

# The Effect of Investment Risk, Macroeconomics on Stock Prices in IPO Companies during the Covid-19 Pandemic

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## ABSTRACT

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Rapid technological advances and the wide dissemination of information, have provided great advantages and disadvantages for various aspects. Economic growth, the Covid-19 phenomenon, and investment risks, especially in Indonesia, are factors that are affected by technological advances. Indonesia's economic growth in the second quarter of 2021 experienced a 5.8% higher increase compared to the previous year which was only 5.7%. The growth and development of the capital market in Indonesia is one of the indicators of increasing economic growth. The growth and development of the capital market determines the progress of a country's economy (Muklis, 2016). Since the announcement of the first case of Corona patients in Indonesia on March 2, 2020 which began to spread, the Indonesian government has taken steps to urge the public to stay at home, isolate themselves and reduce gathering activities or maintain distance. With this appeal, several companies, both small and large companies, were forced to temporarily close their businesses, places of worship closed and schools closed. This precaution has slowed the Indonesian economy and the world economy. This happened because the people's purchasing power weakened, resulting in a decrease in company income and fluctuating investor interest, so the company reduced the number of workers to balance declining activities and the causes of investment risk. So this study tries to answer the following research questions (1) Does investment risk affect stock prices? (2) Does macroeconomics affect stock prices? (3) How do stock prices affect the relationship between investment risk and macroeconomics? In this study, a sample of 74 companies had IPOs during the Covid-19 pandemic. The least squares technique (PLS) was used. From these findings, the use of leverage indicators in investment risk has a significant effect on stock prices. The results also show that leverage and exchange rates have a mediating relationship between investment risk and macroeconomics.

**Keywords:** Investment risk, Macroeconomics, Stock prices, Covid-19