



## **Analysis of Abnormal Return of Issuer's Stock after IPO during the Covid-19 Pandemic**

**I G W Yoga<sup>1)</sup>, N W K Dewi<sup>2)</sup>, and I M Sumartana<sup>3)</sup>**

Accounting Department, Politeknik Negeri Bali  
Jalan Kampus Bukit Jimbaran, Kuta Selatan, Badung, Bali - 80364

E-mail to:

<sup>1)</sup> wisnawayoga1304@gmail.com

<sup>2)</sup> wayankurniadewi@pnb.ac.id

<sup>3)</sup> madesumartana@pnb.ac.id

**Abstract.** *The Covid-19 pandemic based on Presidential Decree Number 12 of 2020 was declared on April 13, 2020. During this Pandemic, many companies offer their shares to the public or known as Initial Public Offering (IPO). This study aims to find out the highest abnormal returns of the issuers' stock after the IPO during the Covid-19 Pandemic. The sample used in this study was 70 companies that IPO on the IDX after pandemic status was declared in Indonesia, namely from April 15, 2020-November 25, 2021. This research is a descriptive quantitative research and descriptive statistical analysis techniques was used to calculate abnormal returns and cumulative abnormal returns of each stock. The results showed that cumulatively, the highest abnormal return of 70 stocks within 20 months was owned by TECH shares in the technology sector with a cumulative abnormal return value of 23,562. Meanwhile, the lowest value is owned by DEPO shares in the consumer cyclicals sector with a cumulative abnormal return of 0.624. The results of this study can be used as consideration by investors who want to invest in IPO stocks during prolonged outbreaks such as the Covid-19 Pandemic.*

**Keywords:** *Abnormal Return, Cumulative Abnormal Return, Initial Public Offering (IPO), Covid-19 Pandemic*

### **1. Introduction**

The Covid-19 pandemic has had a huge impact on various aspects in Indonesia. The Covid-19 pandemic has also had an impact on the economic sector in Indonesia, including the capital market, especially stock prices and stock returns [1]. But on the other hand, there are still many companies that go public by starting to offer their shares to the general public or what we often know as Initial Public Offering (IPO). The Initial Public Offering (IPO) aims to raise more funds from the public. The funds obtained are a long-term source of funding so that the company can optimize these sources of funds to improve the company's performance [2].

Several companies with big names conducted Initial Public Offerings (IPOs) during the recent pandemic. This is accompanied by many people who are enthusiastically looking forward to the listing of a certain company in the capital market [3]. The reason for the enthusiasm for the IPO shares is

because the prices of IPO stocks tend to be cheap. By buying cheap stocks, people have the opportunity to make a profit during the pandemic that affects their economy.

The expectation of returns and the reality of the return obtained are certainly not always the same where this is commonly referred to as abnormal returns. Abnormal returns are caused by several factors, one of which is stocks that are sold at a low price [4]. abnormal returns are chosen to be studied compared to other returns because in this study, namely by examining abnormal returns, actual returns and expected returns can be known, so that differences and situations that actually occur in the stock market can also be known [5].

## 2. Literature Review

### 2.1 Covid-19 pandemic

The Covid-19 pandemic has had a huge impact on various aspects in Indonesia. The share prices of all stocks traded on the IDX have decreased since the Covid-19 Pandemic. There are new policies implemented by the government such as PSBB and also policies related to stocks such as changes in the Upper Auto Rejection (ARA) and Lower Auto Rejection (ARB) levels in order to stabilize the JCI [1].

### 2.2 Initial Public Offering (IPO)

Companies that have just gone public are marked by an initial public offering which is also called an Initial Public Offering (IPO). An IPO is the sale of securities by an issuer made for the first time[6].

### 2.3 Abnormal Return

#### 2.3.1 Definition of Abnormal Return

Abnormal return or excess return is an excess of the return that actually occurs against a normal return. Thus the maximal return is the difference between the return or the actual return and the expected return[7].

#### 2.3.2 Cumulative Abnormal Return

Cumulative Abnormal Return is the sum of the previous day's non-normal returns in a given period [7]

## 3. Research Method

This research is quantitative research with a descriptive approach.

### 3.1 Populations and Samples

The samples in this study were determined using a saturated sampling technique so that all members of the population were made into samples where the population in this study were stocks listed on the Indonesia Stock Exchange after the establishment of pandemic status in Indonesia through Presidential Decree Number 12 of 2020, namely April 13, 2020, which based on the official website of the Indonesia Stock Exchange [idx.co.id](http://idx.co.id) a total of 70 companies.

### 3.2 Research Variables and Definitions

#### 3.2.1. Dependent Variable

The dependent variable used in this study is abnormal return.

#### 3.2.2. Independent Variable

The independent variables used in this study are actual return and expected return.

### 3.3 Data Analysis Technique

This study used descriptive statistical analysis after obtaining abnormal returns and cumulative abnormal returns of each stock. Abnormal returns are calculated by subtracting the actual return by expected returns. The formula for calculating the actual return is  $R_t = (P_t - P_{t-1}) / P_{t-1}$ . While the formula for calculating the expected return is  $R_{Mt} = (JCI_t - JCI_{t-1}) / JCI_{t-1}$ .

## Information:

$R_t$  = Return of shares in the  $t$ -th period

$P_t$  = Closing price of the  $t$ -th period

$P_{t-1}$  = Closing price of the period to  $t-1$

$R_{Mt}$  = Return of the market index on the day-to- $t$  in the event period

$JCI_t$  = Composite Stock Price Index at the time of  $t$

$JCI_{t-1}$  = Composite Stock Price Index at the time of  $t-1$

## 4. Result and Discussion

### 4.1 Descriptive Statistical Analysis

The abnormal value of the highest IPO issuer stock return during the Covid-19 Pandemic in 2020-2021 was owned by TECH shares from the technology sector with a value of 6,234. Meanwhile, the abnormal value of the lowest IPO issuer stock return during the Covid-19 Pandemic in 2020-2021 was owned by KUAS shares from the industrials sector with a value of 0.290. Meanwhile, the highest cumulative abnormal return value of 70 shares of IPO issuers from 11 sectors during the Covid-19 Pandemic in 2020-2021 was owned by TECH shares from the technology sector with a value of 23,562. Meanwhile, the cumulative value of the lowest IPO issuer stock return during the Covid-19 Pandemic in 2020-2021 was owned by DEPO shares from the consumer cyclicals sector with a value of 0.624.

### 4.2 Abnormal Return of Issuer Shares after IPO during Pandemic Covid-19

After calculating the returns of 70 IPO issuer shares during the Covid-19 Pandemic, negative results occurred several months when calculating the expected return, namely in September 2020 with an ER value of -0.070, in January 2021 with an ER value of -0.020, in March 2021 with an ER value of -0.041, in May 2021 with an ER value of -0.008, and in November 2021 with an ER value of -0.009. In addition to these months, the expected return is obtained positive but does not exceed the realization return.

Meanwhile, no negative results were obtained and below the expected return from the calculation of the actual return of 70 shares over a period of 20 months. Thus, after calculating the abnormal return of 70 shares of the IPO issuer, an abnormal positive return result was obtained, which means that the actual return value is greater than the expected return value.

### 4.3 Issuer Shares after IPO That Have the Highest Abnormal Return during the Covid-19 Pandemic.

#### 4.3.1 Basic Materials Sector

The issuer in the basic materials sector that IPO during the Covid-19 Pandemic which has the highest cumulative abnormal return is the issuer Pinago Utama Tbk. (PNGO) with a cumulative abnormal return value of 17,742 where the value is relatively high while the stock that has the lowest cumulative abnormal return is the issuer Surya Biru Murni Acetylene Tbk. (SBMA) with a CAR value of 2,986.

#### 4.3.2 Consumer Cyclicals Sector

The issuer of the consumer cyclicals sector that IPO during the Covid-19 Pandemic which has the highest cumulative abnormal return is the shares of Pakuan Tbk. (UANG) issuer with a cumulative abnormal return value of 18,313 where the value is relatively high while the stock that has the lowest cumulative abnormal return is the shares of the issuer Caturkarda Depo Bangunan Tbk. (DEPO) with a cumulative abnormal return value of 0.624.

#### 4.3.3 Consumer Non-Cyclicals Sector

The issuer of the consumer non-cyclicals sector that IPO during the Covid-19 Pandemic which has the highest cumulative abnormal return is the shares of issuer Pradiksi Gunatama Tbk. (PGUN) with a cumulative abnormal return value of 17,100 where the value is classified as high while the stock that has the lowest cumulative abnormal return is the shares of issuer Formosa Ingredient Factory Tbk. (BOBA) with a cumulative abnormal return value 0.920.

#### 4.3.4 Energy Sector

The energy sector issuer that IPO during the Covid-19 Pandemic that has the highest cumulative abnormal return is the shares of the issuer Sumber Global Energy Tbk. (SGER) with a cumulative abnormal return value of 17,750 where the value is relatively high while the stock that has the lowest abnormal cumulative return is GTS International Tbk. (GTSI) with a cumulative abnormal return value of 2,796.

#### 4.3.5 Financials Sector

The financial sector issuer that IPO during the Covid-19 Pandemic which has the highest cumulative abnormal return is the shares of issuer Bhakti Multi Artha Tbk. (BHAT) with a cumulative abnormal return value of 18,912 where the value is relatively high while the stock that has the lowest cumulative abnormal return is the shares of the issuer Bank Multiarta Sentosa Tbk. (MASB) with an abnormal cumulative return value of 5,750.

#### 4.3.6 Healthcare Sector

The healthcare sector issuer that IPO during the Covid-19 Pandemic that has the highest cumulative abnormal return is the shares of the issuer Soho Global Health Tbk. (SOHO) with a cumulative abnormal return value of 14,467 where the value is relatively high while the stock that has the lowest cumulative abnormal return is the shares of the issuer Kedoya Adyaraya Tbk. (RSGK) with a cumulative abnormal return value of 2,950.

#### 4.3.7 Industrial Sector

The industrials sector issuer that IPO during the Covid-19 Pandemic that has the highest cumulative abnormal return is the issuer of Harapan Duta Pertiwi Tbk. (HOPE) with a cumulative abnormal return value of 6.135 where the value is relatively low while the stock that has the lowest cumulative abnormal return is the issuer shares of Perma Plasindo Tbk. (BINO) with a cumulative abnormal return value of 0.986.

#### 4.3.8 Infrastructure Sector

The infrastructures sector issuer that IPO during the Covid-19 Pandemic which has the highest cumulative abnormal return is the shares of issuer Djasa Ubersakti Tbk. (PTDU) with a cumulative abnormal return value of 12,022 where the value is relatively high while the stock that has the lowest cumulative abnormal return is the shares of the issuer Dayamitra Telekomunikasi Tbk. (MTEL) with a cumulative abnormal return value 1,057.

#### 4.3.9 Properties & Real Estate Sector`

The property & real estate sector issuer that IPO during the Covid-19 Pandemic which has the highest cumulative abnormal return is the shares of Bumi Benowo Sukses Sejahtera Tbk. (BBSS) issuer with a cumulative abnormal return value of 18,736 where the value is relatively high while the stock that has the lowest cumulative abnormal return is the shares of the issuer Trinita Dinamik Tbk. (TRUE) with a value of Trinita Dinamik Tbk. (TRUE) with a value of cumulative abnormal return 5,104.

#### 4.3.10 Technology Sector

The technology sector issuer that IPO during the Covid-19 Pandemic that has the highest cumulative abnormal return is the shares of the issuer Indosterling Technomedia Tbk. (TECH) with a cumulative abnormal return value of 23,562 where the value is classified as very high while the stock that has the lowest cumulative abnormal return is the shares of the issuer Global Sukses Solusi Tbk. (RUNS) with a cumulative abnormal return value 2,284.

### 4.3.11 Transportation & Logistics Sector

The issuer in the transportation & logistics sector that IPO during the Covid-19 Pandemic which has the highest cumulative abnormal return is the shares of issuer Prima Globalindo Logistik Tbk. (PPGL) with a cumulative abnormal return value of 16,922 where the value is relatively high while the stock that has the lowest cumulative abnormal return is the shares of the issuer Hasnur International Shipping Tbk. (HAIS) with a value of Hasnur International Shipping Tbk. (HAIS) with a value cumulative abnormal return 2,572.

Overall, the highest value is owned by Shares of Indosterling Technomedia Tbk. (TECH) technology sector with a CAR value of 23,562. Meanwhile, the lowest value is owned by Caturkarda Depo Bangunan Tbk. (DEPO) shares in the consumer cyclicals sector with a CAR value of 0.624.

## 5. Conclusion

Abnormal returns in the period may 2020–December 2021 from 70 shares of IPO issuers during the Covid-19 pandemic from April 15, 2020–November 25, 2021 were positive. Overall, within 20 months by calculating the cumulative abnormal return, the highest value was owned by TECH shares in the technology sector with a value of 23,562. Meanwhile, the lowest value is owned by DEPO shares in the consumer cyclicals sector with a value of 0.624. Meanwhile, if classified by sector, the highest cumulative abnormal return value is owned by PNGO shares in the basic materials sector with a value of 17,741; UANG shares in the consumer cyclicals sector with a value of 18,813; PGUN shares in the non-cyclical consumer sector with a value of 17,100; SGER shares in the energy sector with a value of 17,750; BHAT shares in the non-cyclical consumer sector with a value of 17,100; SGER shares in the energy sector with a value of 17,750; BHAT shares in the non-cyclical consumer sector with a value of 17,750; BHAT shares in the non-cyclical consumer sector financials with a value of 18,912; SOHO shares in the healthcare sector with a value of 14,467; HOPE shares in the industrials sector with a value of 6,135; PTDU shares in the infrastructures sector with a value of 12,022; BBSS shares in the properties & real estate sector with a value of 18,736; TECH shares in the technology sector with a value of 23,562; and PPGL shares in the properties & real estate sector with a value of 18,736; TECH shares in the technology sector with a value of 23,562; and PPGL shares in the property sector transportation & logistics with a value of 16,922. The lowest cumulative abnormal return per sector was owned by SBMA shares in the basic materials sector with a value of 2.986; DEPO shares in the consumer cyclicals sector with a value of 0.624; BOBA shares in the non-cyclical consumer sector with a value of 0.920; GTSI shares in the energy sector with a value of 2.796; MASB shares in the financial sector with a value of 5,750; RSGK shares in the healthcare sector with a value of 2,950; BINO shares in the industrials sector with a value of 0.986; MTEL shares in the infrastructures sector with a value of 1,057; TRUE shares in the properties & real estate sector with a value of 5,104; RUNS shares in the technology sector with a value of 2,284; and HAIS shares in the transportation & logistics sector with a value of 2,572.

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