

Global Phenomenon of Performance And Profit Growth on Stock Price of LQ-45 Companies In Indonesia During The Covid 19 Pandemic.

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Abstract

The emergence of the Covid-19 outbreak accelerating human behavior using digitalization as the main instrument. During the Covid-19 pandemic, the virtual world has become much busier than before. Communities switch to using *gadgets* and computers as the main tools to replace various activities directly. These changes in society have an impact on economic development by accelerating its digital transformation. The pandemic has led to a further acceleration of digital transformation globally. The company seeks to improve its company in order to get the maximum profit from its business activities. Companies that are able to improve their performance can be said that these companies are capable of competing with other companies so that efficiency occurs. The purpose of this study is to determine the effect of *Current Ratio*, *Net Profit Margin*, *Return On Assets*, and Company Age on Profit Growth and the Effect of Profit Growth on Stock Prices on the Indonesia Stock Exchange 2018-2021. This research includes a quantitative type. The population in this study are companies on the LQ45 index listed on the Indonesia Stock Exchange in the 2018-2021 period with a total sample of 34 companies. This study used a purposive sampling method. data analysis using comparative analysis and multiple linear regression analysis. The results showed that simultaneously *the current ratio*, *net profit margin*, *return on assets*, firm age have a positive effect on profit growth. Profit growth no significant effect on stock prices. Variable *Net Profit Margin* (NPM) and *Return On Assets* (ROA) have a significant influence on profit growth. While profit growth has no significant effect on profit growth. The results of the comparative analysis show that there is no statistically significant difference between the values of the *Current Ratio*, *Net Profit Margin*, *Return On Assets*, Profit Growth and Stock Prices between Covid and before Covid.

Keywords: Performance; Financial Ratio; Profit Growth.

I. INTRODUCTION

Digitalization technology has an influence on people's behavior in various fields of life at this time. Very fast, fundamental change by messing up the old order pattern to create a new order. This era is known as the era of disruption. Disruption targets inefficient industries and areas. Trade has shifted from e-commerce to i-commerce trading. Disruption is an innovation. Disruption replaces old, all-physical technology with digital technology that produces something that is truly new and more efficient, as well as more useful. [Kasali, 2017. p.XV]. On the other hand, the emergence of the Covid-19 outbreak accelerated human behavior using digitalization as the main instrument. During the Covid-19 pandemic, the virtual world has become much busier than before. Communities switch to using *gadgets* and computers as a means of subsistence to replace various activities directly. These changes in society have an impact on economic development by accelerating its digital transformation. the pandemic has caused a further acceleration of digital transformation globally.

Based on data from the Central Bureau of Statistics in December 2020, 3 (three) business sectors experienced the highest percentage decrease in income, namely; the first is the accommodation, food and beverage business sector with 92.47%, the second is the service

sector with 90.90% and the third is the transportation and warehousing sector with 90.34%. As for the 3 (three) business sectors that experienced the lowest decrease in income, namely; the first sector is water and waste management by 68%. Both the electricity and gas sectors amounted to 67.85% and the three real estate sectors amounted to 59.15%. [BPS , 20020]. In the business world, every company seeks to promote its company in order to get the maximum profit from its business activities . Companies that are able to improve their performance can be said that these companies are capable of competing with other companies so that efficiency occurs. [Wibowo and Widiyanto, 2019] . Company profit is an important thing that is used to accommodate operational activities in order to achieve company goals in obtaining profits. The company wants to increase profits because it can show performance efficiency and effectiveness. Conversely, if the company experiences a decrease in profits, this shows that the company's performance is weak, inefficient and ineffective. Investors and potential investors use company profits as material for consideration in making decisions by investing in the company. Apart from investors, lenders also need information on profit growth to estimate lending and to analyze the company's ability to repay loans and debts.

Profit growth reflects the company's performance in encouraging an increase in net profit from the previous year [Pandjaitan, 2018] . If profits grow, the company can use its resources to create profits and the company's financial capabilities are good. Companies with good financial performance will increase the quality of the company because the size of the distribution of profits (dividends) to investors will affect the condition of the company. profit is the difference between the realized income arising from transactions during a period and the costs associated with income [Gunawan and Wahyuni, 2013)] . The calculation to determine profit growth is calculated by subtracting the current period's profit from the previous period's profit and then dividing it by the previous period's profit [Amar, Siti and Diah : 2017] . Profit is the basis for tax calculations, a guide in determining investment policies and decision making, the basis for forecasting profits and economic events. growth will indicate an increase or decrease in company profits. Profit growth is an increase in profits earned by the company compared to the previous year. There are several factors that affect profit growth such as selling prices, units sold, operational costs, and other components of income or expenses. Because financial ratios link estimates contained in the balance sheet and income statement, an increase or decrease in financial ratios can indicate profit growth. Therefore, to determine the profit growth of a company, financial ratio analysis is needed [Maria and Romasi :2016:191].

A financial ratio analysis can be used as an *early warning system* for the decline in the financial condition of a company. Ratio analysis can guide investors in making decisions or considerations about what the company will achieve and or how the prospects will be faced in the future. [Septiawan, 2014]. *The current ratio* is a ratio to measure a company's ability to pay short-term obligations or debts that are due soon. In other words, how much current assets are available to cover short-term obligations that are due soon [Cashmere, 2014] . The current ratio can also be said as a form to measure the level of security of a company. *Net profit margin* (NPM), shows the ratio between net profit after tax or net income to total sales. This ratio measures the company's ability to generate net income to the total sales achieved. This ratio shows how much percentage of net income is obtained from each sale, the greater this ratio the better because it is considered that the company's ability to generate profits is quite high [Sofyan, 2009] . *Net profit margin* (NPM) is also known as the ratio of income to sales. The higher *the net profit margin*, the better the operations of a company [Lukman, 2007]. *Return on assets* is a company's financial ratios related to profitability measuring a company's ability to generate profits or profit (profitability) at a certain level of income, assets and share capital [Hanafi, Mamduh and Halim. 2003] [Sofyan, 2009)]

The use of the 3 (three) ratios above is in line with previous research conducted by Kristina, 2022]. This study discusses the effect of *the current ratio* (CR), *return on assets* (ROA), and

net profit margin (NPM) on profit growth in LQ45 companies listed on the Indonesia Stock Exchange during 2016-2019. The focus of this research is in terms of company profit growth. The first factor that is predicted to have an influence on profit growth is the Current Ratio . The second factor that is predicted to have an impact on profit growth is *return on assets* (ROA), which shows the extent to which a company is able to profit from the assets it uses. The last factor that is predicted to have an influence on profit growth is *the net profit margin* (NPM), which is the profit a company earns through sales or revenue. A high NPM ratio will make a company considered to be performing well, besides that an increased NPM will increase the attractiveness of investors to invest because the higher the NPM proves the company's profits are higher.

Firm age is also used in this study. The age of the company shows that the company still exists and is able to compete [Lestari and Sulastri, 2021] . Company age is also a factor affecting the company's performance in disclosing its social responsibility. The age of the company can show the ability to overcome difficulties and obstacles that can threaten the life of the company and show the company's ability to take opportunities in its environment to develop the business [Sudaryono, 2007.] . The age of the company shows the company's ability to face the challenges of the business world, the longer the company operates automatically the company can survive in intense business competition and gain public acceptance. Big companies will always try to improve the best from the company that is useful for their social community. The age factor of the company is a concern for Daryanti and Herman (2007). Theoretically, companies that have been established for a long time will be trusted by investors rather than companies that have just been established, because old companies that have been established for a long time are assumed to be able to generate higher profits than newly established companies. As a result, newly established companies will have difficulty obtaining funds from the capital market, so they rely more on their own capital. If the company only relies on its own capital which is limited, it will be difficult for the company to develop and it is difficult to increase profits every year. Thus the company's profit growth each year will be difficult to achieve. [Untari and Lisna. 2010].

Stock price determination can be done through technical analysis and fundamental analysis. In technical analysis, stock prices are determined based on stock price records in the past . According to Jogiyanto, fundamental analysis is an analysis that uses financial data, namely data that comes from the company's financial statements, such as profits, dividends distributed and so on . Fundamental analysis is an analysis related to the internal condition of the company [Jogiyanto, 1998] . In general, the company's share price can be used as a benchmark for shareholders in the context of making an investment. Increases and decreases in stock prices are influenced by many factors, both micro and macro. Especially on a micro basis it tends to be influenced by the company's financial condition. the factors that affect the stock price are earnings per share (Earning Per Share or EPS), interest rates, the amount of cash dividends given, the amount of profit the company gets, the level of risk and return [Weston, and Brigham, 2001] . Since the beginning of 2020 until now, there have been significant pressures as indicated by a decrease in the Jakarta Composite Index (IHSG) of 18.46%. 6 Of course, with the influence on stock prices, the Covid-19 pandemic has also affected profits. Profit can not be ascertained, it is necessary to have a prediction of profitability [OJK, 2020] . Based on this background, the purpose of this research to analyze and find out the phenomenon of Current Ratio, Net Profit Margin, Return On Assets, and Company Age on Profit Growth and the phenomenon of Profit Growth on Stock Prices Before the Pandemic and During the Covid-19 Pandemic (Case Study of L Q 45 Companies Listed on the Indonesia Stock Exchange 2018-2021) .

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT.

According to Harry (2018), the current ratio is the ratio used to measure a company's ability to meet its short-term obligations that are due soon by using the total available current assets. . The better the current ratio of a company, the better the company's ability to overcome its short-term liabilities. *Net Profit Margin* (NPM) interprets the level of efficiency of the company's operational activities. The level of efficiency is shown by the percentage of net profit that can be achieved from all sales activities in a certain period [Denny, 2019]. This ratio measures the company's ability to generate net income against total sales achieved. Net Profit Margin (NPM) is also known as the ratio of income to sales. Net profit margin equals net profit divided by net sales. This ratio shows how much percentage of net profit is obtained from each sale. The greater this ratio, the better the company's ability to earn high profits. The relationship between net profit after tax and net sales shows management's ability to generate profits.

Return On Assets , is a company's financial ratios related to profitability measuring a company's ability to generate profits or profit (profitability) at a certain level of income, assets and share capital [Hanafi, Mamduh and Halim. 2003] . *Return on Assets* (ROA) is used to measure management's ability to obtain profits (profit) as a whole. ROA serves to measure a company's effectiveness in generating profits through the operation of its assets. The greater the ROA owned by a company, the more efficient use of assets so that it will increase profits. According to Kieso , basically companies are established for an unlimited or long period of time, not only for a few years [Kieso, Donald E Et.al.2008]. Ictiarni et.al defines the age of a company as how long a company is able to survive, compete, and take business opportunities that exist in the economy. [Ictiarni, Retnowati & Rahmasari 2017]. Susilawati in Anjelica said that the age of the company affects the possibility of companies to improve financial reporting better [Anjelica, Keshia & Prasetyawan. 2014]. A similar statement was also stated by Owusu-Ansah in Rosalina (2018) that companies that have an older age tend to be more skilled in collecting, processing and generating information when needed, because companies have gained sufficient experience. Thus companies that have been established for a long time will show stability compared to companies that have just been established because they have more experience in various problems related to information processing and how to overcome them. In addition, new companies have more limited access to external funding than companies with longer experience.

Previous research conducted by Kristiana Aprilia entitled "The Influence of *Current Ratio* (Cr), *Return On Assets* (Roa) and *Net Profit Margin* (Npm) on Profit Growth in LQ45 Companies Listed on the Indonesia Stock Exchange in 2016-2019" [Kristiana. (2022)]. The purpose of this research is to examine the effect of CR, ROA, and NPM on Profit Growth. The results of this study are that CR has a negative relationship to profit growth. ROA has a negative relationship to Profit Growth. NPM has a positive relationship to Profit Growth. Furthermore, the previous research was researched by Marlina (2019) with the title "The Influence of *Net Profit Margin*, *Return On Assets* and *Debt To Equity Ratio* on Profit Growth in LQ45 Companies in 2013-2017". The results of this study indicate that *Return On Assets* has a significant positive effect on profit growth. *Debt to Equity Ratio* has no significant negative effect on profit growth. *Net Profit Margin* has a significant positive effect on profit growth. The implications of the research results are divided into two, namely the implications of the results for investors showing *Return On Assets* and *Net Profit Margins* that have a significant positive effect that can be used by investors as a signal for increased profits, so that investors can plan the company's strategy going forward and the implications for the company's results, namely the *Debt To Equity Ratio* has an effect negative is not significant to be an important assessment seen from the company's debt, a high level of profitability will reduce debt so that it can increase the percentage of company profits LQ45. Previous research was researched by Rebekah, et al [2010] The results of his research are as follows: Company Age variable has no effect on profit growth. Thus the variable *Debt to equity Ratio*, *Total Assets Turnover* , Market Share, and Company Age can explain the profit growth variable of 12.8% while the remaining 87.2% (100% -12.8%) is influenced by other variables not included in the regression model.

H₁ : There is an influence of Current Ratio, Net Profit Margin and Return On Assets on Profit Growth.

In accordance with the " *signaling hypothesis* " theory put forward by Modigliani and Miller (MM) in Lucas who said there is empirical evidence that if there is an increase in profits, it is often followed by an increase in stock prices. Conversely, a decrease in profits generally causes the stock price to fall [Lucas, 2008]. Modigliani and Miller argue that an increase in profits is usually a "signal" to investors that company management predicts a good income in the future. Conversely, a decrease in profits is believed by investors as a signal that the company is facing difficult times in the future. Therefore, with a high company value, more and more investors will be interested in investing their capital because the chances of getting a high return will also be greater. Research conducted by Venessa, the test results of the effect of profit growth (X1) on stock prices (Y) concluded that the variable profit growth partially does not affect changes in stock prices [Venessa, et al. 2015] . Previous research was researched by Rina and Nahrudien (2021) with the results of this study : Profitability (*Return On Assets*) has a positive influence on stock prices. Company size has a significant effect on stock prices. Profitability and company size affect stock prices.

H₂ : Profit growth affects the company's stock price

III. RESEARCH METHODS

Approach that will be used is a quantitative approach . Quantitative research is research based on data in the form of numbers or numbers [Suliyanto (2017)]. In this study, financial performance is used as a benchmark for determining its effect on profit growth by calculating the effect of the *current ratio, net profit margin, return on equity, profit growth and stock price*. The population in this study are all LQ45 companies listed on the Indonesia Stock Exchange during the 2018-2021 period. According to Erlina and Mulyani (2007), the sample is part of the population that is used to estimate population characteristics. The sample used in this study was determined using a purposive sampling technique, namely a sampling technique with certain considerations or criteria by not providing equal opportunities for each member of the population to be selected as a sample. The criteria for determining the sample in this study are as follows:

1. LQ45 companies listed on the Indonesia Stock Exchange during 2018–2021.
2. LQ45 companies are not delisted in 2018-2021.
3. LQ45 companies have complete financial statements that have been audited and have the completeness of the data needed in the study according to the variables studied, namely *Current Ratio (CR), Net Profit Margin (NPM), Return on Assets (ROA)*. Based on these criteria, there were 34 companies sampled in this study from a population of 45 LQ45 companies listed on the IDX.

The data used in this study were obtained from annual reports issued by companies listed on the Indonesia Stock Exchange for the 2018-2021 period. The data was obtained through the official website of the Indonesia Stock Exchange, namely (<http://www.idx.co.id>). The data analysis method used is multiple (simultaneous) regression analysis model. Simultaneous testing is hypothesis testing carried out by the *F- test* . "The F statistical test basically shows whether all the independent or independent variables included in the model have a joint effect on the dependent/dependent variable" [Ghozali, 2005:84] .

IV. ANALYSIS AND DISCUSSION .

Descriptive Analysis.

The data to be used is annual data from 2018 to 2021 (4 years) with 34 companies. The total observations that should be used are 136 units of observational data, all data can be used in the analysis. The stages in this analysis, starting from descriptive analysis to testing the hypothesis using SPSS ver.26 *software*. Descriptive analysis is a statistical analysis method that aims to provide a description or description of the research subject based on variable data obtained from certain subject groups. Descriptive analysis can be displayed in the form of frequency distribution tables, histogram tables, minimum, maximum, mean and standard deviation values. The variables in this study are related to the independent variables Current Ratio, Net Profit Margin, Return on Assets and their dependent variables are Profit Growth and Stock Prices . The results of the descriptive analysis for all the variables analyzed in this study are as follows:

Table 1
Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
X1_CR	136	.03	4.66	1.3945	1.04551
X2_NPM	136	-1.34	1.07	.1518	.24413
X3_ROA	136	-1.13	2.53	.1513	.33207
X4_AGE	136	2.00	39.00	19.3529	8.92896
Y_PERTLABA	136	-2.49	2.86	.1597	.83608
Z_HARGASAHAM	136	58.00	75611.32	5947.2644	9533.41680
Valid N (listwise)	136				

(Source: SPSS *output* , processed by the author)

Based on the data from the table above it can be explained that:

- Current Ratio (CR)* variable has a minimum value of 0.03 and a maximum value of 4.66 with an average of 1.3945 and a standard deviation of 1.04551. This means that the minimum CR value of the companies that are the research sample from 2018 to 2021 is 0.03 and the maximum value is 4.66 with an average CR value of the companies that are the research sample of 1.04551.
- Net Profit Margin (NPM)* variable has a minimum value of -1.34 and a maximum value of 1.07 with an average of 0.1518 and a standard deviation of 0.24413. This means that the minimum NPM value of the companies that are the research sample from 2018 to 2021 is -1.34 and the maximum value is 1.07 with an average NPM value of the companies that are the research sample of 0.1518.
- The variable *Return on Assets (ROA)* has a minimum value of -1.34 and a maximum value of 2.53 with an average of 0.1513 and a standard deviation of 0.33207. This means that the minimum NPM value of the companies that are the research sample from 2018 to 2021 is -1.34 and the maximum value is 2.53 with an average NPM value of the companies that are the research sample of 0.1513.
- Company Age variable has a minimum value of 2 and a maximum value of 39 with an average of 19.3529 and a standard deviation of 8.92896 . This means that the minimum age value of the company that is the research sample from 2018 to 2021 is 2 and the maximum value is 39 with an average age value of the company that is the research sample of 19.3529.
- Profit Growth variable has a minimum value of -2.49 and a maximum value of 2.86 with an average of 0.1597 and a standard deviation of 0.83608. This means that the

minimum profit growth value of the companies that are the research sample from 2018 to 2021 is -2.49 and the maximum value is 2.86 with the average profit growth value of the companies that are the research sample of 0.83608.

- f. The share price variable has a minimum value of 58 and a maximum value of 75611.32 with an average of 5947.2644 and a standard deviation of 9533.41680. This means that the minimum value of the company's share price as the research sample from 2018 to 2021 is 58 and the maximum value is 7611.32 with an average share price of the company that is the sample of this study of 5947.2644.

Statistical Analysis (Regression) .

The next step of this analysis is to perform a regression analysis. The results and *output* of the regression analysis are as follows:

Table 2
Coefficients ^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	-.020	.182		-.111	.912
	X1_CR	.014	.070	.017	.198	.844
	X2_NPM	.781	.293	.228	2,662	.009
	X3_ROA	.473	.215	.188	2,197	.030
	X4_AGE	-.005	.008	-.051	-.566	.572

a. Dependent Variable: Y_Profit_Growth

Based on the table above, the regression equation is obtained as follows:

$$Y = -0.020 + 0.014 X_1 + 0.781 X_2 + 0.473 X_3 - 0.005 X_4 + 0.125 X_5 + e$$

Information:

- 1) The constant of -0.020 indicates that if the independent variable is omitted, the profit growth is -0.020.
- 2) β_1 of 0.014 indicates that every 1% increase in the current ratio will be followed by an increase in profit growth of 0.014 assuming other variables are constant,
- 3) β_2 of 0.781 indicates that every increase in net profit margin by 1% it will be followed by an increase in profit growth of 0.781 assuming other variables remain constant.
- 4) β_3 of 0.473 indicates that every 1% increase in return on assets will be followed by an increase in profit growth of 0.473 assuming other variables remain constant.
- 5) β_4 of -0.005 indicates that every increase in the age of the company by 1% it will be followed by a decrease in profit growth of -0.005 assuming other variables remain constant.
- 6) B_5 of 0.125 indicates that every 1% increase in covid will be followed by an increase in profit growth of 0.545 assuming other variables are constant.

F test

The goodness of fit feasibility test is useful for testing whether the model is feasible or not regression which shows that whether the independent variables proxied by CR, NPM, and ROA and Age have an influence on the dependent variable that is profit growth which is inputted in the multiple linear regression model. This test uses the *output* of the ANOVA table. The table in question is the following table:

Table 3
ANOVA ^a

Model	Sum of Squares	df	MeanSquare	F	Sig.
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1	Regression	10025	4	2005	3,090	.011 ^b
	residual	84,344	13 1	.649		
	Total	94,369	13 6			

a. Dependent Variable: Y_Profit_Growth

b. Predictors: (Constant), X1_CR, X2_NPM, X3_ROA, X4_AGE

(Source: SPSS *output* , processed by the author)

This ANOVA table tests whether of the 4 variables used in the analysis, any affect the Profit Growth (*Y*) variable or not. In other words, testing the hypothesis as follows:

H_0 : None of the X variables affect the Y variable.

H_1 : There is at least 1 of 4 X variables that affect Y variables.

The criteria for rejecting and accepting H_0 are:

○ If the Sig value is less than 0.05 then reject H_0 and accept H_1 .

○ If the Sig value is greater than 0.05 then accept H_0 and reject H_1 .

In the ANOVA table it can be seen that the Sig value obtained is 0.011 which is smaller than 0.05; then it was decided to reject H_0 and accept H_1 , namely stating that there is at least 1 variable out of 4 variables X that affects Y.

To find out which variable X affects variable Y, the next step is to carry out an analysis using the T test as shown below.

Individual Effect Test (t test)

This test uses the output *coefficient table* . The table in question is the following table:

Table 4
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	-.020	.182		-.111	.912
	X1_CR	.014	.070	.017	.198	.844
	X2_NPM	.781	.293	.228	2,662	.009
	X3_ROA	.473	.215	.188	2,197	.030
	X4_AGE	-.005	.008	-.051	-.566	.572

a. Dependent Variable: Y_Profit_Growth

(Source: SPSS *output* , processed by the author)

The table above tests each of the 4 variables used in the analysis, whether it affects the Profit Growth (*Y*) variable or not.

The results of the t statistical test in the table can be explained as follows.

1) Effect of *Current Ratio* on profit growth

Based on the table it is known that the probability value of the *Current Ratio variable* is 0.844 with a value. Because the probability value of the *Current Ratio variable* is 0.844 greater than the significance level, which is 0.05, meaning that H_{11} is rejected and H_{01} is accepted, that CR partially does not affect profit growth in the sample companies. The results with the probability approach are the same as the results based on the t test.

2) Effect of *Net Profit Margin* on profit growth

Based on the table it is known that the probability value of the *net profit margin variable* is 0.009 with a value. Because the probability value of the *net profit margin variable*, which is 0.009, is smaller than the significance level, which is 0.05, meaning that H₁₂ is rejected and H₀₂ is accepted, that *the net profit margin* partially affects profit growth in the sample companies. The results with the probability approach are the same as the results based on the t test.

3) Effect of *Return on Assets* on profit growth

Based on the table, it is known that the probability value of the variable *return on assets* is 0.030 with a value. Because the probability value of the *return on assets variable* is 0.030 which is smaller than the significance level, namely 0.05, meaning that H₀₃ is rejected and H₁₃ is accepted, that NPM partially affects profit growth in the sample companies. The results with the probability approach are the same as the results based on the t test.

4) *Influence Company Age* to profit growth

Based on the table it is known that the probability value of the firm age variable is 0.572 with a value. Because the probability value of the company's age variable ie 0.572 is greater than the significance level, namely 0.05, meaning that H₀₄ is rejected and H₁₄ is accepted, that the age of the company partially does not affect profit growth in the sample companies. The results with the probability approach are the same as the results based on the t test.

Based on these results it is concluded that only NPM and ROA affect the Profit Growth Variable (Y).

Individual Effect Test (t test)

For the second regression analysis is to test the Profit Growth (Y) on the Stock Price (Z).

Table 5
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients Betas	t	Sig.
		B	std. Error			
1	(Constant)	5919914	835,379		7,087	.000
	Y_Profit_Growth	171,255	984,915	.015	.174	.862

a. Dependent Variable: Z_Stock_price

The table shows that the Sig value is 0.862, so it can be concluded that there is no significant effect of profit growth (Y) on stock prices (Z). Based on these results it is concluded that there is no significant effect of Profit Growth (Y) on Stock Prices (Z).

Coefficient of Determination (R²)

The value of determination or influence on Variable Y or Profit Growth can be seen in the R-Square value in the table below.

Table 6
Summary Model^b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.326 ^a	.106	.072	.80548

a. Predictors: (Constant), X5_COVID, X1_CR, X2_NPM, X3_ROA, X4_AGE

b. Dependent Variable: Y_Profit_Growth

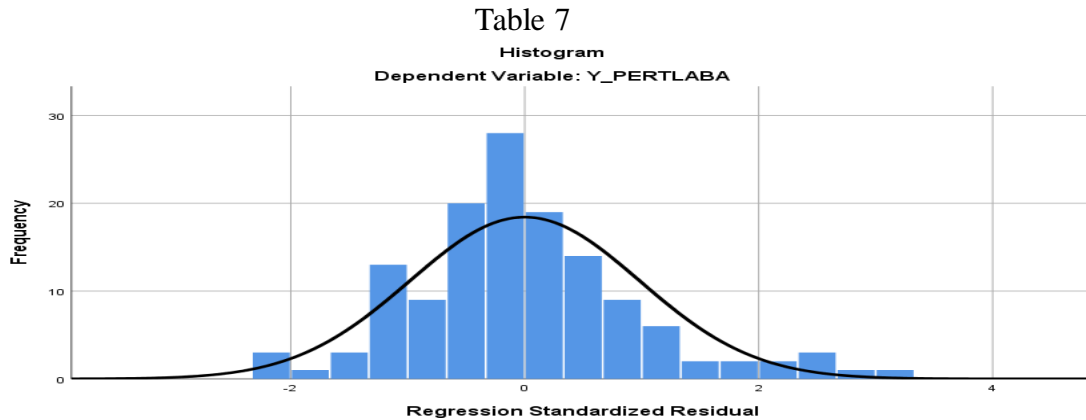
(Source: SPSS output , processed by the author)

The R- Square value obtained is 0.106 or 10.6%, in other words, the *Net Profit Margin* (X2) and *Return on Assets* (X3) variables are able to predict profit growth (Y) with an accuracy of 10.6%. This accuracy value is included in the weak category.

Classic assumption test

Data Normality Test

The normality test is a test performed to assess the distribution of data in a group of data or variables . From this normality test, the distribution of the resulting data will be recognized whether the data we are testing is normally distributed or not . The normality test results can be seen in the table below.



(Source: SPSS output , processed by the author)

The graph above shows that the data used in the analysis already meets the Normality criteria, as can be seen from the Histogram which is formed quite closely following the distribution pattern of the Normal Distribution.

Multicollinearity Test

Non Multicollinearity Assumptions.

The second type of assumption test is the non-multicollinearity test which is designed to determine whether there is a high correlation between the independent variables and the multiple linear regression model, if there is a high correlation between the independent variables the relationship with the independent variables and the dependent variable is disrupted. The test results can be seen in the table below.

Table 8
Coefficients ^a

Model		Collinearity Statistics	
		tolerance	VIF
1	X1_CR	.889	1,124
	X2_NPM	.936	1,068
	X3_ROA	.942	1,062
	X4_AGE	.858	1.166

a. Dependent Variable: Y_ Profit_Growth

(Source: SPSS output , processed by the author)

Non-Multicollinearity testing uses the VIF value. If the VIF value is greater than 10 then Multicollinearity is stated. In the table above it can be seen that the VIF values for all variables are less than 10, so there is no problem with multicollinearity.

Non Autocorrelation Assumptions .

The DW value obtained is greater than 2,000. Until it can be stated that there is no Autocorrelation problem.

Table 9
Summary Model ^b

Model	Durbin-Watson
1	2067

b. Dependent Variable: Y_
Profit_Growth

(Source: SPSS *output* , processed by the author)

Heteroscedasticity Test

The homoscedasticity test is used to test errors or errors in a statistical model to see whether the variance or variance of the errors is affected by other factors or not, for example for time series data analysis, whether the variance of the errors is affected by time or not, or if the data is cross sectional then whether the variance of variable error every compression or not.

The following results of the homoscedasticity assumption test are shown in table 10 below.

Table 10

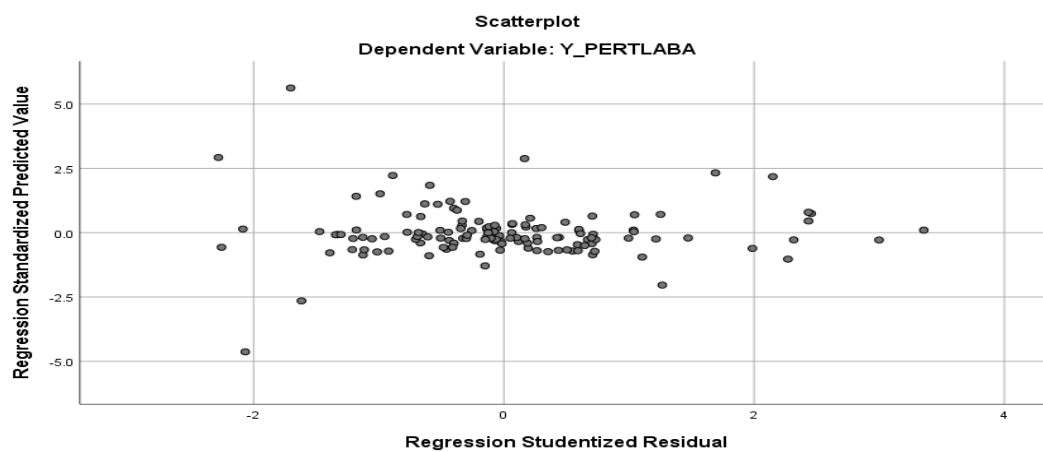


Figure 5. 1Distribution of residuals

(Source: SPSS *output* , processed by the author)

The graph above shows the distribution pattern of residuals that do not follow a certain distribution pattern, or do not have a pattern. Because it has no pattern, it can be concluded that this regression model meets the assumption of homoscedasticity.

Comparative Analysis

The first stage of the analysis to be carried out is a comparison test between the *Current Ratio* (X_1), *Net Profit Margin* (X_2), *Return on Assets* (X_3), *Profit Growth* (Y), and *Stock Price* (Z) during COVID and when before COVID. The comparison results obtained are shown in the table below:

Table 11

Group Statistics					
	X5_COVID	N	Means	std. Deviation	std. Error Means
X1_CR	NO COVID	68	1.4228	1.12132	.13598
	COVID	68	1.3662	.97134	.11779
X2_NPM	NO COVID	68	.1585	.28224	.03423
	COVID	68	.1450	.20083	.02435
X3_ROA	NO COVID	68	.1657	.29157	.03536
	COVID	68	.1369	.36981	.04485
Y_Profit_Growth	NO COVID	68	.1146	.75043	.09100
	COVID	68	.2049	.91718	.11122
Z_Stock_Price	NO COVID	68	6414.5493	11488.85728	1393.22859
	COVID	68	5479.9796	7119.79703	863.40221

(Source: SPSS output , processed by the author)

For example, the average *Current Ratio* (X_1) during the COVID period was 1.3662 while during the Non-COVID period it was 1.4228. At first glance it seems that during the Non-COVID period *the Current Ratio* (X_1) was higher than during the COVID period. But whether the difference is statistically significant, that will be known from a comparative analysis whose results can be seen in the next table.

Likewise with other variables, namely *Net Profit Margin* (X_2), *Return on Assets* (X_3), and *Stock Price* (Z), which at first glance appear to have a higher value during Non-COVID compared to during COVID.

The results of a clearer comparative analysis are as follows:

Table 12
Independent Samples Test
t-test for Equality of Means

	Q	df	Sig. (2-tailed)	Mean Differences	std. Error Difference
X1_CR	.315	134	.753	.05662	.17990
X2_NPM	.322	134	.748	.01353	.04201
X3_ROA	.505	134	.615	.02882	.05711
Y_Profit_Growth	-.628	134	.531	-.09029	.14371
Z_Stock_Price	.570	134	.570	934.56971	1639.06964

Comparative analysis was performed with *the Independent Sample T- Test* . If the Sig.(2-tailed) value is less than 0.05, it can be concluded that the difference that occurs is statistically significant or is stated to be significant.

Of the five variables above, all of them have a significance value that is all higher than 0.05; such as CR of 0.753 and NPM of 0.748. Likewise with other variables, all of which are greater than 0.05. Based on these results it was concluded that the five variables above were not statistically different between before COVID and during COVID.

Discussion .

Based on previous research conducted by Kristina (2022).] who get significant negative results ,which means the current ratio has a negative effect on profit growth. There are differences between the results of the research conducted by Kristiana and this research. Where the current ratio results in this study show the results that the current ratio does not affect profit growth.For

the Net Profit Margin ratio, if you look at the previous research conducted by Marlina [2019] , Kania [2015] and Denny [2019] , where the net profit margin has a significant positive effect on profit growth, which means that any increase in NPM will increase profit growth. Of the 3 studies there are similarities with the results of this study, where the results of this study show positive results which can be interpreted that NPM has an effect on profit growth .

Furthermore, for the indicator of *return on assets* , research conducted by Kania [2015], and Marlina [2019] , where *return on assets* (ROA) has a positive and significant effect on profit growth. Compared to the previous study conducted by Kristina [2022] and Widiasmara and Koesharawati, A. et al (2022) different results were obtained, where the results of *return on assets* (ROA) were significantly negative on profit growth. From these studies, the results are in line with the ROA results of this study, which were conducted by Kania (2015) and Marlina (2019). Where the results of this study ROA has a significant positive effect on profit growth. The company age variable has no effect on profit growth, according to research conducted previously by Rebekah [2010] about the age of the company to profit growth . This is in accordance with the results of this research, which shows that the age of the company partially does not affect profit growth.

Further research conducted by Venessa et al [2015] . The results of his research on the effect of profit growth (X1) on stock prices (Y) concluded that the variable profit growth partially does not affect changes in stock prices. Furthermore, for previous research conducted by Rina and Nahrudien [2021] different results are obtained, where profitability has a significant positive effect on stock prices. Of the 2 studies whose results are in line with regard to the effect of earnings growth on stock prices, this is the first study where the variable earnings growth partially has no effect on changes in stock prices, which is based on the t test for variables profit growth.

Of the 4 fundamental factors, only *Net Profit Margin* (NPM) and *Return on Assets* (ROA) have a significant positive effect on profit growth. Then profit growth has no significant effect on stock prices. However, in terms of comparing the performance of LQ-45 companies before and during the COVID-19 pandemic, there was no difference. This finding is different from the findings of Khan et al. [2020] and Budiyaniti [2020] that Covid-19 had a negative impact on the company's financial performance. There were differences in financial performance during the COVID-19 pandemic and before Covid-19. It is possible because the performance of stocks including LQ-45 stocks are very special (*blue chip*) company stocks . It is not easy for a company to enter the LQ-45 company. Apart from the effect of Covid-19 on the performance of business actors, disruption is also one of the causes. Disruption using digitalization as the main factor in *shifting the paradigm* of business actors. Digitalization has changed the existing industrial order and structure of the trade industry. Changes in the structure include competition, barriers to entry into the industry, substitution of new products, the power of suppliers, as well as the power of offers from consumers.

V. CONCLUSION AND SUGGESTION.

LQ45 companies listed on the Indonesia Stock Exchange. In this case, the financial ratios used are *the current ratio*, *net profit margin*, and *return on assets*. In addition to financial ratios, there are also non-financial ratios used, namely the age of the company. In addition, this study also wanted to see a comparison between company performance before and during COVID-19. The conclusions that can be drawn are as follows:

1. The results of the first hypothesis, of the 4 independent variables, Current Ratio (X1), Net Profit Margin (X2), Return on Assets (X3), Firm Age (X4) , to Profit Growth (Y) show significant results. There are variables that affect Profit Growth (Y). From testing with the Coefficient table for the first stage of the regression analysis, it can be concluded that there

are two variables that influence Profit Growth, namely Net Profit Margin (X_2), Return on Assets (X_3).

2. Whereas in the second hypothesis, between Profit Growth (Y) and Stock Price (Z) shows insignificant results.
3. There are 5 (five) variables tested by comparative analysis, namely comparing values during and before COVID. The results of the comparison show that there is no significant difference between the values of Current Ratio (X_1), Net Profit Margin (X_2), Return on Assets (X_3), Profit Growth (Y), and Stock Price (Z) at the time and before COVID.

Suggestion :

1. Based on the results of research that has been done, it is known that the Current Ratio has no effect on profit growth before the pandemic and during the Covid-19 pandemic. Even so, it is important for companies to pay attention to the Current Ratio level because this ratio measures the company's ability to pay obligations that are due. A high value indicates good liquidity, but if it is too high it can also be an indication of the company's inability to utilize company assets.
2. Based on the results of research that has been done, it is known that stock prices have no effect on profit growth before the pandemic and during the Covid-19 pandemic. However, the stock price must be maintained to increase the company's ability, because the higher the stock price, the higher the value of the company.
3. Net Profit Margin and Return on Assets had a significant influence on profit growth before the pandemic and during the Covid 19 pandemic. Because of that it is important for companies to increase their Net Profit Margin by increasing the size of the net profit generated for each sale. Furthermore, Return on Assets also needs to be maintained or increased by increasing net income. Increased profit growth will attract investors to invest in the company.

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