



## The Impact of Large – Scale Social Restrictions (PSBB) on The Stock Price of Service Companies on The Indonesia Stock Exchange

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### ABSTRACT

This study aims to determine the impact of large – scale social restrictions (PSBB) on the stock price of service companies on the Indonesia Stock Exchange. This research is a quantitative research in which the data source used is secondary data obtained from the website: <http://www.idx.co.id>. Data collection techniques are through documentation in the form of stock prices H-14 to H-1 before the implementation of PSBB and H +1 up to H + 14 when the PSBB is implemented. The share price used is the closing price. Hypothesis testing in this study used statistical analysis tools paired sample t-test. And based on the results of the hypothesis test, it is concluded that there is no significant difference in the stock prices of service companies listed on the Indonesia Stock Exchange before and when PSBB are enacted..

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### 1. Introduction

The world is currently experiencing the Covid 19 pandemic which has an impact on various sectors, including the economic, social, tourism, trade, services and so on. One of the solutions made by the government to reduce the spread of Covid 19 is the implementation of Large-Scale Social Restrictions (PSBB). The application of Large-Scale Social Restrictions (PSBB) is one of the most effective ways to reduce the rate of transmission of Covid 19 in areas that have a high level of spread. This government move suggests or calls on the public to impose restrictions on activities in certain sectors, including emphasizing the public to postpone activities that gather large numbers of people in advance. The imposition of this restriction also applies to national and international companies. As a result of the Large-Scale Social Restrictions (PSBB), some companies could not operate optimally, thus disrupting the economy and stock prices.

The development of stock prices in the capital market is an important indicator for studying market behavior, namely investors. Investors will base their investment decisions on the information they hold, including the company's financial information. Financial information used to analyze stock prices includes price to book value, price earning ratio, and asset growth (Sulia, 2017).

An investor is generally required to keep abreast of market information and market prices. In relation to the information obtained, it was found that there were deviant reactions from investors. Investors are found not only to consist of rational and unemotional people. Irrational investors often make emotional decisions where they quickly absorb the information obtained, even though the information has no clear source. These investors tend to quickly release their shares if they hear bad information about a stock. This action is referred to as overreaction which can affect the returns expected by investors (Barus and Christina, 2014).

In addition, overreaction can also be described through stock trading activities. Investor interest in stocks will cause the number of shares to be traded to change. This condition will cause abnormal return. Where stock returns were previously high can be low, and vice versa. In addition, investor interest in winner and loser stocks will cause the number of traded shares to change which can be seen through the volume of stock trading. Changing abnormal return conditions will affect the company's stock price (Barus and Christina, 2014).

a review of the activity of the outstanding shares. The condition of a company, apart from being seen from the turnover received, can also be seen from the share price of the company. The stock price shows how much supply and demand is happening to the stock. If the demand for these shares increases, the share price will also increase. Meanwhile, if the demand for these shares decreases, the share price will also decrease. In addition to the stock price, the condition of the company can also be seen from the number of share transactions that have been bought and sold at the company. The number of stock transactions shows the investor's interest both in buying and selling the company's shares. The value of the number of stock transactions can be seen in the transaction volume of the company's shares (Nurmasari, 2020). Thus, based on the explanation above, the title in this study is "The Impact of Large - Scale Social Restrictions (PSBB) on The Stock Price of Service Companies on The Indonesia Stock Exchange".

## 2. Literature Riview

### 2.1 The Large - Scale Social Restrictions (PSBB)

Based on Government Regulation Number 21 of 2020, what is meant by PSBB is the restriction of certain activities of residents in areas suspected of being infected with Covid 19 to prevent its spread (www.investor.id, 2020). According to wikipedia.org. Large-Scale Social Restrictions (PSBB) is a term of health quarantine in Indonesia which is defined as "limiting certain activities of the population in an area suspected of being infected with a disease and / or contamination in such a way as to prevent the possibility of spreading disease or contamination. PSBB is a type of health quarantine in the region, apart from home quarantine, hospital quarantine, and regional quarantine.

The goal of the PSBB is to prevent the spread of the current public health emergency among people in a certain area. The restrictions on activities carried out include at least school vacations and work places, restrictions on activities in public places or facilities. PSBB is carried out by local governments at the provincial and district / city levels after obtaining the approval of the Minister of Health through a Ministerial Decree ([www.wikipedia.org.2020](http://www.wikipedia.org.2020)). Based on the Minister of Health Regulation Number 9 of 2020, the implementation of the PSBB includes :

1. Vacation to school and work
2. Restrictions on religious activities
3. Restrictions on activities in public places or facilities
4. Restrictions on social and cultural activities
5. Restrictions on the mode of transportation
6. Restriction on other activities specifically related to defense and security aspects

### 2.2 Stock Price

Shares are proof of ownership of the assets of companies that issue shares (Tandelilin, 2010). Shares can be divided into preferred stock and common stock. The share price is the value of a share that reflects the wealth of the company that issues the shares, where changes or fluctuations are largely determined by the forces of supply and demand that occur on the stock exchange (secondary market). The more investors who want to buy or hold shares, the price will increase. Conversely, the more investors who want to sell or release a stock, the lower the price will be (Sulia, 2017).

There are three types of information that can affect share prices, namely past stock price movements, information available to the public, and all information both publicly and company-owned, including: a) Weak form The stock price fully reflects past information. b) Half strong form The share price not only reflects the price trend of the previous period but also other published information. c) Strong form The share price reflects the trend of price changes in the previous period, information that has been published and informed privately. Every investor who invests in stocks will often monitor the latest developments in the condition of the issuer where they invest money and observe the movement of shares in the stock exchange as a whole (Sulia, 2017).

Share price is money issued to obtain proof of participation or ownership of a company (Anoraga, 2001). On the secondary market or in daily stock trading activities, stock prices fluctuate

either in the form of an increase or a decrease. The formation of share prices occurs because of the demand (demand) and supply (supply) of these shares. This supply and demand occurs due to many factors, both factors that are specific to the stock, such as the performance of the company and the industry in which the company operates, as well as macro factors such as the country's economic conditions, social and political conditions, as well as growing rumors. ([www.idx.co.id/product/stock](http://www.idx.co.id/product/stock)).

In discussing stock trading activities, there are several terms related to stock prices, including: (a) Previous Price, indicating the price at the closing of the previous day. (b) Open or Opening Price, shows the price for the first time at the opening of the first trading session. (c) High or Highest Price, shows the highest price for a share that occurred during trading on that day. (d) Low or Lowest Price, shows the lowest price for a share that occurred during trading on that day. (e) Last Price, shows the last price for a share. (f) Change, shows the difference between the opening price and the last price that occurred. (g) Close or Closing Price, shows the closing price of a share. In one trading day the closing price is determined at the end of the second session, which is at 16.00 in the afternoon (Darmadji, 2011). As quoted in Salma (2017), stock price fluctuations are determined by the company's ability to make a profit. If the profits earned for the company are relatively high, it is very possible that dividends paid are relatively high, will have a positive effect on stock prices on the market, and investors will be interested in buying them. As a result, the demand for these shares increases, in the end the share price also increases. A share has a price value. Share prices are differentiated as follows :

a. Nominal Price

The nominal price is the price stated in the share certificate determined by the issuer to value each share issued. The amount of the nominal price gives an important meaning because dividends paid on shares are usually determined based on nominal value.

b. Prime Price

The initial price is the price at the time the shares are recorded on the stock exchange in the context of an initial public offering of shares called an IPO (Initial Public Offering). The share price in the primary market is usually set by an underwriter and a public company listed on the stock exchange (issuer). In certain cases, if the shares being sold have more demand than the available shares (oversubscribed), the share price is not like the number stated on the share certificate (nominal).

c. Market price

The market price is the selling price of one investor to another. This price occurs after the shares are listed on the stock exchange. Transactions here no longer involve issuers and underwriters. This price is referred to as the price in the secondary market and is the price that truly represents the price of the issuing company, because in transactions on the secondary market, there is very little price negotiation between the investor and the issuing company. The price announced daily in newspapers or other media is the market price recorded at the closing price of activities on the Indonesian stock exchange which will be used as the opening share price the next day at the opening of the stock exchange.

### 2.3 Stock Price Index

The Jakarta Composite Index or JSX Composite is one of the index types on the Indonesia Stock Exchange ([www.wikipedia.org](http://www.wikipedia.org)). The stock price index is an indicator that shows the movement of stock prices. On the Indonesia Stock Exchange (IDX) there are 6 types of indexes, namely Individual Index, Sectoral Stock Price Index, Composite Stock Price Index (IHSG), LQ45 Index, Sharia Index, Main Board Index and Development Board (Barus and Christina, 2014).

According to Anoraga and Pakarti (2001) IHSG is an index that shows general stock price movements that are listed on the stock exchange which is a reference for the development of activities in the capital market. This JCI can be used to assess the general market situation or to measure whether stock prices have increased or decreased. The JCI also includes all stock prices listed on the stock exchange (Astuti, Apriatni, Susanta, 2013). In order for the JCI to describe a fair market condition, the Indonesian Stock Exchange has the authority to exclude or not include one or several Listed Companies from the calculation of the IHSG. The basis for consideration is, among others, if the number of shares of the Listed Company owned by the public (free float) is relatively small while the market capitalization is quite

large, so that the change in the Listed Company's share price has the potential to affect the fairness of the JCI movement (Elfiswandi and Hendri, 2018). JCI changes every day due to changes in market prices that occur every day and the existence of additional shares. The increase in the number of outstanding shares comes from new issuances, namely the entry of new issuers that are listed on the Stock Exchange, or corporate actions in the form of splits, rights, warrants, share dividends, bonus shares and convertible shares. Changes in the price of individual shares in the market occur due to supply and demand factors. There are various variables that affect supply and demand, both rational and irrational. Rational influences include company performance, interest rates, inflation rates, growth rates, foreign exchange rates, or stock price indexes from other countries. Irrational influences include rumors in the market, following dreams, whispers of friends, or price games (Kartika, 2010). In general, an increase in price or a decrease in price can occur together. If the price continues to rise, it will be followed by a decrease in price in the next period. The increase in the JCI does not mean that all types of stocks have experienced an increase in price, but only some have experienced an increase while some have decreased. Likewise, a fall in the JCI could mean that some stocks experienced a decline and some experienced an increase. If a stock rises in price, it means that the stock has a positive correlation with the increase in the IHS. If a type of stock rises in price but the JCI goes down, it means that the stock is negatively correlated with the JCI (Samsul, 2006).

Most of the event studies examined the link between the JCI and economic and political events. For this reason, this study tries to link the Covid 19 Pandemic with the stock prices circulating on the Indonesia Stock Exchange by focusing on service companies. There are several studies that link the Covid-19 outbreak with economic aspects including research conducted by (Hadiwardoyo (2020), Ansori (2020), and Ahmad (2020) showing that the Covid-19 outbreak has affected economic aspects where there are several companies located in big cities must comply with the implementation of the PSBB, which means that the company must stop work agendas that require direct interaction, and of course this applies to various companies ranging from service providers, manufacturing industries, to online-based companies. affect trade transactions on the Indonesia Stock Exchange. Based on this, the hypothesis in this study are as follows  $H_a$ : There was a significant difference in share prices before and when the PSBB was implemented.

### 3. Method

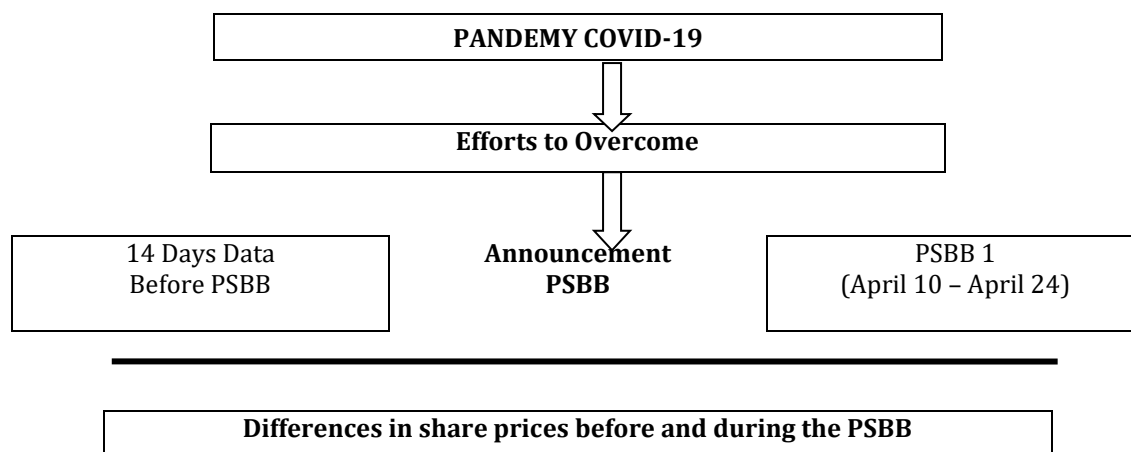
This type of research is quantitative research in which the data source to be used in this study is secondary data obtained from the website: [http / www.idx.co.id](http://www.idx.co.id). The population in this study are companies listed on the Indonesia Stock Exchange. While the samples to be taken are service companies listed on the Indonesia Stock Exchange from 2019 - 2020. The sampling technique uses purposive sampling with the following criteria: a) Companies that consistently trade their shares during the observation period, namely D-14 to H-1 before the implementation of the PSBB and H + 1 to H + 14 when the PSBB is implemented. c). Companies engaged in services. c). Not carrying out corporate actions, such as diverting acquisitions or mergers during the observation period to avoid joint effects. The data collection technique used in this research is documentation, namely through the collection of secondary data obtained from the Indonesia Stock Exchange. Data in the form of stock prices H-14 to H-1 prior to the implementation of the PSBB and H + 1 to H + 14 when the PSBB was implemented. Share prices are used at the closing price.

Before doing data analysis, first the normality test was carried out. After fulfilling the prerequisites, the next step is to test the hypothesis using the SPSS program to test whether there is a mean for two paired independent (independent) samples or in other words there is or is no difference in share prices in service companies, before and when the PSBB was implemented. . The paired sample t-test, in principle, wants to find out whether there are differences in stock prices in service companies, before and during the implementation of the PSBB, by comparing the two sample means. Making decisions based on:

1. If  $p\text{-value} > 0.05$  then  $H_a$  is rejected
2. If  $p\text{-value} < 0.05$  then  $H_a$  is accepted

**4. Results and Discussion**

One of the policies taken by the government in suppressing the spread of Covid 19 is the imposition of Large-Scale Social Restrictions (PSBB). This PSBB is carried out during the longest incubation period, which is 14 days. If there is still evidence of spreading in the form of new cases, it can be extended within 14 days from the discovery of the last case.



In this study, the object of research is service companies listed on the Indonesia Stock Exchange in 2019-2020. Service companies are part of companies affected by Covid 19. The sample selection data in this study are as follows :

**Table 1.**  
**Sample Selection Data**

<b>Information</b>	<b>Amount</b>
Total Population	445
Companies that do not consistently trade their shares on the date of observation	22
The sample met the criteria	423

Source: Secondary data processed, 2020

From the data of companies that meet the criteria, it shows that the average share price of service companies varies on the date of observation. The company that had the highest share price before the implementation of PSBB was Bank Central Asia Tbk. (BBCA) with a value of 27,768 and 26,636 when the PSBB was implemented. While the lowest share price for service companies is 50, -. Before and after the implementation of the PSBB. Following are the descriptive test results which include the minimum, maximum, mean, and standard deviation values.

**Table 2.**  
**Descriptive Statistics of Stock Prices**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
Before	423	50	27768	978.34	2410.788
Moment	423	50	26636	973.98	2275.799
Valid N (listwise)	423				

Source: Processed Data, 2020.

The results of descriptive statistical calculations of the average stock price before and when the PSBB was implemented, can be read in table 2. Based on the table, it is known that the standard deviation before and during the implementation of PSBB shows a value greater than the mean value, this means that the data is heterogeneous, because the data distribution varies. This means that the price of shares owned by each company varies in value.

#### 4.1 Hypothesis testing

The following Table 3 shows the results of data processing from the paired sample t-test of the stock price as follows:

**Table 3.**  
**Result of Paired Sample T-Test**

		Paired Samples Test								
		Paired Differences				95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error	Lower	Upper				
Pair 1	Before - Moment	4.362	304.061	14.784	-24.698	33.421	.295	422	.768	

Source: Processed Data, 2020.

Based on the results of the paired sample t-test, it shows the t index value of stock prices before and after the implementation of PSBB, t count is 0.295 with a sign.  $0.768 > \alpha. 0.05$  then  $H_a$  is rejected and  $H_0$  is accepted. This means that there is no significant difference in share prices before and when the PSBB was implemented.

#### 4.2 Discussion

From the results of hypothesis testing, it is evident that the value of the stock price index of service companies listed on the Indonesia Stock Exchange before and after the implementation of PSBB does not have a significant difference. The results of this study are in line with research conducted by Suhaedading (2020) which before the implementation of the Jakarta PSBB and when the Jakarta PSBB took place, shows that there is no significant difference between the stock price before the Jakarta PSBB was implemented and when the PSBB took place. This may be because investors have started to anticipate the impact caused by the Covid 19 pandemic since the rolling of the Jakarta OSBB issue. This research is also corroborated by Lestari's research (2020) which states that there is no significant effect of the implementation of Large-Scale Social Restrictions (PSBB) on the stock returns of companies listed on the stock exchange.

#### 5. Conclusion

Based on the results of the hypothesis test, it is concluded that there is no significant difference in the stock prices of service companies listed on the Indonesia Stock Exchange before and when the Large-Scale Social Restrictions (PSBB) are enacted. This is due to the readiness of the company at the time of the large-scale social restrictions (PSBB) issue in Jakarta. Therefore, the company's share price does not experience an impact due to the large-scale social restrictions (PSBB). However, the company should implement a stronger and more aggressive strategy in making sales so that the company's turnover can increase. For further research, it is hoped that it can add other variables besides stock prices. This is because the Covid 19 Pandemic has led to the emergence of several policies that need to be examined for their effects on companies listed on the Indonesia Stock Exchange.

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