

Financial Performance Registered at IDX BUMN20 After The Covid-19 Pandemic in Indonesia: an Analysis of Abnormal Return, Trading Volume, and Bid-Ask Spread

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ABSTRACT

The COVID-19 pandemic that rocked the globe has had numerous repercussions not only on human health but has had a considerable influence on Indonesia's economy, which has led several sectors to encounter various issues during the current pandemic, one of which was in the banking sector. IDX BUMN20 is a sector that the COVID-19 epidemic has also hit. The goal of this research was to evaluate disparities in financial performance during the COVID-19 pandemic in the banking sector listed on IDX BUMN 20 on the Indonesia Stock Exchange during the 2021–2022 timeframe as observed through anomalous returns, trading volume activity, and bid-ask spread. The research strategy employed is event study research employing quantitative approaches. The analytical approach employed is the paired sample test. The findings of the research reveal that there has been no change in the average abnormal return, trading volume activity, or the average bid-ask spread after the pandemic.

Keywords: COVID-19, Abnormal Return, Bid-Ask Spread, Trading Volume Activity, Banking.

INTRODUCTION

The global COVID-19 pandemic in the year 2020 had far-reaching consequences, including adverse effects on human health as well as economic difficulties in several different industries and widespread fear for the future of many businesses due to the failure of some financial institutions and the closure of others. Stock market performance for 20 shares of regionally owned enterprises (BUMD), state-owned enterprises (BUMN), and their affiliates is tracked by the IDX BUMN20 index. The capital market indices relied upon by various participants continue to be developed and made available by the Indonesia Stock Exchange (IDX). The High Dividend-20 Index, BUMN-20 Index, and JII-70 Index were all released by the Indonesia Stock Exchange on May 17, 2018. The BUMN-20 index's performance makes it a less risky investment option. Research suggests that the government's careful management of SOEs makes them a safer investment than private equities.

According to Sucipto (2018), financial performance is the identification of indicators that show how successfully an enterprise can turn a profit. A company's capacity to make a profit or meet financial goals may serve as a measure of its success. To determine whether or not a firm is financially stable, it is necessary to gather the appropriate data. There is a conflict between financial success and the COVID-19 epidemic. This epidemic has disrupted the financial stability of businesses.

Abnormal returns are a leading indicator of stock market movement. By comparing actual returns with forecasted returns, abnormal returns may be identified. Trading volume activity is the response of the capital market to information, which can be observed via the movement parameter of the number of shares traded. If an announcement contains significant information, the market will respond, as evidenced by the appearance of equity. Changes in the bid-ask spread, the difference between the purchasing and selling price of shares, are another indicator of how the market reacts. This is due to the correlation between a stock's trading volume and bid-ask spread. The greater the amount of trade in stock and the narrower the bid-ask spread, the more liquid the stock is. A stock with a wider bid-ask spread is less liquid because fewer shares change hands at each price point.

Agustina (2016) found a noteworthy change in aberrant returns before and after the occurrence. This contradicts the findings of Ardiyanto (2017), who found no variations in anomalous returns before and after the shift of the minister of commerce and, therefore, concluded that enterprises in the trade sector did not react to the news.

Suriani's (2019) study reveals variations in trade volume activity both before and after the event, while other studies have shown conflicting outcomes. Ardiyanto's (2017) findings demonstrate, therefore, that trade volume activity before and after the incident changed dramatically. Anissa (2017) found no

statistically significant variation in trade volume activity before and after the incident; hence, these findings contradict her findings.

From the perspective of the bid-ask spread, it is clear that there is a discrepancy between the findings of Suriani (2019), who finds a significant difference between the bid-ask spread before and after the announcement of the event, and the findings of Celinawati (2019), who finds no such discrepancy.

Previous research by Hidayat (2021), titled Comparative Analysis of Financial Performance and Company Value Before and During the COVID-19 Pandemic, found that financial performance and company value varied across industries before and during the pandemic. The market value and earnings per share both collapsed. Rahmani (2020) found that the worldwide COVID-19 pandemic was having a detrimental impact on the LQ-45 business sector. His paper was titled The Impact of COVID-19 on Stock Prices and Company Financial Performance. Which measures have the worst history of accuracy? CAR, NPL, and BOPO showed significant pre- and post-epidemic performance differences among the 43 financial institutions studied, whereas ROE and LDR did not. The purpose of this research is to examine the pre-, during-, and post-outbreak impacts of the COVID-19 pandemic on the anomalous return, bid-ask spread, and trading volume of IDX BUMN20.

LITERATURE REVIEW

Abnormal Returns

Because of the high potential for gain or return on investment, investors are encouraged to put money into the market (Amin, 2020). When a security's actual return differs significantly from its expected return, we say it has an abnormal return (Jogiyanto, 2017). Positive abnormal returns occur when actual returns exceed expectations, while negative abnormal returns occur when actual returns fall short of expectations (Ong & Ng, 2018).

Trading Volume Activity

The amount of shares that change hands on the stock market is indicative of the health of a firm (Amin et al., 2022). Examining stock trading activities via the liquidity of the company's shares allows one to gauge the level of trading volume activity (Amin, 2022). Indicators such as trading volume may be used to gauge how the market currently responds to news about certain firms (Amin & Irawan, 2021).

Bid-Ask Spreads

An order-driven market system and a continuous production system are used in Indonesia's capital market, as stated by research by Maulina, Sumiati, and Triyuwono (2010). If they wish to purchase or sell shares, sellers must go via a broker in the order-driven market system. Investors are prohibited

from making purchases and sales directly on the trading floor and are instead required to use a broker who acts on their behalf.

According to the logic behind the bid-ask spread, traders account for three different expenses when setting the spread: handling orders, keeping track of stock, and mitigating the effects of adverse selection. The dealer's continuous market presence and the administrative expenses of changing the name are included in the total price of processing an order. The expenses of managing inventory include lost profits, market fluctuations, transaction fees, and time spent maintaining accurate records. Dealers are compensated for the risk of dealing with persons who have more accurate knowledge about the security's equilibrium price by the cost of averting losses. These expenses emerge, in other words, because market actors disperse knowledge unevenly.

Financial Performance

The Indonesian Institute of Accountants (IAI) claims that a company's bottom line is directly related to how well it manages and controls its resources. According to Sucipto (2018), financial performance is identifying and measuring the factors that affect an organization's ability to turn a profit. Financial performance, therefore, is the extent to which an organization can make optimal use of its resources to accomplish its objectives, and it is an activity or process that the organization must engage in if it is to exist. Sound fiscal management should be practiced everywhere to avoid overspending or underspending, which might eventually lead to financial ruin.

Financial management includes the activities of acquiring and financing assets as well as overseeing their management (Horne & Wachowicz Jr., 2012: 2). Managing money encompasses everything from saving to investing to giving (Riyanto, 2013: 4). Stocks and bonds are examples of capital market financial instruments, with the proceeds often being reinvested inside the issuing company (Fahmi, 2013: 55).

Banking Concept

When achieving their goals, Indonesian banks rely heavily on the maxim of caution. The primary features of Indonesian banking are the collection and distribution of public monies, with the ultimate goal being to facilitate the implementation of national improvements within a framework of equality, improvement, economic growth, and national development. Commercial banks and people's credit banks both contribute to Indonesia's banking system. Commercial banks are those that take deposits from the general public. In contrast, people's credit banks cannot accept demand deposits, engage in commerce in foreign currency, or participate in the payment process. (Ojk.go.id).

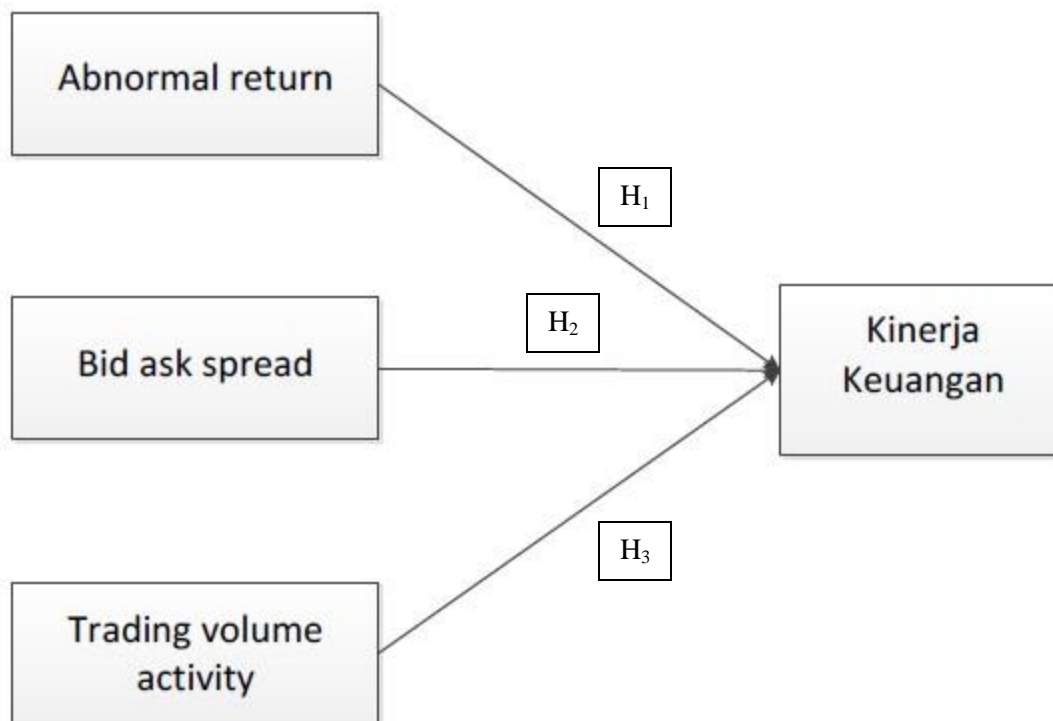


Figure 1. Conceptual Framework

Hypothesis

H₁: After the COVID-19 pandemic, IDX BUMN20-listed firms had abnormal returns that significantly impacted their financial performance.

H₂: After the COVID-19 epidemic, the bid-ask spread had a significant impact on the financial performance of enterprises listed on the IDX BUMN20.

H₃: IDX BUMN20-listed firms' financial results following the COVID-19 pandemic were significantly impacted by trading volume activity.

RESEARCH METHODS

Data Types and Sources

An event study describes this kind of investigation. The impact of an event on stock prices in the financial market may be studied using event studies. Studying the stock market's reaction to an event, such as the existence or absence of anomalous returns, trading volume activity, and the bid-ask spread gained by shareholders, is called an event study. Since this research depends on precise, methodical computations for hypothesis testing, a quantitative methodology was used.

This study relies on secondary sources for its data. The Indonesia Stock Exchange's annual bank financial reports in 2021 and 2022 serve as the secondary data utilized. Information for this study was gathered from www.idx.co.id and www.ojk.go.id, the official site of Indonesia's Financial Services Authority.

Population and Sample

Tangible items, abstract concepts, events, and symptoms make up the study population since they are examples of the same thing. Research objects might be anything from concrete items to conceptual frameworks to concrete experiences to subjective symptoms that share commonalities. It is assumed that the sample accurately reflects the total population whose characteristics are being studied.

Companies operating in the years 2021 and 2022 and included in the sample were all found to be members of the IDX BUMN 20. Purposive sampling was employed to pick the study's sample, and the participants were chosen according to a set of criteria.

Analysis Techniques

Descriptive statistics were utilized to calculate the mean, median, minimum, maximum, and standard deviation of the study's three independent variables (abnormal return, trading volume activity, and bid-ask spread). Next, compare your data distribution to a normal distribution using the Kolmogorov-Smirnov test. After that, we used SPSS to conduct paired t-tests. Average abnormal returns, trading volume, and the bid-ask spread are analyzed to see whether they change after the epidemic.

RESULTS

Results of the normality test state that the three variables (x) are distributed normally. So that this research can be continued using the paired sample t-test using the SPSS program to see the effect between variable (x) and variable (y). The test results of the three hypotheses in the study. This served on the following table 1.

Table 1. Results Test Paired sample T-Test

Information	<i>Abnormal returns</i> Before- After	<i>Bid-ask</i> <i>spreads</i> Before-After	<i>Trading volume activity</i> Before -After
<i>Means</i>	0.0023200	- 0.0007499	0.0001262
<i>Min</i>	- 0.0067807	- 0.0015676	- 0.0014257
<i>Max</i>	0.0105308	0.0001619	0.0010923
Sig.(2-tailed)	0.562	0.0899	0.814

Source: Processed Primary Data, 2023

Table 1. shows the results of a paired t-test on anomalous returns for the years 2021 and 2022 after the pandemic, with a mean value of 0.0023200 and a range of -0.0067807 to 0.0105308.

Furthermore, the significance value of $0.562 > 0.05$ from a paired sample t-test indicates that unusual returns have no appreciable impact on the reported financial performance of IDX BUMN20 after the COVID-19 pandemic; hence, H_1 is rejected.

The results of these tests are summarized in Table 1. After the COVID-19 pandemic, regular bid-ask spreads might fall as low as -0.0007499 . His worst score is -0.0015676 , and his best is 0.0001619 . A difference of 0.093 was found using the paired sample t-test. After the COVID-19 pandemic, the rejection of H_2 owing to a mark significance as considerable $0.0899 > 0.05$ demonstrates that the bid-ask spread does not significantly affect the reported financial performance of IDX BUMN20.

Average trade volume in 2021–22 ranged from 0.0001262 to -0.0014257 following the pandemic, with a high of 0.0010923 . Furthermore, the paired sample t-test demonstrates that the correlation between trading volume activity and the financial performance of registered IDX BUMN20 institutions after the COVID-19 pandemic is not statistically significant ($0.814 > 0.05$); hence, H_3 is also rejected.

DISCUSSION

There is a significant difference in average anomalous returns, disproving the null hypothesis (H_1). Although the market reacted to the incident, as shown by a change in the distribution of prices before and after the event, there was little change in the average abnormal return for the two years before and following the event, suggesting that events and changes in measurement time had little effect. This means the statistical study found no significant differences in the average anomalous returns. Anissa (2017) also reported no change in the average aberrant return before and after the incidence; therefore, our results are compatible with hers. Study Ardiyanto (2017) found that firms in the trading sector have yet to respond to the announcement of the replacement minister of trade, as demonstrated by the absence of a substantial change in their average abnormal returns before and after the event.

Tests reveal that (H_2) is valid, indicating that the average bid-ask spread was unaffected by the epidemic. This is because investors need more data to make educated selections. Analysis of Results Celinawati's (2019) research, in which he found no indication of a significant influence on bid-ask spreads before or after an event, is consistent with our results.

According to the third hypothesis test (H_3), there is no statistically significant difference in the average volume of flat transactions before and after the epidemic. This finding contradicts the third hypothesis test (H_3), which suggests that the event's coverage of the IDX BUMN20 stock index needs to be more extensive and unimportant. This information demonstrates how minor and unimportant the event's coverage of the IDX BUMN20 stock index is. Analysis of Results Our results are comparable with

those of Anissa (2017), who found no statistically significant connection between pre- and post-incident trading volume variations.

CONCLUSION

Abnormal returns did not have a significant effect on the financial performance of IDX BUMN20-listed companies during the COVID-19 pandemic. The bid-ask spread has no significant effect on the financial performance of IDX BUMN20-listed companies after the COVID-19 pandemic. Trading volume activity did not have a significant effect on the financial performance of IDX BUMN20-listed companies during the COVID-19 pandemic.

Based on the discussion results and conclusions presented, many factors influence the stock returns of the State-Owned Enterprises Index (BUMN-20) in Indonesia, such as policy interest rates, inflation, and exchange rates. However, world oil prices and the COVID-19 pandemic did not impact abnormal returns, trading volume, or the bid-ask spread.

SUGGESION

The research's ability to measure and assess the impact of the COVID-19 event on anomalous returns, trading volume, and the bid-ask spread is constrained by the data period employed in the analysis and the data tabulation it has access to. In light of this, future studies should take a broader view of data tabulation and its collection.

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