
Quantitative Analysis of the Reaction Stock Price in Transportation and Tourist Companies Listed on Indonesia Stock Exchange Towards Elimination of Implementing on Community Activities Restrictions (PPKM)

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Abstract

This study aims to analyze whether there were differences in Abnormal Return and Trading Volume Activity in the stock prices of the Indonesia Stock Exchange in the transportation and tourism sectors before and after the PPKM abolition policy. The sample in this study was by means of purposive sampling with a total of 22 companies from 22 total population of companies in the transportation and tourism sector which are listed on the Indonesia Stock Exchange. Regression analysis was carried out in this study with an event study approach. Hypothesis testing was carried out using the Paired Sample T-Test and the Wilcoxon Signed Rank Test. The results of the research test show that there is no significant difference in the abnormal return and trading volume activity of stock prices on the repeal of the PPKM policy in Indonesia. The implications of this study are expected to add references for future researchers in examining abnormal returns and trading volume activity in stock prices associated with events that were happening at that time. The novelty of this research lies in the events that became the basis of the research, namely before and after the policy of eliminating PPKM after the Covid 19 pandemic hit Indonesia.

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Introduction

The spread of the Covid 19 Virus around the world has had an impact on travel restrictions and quarantine as an effort by the Indonesia government to minimize the spread more evenly. The reduction in mobility and community activities is limited due to the emphasis on mobility. In Indonesia, the emphasis on mobility by enforcing the Enforcement of Community Activity

Restrictions (PPKM) policy will certainly have a negative impact on the economy, considering that it is inevitable. Mobility restrictions due to the COVID-19 pandemic have affected the world economy, especially Indonesia. The collapse of the global market economy, soaring oil prices, and rising unemployment are some of the impacts of the COVID-19 pandemic that has hit almost all countries in

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the world. Indonesia is also not left behind to get the impact of COVID-19 on economic growth, development, economy and stock market.

Indonesia has a strong stock market in responding to global events that occur. The stock market's reaction to an event can be measured by a change in stock price that is indicated to come from the demand and supply of stock prices by investors that occur in the secondary market. Investors as investors in the hope of making a profit certainly pay close attention to the information generated from an event. Information derived from these events as a basis for investing decisions (Carter et al., 2022). Not only from economic events but also non-economic events that can affect the market value in almost every company.

Research related to the reaction of the stock market in responding to the global situation. (Alam et al., 2020) in his research investigated the impact of mobility restrictions caused by COVID-19 on the India stock market. The study examined the extent of the impact of lockdowns on India's stock market and whether the market reaction will be the same in the pre- and post-lockdown periods caused by COVID-19. The results of the study support a significant change in the reaction of stock prices before and after the mobility restrictions in India. This shows that the Average Abnormal Returns value has a significant positive and negative influence in testing the reaction of the stock price to various events.

Similar research related to the reaction of stock prices from mobility restrictions was carried out by (Carter et al., 2022) states that Travel restrictions are a negative piece of information for the industry transportation, hotel, tourism sector. The research quantitatively identifies the factors

used by market participants to determine the price of information into stock prices. Larger companies with larger cash reserves and higher market-to-book ratios have an effect on abnormal returns, while companies with greater leverage suffer significant losses. In addition, it was found that cash reserves are essential for hotels.

Further research (Herwany et al., 2021) The study aims to ascertain whether the COVID-19 pandemic has an impact on several companies listed on the IDX, as well as its impact on the market returns of the Indonesia Stock Exchange (IDX). The research results if the reaction of stocks on the Indonesia Stock Exchange (IDX) is affected by the COVID-19 pandemic by having a negative cumulative value of the average abnormal return on the research object company. This supports if one of the factors causing the existence of abnormal return comes from a situation that affects the industry. Likewise, the research carried out (Weni Pratiwi, 2022) in his research related to the reaction of the stock market of pharmaceutical sector companies to the announcement of the Covid 19 endemic in Indonesia, with the results of the research supporting abnormal return during the transition period from pandemic to endemic Covid-19 in pharmaceutical sector companies in Indonesia. This shows that the information contained in the transition event has an influence on investors in responding to pharmaceutical subsector stocks before and after the transition event occurs.

In this study, as a form of novelty, the researcher investigated companies from the transportation and tourism sector industries that are most likely to experience negative returns due to the pandemic, during the period of elimination of PPKM implementation is considered to be able to encourage the recovery of economic turmoil in Indonesia. The community's economic activity is

estimated to experience a significant increase gradually. This shows that the information contained in the event of the removal of the PPKM implementation policy has an influence on investors in responding to transportation and tourism sector stocks before and after the event occurs.

The purpose of this study is to analyze the reaction of stock prices before and after the event of the elimination of the implementation of PPKM in Indonesia in companies in the transportation and tourism sectors listed on the IDX. This study uses

Research Methods

This study uses secondary data to examine the difference in Abnormal Returns and Trading Volume Activity of stock prices on the Indonesia Stock Exchange against the policy of eliminating PPKM in 2022 for companies engaged in the Transportation and Tourism Sector. The dependent variable in this study is abnormal return (X1) which is proxied by the closing value of the stock and trading volume activity (X2) is proxied by the number of shares traded divided by the number of outstanding shares. Furthermore, as a dependent variable (Y), namely the policy of abolishing PPKM in 2022, which is an announcement and will be examined for its effect on the two dependent variables, is proxied with the value of the stock market capitalization in the JCI.

The population used in this study is the entire closing share price of companies in the transportation and tourism sector listed on the Indonesia Stock Exchange with a period of 7 (seven) days before the announcement of the PPKM elimination policy and 7 (seven) days after the PPKM elimination policy on December 30, 2022. The sample in this study uses a purposive sampling technique with sample criteria, namely companies in the transportation and tourism sectors that

consistently daily circulate shares on the Indonesia Stock Exchange during the observation period with a total sample of 22 companies from a population of 28 companies.

This study uses the event study method to analyze stock prices against the announcement of the PPKM abolition policy in Indonesia. This method was chosen because it has given valid results in several studies in detecting abnormal returns and trading volume activity compared to other methods. Regression analysis of differential tests is used to examine the difference in abnormal returns and trading volume activity before and after the policy of eliminating PPKM in Indonesia for companies in the transportation and tourism sectors through several stages of calculation and statistics. The test is different from two alternative tests, namely the Paired Sample T-Test which can be carried out if the data meets the assumption of normality, and the Wilcoxon Signed Rank Test which is carried out if the data does not meet the assumption of normality.

Result and Discussion

Descriptive Statistics

The results of the descriptive statistical test of the stock price seven days before and seven days after the announcement of the policy of eliminating PPKM in Indonesia for companies in the transportation and tourism sector listed on the Indonesia Stock Exchange, are as follows:

Table 1
Descriptive Statistical Test Results

	Minimum	Maximum	Mean	Std. Deviation
AAR_SBLM	-.033	-.033	-.00664	.018398
AAR_SSDH	-.004	.082	.01302	.026971
ATVA_SBLM	.001	.008	.00338	.002592
ATVA_SSDH	.001	.026	.00661	.009069

Source: Data processed 2023

Normality Test

The normality test uses the Kolmogorov-Smirnov test with the aim of finding out the normally distributed data that will be used before conducting the differential test. In this study, if the data to be tested has a normal distribution, a parametric statistical difference test will be carried out using a paired sample t-test. However, if the data to be tested has an abnormal distribution, a non-parametric statistical difference test will be carried out using the Wilcoxon Rank Sum Test.

Table 2
Normality Test Results

	Kolmogorov-Smirnova		
	Statistics	Df	Sig.
AAR_SBLM	.176	9	.200*
AAR_SSDH	.333	9	.005
ATVA_SBLM	.185	9	.200*
ATVA_SSDH	.344	9	.003

Source: Data processed 2023

Based on the results of the normality test of abnormal return data before it has a significance value of $0.200 > 0.05$ and the trading volume activity data before showing a significance value of $0.200 > 0.05$, so that it is declared that the abnormal return data before and trading volume activity before it is distributed normally. The test results on abnormal return data after having a significance value of $0.005 < 0.05$ and trading volume activity data after showing a significance value of $0.005 < 0.05$, so it can be stated that the data is not normally distributed. So, in accordance with the method in this study for hypothesis testing using the Wilcoxon Rank Sum Test because in this research data there is data that is not normally distributed.

Hypothesis Test

The following are the results of the Wilcoxon Rank Sum Test share price 7

(seven) days before the announcement of the PPKM elimination policy and 7 (seven) days after the PPKM elimination policy on transportation and tourism sector companies listed on the Indonesia Stock Exchange.

Table 3
Wilcoxon Rank Sum Test Statistical Test Results

	AAR_SSDH - AAR_SBLM	ATVA_SSDH - ATVA_SBLM
Z	-1.481b	-.059b
Asymp. Sig. (2-tailed)	.139	.953

Source: Data Processed 2023

Based on the table of the results of the differential test against abnormal return shows that the policy of eliminating PPKM has no significant effect on abnormal return stock. Average calculation results abnormal return indicates no discrepancy abnormal return before and after the announcement of the PPKM elimination policy, although the change is not significant. An abnormal return with a negative value means that an event brings bad news because the rate of return that occurs is less than the expected return. The absence of abnormal return differences before and after the policy revocation proves that market participants do not overreact to the event so that ettap stock trading activities run normally as usual. This indicates that investors have differences in how they react to market reactions, some investors who assume that market reactions have no effect could be issues that are informed in a positive way, and investors who assume market reactions have no effect because they are seen from the fundamental analysis of the stocks that are focused on (Suharti & Saftiana, 2021). Other factors that cause no discrepancy abnormal return before and after the revocation of PPKM may have been

predicted in advance by market participants. Furthermore, based on tests conducted on trading volume activity, it shows that there is no significant influence before and after the PPKM removal policy. The results indicate that the calculation of the average trading volume activity shows that there is no difference in trading volume in stock prices before and after the PPKM abolition policy. It can be assumed that with no difference in trading volume activity to the policy announcement, investors did not overreact to the event so that stock trading activities continued as usual. As for other factors besides investor reactions, it is possible that there has been an increase in the economy, which means that the growth of companies to increase profits due to the decline in COVID 19 has affected the market reaction before the policy was revoked.

Conclusion

This study shows the results that there is no difference in the share price of companies in the transportation and tourism sector listed on the Indonesia Stock Exchange. The announcement of the revocation of the PPKM policy did not affect the reaction of market participants excessively to the event. The absence of any difference indicates that the economic recovery in Indonesia has begun to move slowly since the decline in COVID 19 cases in early 2022. The limitation of this study is that the variables used only use abnormal return variables and trading volume activity. In addition, it only focuses on the transportation and tourism sectors. It is hoped that further research can add research variables and add research objects to the broader industrial sector.

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