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The Effect of Financial Performance, Bi Rate, and the Impact of the Covid 19 Pandemic on Stock Returns

(Empirical study on corporate Properties & Real Estate and Infrastructure in the IDX period 2017-2021)

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Abstract: Stock return is the return or profit obtained by investors from investing in a company. This study aims to analyze the effect of liquidity, leverage, profitability, market ratio, BI rate, and covid-19 on the return on shares of Properties & Real Estate and infrastructure companies on the Indonesia Stock Exchange for the period 2017-2021. The sampling method used in this study is purposive sampling. The sample for this study consisted of 32 companies that met the criteria as units of analysis. The method of analysis used is multiple linear regression analysis. The results of the study provide empirical evidence that profitability, market ratio, BI rate, and covid-19 affect stock returns. Meanwhile liquidity and leverage do not affect stock returns
Keywords: Liquidity, Leverage, Profitability, Market ratio, BI rate, and Covid-19

1. Introduction

Globalization has an influence on all economic sectors, not least in the business world. This is evidenced by the increasing competition between companies by highlighting the advantages of each company itself. Therefore, every company must be able to run its company more effectively and efficiently and also have competitive qualities in order to compete with its competitors.

The availability of sufficient capital to finance the activities of the company is one of the factors supporting the continuity of a company. Companies can sell shares to the public on the capital market to get cheap funds for capital to run the company. The capital market is also referred to as the market where the meeting place between parties who have funds and those who need funds by trading securities that generally have a lifespan of more than one year and where the sale and purchase of securities is called The Stock Exchange (Tandelilin, 2017: 25).

The development of the capital market in Indonesia is increasing, this is evidenced by the increasing number of companies listed on the Indonesia Stock Exchange. This development is supported by various improvements and improvements made to the Indonesian capital market, with the better the Indonesian capital market makes inventors believe and are interested in investing.

Investors invest their shares with the aim of obtaining capital gains and maximizing returns. Investors must assess the stock price in order to obtain a rate of return in accordance with expectations. Any company that issues shares will be very concerned about the return of the company's shares. A stock price that is too low often means that the company's performance is not good. But when stock returns are too high it reduces investors ability to buy.

Two elements inherent in any capital or invested funds are the results (return) and risk (risk) Situmeang and Hutabarat (2017). These two elements always have a reciprocal relationship that is comparable, generally the higher the risk, the greater the results to be obtained and the smaller the risk, the smaller the results to be obtained.

There are several factors that affect the stock return of a company. But in this study the researchers focused on financial performance factors by using variable liquidity ratios using proxy Current Ratio (CR), leverage ratios using proxy Debt to Equity Ratio (DER), and profitability ratios using proxy Net Profit Margin (NPM). In addition, factors that affect stock returns are valuation ratios using price of Book Value (PBV) proxies, interest rates (BI rate), and the impact of the covid-19 pandemic.

This research is a development of the research of Bambang et al, 2020). The first novelty is the addition of two independent variables, namely the BI rate and the covid-19 pandemic. The BI rate was added to analyze the company's stock return from macroeconomic factors since the pandemic until during the pandemic. The reason for adding the covid-19 pandemic is because during the pandemic many companies experienced difficulties and even decreased stock returns. The second novelty, expanding the scope of observation on the classification of companies based on IDX-IC 2021, namely property and real estate sector companies listed on the Indonesia Stock Exchange (IDX for the period 2017 to 2021).

2. Literature Review and Hypothesis

2.1. Signalling Theory

Signal theory is an action taken by the company's management to help investors how management can assess the company's prospects. Investors in making investment decisions need complete information company. Such information will be a signal for investors to make investment decisions. The market will react favorably with other parties if the announcement of information about the company contains a positive value. Market participants will interpret and analyze the information the company has received. This will be a signal for investors and a change in the volume of stock trading. Signals in the form of financial information will be well received by outsiders, because financial information is used by outsiders to see the performance of the company. Investors will invest their capital if the company's performance is good because good performance becomes an added value for investors compared to companies that perform poorly. Therefore, investors pay more attention to the company's performance as seen from the financial statements issued by the company.

2.2. Capital Market

Capital market is a market where buying and selling transactions occur to meet the needs of funds for the capital of a company. Capital Market Law No. 8 of 1995 provides a more specific definition of the capital market, namely activities related to public offerings and Securities Trading, public companies related to the securities they issue, and institutions and professions related to securities. The Indonesia Stock Exchange (IDX, 2019) defines the capital market as a market for various long-term financial instruments that can be traded, whether debt securities (bonds), equities (stocks), mutual funds, derivative instruments and other instruments. The capital market is a means of funding for companies and other institutions (eg government), and as a means for investing activities. Thus, the capital market facilitates various facilities and infrastructure for buying and selling activities and other related activities**.**

2.3. Investment

Investment has a general understanding is an investment business or a certain amount of money in a particular company or project. Investing has a very clear goal that is to get a profit. In addition, there are various considerations and factors that affect whether the investment is successful or not. Tandelilin (2019) investment is a commitment of a certain amount of money or funds or those from other resources that are being carried out at the moment, with the aim of getting and obtaining profits in the future.

2.4. Role and analysis of financial statements

Analysis of financial statements is a process in the past and present in order to evaluate the results and financial position of a company, with the main purpose of determining the condition and performance of the company in the future. Statement of Financial Accounting Standards (PSAK) No. 1 (2021) on the presentation of financial statements is a structured assessment of the financial position and financial performance of an entity. Financial statements are the output of all transactions that occur during a certain period which contains all the financial information of the company in a certain period.

2.5. Stock Return

Investment is a form of investing funds or capital to generate wealth, which will provide a profit rate of Return (return) both in the present and in the future. Stock Return is known as the result of investment. Returns can be realized returns that have occurred or expected returns that have not occurred but are expected to occur in the future (Akkaya, 2021).Return is one of the factors that motivate investors to interact and is also a reward for the courage of investors in bearing the risk of their investments. Sources of investment return consist of two main components, namely yield and capital gain (loss).

Stock Return allows investors to compare the rate of return of a company with other companies (Jogiyanto, 2017:283). Return is very important for investors or capital owners, because return is the expectation of future profits which is compensation for the time and risk associated with the investment made by the investor. The level of demand and supply from investors will affect the high and low price of the company's stock, if the stock price is high, the return that will be obtained by the inverstor is also high. A high rate of return will increase the profit and income that investors will earn in investment activities.

In addition to calculating returns, investors also need to consider the level of risk of an investment as a basis for making investment decisions. Investment risk itself is a discrepancy between the expected return with the actual return (actual return). That is, the risk is a deviation from the fact of the received return (actual return). For this reason, calculating investment risk can be determined from the expected deviation rate of return (Hartono, 2017)

2.6. Liquidity

Liquidity ratio in this study is promoted by The Current Ratio (current ratio). This ratio has a function to determine the extent to which the company is able to pay its short-term obligations that are immediately due, therefore the greater the company's ability to pay dividends that will automatically increase stock returns is influenced by high levels of liquidity, so in this case there is a significant relationship between liquidity (current ratio) with stock returns.

Hidayat (2020) said that the increase in the current ratio seen from the company's performance in closing its debts, then the company's risk of experiencing illiquid can be reduced. This is the interest of investors in investing in their shares because when the stock price of a company increases, the risk borne by investors will decrease. If the stock price of an industry escalates, the level of return obtained from assets owned by the company can increase.

Abdurrohman et al. (2021) said that if the company has a short-term obligation that is good enough, it will rob investors in investing in its shares, which is seen from the company's ability, so that the company's capital market will experience an increase that has a positive impact and will make stock returns.

Research Nandani & Sudjarweni (2017) and Liem, Saerang, & Maramis (2019) and Laksono (2017) and Safitri & Kusumawati (2023) provide empirical evidence that liquidity affects stock returns. Based on the description above, the formulation of this research hypothesis is as follows:

H_1: Liquidity affects stock returns

2.7. Leverage

This Leverage is used to measure the financial leverage of the company. This ratio is also used to find out how much the company relies on debt rather than equity held. The greater the leverage, the risk of default faced by the company will be greater. In addition, the higher the leverage the company also has to pay high interest fees. If this happens, it will lead to a decrease in dividend payments. So that the demand for the company's shares will also experience a decline resulting in a decrease in stock returns. This condition indicates that the company's shares are less in demand which will automatically reduce the company's stock return rate, so that in this case there is a leverage relationship to stock return.

Conversely, the lower the leverage value of a company shows the company's ability to meet its long-term obligations, and indicates the good performance of the company by generating high operating profits, so the company does not need to rely on funds from creditors and the company does not have a lot of debt. With a low leverage value will foster interest from investors will make the demand for shares to rise as well, it makes the stock price to rise and increased returns to be received.

Research Nursiam & Agustin, 2019 provides empirical evidence that solvency affects stock returns. Based on the description above, the formulation of this research hypothesis is as follows:

H_2: Leverage affects stock returns.

2.8. Profitability

The success of a company can be measured by indicators of the company's success in obtaining profits efficiently. Managers who can minimize expenses but do not reduce product quality, will be able to generate high profits. In addition, companies that are able to get high profitability are companies that generate high returns and have good prospects in the future.

Investors will get a high return if the company succeeds in generating high profitability and profit values. It can also foster a sense of confidence for potential investors to make investments. Because with increasing investment will make an increase in stock prices and stock returns in the future. This is because in theory, if the issuer's ability to generate profits is greater, the company's stock return in the capital market will also increase.

In a study conducted by Kariza (2017), Tarau et al (2020), and Almira and Wiagustini (2020), it resulted that NPM affects stock returns. Based on these explanations, the hypothesis proposed in this study is:

H_3: Profitability affects stock returns.

2.9. Market Ratio

Market is the ratio used to calculate the profit of each share in circulation in the market in this study proxied with price to book value. This ratio is used to measure the price level of a stock whether it is overvalued or undervalued. The lower the PBV value of a stock, the stock is categorized as undervalued, which is very good for long-term investment. However, a low PBV value may also indicate a decline in the quality and fundamental performance of the issuer.

The PBV ratio describes how much the market appreciates the book value of a company's shares. The higher this ratio will give an idea that the higher the company's stock price indicates the better the company's performance, so it can provide a better rate of return in the future.

PBV affects stock returns, meaning that if the value of PBV increases, stock returns will also increase. The high PBV value reflects the good performance of the company, so investors will be interested in making investments. Thus, PBV can be used by investors as a consideration in choosing investments.

Research conducted by Boentoro & Widyarti (2018), and Pratama & Idawati (2019). (Hartaroe, 2017) and (Handayani & Zul Azhar, 2019) provide empirical evidence that market ratios affect stock returns. Based on the description above, the formulation of this research hypothesis is as follows:

H_4: The ratio of market effect to stock return.

2.10. BI Rate

The interest rate is one of the important factors that need to be considered in making investment decisions. Interest expense and cost of capital can be increased by interest rates, so the company's profit can be lowered Eldomiaty et al. (2019). The rate of return on shares can withstand a decline in profits, as it is expected that the company's share price will fall in the capital market. Conversely, if such a situation occurs, the public will want to invest more funds in the capital market. Lower interest rates will increase stock returns.

There is an explanation for why rising interest rates can push stock returns down. First, rising interest rates change the map of investment returns. Second, rising interest rates will cut corporate profits. This happens in two ways, an increase in interest rates will increase the issuer's interest burden, so that profits can be cut. Furthermore, when interest rates are high, the cost of production and the price of the product will increase so that the consumer will postpone his purchase and keep his funds in the bank. The decline in corporate sales and profits will depress stock returns.

The interest rate is too high will affect the present value of the company's cash flow, so the investment opportunity will no longer be attractive. In addition, high interest rates result in increasing the cost of capital that must be borne by the company and cause the return required by investors from an investment to increase.

Research Nofitasari & Kurniasih (2020), Al Abdallah (2017), Apriliany & Effendi (2019), Yusfiarto (2020) and Balagobei (2017) provide empirical evidence that interest rates affect stock returns. Based on the description above, the formulation of this research hypothesis is as follows:

H_5: BI Rate affects stock return.

2.11. Covid-19

Covid-19, which has become a global disease outbreak that has attacked every economic sector, including the capital market, is believed to have affected stock prices which is a reference for analyzing results or stock returns. With the increasing number of confirmed cases, the stock market responded negatively with declining stock market returns.

Major events can significantly affect stock market returns, especially with the covid-19 pandemic where this is a new virus that spreads very quickly, resulting in tremendous uncertainty that impacts stock returns (Al-Awadhi et al., 2020). The overwhelming panic or uncertainty in the market of each stock that ultimately impacts the uncertainty in the stock market and has an impact on increasing volatility in the financial market thus having an impact on stock returns (Apergis and Apergis, 2020; Salisu and Akanni, 2020).

Research results Shehzad et al. (2020) resulted that the presence of covid-19 had a significant effect on stock returns. Based on the description above, the formulation of this research hypothesis is as follows:

H_6: Covid-19 affects stock returns

3. Methodology and Procedures

3.1 Population and Sample

Table1: Research Sample Selection Process

No	Criteria	Total
1	Non-financial companies in the real estate and infrastructure subsector in the period 2017-2021 listed on the Indonesia Stock Exchange (IDX).	151
2	Companies that do not issue financial statements consecutively in the period 2017-2021.	(17)
3	Companies that have not conducted an Initial Public Offering (IPO) since 2017.	(52)
4	Companies that did not earn profits in a row in the period 2017-2021.	(50)
Total of research samples= 32x 5 years		160
Outlier data during processing time		(4)
Total research samples		**156**

Source: Data Process2023

Research Data obtained from the financial statements of the companies concerned are published annually. Financial statements are obtained from the source of the company's official website and the website of the Indonesia Stock Exchange (IDX) www.idx.co.id. as for the stock return data taken from the website https://finance.yahoo.comthe calculation of stock return is using the daily average method with centrifugal calculation the day before the reporting date of the financial statements, the day when the reporting of the financial statements, and three days after the reporting of the financial statements.

This study use the following for each variables measurements:

Table2: Measurement of variable

Variable	Indicators	Source
Stock Return	$R = \frac{Pt - (Pt - 1)}{(Pt - 1)}$	Devi (2021)
Liquidity	$CR = \frac{\text{Current Asset}}{\text{Short Term Liabilities}}$	Kusumawati et al(2018)
Leverage	$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}}$	Dr. Kasmir (2017:157–158)
Profitability	$NPM = \frac{\text{Laba Bersih}}{\text{Pendapatan}}$	Harjito & Martono (2018:60)
Market Ratio	$PBV = \frac{\text{Share Price}}{\text{Book Value}}$	Hery (2018:145)
BI Rate	• BI Rate calculation is obtained from the average monthly interest rate	https://www.bps.go.id/indicator/13/379/1/bi-rate.html
Covid-19	• Covid-19 is measured using a dummy variable where as a preference category is the period before the pandemic which has 0 points, and in the period affected by the pandemic has 1 point.	

3.2 Data Analysis Technique

Regression analysis is used to measure how much influence between the independent variable and the dependent variable. Multiple linear regression is a regression model that involves more than one independent variable. Multiple linear regression analysis was conducted to determine the direction and how much influence the independent variable has on the dependent variable (Ghozali, 2018). The regression equation in this study:

$$\mathbf{R = \alpha + \beta 1CR + \beta 2DER + \beta 3NPM + \beta 4PBV + \beta 5BI\ Rate + \beta 6Cov\text{-}19 + \varepsilon}$$

4. Result and Discussion

4.1 Descriptive Statistical Analysis

Table3: DescriptiveStatisticalAnalysisTestResults

Variabel	N	Minimum	Maximum	Mean	Std. Dev.
Return Saham	156	-0,09733	0,04246	-0,0183822	0,02963848
CR	156	0,2342	17,3051	2,474742	2,4658771
DER	156	0,04334	7,03615	1,2678319	1,26975513
NPM	156	0,00206	0,66701	0,2037591	0,16017796
PBV	156	0,18562	25,12529	1,7233669	2,36354959
BI Rate	156	3,52100	5,62500	4,6110769	0,72580055
Covid-19	156	0	1	0,40	0,491

Source: Data process,2023

Based on the results of the table 3, it can be seen that the amount of data used was 156 samples during the period 2017-2021. During the observation period the dependent variable is the stock return has a minimum value of -0,09733 and a maximum value of 0,04246 with an average return of -0,0183822 and a standard deviation of 0,02963848. Liquidity has a minimum value of 0,2342 and a maximum value of 17,3051 with an average value of liquidity of 2,474742 and a standard deviation of 2,465877. Leverage has a minimum value of 0,04334 and a maximum value of 7,03615 with an average value of 1,2678319 and a standard deviation of 1,26975513. Profitability has a minimum value of 0,00206 and a maximum value of 0,66701 with an average value of 0,2037591 and a standard deviation of 0,16017796. The market has a minimum value of 0,18562 and a maximum value of 25,12529 with an average value of 1,7233669 and a standard deviation value of 2,36354959. BI Rate has a minimum value of 3,52100 and a maximum value of 5,62500 with an average value of 4,6110769 and a standard deviation of 0,72580055. Covid-19 has a minimum value of 0 and a maximum value of 1 with an average value of 0,40 and a standard deviation of 0,491.

Proxied liquidity with current ratio has an average value of 247%, it can be interpreted that every Rp1,00 of current liabilities is guaranteed by current assets of Rp2, 47.The leverage proxied by debt to equty ratio has an average value of 126.8% can be interpreted that the average manufacturing company listed on the IDX in 2017-2021 every Rp1,268 company liabilities are guaranteed Rp1,00 company equity. Profitability proxied by net profit margin has an average value of 20.38% profitability can be interpreted that the company's ability to bring in Net Profit of 20.38% of its revenue. Every Rp1,00 of revenue was able to contribute to bring in a net profit of Rp0,203.Proxied market ratio with price book value has an average value of 172.34% can be interpreted that every Rp1, 00 book value per share of the company gives a share price of Rp1, 72. The average BI Rate for the period 2017-2021 has an average value of 4.61%.Covid-19 proxied with dummy variables has an average value of 0.40. It can be interpreted that 40% of the data can be from the time of the pandemic.

4.2 Discussion

Classical assumption test needs to be done before regression test is done when static test using multiple linear regression. Normality testing in this study using the test method one Sample Kolmogorov-Smirnov test, from the results of normality testing data above obtained the results of Asymmp. Sig. (2-tailed) of 0.200 or 20% which can be interpreted as exceeding the value required for normality testing which is at least 0.05. So it can be concluded that the research data is normally distributed. For multicollinearity test results in the above research model shows that all independent variables have VIF values ranging from 1.180 to 3.386 and tolerance values ranging from 0.304 to 0.903 so it can be concluded that the model does not occur multicolinearity. For autocorrelation testing using Durbin Watson, from the above test results obtained Durbin Watson value of 1.566 which means no autocorrelation occurs, because it meets the requirements of autocorrelation testing, the value of DW -2 to 2. From the results of heterokedasticity testing can be interpreted that all the independent variables that have been tested have a significance value between 0.388-0.974. In other words, it is above 0.05 or 5% which can be concluded that the regression equation is free from heterochedasticity problems.

Hypothesis testing in this study using multiple linear regression analysis model. The following is a table of multiple linear regression analysis:

Tabel4: Result of Multiple Linier Regression

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.179	.026		-6.916	.000
	CR	.001	.001	.058	.840	.402
	DER	.000	.002	-.019	-.243	.808
	NPM	.032	.014	.173	2.354	.020
	PBV	.002	.001	.167	2.247	.026
	BI RATE	.027	.005	.664	5.589	.000
	COV-19	.060	.007	.995	8.306	.000

Source: Data Process,2023

Based on Table 4, the results of the F test showed a calculated F value of 13.360 and a significance level of 0.000 so that it can be concluded that the significance value below 0.050 which means qualified and can be said to fit the regression model. The results of the coefficient of determination test can be seen in Table IV.7. In the results shown the value of the coefficient of determination (Adjusted R2) of 0.324 or 32.4% so that it can be interpreted that the independent variable can explain the dependent variable of 32.4% and the remaining 67.6% is explained by variables outside the model.

Based on the results of multiple regression tests, the calculation results of each variable can describe the influence of each independent variable on the dependent variable, namely as follows:

The significance level of the liquidity variable shows a value of 0.402 this indicates that the result of the liquidity variable is greater than 0.05 (0.402 > 0.05) and **H1 is rejected**. Liquidity in this study proxied with the current ratio proved to have no effect on stock returns. The value of the current ratio is high, indicating that the company has a large amount of current assets. However, the high value of the current ratio does not necessarily guarantee the company to pay off its current liabilities because the proportion of current assets can be dominated by inventory and uncollectible receivables, which certainly cannot be used quickly to pay off its current liabilities. If the company's liquidity capability is good, investors do not need to worry about whether the capital they invest in the company will return and provide a return for them or not. Because if a company whose liquidity level is not good, has a tendency to be shunned by investors for fear of the funds they invest do not return and result in losses for investors. Information about the ability of a company to pay off its short-term obligations is not too concerned investors in stock investment activities. This is because investors may pay more attention to information such as company earnings, changes in investment behavior, and dividends distributed. So it can be concluded that liquidity has no effect on stock returns. The results of this study are consistent with research conducted by Adminah and Muh. Faisal (2020) and Singa, et al (2020) who provide empirical evidence that liquidity does not affect stock returns.

The significance level of the leverage variable shows the value of 0.808 this indicates that the result of the leverage variable is greater than 0.05 (0.808 > 0.05) and **H2 is rejected**. Leverage in this study is proxied in the debt to equity ratio, the value of debt to equity ratio that has no effect on stock returns because the company in this study tested is still able to run the company's operational activities and obtain profits by not relying on funds from debt. Basically, investors prefer a low debt to equity ratio, because the smaller the debt to equity ratio, the risk borne by investors will be small. The negative trend shown by the relationship of leverage with stock returns is that the higher a company relies on debt from outside parties to finance the company's operations, the higher the interest burden borne by the company. So that the income of the company will be allocated more in debt payments and interest expenses, so that the return that will be obtained by investors will be small. But in this study investors ignored the information of leverage and focused on the profit offered by the company. So it can be concluded that the growth of leverage has no effect on stock returns. The use of debt can still be justified if the use of debt is expected to generate greater profits than the interest expense of the debt. This causes investors to pay more attention to the value of the profits generated by the company because the debt owned by the company is considered to be able to provide benefits to the company to develop. The results of this research are consistent with research conducted by Samalam, et al (2018) and Hartinah, et al (2020) which provide empirical evidence that leverage does not affect stock returns.

The significance level of the profitability variable indicates a value of 0.020 this indicates that the result of the profitability variable is greater than 0.05 (0.020 < 0.05) and **H3 is accepted**. Profitability in this study is proxied with net profit margin, shareholders and prospective shareholders pay primary attention to the level of profit, both now and in the future. This is important because the level of profit will affect the price of the shares they own. To measure the level of profitability of the company can use net profit margin. Investors tend to choose a large net profit margin. A large Net profit margin shows the company's high ability to generate profits. With a large amount of profit, the company can provide a large amount of return as well. With the success of the company in operating its business and successfully obtaining a high profitability value, it will attract potential investors to invest. With so many requests from potential investors, it will make stock prices rise as well as stock returns that investors will receive an increase. The results of this research are consistent with research conducted by Kariza (2017), Tarau et al (2020), and Almira and Wiagustini (2020) which provide empirical evidence that profitability affects stock returns.

The significance level of the market ratio variable indicates a value of 0.026 this indicates that the result of the market ratio variable is greater than 0.05 (0.026 < 0.05) and **H4 is accepted**. The market ratio in this study is proxied in price to book value. Price to book value reflects the level of success of the company's management in running the company, managing resources reflected in the stock price at the end of the year. The higher the value of the price to book value certainly gives investors hope to get a greater return. The higher the price to book value ratio of a company shows the higher the stock market value of a company when compared to its book value. This results in the higher the company is valued by investors. The company is valued higher by investors, then the company's stock price is valued higher by investors, then the stock price of the company in question will increase in the market, which in turn the stock return will increase as well. The results of this research are consistent with research conducted by Boentoro & Widyarti (2018), and Pratama & Idawati (2019). (Hartaroe, 2017) and (Handayani & Zul Azhar, 2019) who have provided empirical evidence that the market affects stock returns.

The significance level of the BI rate variable indicates a value of 0.000 this indicates that the result of the BI rate variable is greater than 0.05 (0.000 < 0.05) and **H5 is accepted**. If the interest rate is too high, the cost of borrowing is also higher which will ultimately affect the payment of dividends and stock returns are declining. When interest rates are high investors will prefer to invest funds in the form of savings or deposits, so that the stock price decreases, and has an impact on the decline in stock returns. Conversely, when the BI rate decreases, deposit rates will go down. So investors will look for alternatives that can provide higher investment returns and profitable than deposits, namely stocks. As a result, there is a large demand for stocks that cause stock prices to rise. Rising stock prices also increase the number of investor returns in the form of capital gains that are quite attractive for investors. The results of this research are consistent with studies conducted by Nofitasari & Kurniasih (2020), Al Abdallah (2017), Apriliany & Effendi (2019), Siregar & Sasongko (2016), Yusfiarto (2020) and Balagobei (2017) which have provided empirical evidence that the BI rate affects stock returns.

The significance level of the covid-19 Variable indicates a value of 0.000 this indicates that the result of the covid-19 variable is greater than 0.05 (0.000 < 0.05) and **H6 is accepted**. The covid-19 pandemic has had a severe impact on the capital market and influenced investment decisions from investors. So that the global stock market weakened resulting in many stocks declined. This is due to the panic and concern of investors about the economic conditions due to covid-19. Investors are worried that the performance of issuers on the IDX will have an impact on the performance of the company's operational performance and result in a decrease in the return of company shares invested by investors.In addition, covid-19 is an extraordinary pandemic condition and this virus has never been found before, which makes the economy experience a decline. Thus resulting in excessive reaction by investors due to uncertainty in each stock market which resulted in stock prices and decreased stock returns in the company. The results of this study are consistent with research conducted by Shehzad et al. (2020) who have provided empirical evidence that covid-19 has an effect on stock returns.

5. Conclusion

Based on the results of testing and discussion in the previous chapter that has been presented, hereby obtained the following conclusions:

1. Liquidity has no effect on stock returns, the size of liquidity has no effect on stock returns.
2. Leverage has no effect on stock returns, the size of leverage has no effect on stock returns.
3. Profitability effect on stock returns, the greater the profitability ratio, the higher the stock return.
4. The market affects the stock return, the greater the market ratio, the higher the stock return.
5. BI rate affects stock return, the greater the percentage ratio of BI rate, the higher the stock return.
6. The period before and after the Covid-19 pandemic affects stock returns.

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