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Financial Performance and Share Price: Evidence from Manufacturing Firms Before and During the Covid-19 Pandemic

Kinerja Keuangan dan Harga Saham: Bukti dari Perusahaan Manufaktur Sebelum dan Selama Pandemi Covid-19

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Abstract

The study aims to analyze the effect of financial performance on stock prices. Financial performance is described through five financial ratios as independent variables, namely current ratio, debt equity ratio, return on assets, return on equity and asset turnover, with stock price as the dependent variable. 436 manufacturing companies listed on the Indonesia Stock Exchange (IDX) were used as a sample, which is the 2019-2020 research year (the period before and during the pandemic). Data analysis using multiple linear regression. The results showed the current ratio and return on assets have an effect on stock prices. In addition, in separate tests based on periods, only current ratio had a negative effect on the pre-pandemic period, and return on assets had a positive effect during the pandemic on stock prices. These findings contribute empirically by adding to the literature regarding financial ratios that affect stock prices before and during a pandemic.

Keywords: Financial Performance, Manufacturing Firms, Covid-19 Pandemic, Stock Price.

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Abstrak

Penelitian ini bertujuan menganalisis pengaruh kinerja keuangan terhadap harga saham. Kinerja keuangan digambarkan melalui lima rasio keuangan sebagai variabel independent, yaitu current ratio, debt equity ratio, return on asset, return on equity dan aset turnover, dengan harga saham sebagai variabel dependen. 436 perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) digunakan sebagai sampel, dimana tahun penelitian 2019-2020 (periode sebelum dan selama pandemi). Analisis data meng-gunakan regresi linear berganda. Hasil penelitian menunjukkan current ratio dan return on asset berpengaruh terhadap harga saham. Selain itu, pada pengujian terpisah berdasar periode, hanya current ratio yang berpengaruh negatif periode sebelum pandemi, dan return on asset berpengaruh positif selama pandemi terhadap harga saham. Hasil temuan ini berkontribusi secara empiris dengan menambah literature mengenai rasio keuangan yang berpengaruh pada harga saham sebelum dan selama pandemi.

Kata Kunci: *Kinerja Keuangan, Perusahaan Manufaktur, Pandemi Covid-19, Harga Saham.*

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INTRODUCTION

The Covid-19 pandemic which has become a world phenomenon, including Indonesia, has had a huge impact, especially on the economic system (Karim *et al*., 2021). One of the perceived monetary impacts is the decline in the value of transactions in the capital market and related securities. In accordance with statistical information from PT. Indonesian Central Securities Depository (KSEI), the number of investors in the capital market in 2018-2019 doubled by 53.41 percent; and throughout the 2019-2020 pandemic it was increasingly widespread with an increase of 56.21 percent (Fadly, 2021). This happened because the pandemic imposed stricter guidelines, including social distancing, which buyers then used to divert their capital into the inventory quarter from the actual quarter (Karim *et al*., 2021). However, the large number of buyers does not keep pace with the decrease in transactions during the pandemic; data from the Indonesia Stock Exchange (IDX) showed a decrease in transactions of 24.74 percent. Likewise, the boom is also explained through the causes of many stocks falling, so that it will be an opportunity to make investments even though losses must be expected from fluctuations in costs (Binekasri, 2021). Modifications of the rise and fall of inventory costs in the capital market can be caused by internal and external factors.

Karim *et al*. (2021) also explained that Covid-19 was one of the reasons for the external element to adjust inventory costs. External factors consist of macroeconomic fundamentals, the rupiah's trading exchange rate against foreign currencies, government policies, panic factors, and market manipulation. On the other hand, internal elements are agency fundamentals, the movement of the employing company, and projections of organizational performance into the future (Pratama, 2021). Karim *et al*. (2021) examined external factors in price changes, including the influence of Covid-19 on the movement of the Jakarta Composite Index (IHSG) through the use of daily data on Covid-19 cases and the duration of the daily JCI from March to April 2020, and concluded the results of the partial test that for every 1 percent increase in Covid-19 cases, the JCI could be corrected by 0.03 percent.

The consequence of an assessment of more than one equation with the JCI is that it gives normal results with a partial examination that the better the Covid conditions, the weaker the JCI (Sari & Haryanto, 2016). Research conducted by Susilawati (2005) regarding the effect of monetary ratios (return on assets, return on fairness, charge to e-book value, rate earning ratio, profit margin, and working earning margin) on inventory costs in the manufacturing business for the duration of the information 1999-2003. The results of this study get the result that financial ratios have a large effect on stock prices. Yuliyanti (2014) examined the impact of monetary performance on stock prices in the automotive group and elements on the IDX using the 2013 financial report statistics; The variables used are charge earning ratio, charge to ebook cost, and profit in step with share, concluding that all variables have a large influence on stock prices. The observed studies provide clues for future researchers to display statistics (number of firms, number of years or economic ratios, and various factors including macro and micro factors), in addition to the addition of different analytical models. Therefore, this study examines financial performance against stock prices, with the assumption that under certain conditions, such as a pandemic, there may be variations and interesting findings to explain.

The Covid-19 phenomenon and the internal elements of securities monetary performance that affect the cost of shares prompted researchers to look at the impact of financial performance on inventory costs by entering monetary data on production companies in 2019 before the Covid-19 pandemic, as well as in 2020 during the long duration of Covid-19. Five monetary ratios are used to

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measure overall financial performance, namely the current ratio, debt equity ratio, return on assets, return on equity, and asset turnover; with stock price as the dependent variable. The selection of a slightly exclusive monetary ratio from previous researchers is one of the novelties of the study. This study analyzes the impact of economic performance simultaneously, then divides it based on the length before and during the pandemic using more than one linear regression model.

LITERATURE REVIEW

Signaling theory explains why corporations provide statistics in the form of monetary reviews to external parties (Madurapperuma, 2022). The document provision was due to information asymmetry between internal and external corporate parties (Mamun & Chowdhury, 2022). Economic reports that are reliably disclosed can limit future uncertainties (Mariana, 2017). In line with Sutisman *et al*. (2010), the overall financial performance should be evaluated by using financial statement reading. The tools used in reading are monetary ratios. Alarussi (2021) explains that some of the advantages of financial statement analysis are to get facts along with economic performance, financial position and cash flow.

In addition, it can be used to determine the company's weaknesses and soundness (Fenyves *et al*., 2020). Critical evaluation used in estimating inventory costs consistent with profits and dividends, expected levels of activity, and organizational harm; additional analysts add an analysis of economic conditions, first-class control, and corporations, and their companies (Satria & Hatta, 2015). The widely used monetary ratios consist of balance sheet ratios and income statements (Yuliyanti, 2014). Ratios can be divided into several types, namely: (a) liquidity ratios used to measure short-term liability capabilities, which consist of cutting-edge ratios and short ratios; (b) the leverage ratio used to measure the level of use of cash obtained through loans, the ratio that can be used is the fairness ratio of debt and the ratio of debt to total assets; (c) coverage ratio, namely the relationship between various economic burdens and ability to pay; (d) activity ratio which measures the extent to which the effectiveness of the use of property, the ratio that can be used for hobbies in debt, stock interest and receivables activity; and, (e) profitability ratios that measure the organization's capacity to earn revenue. agency income can use gross income or gross income. It also stated that many factors which include overall economic performance, inflation, interest costs, rate of change, monetary element, shipping and buyer demand, buying and selling rates and stock price volatility, impact inventory costs. Mariana (2017) said that if monetary performance is in a good situation, it will have an impact on increasing inventory costs.

Fundamental Factors Affecting Stock Prices

Several fundamental factors are seen to affect stock prices. This study uses five variables from several studies that have been conducted. Rosyadi's research (2002) examines the relationship between overall economic performance and inventory costs with unbiased variables consistent profit with percentages, dividends consistent with percentages, net profit margins, return on property, and debt-to-fairness ratio. The research population has criteria, namely the group that is registered on the Jakarta Stock Exchange (JSX) until December 2022 and has been protected in a maximum of 20 active stock companies from January 1993 to December 1994, with a sample of 25 companies. The results confirm that the partial profit is consistent with the stock, return on assets, gross income margin, and debt-to-equity ratio have an impact on changes in the cost of shares.

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Anastasia *et al*. (2003) examined the analysis of essential factors and systematic risk of the cost of property stocks on the JSX. The important elements used are return on property, return on fairness, cost of the ebook, payout ratio, debt to equity ratio, desired return price, and beta (systematic risk) as an independent variable, and the cost of shares as an independent variable. Sampling was carried out using a purposive sampling approach, so that only thirteen businesses were studied because they had complete economic reports from 1996-2001. The results of the assessment show that the fundamental elements have the greatest impact on inventory costs, but the lowest book prices have an effect on inventory costs.

Research conducted by Wijaya & Darmawan (2014) analyzed important factors on stock prices with unbiased variables, namely return on property, return on assets, internet earnings margin, debt to fairness ratio, coins to overall property, general asset turnover, and consistent profits with shares. The analytical approach used is linear regression assisted by SPSS version 20. Observations using the pattern of production organization from 2009-2011. The results confirm that return on asset, earnings per proportion, debt to fairness ratio, cashTA, and overall asset turnover affect the cost of shares. In contrast, the return on asset and profit margin variables no longer substantially affect costs.

Sha's research (2017) tested the effect of dividend coverage, liquidity (modern-day ratio), net earnings margin, return on equity, and fee-to-book prices on inventory costs of manufacturing companies indexed on the IDX with a sample of financial records in 2010- 2013. The evaluation results of multiple linear regressions show that the independent variable has an impact on the dependent variable. However, the least portion of the dividend has a significant effect on the stock price, while the remainder, together with the modern ratio, has no extensive effect on the price.

Efendi & Ngatno (2018) tested the effect of returning goods on inventory costs, intervening with the profit per proportion variable. This research was tested by linear regression method using SPSS. The results showed that the return on assets does not significantly affect stock prices because of the non-qualified income situation. Susilawati (2005) tested the effect of economic ratios on stock prices of the manufacturing group between 1999-2003; with the variables used are returned on assets, return on asset, charge to ebook fee, fee incomes ratio, net earnings margin, and working earnings margin. The results showed that some only return on equity and rate to ebook value have a large impact on stock prices.

Ridha (2019) examined the impact of monetary ratios, business firm size, and operating cash flow on inventory costs, with the economic ratio variables used namely return on fairness, general asset turnover, net profit margin, debt to equity ratio, and present day ratio. The samples used were 164 institutions with standards registered at ISSI in 2012-2017. This study uses more than one stage of regression evaluation with the help of SPSS. The results showed that return on equity, overall asset turnover and company size affect inventory costs. In the assessment, the income margin, debt-to-equity ratio, modern-day ratio and operating cash did not affect the cost of the shares.

Azzahra & Ramadhan (2021) tested the effect of debt-to-equity ratio and modern and fee-income ratios, on the cost of supplies. The results of this study show that the debt to fairness ratio, modern-day ratio and fee earning ratio have a large but not significant effect on stock prices. The cutting-edge ratio, which is undeniably related, indicates that a company's ability to repay its debts is increasing and that the share price will increase, although not large enough to cause a change in inventory costs.

Based on several previous theoretical and empirical findings above, two main hypotheses were developed in this study as follows:

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H1: Current ratio, debt equity ratio, return on assets, return on equity, and asset turnover, affect stock prices.

H2: There is a difference between the period before and during the pandemic from the effect of the current ratio, debt equity ratio, return on assets, return on equity, and asset turnover on stock prices.

METHOD

This quantitative research is using purposive sampling, namely manufacturing firms listed on the Indonesia Stock Exchange in 2019 and 2020, to represent conditions before and during the pandemic. As the aim of this study, panel data was used as the secondary data sourced from the OSIRIS database and yahoo finance. Previously, researchers had selected samples based on data completeness, where data was excluded if there were missing or incomplete data. The population was 490 firms, and the cleansing phase was carried out by excluding missing data so that 436 samples were obtained.

The variables used were composed of six independent variables and one dependent variable. Independent variables include the current ratio, debt-equity ratio, return on assets, return on equity, and asset turnover; meanwhile, stock price as the dependent variable. Current ratio is calculated by dividing current assets by current liabilities (Mamun & Chowdhury, 2022); debt equity ratio divides total debt by equity (Aggarwal, 2022); return on assets divides net profit before tax with total assets (Salina *et al*., 2021); return on equity is net profit after tax with equity (Salina *et al*., 2021); and, asset turnover divides sales by assets (Alarussi, 2021). Moreover, stock price can be found using the share prices - share prices-1, which is then divided by the share price (Fenyves *et al*., 2020).

This study conducted classical assumption tests (i.e., normality, multicollinearity, and heteroscedasticity) to ascertain whether the data used was sufficient and feasible to proceed to the variable testing process stage. In testing the hypothesis, this study uses multiple linear regression with STATA in an attempt to analyze the effect before and after the Covid pandemic.

RESULTS

Classic Assumption Tests

As directed by previous research, this study tested the classical assumptions which include normality, heteroscedasticity, and multicollinearity. The normality test uses the p-plot test to ensure the data is usually distributed. Figure 1 shows that this first test was fulfilled by meeting the requirements for the points spreading around the diagonal line and following the direction of the diagonal line (Sekaran & Bougie, 2016).

Table 1 shows the results of the heteroscedasticity and multicollinearity tests. The Breusch–Pagan/Cook–Weisberg test was used to test heteroscedasticity, where the p-value was 0.219 or greater than 0.05. Thus it is stated that there are no symptoms of heteroscedasticity (Sekaran & Bougie, 2016). Next, the results of the multicollinearity test obtained a Tolerance value greater than 0.1 and a VIF value less than 10. Based on these results it is stated that the regression model used in this study does not contain symptoms of multicollinearity (Ghozali & Latan, 2015).

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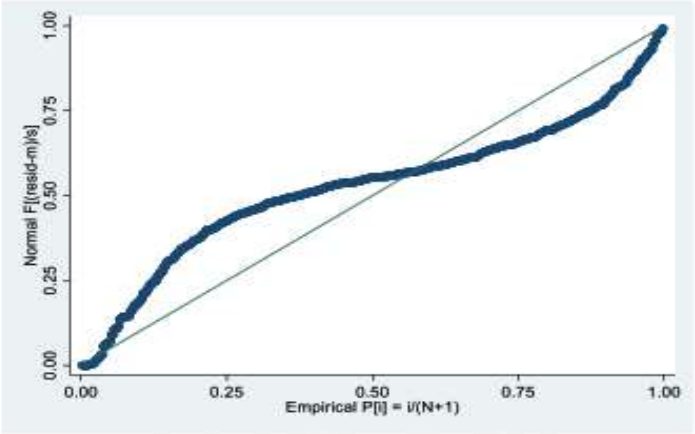


Figure 1. Normality P-Plot Test Results
Source: Secondary data (processed), 2022.

Table 1. Heteroscedasticity and Multicollinearity Test Results

Breusch–Pagan/Cook–Weisberg Test for Heteroskedasticity		
chi2(1)	=	1.51
Prob > chi2	=	0.2197

Multicollinearity Test			
Variable	VIF	1/VIF	Results
CR	1.00	0.996	Multicollinearity Free
DER	1.74	0.574	Multicollinearity Free
ROA	1.63	0.612	Multicollinearity Free
ROE	2.45	0.407	Multicollinearity Free
ATO	1.06	0.945	Multicollinearity Free

Source: Secondary data (processed), 2022.

Table 2. Descriptive Statistics Results

Variable	Mean	Median	Std Dev	Min	Max
SP	-0.030	0.000	0.376	-0.813	-0.813
CR	3.983	1.434	29.928	0.027	0.027
DER	1.795	0.824	3.845	0.016	0.016
ROA	1.464	2.065	11.374	-88.450	-88.450
ROE	-4.993	2.450	47.132	-548.600	-548.600

Source: Secondary data (processed), 2022.

Descriptive and Pearson Correlation Results

Table 2 displays descriptive statistics for all samples, namely SP, calculated from the price difference divided by the previous period's price. SP in this sample has a minimum value of -0.813, a maximum of 1.160, and a mean of 0.030. In contrast, CR has a minimum value of 0.027, a maximum of 612.425, and a mean of 3.983. This shows that the research sample has below average ability to pay its short-term obligations.

Table 3 shows the relationship test between one variable and another using the Pearson correlation with parameters that are divided into three, namely the values will have a correlation at 1, 5, and 10 percent (Sekaran & Bougie, 2016). This test shows that CR has a significant correlation at

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the 5 percent and is negative with a coefficient of 0.105 to SP. ROA is significantly correlated at the 1 percent and is positive (coeff = 0.171), and ROE is significantly correlated at the 5 percent and is positive (coeff = 0.122) to SP. In contrast, the DER and ATO variables themselves do not correlate with SP. The variables shown in CR do not correlate with variables other than SP.

Table 3. Pearson Correlation Results

	SP	CR	DER	ROA	ROE	ATO
SP	1.000					
CR	-0.105**	1.000				
	(0.029)					
DER	-0.063	-0.043	1.000			
	(0.186)	(0.369)				
ROA	0.171***	-0.016	-0.158***	1.000		
	(0.000)	(0.732)	(0.001)			
ROE	0.122**	0.009	-0.588***	0.580***	1.000	
	(0.011)	(0.850)	(0.000)	(0.000)		
ATO	-0.020	-0.041	0.196***	0.046	-0.016	1.000
	(0.679)	(0.393)	(0.000)	(0.339)	(0.740)	

Note: *p*-values in parentheses; $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$
Source: Secondary data (processed), 2022.

Table 4. Regression Testing Results

	(1)	(2a)	(2b)
	(All Sampel)	(Before Pandemic)	(After Pandemic)
	SP	SP	SP
CR	-0.001**	-0.001**	-0.001
	(-2.21)	(-2.05)	(-0.36)
DER	-0.003	0.002	-0.006
	(-0.49)	(0.20)	(-0.77)
ROA	0.005***	0.005	0.006**
	(2.63)	(1.22)	(2.58)
ROE	0.000	0.001	-0.000
	(0.18)	(0.58)	(-0.12)
ATO	-0.003	-0.006	0.004
	(-0.52)	(-0.71)	(0.40)
Cons.	-0.021	-0.074**	0.021
	(-0.94)	(-2.05)	(0.63)
r2	0.042	0.047	0.060
r2_a	0.031	0.025	0.037
N	436	223	213

Note: *p*-values in parentheses; $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$
Source: Secondary data (processed), 2022.

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Hypothesis Test Results

This study examines whether the independent variables (i.e., current ratio, debt to equity, return on assets, return on equity, and asset turnover) are related to stock prices before and during the pandemic. This study uses OLS regression involving the dependents and all independents in the model, which are tested simultaneously and separately by period. The hypothesis testing parameters are divided into three, namely the value will correlate with the level of 1, 5, and 10 percent (Sekaran & Bougie, 2016). The results of testing the hypothesis are shown in Table 4. Specification 1 present the results of the entire sample regardless of period (N = 436) and differentiated by period before the pandemic (Specification 2a, N = 223) and during the pandemic (Specification 2b, N = 213). In specification 1, it can be seen that CR is significantly related at the 5 percent (t = -2.21) and negative (coeff=-0.001) with SP. If the current ratio increases, then the stock price will decrease; vice versa. In this case, companies with higher CR will reduce stock prices in the same period. In addition, in specification 1, there is also a ROA variable that shows significance at the 1 percent level (t = 2.63) and positive (coeff = 0.005) with SP. That is, if ROA increases, then the stock price will increase; vice versa.

Based on Table 4, specifications 2a and 2b are intended to prove what variables are related to SP in the period before and during the pandemic. The results are interesting. There is only one variable significantly related to each period; in specification 1, it is found two of the five independent variables were tested in this study. First, only the CR variable (specification 2a) is significantly related at the 5 percent level (t = -2.05) and negative (coeff = -0.001) with the SP period before the pandemic. This means that in this case as the research sample, the manufacturing companies with high current ratios will lower their stock prices during the pre-pandemic period, but not during the pandemic (see specification 2b). Second, a positive relationship is only shown by ROA at the 5 percent level (t = 2.58) and positive (coeff = 0.006) to the stock price during the pandemic, but not in the previous period. This means that ROA during a pandemic will show an increase in stock prices, but not in the previous period. Other variables, namely the debt-to-equity ratio, return on equity, and assets turnover, do not show any relationship in this modeling test.

Discussion

Effect of Current Ratio on Stock Prices

The results of this study indicate that current ratio (specification 2a) is significantly and negatively related with stock prices in the pre-pandemic period, because of this manufacturing companies show with high modern-day ratios will lower their inventory fees for the duration of the pre-pandemic period, but not during the pandemic (specification 2b). However, the present day ratio variable extensively affects the inventory charges of manufacturing corporations indexed on the inventory trade from 2019 to 2020 to represent situations earlier than and after pandemic. Under regular occasions, contemporary ratios of -2.05 and -zero.36 can be considered true, whilst less than 1 suggests the lifestyles of quick-term debt used to finance contemporary belongings. This ratio is calculated with the aid of dividing contemporary property with the aid of liabilities (Mamun & Chowdhury, 2022). Short-term liquidity is also good sized due to the fact it is able to purpose corporations to head bankrupt (Mamun & Chowdhury, 2022). The results showed current ratio that significantly and negatively affect stock prices remain consistent both before and during the Covid-19 pandemic. It can be explained that high assets mean that many assets are unproductive, so they are

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considered less profitable, causing a decline in stock prices, according to research (Anjayagni & Purwawati, 2020).

In looking on the contemporary ratio, the analysis have to also bear in mind the agency's situations and surroundings, including control plans, the industrial zone, and wellknown macroeconomic conditions (Madurapperuma, 2022). The existence of an destructive effect between the modern ratio on stock price is strengthened by Aggarwal's research (2022), which states that the cutting-edge ratio has a great impact on business enterprise inventory charges with a poor relationship. It has a bad influence due to numerous elements posed by means of the agency, particularly the company's overall performance which isn't always simplest healthy independently but additionally for the future it should have reasonable possibilities (Salina *et al*., 2021). In the meantime, risky enterprise prospects result from risky economic conditions (Madurapperuma, 2022). Similarly, the modern-day ratio has obstacles in which the present day ratio is a static or constant degree that measures the sources to be had at a particular time to fulfill current obligations (Mbona & Yusheng, 2019). The sources available today are not sufficient to represent future cash inflows. The weak point of the current ratio may be a "window dressing" via the control, which can take specific steps to make the stability sheet look desirable to provide an exceptional cutting-edge ratio. Given this possibility, traders can be careful in choosing which ratios to bear in mind, so they will now not consist of the contemporary ratio of their concerns. If so, the contemporary ratio then will not have an effect on the selection or inventory price. This research is in assessment to investigate carried out with the aid of Alarussi (2021), which suggests that liquidity proxied through the current ratio definitely influences inventory prices. The greater the ratio of modern-day assets to modern liabilities, the higher the organisation can cowl its quick-time period liabilities.

Effect of Debt to Equity Ratio on Stock Prices

The results indicate that the debt-to-equity ratio does not affect the stock prices of manufacturing companies listed on the Indonesia Stock Exchange from 2019 to 2020 to represent conditions before and after pandemic. DER is a ratio that suggests the capacity of the enterprise's capital to satisfy all of its duties and what sort of the organization's operational sports are financed through debt. The higher DER shows that the corporation relies upon on debt in fulfilling its operational sports. The more tremendous the position of price range originating from outside as compared to very own capital, the greater the chance that have to be borne by the organisation, in this example, a manufacturing employer. The smaller the ratio, the better the financing; a ratio of more than 1 shows that the financing will bear the more considerable chance from the owner. The following studies become conducted via Aggarwal (2022), wherein debt-to-equity ratio does now not affect inventory prices, as well as studies conducted by Karim *et al*. (2021) which helps that the debt-to-equity ratio hurts the business enterprise's inventory rate. DER juga dinyatakan do not affect stock prices according to Ridha (2019) and Anastasia *et al*. (2003) studies.

Capital investors or traders do now not consider the debt-to-equity ratio in making investment selections. A high debt-to-equity ratio shows that many loan funds are used by manufacturing corporations of their operations. Assets financed by debt can offer distinct blessings for manufacturing companies. Although high debt can pose a large threat to the company, this danger isn't always so influential because debt is a commonly used supply of finances. Even though the organisation's debt degree is getting larger, it does no longer mean that the bank's prospects aren't exact due to the fact the debt is rational enough to run its sports. However, this is in evaluation to

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investigate conducted through Alarussi (2021), where the debt-to-equity ratio has a bad and sizable impact on modifications in inventory prices. Yunus & Simamora's research (2021) additionally shows that the debt-to-equity ratio has a superb and considerable affect. Yuniarti (2022) also said the results of her studies that the debt-to-equity ratio has a bad and sizeable impact on the corporation's stock charge.

Effect of Return on Assets on Stock Prices

The results indicate that the variable return on assets (specification 2a) is significantly dan positively related to stock prices during the pandemic, but not in the previous period. It means that the return on assets throughout the pandemic will show an increase in inventory costs, however no longer in the previous period. The return on property, however, substantially impacts the inventory charges of producing agencies indexed at the IDX from 2019 to 2020 to symbolize situations before and after pandemic. The results showed that the return on asset positively impacts stock expenses, which means the greater the return on asset, the better the enterprise's stock rate; vice versa. Return on assets gives a higher measure of organization profitability because it shows the effectiveness of management in the use of assets to earn earnings (Salina *et al*., 2021). It is explained that the better the return on assets of an enterprise, the greater the level of profit finished via the employer. Return on assets is an evaluation among earnings before interest and taxes with the full assets owned by using the agency.

A fine return on assets shows that of the whole property used to perform, the corporation can generate income for the employer. Conversely, if the return on assets is bad, it indicates that the agency incurs a lack of the total assets used. So if a corporation has a excessive return on assets, the enterprise has an remarkable opportunity to growth. However, if the total assets the employer uses do now not provide profit, the organisation will experience losses and avoid boom. Return on assets wishes to be taken into consideration by investors in investing in shares due to the fact return on asset acts as a trademark of a agency's efficiency in using assets to earn income. The results displayed the same consequences as Alarussi's studies (2021), which states that return on assets influences business enterprise stock price. In contrast to the research performed by Salina *et al*. (2021), which stated that return on assets has a poor and insignificant impact on inventory expenses. Inconsistency with the results, prior to the pandemic, ROA had a positive but not significant effect on stock prices, according to research conducted by Susilawati (2005), Wijaya & Darmawan (2014), and Efendi & Ngatno (2018); and when using data all (2019-2020) and during the pandemic (2020), ROA has a significant positive effect on increasing stock prices, according to Rosyadi's research (2002). ROA, which positively affects stock prices, means that the higher the ROA, the better the company generates profits from its assets. ROA has a significant effect; it can be explained that the better the company generates profits, the higher the stock price; but if the effect is not significant, even though ROA is high, it does not affect stock price movements. It can be caused by other factors not included in this study.

Effect of Return on Equity on Stock Prices

The results indicate that return on equity does not affect the stock prices of manufacturing companies listed on the Indonesia Stock Exchange from 2019 to 2020 to represent conditions before and after pandemic. This ratio describes the enterprise's turnover or performance level in using capital (Salina *et al*., 2021). This suggests how a whole lot capital can generate profits from its

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funding. primarily based on the consequences of this have a look at, return on equity does not affect the inventory charges of producing businesses listed on the IDX from 2019 to 2020 to symbolize conditions before and after pandemic. The results related to the effect of the ROE variable, which does not affect stock prices, support Sha's (2017) and Anastasia *et al*. (2003) studies.

Return on equity does no longer have an effect on inventory expenses due to the fact the earnings earned isn't following the invested capital. This means that the company can't generate its very own capital because it is very depending on investor capital and outside loans, so buyers do now not examine the return on equity in making an investment. At this level of return on equity has a nice courting with stock price, the more the return on equity, the greater the stock rate because the vast return on fairness suggests that the returns obtained via traders can be excessive so that traders may be inquisitive about shopping for those shares and that reasons the stock marketplace fee to upward push. This results aid Salina *et al*. (2021), which found that return on equity does not have an effect on the enterprise's stock price. The outcomes are also in keeping with the outcomes of research conducted via Araujo & Machado (2018) that return on equity does no longer affect the employer's inventory price.

Effect of Assets Turnover on Stock Prices

The results indicate that asset turnover does not affect the stock prices of manufacturing companies listed on the Indonesia Stock Exchange from 2019 to 2020 to represent conditions before and after pandemic. Asset turnover measures how efficiently all income assets help sales rise (Alarussi, 2021). A low asset turnover shows the organisation cannot take advantage of its assets to make a earnings; this makes investors no longer interested by making an investment in groups with low asset turnover. At some point in duration, many businesses couldn't perform normal employer rises because of reduced shopping electricity, in particular from the producing sector, which brought about many agencies in this area to enjoy a slowdown in income. The asset turnover has no effect on stock prices, which contradict with Ridha (2019) and Wijaya & Darmawan (2014) studies.

This end result can arise because the value of income or earnings earned via manufacturing groups all through the look at duration has a fee that is a whole lot smaller than the entire assets owned via sales. In that period, the employer's income had the equal similarities or versions; specifically, they have been experiencing issues in terms of profits. As visible from the usual deviation cost, which became smaller than the average asset turnover fee of producing businesses so that it is able to be said that the version became moderate. While the average income fee or income of the sample agencies decreases due to a gradual market, traders will see it as a sign indicating detrimental potentialities for manufacturing organizations, so that they have a tendency no longer to invest within the long time. This makes asset turnover not a aspect that impacts inventory prices. These results support Mbona & Yusheng's study (2019) which states that total asset turnover does not have an effect on inventory returns. The outcomes are also consistent with the research of Fenyves *et al*. (2020), which states that asset turnover has no vast impact on stock fees. However, the results of this study differ from studies conducted by Alarussi (2021) that found the asset turnover has a high quality and massive effect on stock price.

CONCLUSION

This research shows some interesting findings. First, of the five companies' financial performance in testing the entire sample, only two variables affect stock prices, namely the current

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ratio and return on assets. These results indicate that a high current ratio can reduce stock prices. This can be explained by the fact that even though assets show high numbers, they can also show that these assets are unproductive, so they are considered less profitable and cause a decline in stock prices. Return on assets has a significant positive effect on stock prices. This explains that companies are getting better at generating profits from their assets. Second, only the current ratio affects stock prices in the pre-pandemic period, while other variables do not. Third, only return on assets positively affected stock prices during the pandemic, while the rest did not.

Based on the results, it is concluded that return on assets has a significant effect on stock prices. Therefore the companies can increase its profitability and business capacity by increasing sales so that their stock prices can increase. In addition to return on assets, it appears that the current ratio also influences the company's stock price, then the company can shorten the cash conversion cycle. By shortening the cash conversion cycle as quickly as possible without disrupting the company's operating activities, so the company can reduce the amount of external and internal financing that is not needed. Companies can shorten the cash conversion cycle by shortening the inventory and accounts receivable periods and extending the payable period.

Ultimately, this research is limited to the sample, so it will be biased if general conclusions are drawn. Future research can involve all public companies and consider other variables that can explain this research model. Nonetheless, this study contributes to the literature on financial performance factors that influence stock prices.

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