

CORONAVIRUS: IMPACT OF QUALITY OF INCOME ON PROPERTY, REAL ESTATE AND BUILDING CONSTRUCTION COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX)

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Abstract:

The government's policies in dealing with the coronavirus have been proven to affect the Quality of Income, and work culture and ultimately influence investors' decisions to invest as market participants responding to this crisis. This paper discusses the impact of regulations in overcoming the COVID-19 pandemic domestically and globally on property, real estate, and building construction companies. We found a decrease in income quality in 4 of the 12 companies in Indonesia sampled in this study. The uncertainty of when this pandemic will end is the reason for every decision-maker in the company to take action to save the company so that it can survive during the pandemic. Prompt and appropriate action can maintain and even increase the quality of income. On the other hand, doubts in making decisions can result in decreased income quality due to this policy's impact.

Keyword: Coronavirus, Covid-19, Government's policies, Property, Real Estate, Building Contraction, Quality of Income,

1. INTRODUCTION

Coronavirus Disease (COVID-19) is one of the most severe pandemics in the history of human civilization which first appeared in China. The COVID-19 pandemic is a once-in-a-century global crisis (Gates, 2020). While the spread of the COVID-19 virus is gradually decreasing in its home country, this virus continues to expand to other countries which has resulted in a decline in global financial markets, including real estate. (Toro et al., 2021). Some brokers offer house tours via Skype and FaceTime to minimize the risk of spreading infection. Nearby brokers The United States also asks potential buyers to pre-register for views to measure interest and likelihood buy (Nicola et al., 2020). COVID-19 has spread dramatically in many parts of the world and has a detrimental impact on human life and well-being (Ru et al., 2021). Government policies put pressure on housing demand market and directly reduce the profitability of real estate companies and a leading bank in the stock market. Meanwhile, they lowered systematic risk in the market by reducing the probability of a crash like the 2007 housing bubble in the United States. (Akbari & Krystyniak, 2021).

The first case of COVID-19 in Indonesia was confirmed on March 2, 2020, with two residents of the Depok city, West Java Province, positively infected with the COVID-19 virus. Then on March 15, 2020, Indonesia announced that there were 117 residents infected with COVID-19,

thus making the government of the Republic of Indonesia take steps to carry out social restrictions by closing schools and public places.

Several countries have made policies regarding the emergency of the COVID-19 pandemic in the form of country locking that restricts human movement which is a government measure so that the COVID-19 virus can be controlled so that their countries immediately get out of the pandemic and have no impact on the economy. (Nasution et al., 2022). However, there are also different policies taken by the government in the form of social distancing, travel bans, health testing and quarantine, fiscal stimulus, monetary policy, and economic packages. (Ashraf, 2020; Bannigidadmth et al., 2021).

According to (Nasution et al., 2022)The policy taken by the government in breaking the COVID-19 chain has caused many negative impacts in several business sectors such as the tourism, hotel, restaurant, and real estate sectors. Based on the survey results, it is expected that there will be changes in planning and settlement development decisions and investment approach after the pandemic. It is often said that during and after the plague, the population theory of Malthus (1798).applies, that there will be changes in the measurement of production, profitability and utility (Tanrıvermiş, 2020).

Research conducted (Toro et al., 2021)regarding the impact of the pandemic on the real estate market experiencing a significant slowdown due to COVID-19 which will also affect prices. COVID-19 is believed to have emerged as a curse for the real estate market with an unpredictable level of uncertainty and high volatility.

Earnings quality is reporting company earnings that follow accounting standards and rules. Reporting good earnings quality will provide information to managers and outside investors with the same level of information concerning the company's prospects and create confidence in the company's reported earnings.In the other words, earnings quality accurately reflects the underlying economy of the company through increased transparency(Pathak & Ranajee, 2020).

In measuring the quality of earnings in this study using the ratio of quality of income. The quality of income ratio used will describe the variance between cash flow and net income, where the higher the ratio, the higher the earnings quality, which indicates the large operating profit that can be realized in cash.

Five factors that can be a focus for business people to survive amid the coronavirus.

In Cash Management, companies need to take steps to secure their cash stock including taking the necessary actions such as extending creditor payments, negotiating the suspension of rental payments and bank credit, negotiating with customers for early payments, to considering tax breaks or government programs that provide convenience. For entrepreneurs. "Cash management also includes how companies can make good short and medium-term financial forecasts. Guidelines for Contingency Planning and emergency responders need to be prepared immediately to identify crucial sectors in the company and ensure that the strategies to be taken are safe for future business continuity. Know where the critical points are in the supply chain, prepare emergency backups when supplies are running low, and identify alternative supplies

to include in this emergency planning. Also ensuring that employees who are in a crucial position to support the company's business can still work with high flexibility through work from home and virtual meeting policies.

Shareholders Management, a good cash flow forecast will put the company in a stronger position when discussing with shareholders. It is recommended that companies be proactive and take the initiative to actively engage with tax authorities, lenders, and major suppliers to continue to receive financial support that may be available.

Clear policies for working from home, leaving outside of dependents, until when employees must be quarantined in certain health conditions need to be conveyed so that employees know how they are and can receive messages from business leaders.

Early communication and openness with the team can build a healthy communication system and reach all employees, both those who work from home and those who are still working in the office. Good communication also reduces employee uncertainty and worries.

The purpose of this study is to examine the effect of the COVID-19 pandemic on the quality of income in companies engaged in property, real estate and building construction before and during the pandemic.

2. DATA DAN METHODOLOGY

The data in table 1 is secondary data from companies in the property and real estate sector in Indonesia taken from the Jakarta Stock Exchange during the period before and during the covid 19 pandemic.

Table 1: Quality of income of several companies, property, and real estate in Indonesia.

No.	NamaPerusahaan	QualityOfIncome				
		2017	2018	2019	2020	2021
1	Fortune Mate Indonesia Tbk	1,23	4,45	3,01	-0,37	0,46
2	Perdana Gapura Prima Tbk	0,20	0,15	0,03	0,22	0,65
3	JayaReal Property Tbk	0,47	0,91	0,41	0,54	0,76
4	Kawasan Industri Jababeka Tbk	4,84	1,56	2,14	0,44	0,31
5	Metropolitan Land Tbk	0,14	1,04	0,90	0,25	1,09
6	Plaza Indonesia Realty Tbk	1,61	3,10	0,98	0,05	0,58
7	PP Persero Tbk	0,82	0,36	0,24	-0,12	0,22
8	Pakuwon Jati Tbk	1,09	0,83	0,54	0,73	0,81
9	Roda Vivatex Tbk	1,02	0,95	0,98	0,69	1,21
10	Total Bangun Persada Tbk	0,71	0,55	0,62	-0,22	0,65
11	Wijaya Karya(Persero) Tbk	0,80	1,86	0,30	0,21	-2,21
12	Wijaya Karya Bangunan Gedung Tbk	2,15	1,98	0,30	0,49	0,38

3. ANALYSIS

COVID-19 has a different effect on returns in each country related to the policies taken by the government. Countries with low individualism and high uncertainty aversion show negative stock market reactions (Nasution et al., 2022).

Market policies toward the pandemic affect the stock market response. Government policies to protect its people, such as Lockdown, stimulus packages, travel bans, or monetary policy, contribute to influencing stock returns and reducing economic activity, although the treatment of COVID-19 control experience in each country and each company may be different. (Bannigidadmth et al., 2022). Of the 12 companies engaged in property, real estate and building construction in Indonesia, which were sampled to see the effect of covid 19 on quality of income. As a result, the COVID-19 pandemic had a negative impact on the quality of income for 4 companies. The quality of income dropped to minus in the first year of the lockdown, such as: Fortune Mate Indonesia Tbk (-0.37), Plaza Indonesia Realty Tbk (-0.05), PP Persero Tbk (-0.12) and Total Bangun Persada Tbk (0.22).

However, in the second year the quality of income began to grow above 0 except for Wijaya Karya (Persero) Tbk, which fell from 0.21 in the first year (2020) to -2.21 in the second (2021). Uniquely, the Perdana Gapura Prima Tbk Company was not affected by the effects of the lockdown policy and the growth in quality of income actually increased during the COVID-19 pandemic.

The uncertainty of when the COVID-19 pandemic will end is the reason for every decision-maker in the company to take action to save the company to be able to survive during the pandemic. Quick and appropriate action is able to maintain and even increase the quality of income, but on the other hand, doubts in making decisions can cause the quality of income to decrease due to the impact of this policy.

4. CONCLUSION

The impact caused by the policies taken by the government to overcome the COVID-19 pandemic on the quality of income is different for each company, saving the company by taking the right steps during the pandemic is the best step. On the other hand, doubts in making decisions will result in quality of income decreased.

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