

ABSTRACT

This study aims to examine the impact of Covid-19 on stock performance (e.g., return, price volatility, and stock trading volume) and the ability of corporate governance mechanisms and government policies to moderate the negative impact of Covid-19 on stock performance. The test was conducted using PLS-SEM data analysis techniques using data on the development of positive cases and deaths from Covid-19, Google Search Volume Index (GSVI) trend data related to Covid-19, and financial and governance data from 614 issuers listed on the IDX during the observation period from March 1, 2020, to October 1, 2021 (from the time of the first announcement of the Covid-19 case until the end of the peak period of the critical wave of Covid-19 Delta variant infections). The test results provide empirical evidence that Covid-19, as proxied by the scale of case growth and the scale of public attention to Covid-19, negatively impacts stock performance indicators, namely harming returns, increasing price volatility, and suppressing stock trading volume as a reflection of investor panic and negative responses to the pandemic. Corporate governance characteristics such as board membership size, independence, and expertise, as well as institutional investor ownership, have been shown to mitigate these negative effects, with varying results. However, board oversight and foreign investor ownership have not. Furthermore, evidence shows that, as a combination, the reallocation and refocusing of the national and regional budgets (APBN & APBD), along with the National Economic Recovery (PEN) program designed by the Indonesian government to mitigate the economic impact of Covid-19, mitigated the negative impact of Covid-19 on stock performance indicators.

Keywords : Covid-19 Pandemic, Stock Performance, Corporate Governance, Government Policy