



The Effect of Financial Performance on Stock Prices During the Pandemic

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ABSTRACT

This study aims to examine and analyze the effect of current ratio, debt to asset ratio, return on asset, and total asset turn over on stock price. The object of this research is the health sector companies listed on the Indonesia Stock Exchange (IDX) in 2020-2022 with a total sample of 16 companies selected using purposive sampling. The data in this study are secondary data obtained from the indonesia stock exchange website and the websites of each sample company. This study uses multiple linear regression analysis. The results showed that current ratio, debt to asset ratio, and return on asset had effect on the stock price, while total asset turn over had no effect on the stock price.

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Introduction

The existence of the Covid-19 outbreak by the World Health Organization (WHO) in February 2020 not only has an impact on public health, but also affects the economic conditions, education, and social life of the community. One of the impacts on the Indonesian economy during the pandemic is the decline in the Composite Stock Price Index (JCI) on the Indonesia Stock Exchange due to massive selling by investors due to concerns over the Coronavirus (Lathifah et al., 2021). The stock market itself promises high returns compared to other instruments and can even reach hundreds of percent in a few months. Investors will flock to try to get profits in their own way. However, since the massive correction of the Composite Stock Price Index (JCI) in early 2020 until its peak on March 20, 2020, investors have really realized that the stock business is not always about profit.

The healthcare sector is one of the industrial units listed on the Indonesia Stock Exchange (IDX) capital market. The Ministry of Industry stated that the healthcare sector recorded a positive performance during the Covid-19 pandemic. Despite the positive performance, the pandemic has resulted in a 60 percent decline in Indonesia's health sector production in May 2020. This is due to dependence on imported raw materials, around 60 percent of which are imported from China. The positive effect of the Covid-19 pandemic for the health sector is the relaxation of regulations that greatly help this sector (Ministry of Industry, 2021). The existence of this pandemic has made the need for vitamins, supplements and herbal medicines to increase endurance in general increase, so this sector has gained considerable growth, marked by the GDP of the chemical, pharmaceutical and traditional medicine industries which grew the highest among the 15 non-oil and gas processing industry groups in the second quarter of 2020, reaching 8.65% (yoy), this growth also increased compared to 2019, which amounted to 8.48% (yoy).

In conducting transactions in the capital market, a very important thing to consider for an investor is the valuation of stock prices in addition to economic conditions and issuers. Stock prices are formed from market demand and market supply, the difference between current value and market value is a reference for an investor in making a profit and determining his investment decisions (Aprilia et al., 2016). The value of a publicly traded company is reflected in its share price in the capital market. Stock prices can change up or down in minutes and can even change in seconds (Rachmawati, 2019). The average share price of the health sector fluctuates. Fluctuating stock prices can cause investors to face various financial risks, so investors must be careful in investing their funds. Investors need information so that their investments avoid financial risks caused by fluctuating stock prices. Stocks that have the potential to provide high returns also have the

potential for high risk. So before making an investment, investors need a tool to forecast or predict the company's stock price in providing an assessment of the shares that will be used as their investment choice.

Financial ratios can be used by investors as a tool to analyze the company's ability to generate profits based on the shares owned. This shows that financial ratios are useful in assessing the company's financial condition. The value of the company's shares is reflected in the company's financial performance, if the company's financial performance shows good prospects, the shares will be in demand by investors and the share price will increase. This shows that there is a positive relationship between the company's financial performance and stock prices (Raharjo & Muid, 2013). Companies that issue shares in the capital market need to publish financial reports to convey information to the market, then the information will be responded to by the market as good news or bad news that can be used to make investment decisions. The signal is a clue for investors regarding the company's future prospects. This signal is in the form of information about what management has done to realize investors' wishes. The signal can be in the form of promotion or other information stating that the company is better than other companies, or it can also be in the form of profit or loss experienced by the company, expenses or costs incurred by the company, and or other financial data that are important to investors (Damayanti & Priyadi, 2016).

Fundamental analysis is one way to predict stock prices by using financial statements as a source of information, especially those related to financial ratios. Financial ratio analysis can provide information (good or bad signals) to investors regarding the company's financial condition, so that it can be used as a parameter of the company's financial performance. This analysis is based on the belief that stock prices are strongly influenced by the company's performance as reflected in its financial statements. This study focuses on the financial performance reports of health sector companies listed on the Indonesian stock exchange, based on four financial ratio analyses, namely liquidity ratios, solvency ratios, profitability ratios and activity ratios. Based on the background that has been conveyed, researchers are motivated to examine "The Effect of Financial Performance on Stock Prices During the Pandemic (Study on Health Sector Companies listed on the Indonesia Stock Exchange)".

Literature Review

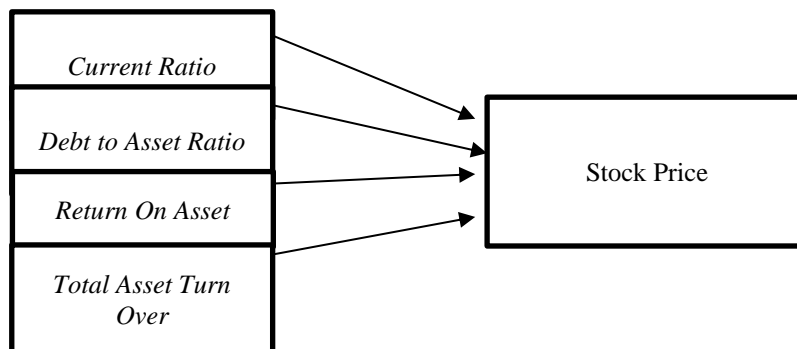
Some previous studies related to the effect of Current Ratio, Debt to Asset Ratio, Return On Asset, and Total Asset Turn Over on Stock Price are as follows.

Table 2. 1 Previous Research Results

No	Research	Title	Research Method	Research Result
1	Suriana. 2021. Skripsi Universitas Muhammadiyah Makassar.	<i>Pengaruh Kinerja Keuangan Terhadap Harga Saham Pada Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia</i>	Quantitative	Return on Asset has a significant positive effect on Stock Price
2	Harahap, Nurhasanah. 2021. Skripsi. Institut Agama Islam Negeri Padangsidempuan.	<i>Pengaruh Kinerja Keuangan Terhadap Harga Saham Pada Perusahaan Sub Sektor Pertanian Yang Terdaftar Di Bursa Efek Indonesia</i>	Quantitative	a. Current ratio has a significant effect on stock prices. b. Return on Asset has a significant effect on stock prices
3	Gunawan dan Adi. 2021. Jurnal Fakultas Ekonomi dan Bisnis Universitas Muhammadiyah Surakarta.	<i>Analisis Pengaruh Kinerja Keuangan Terhadap Harga Saham Pada Perusahaan Yang Terdaftar Di BEI</i>	Quantitative	Current Ratio and Total Asset Turn Over have an effect on stock prices.
5	Inayah, Tasya Nur. 2021. Jurnal. Fakultas Ekonomi Dan Bisnis Universitas Pancasila Vol. 1 No. 1.	<i>Analisis Pengaruh Struktur Modal Dan Profitabilitas Terhadap Harga Saham Perusahaan Manufaktur Sektor Makanan Dan Minuman Yang Terdaftar Di Bursa Efek Indonesia Tahun 2014-2018</i>	Quantitative	Debt to Asset Ratio has a significant effect on stock prices.

6	Hendri, Edduar. 2019. Jurnal. Fakultas Ekonomi Dan Bisnis Universitas PGRI Palembang Vol 12, No 2.	<i>Pengaruh Debt To Asset Ratio, Long Term Debt To Equity Ratio Dan Net Profit Margin Terhadap Harga Saham Pada Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia</i>	Quantitative	Debt to Asset Ratio has a negative and significant effect on stock prices
7	Suryana, Nanang dan Anggadini, Sri Dewi. Jurnal. International Journal Of Science, Technology & Management Vol 1, No 3.	<i>Analysis of Stock Prices Affected by Current Ratio</i>	Quantitative	Current Ratio has a positive and significant effect on stock prices.

Research variable



Gambar 1. Conceptual Framework

H1: Current Ratio affects stock prices during the pandemic

H2: Debt to Asset Ratio affects stock prices during the pandemic

H3: Return On Asset affects stock prices during the pandemic

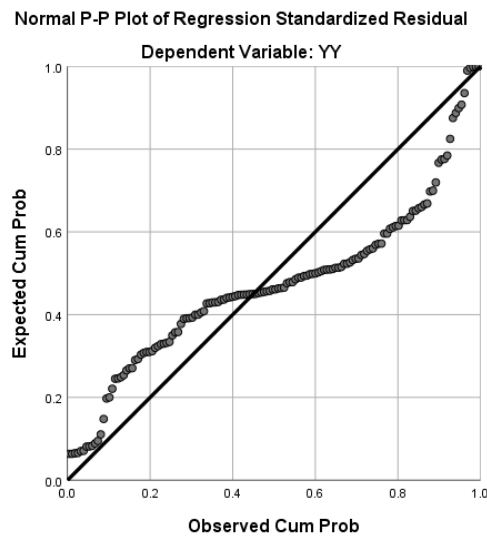
H4: Total Asset Turn Over affects stock prices during the pandemic

Method

In this study the method used is quantitative. Data is obtained from quarterly reports published by the company through the IDX. This research was conducted in health sector companies listed on the IDX in 2020-2022. The population in this study were health sector companies listed on the IDX in 2020-2022 in the form of company quarterly reports and the technique used in sampling was purposive sampling. The data source used is secondary data, with the type of secondary data used obtained from the quarterly reports of health sector companies. The variables in this study consist of two types of variables, namely the independent variable (free) and the dependent variable (bound). The dependent variable in this study is the stock price and the independent variables in this study are current ratio, debt to asset ratio, return on assets, and total asset turnover. The data collection techniques used in this research are literature study and documentation. The data analysis used is multiple linear regression analysis techniques. This study also uses the classical assumption test and hypothesis testing in the form of the coefficient of determination R² test, and partial test (T test).

Results

The results of the research present a description of the research data which describes the minimum value, the maximum value of the research variable with a brief and clear description



Descriptive Statistics

Descriptive statistical analysis is used to describe each dependent variable and independent variable. The results are as follows:

Table 1. Result Descriptive Statistics

Keterangan	N	Minimum	Maximum	Mean	Std. Deviation
<i>Current Ratio</i>	144	,32	8,36	2,808	1,8524
<i>Debt to Asset Ratio</i>	144	,05	,86	,3535	,19570
<i>Return On Asset</i>	144	-,23	,31	,0516	,06701
<i>Total Asset Turn Over</i>	144	,05	1,69	,4507	,31117
Harga Saham	144	-,07	,328	,054	,049
Valid N (listwise)	144				

From the table it is concluded that the current ratio variable has a minimum value of 0.32 and a maximum value of 8.36 with an average value (mean) of 2.80, while the standard deviation is 1.85. The debt to asset ratio variable has a minimum value of 0.05 and a maximum value of 0.86 with an average value (mean) of 0.35, while the standard deviation is 0.195. The return on assets variable has a minimum value of -0.23 and a maximum value of 0.31 with an average value (mean) of 0.0516, while the standard deviation is 0.6701. The total asset turnover variable has a minimum value of 0.05 and a maximum value of 1.69 with an average value (mean) of 0.4507, while the standard deviation is 0.3117. The stock price variable has a minimum value of -0.07 and a maximum value of 0.328 with an average value (mean) of 0.054, while the standard deviation is 0.049.

Multiple Linear Regression

Table 2 Multiple Linear Regression Test

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	1.545	1.753	
<i>Current Ratio</i>	-.001	.000	-,198
<i>Debt to Asset Ratio</i>	.013	.003	,457
<i>Return On Asset</i>	.42	.009	,489
<i>Total Asset Turn Over</i>	-.003	.002	-,151

Based on Table 2 above, results equality multiple linear regression are as follows :

$$Y = 1,545 - 0,01X_1 + 0,013X_2 + 0,42X_3 - 0,03X_4 + e$$

From this equation it can be explained that the constant value based on the regression equation above of 1.545 indicates that if the independent variable is assumed to be equal to zero (0), then the dependent variable is 1.545. Meanwhile, the regression coefficient value for the current ratio variable is -0.01 and has a negative value. This shows that if the current ratio variable increases by 1 unit, the stock price variable will decrease by 0.01 units, assuming other variables are considered constant. Likewise, the debt to asset ratio variable has a coefficient value of 0.013 and is positive, which indicates that if the debt to asset ratio variable increases by 1 unit, the stock price variable

will increase by 0.013 units, assuming other variables are considered constant. And the return on asset variable has a coefficient value of 0.42 and is positive so that if the return on asset variable increases by 1 unit, the stock price variable will increase by 0.42 units assuming other variables are considered constant. Also, the total asset turnover variable has a coefficient value of -0.003 and is negative so that if the stock price variable increases by 1 unit, the stock price variable will increase by -0.003 units assuming other variables are considered constant.

Pengujian Hipotesis Uji-t

Table 4 Uji-t

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.545	1.753		.881	.380
<i>Current Ratio</i>	-.001	.000	-,198	-2.065	,041
<i>Debt to Asset Ratio</i>	.013	.003	,457	4.628	,000
<i>Return On Asset</i>	.42	.009	,489	4.604	,000
<i>Total Asset Turn Over</i>	-.003	.002	-,151	-1.627	,106

Based on the table above, the t-count value for the current ratio variable on stock prices is -2.065 with a significance level of 0.041, it can be said that the current ratio variable has an influence on stock prices. Likewise, the debt to asset ratio variable on stock prices obtained a t-count value of 4.628 with a significance level of 0.000, it can be said that the debt to asset ratio variable has an influence on stock prices. Then, the t-count value for the return on asset variable on stock price is 4.604 with a significance level of 0.000 so that the return on asset variable has an influence on stock prices. Also, the t-count value for the total asset turnover variable on stock prices is -1.627 with a significance level of 0.106 so that the total asset turnover variable has an influence on stock prices.

Discussion

Contains a discussion of research results that are elaborated to answer research hypotheses by presenting research results related to research findings in the field, expert opinions, theories related to previous studies that support this research.

Conclusion

Based on result data analysis and discussion then it can be concluded as follows :

1. Current ratio effect positive and significant to stock price during the pandemic
2. Debt to asset ratio effect positive and significant to stock price during the pandemic
3. Return on asset effect positive and significant to stock price during the pandemic
4. Total asset turnover effect positive and significant to stock price during the pandemic

From the results above, then the advice from researcher are :

1. For internal companies (company management), they should provide positive signals to the market and determine a share price that can benefit investors as an implementation of the company's internal goals. can benefit investors as an implementation of the company's of the company, namely the welfare of shareholders.
2. For investors and prospective investors, they should be careful in choosing a company to invest in and pay attention to the factors that affect the company's performance. companies to invest in and pay attention to factors that can factors that can affect stock prices and provide signals regarding the condition of the company so that investors do not experience losses. condition of the company so that investors do not experience losses.
3. For future researchers, it is expected to use a wider research object by taking more research samples and research object by taking more research samples and taking the latest observation period so that it is able to take the most recent observation period. take the latest observation period so that it is able to represent the real condition of the company. In addition, should add other independent variables in the form of other financial ratios ratios that can affect stock prices which can have an impact on a stronger R square value in the hope that the results of the next study will be better. the next research results will be better

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