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Construction Companies Stock Performance in Indonesia Stock Exchange

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Abstract
Construction is a growing industry and is characterized by the support from government policies. This study aims to determine the performance of the construction company's stock within the Indonesia stock exchange during the period of 2010-2014. It is seen from the financial performance referring to profitability, liquidity, solvency, and market activity ratios. Objects of this research are the 6 construction companies listed on the Indonesia stock exchange. Apart from analyzing the effect of the financial performance using panel data, this research also analyzed the abnormal stock return of, reshuffle ministers, natural disasters and Indonesian Presidential election events. This research provide feedback on investing and managing a company that views on financial factors and various important events. The results showed that all financial ratios affect the stock performance. Furthermore, the reshuffle cabinet and presidential elections gave positive significant influence on the stock performance that indicates its sensitivity towards financial performance and events.
Keywords: Construction, Panel Data, Abnormal Return

1. INTRODUCTION

1.1 Background

Indonesia has a development program supporting its national infrastructure through a Masterplan for Acceleration and Expansion of Indonesia's Economic Development (MP3EI) for the period of 2011-2025, which is coordinated by a Committee chaired by the president based on Article 4 of Presidential Decree No. 32 - 2011. Indonesia targeted to become a developed country by 2025 with income per capita ranging between 14,250 - 15,500 USD. After the change of government period of 2014-2019, MP3EI program is kept to go on and adapted within the Nawa Cita 9 priority agendas covered priority in the National Medium Term Development Plan (RPJMN) 2015-2019 to support Indonesia's infrastructure development program, through the selection of the winning program President of the Republic Indonesia in 2014. Elected president will then set his ministers into a working cabinet and plays an important role in running the government.

In between 2010 and 2014 there have been several natural disasters in Indonesia, among others, such as volcanoes and forest fires. Disasters may have influences to a country's economy for its economic capacity of the market, such as: production, distribution, marketing and consumption, but only a temporary impact, natural disasters disrupt the economy and even the need of infrastructure improvements. (Artiani 2011). Reports indicate that natural disaster losses are limited impact on the value of the physical infrastructure and does not incorporate the potential of larger systemic to the regional and national economy (Vermeiren 1991).

The total investment in infrastructure has been rising annually exhibited significantly has a 19.22% growth (2010-2014) as a Compounded Annual Growth Rate (CAGR). Based on the business field of the construction sector to contribute to gross domestic product (GDP) of Indonesia, in 2010 amounting to Rp 660 trillion to Rp 907 trillion in 2014, growing at a CAGR of 8.27%. The construction sector had an average of 10.16% contribution to the GDP of Indonesia, although in 2013 down hand in hand with a decline in real GDP growth rate of Indonesia in 2013 only amounted to 5.78%.

Table 1. Indonesia PDB distribution (%) based on business sectors on 2010-2013

Business Sectors	**2010**	**2011**	**2012***	**2013****
Agriculture, Husbandry, Forestry	15,29	14,71	14,5	14,43
Mining and Digging Industry	11,16	11,82	11,8	11,24
Manufacturing industry	24,8	24,34	23,97	23,7
Electricity, gas and water supply	0,76	0,75	0,76	0,77
Construction	**10,25**	**10,16**	**10,26**	**9,99**
Trades, Hotels and Restaurant	13,69	13,8	13,96	14,33
Transportation and Communication	6,56	6,62	6,67	7,01
Finance, Real Estate and Company Services	7,24	7,21	7,27	7,52
Services	10,24	10,58	10,81	11,02

* provisional figures** very provisional figures
Source: BPS

Indonesia's economy is influenced by growth in the construction sector which contributed greatly to the GDP. Construction companies listed on the Indonesian Stock Exchange (BEI) by 2014 as many as 9 companies from 506 companies. This suggests that the role of the economy in the construction industry in Indonesia is growing. Indonesia stock market capitalization value in 2014 reached Rp 4,971 trillion or grew by 19.90% compared to 2013 at Rp 4,146 trillion, the role of investors in buying or selling shares in Indonesia Stock Exchange (BEI) has brought the Indonesian capital market development.

The financial performance of the company is one of the factors that are seen by investors to determine investment shares (Kasmir 2010). The financial performance of the company can be seen through various financial ratios, among others: profitability, liquidity, solvency, activities and markets. Natural disasters can provide a wide range of possible impact on the construction industry, while political events such as elections of President of the Republic of Indonesia Year 2014, reshuffle cabinet in the government is a major event that is of concern and provide a benchmark of government programs. The capital market uses this information as a guide in buying or selling stocks. With the movement of stock prices fluctuate, the stock market analysts predict the stock price through various analyzes, therefore in this study see the effect on the analysis of natural disasters, financial ratios, election of the President of the Republic of Indonesia and the reshuffling of ministers on the performance of shares listed construction company in BEI at a set time period 2010-2014.

1.2 Research Objectives

Shares of construction companies have a fluctuating trend with a market capitalization of USD 75 billion in 2014. The financial performance of a company of the construction industry as measured by financial ratios will show influence on stock performance at a vulnerable time, it is necessary to know the influence of financial ratios to movements in its share price. Financial ratios are prime indicators in view of the performance of listed companies. Natural disasters can provide a wide range of possible impact on the construction industry, while political events such as elections of President of the Republic of Indonesia Year 2014 and reshuffle cabinet is a major event that is of concern and provide a benchmark of government programs. The purposes of this study were to :

1. Analyze the effect of factors - financial ratio factor of profitability, liquidity, solvency, activity, market the stock performance of construction companies on the Stock Exchange in 2010-2014.
2. Analyze the effects of reshuffling of Ministers, natural disasters and the election of the President of the Republic of Indonesia in 2014 against abnormal stock return of the construction sector in the Indonesia Stock Exchange.
3. Formulate enter the issuer's financial strategy and investment strategies for investors.

1.3 Framework

Indonesian capital market covers several industrial sectors one of which is the construction industry. This framework begins with the selection of objects construction company listed in Indonesia Stock Exchange during the years 2010 to 2014. In addition to looking at the share trading transactions, also saw financial performance through financial statements by analyzing the ratio of profitability, liquidity, solvency, and market activity, The performance of the stock price movement can be seen through a share purchase transaction closing, which can be sought return of the shares of each closing price is formed. So do the financial ratio analysis of the performance of its shares.

In addition natural disasters and political Minister and presidential reshuffle that determines the direction of national policy that indicated an influence on stock performance of construction, from the event will be conducted analysis of event study, in order to determine the effect on the performance of stocks of construction companies. Broadly speaking, the framework of this research can be seen in the following.

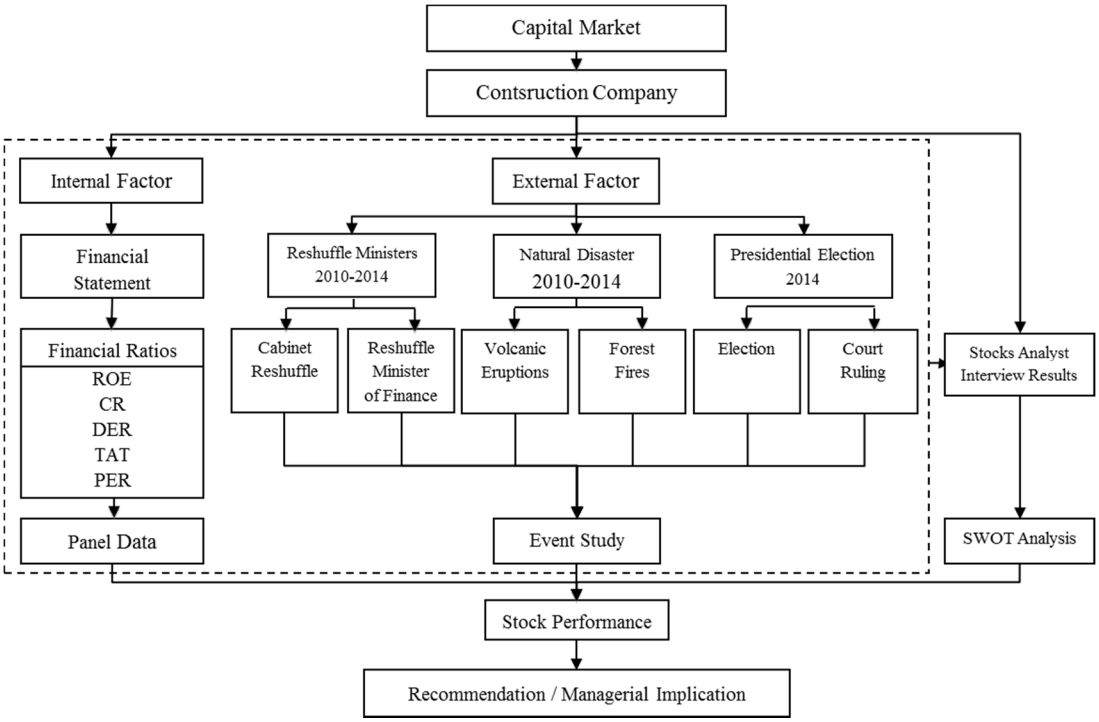

Figure 1. Framework

1.4 Hypothesis

Based on previous research, the theory and hypothesis proposed in this study are as follows:

1. Profitability (ROE) suspected positive effect on the performance of stocks of construction companies.
2. Liquidity (CR) suspected positive effect on the performance of stocks of construction companies.
3. Solvency (DER) is suspected to negatively affect the performance of stocks of construction companies.
4. Activities (TAT) suspected positive effect on the performance of stocks of construction companies.
5. Market (PER) suspected positive effect on the performance of stocks of construction companies.
6. There is a difference Average Abnormal Return (AAR) before and after the reshuffle of Ministers, natural disasters during 2010-2014, and the election of the President of Indonesia in 2014.
7. There are differences Cumulative Average Abnormal Return (CAAR) before and after the reshuffle of Ministers, natural disasters during 2010-2014, and the election of the President of Indonesia in 2014.

2. RESEARCH METHODOLOGIES

2.1 Types and Sources of Data

Data used in this study are primary data and secondary equity analysts interview consisting of qualitative and quantitative data. Qualitative data used is the general description of the company, the announcement of the Commission and the Court, as well as research analyst report. Quantitative data using historical data include the company's financial statements during the period 2010-2014, the stock price data, and JCI.

Table 2. Type and source of data

No	Data Used	Frequency Data	Source Data
1	The financial statements Stock prices and stock index	IDX and the company's official site Bloomberg	Quarterly Quarterly and daily
2	Presidential election in 2014	Announcement of the Commission (KPU) and the Constitutional Court (MK)	Daily
3	Recommendation stock	*Research analyst report* Interview five analysts	*Unstructrured data*

2.2 Data Analysis

2.2.1 First Objective

This research is a qualitative and quantitative method approach, descriptive study that examined the impact variables studied through the processing of data from company financial reports into a form of information or images that are easy to understand. Measurement of the variables used in this study are based on financial ratios of the company, can be seen in the following table:

Table 3. Variable Measurement

No	Financial Ratio	Variables	Measurement
1	Profitability	ROE (Return On Equity)	Profit after tax / Total equity
2	Liquidity	CR (Current Ratio)	Current asset / Current liability
3	Solvability	DER (Debt To Equity Ratio)	Total debt / Total equity
4	Activity	TAT(Total Asset Turnover)	Net sales / Total asset
5	Market	PER (Price Earning Ratio)	Prices in stock market / Earning per share
6	Stock Return	RS (Price Return)	(Average stock price for current period – Average stock price for the previous period) / Average stock price for the previous period

Mathematically this study, the effect of ROE, CR, DER, TAT and PER on stock performance, or RS can be described in the following functions:

$$RS_{it}=\beta_0+\beta_1 ROE_{it}+\beta_2 CR_{it}-\beta_3 DER_{it}+\beta_4 TAT_{it}+\beta_5 PER_{it}+\varepsilon_{it}$$

annotation:

RS_{it} = Price Return (percentage)
ROE_{it} = Return On Equity (percentage)
CR_{it} = Current Ratio (percentage)
DER_{it} = Debt to Equity Ratio (percentage)
TAT_{it} = Total Aset Turn Over (percentage)
PER_{it} = Price to Earning Ratio (percentage)
$_i$ = Construction company listed in BEI (i=1,2,..6)
$_t$ = Series in year 2010-2014 (once every three months)
β = Coefficient
ε_{it} = Individual Error $_i$ on the period $_t$

2.2.2 Second Objective

The hypothesis testing before and after the stock performance over multiple events (event) as follows:

1. Natural disasters, namely: erupting volcanoes on October 26, 2010 and wildfires on June 13, 2013.
2. Reshuffle Ministers, namely: change or reshuffle Minister of the United Indonesia Cabinet on October 19, 2011 and changes in finance minister on May 20, 2010.
3. The general election of 2014, namely: the election of President of the Republic of Indonesia on July 9, 2014 and the Decision of the Court dated August 21, 2014.

Each of these events do in the event window (-7,0) and (0, + 7). Estimation period as a period when the stock price still has not been affected by the events of 2014 presidential elections in this study estimation period is 90 days before the presidential election 7 day event (-90, -7).

The test is performed by using a different test by comparing the value t count with a t-statistic that is contained in the table. Different test aimed to compare the average stock return of the 6 companies, 7 days before and after. Different test is conducted with a sample and the same subject, but 2 different data, after and before an event then used two paired samples t test (paired sample t test).

In testing the hypothesis before the test statistics are calculated beforehand Return Total shares each period by the formula:

$$R_{it}=\frac{P_{it}}{P_{i0}}-1$$

Annotation :

R_{it} = Return Total $_i$ on period $_t$;
P_{it} = Stock price $_i$ on period $_t$;
P_{i0} = Stock price $_i$ on period $_0$

In this study, the expected return is calculated by using the Single-Index Market Model, because of events - political and social events that contain the relevant information is believed to affect the overall capital market, so the price of each sampled stock will move in the market index.

$$ER_{it}=\alpha_i-\beta_i\,(R_{mt})$$

α and β coefficients obtained from the calculation of time series regression equation between stock returns (Ri, t) with a market return (R_{mt}) during the estimation period. Coefficients α and β can be calculated expected return each stock or E (Ri) during the event period.

Annotation :

α_i = Stock Intercept i;
β_i = Beta stock i;
R_{mt} = Return of market index on period $_t$

Calculate the Market Return using:

$$R_{mt} = \frac{JCI_t}{JCI_{t-1}} - 1$$

Annotation:
R_{mt} = Return of market index on period $_t$;
JCI_t = Jakarta Composite Index on period $_t$;
JCI_{t-1} = Jakarta Composite Index on period $_{t-1}$

The market index used in this calculation is the Jakarta Composite Index (JCI). If on a particular date does not occur then the value of trading stock index used is the last date before that date.

The share price used in this study is the daily closing share price and for the calculation of abnormal returns. Calculate abnormal return as a measure of performance for the period determined by the closing price on the day prior to and after the event, with the following formula:

$$AR_{it} = R_{it} - E(R_{it})$$

Annotation
AR_{it} = Abnormal Return stock $_i$ on period $_t$;
R_{it} = Return stock $_i$ on period $_t$;
$E(R_{it})$ = Expected Return stock $_i$ on period $_t$;
Calculate the Average Abnormal Return using:

$$AAR_{it} = \frac{\sum_{i=1}^{n} AR_{it}}{n}$$

Annotation :
AAR_{it} = Average Abnormal Return $_i$ on period $_t$;
AR_{it} = Abnormal Return stock $_i$ on period $_t$;
n = number of sample;
Then calculate Cumulative Average Abnormal Return, using:

$$CAAR = \Sigma \overline{AR_{it}}$$

Annotation :
CAAR = Cumulative Average Abnormal Return.
AR_{it} = Total Average Abnormal Return stock $_i$ on period $_t$.

2.2.3 Third Objective

Having obtained the results of a first and second, to explain the strengths, weaknesses, opportunities and threats to the stock unit kontsruksi for the implications for issuers and investors used the SWOT analysis through interviews with five stock analysts. This SWOT Analysis Descriptive will explain the strategies that can be used as an alternative investment policy. SWOT analysis will produce an alternative strategy for investors (David 2011).

3. RESULTS AND DISCUSSION

3.1 Data and Test Results First Hypothesis

In this study, performed statistical tests using panel data analysis using the software EViews 8. The number of cross section data (i) are 6 companies and data time series (t) is 20, the quarterly period from 2010 to 2014. The use of PLS approach is not in accordance with the purpose of the use of panel data (Firdaus 2012). Therefore, it would consider the FEM and REM, then the first test of Hausman, showed that the p-value 0.0000 < alpha 5%. From the results of this calculation FEM approach is considered better than the REM approach. Here are the results of the panel regression with FEM method.

Table 4. Panel regression result using FEM method

Annotation	Hipotesis	Coefficient	Probability
Hausman test			0,0000*
ROE	+	1,217412	0,0000*
CR	+	0,185835	0,0000*
DER	-	-0,204572	0,0000*
TAT	+	-0,178868	0,0001*
PER	+	0,000300	0,0316*
F-statistic			0,0000*
R- squared		0,704023	

* Significant at 5%

Panel data regression analysis results in Table 4 above presents the results of F test shows significant value 0.000000 is smaller than the real test level of 5%. It can be concluded all independent variables (ROE, CR, DER, TAT and PER) simultaneously with or near-equally significant effect on stock returns (RS). Return shares

in construction companies in Indonesia tend to be influenced by internal factors of the company in this case financial performance, such as profitability ratios, liquidity ratios, solvency ratios, activity ratios and the ratio of the market.

To see the significance of each independent variable, do partial test (t-test) to each independent variable. Based on Table 4 above, indicates that the ROE, CR, DER, PER TAT and significantly influence stock return (RS), where each of these variables have a significance value below 0.05. The value of R-squared (R2) amounted to 70.40%, showing the variety of stock returns (RS). able to be explained by the independent variables amounted to 70.40% and the remaining 29.60% is explained by other factors outside the model (not included in the equation).

ROE, CR and PER positive effects supported by research Artha, et al. (2014) to the agricultural sector fundamental stock analysis, fundamental variables including ROE, CR and PER positive significant effect. While the research Handono (2011) case study on banking on the influence of financial ratios ROE negatively affect significantly, while in this research significantly has positive effect. PER value is believed to be of future performance and may also reflect the risk value, according to Wisniewski (2009) shows the value of the industry's stock returns of a country and is closely related to the success of the leadership of the head of state.

3.1.1. Result from Assumption Model

a) Normality Test

Test for normality using the Jarque-Bera test, where testing is performed on residual value (residual) of the model was built. The following test results Jarque Berra:

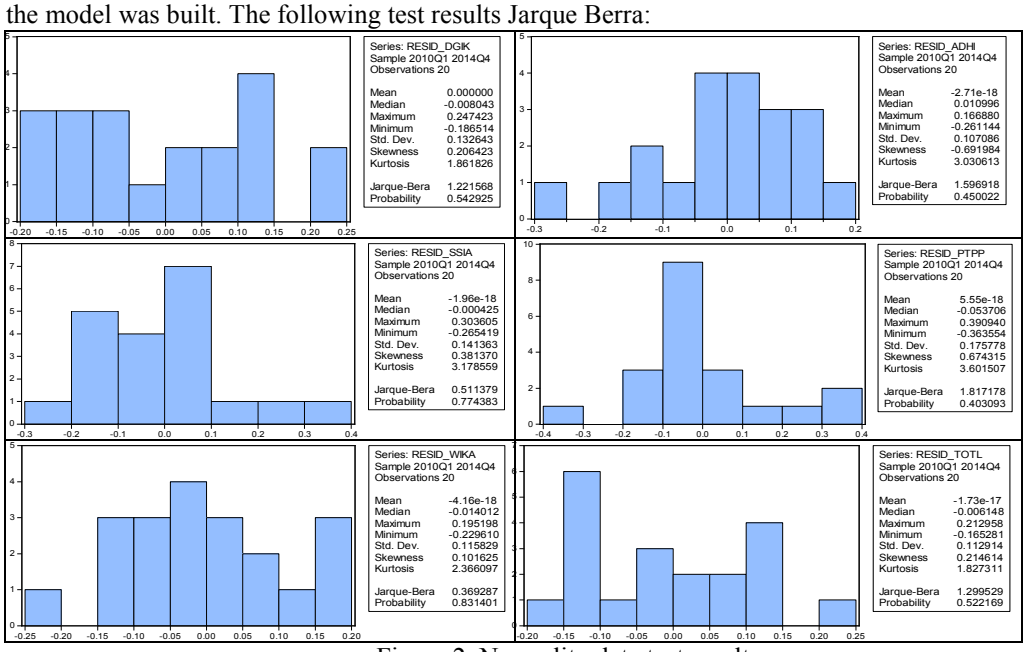

Figure 2. Normality data test result

Based on Figure 2 above shows that the significant value of the residual value of the model for all of the panels is greater than 5%, concluded the normality assumption is met.

b) Multicollinearity Test

Table 5. Multicollinearity test

No	Model	R^2
1	Initial Model	0.704023
2	Auxiliary Model ROE	0.354663
3	Auxiliary Model CR	0.670357
4	Auxiliary Model DER	0.399175
5	Auxiliary Model TAT	0.038429
6	Auxiliary Model PER	0.300016

Klein methods based on test results, obtained R^2 values greater than the initial model throughout R^2 auxiliary models, so it can be concluded there are no symptoms of Multicollinearity.

c) Heteroscedasticity Test

Table 6 Heteroscedasticity test

No	Model	*Sum Square Reisdual*
1	*Weighted*	2.005656
2	*Unweighted*	2.026650

Based on test results, obtained resid weighted square sum value (2.005656) is smaller than the square

sum resid unweighted (2.026650), so there are no symptoms of heteroscedasticity.

d) *Autocorrelation* Test
The value DW (Durbin-Watson) = 1.71409. Based on the Durbin-Watson table with number n = 20 and k = 5, DL value of 0.89425 and 1.82828 of DU. Thus the DW value of 1.71409, there is no autocorrelation in the residual value of the model.

3.2 Data and Test Results Second Hypothesis

Bodie, et al. (2010) says that the event study is an empirical financial research techniques which finances research to assess the impact of an event on the company's stock price. These events serve as the information that goes into the stock market and will further reflect on the performance of the stock market. If the information was received by all market participants, there is no abnormal return is received. Abnormal returns are often used to obtain the benefit of such events, as well as research Mallikarjunappa and Dsouza (2014) on the announcement of the quarterly financial report India's stock markets, investors utilize to obtain abnormal return.

Table 7. The test results paired t-test average abnormal return (AAR) before and after the event window

Annotation	Event window (-7,+7)					
	Reshuffle 20 Mei 2010	Natural Disaster 26 Oktober 2010	Reshuffle 19 Oktober 2011	Natural Disaster 13 Juni 2013	election 9 Juli 2014	court ruling 21 Agustus 2014
PT Adhi Karya (Persero) Tbk (ADHI)	+	-	+	-	+	+
PT Nusa Konstruksi Enjiniruing Tbk (DGIK)	+	NS	NS	-	+	+
PT Pembangunan Perumahan (Persero) Tbk (PTPP)	+	-	+	-	+	+
PT Surya Semesta Internusa Tbk (SSIA)	NS	NS	NS	NS	-	NS
PT Total Bangun Persada Tbk (TOTL)	NS	NS	NS	NS	NS	+
PT Wijaya Karya (Persero) Tbk (WIKA)	+	-	+	-	+	+

The plus (+) sign shows a significant difference of before and after as a positive sentiment
The minus (-) sign shows a significant difference of before and after as a negative sentiment
NS shows that there is no significant difference before and after the event

The test results paired t-test for average abnormal return (AAR) before and after the events of the event window shows that sentiment towards the stock market performance is quite varied. Reshuffled the cabinet on May 20, 2010 which occurred reshuffle replacing Finance Minister Sri Mulyani replaced by Agus Martowardojo impact with positive sentiment towards the stock market performance of construction. The stock market received a reshuffle construction as a chance to see new policies that support the construction industry in order to stimulate the national economy. Some policies state revenue through tax reform and customs as well as pro-people policies by committing to implement equitable development. Directions increased state spending in infrastructure spending to improve inter-regional transport (domestic connectivity), food and energy security, and welfare.

Natural disasters dated October 26, 2010 eruption of Mount Merapi in Central Java and dated June 13, 2013 forest fires in Sumatra, has given the negative sentiment in the stock markets of construction. Eruption of Mount Merapi killed at least 353 people were killed and damage to buildings, roads and other infrastructure facilities. Forest fires in Sumatra whose impact is spacious enough even to Singapore and Malaysia. For the damage and the impact it had had given the negative sentiment towards the stock performance of construction stocks listed in Indonesia.

Cabinet reshuffle on October 19, 2011 by which time it happens quite a lot of reshuffling of Ministers is replaced. The Ministers were exposed to reshuffle the time was Minister of Mines and Energy, Darwin Saleh replaced Jero Wacik, Minister of Trade Mari Elka Pangestu shifted to the Minister of Tourism and Economic Kreatifd an office of the Minister of Trade replaced by Gita Wiryawan, Transportation Minister Freddy Numberi replaced by EE Mangindaan, Minister of Maritime Affairs and Fisheries Fadel Muhammad Sharif was replaced by Cicip Sutardjo, Minister of Research and Technology Suharna Surapranata replaced by Gusti Muhammad Hatta, Minister for State Enterprises Mustafa Abubakar replaced by Dahlan Iskan and Housing Minister Suharso Monoarfa Faridz Djan replaced. With the cabinet reshuffle a positive impact on the issuer's shares in the listed construction company mainly owned by the government and vice versa for private issuers.

Presidential election events on July 9, 2014, the biggest political moment and more interesting than the two previous periods due to the presidential election this time is only carrying two candidates. These events serve as the information that goes into the stock market and will further reflect on the performance of the stock market. Presidential election dated July 9, 2014 and the Decision of the Court dated August 21, 2014 have an impact on

the performance of the issuer's shares of construction companies with the positive sentiment. Most issuers of construction companies (ADHI, DGIK, PTPP and WIKA) respond positively to the event window events of July 9, 2014 presidential election, welcomed the positive sentiment work program selected Jokowi-JK pair with an emphasis on infrastructure development, through programs Nawa Cita. According to Chandra (2015) political fluctuations have created uncertainty that gave negative sentiment of investors and hence produce abnormal negative returns, while the results obtained is that it allows political fluctuations give positive abnormal return. According to Oehler, et al. (2013) for his research in the US stock market are negative abnormal return on the results of presidential elections.

When the company was listed on the type of state-owned construction company for each event provide both negative and positive influence on the average abnormal return. It can be concluded in this study state-owned construction companies are more sensitive to reshuffle Minister and presidential events because the state-owned company shareholder is the government, therefore, state-owned construction company has relatively close ties with the government so as to provide an immediate effect. Although natural disasters leave negative average abnormal return, but gave negative responses.

Cumulative average abnormal return (CAAR) can also be used as an indicator of the stock market response to the natural disaster, reshuffle, and presidential elections. Test paired t-test with the same event window on event study analysis of abnormal returns used in the event study analysis of cumulative average abnormal return. The test results paired t-test cumulative average abnormal return can be seen in Table 8.

Table 8. The result of *paired t-test cumulative average abnormal return* (CAAR) before and after the *event window*

Annotation	Event window (-7,+7)					
	Reshuffle 20 Mei 2010	Natural Disaster 26 Oktober 2010	Reshuffle 19 Oktober 2011	Natural Disaster 13 Juni 2013	Election 9 Juli 2014	Court Ruling 21 Agustus 2014
PT Adhi Karya (Persero) Tbk (ADHI)	+	-	+	NS	+	+
PT Nusa Konstruksi Enjiniruing Tbk (DGIK)	+	NS	NS	-	+	+
PT Pembangunan Perumahan (Persero) Tbk (PTPP)	+	-	+	NS	+	+
PT Surya Semesta Internusa Tbk (SSIA)	+	+	-	-	NS	NS
PT Total Bangun Persada Tbk (TOTL)	NS	-	+	+	+	+
PT Wijaya Karya (Persero) Tbk (WIKA)	+	-	NS	NS	+	+

The plus (+) sign shows a significant difference of before and after as a positive sentiment
The minus (-) sign shows a significant difference of before and after as a negative sentiment
NS shows that there is no significant difference before and after the event

Testing paired t-test for CAAR have trends that are likely the same as the AAR significant difference is in a construction company owned privately that SSIA and TOTL that the average abnormal return shows tend not to have an influence, but in CAAR level real difference or negative sentiment or positive look that can be caused by accumulated value on stock returns that provide a greater impact on the sentiment of each of these events on the performance of construction stocks.

The test results paired t-test for CAAR before and after the events of the event window shows that sentiment towards the stock market performance is quite varied. Cabinet reshuffle, Presidential Election and Decision of the Constitutional Court which have a positive impact on the welfare of investors. Powered by the new policy opportunities that can drive the national economy as well as the development of pro-people policies. Powered by Rahayu (2007) The stock market reacted positively and significantly related to the Indonesia Cabinet reshuffle. Imelda (2014) in research on the abnormal return presidential election on mining sector, there is a difference of abnormal return before and after the presidential election, while after the Court's decision was not there being a different abnormal return.

CAAR testing to natural disasters produce negative trend and only DGIK alone showed no significant differences, but there are differences in testing for AAR, the eruption of Mount Merapi rated show significant differences with the trend of negative sentiment towards CAAR.

3.3 SWOT analysis

Strengths (S)

1. The price per share (unit price) is still below Rp 5.000.-, so there is still demand for retail investors and volatility is quite high.
2. The movement of shares fluctuate and tend to be bullish (2010-2014).
3. Have a solid management and stable financial performance.

Weaknesses (W)

1. Profit tend to be small, so that the dividend pay out ratio which received relatively small.
2. The high stock valuations, the price is relatively high due to industry expectations by previous investors.
3. Construction stocks issuers have a medium period of time in the project and substantial funding source.

Opportunities (O)

1. The condition tends to improve national finance and strong.
2. The policy or government programs related to infrastructure development.
3. Political events such as reshuffling Minister and presidential elections. Bring positive information related to national development.

Threats (T)

1. An increase in input material prices to reflect inflation, putting pressure on profit of the issuer, and also due to the weakening of the financial world are encouraging capital outflow from capital markets.
2. Shares of other sectors more profitable than capital gains and dividends are larger as well as the property sector which tends to be more desirable.
3. Effect of events which is bad for the economy such as natural disasters.

3.3.1 Issuers Shares Strategies For Construction

The strategy can be applied by issuers are:

1. Increase the order book or sales, and pay attention to recurring income as a share of revenue from the company.
2. Improving the operating margin by diversifying into other businesses such as property and concrete.
3. Diversify sources of funding through a rights issue and the issuance of bonds.
4. Selection of the project portfolio, both of timeframe, cost and quality requirements of the project.

3.3.2 Strategies For Investors Invest In Stocks Construction

Investors can consider several things as follows:

1. Order book and the gain revenue by a net profit of listed companies.
2. Leverage and capability of the issuer of its obligations.
3. Anticipate the natural disasters that tend to gave negative responses to return and take advantage of the events reshuffled tend to Minister and presidential elections provide a positive return on the construction industry stock returns

Strength-Opportunities Strategy (SO)

Supporting an aggressive strategy

Buy, when the bullish trend that can make trades repeatedly. If already have shares can be backed up to the target price assumptions.

Strategy Challenge Strength (ST)

Supports the strategy to diversify

Hold, diversifying the portfolio stock by stock add new construction or other industries. Averaging the price down, buy back to adjust prices further down.

Weaknesses-Opportunities Strategy (WO)

Supports the strategy turnaround

Sell or hold mid to long term, be able to cut losses to prevent greater losses, Hold due to valuation of construction companies which will continue to increase the impact of the government's infrastructure program.

Strategy Weaknesses-Threats (WT)

Supports defensive strategy

Sell, future possibilities no negative influence from the outside as well as the issuer's financial performance was bad.

4. MANAGERIAL IMPLICATIONS

4.1 Issuers

The Issuer may make an evaluation of its financial performance through the company's financial ratios, which in this study is the solvency ratio (DER) and activity (TAT) or the efficiency of the company. Issuers can also anticipate a repetition of the events of natural disasters. The strategies for issuers are as follows:

1. Increase revenues through the award of tender projects and increase business lines to generate recurring income as a source of revenue.

2. The selection of the optimal portfolio, from a period of time, cost and also quality requirements of the project.
3. Alternative sources of funding by issuing bonds and rights issues.
4. Anticipate on natural disasters that impact negative sentiment towards the stock performance of construction.

4.2 Investor

An analysis of the share price is a fundamental step that must be done by the investor before investing, so that investors can minimize the risk and one of the factors that may influence the stock purchases based on consideration of the company's financial performance. Investors can compare the performance of the stock, of the financial condition of the issuer, the results showed high profitability ratios (ROE), liquidity (CR) and the market (PER) as well as a decrease in the solvency ratio (DER) and activity (TAT) gives a good influence on stock returns ,

Observing events that can provide positive abnormal return is reshuffled Minister and presidential, then anticipate the events that give negative returns abnomal ie a natural disaster. Investors should specify the time frame or time periods invest so knowing the right time to buy and sell, investors can implement four strategies resulting from the SWOT according to the characteristics of risk and investment.

4.3 Financial Services Authority(OJK)

As regulators have an obligation to maintain the increase or decrease in the stock price over the fairness (abnormal return), the market response to a variety of information, issues and news from outside of the capital market, thus overcoming the abnormal return. OJK can implement policies such as: suspend unnatural movement of stock with a significant increase or decrease and auto rejection restrictions on stock transactions limited to a maximum of 25%. So that the characteristics of the market into an efficient market, where the immediate reaction by the market and not adapted themselves on an event or information.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

1. Performance shares in construction companies in Indonesia in 2010-2014 exhibited significantly affected by the ratio of ROE, CR, DER, TAT and PER. Achievement on the issuer's financial performance to be a reference for investors. The increase in ROE, CR, and PER a positive influence on stock performance, while the ratio of DER and TAT gave negative influence.
2. The results of the event study analysis shows that the AAR of natural disasters tend to give negative sentiment towards abnormal return, but in CAAR sentiment that tends to make a difference, because in CAAR accumulated value of stock returns give varying results. While the political events are reshuffled and presidential indicate positive sentiment towards abnormal return both the AAR and CAAR, because the market welcomed the increase in economic policies that are relevant to the construction industry.
3. Based on the SWOT analysis of the construction stocks, there are four strategies that need to be considered issuers financial performance through a reduction ratio of DER and TAT were negatively affect the performance of the stock and the events of natural disasters are on negative sentiment towards abnormal return. Investors can apply decision-making strategies in accordance with the characteristics of the investment risk.

5.2 Recommendation, Limitation and Future Researchers

1. For issuers continue to manage its financial condition, which on their achievements will be input in decision making for investors. Investors continue to implement investment strategies in support of the decision.
2. For further study researchers were able to use some of the following alternatives: (1) using different variety of industries, such as banking, finance and manufacturing company; (2) use other financial ratios such as: PBV, ROA and EVA; (3) using trading volume activity to determine the abnormal return and also look the other events such as: the development of policy announcements and dividend announcements.

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