







Profitability, Stock Price, Firm Value, Post Pandemic Covid 19

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Abstract. This study aims to enhance the understanding of the dependent variable within the context of corporate value and serves as a reference for organizational managers in developing optimal strategies to improve their company's value. In addition to the previously mentioned aspects, this study also makes a significant contribution to the existing body of literature on the quantification and examination of corporate value and the factors that influence it. The dependent variable for this study is profitability and stock price, utilizing data from service sector companies in the tourism industry during the post-Covid-19 period. Data processing was conducted using the EViews application. This research was conducted on 41 consumer cyclical actor companies within the consumer services sub-sector and utilized data from the first and second quarters of 2021 from the Indonesia Stock Exchange. The results indicate an R-Square value of 0.18 or 18%, which suggests that profitability and stock price have a significance of 18% on company size.

Keywords: Firm Value, Profitability, Stock Price.

1 Introduction

The pursuit of investment interest that aligns with expectations of returns remains a driving force for companies to demonstrate strong financial performance, as reflected in the company's value, which serves as a benchmark for investors. This is due to the widespread impact of the COVID-19 pandemic on multiple sectors, including those within its scope.

Recent scholarly works [1,2,3] have emphasized the significant repercussions of the novel coronavirus (COVID-19) on global capital markets. The capital markets in China, the epicenter of the pandemic, witnessed notable volatility and contagion effects at the onset of the global outbreak [4] The severity of outbreaks was found to be positively associated with increased systemic risks in banking industries and stock markets of affected countries [2,3]

Additionally, the hospitality industry has also been heavily impacted by the pandemic. The implementation of lockdowns and worldwide travel restrictions aimed at curbing the transmission of the virus have led to severe financial challenges for nu-

merous companies in the hospitality sector [5]. Researchers have argued that the firm value in the hospitality industry is more vulnerable to pandemics compared to many other industries [6].

In observations on previous research determined from [7] the following by [8,9] stated that stock prices are related to company value where each line of business seeks to increase organizational value. Because the increasing value of the company has an effect on the welfare of its shareholders. The source of funds that the company has in a certain period of time is described by the value of the company [10].

The value of the company is also inseparable in the acquisition of company profitability such as observations studied by [11,12] states where there is a relationship between profitability and company value. Profitability, as a measure and performance of the enterprise, is indicated by the profits generated by the company [13]. By looking at the profits generated by a company, if its performance is good, it can cause a positive response from investors and increase the stock price. The profitability of the studied enterprise can affect the value of the enterprise. Profitability is a company's ability to make a profit and measure operational efficiency and efficiency in using assets from a line of business.

Moreover, the research regarding the valuation of companies in the Secondary Consumer Goods Sector encompasses businesses involved in the production or distribution of products and services primarily targeted at consumers. However, these goods are typically cyclical or considered secondary, meaning their demand is directly tied to economic growth.

Within this sector, there is a particular focus on the hospitality and tourism industries. Unfortunately, the hospitality sector has been adversely affected by the Covid-19 pandemic. Data from the Indonesian Central Bureau of Statistics (BPS) indicates that prior to the outbreak, the number of foreign tourists visiting Indonesia and domestic tourist activities consistently increased each year. To accommodate this growth, it was necessary to expand the availability of hotel rooms and other accommodations in order to prevent a mismatch between demand and supply.

The word "company size" refers to the quantities that are stated in particular units to measure the magnitude of a corporation. Some examples of company size include market capitalization, revenue, total sales, and total assets. In this investigation, the size of the firm was determined by first converting the total assets owned by the company into the natural logarithm, Ln. This was done to simplify the measurement of the size of the company while maintaining the ability to compare actual purchases. The total assets of the company are used as a surrogate for the size of the business [14].

The objective of company management is to optimize the value of the company, whereby a smoothly operating company will lead to an increase in the value of its shares. The effectiveness of the company can be gauged by assessing the value of its ownership shares. Therefore, the goal of financial management is articulated as the maximization of company ownership share value or the maximization of share prices [15]. Nevertheless, it is imperative for business management to refrain from prioritizing the enhancement of share value at the detriment of bondholders. The correlation between profitability and liquidity is evident, as liquidity refers to the ability of a corporation to fulfill its financial commitments. The importance of liquidity stems

from its correlation with investor confidence in the firm. In essence, liquidity functions as a metric that gauges a company's capacity to meet its financial obligations within the designated time period. When assessing investment prospects, investors frequently take into account the efficacy with which a company handles its debt obligations [16,17,18].

Profitability refers to a metric used to evaluate a company's capacity to generate profits and measure the effectiveness of its management. Higher profitability instills investor confidence in the company, leading to an eventual rise in stock prices [19]. The larger the dividend, the higher the value of the company. In addition, high profits indicate a good prospect for the company, which triggers investor interest to increase share demand. This study measures profitability using the Return on Asset (ROA) indicator. ROA describes the percentage value of profit obtained by the company in relation to resources or total assets [20].

Therefore, a company's efficiency in managing its assets can be seen from this ratio [21]. The closing price of the stock market, which serves as a representative sample, is continuously monitored by investors. Financial management revolves around a fundamental concept that aims to maximize the company's value [8].

Companies operating in the hotel, restaurant, and tourism industries confront a range of risks, including decreasing revenues and operating profits. However, the ongoing COVID-19 pandemic has the potential to significantly impact financial performance, particularly in terms of company value, stock price, and profitability. As such, researchers are interested in examining the impact of the pandemic on these key metrics during the post-pandemic period [22].

2 Method

The study employed a statistically-driven approach to analyze data from the 3rd quarter of 2022, focusing on service sector companies in the hospitality industry within the post-Covid-19 pandemic period. The data processing was carried out using the e-views application. This research aimed to verify the impact of profitability on company value and profitability, utilizing data obtained from 41 sub-sector companies, sourced from the Indonesia Stock Exchange and spanning the 1st and 2nd quarters of 2021.

3 Result and Discussion

From the data in Table 1 below, the mean value for each variable is obtained, namely in the firm value is 8.7, then on profitability with a value of -0.04 and at the stock price is 707.5.

Table 1. Regression.

	Firm Value	Profitability	Stock Price
Mean	8.795802	-0.049272	707.5062

Media	2.410000	-0.032000	304.0000
Maximum	195.6000	0.220000	6000.000
Minimum	29.00901	-1.410000	34.00000
Std. Dev.	3697.612	0.169267	1005.872
Skewness	5.590826	-6.441506	2.672257
Kurtosis	34.15380	53.07797	11.85606
Jarque-Bera	3697.612	9023.990	361.1035
Probability	0.000000	0.000000	0.000000
Sum	712.4600	-39910000	57308.00

The result of method panel least square shown in Table 2 as follow:

Table 2. Method Panel Least Square

variable	Coefficient	Std.Error	t-Statistic	Prob
C	-0.492625	3.705453	-0.132946	0.8946
Profit	-25.02466	-17.57058	-1.424237	0.1584
Stock Price	0.011386	0.002957	3.850721	0.0002
R-squared	0.081053	Mean dependent var	8.795802	
Adjusted R-square	0.160054	S.D dependent var	29.00901	
S.E. of Regression	26.58635	Akaike info criterion	9.435006	
Sum squared resid	55133.04	Schwarz criterion	9.523690	
Log likelihood	-379.1178	Hannan-Quinn criter	9.470587	
F-statistic	8.622101	Durbin-Watson stat	0.168335	
Prob(F-statistic)	0.000414			

Based on the results, it can be inferred that only the stock price variable has a significant impact on the worth of the company. Conversely, the profitability variable was found to be insignificant as its probability value surpassed the predetermined threshold of 5%.

Based on the results, it can be inferred that the level of profitability is not substantially affected by the current circumstances. Given the unpredictable nature of the pandemic, it is of utmost importance to adopt a strategic approach that allows for swift adjustments across multiple levels, including organizational, company, corporate, business unit, and operational levels, particularly within the tourism sector [23].

Based on the data obtained, the value of R-Square is 0.18 or 18% which shows that profitability and stock price have an effect of 18 on the size of the company.

The existence of a relationship between profitability and stock prices has been found in various studies [7, 24, 25, 26] In the Adjusted R-Square value to see the correlation of variable profit and stock price is in the very low category with a value of 0.16 with a standard value of 0.00-0.199.

4 Conclusion

Based on partial data processing, only stock price is found to have an impact on firm value. However, both stock price and profitability have an influence on firm value. In summary, it can be concluded that the company's worth is significantly influenced by independent variables, namely profitability and share price. Hence, it is imperative for corporate management to deliberate on meticulous methods aimed at enhancing profitability and sustaining share prices, thereby maximizing the overall value of the organization. Furthermore, this study offers a more comprehensive understanding of the multifaceted elements that impact corporate value, so serving as a foundation for enhanced decision-making within the realms of business and finance [27,28].

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