Proceedings of 5th International Conference of Economic, Business and Government Challenges 2022. Vol. 1 No. 1 August 2022: 362-369

Uncertainty Economic Policy, Corporate Social Responsibility and Share Volatility During the Covid-19 Pandemic

Agatha Pricillia Sekar Tamtomo[1]*, Doddy Setiawan[2]
Universitas Sebelas Maret Surakarta
agathapricilliasekar@student.uns.ac.id[1*]; doddysetiawan@staff.uns.ac.id [2]

Abstract. This article aims to explain the effect of the Index of Economic Policy Uncertainty (EPU) and Corporate Social Responsibility (CSR) on stock volatility, using control variables: Debt to Equity Ratio, Debt To Asset Ratio, and Earnings per share. The expected findings are a positive relationship between EPU and CSR on Stock Volatility, also profitable ratios and leverage ratios that mediate a positive relationship of EPU and stock volatility, using panel data regression analysis. This study explains whether the increase or decrease in sales and profits of cigarette and liquor products, before and after the pandemic, has a correlation with consumer spending on cigarettes and liquor, in the midst of the Covid-19 pandemic. Researchers hope that this research can provide investors and practitioners with an understanding to better understand individual investor interest and consumer behavior towards cigarette and liquor companies in the midst of the Covid 19 pandemic.
Keywords: *economic policy uncertainty; corporate social responsibility; stock volatility; covid 19; cigarette and liquor companies*

I. Introduction

During the Covid-19 pandemic, people are starting to be more careful in the use of their personal funds. People will tend to reduce their spending in order to meet their primary and health-related needs first, such as the need for food, medicine, dietary supplements, and vitamins. The rest, the public will tend to save funds, one of the contributing factors is the increasing number of layoffs during the Covid 19 pandemic, which caused many people to lose their jobs and sources of income.

Cigarettes and liquor are products that are included in the consumer goods industrial sector, which are basically not primary goods, but have been included in the primary needs for cigarette and alcohol users. The increase in the Tobacco Excise tariff is considered ineffective in reducing or even stopping cigarette consumption. This is because cigarette users believe that cigarette products are a basic need that must be met. The 2019 survey report on the average household expenditure per capita per month shows that spending on buying cigarettes in a month reaches 6.05% on a national average (Central Bureau of Statistics, 2021). Expenditure on buying cigarettes was recorded to be higher than spending on buying rice, which was 5.57% per month.

Based on data from the Indonesian National Tobacco Control Commission in its survey, it found that most smokers did not reduce their cigarette consumption during the Covid 19 pandemic (National Tobacco Control Commission, 2021). As many as 48.5% of respondents with an income of less than IDR 5 million, still maintain their cigarette consumption during the pandemic. Respondents with incomes above IDR 5 million tend to maintain their cigarette consumption during the Covid 19 pandemic, which is 53.8%. 38.1% of respondents reduced their cigarette consumption during the Covid-19 pandemic.

However, the population aged five years and over who smoked reached 23.21% in 2020 (Central Bureau of Statistics (BPS), 2020). This figure decreased when compared to the previous year which reached 23.44%. When viewed by region, the percentage of the population aged five years and over who smokes in rural areas is higher than in urban areas. In rural areas, 24.36% of the population aged five years and over smoked in 2020. Meanwhile, there were 22.30% of the population aged five years and over who smoked in urban areas last year.

In addition to having an impact on individual spending, the Covid 19 pandemic has had a huge impact on the capital market as well. According to the Director of Anugerah Mega Investama, Hans Kwee, the Covid 19 pandemic will still be a central issue that will affect stock market movements until the end of 2021. The effect of the COVID-19 pandemic has also had an effect on several cigarette issuers in Indonesia. This effect is in the form of a decrease or increase in net profit or sales to cigarette and liquor companies. Quoted from the mass media CNBC Indonesia (Fernando, 2021), the loss was experienced by cigarette issuer PT. Bentoel International Investama Tbk (RMBA) in the first quarter of 2021. Bentoel International's net loss reached IDR 7.10 billion, accompanied by a decline in sales and revenue by 43.79% yoy. PT Multi Bintang Indonesia Tbk (MLBI) recorded a 76% net profit decline to IDR 285.67 billion last year amid the Covid-19 pandemic, from the previous year's IDR 1.21 trillion (Saleh, 2021).

Meanwhile, PT Gudang Garam Tbk (GGRM) recorded an increase in revenue and sales of 12.92%, but net profit fell 39.53% yoy to IDR 2.31 trillion as of the end of June 2020. PT HM Sampoerna Tbk (HMSP) profit up 11.6% yoy (Sandria, 2021). The issuer of alcoholic beverage producers, PT Delta

Djakarta Tbk (DLTA) also recorded an increase in net profit in the second quarter of 2021. In the financial statements as of June 30, 2021, the Company recorded a net profit of IDR 94.05 billion or 170.97 percent higher than June 30, 2020 of IDR 34.71 billion.

Hanafi (2013) defines debt to equity ratio as the ratio between debt and capital owned by the company. Debt to equity ratio is often used as a proxy for leverage (Drees and Eckwert, 2000). The higher the level of corporate leverage will affect the increase in interest in buying shares (Drees and Eckwert, 2000). On the other hand, the low ability to earn profits will reduce interest in buying shares. Both of these conditions indicate a change in the level of interest in buying shares and ultimately according to market mechanisms will affect changes in the share price itself. Investors expect a debt structure that is not too large in a company. So that it can be interpreted that investors make capital structure as a basis for consideration in investing in a company. This means that leverage, which is the ratio of debt structure, will affect the Economic Policy Uncertainty Index for investors and stock volatility. In this case, it is influenced by the Economic Policy Uncertainty Index during the COVID-19 pandemic.

The growth of the company also has an effect on increasing the availability of company funds, and will further increase the company's assets, so that this growth will be able to increase the size of the company. The higher the company's sales growth rate, the greater the company's cash flow, so the smaller the company's own cost of capital (Nuryani and Sunarsi, 2020). The greater the sales growth, the greater the availability of cash, the smaller the debt ratio to the company's capital.

Sales growth will have an impact on the company's profit growth which will make the company's financial performance increase. Related to this, an increase in company sales will make investors positively assess the value of the company itself, which in turn will affect changes in the company's share price. Trading volume is one of the factors that affect the volatility of stock prices, such as trading volume will affect the interest of investors to buy shares of a company.

Companies with good financial ratios will have an impact on the company's ability to settle short-term obligations. This ability will provide a greater level of profit for the company because the company's operations will be much better if the company's short-term obligations have been fulfilled. Investors tend to avoid companies with considerable financial risk because their expected stock returns are not met (Nuryani and Sunarsi, 2020). This is because companies with large financial risk show a large level of debt. While the cash owned has the same amount or even smaller than the total debt owned by the company.

So it can be said that the above ratios affect the volatility of stock prices. The higher the volatility of the stock price, the more likely it is that the stock price will rise and fall rapidly. Especially during a pandemic like today, where there is a lot of policy uncertainty from both the Indonesian and global governments, which also results in uncertainty in the stock market. This global uncertainty is measured using the Economic Policy Uncertainty Index, which is reviewed from newspapers and mass media around the world.

Corporate Social Responsibility is a company's obligation in the form of social responsibility. This is defined to provide moral responsibility from the company to the community around the work area and also operational (Carroll and Buchholtz, 2008). The cigarette industry is one of the major industries and has become the largest contributor to the State. The cigarette tax received by the state is the largest contributor to cover the BPJS health deficit of IDR 1.34 trillion. Various kinds of Corporate Social Responsibility programs are provided in an effort to be responsible for the environment, society, and also the country which until now can be felt (Hasanudin et al., 2019)

The cigarette and liquor industry still has a negative view of society. Prohibition and dangers of consuming and being passive consumers of cigarette industry products. Even though cigarettes have contributed to taxes and also excise taxes for the continuation of the problem with cigarettes themselves, besides that it also provides Corporate Social Responsibility from the existence of various types of scholarships that can be felt by every community to excel (Kretek Community, 2019). Meanwhile, the government continues to limit the movement of cigarettes and liquor from sales to social responsibility.

Based on the above phenomenon, it is assumed, if sales and profits of cigarettes and liquor products do not decrease between before and after the Covid 19 pandemic, then the public, especially cigarette and liquor users, will not reduce their spending on buying cigarettes and liquor, even though they are in the middle of the world. in the midst of the Covid 19 pandemic. It is also assumed that if stock volatility increases along with the COVID 19 pandemic, individual investors will hesitate to invest in related companies. However, the influence of Corporate Social Responsibility here will also be considered to see investors' interest in investing and how they view the image of cigarette and liquor companies. Therefore, a study can be compiled with the title "The Effect of the Economic Policy Uncertainty Index during the COVID-19 Pandemic and Corporate Social Responsibility on Stock Price Volatility in Cigarette and Liquor Company Issuers Listed on the IDX".

II. Literature Review

Signal Theory

Theory is timely, complete and accurate information needed by shareholders to analyze the market and signals that determine investment decisions (Brigham and Daves, 2007). Information about the company can be responded negatively or positively so that based on the results of investor decisions it will have an impact on stock price volatility.

The Covid 19 Pandemic and Its Effect on the Indonesian Economy

In Indonesia, COVID-19 has infected more than 1.3 million people since the first case was announced in March 2020, at least 35,000 people have died. However, efforts to inhibit the spread of the COVID-19 virus have hampered economic activity and the impact on the level of social welfare is increasingly felt by the community. After showing the achievement of reducing poverty in recent years, the poverty rate has increased again after the COVID-19 pandemic. One in 10 people in Indonesia today live below the national poverty line. The level of child poverty can also increase significantly. The negative impact on the socio-economic situation of the pandemic could be much worse without any social assistance from the government. In the face of this economic crisis, the Government of Indonesia has issued a number of large-scale fiscal stimulus packages through the National Economic Recovery Program.

Small businesses also receive government assistance in line with their efforts to continue to survive amidst the economic downturn and restrictions on community activities following the COVID-19 pandemic. To measure the impact of COVID-19 on Indonesian households and to provide information as a basis for government policy-making, UNICEF, UNDP, Prospera, and The SMERU Research Institute collaborated on a national-scale survey in late 2020 (SMERU, 2021). This survey includes 12,216 nationally representative household samples spread across 34 provinces which was conducted between October and November 2020. This survey was conducted through face-to-face interviews with households that had previously been interviewed by the Central Statistics Agency as samples from the Social Survey. National Economy (SUSENAS) in 2019. Its implementation involves close collaboration with the Government of Indonesia.

Household finances have been severely impacted by the COVID-19 pandemic. Nearly three quarters of households (74.3%) interviewed in October-November 2020 experienced a decrease in income from what they received in January 2020. The proportion of households with a greater decline in income were those with children (75.3%) and those who live in urban areas (78.3%). Urban households also experienced a greater decline in income than rural households. Households across all income groups—from the poorest to the most affluent—reported the same percentage decline in income.

There are many households that were previously economically secure and in the middle of the income distribution group then fell into poverty or became vulnerable to poverty. For most households, the decline in income was not the only challenge: almost a quarter (24.4%) of respondents also reported an increase in spending. The main contributor to the increase in spending was the increase in the cost of spending on groceries and other basic necessities. The proportion of households with children who spend more on internet and mobile phones is significantly higher (65%) than households without children (28.9%). Few of the main breadwinners (14%) have changed jobs as a result of COVID-19. However, almost half (47.3%) of those who changed jobs changed from work in the formal sector to work in the informal sector, in which employment protection for jobs in the informal sector was generally low. Half of all households (51.5%) have no savings just in case. Nearly a third (27.3%) mortgaged their possessions to survive. A quarter of them (25.3%) borrow money informally from family or friends.

Small businesses are an important source of income for many households. One third of the respondents have at least one household member who runs a micro and small business, and almost all of these businesses (87.5%) have been affected by the COVID-19 pandemic. The main concerns of these micro and small business actors are fewer customers, declining revenues, and increasing operational costs.

Economic Policy Uncertainty (EPU) Index

The Economic Policy Uncertainty Index is considered a risk where government policies and regulatory frameworks are not determined in the near future (Baker, Bloom and Davis, 2016). This phenomenon can cause businesses and individuals to delay spending and investment due to uncertainty in the market. The Global EPU Index is a GDP-weighted average of the EPU Index for 21 countries: Australia, Brazil, Canada, Chile, China, Colombia, France, Germany, Greece, India, Ireland, Italy, Japan, Mexico, Netherlands, Russia, South Korea, Spain, Sweden, UK and USA.

Each National EPU Index reflects the relative frequency of the country's own newspaper articles containing a trio of terms related to economic (E), policy (P) and uncertainty (U). In other words, each monthly National EPU Index value is proportional to the share of the country's own newspaper articles discussing economic policy uncertainty in that month. For China, (Baker, Bloom and Davis, 2016) uses a hybrid index that is averaged based on the South China Morning Post and one based on mainland newspapers.

The EPU Index has been the subject of extensive investigation since the EPU Index (Baker, Bloom and Davis, 2016). There are many empirical papers that investigate the effect of the EPU Index on stock market returns or volatility (Amengual and Xiu, 2018).

Stock Price Volatility

Volatility is a statistical measure of fluctuations in the price of a security or commodity over a given period. Market volatility is assumed to be a risk because it can be measured using the standard deviation valuation method. The higher the return from the price of a stock will have an impact on increasing the amount of uncertainty thereby increasing volatility (Wahyu Pranajaya and Putra, 2018).

Stock price volatility is a measuring tool to determine the risk of stocks (Hashemijoo, 2012). Stock price volatility is the change in stock prices every time in accordance with the demand and supply of shares. This causes uncertainty of returns.

Investors will not take big risks unless there is an opportunity to get big profits, this is commonly referred to as "high risk, high return". The calculation of stock volatility can be measured based on the calculation formula:

$$\sigma^2 = \frac{\Sigma(ri - Er)^2}{N - 1} \quad \ldots\ldots(1)$$

where,

σ^2 : volatility variance
ri : stock return
Er : expected return
N : number of research objects

Inflation is a macroeconomic variable that has the most dominant influence on stock price volatility, where there is a positive relationship between inflation and price volatility. An increase in the inflation rate will lead to tighter economic policies and will have a negative effect on stock prices. The negative effects received by the stock price will certainly make price movements more erratic and in the end will cause high volatility.

Trading volume has a significant positive effect on stock price volatility, and trading volume is the most influential variable on stock price volatility. In addition, the exchange rate also has a positive and significant effect on stock price volatility.

Leverage Ratio

Leverage ratio is the company's ability to pay all financial obligations. Financial leverage shows the proportion of the use of debt to finance investment. Leverage ratio according to is a ratio that describes the company's ability to fulfill all its obligations.

The solvency/leverage ratio is a ratio that measures the extent to which the company's assets are financed by debt. Financial risk is part of the risk borne by shareholders, which exceeds the underlying business risk, as a result of using financial leverage (Brigham and Daves, 2007). Leverage ratios are ratios intended to measure to what extent the company's assets are financed by debt.

Debt To Equity Ratio (DER)

DER is a solvency ratio. DER is a leverage or solvency ratio. According to Kasmir (2015), the DER is a comparison between the entire company's debt, both long-term debt and short-term debt, with the company's own capital.

The DER formula used is:

$$DER = \frac{Total\ Debt}{Total\ Equation} \ldots\ldots(2)$$

Debt to Assets Ratio (DAR)

Debt to Asset Ratio is a ratio used to measure how much a company's assets are financed by debt or how much a company's debt affects asset financing. DAR shows how much total assets are consumed by debt. The DAR formula is:

$$DER = \frac{Total\ Debt}{Total\ Equation} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (3)$$

Earnings Per Share (EPS)

Earning per Share (EPS) is a good indicator of company profitability and is widely used by users of financial statements. EPS is the total profit or net profit of the company minus the preferred shares and dividends then divided by the weight of the shares outstanding. High EPS is a positive signal for stock prices, because it is more attractive to investors than if the value is low ((Mohana Rao, n.d.). EPS is calculated as the company's profit divided by shares outstanding from ordinary shares. The resulting figure serves as an indicator company profitability The formula for Earning per Share is as follows:

$$EPS = \frac{Net\ Income}{Number\ of\ Shares\ Outstanding} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (4)$$

Corporate Social Responsibility (CSR)

Over the past three decades, businesses have undergone the most stringent scrutiny ever received from the public. As a result of the many accusations leveled against him—allegations that he doesn't really care about consumers, doesn't care about the deteriorating social order, doesn't have a concept of acceptable ethical behavior, and doesn't care about minority and environmental issues—concerns continue to be expressed about what business responsibilities are. towards society. These concerns have resulted in an unprecedented number of CSR applications.

CSR seriously considers the impact of corporate actions on society (Carroll and Buchholtz, 2008). Another definition in the book (Carroll and Buchholtz, 2008), social responsibility is the obligation of the makers of the EPU Index to take actions that protect and improve the welfare of society as a whole and its own interests. CSR is also concerned primarily with achieving results from the Organizational EPU Index on certain issues or issues that have a beneficial rather than detrimental effect on the stakeholders of the company concerned. The normative truth of the product of corporate action has become the main focus of CSR.

In his book, (Carroll and Buchholtz, 2008) outlines the top 20 activities or characteristics of socially responsible companies, including: Making safe products, doesn’t pollute the air or water, complying with the law in all aspects of business, promote honest/ethical employee behavior, committed to a safe workplace ethic, doesn't use misleading/deceptive ads, uphold policies that prohibit discrimination, using “environmentally friendly” packaging, protecting employees from sexual harassment, recycling within the company, shows no previous questionable activity records, respond quickly to customer problems, maintaining a waste reduction program, provide/pay for part of the treatment, promoting energy conservation programs, helping displaced workers with placement, giving money for charitable/educational purposes, only use materials that are biodegradable/recycled, employ friendly/polite/responsive personnel, and trying to keep improving quality.

III. Research Method

This study examines whether the EPU Index is a transmission channel through which the COVID-19 pandemic can affect stock volatility. Stock market volatility is, of course, an important source of economic uncertainty (Liu and Zhang, 2015). Therefore, it can be said that the significant marginal effect of the EPU Index is due to the fact that the variables of policy uncertainty and S&P volatility are endogenous.

Based on the results of the study (Yang and Yang, 2021a), stocks with a higher level of sensitivity to the comprehensive EPU Index tend to have a higher increase in volatility after the COVID-19 pandemic lockdown. The theoretical frameworks (Pástor and Veronesi, 2012) and (Pástor and Veronesi, 2013) also propose a simple model that describes the causal mechanism of increasing stock volatility with a higher level of sensitivity to the EPU Index under the impact of a pandemic. Then the hypothesis can be formulated as follows:

H_1 : EPU Index has a positive effect on stock volatility

Higher levels of the EPU Index reduce corporate investment. (Wang and Ma, 2014) argue that firms with lower returns on invested capital amplify the effect of policy uncertainty. In addition, (Gormsen and Koijen, 2020) documented a decline in investment opportunities due to Covid-19. The company's added value decreased significantly in highly uncertain conditions, and therefore triggered investor panic. Therefore, the effect of such investments should be more pronounced in less profitable stocks during the pandemic crisis.

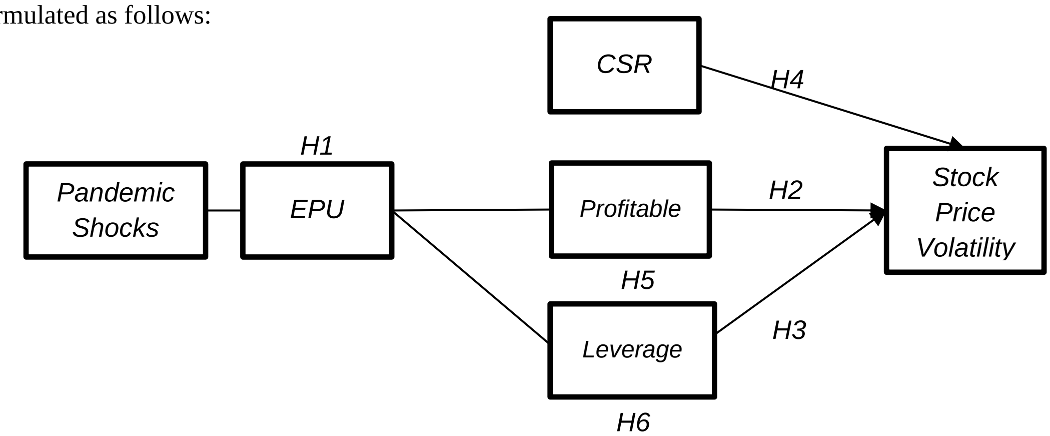
Based on (Yang and Yang, 2021a), it is found that the two-dimensional volatility effect is significant and most pronounced for less-profitable stocks. The difference between the two subsamples is significant at the 1% level. So based on this, the following hypotheses can be formulated:
H_2 : The positive effect of the EPU Index on stock volatility is more sensitive to less-profitable stocks

Higher levels of the EPU Index caused by pandemic shocks that force firms to bear higher financing costs (Waisman, Hauptmann and Regen, 2015). These effects change the expected earnings of firms with relatively higher leverage and lead to higher stock volatility. This is evidenced in research (Yang & Yang, 2021), where there is a positive and significant difference in stock price volatility between high-leveraged and low-leveraged stocks after the pandemic. Therefore, the following hypotheses can be formulated:
H_3 : The positive effect of the EPU Index on stock volatility is more sensitive to stocks with high leverage

In line with the legitimacy theory and signal theory, CSR has succeeded in reducing stock price volatility and changes in customer behavior after the disclosure of CSR. However, (Kochhar, 1996) argues that lack of monitoring of CSR can increase agency conflict, which can affect stock price fluctuations due to conflicts between managers and shareholders. (Stock and Watson, 2002) argues that proving more information about management disclosure helps companies to reduce the cost of capital and reduce uncertainty. When a company discloses more about their CSR activities, they obtain a good EPU Index.

Based on previous research, CSR can positively and negatively affect stock price volatility and risk (Dang and Nguyen, 2020). Research (Tasnia, Syed Jaafar AlHabshi and Rosman, 2020) proves that stock price volatility increases with increasing levels of CSR disclosures. Thus, the following hypotheses can be formulated:
H_4 : CSR has a positive effect on stock volatility
H_5: Profitable Ratio mediates the positive effect of the EPU Index on stock volatility
H_6: Leverage Ratio mediates the positive effect of the EPU Index on stock volatility

Based on the development of the above hypothesis, the research framework model can be formulated as follows:



The population used in this study is cigarette and liquor companies in Indonesia. The research sample taken to conduct this research is cigarette and liquor issuers listed on the IDX. Data analysis in this study used Panel Data Regression. Regression analysis was used to answer research questions, and because the data used were panel data, the regression model developed was a panel regression model.

IV. Conclusion

Theoretical and practical implications are based on this study as a consideration for future research. If you look at the conceptual model in this study, it provides an alternative model that is slightly different from previous studies where there are no other variables such as CSR that affect stock volatility, especially in cigarette and liquor companies. In addition, in the future, it is hoped that the conceptual model in this study can contribute as a reference and consideration to help financial practitioners and investors better understand factors beyond predictions, such as the COVID-19 pandemic, and better understand the behavior of cigarette and liquor consumers. in relation to company finances.

References

Altig, D., Baker, S.B., Barrero, J.M., Bloom, N., Bunn, P., Chen, S., Davis, S.J., Meyer, B., Mihaylov, E., Mizen, P., Parker, N., Renault, T., Smietanka, P. and Thwaites, G., 2020. Economic Uncertainty before and during the COVID-19 Pandemic. *SSRN*. https://doi.org/10.29338/wp2020-09.

Amengual, D. and Xiu, D., 2018. Resolution of policy uncertainty and sudden declines in volatility. *Journal of Econometrics*, 203(2), pp.297–315. https://doi.org/10.1016/j.jeconom.2017.12.003.

Badan Pusat Statistik, 2021. *Pengeluaran Masyarakat untuk Rokok Semakin Meningkat Sejak 2017*. [online] Available at: <databoks.katadata.co.id/datapublish/2021/09/23/pengeluaran-masyarakat-untuk-rokok-semakin-meningkat-sejak-2017> [Accessed 12 Oct. 2021].

Badan Pusat Statistik (BPS), 2020. *23,21% Penduduk Indonesia Merokok pada 2020*. [online] Available at: <databoks.katadata.co.id/datapublish/2021/01/05/2321-penduduk-indonesia-merokok-pada-2020> [Accessed 10 Oct. 2021].

Baker, S.R., Bloom, N. and Davis, S.J., 2016. Measuring economic policy uncertainty. *Quarterly Journal of Economics*, 131(4), pp.1593–1636. https://doi.org/10.1093/qje/qjw024.

Brigham, E.F. and Daves, P.R., 2007. *Intermediate financial management*. Thomson/South-Western.

Carroll, A.B. and Buchholtz, A.K., 2008. *Business and Society: Ethics and Stakeholder Management, 7th Edition*.

Dang, T.L. and Nguyen, T.M.H., 2020. Liquidity risk and stock performance during the financial crisis. *Research in International Business and Finance*, 52. https://doi.org/10.1016/j.ribaf.2019.101165.

Drees, B. and Eckwert, B., 2000. *Leverage and the price volatility of equity shares in equilibrium*.

Fahmi, I. and Saputra, M., 2013. *Analysis of Profitability Ratio in Publishing Right Issue Decision at Indonesia Stock Exchange*. [online] *International Journal of Business and Social Science*, Available at: <www.ijbssnet.com>.

Fernando, A., 2021. Omzet Anjlok 44% di Q1 Rokok Bentoel Masih Rugi Rp 7 M. *CNBC Indonesia*. [online] Available at: <www.cnbcindonesia.com/market/20210616112948-17-253530/omzet-anjlok-44-di-q1-rokok-bentoel-masih-rugi-rp-7-m> [Accessed 5 Sep. 2021].

Gormsen, N.J. and Koijen, R.S.J., 2020. Coronavirus: Impact on Stock Prices and Growth Expectations. https://doi.org/10.1093/rapstu/Sample.

Gujarati, D.N., 2003. *Basic econometrics*. McGraw Hill.

Hasanudin, A.I., Yuliansyah, Y., Said, J., Susilowati, C. and Muafi, 2019. Management control system, corporate social responsibility, and firm performance. *Entrepreneurship and Sustainability Issues*, 6(3), pp.1354–1368. https://doi.org/10.9770/jesi.2019.6.3(21).

Hashemijoo, M., 2012. The Impact of Dividend Policy on Share Price Volatility in the Malaysian Stock Market. *Journal of Business Studies Quarterly*, 4(1), pp.111–129.

Kochhar, R., 1996. *Explaining firm capital structure: the role of agency theory vs. Transaction cost economics*. *Rahul Kochhar Source: Strategic Management Journal*, .

Komnas Pengendalian Tembakau, 2021. Mayoritas Perokok Tak Kurangi Konsumsi Rokok Saat Pandemi. *KataData*. [online] Available at: <databoks.katadata.co.id/datapublish/2021/02/17/mayoritas-perokok-tak-kurangi-konsumsi-rokok-saat-pandemi> [Accessed 12 Oct. 2021].

Liu, L. and Zhang, T., 2015. Economic policy uncertainty and stock market volatility. *Finance Research Letters*, 15, pp.99–105. https://doi.org/10.1016/j.frl.2015.08.009.

Mohana Rao, P. (Peddina), n.d. *Financial statement analysis and reporting*.

Nuryani, Y. and Sunarsi, D., 2020. The effect of current ratio and debt to equity ratio on deviding growth. *Audit dan Sistem Informasi Akuntansi*, 4(2).

Pástor, Ľ. and Veronesi, P., 2012. Uncertainty about Government Policy and Stock Prices. *Journal of Finance*, 67(4), pp.1219–1264. https://doi.org/10.1111/j.1540-6261.2012.01746.x.

Pástor, Ľ. and Veronesi, P., 2013. Political uncertainty and risk premia. *Journal of Financial Economics*, 110(3), pp.520–545. https://doi.org/10.1016/j.jfineco.2013.08.007.

Saleh, T., 2021. Jualan Miras Ambles Laba Multi Bintang Jeblok Jadi Rp286 M. *CNBC Indonesia*. [online] Available at: <www.cnbcindonesia.com/market/20210308102307-17-228495/jualan-miras-ambles-laba-multi-bintang-jeblok-jadi-rp-286-m> [Accessed 5 Sep. 2021].

Sandria, F., 2021. Raih Laba Rp 67 T Induk HMSP Jualan 40 Miliar Rokok di RI. *CNBC Indonesia*. [online] Available at: <www.cnbcindonesia.com/market/20210722113919-17-262729/raih-laba-rp-67-t-induk-hmsp-jualan-40-miliar-rokok-di-ri> [Accessed 6 Sep. 2021].

Sekaran, U. and Bougie, R., 2016. *Research Methods For Business: A Skill Building Approach*. 7th ed. [online] Wiley. Available at: <https://www.wiley.com/en-ie/Research+Methods+For+Business:+A+Skill+Building+Approach,+7th+Edition-p-9781119266846> [Accessed 6 Dec. 2021].

SMERU, P.U.U., 2021. Ringkasan Eksekutif:Dampak Sosial Ekonomi Covid-19 Terhadap Rumah Tangga Dan Rekomendasi Kebijakan Strategis Untuk Indonesiaindonesia. *Smeru Research Institute*.

Stock, J.H. and Watson, M.W., 2002. Forecasting using principal components from a large number of predictors. *Journal of the American Statistical Association*, 97(460), pp.1167–1179. https://doi.org/10.1198/016214502388618960.

Sugiyono, 2013. *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. 19th ed. [online] Bandung: Alfabeta. Available at: <https://id.scribd.com/document/391327717/Buku-Metode-Penelitian-Sugiyono> [Accessed 6 Dec. 2021].

Tasnia, M., Syed Jaafar AlHabshi, S.M. and Rosman, R., 2020. The impact of corporate social responsibility on stock price volatility of the US banks: a moderating role of tax. *Journal of Financial Reporting and Accounting*, 19(1), pp.77–91. https://doi.org/10.1108/JFRA-01-2020-0020.

Wahyu Pranajaya, K. and Putra, I.N.W.A., 2018. Pengaruh Earning Per Share, Debt to Equity Ratio, dan Current Ratio pada Harga Saham. *E-Jurnal Akuntansi*, p.1744. https://doi.org/10.24843/eja.2018.v25.i03.p05.

Waisman, A., Hauptmann, J. and Regen, T., 2015. *The role of IL-17 in CNS diseases*. *Acta Neuropathologica*, https://doi.org/10.1007/s00401-015-1402-7.

Wang, Y. and Ma, J., 2014. Excess volatility and the cross-section of stock returns. *North American Journal of Economics and Finance*, 27, pp.1–16. https://doi.org/10.1016/j.najef.2013.10.003.

Yang, J. and Yang, C., 2021a. Economic policy uncertainty, COVID-19 lockdown, and firm-level volatility: Evidence from China. *Pacific Basin Finance Journal*, 68. https://doi.org/10.1016/j.pacfin.2021.101597.

Yang, J. and Yang, C., 2021b. Economic policy uncertainty, COVID-19 lockdown, and firm-level volatility: Evidence from China. *Pacific Basin Finance Journal*, 68. https://doi.org/10.1016/j.pacfin.2021.101597.