



## Covid Impact on Tourism Profit and Cash Holding

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ARTICLE INFO	ABSTRACT
<b>ISSN: 2723-1097</b> <b>Keywords:</b> Profitability, Cash Holdings, Covid-19, Risk, Umbul Tourism Spot	<i>The Covid-19 pandemic has significantly impacted various socio-economic aspects of Indonesian society. Tourism activities are a sector directly affected by the harmful effects of Covid-19. The implementation of restrictions on community activities to overcome the Covid-19 pandemic has made tourism business activities experience financial difficulties, leading to business bankruptcy. This study analyzes local tourism companies' profitability and cash holdings in Umbul, Madiun, and East Java before and during the Covid-19 pandemic. This study uses a descriptive qualitative approach. The research data was obtained through observation, interviews, and analysis of the company's financial data. The results of this study indicate a decrease in profitability and a decrease in cash holdings for local tourism companies in Umbul, Madiun during the Covid-19 pandemic. A decrease in profitability and a decrease in cash holdings can be interpreted as an increase in business risk leading to financial difficulties. Local tourism companies Umbul Madiun are advised to focus on the company's cash conversion cycle, more conservative accounting and business policies, and focus on activities that directly impact the number of tourist visits. This strategy is expected to increase the company's profitability, the efficiency of cash holdings management, and efforts to revive the tourism business after the pandemic conditions at the local tourism company Umbul Madiun.</i>

### Introduction

[Hermawan & Maf'ulah \(2014\)](#) explained that the company's performance is an indicator of the efficiency of the company's business management. A company's performance can be analyzed in terms of financial and non-financial indicators. To assess financial performance, we can use financial ratios such as the ratio of profitability, liquidity, and solvency of the company. To assess non-financial performance can be seen from the social, environmental, and contribution aspects to community activities. Company performance information is essential to increase company value ([Akhmadi & Januarsi, 2021](#)). [Ambarwati et al. \(2019\)](#) explain that good financial performance guarantees the company's business sustainability. The company's profitability shows the company's growth prospects in the future. At the

same time, cash holding guarantees the company's adequacy of liquidity to finance the company's operational and investment activities ([Ozkan & Ozkan, 2004](#)).

[Villacé-Molinero et al. \(2021\)](#) explained that the occurrence of the Covid-19 pandemic was an unprecedented event. A pandemic has disrupted human activities in terms of social, economic, financial, and state activities. This pandemic's long-term and short-term impacts are aspects that are still difficult to assess. The country's health policies that restrict human activities have reduced travel and tourism activities significantly in the 2019-2020 period. The report issued by the Central Statistics Agency stated that the initial spread of Covid-19 during the first quarter of 2020 was Indonesia's economic growth at 2.97 percent. This figure was much lower than the economic growth in the first quarter of 2019 of 5.97 percent. Meanwhile, in the second quarter of 2020, Indonesia's economic growth was a 5.32 percent deficit, and in the third quarter, it was a 3.49 percent deficit. The existence of Covid-19, which weakened Indonesia's economic growth, had an impact on the industrial sector, one of which was the tourism sector in Indonesia.

[Chen et al. \(2021\)](#) explained that in 2020 world tourism was affected by 74% due to the Covid-19 pandemic. Many countries have imposed lockdown policies, wearing masks, and travel restrictions to prevent the transmission of the virus. As a result of government policies from various countries, the tourism sector has become a business sector that negatively affects this pandemic. The risk of traveling is very high due to infectious diseases that make people refrain from traveling. [Oruonye & Ahmad \(2020\)](#) explain that the tourism sector is an industry that significantly absorbs labor and supports a country's domestic economic growth. The partial and total lockdown policies adopted by many countries have led to a decline in income in the tourism sector. Many tourist sites have closed their businesses and laid off most workers to work from home or reduce employees. [Rahman et al. \(2021\)](#) explained that the world tourism industry was faced with the negative impacts of Covid-19. Tourist risk and perception management will significantly impact the psychology of tourists and tourist visits. The decline in the tourism industry has occurred in almost all countries, including Indonesia.

In 2021, the Indonesian government will begin to carry out a mass vaccination program aggressively. The education and tourism sectors are one of the main targets for implementing the vaccination program. Along with the vaccination program, the Indonesian government implemented a policy of opening tourist objects in a limited, strict, and situational manner. Standard procedures for implementing strict health protocols are carried out at tourist objects to bring the tourism industry back to life. [Bu et al. \(2021\)](#) explained that tourism is a risky activity in a pandemic. The policy of restricting human movement makes the tourism industry unhealthy. The development of social media that has a very negative impact is related to the number of hoaxes and false information about Covid-19. This condition causes an increase in



the perception of tourists' risk, which causes a decrease in the frequency of tourist trips and decreases consumer confidence. The occurrence of public panic worsened the condition of the tourism industry and hampered recovery after the pandemic. Many countries carry out post-pandemic recovery policies to revive the tourism sector.

The negative impact of the Covid-19 pandemic also occurred on public companies in the Umbul Tourism Object area in Madiun Regency, East Java. This tourist spot is one of the leading tourist sites in Madiun Regency, which provides playgrounds, parks, water parks, and a mini zoo. The Covid-19 pandemic has forced the company to close its operational activities several times, following the policy directions of the Indonesian Government. The impact occurred that the company experienced significant financial difficulties that impacted labor efficiency and decreased profitability of the company. As a regionally owned company, Umbul Tourism Park contributes to the Madiun Regency Government in the form of Regional Original Revenue. During the pandemic period, the contribution of regional income to local governments also decreased even to zero. This phenomenon has attracted the attention of academics to the need for financial analysis as a business recovery effort after the new normal period.

This study will analyze the financial condition of local companies in Umbul Tourism, Madiun East Java, in terms of profitability and cash holdings of the company. The analysis was carried out before and during the Covid-19 pandemic. The company's financial statements can be used to measure the company's financial performance. Measurement of company performance is essential for companies in evaluating company goals that have been confirmed so that the wishes of stakeholders are achieved. According to [Anderson & Reeb \(2003\)](#), company performance measurement is a standard for company management to decide the company's central financial policies. [Ambarwati et al. \(2019\)](#) explains that one of the ratios used to measure financial performance is the profitability ratio. The profitability ratio shows the company's ability to generate profits. Profitability is the result of liquidity, asset management, and debt on the acquisition of the company's business activities. [Ali & Ali \(2012\)](#) explain that cash management will relate to the company's working capital and efforts to create a business cycle that leads to the company's ability to generate company profitability. The cash owned by the company will be moved in the business operating cycle, which is expected to make the company get a more significant cash inflow in the future.

[Rahman & Ibrahim \(2015\)](#) explain that effective and efficient working capital management will be influenced by the separation between profit and risk in managing company cash. Corporate cash is the king that influences many important financial decisions for the company. The company's investment activities, business expansion decisions, competition with competitors, and marketing aspects will be significantly influenced by the amount of cash determined by the company's cash amount. The



company's working capital management will influence the company's cash inflows and cash flows. The company's working capital management is an effort to balance the company's current assets and current liabilities.

Current assets are expected to be the source of the company's cash inflows, and current liabilities are the sources of the company's cash outflows. The Indonesian Government, in early March 2020, announced the first case of the entry of Covid-19 into Indonesia. The concept of limiting large-scale movements to overcome Covid-19 has had a significant impact on the company's business activities. The local company Umbul tourist spot as one of the tourist destinations in Madiun was also negatively affected by the Covid-19 pandemic. The business cycle of the Umbul tourist attraction was disrupted, and it even had to stop running its business activities. This condition certainly requires great attention, especially in the analysis of the company's profitability and cash management aspects. Through this paper, the author tries to convey analysis of profitability, cash holdings, and business conditions at local Umbul tourism companies before and during the Covid-19 pandemic.

[Sari & Wijaya \(2022\)](#) researched the financial liquidity of manufacturing companies in Indonesia before and during the covid-19 pandemic. This study found differences in cash holdings before and during the covid-19 pandemic. Another study by As'ad (2021) tested the company's financial performance before and during the covid-19 pandemic on food and beverage companies on the Indonesia Stock Exchange. This study did not find any differences in financial performance before and during the pandemic. Tests on the quick ratio, debt to equity ratio, ROA, inventory turnover, and working capital did not show significant results. [Ambarwati et al. \(2021\)](#) find that financial ratios have a more significant impact on firm value during a pandemic when compared to during a pandemic. [Onibala et al. \(2021\)](#) stated that during the covid-19 pandemic, the financial performance ratio of many regional governments decreased. Local revenue has decreased, and the burden of local government expenditure on the health sector has increased. Based on some of these studies, we know that research on financial performance in the period before and during the pandemic gave varied and inconsistent results. Previous research has mainly been done on companies listed on the Indonesia Stock Exchange, and few studies still compare the financial performance of local government-owned enterprises. Analyzing the performance of regional companies at the Umbul Madiun tourist attraction will assist the local government in mapping out the company's condition, policies on capital, and analysis of local revenue.

## Literature Review

### Company Profitability



[Subramanyam \(2014\)](#) reveals that financial performance is a condition that describes a company's financial position based on objectives, standards, and parameters that the company has determined. The company's financial performance is a form of company achievement in financial aspects related to overall operating income and costs, debt structure, assets, and investment returns. The discussion of financial performance is not limited to the discussion of one period only because stakeholders will also pay attention to any changes in the company's financial performance trend, which include changes in the statement of financial position, profit or loss, or cash flows. The company's financial performance is highly dependent on the policies, strategies, and actions implemented by management to achieve organizational goals. In meeting the information needs of internal and external parties, financial statement analysis in the form of interpretation of financial data contained in financial statements is the first step taken to measure a company's financial performance ([Hermawan & Maf'ulah, 2014](#)).

Financial ratios are used to support a company in evaluating the company's financial performance. The use of ratios is the most effective way to measure the company's financial performance ([Ambarwati et al., 2021](#)). [Griffin \(2015\)](#) explains that financial ratios are a measure obtained from comparing one element to another in the financial statements with relevant and significant ties. [Subramanyam \(2014\)](#) explains that applying the financial ratio model in a financial statement analysis can be used as a measuring tool to test estimates or predictions of certain variables such as empirical bankruptcy.

One financial ratio that measures profitability is the return on assets (ROA). ROA is the ratio between net profit after tax divided by total assets, which shows a measure of asset productivity in earning a profit. Profitability ratios are predicted in the future to predict the company's ability to generate profits in the future. ROA can be divided into two components, namely profit margins and asset turnover. Profit margin is a measure of company efficiency, while asset turnover reflects the company's ability to generate sales based on specific assets ([Subramanyam, 2014](#)). The economic crisis has reduced the company's ability to generate profits. The cause of the decline in company profits is people's purchasing power towards the company's demand for products or services. Effects that occur in the short term are a decrease in sales that is not accompanied by a decrease in company expenses, resulting in a decrease in company profits. The results of [Istiningrum \(2014\)](#) show a decline in the Return on Assets of service companies during and after the monetary crisis. [Ambarwati et al. \(2019\)](#) explain that profitability is the company's primary performance indicator. High profitability indicates an increase in the value and welfare of the company owner. [Chen and Chen \(2011\)](#) explain that profitability is the efficiency of company management companies in managing company resources. [Akhmadi & Januarsi \(2021\)](#) explain that improving financial performance will increase stakeholder confidence in the company. A pandemic condition is a crisis caused by external factors of the



company. The decline in financial performance during the pandemic will also affect stakeholder confidence in the company.

### Cash Holdings Company

[Gill & Shah \(2011\)](#) explain that the company's cash is the most liquid asset in the company's balance sheet component. The decision on the amount of cash held (company cash holdings) is essential for the company's financial management. [Kusnadi \(2011\)](#) reveals that the company's efforts to maintain optimal cash reserves are financial decisions related to agency problems ([Jensen & Meckling, 1976](#)). [Ginglinger & Saddour \(2012\)](#) explain that cash that is too small for the company will cause the company's liquidity risk related to business operations and management of the company's working capital. According to [Jensen \(1986\)](#), the amount of too large cash is also prone to misuse and becomes an unproductive asset for the company [Gill & Shah \(2011\)](#) explains that cash and cash equivalents are the most liquid components of a company's assets. Cash held by the company (cash holdings) guarantees the company's ability to pay the short-term debt. The company needs sufficient cash reserves to ensure business operations run well. The decision on the number of cash holdings to create positive cash flow for the company is expected to impact increasing sales and growing company profits. However, according to [Jensen \(1986\)](#), high cash holding can increase agency conflict between managers and shareholders. Cash holding is very liquid, so it is easy to control. Cash holding that is too large can be an unproductive asset, triggering management overinvestment, consumption for personal interests, and less helpful cash flow, which ultimately harms the company's shareholders.

According to [Keynes \(1937\)](#), [Ozkan & Ozkan \(2004\)](#), and also [Couderc \(2006\)](#), there are several advantages of cash holding, which are based on several types of motives of companies holding cash, including:

1. Transaction motive, according to the explanation of the company's transaction motive to hold cash to finance various company transactions. The transaction referred to here is the company's daily transactions, which are part of the company's working capital management. The company's working capital financing is also related to profit creation activities and efforts to maintain the company's liquidity level. If external funding is expensive for the company, managers prefer cash as an internal source of funds.
2. Precaution motive, according to the explanation of the precaution motive, companies have cash holdings to anticipate unexpected events from the financing aspect and other aspects, especially in countries with unstable economies. Political and economic instability in a country will impact company finances. Macroeconomic conditions such as inflation, exchange rates, and the money



supply will affect the company's cash needs. Pandemic conditions such as Covid-19 are also unexpected conditions in the company's economy, so the precaution motive explanation is appropriate to explain the company's current cash needs.

3. Speculation motive, this theory states that companies will use cash to speculate, looking for potential and new business opportunities that can benefit the company. Speculation motive is also related to efforts to beat competitors, acquisitions, business expansion, marketing strategies, market diversification efforts, and the creation of new products. Speculation motive is used to finance rapid investment opportunities and bring short-term profits to the company.
4. Arbitrage motive, this theory states that companies hold cash to gain profits from the differences in financial policies between countries. This policy can be in exploring opportunities for differences in exchange rates and interest rates. Companies can quickly rotate their cash to find the lowest source of funds between countries.

Research on corporate cash holdings is critical for various companies, including tourism companies. In the context of regional companies owned by regional governments, of course, cash management is an essential component considering that regional governments have a large portion of capital investment, which is cash. [Wijaya \(2021\)](#) explained that cash substitution for investment financing is an essential aspect of cash management. However, the company's cash is also maintained in sufficient balance for the interests of the company's business operations. [García-Teruel et al. \(2009\)](#) explained that if information asymmetry is high and funding sources are expensive, the company must provide cash as a liquid asset in a certain amount to maintain a safe zone for financing and company operations. [Ozkan & Ozkan \(2004\)](#) explain that cash is a cheap alternative source of financing compared to external funding sources. Cash provides financial flexibility for managers to carry out operations and finance company investments. The company's cash provides guarantees for the company's financial liquidity.

## Method

This research uses a case study approach. According to [Sekaran and Bougie \(2010\)](#), a case study is a research approach carried out on specific conditions or problems in a company. This research was conducted at a public company in Umbul Tourism Object, a company owned by the Regional Government of Madiun Regency. Umbul Tourism Spot is located in the village of Glonggong, Dolopo District, Madiun Regency, East Java. The research was conducted through observation, interviews, and financial data collection to analyze the company's fundamental business conditions, profitability, and cash holdings before and during the Covid-19 pandemic. Some of the respondents who became the research sample included company leaders, financial



staff and company employees. The selection of this sample was based on the judgment of the research team about the best data sources that understand the company's conditions related to the theme of this research. Data analysis will be descriptive with several perspectives that the researcher presents based on previous research studies.

## **Result and Discussion**

### **Condition of Umbul Tourism Object in the Covid-19 Pandemic**

Based on the results of observations and interviews, it can be seen that the Covid-19 pandemic has disrupted the business activities of the Umbul Madiun Tourism Object. During the Covid-19 pandemic, the government of the Republic of Indonesia implemented a work from the home appeal, and several regions implemented a large-scale social restriction policy. The policy has affected the company's cycle process, which generally harms the company's cash conversion cycle. The Umbul Tourism Object's business cycle is interrupted. Temporarily suspended transportation and closed access roads caused the process of tourist visits to be halted. From the production side, the prohibition on gatherings will certainly disrupt tourism because the focus of the community is on health, and tourism is a matter that does not receive priority. Partners who partner with Umbul tourism objects, such as schools, companies, villages, and other partner partners, stop activities involving tourism visits. Even the education office imposed an official ban on tourist visits for school students.

The Indonesian government's policy of implementing social restrictions on community activities has made the company stop operating. This tourist attraction was closed entirely following government policy at the pandemic's beginning. The impact is that the company's finances during the pandemic are under enormous pressure. The company reduced employees by almost 50% of the total employees in the previous condition of the Covid-19 pandemic. Employees who are still retained are subject to significant salary cuts, and company finances are used to care for the plants and animals owned by the tourist attraction. Please note that the Umbul tourist attraction also has a conservation agency license. The animals and plants in the tourist attraction must still be treated properly even though the condition of the tourist attraction is closed and the company's finances are under tremendous pressure.

The cessation of tourist visits made the Umbul tourist attraction experience financial difficulties. The company experienced a decrease in revenue, and the financial statements experienced a significant loss. [Boisjoly et al. \(2020\)](#) explained that the disruption of the company's cash conversion process impacted the company's complex working capital management. This condition will cause the company's liquidity to be disrupted, the company's profitability to decline, and up to the worst impact of the company's bankruptcy.



In 2021, the Indonesian government began to carry out vaccination activities aggressively. The impact of the restriction policy began to apply a little relaxation, and some tourism activities could operate strictly and be guided by health protocols. The Umbul tourism object is starting to get income even though the company's operations are still not running optimally. In 2022 the recovery period of tourism activities is increasingly heading in a positive direction. Umbul tourist spots began to operate more. Although tourist visits have not fully recovered as before the pandemic, the frequency of open tourist objects is relatively higher than the previous year. According to the results of interviews with the Umbul tourist attraction manager during 2022, there is a trend of increasing tourist visits to the Umbul tourist attraction. However, the number is still not as high as before the pandemic's standard period. The purchasing power of tourism consumers is still not fully recovered. Tourism visits have increased, but the purchasing power of consumers is still quite limited and has not yet fully recovered.

### Profitability Condition of Umbul Tourism Object Madiun

The table below will present the profitability conditions of the company in the Umbul tourist attraction area before and during the Covid-19 pandemic in Indonesia.

Table 1 Profitability of Umbul Tourist Spot

No	Year	ROA
1	2014	-3,18%
2	2015	0,51%
3	2016	1,64%
4	2017	1,88%
5	2018	3,58%
6	2019	4,36%
7	2020	-14,16%
8	2021	-10,51%

Source: Researcher Internal Data

Based on the table above, it can be seen that the Umbul tourism object company experienced a business loss in 2014. However, this business loss is operational without the impact of certain extraordinary events. From 2015 to 2019, the company experienced an excellent profitability growth trend. The company's profit every year increases quite consistently, which shows that the company's management is increasingly efficient. This condition is undoubtedly an encouraging thing for the local



government as the owner of the company because it means that the regional company is growing and starting to make an excellent contribution to the original opinion of the region. The impact of the Covid-19 pandemic on the tourism sector began to be seen in 2020. The Umbul tourist attraction company experienced a relatively significant loss of -14.16%, and in 2021 it was -10.51%. Although there is a slight increase in 2021 when the value of the loss decreases, it still shows a very negative impact of the Covid-19 pandemic on the profitability of the Umbul tourist attraction company.

Referring to table 1, we can be seen that the company experienced a significant decrease in performance during the pandemic. The results of this study are consistent with the statement of [Chen et al. \(2021\)](#), [Oruonye & Ahmad \(2020\)](#) , and [Rahman et al. \(2021\)](#), which explains that the tourism sector is a sector that is significantly affected by the Covid-19 pandemic. [Akhmadi & Januarsi \(2021\)](#) explain that an increase in profit is an indicator of an increase in the owner's welfare. Umbul tourism object is a public sector organization under the local government. The decline in company performance will undoubtedly impact reducing the contribution to local revenue. However, this situation occurs because of the pandemic in almost all countries in the world.

### Cash Holdings Condition of Umbul Madiun Tourism Object

The table below will present the condition of the cash holdings of companies in the Umbul tourist attraction area before and during the Covid-19 pandemic in Indonesia.

Table 2 Cash Holdings for Umbul Tourism Spot

No	Year	Cash Holdings
1	2014	0,33%
2	2015	1,60%
3	2016	7,32%
4	2017	4,69%
5	2018	5,20%
6	2019	5,24%
7	2020	1,04%
8	2021	0,90%

Source: Researcher Internal Data



Based on the table above, it can be seen that in the period 2014 to 2021, the condition of the Umbul regional company's cash holdings can be quite volatile. Before the 2014 to 2019 pandemic, the company experienced ups and downs in cash holdings but tended to be positive and at relatively safe numbers in terms of the company's working capital needs. In 2020 and 2021, the impact of Covid-19 has caused the company to experience a significant decrease in cash holdings, namely to 1.04% in 2020 and again in 2021 to 0.90%. According to [Gill & Shah \(2011\)](#), cash holdings are an asset component that indicates a company's financial liquidity. The decline in the company's profitability, accompanied by a decrease in the company's cash holdings, shows that the Covid-19 pandemic has put significant financial pressure on the Umbul tourist spot company. The company is at increased business risk due to decreased profitability and cash holdings during the Covid-19 pandemic.

## Discussion

This study tries to describe the actual business condition of the Umbul tourist spot company during the Covid-19 pandemic. It then completes it with an analysis of its profitability and cash holdings at the Umbul tourist attraction company before and during the Covid-19 pandemic. The results of this study are consistent with [Rahman et al. \(2021\)](#), who found that the tourism sector was the sector that was severely affected by the Covid-19 pandemic. The Umbul Madiun tourist company experienced a decline in profitability and a decrease in the company's cash holdings during the pandemic. These results show that the company is in a period of crisis, financial pressure, and the need for a touch of policy from the local government to make business and financial recovery during this new normal era.

The analysis results on the local tourism company Umbul Madiun are consistent with the findings of [Sari and Wijaya \(2022\)](#), which state that there is a decline in the company's financial liquidity. [Onibala et al. \(2021\)](#) found that during the pandemic, there was a decrease in the effectiveness ratio of local revenue, the ratio of the contribution of local taxes to PAD, and the ratio of capital expenditures. [Putra \(2020\)](#) explained that the impact of the pandemic had a domino effect on various sectors of community activity. The cessation of community economic activity tends to make economic growth slow-down and decline sharply. The community survives and focuses on meeting basic needs, health, and education aspects. Community tourism activities during the pandemic have decreased ([Rahman et al., 2021](#)).

Referring to [Ozkan & Ozkan \(2004\)](#), the management of Umbul regional companies during the Covid-19 pandemic had to change the managerial perspective on profitability, cash management, and working company capital. Effective cash management, cash management that follows corporate governance and is based on transparency, is very much needed in managing the company's cash in and cash out during this pandemic. Companies must immediately map out how many cash



holdings the company currently has. The company's next step should be to map out the company's cash disbursements in the short, medium, and long term. This policy is essential in managing risk management and preventing the company from going bankrupt.

The decline in the company's profitability is due to external factors due to the pandemic. Efforts to recover tourism conditions after this pandemic has become endemic are expected to restore the company's profitability trend. In 2022, the efforts of this Umbul Tourism Object regional company to return to normal business trends have been carried out. To recover and work towards normalcy, companies need to take a balanced policy between managing short-term liabilities, operational needs, and activities oriented towards increasing tourist visits. Increasing tourism visits is essential to increase the company's income and cash inflows. Umbul Madiun tourism object companies can use the available cash for daily company operations, such as paying employees, paying vendors, inventory, short-term debt, and company operational activities. The amount of cash holding should not be less to finance the company's working capital.

The biggest threat of the Covid-19 pandemic is financial distress, which impacts bankruptcy and employee dismissals. The Umbul Madiun Tourist company needs to update the company's needs map. Needs that are not fundamental and do not have a direct impact on profit creation efforts should be reduced. The company is advised to shorten the payment period of receivables, or if the time of receivables cannot be changed, the company must ensure that receivables are paid on time. The use of company cash should be focused on issuing the company's working capital. The company should focus on supply chain and customer strategy because these two things are directly related to the company's efforts to make a profit. Re-analyze the company's operations to ensure that all company dimensions related to cash in and out are controlled to increase profits. On the internal side, the company must implement stricter accounting conservatism and a financial diet in various joints of the company's business operations. Cut company expenses that are not very effective. The company is more focused on internal efficiency and business efforts to continue to increase tourist visits to the Umbul Madiun tourist spot.

## Conclusion

Based on the discussion in the previous section, it can be concluded that the regional company Umbul Madiun Tourism Object experienced a decline in the company profitability and cash holdings before and during the Covid-19 pandemic. This condition needs attention from the local government of Madiun Regency, East Java, as the company owner. The decline in profitability and cash holdings during the pandemic indicates an increase in business risk. Hence, efforts to improve management and business recovery efforts need to be carried out to prevent financial



difficulties. This research implies that the Umbul Madiun tourist company should focus on the cash conversion cycle, with the use of cash being prioritized for the company's operational activities. Companies should adopt more conservative financial and accounting policies. Companies need to gradually increase tourist visits to increase cash inflows and balance them with the company's internal cash needs. This research has several weaknesses, including that this research has not discussed in detail the tourism business recovery strategy after the Covid-19 pandemic based on an analysis of company financial data. Further research is recommended to focus more on the business and financial strategy of the Umbul Madiun tourist company towards recovering the tourism business after Covid-19.

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