

The Impact of Financial Performance on Stock Prices in the Basic and Chemical Industry Sector During the COVID-19 Pandemic

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ABSTRACT

This research aims to determine the effect of financial performance on stock prices. This research uses secondary data obtained from annual reports of basic industrial and chemical sector companies listed on the IDX for the 2020-2022 period. The sample in this study amounted to 138 companies. The data analysis technique uses multiple linear regression analysis. The research results show that profitability as measured by Return on Assets (ROA) financial performance has a significant effect on stock prices. In this research, liquidity as measured using the Current Ratio (CR) states that financial performance has no significant effect on share prices, while leverage as measured by the Debt to Equity Ratio (DER) states that financial performance has a significant effect on stock prices.

INTRODUCTION

The World Health Organization (WHO) officially announced at the end of 2019 regarding the corona virus or the Covid-19 pandemic which was first discovered in the city of Wuhan, China. The Covid-19 pandemic is a disease outbreak that has spread throughout the world, including Indonesia (Febriantri, 2022). Efforts made by the government to prevent this outbreak include policies in each region to implement lockdowns, physical distancing, online education, and Work From Home (WFH) (Sembiring, 2023). The rapid spread of Covid-19 has had an impact on the Indonesian economy (Roosdiana, 2021).

The economy in Indonesia is expected to continue to decline due to the policies issued by the government in handling the Covid-19 outbreak. The prevention of the spread of Covid-19 carried out by the government in Indonesia has hampered economic growth and weakened various sectors in Indonesia (Shalini et al., 2022). Economic actors are experiencing anxiety due to the rapid and even spread of Covid-19. The stock market has experienced a very sharp depreciation. The IDX recorded that since the first time information about Covid-19 in Indonesia had spread, the JCI had shrunk and almost all stocks had declined.

The sector that experienced a decline in stock prices during the Covid-19 pandemic was the basic and chemical industry sector. Several companies in this sector during the Covid-19 pandemic in 2020 resulted in stocks that underperformed and became top losers, namely PT. Megalestari Epack Sentosaraya which fell 51.06% on a calendar year or year to date (YTD) basis, PT. Sinergi Inti Plastindo Tbk (ESIP) fell 31.07%, PT. Lotte Chemical Titan Tbk (FPNI) fell 28.18%, PT. Alkindo Naratama Tbk (ALDO) fell 24.56%, PT. Polychem Indonesia Tbk (AMDG) fell 26.65%. There were also several issuers with fairly large valuations that performed poorly on an annual basis, namely PT. Charoen Pokphand Indonesia Tbk (CPIN) fell 9.96%, PT. Semen

Indonesia (Persero) Tbk (SMGR) fell 9.46%, and PT. Semen Baturaja (Persero) Tbk (SMBR) fell 14.55% (Azka, 2021).

Based on the explanation of the background and phenomena above, the author is interested in conducting research with the title "THE EFFECT OF FINANCIAL PERFORMANCE ON STOCK PRICES DURING THE COVID-19 PANDEMIC IN BASIC AND CHEMICAL INDUSTRY SECTOR COMPANIES LISTED ON THE IDX IN THE 2019-2022 PERIOD"

RESEARCH METHODS

This study is a quantitative study using secondary data in the form of panel data. The number of samples in this study was 114 basic and chemical industry companies listed on the Indonesia Stock Exchange (IDX), obtained using a purposive sampling technique. Data collection used a documentation method that included secondary data in the form of annual reports and financial reports of basic and chemical industry companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2022 period and literature studies related to research such as journals. The analysis model used is multiple linear regression analysis. This study uses Stata software version 17 and in data grouping using Microsoft Excel.

RESULTS AND DISCUSSION

Descriptive Analysis

Table 1
Descriptive Analysis Results

Variables	N	Mean	Std. Dev	Min	Max
LN HS	114	5.831659	1.123614	3.912023	9.207837
ROA	114	0.0147757	0.1315534	-1.049839	0.1543194
CR	114	5.017535	19.5069	0.2690892	208.4446
DER	114	0.5406426	0.5086409	-2.01128	1.511248

Data Source: Stata17

Based on the results of the descriptive statistical analysis above, it can be concluded that:

- The average value (mean) of stock prices in the period 2020-2022 is 5.831659 with a standard deviation of 1.123614. The minimum value of the stock price is owned by PT. Keramika Indonesia Assosiasi Tbk of 3.912023 with a value of Rp. 50 in 2020-2022, while the maximum value of the stock price is owned by PT. Unggul Indah Cahaya Tbk of 9.207837 with a value of Rp. 9,975 in 2022.
- The average value (mean) of Return on Asset in the period 2020-2022 is 0.0227236 with a standard deviation of 0.1315534. The minimum value of Return on Asset is owned by PT. Tirta Mahakam Resources Tbk of -1.049839 with a net profit of IDR -414,398,439,415 and total assets of IDR 394,725,543,723 in the period 2020. while the maximum value of Return on Asset is owned by PT. Panca Budi Idaman Tbk of 0.1543194 with a net profit of IDR 373,653,845,000 and total assets of IDR 2,421,301,079,000 in the period 2020.
- The mean value of the Current Ratio in the 2020-2022 period is 5.017535 with a standard deviation of 19.5069. The minimum value of the Current Ratio is owned by PT. Tirta Mahakam Resources of 0.2690892 with total current assets of Rp. 53,418,838,375 and

current liabilities of Rp. 198,517,209,180 in the 2021 period, while the maximum value of the Current Ratio is owned by PT. Duta Pertiwi Nusantara Tbk of 208.4446 with total current assets of Rp. 184,653,012,538 and total current liabilities of Rp. 885,861,221 in the 2020 period.

- d. The average value (mean) of Debt to Equity Ratio is 0.5406426 with a standard deviation of 0.5086409. The minimum value of Debt to Equity Ratio is owned by PT. Tirta Mahakam Resources is -2.01128 with a total debt of Rp 785,048,342,887 and a total equity of Rp -390,322,799,164 in the 2020 period, while the maximum value of Debt to Equity Ratio is owned by PT. Satyamitra Kemas Lestari Tbk is 1.511248 with a total debt of Rp 1,020,362,428,939 and a total equity of Rp 675,178,843,338 in the 2019 period.

Multiple Linear Analysis

Table 2
Line Analysisar Multiple

LN HS	B	T	Sig	Std. E
(Constant)	5.516959	35.22	0.000	0.1566487
ROA	2.337312	2.57	0.011	0.9088509
CR	0.0004326	0.09	0.931	0.2369208
DER	0.4798312	2.03	0.045	0.2369208

Source: Stata 17

Based on the results of multiple linear regression analysis, the regression equation model used in this study is:

$$\text{LNHS} = 5.516959 + 2.337312 \text{ ROA} + 0.0004326 \text{ CR} + 0.4798312 \text{ DER} + e$$

The results of the multiple linear analysis above can be concluded that:

- Based on the results of the multiple linear regression equation, the constant value (α) is 5.516959 which is positive, meaning that if profitability, liquidity and leverage are equal to 0 (zero), the stock price will be 5.961459 with a significant value of 0.000.
- The value of the regression coefficient of the profitability variable (Return on Asset) is 2.337312 which has a positive value or is in the same direction between Return on Asset and stock price, which means that if the level of Return on Asset increases, the stock price will also increase with a significant value of 0.011.
- The regression coefficient value of the liquidity variable (Current Ratio) is 0.0004326 which is positive or in the same direction between the Current Ratio and the stock price, which means that if the Current Ratio level increases, the stock price will also increase with a significant value of 0.931.
- The regression coefficient value of the leverage variable (Debt to Equity Ratio) is 0.4798312 which has a positive value or is in the same direction between the Debt to Equity Ratio and the stock price, which means that if the Debt to Equity Ratio level increases, the stock price will also increase with a significant value of 0.045.

Hypothesis Testing (t-Test)

**Test table 3
 t-Test Results**

LN HS	B	T	Sig	Std. E
(Constant)	5.516959	35.22	0.000	0.1566487
ROA	2.337312	2.57	0.011	0.9088509
CR	0.0004326	0.09	0.931	0.2369208
DER	0.4798312	2.03	0.045	0.2369208

Data source: Stata 17

With a confidence level of 95% or 0.05, the formula for t table = α ; nk-1, where n is the number of samples, k is the number of independent variables, so that t table = 0.05; 114-3-1 = 0.05; 110, then t table = 1.65882. if the calculated t value > t table then there is no influence between the independent variables or if the calculated t < t table then there is an influence between the independent variables on the dependent variable or if the significant value t < 0.05 means there is a significant influence between the independent variables on the dependent variable. Based on the test results based on the table above, it can be concluded that:

a. First hypothesis testing

Profitability has an effect on stock prices based on the results of the Stata 17 calculation which shows a calculated t value of 2.57 > 1.65882 from the t table value and a significant value of 0.011 < 0.05, so H0 is rejected and H1 is accepted, which means that profitability has a significant effect on stock prices.

b. Second hypothesis testing

Liquidity does not affect stock prices based on the results of Stata 17 calculations which show a calculated t of 0.09 < 1.65882 from the t table value and a significant value of 0.931 > 0.05, so H0 is accepted and H1 is rejected, which means that liquidity does not have a significant effect on stock prices.

c. Third hypothesis testing

Leverage has an effect on stock prices based on the results of the Stata 17 calculation which shows a calculated t of 2.03 > 1.65882 from the t table and from a significant value of 0.045 < 0.05, then H0 is rejected and H1 is accepted, which means that leverage has a significant effect on stock prices.

Hypothesis Testing (f-Test)

Table 4
f Test Results

	SS	Df	MS	F	Sig
Model	27.2753792	3	9.09179308	8.67	0.0000
Residual	115.387999	110	1.04898181		
Total	142.663378	113	1.26250777		

Data source: Stata 17

Based on the table above shows that the result of the f test is 8.67 with a confidence level of 95% or $\alpha = 0.05$, then the formula $f_{table} = k; nk-1$, where n is the number of samples and k is the number of independent variables, so that $f_{table} = f_{0.05}$ is obtained; $df = 110$, then f_{table} is $= 2.69$, if the calculated f value $> f_{table}$ where $8.04 > 2.69$ so it can be concluded that there is an influence between the independent variable and the dependent variable simultaneously. The results of the table above obtained a significance value of 0.0000, if the significance value is 0.05 where $0.0000 < 0.05$ then H_0 is rejected and H_1 is accepted which can be interpreted that there is a simultaneous influence between the independent and dependent variables.

CONCLUSION

Based on research conducted on basic and chemical industry sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2022 period with data obtained from www.idx.com processed using the Stata 17 program, it can be concluded:

1. The effect of profitability on stock prices is significant, after conducting research calculated with Return on Asset (ROA) it states that it has a significant effect because the higher the profitability, the higher the profit or income of the company. So if the company has high income or profit it will increase the stock price, it can attract investors to receive information about the profits that investors will get according to what is expected.
2. The effect of liquidity on stock prices is not significant, after conducting research on liquidity calculated using the Current Ratio (CR), it states that liquidity does not affect stock prices because the higher the Current Ratio (CR), the greater the company will be in meeting short-term debt payments and the lower the net profit that will be generated by the company. This can affect financial performance which will cause investors to be uninterested in investing in shares in the company.
3. The influence of Leverage on stock prices is significant. After conducting research on Leverage calculated by Debt to Equity Ratio (DER), it states that leverage that affects stock prices can have a good impact, because the company has higher capital or equity than debt or obligations, it can attract investors to invest in stocks and can also be a basis for decision making in investing.

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