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THE EFFECT OF COMPANY PROFIT ON STOCK PRICE BEFORE AND AFTER COVID-19 IN THE INFRASTRUCTURE SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE

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ABSTRACT

The research objective is to compare the effect of company profits on stock prices in the infrastructure sector listed on the Stock Exchange for the 2018-2021 period. The research method used is the archival method with a quantitative research type. Researchers used the population of all infrastructure sector companies listed on the Indonesia Stock Exchange as research data with 46 companies. The research data is divided into two: the company's financial statements before Covid-19, namely 2018-2019 and the company's financial reports during Covid-19, namely 2020-2021. The study's results show that both before the Covid-19 period and when Covid-19 occurred, company profits were a factor that significantly influenced stock prices.

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1. INTRODUCTION

The share price is a value that reflects the wealth of the company issuing the shares. The more investors who wish to buy or hold shares of a particular company, the higher the price will be. Conversely, the price will decrease if more and more investors release their shares. Therefore changes in stock prices are primarily determined by the forces of demand and supply in the stock market.

Stock movements can be caused by

1. Company reports regarding the returns that have been obtained and market sentiment, both positive and negative sentiments, which are influenced by various factors,
2. reports of other companies in similar industrial sectors,
3. Analyst reports on specific companies and sectors, views of other investors and actions related to the future of the sector,
4. journalist reports,
5. Economic prospects from various countries and continents where the company operates and similar reports.

The financial reports in the company's annual report significantly impact investors' investment decisions. Therefore, the good news in the financial statements will increase the stock price and vice versa; the decrease in profits and losses experienced by the company will cause a decrease in the stock price.

However, the emergence of Covid-19 and its impact on the recession resulted in a phenomenon of cash flow that could have been better. There is a possibility that investors will be more careful and even tend not to want to take risks to invest their money during the Covid-19 period. They tend to hold back the circulation of money to make investments.

Researchers consider this phenomenon essential to study, considering that companies in the capital market also need funds to finance operational expenses and make short-term and long-term debt payments. In addition, companies also often expand to expand their business to get profits that are felt to have the potential to be obtained.

Infrastructure companies are significantly affected by the emergence of the Covid-19 phenomenon, apart from the tourism and education sectors. Infrastructure companies in Indonesia were very active in carrying out development before the Covid-19 period, but after the Covid-19 period, there were significant changes in capital market trading.

Like companies in general, companies in the infrastructure sector also aim to obtain maximum profits while considering long-term growth. The impact of Covid-19 is now starting to improve, but similar risks remain a threat to potentially affected companies, such as infrastructure companies. Therefore studying the phenomenon of stock price movements with similar events can be an input for investors to make business decisions so that these companies can carry out anticipatory plans regarding the impacts.

Based on this background, the research objective is to compare the effect of company profits on stock prices in the infrastructure sector listed on the Stock Exchange for the 2018-2021 period.

2. LITERATURE REVIEW

2.1 Share Price

Jogiyanto (2014) states that share prices occur on the stock market at a particular time determined by market participants and the demand and supply of the shares concerned in the capital market. Stock prices fluctuate, so they can go up and down at any time and are easily influenced by public sentiment. Several factors affect the rise and fall of stock prices, such as external and internal factors.

External factors increased share prices, such as fluctuations in the rupiah exchange rate against foreign currencies, government regulations, stock price falsification, and public sentiment. Meanwhile, internal factors within the company can cause changes in stock prices, including company fundamentals, future company performance and corporate actions.

Stock price analysis is a crucial thing to do before investors decide to buy certain stocks. There are two ways of stock analysis commonly used by investors: technical and fundamental.

Doing technical analysis means that investors analyze stocks based on historical price data that appear on the stock market. Stock buying and selling forecasts are made by looking at historical charts of stock movements. Investors can view the share prices of various companies and make buy or sell decisions. This analysis is commonly used by traders, such as when making daily short-term investments.

Fundamental analysis is carried out by analyzing a company's financial position to understand the nature and operational characteristics of a public company. This type of stock analysis is carried out on company indicators listed in the financial statements, such as the price-earnings ratio. This analysis gives investors an overview of the stocks they invest in.

2.2 Company Profits

Net profit can be seen from the difference between income and costs that taxes have deducted. However, net income can also be referred to as earnings before interest, taxes and depreciation.

These terms can assist managers and investors in determining the future direction of the company's business through the calculation of financial ratios. Companies generally have three main objectives in earning profits, namely:

1. Sources of funds for reserve funds to meet the company's investment, development and emergency fund needs.
2. Source of funds in paying off the company's debt.
3. Source of funds for operational costs and raw materials.

The company's net profit is one of the factors for investors in the capital market to make choices in making their investments. Generally, there are three ways a company can increase profits: increasing sales, reducing costs, and using company assets better. Maintaining and increasing net profit is necessary for companies so that shares continue to exist and remain in demand by investors and traders.

3. RESEARCH METHODS

This type of research is quantitative with archival methods. Researchers used simple linear regression analysis. Researchers use all population data on stock exchanges that have published their financial reports with 46 companies.

4. RESULTS AND DISCUSSION

The results of data analysis in table 1 show that profit affected stock prices before Covid-19 with a significant influence of 24.3%. At the same time, 75.7% is influenced by other variables outside of this study.

Tabel 1 Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.243[a]	.059	.048	270.875	.059	5.633	1

Tabel 2 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	413334.253	1	413334.253	5.633	.020[b]
	Residual	6603594.252	90	73373.269		
	Total	7016928.505	91			

a. Dependent Variable: Stock price before covid
b. Predictors: (Constant), profit before covid

The research results in Table 2 and table 3 show that the calculated F value is 5,633 with a significance level of 0.20. The F table is 3,947, with the calculated T value equal to 2,373 with a significance level of 0.20, while the T table is 2,021. This shows that profit before Covid-19 had a significant effect on stock prices.

Tabel 3 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	275.595	32.906		8.375	.000
	profit before covid	-.285	.120	-.243	-2.373	.020

The results of data analysis in table 4 show that profits affect stock prices after Covid-19 with a significant influence of 21.7%. At the same time, 78.3% are influenced by other variables outside this study.

Tabel 4 Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.217[a]	.047	.036	261.620	.047	4.446	1

Tabel 5 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	304311.501	1	304311.501	4.446	.038[b]
	Residual	6160069.525	90	68445.217		
	Total	6464381.026	91			

a. Dependent Variable: Stock price after covid
b. Predictors: (Constant), profit after covid

The research results in Table 5 and table 6 show that the calculated F value is 4,446 with a significance level of 0.20, while the F table is 3,947, likewise with the calculated T value equal to 2.109 with a significance level of 0.20, while the T table is 2.021. This shows that profit after Covid-19 has a significant effect on stock prices.

Tabel 6 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	269.272	30.815		8.738	.000
	Profit after covid	-.263	.125	-.217	-2.109	.038

5. CONCLUSION

The study results show that company profits are a factor that significantly influences stock prices during the pre-covid-19 and post-covid-19 periods. Financial reports that show profit figures will make investors interested in investing their money in these stocks. Profit determines the rise and fall of stock prices. Therefore companies are competing to get good profits. Even though during a pandemic, there is a tendency for people to save and not dare to take risks, this research shows that business people in the infrastructure sector will use the opportunity to get maximum profit. This research provides insight that the importance of the profit factor will allow companies to improve their performance even in events such as Covid-19.

This research has limitations where the research only considers internal factors such as profit but has yet to consider external factors that can affect stock prices. In addition, future researchers may be able to add other essential phenomena/events at home and abroad that can affect stock prices.

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