the impact of the pandemic on the financial performance of Algerian economic institutions.

Research Problem: What is the impact of the COVID-19 pandemic on the financial performance of the Saidal Group?

Importance of the Study: The significance of this study lies in the crucial role that economic institutions play in the national economy, as they provide essential goods and services needed by various economic activities. The impact of the COVID-19 pandemic on this sector and its negative consequences are therefore a critical and worthy subject of investigation due to its broader implications for the national economy. This study aims to shed light on these effects, contributing to

the existing literature by focusing on the economic sector, a relatively less-explored area in the context of the pandemic's repercussions. Thus, it can be seen as a scientific addition to studies that have explored the impact of the pandemic on other sectors.

Objectives of the Study: This study aims to achieve several objectives, including:

- Understanding the nature of the COVID-19 pandemic in a way that serves the purpose of the research;
- Determining the extent to which the financial performance of Algerian economic institutions was affected by the pandemic;
- Identifying the key measures taken by the state to mitigate the effects of the pandemic.

Research Hypothesis: This study is based on the following main hypothesis:

There is a significant impact of the COVID-19 pandemic on the financial performance of Algerian economic institutions.

Study Boundaries:

The study's boundaries are divided into two main parts: temporal and spatial boundaries. The temporal boundaries encompass the period of the COVID-19 pandemic (2018-2021). The spatial boundaries are defined by the institution under study, with the Saidal Group being selected as a model of economic institutions affected by the pandemic.

First Section: Financial Performance Financial performance represents a crucial aspect of an institution's overall performance. Assessing and measuring financial performance is vital for diagnosing the financial status of the institution as well as its overall condition, helping to determine its ability to achieve previously set financial objectives. This is done through the use of financial ratios and indicators, and financial balance metrics, which are among the most effective and widely used tools for evaluating an institution's actual performance.

Given the importance of financial performance evaluation in understanding an institution's overall situation, this section will explore financial performance, its assessment, and measurement within the institution. This will include providing some definitions, determining the importance and objectives of financial performance in the institution, and identifying the key factors influencing it.

Definition of Performance:

There is no consensus or agreement on a precise definition of the concept of performance, despite the extensive studies and research on the topic. The concept reflects both the objectives and the means necessary to achieve them, meaning it is a concept that links the various activities with the goals these activities aim to achieve within the institution (Mohamed Abdel Mohsen, 2006, p. 03).

Performance is defined as the manner in which workers carry out their tasks during the production process and its accompanying activities, using the available means of production to provide the necessary inputs, making the appropriate quantitative and qualitative adjustments to the nature of the production process, storing, and marketing the outputs according to the planned program and the specific goals of the production unit within the studied time period (Mazhuda, 2001, p. 86).

Al-Husseini defines performance as the comprehensive activity that reflects an institution's success, continuity, and ability to adapt to its environment, or its failure and contraction, based on the standards and criteria set by the institution in accordance with the requirements of its activities (Al-Husseini, 1998, p. 118).

2- Concepts Related to Financial Performance:

Before delving into the evaluation of financial performance, it is essential first to address the key concepts related to financial performance, which will be presented as follows:

2-1- Concept of Financial Performance and Its Influencing Factors:

Voyer (1999) noted that institutional performance is a comprehensive and integrated concept, making it difficult to define precisely. He observed that this concept is multidimensional, and to define it accurately, it is essential to consider the various perspectives of the stakeholders in the institution, such as internal employees, customers, shareholders, etc., as well as the dimensions

from which performance is evaluated (human, social, economic, operational, etc.) (Voyer, 1999, p. 446).

Paucher (1993) mentioned in his writings that economically successful institutions are those that invest regularly in a way that allows them to make the best use of current expenditures to generate future revenues, ensuring their survival and growth. This is only possible if financial surpluses have been achieved in previous periods (Paucher, 1993, p. 20).

2-1-1 Definition of Financial Performance:

Mohamed Mahmoud Al-Khatib defines financial performance as "the narrow concept of institutional performance, focusing on the use of financial indicators to measure the achievement of objectives. Financial performance reflects the institution's performance as it is the primary support for the various activities the institution engages in and contributes to providing financial resources and offering the institution various investment opportunities" (Mahmoud Al-Khatib, 2010, p. 45).

Financial performance is also defined as "diagnosing the financial health of the institution to determine its ability to create value and face the future by relying on balance sheets, income statements, and attached schedules. However, this is futile if the economic conditions and the industrial sector to which the active institution belongs are not considered in the study. Based on this, performance diagnosis involves assessing the institution's economic profitability, growth rate, and profits" (Daden, 2007, p. 39).

2-1-2 Factors Influencing Financial Performance:

There are several internal and external factors that influence financial performance, which can be summarized as follows:

A – External Factors:

These are factors and variables outside the institution's control, encompassing everything external to the institution in its various dimensions, which can have a direct or indirect impact on the institution's financial performance. These factors may present themselves as opportunities that allow the institution to improve its financial performance or as threats and risks that negatively affect it. This necessitates the institution's ability to adapt to these factors to mitigate their effects and take full advantage of the opportunities available to enhance its performance (Mahmoud Al-Khatib, 2010, p. 48). Thesefactorsinclude (Yahiaoui, 2009, pp. 200-221):

- **Economic Factors:** Economic factors are among the most influential on an economic institution, as the economic environment is the source of various resources for the institution and the market for its products.
- **Social and Cultural Factors:** The social and cultural dimensions can hinder the improvement of the institution's financial performance due to societal and cultural characteristics that may prevent the widespread acceptance of the institution's products.
- **Political and Legal Factors:** These include the political and security situation in the country, the laws applicable to economic institutions, and the state's financial, monetary, and economic policies.
- **Technological Factors:** Technological factors consist of various scientific and technological knowledge that can impact the institution's financial performance.

B – Internal Factors:

These are factors and variables within the institution's environment that the institution can control and manage. They result from the interaction of different internal elements of the institution, which affect its financial performance. Theycanbecategorized as follows (Chattara, 2014, pp. 67-68):

- **Technical Factors:** These are various variables related to the technical aspects within the institution, including:

- **Organizational Structure:** The organizational structure influences the financial performance of institutions by helping to successfully implement plans and facilitating decision-making within

specifications that enable the institution's management to make more effective and efficient decisions.

- **Technology:** Technology refers to the set of methods and skills used within the institution to achieve its objectives.
- **Size and Location of the Institution:** The size and location of the institution impact its financial performance. Some studies have shown a positive correlation between the size of the institution and its financial performance.
- **Institutional Strategy:** The strategy adopted by the institution plays a crucial role in improving its financial performance through proper planning and making correct decisions.
- **Human Factors:** The human factor is central to directing all other factors and is the cornerstone for improving and developing the institution's financial performance. The human element can significantly influence the institution's performance, either positively or negatively.
- **Information System:** Information is a critical element in monitoring and evaluating the institution's performance. The flow of information within the institution's internal environment is manifested in a system that interacts with the institution's overall activities, with the speed and effectiveness of information transfer from the point of execution to the point of decision-making, or vice versa.

The scope of factors influencing performance is extensive and cannot be fully delineated. However, some studies and research have shown that the most significant factors affecting an institution's financial performance often originate from within the institution rather than its external environment (Bresh&Yahiaoui, 2012, p. 30).

3- Importance of Financial Performance:

The importance of financial performance lies in the following aspects (Mahmoud Al-Khatib, 2010, p. 51):

The significance of financial performance generally stems from its role in evaluating the performance of institutions from multiple perspectives. It serves the needs of data users who have financial interests in the institution by identifying the strengths and weaknesses of the institution. The financial performance data helps these users make informed financial decisions.

Additionally, the importance of financial performance is particularly evident in monitoring the institution's operations, examining its behavior, overseeing its conditions, evaluating its performance levels and effectiveness, and guiding the institution's performance in the correct and desired direction. This is achieved by identifying obstacles, explaining their causes, proposing corrective actions, rationalizing the general use of the institution's resources, and investing them according to the institution's overall goals, ultimately aiding in making sound decisions to ensure the institution's continuity and survival.

4- Objectives of Financial Performance:

Financial performance can achieve the following objectives (Mahmoud Al-Khatib, 2010, p. 46):

- It enables investors to monitor and understand the institution's activities and their nature.
- It assists investors in conducting analysis, comparison, and interpretation of financial data, as well as understanding the interaction between the data to make decisions that are appropriate for the institution's conditions.

Thus, the primary focus of financial performance is to obtain information that can be used for appropriate analysis purposes in decision-making and selecting the best stock based on the institution's financial performance indicators.

Section Two: Overview of the COVID-19 Pandemic

Since the end of 2019, the world has faced a global health crisis caused by the COVID-19 pandemic, which disrupted economic activity. Due to its rapid spread, the pandemic affected the global economy and various sectors, plunging the world into a global economic crisis. This section

explores what the COVID-19 pandemic is, the preventive measures countries implemented to curb its spread, and its effects on both the global and national economies.

1- The Concept of the COVID-19 Pandemic

A pandemic is an advanced stage of an outbreak, evolving from an epidemic to a pandemic.

- **Linguistically:** The term "pandemic" comes from the root word "جاح," referring to devastation and annihilation, signifying a severe crisis requiring financial resources.
- **Terminologically:** A pandemic is defined as an epidemic that spreads across multiple countries or continents, affecting a large geographical area, such as a continent, or even the entire world. Historically, there have been several pandemics, such as smallpox, tuberculosis, the Black Plague, the 2009 swine flu pandemic, the H1N1 flu, and the COVID-19 pandemic.

In simple terms, the COVID-19 pandemic refers to a global outbreak of the disease caused by the novel coronavirus (SARS-CoV-2). It first emerged in December 2019 in Wuhan, China. Coronaviruses are a large family of viruses that can cause illnesses in animals and humans. In humans, several coronaviruses are known to cause respiratory infections, ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). The newly discovered coronavirus causes the disease known as COVID-19.

COVID-19 is an infectious disease caused by the most recently discovered strain of the coronavirus family. This new virus and the disease it causes were unknown before the outbreak began in Wuhan in December 2019. COVID-19 has since evolved into a pandemic affecting all countries worldwide.

2- Preventive Measures and Precautions Against the COVID-19 Pandemic:

To combat the spread of the coronavirus and limit its impact, most countries implemented several measures and precautions, including (Al-Absi&Tijania, 2020, p. 92):

- **Social Distancing:** Countries established rules for social distancing to avoid direct contact and reduce social interactions, thereby minimizing the risk of virus transmission. Authorities imposed strict restrictions on activities likely to cause person-to-person contact.
- **Cancellation of Events:** Countries canceled sports and cultural events to minimize gatherings and reduce the risk of transmission.
- **Sector Shutdowns:** Many countries suspended operations in several commercial and service sectors, especially those requiring direct contact with consumers, such as beauty salons, restaurants, and gyms. Retail stores were closed for varying periods to avoid close contact between owners and customers.
- **Closure of Educational Institutions:** Schools, universities, and educational and cultural centers were closed, with students' attendance suspended for most of the second semester, and distance learning was adopted as the primary mode of instruction.
- **City and Area Lockdowns:** Governments restricted movement between cities and implemented full lockdowns in certain areas, enforcing mandatory quarantine measures to limit the spread of the virus.
- **Border Closures:** Countries closed their borders to incoming and outgoing travelers to prevent the spread of the virus, as new arrivals would require testing, hospital care, and quarantine measures that might overwhelm the state's resources.
- **Closure of Major Commercial Centers:** Large shopping malls and promotional exhibitions were shut down.
- **Mandatory Use of Masks and Gloves:** People were required to wear masks and gloves when entering shopping centers and during travel.
- **Use of Smart Applications:** A significant number of smart applications were launched as partial alternatives to some services and routine administrative procedures, reducing the need for direct interaction between service providers and recipients.

3- Effects of the COVID-19 Pandemic on the Algerian Economy:

The Algerian government, like other countries, was compelled to implement a series of measures to contain the coronavirus and prevent its spread. These measures included closing all land, air, and sea borders and imposing partial and full lockdowns across the country, which significantly impacted the nation's commercial and economic activities. The most notable effects on the Algerian economywere:

- **Collapse of Oil Prices in Global Markets:** Algeria lost half of its foreign currency income due to the sharp decline in oil prices.
- **Disruption in Key Sectors:** The disruption in supply chains, particularly from China, a major supplier of raw materials, household electronics, and certain pharmaceuticals, led to significant losses in production. Additionally, there was a slowdown in demand, especially in the services sector, which provides 60% of employment and 44% of the Gross Domestic Product (GDP) in Algeria. This sector includes banking, tourism, hospitality, insurance, entertainment, telecommunications, internet services, and transportation.
- **Significant Decline in Sonatrach's Export Revenues:** The national oil company Sonatrach experienced a sharp drop in export revenues, estimated at around 41%.
- **Devaluation of the Algerian Dinar:** The dinar saw a substantial decline in value against major currencies in official banking transactions. The country's overall GDP decreased by 3.9%, with unemployment expected to rise to around 20% by the end of 2022, the highest rate recorded in over three decades (Al-Absi&Tijania, 2020, p. 95).

Section Three: Case Study of the Saidal Group

Institutions of various forms strive to achieve an optimal balance between profitability and liquidity in managing assets and liabilities. This balance is crucial in their pursuit of maximizing revenues while minimizing risks. While profitability and liquidity are often seen as contradictory objectives, they are interconnected in their impact. On one hand, the institution aims to meet the needs of its operational cycle, while on the other, it seeks to maximize profits. Achieving this goal requires continuous evaluation of its financial performance to identify and correct deviations, ensuring the best possible performance.

1. Development of Saidal Group's Activities

In this section, we will study and analyze a set of key elements that are important for evaluating the performance of any institution. These elements serve as criteria for assessing whether Saidal Group's performance was affected by the COVID-19 pandemic or remained unaffected. The elements under consideration include the value and quantity of production, sales, and net income, during the period from 2018 to 2021.

1.1. Development of Production

The production of Saidal Group, both in terms of quantity and value, underwent several changes, which can be illustrated in the following table:

Table No. (01): Evolution of Saidal Complex Production by Value and Quantity between (2018/2020).

Years	Production by Value (10^3 DZD)	Percentage Increase or Decrease (%)	Production by Quantity (10^3 units)	Percentage Increase or Decrease (%)	Sales Value (Billion DZD)	PercentageIncrease/Decrease (%)	Sales Quantity (Billion Units)	PercentageIncrease/Decrease (%)
2018	9,367,871	7.86	128,57	11.28	10,317.577	0.50	108.523	1.56

2019	9,483,860	1.24	125,725	-2.21	9,392.751	-8.96	104.155	-4.03
2020	8,885,731	-6.31	115,333	-8.27	9,809.930	4.44	100.132	-3.86

Source: Management reports of the Saidal Group for the period from 2018 to 2021.

Through the table, it is clear that there was a decrease in production in both value and quantity during the period (2019-2021). This decline is attributed to the COVID-19 pandemic, which impacted the group's production due to a shortage of imported raw materials and the implementation of certain governmental health measures. These measures included reducing the workforce by half, ensuring social distancing at work, halting transportation, etc.

1.2. Sales Development

Saidal Group's sales experienced several developments, which can be detailed in the following table:

Table No. (02): Development of sales of Saidal Group between (2018/2021)

Years	Sales Value (Billion DZD)	PercentageIncrease/Decrease (%)	Sales Quantity (Billion Units)	PercentageIncrease/Decrease (%)
2018	10,317.577	0.50	108.523	1.56
2019	9,392.751	-8.96	104.155	-4.03
2020	9,809.930	4.44	100.132	-3.86
2021	10,211.440	4.09	99.531	-0.60

Source: Management reports of the Saidal Group for the period from 2018 to 2021.

From the previous table, we notice that the turnover continuously increased from 2019 to 2021, despite a decrease in the quantities sold. This increase is due to the group's focus on producing and selling relatively high-value products that were in demand in the market. The reason why the value and quantity of sales were not significantly impacted by the COVID-19 pandemic is that the group had a large stock of raw materials and finished products.

1.3. Net Result Development

The net result of the Saidal Group underwent several changes, which can be illustrated in the following table:

Table No. (03): Evolution of Saidal Group's Net Result During the Period 2016-2020 (Unit: DZD)

Year	Net Result (DZD)	PercentageIncrease or Decrease (%)
2018	1,174,214,390.98	-14.68%
2019	793,514,004.08	-32.42%
2020	189,936,341.33	-76.06%
2021	48,694,704.82	-74.36%

Source: Prepared by the student based on the financial statements of the Saidal Group for the period 2018-2021.

From the previous table, we observe a decline in the net result during the study period. Saidal Group achieved a net result of 1,174,214,390.98 DZD in 2018, which decreased by 14.68%. It further decreased by 32.42% in 2019, reaching its lowest level in 2020 and 2021 at 189,936,341.33 DZD and 48,694,704.82 DZD, respectively, representing a decline of 76.06% and 74.36% compared to 2019 and 2020. The reason for the decrease in the net result is attributed to intense competition faced by the group, as well as increased costs due to the COVID-19 pandemic, which affected all sectors.

2. Presentation of the Abridged Balance Sheets of Saidal Group and Calculation of Financial Ratios

In this section, we will present the abridged balance sheet of Saidal Group and conduct a comparative statistical study of Saidal Group's balance sheet over four years from 2018 to 2021. This is to determine the impact of the COVID-19 pandemic on Saidal Group's financial performance and assess the efficiency of its management in dealing with the pandemic.

1.2. **Presentation of Abridged Balance Sheets**

1.3. An abridged balance sheet is a simplified version of the financial balance sheet, highlighting only the main categories.

Table No. (04): Abridged Financial Balance Sheet for the Period 2018-2021 (Unit: DZD)

Assets	2018	2019	2020	2021
Non-CurrentAssets	24,830,612,573.08	26,773,207,679.36	25,802,976,942.60	26,393,386,486.04
CurrentAssets	14,743,731,388.84	13,660,971,197.91	14,884,573,533.83	18,418,099,146.63
Exploitation Values	6,288,271,950.21	6,887,530,621.19	6,550,453,532.15	9,804,951,484.95
Realizable Values	5,319,769,680.04	4,855,289,166.01	5,548,553,649.36	4,842,736,157.44
Ready Values	3,135,689,758.29	1,918,151,410.71	2,785,566,352.32	3,770,411,504.24
Total Assets	39,574,343,961.92	40,434,178,877.27	40,687,550,476.43	44,811,485,632.67
Liabilities	2018	2019	2020	2021
Equity	19,796,410,396.42	21,776,278,416.42	22,234,554,786.95	22,912,568,215.05
Non-CurrentLiabilities	12,971,323,611.56	12,464,710,737.10	12,054,977,890.45	15,176,645,177.27
CurrentLiabilities	6,806,609,953.78	6,193,189,703.75	6,398,017,799.03	6,722,272,240.35
Total Liabilities	39,574,343,961.92	40,434,178,877.27	40,687,550,476.43	44,811,485,632.67

Source: Prepared by the researcher based on the financial statements of the Saidal Group for the period 2018-2021.

2.2. Calculation of Financial Balance Indicators for Saidal Group

Working capital is a measure used to assess the efficiency of the group in managing its liquidity. If the working capital is positive, it indicates a safety margin that gives the group the ability to meet its short-term obligations.

1.2.2. Working Capital

Working capital is the safety margin resulting from the surplus of permanent funds over assets. It canbecalculated in one of twoways:

- **From the top of the balance sheet:** It is calculated using the following formula: **Working Capital = Permanent Funds - Fixed Assets**

Table No. (05): Calculation of Net Working Capital for Saidal Group from the Top of the Balance Sheet for the Period 2018-2021 (Unit: DZD)

Statement	2018	2019	2020	2021
Permanent Funds	32,767,734,008.14	34,240,989,153.52	34,289,532,677.40	38,089,213,392.32
FixedAssets	24,830,612,573.08	26,773,207,679.36	25,802,976,942.60	26,393,386,486.04
Net Working Capital	7,937,121,435.06	7,467,781,474.16	8,486,555,734.80	11,695,826,906.28

Source: Prepared by the researcher based on the financial statements of the Saidal Group for the period 2018-2021.

From the bottom of the balance sheet: It is calculated using the following formula: **Working Capital = Current Assets - Short-Term Liabilities**

Table No. (06): Calculation of Net Working Capital for Saidal Group from the Bottom of the Balance Sheet for the Period 2018-2021

Statement	**2018**	**2019**	**2020**	**2021**
CurrentAssets	14,743,731,388.84	13,660,971,197.91	14,884,573,533.83	18,418,099,146.63
Short-TermLiabilities	6,806,609,953.78	6,193,189,703.75	6,398,017,799.03	6,722,272,240.35
Net Working Capital	7,937,121,435.06	7,467,781,474.16	8,486,555,734.80	11,695,826,906.28

Source: Prepared by the researcher based on the financial statements of the Saidal Group for the period 2018-2021.

From the previous two tables, we observe that the net working capital of the group was positive during the study period, although it experienced some fluctuations from year to year. It decreased in 2019 but increased again in 2020 and 2021. This indicates that Saidal Group has a safety margin that allows it to handle operational cycle incidents that affect liquidity, and that the group can finance its investments and financial needs using its permanent financial resources.

2.2.2. Working Capital Requirements

It is calculated using the following formula:

Working Capital Requirements = Cycle Needs - Cycle Resources = (Realizable Values + Achieved Values) - (Short-Term Loans - Bank Advances)

Table No. (07): Working Capital Requirements for Saidal Group for the Period 2018-2021

Years	**2018**	**2019**	**2020**	**2021**
Cycle Needs	11,608,041,630.25	11,742,819,787.20	12,099,007,181.51	14,647,687,642.39
Cycle Resources	6,744,519,320.95	5,382,483,172.50	5,476,007,533.73	6,367,377,409.72
Working Capital Requirements	4,863,522,309.30	6,360,336,614.70	6,622,999,647.78	8,280,310,232.67

Source: Prepared by the researcher based on the financial statements of the Saidal Group for the period 2018-2021.

From the table, we observe that the working capital requirements for all the years under study are positive. This indicates that the cycle needs exceed the cycle resources, meaning that the group is

not compelled to seek new financial resources as long as the repayment guarantee exists, represented by the inventories.

3.2.2. Treasury

The treasury represents the financial values that the company can use for a specific cycle, meaning it is the total amount of ready funds that the company can actually utilize. It is calculated in two ways:

Treasury = Asset Treasury - Liability Treasury

Table No. (08): Calculation of Saidal Group's Net Treasury for the Period 2018-2021

Statement	**2018**	**2019**	**2020**	**2021**
AssetTreasury	3,135,689,758.29	1,918,151,410.71	2,785,566,352.32	3,770,411,504.24
LiabilityTreasury	620,906,312.83	810,706,531.25	922,010,265.30	354,894,830.63
Net Treasury	2,514,783,445.46	1,107,444,879.46	1,863,556,087.02	3,415,516,673.61

Source: Prepared by the researcher based on the financial statements of the Saidal Group for the period 2018-2021.

From the table, we observe that the net treasury is positive during the study years. This indicates that the permanent resources are greater than the fixed assets, resulting in a surplus of capital compared to the needs. However, there was a decrease in 2019, from 2,514,783,445.46 DZD in 2018 to 1,107,444,879.46 DZD in 2019, before slightly increasing in 2020 to 1,863,556,087.02 DZD. This is positive in terms of financial balance, as having sufficient liquidity in the treasury ensures financial ease and prevents the company from falling into financial distress. However, it would be beneficial for the company to invest a portion of these funds to take advantage of them.

3.2. Calculation of Financial Ratios

In this section, we will study and analyze the financial statements of the Saidal Group using various well-known and widely used financial ratios, which we believe are suitable for the nature of Saidal Group and provide a clear picture of the group's situation.

1.3.2. Liquidity Ratios:

Liquidity ratios are measured to determine the company's ability to meet its short-term debts as they come due. These ratios can be explained as follows:

2.3.2. Current Ratio:

This ratio measures the extent to which current assets cover current liabilities. It is calculated using the following formula:

Current Ratio = Current Assets / Current Liabilities

Table No. (09): Current Ratio of Saidal Group for the Period 2018-2021

Statement	2018	2019	2020	2021
CurrentAssets	14,743,731,388.84	13,660,971,197.91	14,884,573,533.83	18,418,099,146.63
CurrentLiabilities	6,806,609,953.78	6,193,189,703.75	6,398,017,799.03	6,722,272,240.35
Current Ratio	2.166	2.205	2.326	2.739

Source: Prepared by the researcher based on the financial statements of the Saidal Group for the period 2018-2021.

From the previous table, we observe that the current ratio during the study period is above one and has been consistently increasing. It recorded a ratio of 2.166 in 2018, rising to 2.205 in 2019, 2.326 in 2020, and 2.739 in 2021. This is a high ratio compared to the benchmark of 1, indicating a surplus in current assets that covered short-term debts more than twice. This means that the company has the ability to meet its short-term obligations with its current assets.

3.3.2. Quick Ratio:

This ratio shows the extent to which current assets, excluding inventory, cover current liabilities. It is calculated using the following formula:

Quick Ratio = (Current Assets - Inventory) / Current Liabilities

Table No. (10): Quick Ratio of Saidal Group for the Period 2018-2021

Statement	2018	2019	2020	2021
CurrentAssets - Inventory	8,455,459,438.33	6,773,440,576.72	8,334,120,001.68	8,613,147,661.68
CurrentLiabilities	6,806,609,953.78	6,193,189,703.75	6,398,017,799.03	6,722,272,240.35
Quick Ratio	1.242	1.093	1.302	1.281

Source: Prepared by the researcher based on the financial statements of the Saidal Group for the period 2018-2021.

This ratio excludes inventory from its calculation, and from the table, we observe that the company maintained a relatively consistent quick ratio across the years. For every 1 Dinar of current liabilities, there was 1.242 Dinars of quick assets available in 2018. This ratio decreased to 1.093 in 2019, then increased to 1.302 in 2020 before decreasing slightly to 1.281 in 2021. This is a high ratio compared to the benchmark range of (0.5-0.3), indicating that there are excess funds that the company should consider investing.

4.3.2. Cash Ratio:

This ratio measures the extent to which the asset treasury covers current liabilities and is calculated using the following formula:

Cash Ratio = Asset Treasury / Current Liabilities

Table No. (11): Cash Ratio of Saidal Group for the Period 2018-2021

Statement	2018	2019	2020	2021
AssetTreasury	3,135,689,758.29	1,918,151,410.71	2,785,566,352.32	3,770,411,504.24
CurrentLiabilities	6,806,609,953.78	6,193,189,703.75	6,398,017,799.03	6,722,272,240.35
Cash Ratio	0.460	0.309	0.435	0.560

Source: Prepared by the researcher based on the financial statements of the Saidal Group for the period 2018-2021.

From the table, we observe that the cash ratio of Saidal Group decreased in 2019 from 0.46 to 0.309, meaning that in 2018, the company had 0.46 DZD in liquidity for every 1 DZD of current liabilities. The ratio then increased in 2020 and 2021, reaching 0.435 and 0.560, respectively. This is a high ratio compared to the benchmark range of (0.3-0.2), indicating excess liquidity that the company should consider investing and utilizing.

4.2. Financing and Solvency Ratios

Financing ratios measure the extent to which a company relies on external funding for its activities. The financing ratios in the company can be explained as follows:

1.4.2. Permanent Financing Ratio:

This ratio measures the extent to which permanent funds cover total assets and is calculated using the following formula:

Permanent Financing Ratio = Permanent Funds / Non-Current Assets

Table No. (12): Permanent Financing Ratio of Saidal Group for the Period 2018-2021

Statement	2018	2019	2020	2021
Permanent Funds	32,767,734,008.14	34,240,989,153.52	34,289,532,677.40	38,089,213,392.32
Non-CurrentAssets	24,830,612,573.08	26,773,207,679.36	25,802,976,942.60	26,393,386,486.04
Permanent Financing Ratio	1.319	1.278	1.328	1.443

Source: Prepared by the researcher based on the financial statements of the Saidal Group for the period 2018-2021.

From the previous table, we observe fluctuations in the permanent financing ratio, with both decreases and increases. This ratio decreased by 0.041 in 2019, reaching 1.278, but then increased in 2020 and 2021, recording 1.328 and 1.443, respectively. The reason for this is the increase in long-term debt. This situation will allow the company to obtain more loans, and overall, it is a good ratio that gives the company considerable comfort in covering its non-current assets and a portion of its current assets.

2.4.2. Equity Financing Ratio:

This ratio measures the extent to which equity covers total assets and is calculated using the following formula:

Equity Financing Ratio = Equity / Non-Current Assets

Table No. (13): Equity Financing Ratio of Saidal Group for the Period 2018-2021

Statement	2018	2019	2020	2021
Equity	19,796,410,396.42	21,776,278,416.42	22,234,554,786.95	22,912,568,215.05
Non-CurrentAssets	24,830,612,573.08	26,773,207,679.36	25,802,976,942.60	26,393,386,486.04
EquityFinancing Ratio	0.797	0.813	0.861	0.868

Source: Prepared by the student based on the financial statements of the Saidal Group for the period 2018-2021.

This ratio indicates the extent to which the company covers its fixed assets using its own equity. From the previous table, we observe that the ratio is less than one, meaning the company does not rely entirely on its own funds to finance its fixed assets. However, it is an acceptable ratio that places the company in a comfortable position with respect to its creditors. We also note that this ratio has been steadily increasing during the study period, primarily due to the rise in equity.

3.4.2. Financial Independence Ratio:

This ratio shows the extent to which equity covers total debt and is calculated using the following formula:

Financial Independence Ratio = Equity / Total Debt

Table No. (14): Financial Independence Ratio of Saidal Group for the Period 2018-2021

Statement	2018	2019	2020	2021
Equity	19,796,410,396.42	21,776,278,416.42	22,234,554,786.95	22,912,568,215.05
Total Debt	19,777,933,565.34	18,657,900,440.85	18,452,995,689.48	21,898,917,417.62
Financial Independence Ratio	1.001	1.167	1.204	1.04

Source: Prepared by the researcher based on the financial statements of the Saidal Group for the period 2018-2021.

This ratio measures the financial independence of the company, which is closely related to its debt levels. We observe that this ratio is greater than 1 throughout all the studied years, indicating that the company is capable of covering its debts using its own equity. This provides the company with flexibility in dealing with its creditors and places it in a very comfortable position.

5.2. Activity Ratios:

Activity ratios measure the efficiency of the company in utilizing its available resources to acquire assets and how well it optimizes their use. These ratios can be explained as follows:

1.5.2. Capital Turnover Ratio:

This ratio illustrates the turnover of capital and is calculated using the following formula:

Capital Turnover Ratio = Turnover / Asset Treasury

Table No. (15): Capital Turnover Rate for Saidal Complex for the Period 2018-2021

Description	2018	2019	2020	2021
Revenue	10,317,577,775.54	9,392,750,935.10	9,809,929,760.98	10,211,439,983.73
AssetTreasury	3,135,689,758.29	1,918,151,410.71	2,785,566,352.32	3,770,411,504.24
Capital Turnover Rate	3.135	4.896	3.521	2.70

Source: Prepared by the researcher based on the financial statements of the Saidal Complex for the period 2018-2021.

It is noted from the previous table that the cash turnover rate increased in 2019, from a rate of 3.135 times in 2018 to 4.896 times in 2019. However, it then decreased in 2020 to 3.521 times, and further to 2.70 times in 2021. This decline is attributed to the impact of the COVID-19 pandemic on the complex.

It is important to note that there is no standard ratio for cash turnover. Therefore, it is necessary to compare the company's ratio with similar companies or with the company's own historical ratios.

2.5.2. Inventory Turnover Rate: This ratio indicates the turnover of inventory during a financial cycle, and it is calculated using the following formula:

Inventory Turnover Rate = Cost of Goods Sold / Average Inventory

Table No. (16): Inventory Turnover Rate for Saidal Complex for the Period 2018-2021

Description	2018	2019	2020	2021
Cost of GoodsSold	8,749,281,541.09	8,120,668,749.84	8,500,986,765.27	9,013,379,837.98
AverageInventory	5,585,708,480.52	6,587,901,285.70	6,718,992,076.67	8,177,702,508.55
Inventory Turnover Rate	1.56	1.23	1.26	1.10

Source: Prepared by the researcher based on the financial statements of the Saidal Complex for the period 2018-2021.

It is observed from the previous table that the inventory turnover rate decreased during the years 2019, 2020, and 2021, registering 1.23, 1.26, and 1.10 cycles, respectively. This indicates that the inventory turnover rate for the Saidal Complex was very low, largely due to the impact of the COVID-19 pandemic on product marketing. The turnover rate of less than two cycles per year suggests that the complex held onto its inventory for more than six months, a long period that resulted in additional costs, the risk of inventory spoilage due to prolonged storage, and changes in market prices both locally and internationally. Moreover, a portion of the capital remained frozen, which could have been invested elsewhere. However, maintaining a large inventory protected the complex from shortages and rising prices of raw materials in global markets, thereby ensuring that production did not stop due to a lack of raw materials.

3.5.2. Inventory Holding Period: This ratio measures the period during which the inventory remains with the company. It is calculated using the following formula:

Inventory Holding Period = 360 / Inventory Turnover Rate

Table No. (17): Inventory Holding Period for Saidal Complex for the Period 2016-2020

Description	2018	2019	2020	2021
Inventory Holding Period (Days)	230	292	285	327

Source: Prepared by the researcher based on the financial statements of the Saidal Complex for the period 2018-2021.

It is noted from the previous table that the inventory holding period increased in 2019 and 2020, reaching 292 and 285 days, respectively, compared to 230 days in 2018. This indicates that the inventory holding period at the Saidal Complex is quite long, and the management should reconsider their inventory management policy.

4.5.2. Customer Turnover Rate: This ratio illustrates the turnover of customer debts during a financial cycle. It is calculated using the following formula:

Customer Turnover Rate = Net Sales (TTC) / (Accounts Receivable + Bills Receivable)

Table No. (18): Customer Turnover Rate for Saidal Complex for the Period 2018-2021

Description	2018	2019	2020	2021
Net Sales (TTC)	10,317,577,775.54	9,392,750,935.10	9,809,929,760.98	10,211,439,983.73
AccountsReceivable + Bills Receivable	3,681,013,225.61	3,177,533,740.40	4,024,729,980.18	3,350,908,815.99
Customer Turnover Rate	2.80	2.95	2.43	3.04
Debt Collection Period (Days)	128	122	148	118

Source: Prepared by the researcher based on the financial statements of the Saidal Complex for the period 2018-2021.

It is noted from the previous table that the customer turnover rate increased in 2019, reaching 2.95 cycles. This increase was due to a decrease in the value of accounts receivable. However, the rate dropped in 2020 to 2.43 cycles, reflecting the inability of customers to pay their debts. In 2021, the turnover rate rose again to 3.04 cycles, as customers paid off some of their debts. From the data, it is evident that the customer turnover rate is relatively low, indicating that the debt collection period is relatively long. The collection period was 128 days in 2018, decreased to 122 days in 2019, increased to 148 days in 2020, and then decreased again to 118 days in 2021.

5.5.2. Accounts Payable Turnover Rate: This ratio measures the turnover of supplier debts during a financial cycle and is calculated using the following formula:

Accounts Payable Turnover Rate = Purchases (TTC) / (Suppliers + Bills Payable)

Table No. (19): Accounts Payable Turnover Rate for Saidal Complex for the Pe

Description	2018	2019	2020	2021
Purchases (TTC)	2,909,596,486.19	6,029,269,182.00	5,176,988,263.66	3,908,279,595.90
Suppliers + Bills Payable	1,436,731,269.94	2,249,615,538.04	1,556,885,668.31	1,247,407,073.70
Accounts Payable Turnover Rate	2.02	2.68	3.32	3.13

Supplier PaymentPeriod (Days)	178	134	108	115

Source: Prepared by the researcher based on the financial statements of the Saidal Complex for the period 2018-2021.

It is observed from the previous table that the accounts payable turnover rate increased during the study period, rising from 2.02 in 2017 to 2.68 in 2018, and further to 3.32 in 2019. However, it slightly decreased in 2020 compared to 2019, recording 3.13 times. This indicates that the accounts payable turnover rate was relatively low, meaning that the period for paying supplier debts was relatively long, which is beneficial for the complex. This period was longer than the customer debt collection period during 2018 and 2019. However, in 2020 and 2021, the debt collection rate exceeded the debt payment rate, which could create difficulties for the complex in paying off its suppliers.

6.2. Profitability Ratios

Profitability ratios can be divided into two types: financial profitability and economic profitability.

1.6.2. Financial Profitability: This ratio measures the rate of return on the funds invested by the owners during a financial cycle. It is calculated using the following formula:

Financial Profitability = Net Income / Equity

Table No. (20): Financial Profitability for Saidal Complex for the Period 2016-2020

Description	**2018**	**2019**	**2020**	**2021**
Net Income	1,174,214,390.98	793,514,004.08	189,936,341.33	48,694,704.82
Equity	19,796,410,396.42	21,776,278,416.42	22,234,554,786.95	22,912,568,215.05
Financial Profitability	0.059	0.036	0.008	0.002

Source: Prepared by the researcher based on the financial statements of the Saidal Complex for the period 2018-2021.

The financial profitability ratio represents the return that owners achieve from investing their funds in the company. It reached 5.9% in 2018, then decreased to 3.6% in 2019, and dropped to its lowest level in 2020, recording 0.08%. This decline was due to a decrease in net income, which was impacted by the COVID-19 pandemic.

2.6.2. Economic Profitability: This ratio illustrates the efficiency of assets in generating profits during a specific financial cycle. It is calculated using the following formula:

Economic Profitability = Net Income / Total Assets

Table No. (21): Economic Profitability for Saidal Complex for the Period 2018-2021

Description	**2018**	**2019**	**2020**	**2021**
Net Income	1,174,214,390.98	793,514,004.08	189,936,341.33	48,694,704.82
Total Assets	39,574,343,961.92	40,434,178,877.27	40,687,550,476.43	44,811,485,632.67
EconomicProfitability	0.029	0.019	0.004	0.001

Source: Prepared by the researcher based on the financial statements of the Saidal Complex for the period 2018-2021.

Economic profitability reflects the efficiency of asset utilization in the company by comparing the achieved results with the invested funds. It reached 2.9% in 2018, but dropped to its lowest level in 2020, recording 0.04%. This decline was primarily due to the significant decrease in the net income

of the complex during that year, as Saidal was impacted by the restrictions and health measures imposed during the COVID-19 pandemic, such as travel limitations and social distancing.

Conclusion

Economic institutions always strive to adapt to changes in the environment in which they operate. They face risks and crises that affect their overall performance, particularly their financial performance. With the emergence of the COVID-19 pandemic, which impacted the entire world and had significant effects on various economic fields, this study aimed to explore the extent of the pandemic's impact on the financial performance of economic institutions.Saidal Complex, one of the largest economic institutions in Algeria, was chosen as a case study to analyze key financial performance indicators during the pandemic period compared to the pre-pandemic period.

Findings:

- Financial performance is measured through financial ratios and indicators, depending on the nature and type of each institution.
- The precautionary measures implemented by the government to prevent and limit the spread of COVID-19 led to a sudden paralysis of the national economy, creating a major economic crisis that affected all sectors.
- The COVID-19 pandemic is an external factor influencing the financial performance of institutions, classified under economic conditions. It caused a global economic crisis beyond the control of institutions, necessitating their adaptation.
- The pandemic negatively impacted the revenues of the Saidal Complex. The preventive measures and lockdowns imposed by the government led to increased costs, reduced production, and a decline in sales due to the enforced health restrictions.

Validation of the Study Hypothesis:

- There was a noticeable decrease in management ratios, liquidity ratios, activity ratios, and financing ratios during the COVID-19 pandemic compared to the pre-pandemic period. This confirms the hypothesis that the pandemic had a negative impact on the financial performance of the Saidal Complex.

Strategic Recommendations for Financial Resilience and Performance

1. Enhancing Operational Resilience and Risk Management

Diversification of Revenue Streams: Saidal should actively explore new product lines beyond its core pharmaceutical offerings, such as medical supplies or specialized medicines that demonstrate stable demand during public health crises. This strategy aims to reduce dependence on a single market segment and buffer against future revenue shocks.

Supply Chain Optimization: The company must reduce its dependency on a limited number of suppliers. By diversifying its sourcing channels and exploring local manufacturing capabilities for key components, Saidal can significantly mitigate the risk of supply chain disruptions caused by global logistical constraints or lockdowns.

Development of a Crisis Management Framework: It is imperative to establish a comprehensive, pre-emptive crisis management plan. This framework should outline specific operational protocols for scenarios involving economic paralysis, production halts, or significant cost increases, ensuring a structured and agile response to future crises.

2. Activating Islamic Finance Modalities

Murabaha for Raw Material Acquisition: Saidal can enter into a Murabaha contract with an Islamic bank to secure necessary liquidity for purchasing raw materials without incurring the burden of fixed interest payments.

Musharakah/Mudarabah for New Ventures: To fund expansion projects, Saidal can utilize Musharakah (joint venture partnership) or Mudarabah (profit-sharing) agreements. This approach

aligns the interests of all parties and reduces the financial risk to Saidal, as repayment is contingent upon the project's success.

Ijarah for Equipment Financing: For the acquisition of new machinery and equipment, Saidal can opt for an Ijarah (leasing) contract. This method reduces the initial capital outlay and provides greater financial flexibility by converting large capital expenditures into manageable operational expenses.

3. Leveraging Technology and Digital Transformation

Digital Sales and Marketing Platforms: Saidal should invest in developing its direct-to-consumer or business-to-business digital platforms. This will reduce its reliance on traditional distribution channels that are vulnerable to physical restrictions and provide a more direct, resilient pathway to market.

Automation of Production Processes: Strategic investment in the automation of key production lines can minimize dependency on manual labor. This not only enhances production efficiency but also mitigates the risk of operational shutdowns resulting from health-related workforce restrictions.

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