CHAPTER V

CONCLUSION AND IMPLICATION

A. Conclusion

Based on the results of research on food and beverage sector companies listed on the Indonesia Stock Exchange (IDX) during 2018-2021, described in the previous chapter, it can be concluded that:

1. COVID-19 has a negatively significant effect on stock return.
2. Earnings Per Share (EPS) doesn't have any effect on stock return.
3. Book Value Per Share (BVPS) doesn't have any effect on stock return.
4. Net Profit Margin (NPM) doesn't have any effect on stock return.
5. Debt to Equity Ratio (DER) has a negatively significant effect on stock return.

B. Implication

1. Theoritical Implications

Multiple factors predict the market response to COVID-19 and firm performance in Indonesia using signaling theory. This theory describes the market reaction to an event experimentally. The outcomes of this study can be utilized to reinforce earlier research that analyzes market reactions using event studies. This study has the potential to serve as a basis for future research on market reaction or comparable themes. Signal theory explains the market's reaction to COVID-19 through where COVID-19 signals negative on stock returns. Signal theory explains Debt to Equity Ratio (DER) negatively effects stock return.

2. Practical Implications

a. Academician

The implications of research on the effect of company performance on stock returns have a significant impact on academics. This research can contribute to the development of science and become a reference in further research on the relationship between company performance and stock returns. The implications of this research can also help develop financial and investment theories, as well as provide new insights into how internal company factors can affect stock prices. In addition, the results of this study can provide input to regulators and financial parties to develop more effective and efficient investment policies and instruments. This can help create a more transparent, stable, and integrated capital market. Thus, the implications of research on the effect of company performance on stock returns are not only useful for investors, but also have important implications in the development of science and public as a whole.

b. Investor

The implications of research on the impact of company performance on stock market returns have important implications for investors. Research results can help investors make better investment decisions by considering the performance of the companies. Investors can use the research results to evaluate the performance of their chosen companies by looking at factors such as revenue, earnings and other financial indicators. In the short term, research can help investors avoid underperforming companies and choose better companies. In the long-term, investors can use research to determine a more sustainable investment strategy by selecting companies that deliver consistent performance and withstand market volatility. Thus, research can help investors increase their profit potential and minimize investment risk.

C. Limitation of Research

The study only considers COVID-19, Earnings Per Share (EPS), Book Value Per Share (BVPS), Net Profit Margin (NPM), and Debt to Equity Ratio (DER) as proxies for market reaction. Another factors that can use to study market reactions, such as technical analysis have a higher probability of predicting stock returns using patterns or trends. In addition, conclusions not be generalized to all event studies because this study focused on pandemic phenomena. This research can use as a reference for similar event study research.

The results of this study showed no significant differences in earnings per share, book value per share, or net profit margin. That are can occur due to various factors. One factor that may affect this is the sampling type that focuses on one sector and four period of observation. Thus, further research needs to expand the types of it to be studied.