Contents lists available at: https://e-journal.unair.ac.id
AJIM (Airlangga Journal of Innovation Management)
Journal homepage: https://e-journal.unair.ac.id/AJIM

Analysis of Investor Reactions to The Right Issue at The IDX Before and During Covid-19

Nurul Pathonah[1]
[1]Department of Management Science, Faculty of Economics and Management, IPB University, Indonesia

ARTICLE INFO

Paper Type:
Research Paper

Keywords:
Bid-Ask Spread, Excess Return, Event Study, Right Issue, Covid-19

Article History
Received: 7 February 2024
Revised: 29 March 2024
Accepted: 21 June 2024
Available online: 30 June 2024

ABSTRACT

The COVID-19 pandemic has resulted in fluctuations in movement stock prices, and greatly influenced economic conditions as well as reactions of investors regarding the rights issue policy which will influence buying and selling interest shares. The rights issue is an event where information is published as an announcement that can be used to see market reactions. This research was conducted to analyze investor reactions to the Rights Issue announcement. Using 50 samples of companies that carried out rights issues during 2017 - 2020. The inquiry about was carried out utilizing the occasion consider strategy with an advertising show approach. The ordinariness test is the Kolmogorov – Smirnov test. The statistical test used in this research is the difference between two means tests (Wilcoxon Signed Rank Test). The comes about of this inquiry appears that there's a noteworthy contrast in excess returns within the period sometime recently and after the declaration of the rights issue, be that as it may, this inquiry appears that there's no distinction in stock liquidity sometime recently and after the declaration of the rights issue. there's no distinction between the bid-ask spread sometime recently and after the declaration of the rights issue, both sometime recently and amid the widespread COVID-19 implies that the declaration of the rights issue cannot be utilized as a reference choice in an exertion to extend the liquidity of the company offers within the long-term brief, this can be since the declaration of the rights issue isn't sufficient contains data that can impact venture choices.

*Corresponding author: nurulpathonah24@gmail.com
Cite this article as: Pathonah, N. (2024). Analysis of Investor Reactions to The Right Issue at The IDX Before and During Covid-19. *Airlangga Journal of Innovation Management, 5(2), 335-347.*
https://doi.org/10.20473/ajim.v5i2.54923

Introduction

The existence of capital markets is increasingly important as a means of economic development for companies and investors (Iman et al., 2022). The economy should boost utilization, which may at that point be put toward investment projects. (Amijaya et al., 2023) The capital market as a vehicle for the financial sector outside banking is expected to be a means of obtaining funds quickly and easily from investors and creditors. One form of corporate action is issuing a rights issue or pre-emptive rights (HMETD) to obtain additional funds for issuers that are already listed on the stock exchange. Companies carry out rights issues as a way to generate more capital to finance business expansion plans and to finance internal operations. A rights issue is one of the corporate actions that companies are most interested in because to carry out a rights issue the company does not need to bear underwriting costs like a public offering and the profits obtained are greater than the costs incurred (Qosim et al., 2023).

In any case, COVID-19 which spread all through the world at first did not influence the stock showcase, but with increasing casualties being affirmed, the stock showcase responded contrarily (Mendo et al., 2023). This moreover caused costs on the stock showcase to decay, particularly after WHO announced that COVID-19 was widespread and caused negative overabundance returns (Alali 2020). The conditions of COVID-19 have too influenced stock showcase flow, causing stock trades all through the world to involve a decrease, and expanding wastefulness within the stock advertise (Sharma et al., 2021). The COVID-19 widespread in Indonesia has influenced the capital showcase, causing changes in exchanging times on the Indonesia Stock Trade and typically a negative flag that causes speculators to be more curious about offering their share proprietorship (Webber & Koops, 2022). In 2023 is Indonesia’s recovery process after the COVID-19 pandemic. (Munifatussaidah et al., 2023)

Moreover includes a negative effect on capital advertising and impacts speculators in making venture choices. This does not as it were affecting well-being. However, financial development, causes a lull within the economic framework, particularly within the mechanical, tourism, exchange, transportation, and venture segments, which affects the stock showcase which plays a critical part in financial development in numerous nations, both creating and creating nations (Rahman et al., 2022). In any case, there are still a few divisions that can develop, one of which is the broadcast communications segment (Pratiwi et al., 2022). Figure 1 shows the JCI movement. As a guide for investing in the capital market, especially shares, investors need information on share price movements.

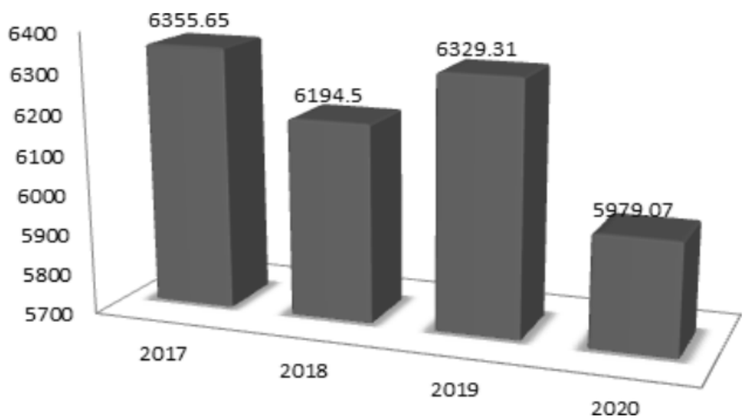


Figure 1. JCI movement of S&P 500

Source: Yahoo Finance (2020)

When COVID-19 widespread influenced company execution, it caused everybody to socially remove or work from domestic (Zenrif & Mustofa, 2022). Be that as it may, this can be not an enormous issue for people any longer, since innovation has supplanted what people require and data frameworks can be the arrangement that businesses require nowadays (Pich and Sardjono 2020). Even though 2020 experienced a decline compared to the previous year due to the COVID-19 pandemic, this did not prevent issuers from carrying out corporate rights issues because it is one way to obtain sources of funds. Ghozali and Solichin (2003) said that there are two reasons for companies to carry out rights issues apart from being able to reduce costs because they do not use the services of underwriters and rights issues cause the number of existing shares to increase so it is hoped that this will increase trading frequency.

Meanwhile, for shareholders, a rights issue can make it easier for shareholders to maintain their proportion of share ownership. The rights issue will change the company's capital structure. If the company's capital structure is changed using a limited share offering, it will result in the number of shares in circulation increasing, which means increasing share liquidity and will also affect the dividends that will be received. The smooth running of a large transaction with low costs and a short time is reflected in liquidity (Blau et al. 2018). The bid-ask spread is a proxy in this research that is used to measure stock liquidity which is related to stock transaction costs.

Sakwa (2013) and Bashir (2013) researched the influence of rights issue announcements. The research results show that stock returns react positively to the rights issue announcement. Be that as it may, Naidu and Suresha (2012) uncovered that there was no distinction in abundance returns some time recently and after the rights issue since ancient shareholders were of the see that the rights issue was fair conventional data. Event study is a methodology discovered by Eugene Fama in 1969 whose aim is to observe market reactions to an event whose information is published as an announcement.

Apsari and Yasa's (2017) research shows that before and after the announcement of the rights issue there are negative reactions. Research on the bid-ask spread was also conducted by Celinawati and Isbanah (2019) with the results that there was no significant influence on the announcement of the rights issue. (Wahyudi et al., 2017) found that the declaration of a rights issue was considered terrible news by financial specialists. The same comes about were too found in an investigation by Lee et al. (2014) that speculators respond contrarily to the declaration of a rights issue and the irregular return on the day of the declaration produces -12.10%.

Most rights issues don't have a critical impact, even though an investigation by (Ridho et al. 2017) shows that there's a critical impact on irregular returns and stock exchanging volume with rights issue activities. Ramesh and Rajumesh (2014) conducted in Colombo obtained the results that there was a dominant pattern of positive AAR (Average Abnormal Return) around the event period (Billah et al., 2023). There are various research results, but they tend to get negative results, which means they support the signaling theory model which assumes the existence of asymmetric information between various capital market players. This model states that the market will react negatively to the announcement of the addition of new shares, which indicates the presence of bad information (bad news). Most of the negative empirical results are caused by investors receiving bad news that the issuer is carrying out a rights issue not for business expansion but rather to pay debt, unstable stock price volatility, destitute advertise conditions, moo company development, higher obligation capacity, and lower execution. terrible company. so that financial specialists are cautious in utilizing their rights to carry out a rights issue (Santoso & Kusuma, 2023).

The issuance of modern offers will cause the issuer's offers to encounter weakening. Because the results do not follow the proposed hypothesis, it shows that there is no influence of the rights issue announcement on stock returns. So, the author researched to analyze how investors' reactions to rights issues influence market conditions and investors' preferences for information, which appears that the showcase reacts to data rapidly and appropriately in agreement with the effective advertising concept

(Ryandono et al., 2022). This investigates points to test whether the rights issue has adequate data substance to create the advertising response to the declaration by looking at the abundance return and bid-ask spread. Based on the problem statement above, the objectives of this research are:

1. Analyze the difference in average excess stock returns before and after the announcement of the rights issue before and during COVID-19
2. Analyze differences in stock liquidity as measured by the bid-ask spread before and after the announcement of the rights issue before and during Covid-19

Literature Review

Corporate Action Right Issue

Corporate action is the activity of the stockholders that can affect the number of shares outstanding, share composition, share movements, and so on (Wardhana, Ratnasari, et al., n.d.). According to, the purpose of the right issue in addition to increasing capital is so that old shareholders can maintain control over the comp (Mathlouthi & Bahloul, 2022) any and prevent a decline in shareholder wealth. Right is not an obligation and is only a right. If the shareholder does not take away his rights, then he can sell the rights to other investors.

A rights issue is an occasion that gives benefits for speculators and companies, since the rights issue can increment stock liquidity, alluring unused speculators to contribute within the company, too expanding the extent offers that speculators now possess (Wijayanti et al., 2020). Previous research according to Bashir (2013) found evidence that there was a positive excess return on the date of the rights event issues. The bid-ask spread is a possible measurement of stock liquidity by looking at the spread level, the lower the difference in ask price (bid) with the offer (ask) price, it indicates that share liquidity has increased (Intariani & Suryantini, 2020). (Rahman et al., 2022) stated with the spread Maximum demand and premium return price impact show results which is statistically and economically significant.

Hypothesis Development

A rights issue is an event that provides benefits for speculators and companies since a rights issue can increase share liquidity, pull in modern financial specialists to contribute within the company, and increase the extent of offers right now possessed by financial specialists. Previous research according to Violita (2015) stated that the market reaction occurred after the announcement of the rights issue, namely that earnings per share did not have a significant effect in a positive direction on abnormal returns, likewise research by (Mathlouthi & Bahloul, 2022) showed that there was a significant average abnormal return and there were differences in activity. significant trading volume before and after the rights issue. The bid-ask spread is one way to measure stock liquidity by looking at the spread level, the lower the difference between the asking price (bid) and the bid price (ask), the shows that stock liquidity has increased (Juhro & Iyke, 2019). Blau et al. (2018) stated that the impact of maximum demand spread and premium return price shows statistically and economically significant results. These findings suggest spreads are important when identifying liquidity. So, the researcher developed the following hypothesis:

H0: There is no difference in the average excess return and stock liquidity measured with the bid-ask spread before and after the announcement of the future rights issue before and during the COVID-19 pandemic

H1: There is a difference in the average excess return and stock liquidity measured with the bid-ask spread before and after the announcement of the future rights issue before and during the COVID-19 pandemic

Methodology

Data Collection

This research uses quantitative methods that are event study Population of this study consists of companies listed in the Indonesia Stock Exchange (IDX) whichconducted right issue in the period 2017-2020. Sorts of information that will be utilized in this consideration are auxiliary information. This ponders employment day by day near the cost of firms recorded in IDX which conducts right issues from 2017 to 2020, and day by day near the cost of advertise record return information.

The length of time for an event study is determined in the forecast window, this is the period before an event occurs. This estimation window explains the normal behavior of a stock. The estimation period is set as 120 days sometime recently the occasion (considered. -125 to -6.) and the 11-day window period of -5 (some time recently declaration of the rights issue) and +5 (after the declaration of the rights issue)

The sampling method uses purposive sampling. There are some criteria for selecting the sample, such as:

1. Indonesian Capital Market (IDX), *The Indonesia Capital Market Institute* (TICMI), and KSEI should have certain information about the date of the right issue announcement held by companies.
2. Expect that there are no other corporate activities or events happening within the companies and perplexing occasions amid the perception period
3. complete data available the highest selling price (ask price) and lowest purchaseprice (bid price) for each sample of the company during the observation period.

Based on the criteria, 50 companies were obtained that carried out rights issues from January 2017 to December 2020 on the IDX.

Method of Analysis

As stated in Hartono's book (2015), the formula of return was as follows:

$$R_{it} = \frac{(P_{it} - P_{it-1})}{P_{it-1}}$$

Where Pit is the cost of stock in the current day, Pit-1 is the cost of stock within the day sometime recently or recently. Calculate the genuine advertise return, it requires the cost of the advertising file of the current day subtracted from the price of the showcase record within the day sometime recently isolated by the cost of the showcase list the day. The equation characterized as takes after (Hartono, 2015):

$$\mathrm{R_{mt}} = \frac{\mathrm{IHSG_t} - \mathrm{IHSG_{1-t}}}{\mathrm{IHSG_{1-t}}}$$

Where Rmt is the showcase return of the advertising portfolio on day t, IHSG (Record Composite Stock Price) is the advertise list of Indonesian Stock Trade. In his pondering, Chakraborty (2011) expressed the anticipated return of stock i for day t, E(Rit) calculated by putting the esteem of Rmt to particular OLS estimation of αi and βi into taking after condition:

$$E(Rit) = \alpha i + \beta i\ Rmt$$

Where Rmt is the advertising return of the showcase portfolio on day t, αi is the caught term, and βi is the orderly chance of the (i) stock, εit is the remaining showcase show with zero cruel and steady change. To calculate irregular return, Chakraborty (2011) characterizes unusual return (ARit) as the contrast between genuine return (Rit) and the anticipated return E(Rit). The condition is characterized as:

$$ARit = Rit - E(Rit)$$

Cumulative Average Abnormal Return (CAARt) by including up the irregular returns amid the perception period 5 days sometime recently and 5 days after the rights issue declaration date and after that isolating by the number of tests (n), This normal is to discover out whether there's a contrast in anomalous returns sometime recently and after the declaration of the rights issue. Includes an equation (Hartono, 2015):

$$CAAR_t = \frac{\sum AR_{it}}{n}$$

Bid-ask spread variable is the difference between the lowest ask price and the highest bid price that reflects the transaction costs faced by market participants (Juhro & Iyke, 2019).

$$BAS = Ask_{i,t} - Bid_{i,t} \, / [(Ask_{i,t} + Bid_{i,t})]$$

Normality Test Method

To see whether the model has a normal data distribution or no normality test is required (Fauziana et al., 2022). If the model has a normal distribution, then it can be said that the model is good. The normality test uses One-Sample Kolmogorov Smirnov when determining the mean (Wardhana & Ratnasari, 2022). If it is significant > 0.05 then the data is normally distributed, and if it is significant < 0.05 then the data is not normally distributed. If you use the paired sample t-test to test the hypothesis then the data is normal, but if it is not normally distributed then use the Wilcoxon signed rank.

Parametric Test (Paired Sample T-Test)

A paired sample t-test was carried out to determine whether there were significant differences in the population based on the average. In addition, this test comes from the same subject or one size from a pair of subjects (Bong & Premaratne, 2019). As for the paired sample t-test is:

$$t_{hitung} = \frac{\bar{d}}{Sd/\sqrt{n}}$$

$$\bar{d} = Xi - Xd$$

$$\bar{d} = \sum \frac{d}{n}$$

$$Sd = \sqrt{\frac{\sum d^2 - \frac{(\sum d)^2}{n}}{n-1}}$$

Non-Parametric Test (Wilcoxon Signed Rank Test)

The Wilcoxon Signed-Rank Test is a statistical method used to compare a single sample using ranks of data (Doane *et al*. 2020). Using the Wilcoxon signed rank test because the selection was carried out on two related samples. decision-making criteria is Ho is accepted if P-Value> 0.05 means that there is no significant difference and Ho is rejected if P-Value <0.05 means there is a significant difference. Formula to calculate:

$$Z = \frac{T - E(T)}{\sigma_t}$$

$$E(T) = \frac{n(1+n)}{4}$$

$$\sigma_t = \sqrt{\frac{n(n+1)(2n+1)}{24}}$$

Results And Discussion
Descriptive Statistics

Descriptive statistics explain the general description of the distribution and behavior of sample data (Ghozali, 2013).

Table 1. Descriptive Statistical Analysis of Average Excess Return and Bid-Ask Spread Before and After Announcement of the Right Issue

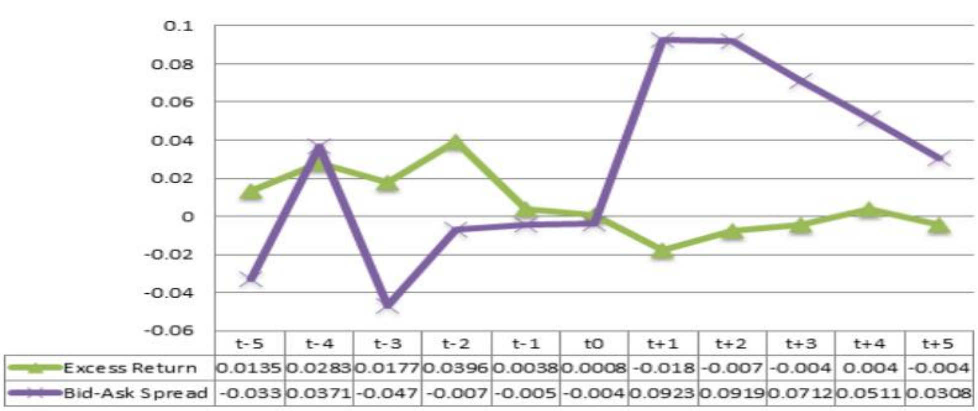
	N	Minimum	Maximum	Mean
Excess Return – Before	50	-0.0437	0.2538	0.0206
Excess Return – After	50	-0.1145	0.0837	-0.0060
Bid-Ask Spread – Before	50	-0.7978	1.0000	-0.0107
Bid-Ask Spread – After	50	-0.1970	1.0000	0.0675

Data processed (2020)

Based on Table 1, the normal overabundance return and bid-ask spread of all tests (50 companies) were considered during the period sometimes recently and after the declaration of the rights issue. The comes about appears that the normal abundance return sometimes recently the declaration of the rights issue (period t-5 to t-1) is 0.0206 and the normal overabundance return after the declaration of the rights issue (period t + 1 to t + 5) is - 0.0060. The comes about of measurable information appears the normal overabundance returns after the declaration of the proper issue has diminished. Whereas the normal bid-ask spread some time recently the declaration of the rights issue was -0.0107 and the normal bid-ask spread after the declaration of the rights issue was 0.0675. The comes about of the measurable information appears the normal bid-ask spread after the declaration of the rights issue which features a positive and expanding esteem.

The comes about of abundance return and the bid-ask spread are contrarily relative, showing that the rights issue conducted by the stockholders has satisfactory information to supply monetary masters with wealth returns and statements of rights issues that will be issued and scattered to the showcase by the stockholders can be held by some promote individuals well so that it can deliver benefits. The taking after charts of the normal overabundance return and bid-ask spread sometimes recently and after the declaration of the correct issue for the 11-day observation period can be seen in Figure 2.

Figure 2. Average Excess Return and Bid-Ask Sprea



Source: Data processed (2020)

Figure 2. appears that on days t-3, t-1, t0, t+1, and t+4, speculators get negative overabundance returns. This infers the advertiser responds more cautiously to terrible news and speculators tend to offer securities which causes stock costs to drop (Mandal and Rao, 2010). With data spillage which can be seen within the normal positive abundance return some time recently the declaration of the rights issue at t-4 and t-2 causes financial specialists to respond before picking up benefits. Data spills are caused by insider exchange which implies a few speculators collaborate with company insiders. At that point, it drops definitely at t+1 or after the declaration of the rights issue and rises once more at t+3 and there are variances until t+5.

It is conceivable that speculators and the showcase are not eager around the declaration of the rights issue held by the company, separated from that they don't see the company's prospects well so they choose to deliver a negative. So, the bid-ask spread has fluctuated so the value of the bid-ask spread has decreased. Periods t+1 to t+4 after the announcement there is a positive increase, indicating that there is a delay in investors responding to information so that the bid-ask spread value is high, but after the announcement on t+5, the bid-ask spread value is low due to the information being distributed evenly distributed to all capital market players. This causes investors to react so that the stock starts actively trading which causes a reduction in the transaction cost component and adverse selection risk which results in a decrease in the value of the bid-ask spread (Wardhana, Rusgianto, et al., n.d.). Right issue announcements contain enough information to make the market react where fluctuations occur in excess return and bid-ask spreads beforeand after the announcement of a rights issue.

Kolmogorov-Smirnov test results in Table 5, excess return and bid-ask spread before the COVID-19 pandemic < 0.05. Based on These criteria means that the data is not normal and the hypothesis test uses a Wilcoxon signed-rank test

Table 2. Kolmogorov Smirnov test results before COVID-19

	Excess Return - Before	**Excess Return - After**	**Bid-AskSpread - Before**	**Bid-AskSpread - After**
N	50	50	50	50
Asymp. Sig. (2-tailed)	0.004	0.008	0.000	0.000
Test results	**Abnormal**	**Abnormal**	**Abnormal**	**Abnormal**

Source: Data processed (2020)

Meanwhile in Table 3, excess return and bid-ask spread during COVID-19 > 0.05. Based on the criteria, the data is normal and hypothesis testing is used paired sample t-test

Table 3 Kolmogorov-Smirnov test results during COVID-19

	Excess Return - Before	**Excess Return - After**	**Bid-AskSpread - Before**	**Bid-AskSpread - After**
N	50	50	50	50
Asymp. Sig. (2-tailed)	0.052	0.636	0.280	0.298
Test results	**Normal**	**Normal**	**Normal**	**Normal**

Source: Data processed (2020)

Test Results of Differences in Excess Return and Bid-Ask Spread in The Period Before and During The COVID-19 Pandemic

Based on Table 4, the theory test is the Wilcoxon marked rank test where Sometimes COVID-19 happened, the abundance return esteem gotten was 0.034 < 0.05, meaning there was a critical contrast sometimes recently and after the declaration of the rights issue. This investigation shows that the declaration of a rights issue impacts costs within the showcase, meaning that showcase players or speculators respond to the declaration of a rights issue.

Table 4 Hypothesis test Wilcoxon signed rank test before COVID-19

No	Period	Asymp. Sig. (2-tailed)	Test Result
. 1.	Excess return before and after	0.034	Significant
2.	Bid-ask spread before and after	0.868	Not Significant

Data processed (2020)

In Table 5 below, the paired sample t-test hypothesis test where when COVID-19 occurred market conditions were unstable with an excess return value of 0.338 > 0.05 that there was no difference significant impact on excess returns before and after the announcement of the rights issue. This research shows that the COVID-19 pandemic influences policy rights issues and influences prices in the market which have an impact on market players' or investors' negative reactions to the rights issue announcement (Wardhana, 2021). Based on the inquiries about comes about, there are contrasts in the abundance of returns sometimes recently and after the declaration of the rights issue sometimes recently COVID-19 which demonstrated that there was a showcase response at the time of the rights issue, which suggests the declaration The rights issue contains adequate data to impact financial specialist inclinations in making investment choices (Duterme, 2023).

Test result underpins the speculation of data substance hypothesis that can impact speculator inclinations. As a financial instrument, the capital showcase cannot be isolated from different natural impacts, both financial and natural non-economic (Febriyanti et al., 2022). Non-economic natural impacts, even though not directly related straightforwardly to the flow happening within the capital advertise, cannot isolated from stock trade exercises. The results of this study follow the results of research conducted by (Adekoya et al., 2021) which proves that there is no influence events on excess returns.

Table 5. Hypothesis test paired sample t-test during COVID-19

No	Period	Asymp. Sig.(2-tailed)	Test Result
	Excess return before and after	0.338	Not Significant
2.	Bid-ask spread before and after	0.306	Not Significant

Data processed (2020)

Meanwhile, to test the bid-ask spread of offers both sometimes recently and amid COVID-19 widespread with critical values (0.868 > 0.05) and (0.306 > 0.05) both appear that there's no distinction within the bid-ask spread some time recently and after the declaration of the rights issue, both sometime recently and amid the widespread COVID-19 implies that the declaration of the rights issue cannot be utilized as a reference and choices in an exertion to extend the liquidity of company offers within the long term brief, this can be since the declaration of the rights issue isn't sufficient contains data that can impact venture choices (Ghifara et al., 2022). Investors will only invest in shares they already know basic information and certainty, for example expectations dividend. This proves that the rights issue event increased number of shares outstanding but not supported by current investor decisions carry out trading transactions because investors see and learn the results of existing events and the impact of the information provided are negative for capital market players (Hidayat et al., 2022).

Conclusion

Based on the investigation comes about, it can be concluded that COVID-19 has significantly influenced different divisions, counting rights issues on the stock advertising which makes individuals reluctant to contribute. The number of businesses influenced by COVID-19 as reflected within the Composite Stock Cost Record (IHSG) has experienced a decay due to numerous financial specialists offering their offers. This causes investors to be pessimistic considering that the number of positive cases of COVID-19 continues to increase and they do not know how long it will last. end. This means that when the number of COVID-19 cases increases in a country, it will create market sentiment, which will have a significant effect on stock prices.

With the abundance of investigations on abundance returns time recently the COVID-19 widespread and amid COVID-19 widespread, there's a critical distinction in the overabundance of returns sometimes recently and after the rights issue occasion amid ordinary conditions since the rights issue contains adequate data to impact financial specialist inclinations in making speculation choices. In the meantime, amid COVID-19 widespread, there were no noteworthy contrasts since COVID-19 made doubt in society. Overreaction from the market influenced by COVID-19 has made investors more careful, careful, and quicker in receiving information reflected in stock prices and conditions in normal times and during the COVID-19 pandemic.

Research Implication and Managerial Implication

Based on the inquiry about comes about, there are a few administrative suggestions, counting that companies ought to give more point-by-point and broad data to showcase players regarding the usage of the rights issue so that there's no insider exchanging or deviated data. Topsy-turvy data happens when two parties have different extents of data. A few data is private and as it were several parties know the data. Uncertainty over asymmetric information will cause large transaction costs which will impact shares becoming illiquid and markets becoming inefficient. Based on the data obtained, rights issues tend to be less attractive amidst COVID-19 conditions, because market players will be more careful amidst economic uncertainty so investors will be more careful in executing their rights because conditions still have many challenges. So, currently, more market players are switching investments to safer instruments that carry a small risk of loss.

One of the implications that may arise is the increasing popularity of share ownership as a form of investment choice among the public, requiring further understanding of the various implications this may have. One of them is corporate action carried out by issuers through the issuance of stock derivative instruments, namely rights issues. This understanding is necessary for investors to reduce the risk of losses that may arise as a result of the rights issue. So, the test results obtained support the price pressure theory which assumes that with an information signal stock prices will fall permanently for a certain period after the announcement because investors absorb bad information from the signal. After a certain period, share prices will tend to rise to their original position. Before investing shares in a rights issue, you should first study the condition of the company concerned, especially regarding the use of rights issue funds, whether the investment will be used profitably or vice versa.

Author's Contribution

The author has contributed fully to this manuscript. starting from the data collection process, data processing, and research results. The author has contributed fully to the completion of this manuscript.

Acknowledgments

The author would like to thank Mr. Japrinal for the endless support he gives me in everything. And thank you to the parents who always support, and especially to the Airlangga Journal of Innovation Management for this opportunity.

Declaration of Competing Interest

The author declares that the research was conducted without external funds or aid. As a result, this study guaranteed had no any potential conflict of interest in the future. The reason was because there was no financial relationships that could be construed as a potential conflict of interest.

Funding

This study did not receive any funding.

References

Adekoya, O. B., Oliyide, J. A., & Oduyemi, G. O. (2021). How COVID-19 upturns the hedging potentials of gold against oil and stock markets risks: Nonlinear evidences through threshold regression and markov-regime switching models. *Resources Policy*, *70*, 101926.

Amijaya, R. N. F., Prassetyo, A. E., Pratama, R. Y. and Kharisma, I. W. (2023). Does Islamic Finance Matter for Poverty Development in Indonesia? Airlangga Journal of Innovation Management, 4(2), 185-197. https://doi.org/10.20473/ajim.v4i2.49756

Billah, M., Amar, A. Ben, & Balli, F. (2023). The extreme return connectedness between Sukuk and green bonds and their determinants and consequences for investors. *Pacific-Basin Finance Journal*, *77*, 101936.

Bong, A., & Premaratne, G. (2019). The impact of financial integration on economic growth in Southeast Asia. *Journal of Asian Finance, Economics and Business*, *6*(1), 107–119. https://doi.org/10.13106/jafeb.2019.vol6.no1.107

Duterme, T. (2023). Bloomberg and the GameStop saga: The fear of stock market democracy. *Economy and Society*, 1–26.

Fauziana, H., Wardhana, A. K., & Rusgianto, S. (2022). The Effect of Education, Income, Unemployment, and Poverty toward the Gini Ratio in Member of OIC Countries. *Daengku: Journal of Humanities and Social Sciences Innovation*, *2*(2), 181–191.

Febriyanti, A. R., Ratnasari, R. T., & Wardhana, A. K. (2022). The Effect of Economic Growth, Agricultural Land, and Trade Openness Moderated By Population Density on Deforestation in OIC Countries. *Quantitative Economics and Management Studies*, *3*(2).

Ghifara, A. S., Iman, A. N., Wardhana, A. K., Rusgianto, S., & Ratnasari, R. T. (2022). The Effect of Economic Growth, Government Spending, and Human Development Index toward Inequality of Income Distribution in the Metropolitan Cities in Indonesia. *Daengku: Journal of Humanities and Social Sciences Innovation*, *2*(4), 529–536.

Hidayat, R., Anggraini, D., Riyani, Y., & Endri, E. (2022). Optimal Sharia Portfolio Selection to Outperform the Stock Market in the Post-Pandemic Era. *Calitatea*, *23*(187), 287–294.

Iman, A. N., Wardhana, A. K., Rusgianto, S., & Ratnasari, R. T. (2022). Venture vs Investment, Which Type of Financing was more Demanded by Agriculture, Forestry, and Aquaculture Sector? *Daengku: Journal of Humanities and Social Sciences Innovation*, *2*(5), 587–595.

Intariani, W. R., & Suryantini, N. P. S. (2020). The Effect of Liquidity, Profitability, and Company Size on the National Private Bank Stock Returns Listed on the Indonesia Stock Exchange. *American Journal of Humanities and Social Sciences Research (AJHSSR)*, *4*(8), 289–295.

Juhro, S. M., & Iyke, B. N. (2019). Consumer confidence and consumption expenditure in Indonesia. *Economic Modelling*, *89*(2020), 367–377. https://doi.org/10.1016/j.econmod.2019.11.001

Mathlouthi, F., & Bahloul, S. (2022). Co-movement and causal relationships between conventional and Islamic stock market returns under regime-switching framework. *Journal of Capital Markets Studies*, *6*(2), 166–184.

Mendo, A. Y., Singh, S. K., Yantu, I., Hinelo, R., Bokingo, A. H., Dungga, E. F., Juanna, A., Wardhana, A. K., Niroula, B., & Win, T. (2023). Entrepreneurial leadership and global management of COVID-19: A bibliometric study. *F1000Research*, *12*(31), 31.

Munifatussaidah, A., Zahara, J. N., and Zubaidah, S. (2023). Confirming the Receipts of International Tourism in Indonesia after the COVID-19 Pandemic: Analyzed with Macroeconomic Indicators. Airlangga Journal of Innovation Management, 4(2), 208-218. https://doi.org/10.20473/ajim.v4i2.48535

Pratiwi, A. C., Wardhana, A. K., & Rusgianto, S. (2022). Application of Vector Error Correction Model on Macroeconomic Variables toward Changes in the Composite Stock Price Index. *Daengku: Journal of Humanities and Social Sciences Innovation*, *2*(2), 219–229.

Qosim, N., Ratnasari, R. T., Wardhana, A. K., Fauziana, H., & Barkah, T. T. (2023). Eight Years of Research Related to the Green Sukuk in the Global Stock Exchange Market to Support the Implementation of SDG: A Bibliometric Review. *Journal of Islamic Economic and Business Research*, *3*(2), 161–180.

Rahman, I., Ratnasari, R. T., & Wardhana, A. K. (2022). Effect of Certificate of Bank Indonesia Sharia and Indonesian Bank Seven Days Repository Rate to Inflation Ratio in Indonesia During Covid-19 Pandemic. *Economic Education and Entrepreneurship Journal*, *5*(1), 157–174.

Ryandono, M. N. H., Mawardi, I., Rani, L. N., Widiastuti, T., Ratnasari, R. T., & Wardhana, A. K. (2022). Trends of research topics related to Halal meat as a commodity between Scopus and Web of Science: A systematic review. *F1000Research*, *11*(1562), 1562.

Santoso, T. B., & Kusuma, A. (2023). The Development of the Usage of Blockchain for Waqf and Zakat Globally: A Bibliometric Study. *International Journal of Mechanical Computational and Manufacturing Research*, *13*(3), 83–91.

Sharma, G. D., Tiwari, A. K., Jain, M., Yadav, A., & Erkut, B. (2021). Unconditional and conditional analysis between covid-19 cases, temperature, exchange rate and stock markets using wavelet coherence and wavelet partial coherence approaches. *Heliyon*, *7*(2), e06181.

Wahyudi, S., Hersugondo, H., Laksana, R. D., & Rudy, R. (2017). International Journal of Economics and Financial Issues Macroeconomic Fundamental and Stock Price Index in Southeast Asia Countries: A Comparative Study. *International Journal of Economics and Financial Issues*, *7*(2), 182–187.

Wardhana, A. K. (2021). THE IMPACT OF THE PRO AND CONS POLICIES IN JOKOWI ERA'S ON THE MACRO ECONOMY OF SOCIETY. *Jurnal Ekonomi Dan Bisnis Airlangga*, *31*(2), 124–136. https://doi.org/https://doi.org/10.20473/jeba.V31I22021.124-136

Wardhana, A. K., & Ratnasari, R. T. (2022). Impact of Agricultural Land and the Output of Agricultural Products Moderated with Internet Users toward the Total export of Agricultural Product in Three Islamic South East Asian Countries. *Iqtishodia: Jurnal Ekonomi Syariah*, *7*(2), 11–20.

Wardhana, A. K., Ratnasari, R. T., & Fauziana, H. (n.d.). *ISLAMIC INVESTMENT IN INDONESIA BEFORE AND DURING PANDEMIC OF COVID-19: A BIBLIOMETRIC STUDY INVESTASI SYARIAH DI INDONESIA SEBELUM DAN SELAMA PANDEMI COVID-19: STUDI BIBLIOMETRIK*.

Wardhana, A. K., Rusgianto, S., & Fauziana, H. (n.d.). *Effect of Timber, Palm Oil, and Gold Output on GNI in Indonesia in the Maqashid Framework*.

Webber, S. C., & Koops, L. H. (2022). "A Piece of Normal Life When Everything Else is Changed" Remote Early Childhood Music Classes and Toddler Socialization. *Early Childhood Education Journal*, *0123456789*. https://doi.org/10.1007/s10643-022-01371-w

Wijayanti, I., Herianingrum, S., & Ryandono, M. N. H. (2020). Islamic Crowdfunding Mechanism to Answer Renewable Energy Investment Challenge in Indonesia. *Test Engineering and Management*, *83*, 3596–3605.

Zenrif, M. F., & Mustofa, M. L. (2022). Indonesian Economic Recovery after COVID-19 Pandemic: Qur'anic Paradigm in Community Economic Development. *Nusantara Science and Technology Proceedings*, 1–10.