

ABSTRACT

The Indonesian capital market experienced rapid growth in the technology sector during the COVID-19 pandemic, marked by an increasing number of technology companies listed on the Indonesia Stock Exchange. However, the phenomenon of high IPO valuations amid strong investment interest in technology stocks has led to issues such as overpricing and high participation of uninformed investors. This study aims to identify factors influencing stock returns on the first trading day to provide valuable insights for investors. The independent variables examined include company age, IPO size, IPO gap days, investor sentiment, offering risk level, underwriter reputation, market volatility, listing board, IPO period, and Corporate Social Responsibility (CSR), with the level of underpricing represented by the dependent variable, raw initial return (RIR).

Using a quantitative approach, this study analyzes data from companies conducting IPOs between 2020 and the second quarter of 2023 through purposive sampling and multiple regression analysis. The results indicate that the average level of underpricing in the technology sector is 16.35%, with investor sentiment being the only variable that significantly influences underpricing. Based on these findings, the study recommends further research to compare underpricing levels before and after COVID-19, as well as to analyze the long-term performance of technology stocks post-IPO. Additionally, incorporating more specific variables related to the characteristics of the technology sector is suggested to enhance the accuracy and relevance of research findings for academics, investors, and companies planning to go public.

Keywords: IPO Underpricing Determinants, Initial Public Offerings, Technology Stocks, IPO initial returns, Underpricing.