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ANALYSIS OF FINANCIAL PERFORMANCE AND SHARE PERFORMANCE BEFORE AND AFTER COVID-19 PANDEMIC ON THE INDONESIA STOCK EXCHANGE (IDX)

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ABSTRACT

The purpose of this study was to see whether there were differences in the financial performance and stock performance of companies listed on the Indonesia Stock Exchange (IDX) before and after the Covid-19 pandemic. Companies listed on the Indonesia Stock Exchange at least make up the research population. The sample of this study amounted to 487 companies. Research data were collected through purposive sampling. The results showed that the variables of liquidity ratios, profitability ratios, solvency ratios, and activity ratios had significant differences. Between before and after the Covid-19 pandemic, the liquidity ratio (current ratio), profitability ratio (return on assets), and activity ratio (asset turnover) all decreased. Meanwhile, the solvency ratio (debt to equity) all increased.

1. INTRODUCTION

The Indonesian government issued Government Regulation (PP) Number 21 of 2020 concerning Large-Scale Social Restrictions to accelerate the handling of Covid-19 (PSBB). PSBB will limit community activities, ranging from online work and schools to the termination of public facilities, restrictions on ground transportation operations, and restrictions on business fields. Apart from the government sector, only 8 sectors are allowed to operate during the PSBB period, namely; Health, Food, Energy, Communication, Finance, Logistics, Grocery Store, and Strategic Industries Sector (PP Number 21 of 2020). With this regulation, the community's economy slowed down.

Most companies' performance has been affected by the Covid-19 epidemic, but not all. According to Golubeva (2021), the performance of a corporation during the Covid-19 outbreak will be influenced by the sector, size, participation in exports, and market demand for its products.

Research by Rashata (2021) and A Boshnak, et al. (2021) say the type of industry has a negative effect on the company's operational, financial, and market performance. In addition to business financial performance, the Covid-19 outbreak and the implementation of regional quarantine also have an impact on the investment world. Herwany, et al. (2021) say that external events can harm the economy and affect investor sentiment. Since the Covid-19 outbreak was first reported in Indonesia on March 24, 2020, the ICI (Joint Stock Price Index) has been at the level of 3,911.71. This is the index's lowest point since August 2013 (Ridwansah, 2020). The decline in this index illustrates changes in stock returns and risks. Changes in the level of risk will affect investors' considerations in determining investment decisions. The outbreak of the Covid-19 pandemic has sparked concern among investors. Therefore, investors avoid dangerous assets due to the emergence of negative challenges related to the impact of Covid-19 on company performance.

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2. METHOD

Secondary data in the form of financial statement data and share prices of companies listed on the Indonesia Stock Exchange 2019-2020 can be viewed at www.idx.co.id, the official website of the Indonesia Stock Exchange. Documentation technique was used to collect data for this research. The population in this study are companies listed on the Indonesia Stock Exchange at least in 2018. The research population is estimated to be 603 companies based on these characteristics. The sample of this study was 484 Indonesian companies listed on the stock exchange (IDX).

By using the event study method, paired sample t-test will be carried out in this examination. An event study, according to Hartono (2017), is a study that investigates the response of the capital market to an event whose data is provided through public notification. An event study can be conducted to evaluate the information content of an announcement as well as evaluate the efficiency of a semi-strong market.

Paired Samples T-Test compares two samples to see if the mean of the two samples differs significantly. Paired samples are samples in which two separate treatments or measurements are applied to the same subject. Sunjoyo et al. (2013). Paired Sample T-Test requires that the data for the two samples must be normally distributed. Therefore, before this test is carried out, it is necessary to test the normality of the two samples first. The Wilcoxon Marked Rank Test can be used instead if the data in the study are not regularly distributed.

3. RELUST AND DISCUSSION

The Kolmogorov-Smirnov test will be used to check for normality before the Paired Sample T Test. Based on the findings of the normality test for table 3. each variable shows the Asymp value. Signature (2-tails) 0.000. This means that the data on each variable is not normally distributed. The Wilcoxon Marked Rating Rating will be used to test the research hypotheses because the data are not regularly distributed. The average current ratio (CR) increased, according to the results of the descriptive analysis, which was 2,992 before the Covid-19 pandemic and decreased to 3,691 after the pandemic was announced. Profitability ratios determined by return on assets (ROA) also decreased on average. Before the Covid-19 Pandemic, the average ROA was -0.0026, but after the Pandemic was announced, it dropped to -0.078.

The solvency ratio, which is expressed as the debt to equity ratio (DER), then increased from 0.222 to 1.564. The average asset turnover ratio (TATO) increased from 0.895 before the emergence of Covid-19 to 1.715 after the announcement of the pandemic. Meanwhile, the average value of the Price Earning Ratio (PER) decreased from 635,052 to -194,718 at the market ratio. Furthermore, the return anomaly value increases. Before the Covid-19 Pandemic, the average abnormal result was 0.018, while after the Pandemic it was announced it was 0.064. The beta variable (stock risk) also experienced an average increase. From 0.791 before the announcement of the Covid-19 Pandemic to 0.821 after the announcement of the Covid-19 Pandemic.

Based on these findings, there were changes in the average liquidity ratio, profitability ratio, solvency ratio, before and during the Covid-19 outbreak that were disclosed to companies listed on the Indonesia Stock Exchange (IDX). The results of the Wilcoxon rating test show that the liquidity ratio in the form of the current ratio (CR) has a negative rating of 285 and a positive rating of 199. This means that 285 companies experienced a decrease in their current ratio after the Covid-19 pandemic, while 199 saw them increase. According to the profitability ratios assessed from negative and positive ratings, 325 companies experienced a decrease in return on assets (ROA), while 159 companies experienced an increase. Figures debt to equity ratio (DER) reflects that 215 companies experienced a decline and 268 increased.

The asset turnover ratio (TATO) shows that as many as 371 companies experienced a decline and 113 companies experienced an increase. Furthermore, the market ratio as indicated by the Price Earning Ratio (PER) shows that 250 companies experienced a decrease in PER, while the other 233 experienced an increase. The abnormal return value shows that as many as 201 companies experienced a decrease in abnormal returns and another 282 experienced an increase. Furthermore, 212 businesses saw their stock betas fall, while 251 saw their stock betas rise. With these findings, it can be concluded that the liquidity ratio (current ratio), profitability ratio (return on assets), activity ratio (asset turnover), and market ratio all have negative differences (price earning ratio). And there is a difference in the positive direction for the solvency ratio (debt to equity).

4. CONLUSION

The conclusions that can be drawn from the discussion above are the liquidity ratio (current ratio), profitability ratio (return on assets), solvency ratio (debt to equity ratio), activity ratio (total assets turnover), and market ratio (price earning ratio).) issuers on the Indonesia Stock Exchange (IDX) before and after the Covid-19 pandemic showed significant differences. Between the time of the Covid-19 pandemic, the liquidity ratio (current ratio), profitability ratio (return on assets), activity ratio (asset turnover), and market ratio (price earning ratio) all decreased. . Meanwhile, the solvency ratio (debt to equity), abnormal return, and beta (stock risk) all increased. Based on the research results, investors are advised to be more selective in investing and pay more attention to the company's fundamentals to avoid losses. Companies must maintain critical performance in the current stage of the Covid-19 epidemic in order to remain stable and avoid bankruptcy. For further research, it is recommended to add other variables or indicators as research variables so that research can be more accurate.

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