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[THE IMPACT OF COVID-19](#) OUTBREAKS [ON](#) INDONESIA'S AUTOMOTIVE [AND](#) PAPER [INDUSTRY](#) STOCK RETURN Madeline Thalia¹, Rousilita Suhendah^{1*} ¹Faculty of Economics and Business, Universitas Tarumanagara, Jakarta - Indonesia *Email: rousilitas@fe.untar.ac.id
Submitted: 03-05-2023, Revised: 24-07-2023, Accepted: 01-09-2023
ABSTRACT This study was carried out to identify the effect of COVID-19, Large-Scale Social Restriction policies, market capitalization, and stock trading volume on the company's stock returns from 2 March 2020 to 30 December 2020. The subjects in this study are companies in the automotive and component industries as well as the pulp and paper industry which are listed on the Indonesia Stock Exchange (IDX) during 2020. This study uses 3 theories, namely the Signaling Theory, Efficient Market Hypothesis Theory, and Black Swan Theory. Panel data regression analysis was used in the study, using EViews 9 program and Microsoft Excel to process all data. Results show that growth of COVID-19 positive cases and market capitalization have a significant negative effect on the company's stock return. The other results show that the increasing of LSSR (Large-Scale Social Restriction) policies and stock trading volumes [have an impact on](#) increasing company's [stock returns](#), while [the growth of](#) death cases of COVID-19 has no impact on increasing or decreasing company's stock returns. Keywords: Stock Return, COVID-19, LSSR, Market Capitalization, Trading Volume

1. INTRODUCTION As the centuries roll on, more and more new companies established and the competition between companies with similar industries increases. Therefore, the existence of a company must be maintained. Various efforts can be made by companies such as improving product quality, increasing marketing levels, and improving the quality of their workforce. However, all things can be achieved by the company if the company has the capital to support operational activities. One way for companies to raise their capital is to utilize equity financing, a type of funding that the company will get when the company issues stocks or investors buy company's stocks. One of the criteria that investors consider before deciding to invest is the rate of return on stocks or stock returns that will be obtained by investors. Stock return [is the rate of return that](#) investors [expect](#) when making investments (Bisarah and Amanah, 2015). Stock returns are the main concern for investors since [one of the goals of](#) investments made by [investors is to get a](#) high rate of [return](#) (Suhadak et al., 2018). The stock return of a company can change rapidly and is strongly influenced by a very dynamic capital market conditions. The emergence of [the COVID-19 pandemic in the world](#) has had [a](#) huge impact on all community activities, including the Indonesian capital market. Positive and death cases of COVID-19, which always changes up and down every day, affect the Indonesian stock market. This greatly affects the company's performance so that it can affect the stock price as well as the ability to provide returns to investors. The higher number of COVID-19 cases in Indonesia has resulted in the Indonesian government issuing policies to minimize the rate of virus transmission. This policy issued by the government is called LSSR (Large-Scale Social Restriction) policy. The LSSR policy was formed to reduce the level of community mobility so that it is hoped that the spread of the virus can be minimized. However, the LSSR policy implemented has hampered the company's growth due to the obstruction of the company's operational activities, so this can discourage investors from investing

considering that the return that investors will receive may decrease. In order to determine the right stock to buy, investors usually pay attention to market capitalization and trading volume. Market capitalization reflects the value of a company (Tahir et al., 2013), so investors will assume that companies with high market capitalization have high company values, and can be a safer place to invest. Stock trading volume describes the number of stocks traded in a certain period (Al-Samman and Al-Jafari, 2015), thus illustrating that the greater the trading volume, the more investors are interested in these stocks. Research about the effect of COVID-19 on stock returns has been carried out by many researchers, but there are many inconsistencies in the research results. A.M. Al-Awadhi, et al. (2020), Mugiarni and Wulandari (2021), Ashraf (2020), Nurcahyono, et al. (2021), and Agustin (2021), [show that the daily growth of COVID-19 cases](#) affects negatively significant to stock return. On the other hand, Bahrini and Filfilan (2020) [show that the daily growth of COVID-19 positive cases](#) does not give a significant impact on company's stock returns, thus indicating that the increase or decrease in positive [cases of COVID-19](#) does not [affect the stock returns](#) that will be received. investors. A.M. [Al-Awadhi, et al. \(2020\)](#), Nurcahyono, [et al. \(2021\)](#), and Mugiarni and Wulandari (2021) explain [that the daily growth of COVID-19 death cases has a significant negative effect on stock returns](#). On the other hand, Agustin [9] shows that an increase in the growth of COVID-19 death resulted in a significant increase in company stock returns. Agustin (2021) conducted research related to the LSSR policy on company [stock returns](#), and [the results of the study](#) proved [that the](#) LSSR policy implemented by the Indonesian government resulted in a decrease in stock returns. Having different results, Anh and Gan (2020) examines the effect of lockdown on stock returns in Vietnam, and the results show that the implemented lockdown policy can increase company stock returns. Agustin (2021) shows [that the higher the market capitalization value, the higher the return that investors will receive](#). This result is in contrast to [research conducted by](#) Mugiarni and Wulandari (2021) [which states that](#) during the COVID-19 pandemic, an increase in [market capitalization has a significant effect on the](#) decline in company stock returns. Al-Samman and Al-Jafari (2015), Acharya and Pradhan (2019) explain that trading volume has a significant positive effect on stock returns, in contrast to Taslim and Wijayanto (2016) which shows that trading volume [has no effect on stock returns](#). Therefore, to address [this research](#) gap, an in-depth study was conducted regarding the effect of COVID-19 on company stock returns, with different research periods and research subjects. [Therefore, this study aims to](#) determine [the effect of the growth of positive COVID-19 cases, the growth of COVID-19 deaths, LSSR policies, market capitalization, and stock trading volume on stock returns of companies in the automotive and component industries and the pulp and paper industry](#). Related Theories We use three grand theories to support this research, namely the Signaling Theory, Efficient Market Hypothesis Theory, and Black Swan Theory. Signaling Theory Signaling theory was first popularized by Spence (1973). Signaling theory describes a condition where the manager of a company has more information related to the condition of the company than other parties outside the company (Komara et al., 2019). Therefore, the company manager describes the condition of the company's quality by using a certain measure, so that in order to be able to accurately capture the signal expressed by the company's manager, investors must be able to carefully dig up information related to the signal given. Information received by investors is divided into good news and bad news. The better the information captured by investors or good news, the more interested investors to buy company shares. If there are many investors who are interested in a stock, the company's share price will be higher, which will lead to an increase in the return that can be given by the company and which will be received by investors. The worse the information captured by investors or bad news, the less interested investors to buy company

shares. The decrease in demand for a stock can result in a decrease in the company's stock price which will lead to a decrease in the company's ability to provide high returns to investors. During the COVID-19 condition, the company must be able to maintain the quality of the company to be able to attract investors to invest in the company by giving a good signal, so as to increase the company's ability to provide high returns.

Efficient Market Hypothesis Theory The efficient market hypothesis was popularized by Fama (1970). If the price contained in a stock market reflects the entire condition of the stock, then the market can be said to be efficient (Naseer and Tariq, 2015). Forms of efficient markets are divided into three. The first form is the weak form, where information describing stock market conditions is based on historical prices. The second form of efficient market is the semi-strong form, where market conditions described as a market with a rapidly changing rate of price changes based on information or an economic or political condition or event. The last efficient market form is the strong form, which explains that all information up to private information is known by the market, so that investors are unlikely to get abnormal returns. Companies during COVID-19 must be able to accurately describe the company's conditions to attract investors.

Black Swan Theory The black swan theory was first introduced by Taleb (2007). The black swan theory describes a condition in which a rare event that has a very large impact occurs, making it difficult for society to prevent or anticipate (Mishra, 2020). The impact that will occur due to this event is difficult for the public to know. An example of a black swan event is the 2004 tsunami that occurred in the Indian Ocean with thousands of casualties. Characteristics that distinguish other events from black swan events are black swan events occur beyond expectations, the impact given by black swan events is very large, and the emergence of various explanations by humans after the black swan event occurred (Hajikazemi et al., 2015). From the characteristics and understanding of the black swan theory, it can be concluded that COVID-19 is the right event to be categorized as a black swan event because COVID-19 spreads throughout the world without anyone being able to predict the coming of this outbreak, and COVID-19 brings enormous impact, both on health and the world economy.

Our Contribution There are some several differences based on research conducted by Al-Awadhi et al. (2020), such as differences in research subjects and variables. We add the large-scale social restriction policies (LSSR) and trading volume variable. There is also an improvement in this paper such as a longer research period. The period in this study starts from 2 March 2020, first case of COVID-19 in Indonesia until 30 December 2020.

Paper Structure The following is the structure of this paper. **Section 2** introduces the variables used in this paper, both dependent and independent variables. We also include the measurement for each variable. **Section 3** introduces the hypothesis development of the research, as well as the research framework. **Section 4** introduces the methodology of the research, then **section 5** describes all types of tests we use to determine results. Finally, we conclude our discussions in **Section 6**, as well as our expectation for those who read this study.

2. THEORETICAL REVIEW

Stock Return Stock return is the profit that will be obtained by investors when buying shares or investing (Nasution et al., 2016). There are several ways that investors can get high returns. The first way is to get a capital gain. The way to get capital gain is to buy shares when the price is low, and after the stock price increases, investors can sell the shares, so that profits will be obtained by investors (Idris and Bala, 2015). Another way to get stock returns is through profits when the company distributes dividends to shareholders. Based on Abdullah et al. (2015), we use the following formula to calculate stock return: $SR = \frac{Pt - Pt-1}{Pt-1}$ (SR = Stock Return, Pt = closing share price on day t, Pt-1 = closing share price on day t-1)

Growth of COVID-19 Positive Cases On 2nd March 2020, the Indonesian government provided information that there were Indonesian citizens who had infected by COVID-19. Since 2 March 2020, positive cases

have continued to experience ups and downs. [The Growth of COVID-19 Positive Cases](#) is defined as [the daily growth of](#) Indonesian citizens infected by COVID-19. we use the following formula to calculate Growth of Positive Cases of COVID-19: $POS = X_t - X_{t-1}$ (POS = the Growth of Positive cases of COVID-19, X_t = the positive [cases of COVID-19 on day t](#), X_{t-1} = [the](#) positive cases of COVID-19 on day t-1) Growth of COVID-19 Death Cases On 11 March 2020, the Indonesian government provided information that there were residents who died due to exposure to COVID-19. Since 11 March 2020, cases of Indonesian citizens who died from COVID-19 have continued to change. [The growth of COVID-19 death cases](#) is defined as [the daily growth of](#) Indonesian citizens who died as a result of being infected with COVID-19. We use the following formula to calculate [Growth of COVID-19 Death Cases](#): $DTH = Y_t - Y_{t-1}$, (DTH = [The growth of COVID-19 Death Cases](#), Y_t = COVID-19 [Death Cases on](#) day t, Y_{t-1} = COVID-19 Death Cases on day t-1) LSSR (Large-Scale Social Restrictions) Policy The continued increase in positive and deaths cases because of COVID-19 has resulted in the Indonesian government having to issue several regulations to prevent a wider spread. Lockdown policies such as those carried out by other countries are not used as an alternative by the Indonesian government in eradicating the wider spread of the virus, but issued a large- scale social restriction policy (Agustin, 2021). Large-scale social restrictions are the Indonesian government's policy to limit the movement of citizens, such as regulations to work from home for companies belonging to the non-essential sector, to study from home, prohibitions on gathering in one place, closing restaurants and tourism places, and many more. By using dummy variables and referring to Anh and Gan (2020), the LSSR policy can be formulated as follows: 0 = LSSR has not been implemented yet (March 2nd – April 9th, 2020), 1= LSSR (April 10th – June 4th, 2020), 2= Transitional LSSR (June 5th – September 13th, 2020), 3 = Full LSSR (September 14th, 2020 –December 31st, 2020) Market Capitalization [The market value of a company that can be seen](#) by investors [from the](#) company's [stock price](#) is called the market capitalization (Tahir et al., 2013). It is also defined as the overall value of company's outstanding shares, where this value is very important because it can provide a comprehensive picture of the company's quality (Al-Nimer and Alslihat, 2015). Companies that have a large market capitalization value illustrate that the company has a lower risk (Taslim and Wijayanto, 2016). This encourages investors to invest in companies with a high level of market capitalization, due to the confidence of investors that companies with high market capitalization means that they have good performance. Referring to Mugiarni and Wulandari (2021), market capitalization can be formulated as follows: $MCAP = Ln (O/St \times Pt)$ Whereas: MCAP : Market Capitalization O/St : Outstanding Share on day t Pt : The closing price of the company's shares on day t Trading Volume Trading volume is the number of shares traded by a company in a transaction period. Trading volume is very volatile and can change very quick based on the information submitted by the company (Acharya and Pradhan, 2019). The greater the volume of stock trading shows that more and more investors are interested in the stock. Stock trading volume can be used as an indicator to describe the reaction of investors (Taslim and Wijayanto, 2016). We use the following formula to calculate trading volume $VOL = \text{Number of trading volume, (Vol = Trading volume)}$ 3. HYPOTHESIS DEVELOPMENT [The Growth of COVID-19 Positive Cases](#) is defined as [the daily growth of](#) citizens infected with COVID-19. The continued increase in positive cases has resulted in investors being hesitant to invest due to [the company's declining performance. The](#) decrease in investors demand for a stock [result in a decrease in](#) the [company's stock price. The](#) decrease of the stock price can reduce [the stock returns that will be received by the investors](#). Therefore, the Growth of COVID-19 Positive Cases may affect the decline in stock returns. H1: The growth of positive [COVID-19 cases has a negative effect on stock returns](#). The growth [of](#) COVID-19 death

cases is defined as the daily growth of citizens who died as a result of being infected with COVID-19. If the number of people who died due to COVID-19 keep increasing, this thing can cause investors to hold back on buying shares because investors had doubts about the duration of the pandemic (Nurchayono et al., 2021). This indicates that investors' doubts about the company's ability to continue to survive in the midst of the pandemic are also increasing. This causes investors to be reluctant to buy company's stocks, so that a decrease in investment from investors can reduce the company's share price along with the reduced demand for a share. The decline of the stock price can lead to a decrease in the stock returns that investor will receive. Therefore, the growth of COVID-19 death cases may affect the decline in stock returns. H2: The growth of COVID-19 Death Cases has a negative effect on stock returns. LSSR policy or Large-scale social restrictions is the Indonesian government's policy to limit the movement of people such as regulations for working from home to carrying out teaching and learning activities from home, prohibitions on gathering in one place, closing restaurants and tourism places, and many more. This causes all operational activities of the company to be hampered, resulting in a decrease in company performance. The decline in the company's performance resulted in a decrease in investor interest in investing in the company, since investors became doubtful about the company's ability to provide the return expected by investors. This causes the demand for company shares to decrease, and a decrease in demand for shares can reduce the company's stock price, and lead to a decrease in stock returns that investors will receive. Therefore, large-scale social restrictions can affect the decline in stock returns. H3: LSSR Policy has a negative effect on stock returns. A large market capitalization value reflects a high company value, so a company with a large market capitalization value illustrates that the company has a lower risk (Taslim and Wijayanto, 2016). This encourages investors to invest in companies with a high level of market capitalization, due to the confidence of investors that companies with high market capitalization means that they have good performance. High demand for shares from investors can increase stock prices, which leads to an increase in stock returns that investors will receive. This results in a higher market capitalization which can affect the increase in stock returns which are also higher. H4: Market Capitalization has a positive effect on stock returns. The greater the volume of stock trading shows that more and more investors are interested in the stock. High demand for shares can increase stock prices. The higher the demand for shares and the company's stock price, the stock returns received by investors will also increase. Therefore, an increase in trading volume has an impact on increasing stock returns. H5: Trading volume has a positive effect on stock returns.

4. METHODOLOGY

Population and Sample In this study, automotive and pulp-paper companies listed on the IDX during 2020 (22 companies) are used as the population. The research period starting from March 2nd until December 30th, 2020. The reason for choosing the automotive and component industries as well as the pulp and paper industry is that these industries are two types of industries in Indonesia that are very advanced to the international market. However, both types of industries have not been spared by the effect of the pandemic. During the pandemic, people's activities, both for work and for travel are limited, so that people's need for automotive is reduced. In addition, COVID-19 has caused all people to work at home, so that the community's need for paper is reduced because all administrative and correspondence activities have changed to electronically. This research was started from 2nd March 2020 because on that day, the first case of Indonesian citizens infected with the corona virus was announced. In this study, the sample selection technique used is purposive sampling with the non- probability method. The following are the sample selection criteria set for this study: 1. Automotive and component industry companies as well as pulp and paper listed on the IDX in 2020. 2.

Companies in the automotive and component industries as well as pulp and paper that are actively trade their shares during 2020 The number of companies in the automotive and components industry in 2020 is 9 companies, and the number of pulp and paper companies is 13. Based on the predetermined criteria, it was found that there was 1 company from the automotive and components industry that was not actively traded their shares during 2020, and there were 2 companies from the pulp and paper industry that were not actively traded their shares during 2020. In this study, 19 companies were selected with a total of 200 research days, so that the total samples in this study are 3800 data. Data Collection Technique The data needed to support this research were obtained from the yahoo finance, the Indonesia Stock Exchange, and Indonesia's official COVID-19 website. The tools used to process the data in this research are EViews 9 and Microsoft Excel. This research uses panel data regression analysis. The research model in this study is as follow: $SRI_{i,t} = \alpha + \beta_1 POS_{i,t-1} + \beta_2 DTH_{i,t-1} + \beta_3 LSSR_{i,t} + \beta_4 MCAP_{i,t-1} + \beta_5 VOL_{i,t} + \epsilon_{i,t}$ whereas: $SRI_{i,t}$: Stock return on stock i on day t : Constant value : Variable coefficient value : Growth of COVID-19 Positive Cases on day $t-1$: Growth of COVID-19 death cases on day $t-1$: Large-Scale Social Restrictions : Market capitalization of stock i on day $t-1$: Trading volume of stock i on day t : Error

5. RESULTS Descriptive Statistics Test In general, descriptive statistic test is used in research to make the data easier to read and understand. This study uses five types of descriptive statistical test characteristics, namely: (1) Mean or average value of the variables studied, (2) the median or the middle value of the variables studied, (3) the maximum or the largest value of the variables studied, (4) the minimum or the smallest value of the variables studied, and (5) the standard deviation. The results of the descriptive statistical tests that have been carried out can be seen in Table 1. Multicollinearity Test The classical assumption test in this study uses a multicollinearity test, to find out whether in the regression model used, there is a correlation between variables. The multicollinearity test is one of the four types of classical assumption tests. The research model is considered free from multicollinearity symptoms if there is no number greater than 0.8 in the multicollinearity test as displayed in Table 2. In Table 2, no number exceeds 0.8. So, the conclusion is that the data of all samples are free from the signs of multicollinearity. Panel Data Regression Test Based on the 3 tests that have been done, the type of model selected for testing related to all sample data is the REM or random model. The REM test results can be seen in Table 3. Based on Table 3 displaying the results of the random effect model test, the following is a multiple linear regression analysis model in this study: $SRI_{i,t} = 0.048090 - 0.00000344 POS_{i,t-1} - 0.0000112 DTH_{i,t-1} + 0.001958 LSSR_{i,t} - 0.001849 MCAP_{i,t-1} + 0.000000000417 VOL_{i,t} + \epsilon_{i,t}$

Table 1 Descriptive Statistics Test Result

| SR | Mean | Median | Maximum | Minimum | Std. Dev. | Observations |
|------|----------|----------|----------|-----------|-----------|--------------|
| POS | 0.001871 | 0.000000 | 0.347826 | -0.180000 | 0.042784 | 3,800 |
| DTH | 43.15000 | 8.500000 | 2836.000 | -1650.000 | 444.3726 | 3,800 |
| LSSR | 2.725000 | 0.500000 | 96.00000 | -50.00000 | 21.09091 | 3,800 |
| MCAP | 1.915000 | 28.18384 | 2.000000 | 27.95502 | 3.000000 | 33.15647 |
| VOL | 0.000000 | 24.79485 | 1.038296 | 1.931492 | 3,800 | 3,800 |

Table 2 Multicollinearity Test Result

| VOL | POS | DTH | LSSR | MCAP |
|-----------|-----------|-------------|--------------------------|------------|
| 5,599,400 | 4,985,000 | 311,402,400 | 0.000000 | 17,123,907 |
| 3,800 | 3,800 | 3,800 | 3,800 | 3,800 |
| 0.000000 | 0.219298 | 0.052351 | 0.004741 | 0.023195 |
| 0.081608 | 0.006045 | -0.001850 | LSSR | 0.052351 |
| 0.036719 | 0.034292 | MCAP | 0.004741 | 0.006045 |
| 0.513393 | VOL | 0.023195 | -0.001850 | 0.034292 |
| 0.513393 | 1.000000 | Table 3 | Random Effect Model Test | Result |

| Variable | Coefficient | Std. Error | t-Statistics | Prob. > C |
|----------|-------------|-----------------|----------------|------------|
| POS | 0.048090 | -0.00000344 | -0.0000112 | 0.000033 |
| DTH | 0.001958 | -0.001849 | 0.000000000417 | 0.011442 |
| LSSR | 0.00000156 | 0.00000156 | 0.000033 | 0.000655 |
| MCAP | 0.000408 | 0.0000000000461 | 4.202864 | -2.199939 |
| VOL | -0.340604 | 2.989176 | -4.527698 | 9.051142 |
| | 0.0000 | 0.0000 | 0.0279 | 0.7334 |
| | 0.0028 | 0.0000 | 0.0000 | |

Hypothesis Test Results The results of the F-Test for all sample

companies [can be seen in Table 4](#). The prob. value of F-statistics in Table 4 is 0.000000 and has a value that is smaller than the significance value (5%). [So, it can be concluded that](#) all independent [variables in this study](#), namely POS, DTH, LSSR, MCAP, and VOL have effect simultaneously on stock return (SR). Table 4 F-Test Result Weighted Statistics F-statistics 18.63601 Prob (F-statistics) 0.000000 [Based on the test results in Table 3, it can be concluded that the](#) test results on all companies. The prob. POS is 0.0279. It means that H1 which states [that the Growth of COVID-19 Positive Cases has a significant negative effect on stock returns](#) is accepted. [These results are in line with](#) the researches done [by](#) Ashraf (2020), [Al-Awadhi, et al. \(2020\)](#), Nurcahyono, et al. (2021), Agustin (2021), and Mugiarni and Wulandari (2021). The more positive cases of COVID-19 were increased every day, stock price will decrease. According to signaling theory, investors will receive a bad signal regarding the rate of return. Investors invest their money in capital market to to get a high rate of return. Investors will be more reluctant to invest which will lead to [a decline in the company's stock price](#). The decline in stock prices indicates that investors will get a small return. The higher positive growth of COVID-19, the lower stock return was receive by investors. The prob. DTH is 0.7334. It means [the growth of COVID-19 death cases has no effect on stock returns](#). H2 which states [the Growth of COVID-19 Death Cases has a negative effect on stock returns](#) is rejected. [These results are in line with the research conducted by](#) Ashraf (2020), which explains that the reaction from the stock market regarding cases of deaths caused by COVID-19 is weak. Death can be the result for people who get infected, so investors have predicted the impact since positive cases occurred Ashraf (2020). Death case does not influence investor's decision to invest, so it [does not have a significant effect on](#) the company's [stock](#) return. [The results of this study are not in line with the research conducted by](#) Al-Awadhi, [et al. \(2020\)](#), Nurcahyono, [et al. \(2021\)](#), [and](#) Mugiarni [and](#) Wulandari (2021). The prob LSSR is 0.0028. It means that H3 which states that the LSSR policy has a negative [effect on stock returns](#) is rejected. [The results of this study are](#) in accordance [with](#) Anh and Gan (2020) which explains that the lockdown policy implemented in Vietnam has a positive and significant impact on the company's stock return. Investors believe that the lockdown policy can minimize the spread of COVID-19. The existence of the LSSR policy resulted in reduced interaction between communities. The spread of the virus being minimized. Investors' believe that COVID-19 can be immediately contained and the public company activities can soon return to normal. With the normal return of the company's operational activities, investors become confident that the company's performance can also improve, so that investors begin to reinvest their capital in the company. An increase in investment in company shares can cause the demand for company shares to increase. This makes [the company's stock price](#) increase, [and](#) an [increase](#) in stock returns received by investors. So, this proves that the LSSR policy can [increase the stock return that will be received by investors](#). The prob. MCAP is 0.0000. It means that H4 which states that market capitalization [has a positive effect on stock returns](#) is rejected. [The results of this study are](#) in accordance [with the](#) research conducted Mugiarni and Wulandari (2021). This negative influence can occur due to anomalies that occur in the Indonesian stock market in 2020. As stated in the efficient market hypothesis, which explains that the information available in the stock market explains the condition of the company's shares. Market capitalization can be obtained by multiplying the price of one share by all outstanding shares. So, a large market capitalization can mean more and more shares outstanding. However, these shares are not in demand by investors considering that during COVID-19, the company's performance declined, so investors are more cautious in investing and prefer to avoid risk. This causes the demand for shares to decline, leading to a decrease in the return that investors will get in the future. This results in a large market capitalization that can affect

the [decline in the company's stock](#) return. [The](#) prob. VOL is 0.0000. It means that H5 which states that trading volume [has a significant positive effect on stock returns](#) is accepted. [This](#) significant positive effect [is](#) in accordance [with research](#) Al-Samman and Al-Jafari (2015) and Acharya and Pradhan (2019). Stock trading volume shows the number of buying and selling transactions [of a company's](#) shares [at](#) a certain [time](#). As stated in [the efficient market hypothesis](#) theory, which explains [that the](#) information available in the stock market explains the condition of the company's shares. So, it can be concluded that the higher the trading volume of a stock, the more [investors will be interested in the company's](#) shares. [The](#) high demand for a stock causes the stock price to increase. The higher the stock price, the higher the return received by investors. So, this proves [that the higher the](#) trading volume, [the higher the stock](#) return that investors will receive. Table 5 Summary of Hypotesis Test No Hypotesis Result H1 The growth of positive [COVID-19 cases has a negative effect on stock returns](#) Accepted H2 [The growth of COVID-19 Death Cases has a negative effect on stock returns](#) Rejected H3 LSSR Policy [has a](#) negative [effect on stock returns](#) Rejected H4 [Market Capitalization has a](#) positive [effect on stock returns](#) Rejected H5 [Trading volume has a](#) positive [effect on stock returns](#) Accepted 6. DISCUSSION [This study aims to determine the effect of the growth of](#) positive [COVID-19 cases, the growth of COVID-19](#) death [cases](#), large-scale social restriction policies, market capitalization, and stock trading volume on the company's stock returns. The subjects in this study were companies in the automotive and component industries and the pulp and paper industry which were listed on the IDX during 2020. The [Growth of COVID-19](#) Positive [Cases](#) negatively [and](#) significantly affected [the](#) stock returns of automotive and component companies as well as pulp and paper during the study period, while the growth of death cases caused by COVID-19 had no effect [on the stock returns of](#) automotive and component [companies](#) as well as pulp and paper during the research period. LSSR policy and trading volume affect the stock returns of automotive and component companies as well as pulp and paper positively and significantly during the study period, while an increase in market capitalization affects the decline in stock returns of automotive and component companies as well as pulp and paper during the study period. The research that has been carried out has several weaknesses and limitations, such as the short research period, which is only in 2020, the research variables used to be studied are few, and the subjects used in this study are limited, only automotive and component companies and pulp and paper companies. To overcome the various weaknesses that exist in this study, it is recommended for further researchers to extend the research period so that the results become more accurate, add other research variables related to the company's stock return, such as profitability, stock trading frequency, market-to-book ratio, and other variables. In addition, further researchers are also expected to be able to expand the research subjects. After reading the results of this study, investors are expected to be able to increase their knowledge about several things that give impacts on stock returns so that investors can make the right decisions before investing. Company managers are expected to be able to make the right decisions regarding business activities that need to be carried out to improve company's performance in order to be able to provide high returns to attract investors to invest. This research is expected to be used as a reference material and as a reference for future researchers who will conduct research related to stock returns when an event occurs. ACKNOWLEDGMENT This work was supported by Universitas Tarumanagara, the Faculty of Economics and Business, Jakarta - Indonesia. REFERENCES Abdullah, M.N. Parvez, K., Karim, T., Tooheen, R.B., The Impact of Financial Leverage and Market Size on Stock Returns on the Dhaka Stock Exchange: Evidence from Selected Stocks in the Manufacturing Sector, International Journal of Economics, Finance and Management Sciences. 3(1), 2015, pp. 10-15. DOI: 10.11648/j.ijefm.

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