



# Investor sentiment, market timing and financial performance of Indonesian IPO firm

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## ABSTRACT

We investigated the impact of investor sentiment and market timing on firm financial performance on Initial Public Offering (IPO) stocks. We used cross-sectional regression of 106 IPO firms in Indonesia to analyze the factors that influenced initial public offerings (IPO) after the implementation of the acceleration board by Indonesian Stock Exchange in 2020. We used IPO data in 2019 as period before acceleration board implementation and 2020 for the first time implementation. Share turnover was proxy of investor sentiment while initial return was proxy of market timing. We also included size, asset growth, tangibility and profitability as independent variable. The finding offered that investor sentiment was found to have a influence towards firm performance but negative both in 2019 and 2020. Whereas market timing only influenced before acceleration board implemented, while other factors such as size, growth, tangibility of asset and profitability show mix results. After Indonesia Stock Exchange (IDX) implemented the acceleration board *to open* funding access through the capital market as a solution to the challenges faced by SMEs, It still did not have any track record of companies that are known to the public and the ease of recording requirements results in asymmetric information. The IPO funding only used to pay both short term and long term debt. The phenomenon influenced by investor sentiment because stock turnover could lead to increase stock performance and prove that high stock transaction in market did not guaranteed that te stock would performed well.

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## 1. INTRODUCTION

In early 2020, the world experienced a health crisis of unprecedented scale. The COVID-19 pandemic has forced governments around the world to implement blockades, travel restrictions and border closures. This unprecedented pandemic has changed the world in many ways, from healthcare and labor mobility to income levels, business activities, education systems, financial market and services (Wiryawan, 2023)(Revo et al., 2023)(Salisu & Akanni, 2020). With the rapid development of the business world, competition between businesses is increasingly fierce. Due to the fierce competition between businesses, each business faces various challenges to survive. There are various obstacles and problems to continuing operations, including cash flow issues. Therefore, companies finance their operations with capital from internal funds (retained earnings) and external funds (debt and equity issuance) (Zutter et al., 2021)(Ross & Jordan, 2018).

Many companies will seek to list on stock exchange or go public when their sizes or values reaches the minimum stock exchange listing requirement. After listing, these companies will offer shares to the public for the first time investors through the stock exchange, known as an initial public offering (IPO). IPO's attract a lot of research work. The performance of IPO stocks is often divided into initial return and short-term performance (Krisnan et al., 2024). An initial public offering (IPO), commonly known when a company sells its shares to the general public for the first time. Some researchers have conducted research the impact of Covid-19 on the financial markets and IPOs (Xiong et al., 2020). Most of these studies conclude that uncertainty related to the pandemic and government responses to lockdowns have a negative impact on IPO quality and market performance (Zhang et al., 2020)(Mazumder & Saha, 2021).(Baig & Chen, 2022) find that although the number of IPOs was actually higher in 2020, IPOs during the pandemic had higher levels of information uncertainty than before pandemic . Their sample includes 421 IPOs from January 2018 to December 2020. The sample excludes unit offerings, closed-end funds, REITs, ADRs, investment trusts, and unlisted companies listed on NYSE American, NYSE, and NASDAQ. They found that although the number of IPOs was actually higher in 2020, IPOs during the pandemic had higher levels of information uncertainty than pre-pandemic IPOs. They concluded that on average IPO firms experienced lower valuations and higher profit volatility post-IPO during the pandemic. They also found that increasing severity of government responses through lockdowns and border control increased the volatility of post-IPO returns. Tutuncu studied the performance of Covid-19 IPOs on the Turkish Stock Exchange and found that the pandemic IPOs delivered significantly larger short-term returns than Pre-pandemic IPOs were measured in one month (Tutuncu, 2023), on the other hand, concludes that the government's strict anti-Covid-19 measures are actually contributing to the reducing IPO underpricing (Fedorova, 2022). The issue of new capital and its relationship with stock price fluctuations directs the attention of researchers to further investigation of the factors influencing the performance of these issues or to find understanding the reasons behind these fluctuations in the sudden increase in market demand for these issues.

A pandemic has caused an economic recession, falling stock market indexes, and enormous volatility. In Indonesia, the Covid 19 pandemic affected IPO activity in three ways: 1) on the supply side, the Covid19 pandemic forced companies to limit expansion due to the weak economy; 2) on the demand side, investors tend to wait and see the pandemic increases risks in the capital market; 3) the Covid-19 pandemic has prevented issuers from conducting public stock offerings due to restriction on social activities (Otoritas Jasa Keuangan OJK, 2021). OJK has issued regulations facilitating the IPO process during a pandemic, such as providing a 50% discount for the initial listing fee (ILF) of shares and the Self-Regulatory Organization (SRO). In 2021, there is an electronic IPO (e-IPO) to increase transparency and efficiency in the distribution of IPO shares. The total number of new issuers in 2020 is 51, fewer than last year's 55 companies Indonesia's. IPO market is booming as local companies look to capitalize on economic growth and investor interest in the country (Nurmasari et al., 2023). Amid the COVID-19 pandemic, interest firm capital market participants remain favorable. Indonesia was one of the most frequent IPOs during the 2020 Covid-19 in Southeast Asia, with the participation of 51 companies with total of fundraising cost of IDR 5.58 trillion although this figure less than half compared to the same period last year ([www.idx.co.id](http://www.idx.co.id)). Indonesia is also ranked 6<sup>th</sup> globally, below the Shanghai stock exchange, which recorded 180 IPOs, Nasdaq with 119 IPOs, Shenzhen with 115 IPOs, Hongkong with 99 IPOs, and Japan with 54 IPOs. As cited in EY's Q4 2020 Global IPO Report, IDX remains the exchange with the highest number of IPOs among ASEAN member states and ranks 7th globally. This number exceeds the target of 110,87% of 46 new listed companies set by idx.

Investor sentiment, or the investor's tendency to buy or not buy shares in the primary market will impact the initial returns (Baker et al., 2021). Investor sentiment can be affected by many different factors such as a country's economic condition and exchange rate fluctuations (Zainudin et al., 2019). It is explained that there is a relationship between economic crisis conditions affecting changes in investor sentiment, and many have found an influence of the economic crisis on changes in investor sentiment. It will impact the movement of stock prices in the market according to the principle of supply and demand in which the amount of demand affects the

price of a product. The primary conclusion to be drawn from this study is that the findings support the notion of investor sentiment and timing theory is a valid phenomenon in emerging market of Malaysia. In Chinese securities market, taking 2,955 A-share listed stocks from 2003 to 2020 as samples, (Chen et al., 2021) found that investor sentiment plays a smaller role in underpricing than that of high-priced stocks. The reason may be that a large number of retail investors buy low-priced stocks, which leads to increased volatility of low-priced stocks under the influence of investor sentiment. (Soeroto et al., 2021) seeks to determine the impact of investor sentiment and market volatility on IPO initial return when an issuer conducts an Initial Public Offering (IPO) in Indonesia. The findings showed that Investor sentiment and Market volatility positively affected the IPO Initial Return during the study period. Investor sentiment in investing in the IPO market in Indonesia during and after the COVID-19 pandemic influence by factors like the lack of information for investors to make investment decisions, Uncertain economic conditions, especially during the early stages of the pandemic. In short term, some factors before pandemic, IPO stocks conducted before the pandemic may have experienced more stable market conditions and investor sentiment, potentially leading to different short-term performance patterns compared to those during the pandemic while during Pandemic, IPO stocks may have faced heightened market volatility, uncertainty, and fluctuating investor sentiment, which could impact their short-term performance. For the long term performance IPO stocks launched before the pandemic may have had more time to establish themselves in the market and demonstrate their growth potential over the long term and during pandemic, IPO stocks may face challenges in sustaining long-term growth due to economic uncertainties, changing consumer behavior, and industry disruptions caused by the pandemic. Investor sentiment plays a crucial role in the short-term and long-term performance of IPO stocks. The pandemic may have influenced investor confidence and risk appetite, affecting how IPO stocks are perceived and valued in the market. Industries that have shown resilience or growth during the pandemic, such as technology, healthcare, and e-commerce, may have better long-term performance prospects for IPO stocks launched during this period. Government policies and stimulus measures implemented during the pandemic may have influenced the performance of IPO stocks, both in the short term and long term, by impacting market liquidity, consumer spending, and business operations. The financial health and performance of companies going public before and during the pandemic can significantly impact their stock performance over time. Factors like revenue growth, profitability, and cost management are critical in determining long-term success. Analyzing the short-term and long-term performance of IPO stocks conducted before and during the COVID-19 pandemic in Indonesia can provide valuable insights into the effects of market conditions, investor behavior, and economic factors on the performance of newly listed companies.

(Baker et al., 2002) pioneered a new approach to capital structure issues, especially stock market timing theory. Stock market timing theory holds that companies will issue shares when market value is high and repurchase shares when market value is low. Market timing theory (MTT) refers to the practice of companies issuing shares when prices are high and then buying them back when prices are low. According to (MANAN et al., 2022), market timing theory is the most natural theory to identify the company's financial policies. Additionally, this theory explains that the capital structure is the cumulative result of company's past efforts to determining the time or timing when get into the market. In corporate finance, market timing theory (MTT) refers to the practice of companies issuing shares when stock prices high and repurchasing shares when prices are low. Based on the MTT theory, it could be relevant to be applied to the IPO market in Indonesia, especially in the context of the COVID-19 pandemic. The COVID-19 pandemic has introduced significant market volatility, which can impact the timing of IPOs and the decision-making process for companies and investors. During uncertain times like the pandemic, investors may adjust their market timing strategies based on perceived risks and opportunities, aligning with the principles of MTT. It emphasizes the importance of considering long-term trends and market conditions when making investment decisions. This perspective can be valuable for companies navigating the IPO market during and after the pandemic. MTT also highlights the role of risk management in market timing decisions. Companies going public during the pandemic may need to carefully assess risks and adjust their timing strategies accordingly. The research findings on market timing in the context of IPOs in Indonesia during the pandemic can provide insights into the applicability and relevance

of MTT in this specific market scenario. While the COVID-19 pandemic has introduced unique challenges to the IPO market in Indonesia, the principles of Market Timing theory can still be relevant and valuable for companies and investors navigating the market dynamics during this period of uncertainty. The principles of Market Timing Theory can offer valuable guidance to companies and investors in the IPO market in Indonesia, helping them navigate the challenges and opportunities presented by the COVID-19 pandemic and make informed timing decisions for their investment activities.

Initial Public Offering is one of the company's strategies for obtaining additional funds to develop its business and improve its financial performance. However, previous studies show that there is a mitigate on operational performance and financial performance (Long et al., 2021). This study was inspired by (Zainudin et al., 2019) that investigate the role of investor sentiment in determining firm performance, alongside with market timing and other fundamental firm factors in the context of Malaysia market. Based on previous research, we would explore the IPO phenomenon in Indonesia. Are changes in financial performance as the dependent variable influenced by the independent variables such as Investor sentiment, Market Timing, Size, Growth, Tangibility, and Profitability ?

## 2. RESEARCH METHOD

The subjects of the study are companies that carried out an IPO (Initial Public Offering) in 2019 (before the acceleration board implementation) and 2020 (after the acceleration implemented). Financial data were taken from idx.co.id in the form of 100 financial reports of companies that conducted IPOs in that year, but only a total of 72 companies, consisting of 36 companies that conducted IPOs in 2019 and 36 companies in 2020. We obtain the impact of investor sentiment and market timing on firm financial performance on Initial Public Offering (IPO) shares. The research use cross-sectional regression of 106 IPO firms in Indonesia to analyze the factors that impact initial public offerings (IPO) after the implementation of the acceleration board by Indonesian Stock Exchange in 2020. This study uses two regressions to determine the change in investor sentiment in different years. The first regression is run to determine the relationship between the independent variables (investor sentiment, market timing, size, growth, tangibility, profitability) and the dependent variable (financial performance) for companies going public in 2019, and the second regression is run to determine the relationship between the independent variables (investor sentiment, market timing, size, growth, tangibility, profitability) and the dependent variable (financial performance) (Van Horne & Wachowicz, 2008) for companies going public in 2020. The main and sub-equation are as per below equation:

$$FP = \alpha + \beta_1 TIMG_{i,t} + \beta_2 SENT_{i,t} + \beta_3 GROW_{i,t} + \beta_4 TANG_{i,t} + \beta_5 PROF_{i,t} + \beta_6 SIZE_{i,t} + \epsilon_{i,t}$$

Where,

FP = Firm Performance measured by Tobins-Q

a = the constant term

$\beta$  = the estimated coefficient or loading of the respective factor

TIMG = timing variable that captures the market valuation of the firm

SENT = investor sentiment index for cross-section of data

GROW = growth variable for demand for capital

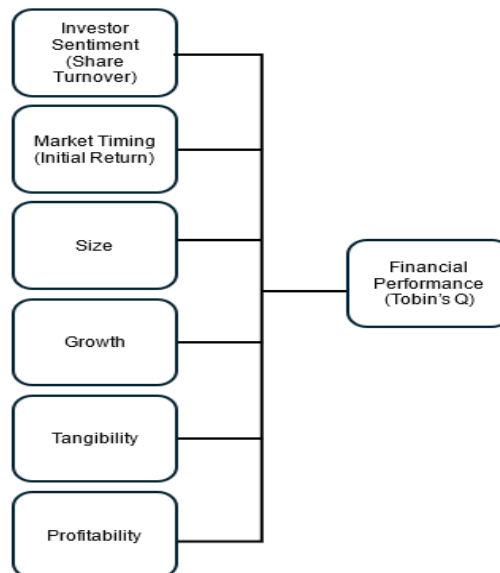
TANG = variable for asset tangibility

PROF = variable for profitability

SIZE = company size measured by market value

$\epsilon$  = error term

The research model is as follows:



**Figure 1.** Research model development

### Tobin

The research uses Tobin's Q as a proxy for financial performance, based on previous research, we investigate the impact of investor sentiment and market timing on the financial performance of Indonesian companies as a result of the Covid 19 pandemic. (Brainard & James, 2016)

$$\text{Tobin's Q} = \frac{\text{Market Value of Asset}}{\text{Replacement cost of Asset}}$$

### Investor sentiment

Investor sentiment measurement index consisting of three proxies, including IPO volume, Share turnover, and dividend. This study uses the share turnover proxy, which is to determine the stock turnover cycle in the market. (Bodie, R., Kane, A., & Marcus, A. 2017). Share turnover is a ratio to measure stock turnover in the market. Share turnover is measured by the following formula:

$$\text{Share Turnover} = \frac{\text{Trading Volume}}{\text{Outstanding Shares}}$$

### Market Timing

Market timing is used as an instrument for investors to know when the right time to enter the market is. Market timing can be measured using the Initial return proxy. Initial return is the calculation of investment return or profit at the beginning of the offering period. (Bodie, R., Kane, A., & Marcus, A. 2017)

$$\text{Initial Return} = \frac{P_c - P_o}{P_o}$$

### Size

To assess the size of the company, researchers utilize the Natural Logarithm (Ln) computation of the company's total assets, which is determined using the following formula, to assess the size of the company.

$$\text{Company Size} = \text{LN} (\text{Total Assets})$$

### Growth

The calculation of growth is measured by measuring the growth of the company's assets through the asset growth ratio.

$$\text{Share Turnover} = \frac{\text{Total Assets} - \text{book equity} + \text{market equity Volume}}{\text{Total Assets}}$$

### Tangibility

Tangibility is a calculation used to measure the portion of tangible assets of the total assets owned by the company, which can be formulated as follows:

$$\text{Tangibility} = \frac{\text{Net of Property Plant and Equipment (PPE)}}{\text{Total Assets}}$$

### Profitability

Profitability is indicator to measure the ability of the company to generate the profits during a certain time. The research used Return On Asset (ROA) as the proxy of profitability ratio (Erin et al., 2019), which is formulated as follows :

$$\text{ROA} = \frac{\text{Earning Before Interest and Tax}}{\text{Total Assets}}$$

## 3. RESULTS AND DISCUSSIONS

Based on Descriptive Statistics Table 2019, it is known that the average value is for the dependent variable is (2.68) and standard deviation (3.14), then for the independent variable respectively have the mean and standard deviation, investor sentiment (mean=1.58) and (std dev=1.92), market timing (mean=-0.05) and (std dev=0.13), size (mean=26.87) and (std dev=1.30), growth (mean=0.26) and (std dev=0.18), tangibility (mean=0.38) and (std dev=0.35), and profitability (mean=0.06) and (std dev=0.17).

**Table 1.** Descriptive statistics 2019

Variables	Mean	Std. Deviation	N
FIN PERF	2.683084223	3.138843844	36
INV SENT	1.582617090	1.917571437	36
MAR TIM	-.049354862	.1283375240	36
SIZE	26.86918193	1.297447172	36
GROW	0.262114798	.1769746800	36
TANG	0.381681602	.3463335190	36
PROF	.0604546206	.1734387335	36

Source: Eviews Output Results, 2024

While From this table below, it is known that the average value for the dependent variable is (2.54) and the standard deviation is (3.37), then for the independent variable respectively have mean and standard deviation, investor sentiment (mean=0.59) and (std dev=1.23), market timing (mean=0.01) and (std dev=0.95), size (mean =26.70) and (std dev=1.33), growth mean=0.20) and (std dev=0.20), tangibility (mean=0.26) and (std dev=0.25), and profitability (mean=0.28) and (std dev=0.11)

**Table 2.** Descriptive statistics 2020

Variables	Mean	Std. Deviation	N
FIN PERF	2.541927104	3.370331682	36
INV SENT	.5920089286	1.229938441	36
MAR TIM	.0081361902	.0957575292	36
SIZE	26.70122915	1.326375318	36
GROW	.1976270661	.1895928004	36
TANG	.2639195245	.2506483714	36
PROF	.0277124286	.1058458662	36

Source: Eviews Output Results, 2024

Investor sentiment is negatively correlated with changes in corporate financial performance for both companies going public in 2019 and 2020. The negative relationship occurs because the proceeds from IPO activities are used to repay this debt. Furthermore, several companies were affected by COVID-19 in 2020. This contradicts the findings of (Zainudin et al., 2019) who found that investor sentiment has a positive but insignificant impact in Malaysia.

Looking at market timing, we see a slight positive relationship for both companies listed in 2019 and 2020. This is possible because investors are less confident about short-term gains due to the recent increase in stocks being scammed in the capital market. Therefore, a longer period is needed when calculating stock price movements. There is no difference between the pre-pandemic and pandemic periods, as market timing estimated from initial returns may not be very reflective of market stock performance, especially when using only the first-day returns after the IPO calculation. This very short period limits investors' assessment of future stock performance. Many stocks do not rise on their first day on the stock market, and some even fall in value in the market. The initial poor performance is not enough to stimulate investors' buying interest, leading to a decline in the stock's market capitalization in the capital market.

**Table 3.** T test results in 2019

		Coefficients <sup>a</sup>					
		Unstandardized Coefficients		Standardized Coefficients			
Model		B	Std. Error	Beta	t	Sig.	
1	(Constant)	30.449	12.241		2.487	.019	
	INV SENT	-.718	.264	-.438	-2.714	.011	
	MAR TIM	3.314	3.667	.136	.904	.374	
	SIZE	-1.030	.434	-.426	-2.373	.025	
	GROW	1.191	2.871	.067	.415	.681	
	TANG	2.959	1.402	.327	2.111	.044	
	PROF	-3.767	2.830	-.208	-1.331	.194	

a. Dependent Variable: FIN PERF

Size has a significant negative impact on the financial performance of companies that will conduct an IPO in 2019. It can be described in previous studies that the size or scale of a company measured by total assets is negatively related to the financial performance of a company (Zainudin et al., 2019). This phenomenon occurs because the size of a company measured by total assets can only have a positive impact on a company's financial performance when investors' expectations or sentiment are good (Tobin's Q), and the number of shares issued increases, so does the number of shares in the market share price. These conditions will have a cascading effect on the increase in market capitalization, which will improve the financial performance of Tobin's Q. Size conditions that negatively affect financial performance may indicate a deterioration in investor sentiment towards the company's stock.

There is a slight positive relationship between companies going public in 2019 and growth, but a large positive relationship for companies going public in 2020. Not very different from the discussion on size above, asset growth is not the main driver of investor sentiment. Based on existing theories, it is true that growth plays an important role in external changes in corporate performance because it affects investors' views of the company. However, when it comes to external factors such as changes in economic conditions, growth is not the main consideration, since companies need to be patient enough to survive in the face of changing economic conditions. Companies with better prospects are included because they are believed to perform better under certain economic conditions. Growth has a significant positive impact on companies going public during the pandemic 2020. That is, an increase in assets is seen as a company's ability to maintain viability during the pandemic. Since an increase in assets equates to an increase in the company's capital value, investors assume that the company has a low debt ratio. This is considered a good thing, as reducing the value of the debt reduces the risk of bankruptcy, especially considering the pressures from changing economic conditions. Companies with high debt loads face the risk of default and bankruptcy, and investors will certainly avoid this to avoid losses.

**Table 4.** T test results in 2019

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model	B	Std. Error	Beta			
1	(Constant)	12.316	14.198		.867	.183
	INV SENT	-.480	.496	-.175	-.966	.021
	MAR TIM	-.078	6.605	-.002	-.012	.213
	SIZE	-.387	.525	-.152	-.737	.467
	GROW	6.597	3.536	.371	1.866	.072
	TANG	-2.615	2.462	-.194	-1.062	.297
	PROF	8.496	6.180	.267	1.375	.180

a. Dependent Variable: FIN PERF

In 2019 IPO firms, tangible assets have a favorable correlation with financial success; in 2020 IPO companies, tangible assets have negligible impact. As a result of the high perceived value of fixed assets as a predictor of business productivity, tangibility has a strong positive impact in the 2019 data analysis. According to (Xiang, 2022), organizations that possess high-value fixed assets have greater freedom to fully utilize their available resources, including capital, machine, and human resources. According to (Arif & Marsoem, 2021), (Loang, 2022), these elements subsequently have an impact on the company's ability to improve its operational performance. Because tangible assets can serve as a gauge of a company's capacity, tangibility can have a particularly good impact in 2019 because a company's capacity, which is linked to its production, can be reflected in the value of its tangible assets. Unlike in 2020 during the pandemic, when businesses are growing in the healthcare and technology industries, even businesses like technology corporations that have little in the way of real assets are in the news. Given the shifting demands of consumers throughout the pandemic, these two industries are thought to have the greatest potential for growth. Investors then take the value growth into account when making decisions. Investor evaluations undoubtedly vary depending on the state of the market; they can range from evaluating possibilities during a pandemic to those that often rely on traditional assumptions like tangibility ratios.

In businesses that going public in 2019 and 2020, respectively, profitability has a negligible positive correlation and a negligible negative correlation. Investor mood toward equities in the capital market can be influenced by a number of factors, including profitability value, which can also have an impact on investors' perceptions of the internal performance of the company. According to earlier studies, profitability and business success are significantly inversely correlated because a high return on assets (ROA) is correlated with a high EBIT (earnings before interest and taxes), which implies that the company will have to pay a higher tax burden (Zainudin et al., 2019). To put it another way, investors will not want high EBIT since it would result in reduced Earnings After Tax (Net Income), since the nominal dividend payment will be smaller. Perhaps not all investors share this view and place more emphasis on the long-term performance of the company. However, such small gains are worth considering even for short-term investors (traders). This means that the more investors focus on dividends, the more pronounced the negative effect between profitability (ROA) and Tobin's Q financial performance.

#### 4. CONCLUSION

Based on the research that has been done, it can be concluded that investor sentiment is found to have an influence towards firm performance but negative both in 2019 and 2020. Whereas market timing only influence in period before acceleration board implemented. The regression coefficient for investor sentiment may indicate the strength and direction of this impact, with a negative coefficient suggesting a negative influence on firm performance. Market timing has shown to have an insignificant effect on firm performance, especially during the COVID-19 pandemic. The regression coefficient for market timing may indicate the magnitude and significance of its impact on firm performance, with an insignificant coefficient suggesting a lack of direct influence. Factors such as size, growth, tangibility of assets, and profitability showing mixed results in the context of the IPO market in Indonesia during the COVID-19 pandemic can be influenced by various

additional factors or specific contexts. Indonesia's regulatory environment may impact how factors like size and profitability are perceived by investors.

Changes in regulations or compliance requirements may affect the financial performance and attractiveness of IPO companies. Different industries in Indonesia may respond differently to factors such as growth and asset tangibility. Industries experiencing rapid growth or technological advancements may have varying impacts on financial performance during the pandemic. Cultural and behavioral aspects of Indonesian investors can influence how factors like size and tangibility are perceived. Investor preferences, risk tolerance, and investment strategies can play a role in shaping the outcomes of these factors. Indonesia's macroeconomic conditions, such as GDP growth, inflation rates, and exchange rate fluctuations, can impact the performance of companies going public. These external factors can interact with internal factors like size and profitability. The overall market sentiment in Indonesia, influenced by political stability, consumer confidence, and global economic trends, can affect how factors like growth and profitability are evaluated by investors during the pandemic. The level of technology adoption and digital transformation within companies can influence their growth prospects and tangibility of assets, especially in sectors like e-commerce, fintech, and digital services. Companies with strong sustainability practices and ESG (Environmental, Social, and Governance) considerations may attract a different investor base, impacting factors like size, growth, and profitability. By considering these additional factors and the specific context of Indonesia, a more comprehensive understanding of the mixed results related to size, growth, tangibility of assets, and profitability in the IPO market during the COVID-19 pandemic can be achieved.

After Indonesia Stock Exchange (IDX) implement the acceleration board *to open* funding access through the capital market as a solution to the challenges faced by SMEs, its still do not have any track record of companies that are known to the public and the ease of recording requirements results in asymmetric information occurring at the time of IPO on the Acceleration Board. The IPO funding only use to pay both short term and long term debt. The phenomenon still only influenced by investor sentiment because stock turnover can lead to increase stock performance and prove that high stock transaction in market do not guarantee that te stock will perform well. This research on the impact of investor sentiment and market timing on the financial performance of IPOs in Indonesia during the COVID-19 pandemic can contribute significantly to the understanding of the IPO market in Indonesia, especially after the implementation of the acceleration board. By analyzing the impact of investor sentiment on IPO performance, the research can shed light on how Indonesian investors react to market conditions and external factors, providing insights into investor behaviour in the IPO market. Understanding the relevance of market timing theory in the context of Indonesian IPOs can help market participants, including companies and investors, in making informed decisions about the timing of IPOs, especially in the post-acceleration board era.

The research can help evaluate the short-term and long-term performance of IPO stocks in Indonesia during the pandemic, offering insights into the factors influencing the success of newly listed companies and their performance post-listing. Findings from the research can have implications for policymakers and regulators in Indonesia, providing evidence-based insights into the effectiveness of market regulations, investor protection measures, and market stability initiatives, especially in the context of the acceleration board. Understanding how different industries have fared in the IPO market during the pandemic can provide insights into the resilience of various sectors in Indonesia's economy and their ability to attract investment post-pandemic, including on the acceleration board. Companies planning to go public in Indonesia can benefit from the research findings by incorporating considerations of investor sentiment, market timing, and financial performance into their strategic decision-making processes, especially in the post-acceleration board environment.

The research contribute to the academic literature on IPO markets, investor behavior, and market timing theories, adding to the body of knowledge on capital markets in Indonesia and providing a basis for further research in this area. Overall, this research can enhance the understanding of the IPO market in Indonesia, provide actionable insights for market participants, and contribute to the ongoing development and evolution of the capital market landscape in

Indonesia, including the implications for the acceleration board and its role in facilitating capital raising activities. Several suggestions and recommendations can be drawn for capital market practitioners and regulators. Encourage companies planning to go public to provide comprehensive and transparent information to investors, especially during periods of market uncertainty like the pandemic, to mitigate the negative impact of limited information on investor sentiment. Capital market practitioners and regulators should closely monitor market conditions, investor sentiment, and economic indicators to identify potential market timing opportunities and risks for IPOs, enabling informed decision-making. Conduct investor education programs to enhance investor awareness of market timing strategies, risk management techniques, and the impact of sentiment on investment decisions, promoting a more informed and resilient investor base. Regulators should consider providing flexibility in regulatory frameworks to accommodate market dynamics and changing investor sentiment, especially during times of economic uncertainty, to support the growth and stability of the IPO market. Encourage in-depth analysis of industry-specific trends and performance metrics to assess the resilience and growth potential of companies seeking to go public, helping investors and practitioners make informed decisions in selecting IPO opportunities. Emphasize the importance of risk management practices for both companies and investors participating in IPOs, including assessing market timing risks, financial performance uncertainties, and external factors that may impact post-listing performance. Provide post-IPO support mechanisms for newly listed companies to navigate market challenges, sustain growth, and enhance long-term performance, ensuring a supportive environment for companies transitioning to the public market. Foster collaboration between capital market practitioners, regulators, industry stakeholders, and academic researchers to exchange insights, best practices, and lessons learned from IPO experiences, promoting a more robust and resilient IPO market ecosystem. By implementing these suggestions and recommendations, capital market practitioners and regulators in Indonesia can enhance the effectiveness, transparency, and resilience of the IPO market, support the growth of newly listed companies, and foster investor confidence in the capital market ecosystem, especially in the context of evolving market conditions and the challenges posed by the COVID-19 pandemic.

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