

# The Impact of Implementation of The Community Activity Restrictions Policy on The Reaction of The Capital Market in Indonesia

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## ABSTRAK

Peristiwa/pengumuman penerapan Kebijakan Pemberlakuan Pembatasan Kegiatan Masyarakat yang terjadi akibat Covid-19 berdampak pada fluktuasi harga saham. Penelitian ini bertujuan untuk membuktikan apakah ada perbedaan sebelum suatu peristiwa terjadi (event studies) yang berdampak pada berbagai bidang dan lingkungan sekitar. Peristiwa yang dimaksud dalam penelitian ini adalah Covid-19, terutama ketika Pemerintah Indonesia mengeluarkan kebijakan PPKM untuk pertama kali di Indonesia. Kondisi ini tentunya berdampak pada semua sektor termasuk perdagangan saham di Bursa Efek Indonesia. Dengan menggunakan sampel 30 perusahaan di LQ45 dengan periode penelitian yang aman berfokus pada hari sebelum (-5 sd -1) dan sehari setelah (+1 sd +5) pengumuman kebijakan PPKM. Dari hasil penelitian yang dilakukan dengan uji Paired Sample t-test didapatkan hasil bahwa tidak ada perbedaan yang signifikan sebelum dan sesudah pemberlakuan Kebijakan Pemberlakuan Pembatasan Kegiatan Masyarakat (PPKM). Sehingga dapat dikatakan bahwa pemberlakuan Pembatasan Kegiatan Masyarakat (PPKM) tidak berdampak terhadap rata-rata pengembalian tidak normal yang diperoleh investor dan rata-rata volume perdagangan aktivitas selama periode waktu (H-5 sd H+5) kebijakan Pemberlakuan Pembatasan Kegiatan Masyarakat (PPKM).

## ABSTRACT

Events/announcements of the implementation of the Policy for the Enforcement of Community Activity Restrictions that occurred due to Covid-19 had an impact on stock price fluctuations. This study aims to prove whether there are differences before an event occurs (event studies) that have an impact on various fields and the surrounding environment. The event referred to in this study is Covid-19, especially when the Indonesian Government issued the PPKM policy for the first time in Indonesia. This condition certainly has an impact on all sectors including stock trading on the Indonesia Stock Exchange. By using a sample of 30 companies in LQ45 with a safe research period focusing on the day before (-5 to -1) and the day after (+1 to +5) the announcement of the PPKM policy. From the results of the research conducted with the Paired Sample t-test, the results showed that there was no significant difference before and after the implementation of the Policy for the Enforcement of Community Activity Restrictions (PPKM). So it can be said that the implementation of Community Activity Restrictions (PPKM) has no impact on the average abnormal return obtained by investors and the average trading volume activity during the event period (H-5 to H+5) the implementation of the Policy for the Enforcement of Community Activity Restrictions (PPKM).

## 1. INTRODUCTION

Corona Virus Disease-19 (Covid-19) is a new type of disease that first appeared in China (Cao et al., 2020; Liu et al., 2021). Covid-19 is the name of a disease caused by a virus called the coronavirus (Suryaman et al., 2020; Yuliana, 2020). Coronavirus is a new type of virus. Coronavirus attacks all humans regardless of age. From babies, toddlers, children, teenagers, adults, even the elderly can be infected with the coronavirus. The symptoms caused after being attacked by the coronavirus vary, including cough, runny nose, flu, fever, shortness of breath, and even death, while some people who are exposed do not show symptoms. Adults and the elderly are the groups most vulnerable to the coronavirus (Putri et al., 2020; Suprayitno et al., 2020). Due to the Covid-19 pandemic, the Minister of Home Affairs Policy No. 15 of

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2021 concerning the Enforcement of Restrictions on Community Activities for the Covid-19 Emergency, which will take effect from 3-20 July 2021, will be a new period for all aspects of business life in Indonesia, a policy is a general process of administrative action that can be investigated at the level of a particular program. When all business people are trying to survive and recover from the business they are carrying out, the Imposition of Restrictions on Community Emergency Activities comes (Mulyadi, 2015; Rizal et al., 2021). The restrictions on community activities are stricter than those that have been in effect, the Emergency PPKM was enforced for more than two weeks as a way to break the chain of the spread of the coronavirus, which has continued to increase in recent times. Activities at shopping centers, malls, trade centers are closed, the implementation of eating and drinking activities in public places (restaurants, cafes, street vendors, hawker stalls) both those located at the shopping center or mall locations only accept delivery or take away and do not accept dine-in.

When the government begins to impose restrictions on emergency community activities, there will be many impacts on all sectors of society and the state, starting from the economic sector, consumption, and so on (Handayanto & Herlawati, 2020; Rizal et al., 2021). The capital market is no exception, where many Indonesians have entered the world of trading and investment. One of the impacts of the emergence of the Covid-19 pandemic is generally being able to reduce the value of stock prices (Jecuinna & Zielma, 2021; Rizal et al., 2021). From this analysis, it is hoped that what has been conveyed by the researchers will be able to provide an overview and understanding for the readers, especially for market participants about the actual conditions in the stock market.

If we focus on one of the LQ45 indexes, this index is the stock market index on the Indonesia Stock Exchange which consists of 45 companies that meet certain criteria, which are included in the top 60 companies with the highest market capitalization in the last 12 months (Darmadji & Fakhruddin, 2012; Dewi & Rahyuda, 2020). The stocks in the index are interesting to study whether they have experienced the impact of the government's implementation of restrictions on community activities, especially the Emergency Community Activity Restrictions. Of course, this will be a negative trigger for investors. With the stipulation of this Emergency Community Activity Restriction, it will slightly disrupt business activities in Indonesia, especially in the capital city, and has the potential to be one of the factors that suppress people's purchasing power, which is currently recovering (Hidayanti, 2017; Sutha, 2000; Webster, 1999).

With this, it can be predicted that every investor will be more careful and make the stock market move on hold and tend to weaken. Meanwhile, a number of sectors that could potentially be affected by this policy include the infrastructure sector, technology sector, telecommunications sector, and the consumer sector. With such conditions, they (investors) will make wiser decisions in trading. Among other things, by observing stocks whose significance has weakened in the business sector, which continues to run amidst the Imposition of Restrictions on Emergency Community Activities. So this study aims to analyze and describe the possibility of differences in Abnormal Return and Trading Volume Activity before and after the announcement of the policy of implementing the Imposition of Restrictions on Emergency Community Activities in Indonesia.

## 2. METHODS

The type of this research is a quantitative method. The quantitative methodology, to be specific exploration that underscores examination of mathematical information (numbers) which is handled by factual techniques. The quantitative methodology is done in inferential examination (with regards to testing the theory) and depends on the finish of the outcomes on an invalid likelihood of dismissing the speculation (Hartono, 2013; Sugiyono, 2014). With the quantitative strategy, the meaning of gathering contrasts or the meaning of the connection between the factors concentrated on will be acquired. The population in this review is organizations recorded on LQ45. The example is important for the number and attributes moved by the population. The example populace in this review utilized purposive examining, in particular the procedure of deciding the example with specific contemplations. The example utilized in this review was 30 organizations recorded on LQ45.

The data utilized in this review is quantitative data which is data comprising of numbers. Quantitative data as recorded information on stock costs turned into the object of exploration during the perception time frame. In this review, the data source utilized is secondary data. Data was gotten by getting to the web on the site accessible by getting to the site of the Indonesian stock exchange in the LQ45 group, namely on the pages [www.idx.co.id](http://www.idx.co.id) and [www.yahooofinance.com](http://www.yahooofinance.com). Statistical tests are utilized to test how far the impact of the free factors utilized in this concentrate separately in clarifying the reliant variable somewhat (Ghozali, 2011; Ningsih, E. S. et al., 2021). The premise of dynamic utilized in the t-test is as per the following, if the value of Sig < 0.05, then H (hypothesis H1, H2) is accepted and if the value of

Sig > 0.05, then H (hypothesis H1, H2) is rejected. For the technique of testing the t-test will be carried out using the Statistical Product and Service Solutions (SPSS) tool.

### 3. RESULTS AND DISCUSSIONS

#### Results

##### Normality Test

From the results of testing the normality of the data of average abnormal return and average trading volume activity in [Table 1](#), it shows that the significance level of Average Abnormal Return (AAR) before and after the declaration of the implementation of the Community Activity Restrictions (PPKM) policy is  $0.2 > 0.05$ , which shows that the data is normally distributed. And the significance level of Average Trading Volume Activity (ATVA) before and after the declaration of the implementation of the Community Activity Restrictions (PPKM) policy is  $0.2 > 0.05$ , which shows that the data is normally distributed.

**Table 1.** One Sample Kolmogorov-Smirnov Test

		Unstandardized Residual	Unstandardized Residual
N		30	30
Normal Parameters	Mean	0.000	0.000
	Std. Deviation	0.001	0.000
Most Extreme Differences	Absolute	0.199	0.188
	Positive	0.199	0.188
	Negative	-0.116	-0.130
Test Statistic		0.199	0.188
Asymp. Sig. (2-tailed)		0.200	0.200

##### Paired Sample T-Test

From the results of the Paired Sample T-test, it can be seen that the worth of Sig. (2-tailed) average abnormal return before and after the declaration of the Community Activity Restrictions (PPKM) policy is  $0.535 > 0.05$ . These outcomes demonstrate that H1 is dismissed, which means that there is no significant difference in average abnormal return on the execution of the Community Activity Restrictions (PPKM) policy in 30 organizations recorded in LQ45. The average trading volume activity before and after the declaration of the Community Activity Restrictions (PPKM) policy is  $0.872 > 0.05$ . These outcomes demonstrate that H2 is likewise dismissed, which means that there is no significant difference in average trading volume activity on the execution of the Community Activity Restrictions (PPKM) policy in 30 organizations recorded in LQ45.

##### Discussion

Based on the results of testing and discussion of abnormal returns and trading volume activity before and after the Enforcement of Community Activity Restrictions (PPKM), at the LQ45 Company using the paired sample t-test, it can be concluded that the Implementation of Community Activity Restrictions (PPKM) has no significant difference in the average abnormal return and the average trading volume activity ([Jecuinna & Zielma, 2021](#); [Mailangkay et al., 2021](#)), which can be seen from the testing of the first and second hypotheses, namely the significant value in the first hypothesis testing which tests the average abnormal return on the day before and after the implementation of the policy PPKM produces a value of 0.535 which is  $> 0.05$  which makes the first hypothesis (H1) rejected. Meanwhile, the second hypothesis testing which tested the average trading volume activity on the day before and after the implementation of the PPKM policy resulted in a value of 0.872 which is  $> 0.05$  which makes the second hypothesis (H2) also rejected.

This means that the market did not react significantly after the announcement of the implementation of the Policy for the Implementation of Community Activity Restrictions (PPKM) ([Junaedi & Salistia, 2020](#); [Rori et al., 2021](#)). The data that has been processed previously by the author, gives an indication that the majority of abnormal returns before the announcement are positive, while the abnormal returns are negative after the announcement that the PPKM will be implemented, which indicates that the event gave an unfavorable signal to the market and this event contains information. (information content) that causes market participants to react to the event ([Mailangkay et al., 2021](#); [Talumewo et al., 2021](#); [Wibawa & Suryantini, 2019](#)). Thus, the results of this study indicate that the capital market in Indonesia cannot be said to be a semi-strong efficient market. For this reason, stock exchange

activities tend to be characterized by wait and see actions after the announcement, and investors do not want to rush in making decisions so that this event does not significantly affect abnormal returns for investors (Larasati & Kelen, 2021; Lypsey et al., 1997).

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#### 4. CONCLUSION

In view of the data analysis and discussion research that has been depicted already about the effect of PPKM on abnormal returns and trading volume activity in LQ45 companies, the accompanying ends can be drawn from the results of the calculation of abnormal returns from 30 companies listed in LQ45, there was no significant difference in the average abnormal return between 5 days before and 5 days after the event of implementing the PPKM policy and there was no significant difference in the average trading volume activity between 5 days before and 5 days after the implementation of the PPKM policy. From the results obtained, it can be suggested that investors are advised to be more sensitive and careful in responding to the available information, both economic and non-economic information, one of which is government policy as a reference in making decisions. For government, the government should be careful in making decisions, including policies so that the influence on investors in reacting to the capital market is maintained, and for researchers, for further researchers, it is better to expand the sample or based on the criteria for the size of the company or other types of industries listed on the BEI.

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