IPOs and Stock Returns: The Role of Capital Structure, Firm Size, Profitability, and Firm Value

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ABSTRACT

The purpose of this study is to empirically examine the relationship between stock returns and capital structure, firm size, profitability, and firm value. The population in this study were companies conducting Initial Public Offerings (IPOs) on the Indonesia Stock Exchange (IDX) between 2020 and 2023. The sample was determined using a purposive sampling method. Data were analyzed using panel data analysis techniques. The results of this study found evidence that company size has a positive effect on stock returns, while capital structure and profitability have no effect on stock returns, and firm value has a negative effect on stock returns. The implications of these results suggest that companies planning to go public should pay attention to business scale and maintain a healthy financial structure to increase their attractiveness to investors. For investors, it is important to not only pay attention to market value but also to assess the company's overall business quality and viability before making investment decisions, particularly for IPO stocks that tend to be volatile.

Keywords: Stock Return; Capital Structure; Company Size; Profitability: Company value

IPO dan Return Saham: Peran Struktur Modal, Ukuran Perusahaan, Profitabilitas, dan Nilai Perusahaan

ABSTRAK

Tujuan penelitian ini untuk menguji secara empiris hubungan antara return saham dengan struktur modal, ukuran perusahaan, profitabilitas dan nilai perusahaan. Populasi pada penelitian ini adalah perusahaan yang melakukan Initial Public Offering (IPO) di Bursa Efek Indonesia (BEI) tahun 2020-2023. Sampel ditentukan dengan metode purposive sampling. Data dianalisis menggunakan teknik analisis data panel. Hasil penelitian ini menemukan bukti bahwa ukuran perusahaan berpengaruh positif terhadap return saham dan struktur modal serta profitabilitas tidak berpengaruh terhadap return saham dan nilai perusahaan berpengaruh negatif terhadap return saham. Implikasi dari hasil ini menunjukkan bahwa perusahaan yang akan melantai di bursa sebaiknya memperhatikan skala usaha dan menjaga struktur keuangan yang sehat guna meningkatkan daya tarik di mata investor. Bagi investor, penting untuk tidak hanya memperhatikan nilai pasar secara kasat mata, tetapi juga menilai kualitas dan kelayakan bisnis perusahaan secara menyeluruh sebelum mengambil keputusan investasi, khususnya pada saham IPO yang cenderung volatil.

Kata Kunci: *Return Saham; Struktur Modal; Ukuran Perusahaan; Profitabilitas; Nilai Perusahaan*

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INTRODUCTION

Companies that undertake an Initial Public Offering (IPO) generally aim to obtain external funding to support business expansion, strengthen capital structure, and enhance market credibility. IPO activity in Indonesia demonstrated a relatively active trend during the 2020 to 2023 period. Although this period began with uncertainty due to the COVID-19 pandemic, the Indonesian capital market showed a rapid recovery, as evidenced by the significant number of companies opting to go public—including major technology firms such as GoTo and Blibli (Bisnis.com, 2022; Investor.id, 2022)

IPO stocks often attract investor attention due to their potential to generate capital gains in a short period. However, post-IPO stock returns also tend to exhibit high volatility and do not always reflect the company's fundamental performance. Such price fluctuations may be influenced by market perceptions shaped by initial information, including financial reports and the company's fundamental indicators (Medya et al., 2024). Therefore, it is essential to understand the key factors that significantly influence stock returns following an IPO.

Several companies from both traditional and digital industries leveraged the 2020–2023 period to raise capital and expand their investor base, as this timeframe was particularly critical for the Indonesian capital market, especially in the context of Initial Public Offerings (IPOs). IPO stock returns during this period were reported to reach 82–85%, significantly outperforming the average growth of the Indonesia Composite Stock Price Index (IHSG) (Investor.id, 2022). In 2022, for instance, the Indonesia Stock Exchange recorded dozens of successful IPOs, including major technology firms such as GoTo and Blibli (Bisnis.com, 2022) The capital market offers a variety of long-term financial instruments that can be acquired by investors, such as bonds, stocks, mutual funds, derivatives, and others (Riskiyani & Dewi, 2023).

A number of internal and external factors, including market and economic conditions, can influence a company's stock returns. When evaluating stock returns from an Initial Public Offering (IPO), several key factors should be taken into account, namely capital structure, firm size, profitability, and firm value. Each of these variables plays a significant role in shaping how investors perceive risk and potential profit from shares in companies undergoing an IPO. Previous studies have shown that capital structure, firm size, profitability, and firm value are positive components that can influence stock return performance (AlZou'bi et al., 2020; Intariani & Suryantini, 2020; Jauhary et al., 2023; Mevania et al., 2022; Nahdhiyah & Alliyah, 2023; Okta & Hariasih, 2021; Pamungkas et al., 2024; Penelitian et al., 2020; Rahman & Artikel, 2022; Surachmad, 2021; Utami et al., 2023; Wibowo & Mekaniwati, 2020). However, other studies have reported contrasting findings, indicating that these same variables—capital structure, firm size, profitability, and firm value—may exert a negative influence on stock return movements (Nahdhiyah & Alliyah, 2023; Pamungkas et al., 2024)

This is supported by previous research Riskiyani & Dewi, (2023) in a journal entitled "The Effect of Capital Structure, Inflation, and Exchange Rates on the Stock Returns of Banking Companies on the IDX in 2017-2021." Although the study found a correlation between internal and external factors and stock returns, there are still gaps in the study. Specifically, there has been limited discussion on

the impact of other variables, such as company size, profitability levels, and company valuation on stock returns, particularly in the context of companies that have recently listed on the stock exchange through an initial public offering (IPO).

This study aims to fill the gap in empirical research by analyzing the influence of capital structure, company size, profitability, and company value on stock returns for issuers conducting Initial Public Offerings (IPOs) during the period from 2020 to 2023. By focusing on companies newly listed on the Indonesia Stock Exchange, this study aims to provide new insights into the dynamics of stock returns during the early stages of post-IPO trading. This study explores how internal factors such as company size and profitability interact with capital structure to influence stock performance in the market. The findings of this study are expected to contribute significantly to the literature on the determinants of stock returns, particularly in the context of companies that have recently entered the Indonesian capital market through IPOs.

Capital structure is an important factor that shows how a business finances its operations through debt or equity. Based on signaling theory, businesses with a good capital structure are better able to control risk and build investor confidence. High levels of debt exposure can potentially increase a company's exposure to financial risk, particularly due to greater long-term payment obligations. which in turn can generate greater profit expectations for shareholders because debt holders have priority over equity holders in the event of default or bankruptcy. Conversely, lower debt levels may be accompanied by lower expected profits (Widyastuti, 2024).

According to a study conducted by the Nahdhiyah & Alliyah, (2023) and AlZou'bi et al., (2020), shows that an increase in the proportion of debt in the capital structure tends to reduce a company's stock performance. An increase in the interest expenses borne by the company has an impact on the decline in net income, which ultimately limits the amount of profits that can be distributed to shareholders. Thus, companies with a capital structure that is more dominated by debt may face a more significant decline in stock returns, especially when interest payments exceed operating income generated. According to him, the correct hypothesis states that capital structure has a negative effect on stock returns, especially if debt interest payments are higher than operating income. These results support the findings of Widyastuti, 2024 which show that capital structure, proxied by the debt-to-equity ratio (DER), has a negative effect on stock returns.
H1: Capital structure has a negative effect on stock returns.

Company size is one of the factors that can potentially impact stock returns. Larger companies tend to have more organized operational structures and better risk management capabilities than smaller companies. Investors become more confident, which can increase demand and stock prices. Studies show that company value is positively correlated with size. Large companies are perceived as more stable and reliable in generating profits. (Intariani & Suryantini, 2020; Pamungkas et al., 2024). Large companies generally find it easier to obtain financing than small companies. This is based on the fact that large companies tend to have excessive levels of debt due to their ease of dealing with third parties. This is said to be a result of the size effect (Surachmad, 2021)

Company size indicates financial strength and stability. According to signaling theory, companies with larger assets have promising long-term prospects, enabling them to generate high profits accompanied by larger dividend payments, attract investors, and potentially increase stock returns. Company size only partially affects stock returns, which means that size alone may not be enough to influence stock returns (Amani et al., 2022).

Wahyuningrum et al., (2020) Research shows that company size significantly affects stock returns, especially for well-known manufacturing stocks. The larger the company, the greater its access to financial resources and investment opportunities, enabling it to earn higher profits and distribute larger dividends. Therefore, the greater the total assets, the higher the potential return expected by investors due to the stability of the company's reputation and long-term prospects.

H2: Company size has a positive effect on stock returns.

Investors consider a company's future profitability when investing in investment funds. Evaluating an organization's performance is important for investors to recognize the success or failure of management in investment management over a certain period of time (Amir et al., 2022) The higher the profit earned by an organization, the higher investors' expectations for stock returns will be, which will affect the value of the organization, because when the profitability of the organization increases, the greater the value of the organization will be(Pertiwi et al., 2023). Profitability ratios can be used to assess an organization's performance in generating profits by measuring how efficiently and effectively it uses its assets.

Based on signal theory, profitability reflects how efficiently a company uses its assets to generate profits. When a company is more profitable, investors are more inclined to buy its shares, which can lead to an increase in share prices. As a result, there is a positive relationship between profitability and stock returns. However, macroeconomic variables such as inflation can act as intervening variables and either enhance or weaken this effect. High inflation has the potential to suppress purchasing power and profit margins, reducing the attractiveness of stocks and lowering overall stock returns (Satoto, 2023).

According to Nurwulandari et al., (2024), Company profitability is usually more attractive to investors because it indicates operational efficiency and greater potential for future earnings. However, the study found that profitability does not always have a significant impact on stock returns. This is because other external factors, such as market sentiment and company value, also affect stock prices on the stock exchange.

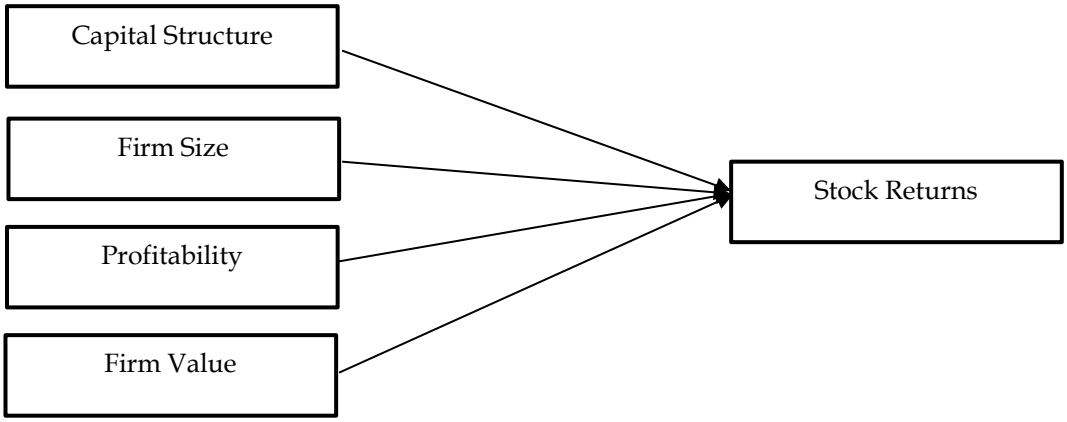
H3: Profitability has a positive effect on stock returns

The company sets its corporate value as a way to determine public trust in it. A high corporate value reflects positive performance and promising future prospects (Pambudi et al., 2022). Company value is often linked to share price and shows how successful managers are at managing the resources entrusted to them (Putri et al., 2019). Investors view a company's value as the market's assessment of its net assets, which is estimated using the price-to-book value (PBV) ratio. According to signal theory, market expectations for a company's growth are higher when the PBV is higher. This has the potential to drive up stock prices and returns.

(Fadhilah & Sutrisno, 2023), PBV had a positive and significant effect on stock returns during the COVID-19 pandemic. This shows that investors are more likely to consider companies with high valuations that reflect promising prospects, which has a positive impact on stock returns.

A company's value reflects how the market views its performance and future prospects. A higher value, as measured by the price-to-book value (PBV) ratio or other metrics, indicates that the market has greater expectations for the organization's ability to generate profits in the future. Higher values can boost investor confidence and attract more investment, which can ultimately lead to higher stock prices (Nurwulandari et al., 2024).

H4: Company value has a positive effect on stock returns.



Source: Research Data, 2024

Figure 1. Research Framework

RESEARCH METHOD

The population in this study consists of companies listed on the stock exchange from 2020 to 2023. The sample size for this study is 361. The sample was determined using purposive sampling with the criteria of companies that published annual reports in the year of the study, companies using the December 31 fiscal year, and companies with the rupiah as their currency. This study examines five variables, namely stock return as the dependent variable (Y), and the independent variables (X) of capital structure, company size, profitability, and company value.

Return on equity is the profit from an investment made by an individual or organization. This profit can be obtained from earnings, interest, or dividends in a certain period according to the instrument invested in.

Stock Return=$\frac{Pt-Pt-1}{Pt-1}$……...…….……....…..(1)

Return realization is the realized return obtained from historical data (Jogiyanto Hartono, 2017)

Capital structure refers to how a company's capital and external capital are used. A company's capital is considered as profit and ownership, while foreign capital is considered as liabilities (Adjani & Parinduri, 2022). The capital structure can be determined by comparing the value of debt and equity (Nesta & Amir, 2023).

DER= $\frac{Total\ debt}{Total\ equity} \times 100\%$……..……...…….…..(2)

Company size is measured by total assets and sales volume. An increase in the value of a company's assets reflects growth in the size of the company (F. Almira et al., 2020)

SIZE = *Ln* x *Total asset*……...(3)

Profitability is a comparison of profits earned from sales or investments. Profitability ratios can be used to assess an organization's success in generating profits by measuring how efficiently and effectively it uses its assets (Hasibuan et al., 2023).

EPS = $\frac{Net\ Profit}{Number\ Of\ Outstanding\ Common\ Shares}$……..……(4)

Company value is reflected in the share price, which is determined by market interest and supply, and represents the public's assessment of the company's performance (Wijaya & Fitriati, 2022)

PBV = $\frac{Stock\ Market\ Price}{Book\ Value\ of\ Shares}$ ….……..……...……....……(5)

This study adopts a panel data model analysis method, which according to (Gujarati & Porter, 2009), The panel data in the study must be analyzed using a panel data regression model. In panel data analysis, regression is performed using ordinary least squares, fixed effects, and random effects models. The Breusch and Pagan Lagrangian Multiplier test is used to compare the ordinary least squares regression model with the random effects model. The Chow test is used to compare the fixed effects model with the ordinary least squares model, while the Hausman test is applied to determine the most relevant panel data regression model between the fixed effects and random effects models. In addition, this study uses an equation model to test existing assumptions.

RS= $\alpha + \beta_1$DERit + β_2SIZEit+β_3EPSit+ β_4PBVit+e…….....……... (6)

description:

RETURN	= Stock Return
α	= Constants
DER	= Debt Equity Ratio
SIZE	= Company Size
EPS	= Earning Per Share
PBV	= Price Book Value
$\beta_1, \beta_2, \beta_3, \beta_4$	= Regression Coefficient
e	= standard eror
i	= Companies conducting IPOs
t	= 2020–2023 period

RESULTS AND DISCUSSION

Table 1. Descriptive Statistics Results

Variabel	Mean	Std.Dev	Min	Max
RS	-.165	.375	-1	1.062
DER	.493	.437	.002	1.897
SIZE	26.506	1.331	23.102	30.055
EPS	5.504	10.014	-21.259	37.120
PBV	2.292	1.209	0.297	6.022

Source: Research Data, 2024

The results in Table 1 show that the mean variable return on shares is -0.165. This means that most companies that conduct IPOs, as represented by their share prices, return 16.55% of the total indicators that affect share prices. The mean value of the capital structure (DER) is 0.493, which indicates that the average ability of the sample of issuers conducting IPOs to organize liabilities against equity can be reflected. With a standard deviation value of 0.437, which is below average, it can be concluded that the data variation is relatively small and the distribution is fairly uniform. The lowest value of the Debt-to-Equity Ratio (DER) is 0.002, while the highest value is 1.897. The average value of Company Size (SIZE) is 26.506, with a standard deviation of 1.331, indicating that the data is distributed homogeneously. The mean value of the profitability variable (EPS) is 5.504. This illustrates the ability of the 236 sample companies to earn and generate profits, which amounted to 5,504. The mean value of the companies (PBV) that conducted IPOs was 2,292, which means that the average value of the companies in the sample in this study was 229%, indicating that the companies that conducted IPOs were overvalued.

Table 2. Chow Test Results

F(184.172)	1.28
Prob > F	0.048

Source: Research Data, 2024

Referring to the test results in Table 2, it can be concluded that the Prob value < Alpha value, which is 0.0488, exceeds 0.05, so Ordinary Least Square is accepted, and the efficient model used is Ordinary Least Square.

Table 3. Results of the Breusch and Pagan Test

Chibar2(01)	0.23
Prob > Chibar2	0.315

Source: Research Data, 2024

Referring to the output data in Table 3, the Breusch and Lagrangian Multiplier (LM) prob >chibar2 output value is 0.3150, which is greater than 0.05. Therefore, Ordinary Least Square is accepted and the random effect model is rejected.

Table 4. Hausman Test Results

Chi2(4)	23.21
Prob > chi2	0.000

Source: Research Data, 2024

Based on the output data table above, Chi2 is 23.21 and Prob > Chi2 is 0.000 < 0.05, indicating that the relevant model to apply is the fixed effect model. Thus, it can be concluded that in this study, the results of the Chow test, LM test, and

Hausman test show that the model with more efficient estimation and prediction is the fixed effect model (FEM).

Heteroscedasticity and autocorrelation tests are diagnostic tests that must be considered first when conducting tests using panel data regression models. Heteroscedasticity and autocorrelation tests must be performed to ensure that the model's standard errors are not affected by these issues. The purpose of performing tests with Stata software is to be able to adjust the commands needed to address heteroscedasticity or autocorrelation issues, or both.

This study uses a fixed effect model to examine heteroscedasticity. From the results of the heteroscedasticity test, with a Prob > Chi2 value of 0.000 or a prob value < 0.05, it can be concluded that there is evidence of heteroscedasticity. This can be addressed using the adjusted Stata treatment command, namely the Robust command. The findings of the heteroscedasticity test are used to decide on the use of the fixed effect model with Robust Standard Error so that the Standard Error in the fixed effect model is not affected by heteroscedasticity issues.

Table 5. Results of Heteroscedasticity and Auto Correlation Test Results

Full Sample	361
Heteroscedasticity	
Chi2(13)	228.58
Prob > Chi2	0.000
Auto Corelation	
F (1.13)	10.212
Prob > F	0.002

Source: Research Data, 2024

Based on the data output in Table 5, the value of prob > F 0.002 is less than 0.05, which means that autocorrelation occurs in the autocorrelation test. To overcome this phenomenon, a robust standard error treatment command can be applied to the standardized data.

Table 6. Hypothesis Test Results for Model 1

Independent Variable	Dependen Variable			
	RETURN			
	Coeff.	Std. Err.	T	P>t
Const	-1.179	.639	-1.85	0.067
DER	-.116	.151	-0.77	0.442
SIZE	.053	.024	2.19	0.030
EPS	.001	.003	0.39	0.698
PBV	-.159	.025	-6.36	0.000
R-squared	0.213			
F	11.40			
Prob > F	0.000			
No. observation	361			

* significance 5%

Source: Research Data, 2024

The results in Table 6 show the magnitude of the coefficient of determination (R^2) is 0.213. This can be explained by the fact that the variables of capital structure (DER), company size (SIZE), profitability (EPS), and company value (PBV) are able to explain the stock return variable in companies that started their IPO in 2020-2023 by 21.39%, while the remaining 78.61% is influenced by several other factors.

` Hypothesis 1 tests whether capital structure, as measured by the Debt Equity Ratio (DER), has a negative impact on stock returns during the 2020-2023 IPO period on the Indonesia Stock Exchange (IDX). The test of the relationship between capital structure and stock returns shows that, based on Table 6, the DER has a coefficient value of -0.116 and a P-value of 0.442 > 0.05. This indicates that capital structure measured by the DER does not affect stock returns.

Based on these results, the first hypothesis stating that capital structure has a negative effect on stock returns was not proven. This means that the analysis results do not support the signaling theory, as investors do not seem to consider capital structure in their decision-making. This disregard for capital structure has the potential to reduce the effectiveness of investment decisions. A higher proportion of debt compared to equity indicates that companies rely more on debt financing, which can ultimately increase financial leverage risk. Although leverage increases financial risk, it can also increase potential returns for shareholders.

Companies with high equity leverage may be required to pay more interest. High interest costs can impact earnings per share by reducing net income allocated to shareholders, thereby affecting stock returns. This finding aligns with Rosyafah et al. (2022), who state that capital structure measured through the Debt to Equity Ratio (DER) does not affect stock returns. However, this finding does not align with Yulia, (2021) which obtained capital structure results had a positive effect on stock returns.

Hypothesis testing 2 states that company size has a positive effect on stock returns for issuers conducting IPOs on the IDX during the 2020-2023 period. After conducting the hypothesis testing, the company size measured using the SIZE proxy yielded a coefficient value of 0.053 and a P-value of 0.030 < 0.05. This indicates that company size measured using SIZE has a positive effect on stock returns.

According to the study's findings, the company size variable, commonly referred to as SIZE, positively increases stock returns for companies that conduct IPOs between 2020 and 2023. Company SIZE, which is often determined by total assets or market capitalization, plays an important role in determining how well the stock performs after an IPO. Larger companies typically have a better reputation, more convincing financial stability, and easier access to both non-financial and financial resources. This can boost investor optimism about the company's future prospects, which will increase market demand for its shares. Higher share prices ultimately result in greater profits as a result of this increased demand.

In addition, this study is also consistent with the signal hypothesis, which states that company size can serve as a positive indicator of quality and future prospects. Large companies can be seen by investors as companies that have a strong operational framework, adequate management, and excellent expansion

prospects. The results of this test are in line with Putri et al., (2019); Sinaga et al., (2020); Surachmad, (2021) which found that company size has a positive implication on stock returns. However, contrary to Parawansa et al., (2021) Firm Size contribute negatively to stock returns.

Hypothesis testing 3 was conducted to analyze the extent to which profitability affects stock returns in companies conducting initial public offerings (IPOs) on the Indonesia Stock Exchange (IDX). In this study, profitability was measured using the Earnings per Share (EPS) indicator. Based on the analysis results, EPS showed a coefficient of 0.001 with a p-value of 0.698, which is higher than the significance threshold of 0.05. This indicates that profitability measured using EPS does not significantly affect stock returns.

These results indicate that investors tend not to prioritize EPS as the main basis for evaluating the potential return on shares in companies that have just conducted an IPO. This is possible because in the early post-IPO phase, investors focus more on future growth potential and market expectations rather than historical earnings performance. Furthermore, in IPO companies engaged in the technology sector or industries with high cycles, EPS is often unstable or still influenced by the initial burden of business expansion. This is in line with Mulyanti & Randus, (2021); Suandi et al., (2023) which shows that profitability does not contribute significantly to changes in stock returns. This finding indicates that stock profits will decline if EPS rises. This condition occurs because earnings per share are influenced by the number of shares circulating in the market. This is because each company's shares will receive a portion of its income. However, this finding contradicts the findings N. P. A. K. Almira & Wiagustini, (2020) namely Profitability measured by EPS shows a positive effect on stock returns. The variation in these findings indicates that time, industry characteristics, and the period after IPO can influence the extent to which EPS is relevant in determining investment decisions.

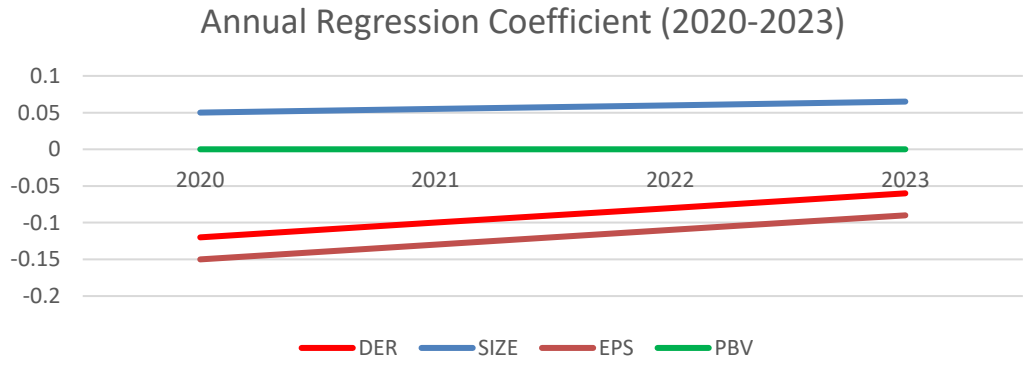
Hypothesis testing 4 in this study analyzes the effect of company value on stock returns for issuers conducting initial public offerings (IPOs) on the Indonesia Stock Exchange (IDX), using the Price to Book Value (PBV) ratio as an indicator of company value. The analysis results show that the coefficient value is -0.159, with a t-value of -6.36 and a significance level (p-value) of 0.000, which is below the significance level of 0.05. Thus, PBV has a significant but negative effect on stock returns, which means that the higher the PBV value, the lower the returns obtained by investors after the IPO. These results are not in line with the initial hypothesis that PBV has a positive effect.

This finding shows that stocks with high PBV at the time of IPO tend to be considered overvalued by investors. When the market price far exceeds the book value of the company, this creates the perception that the stock is expensive and not commensurate with its fundamentals. In this context, investors tend to refrain from buying stocks of companies with high PBV, as they are considered to reflect overly optimistic market expectations. As a result, demand for these stocks declined, leading to lower returns. Higher values can boost investor confidence and attract more investment, which can ultimately lead to higher stock prices (Nurwulandari et al., 2024).

This is reinforced by findings Prastyawan et al., (2022) which indicates that the value of a company proxied by PBV has a negative effect on stock returns. Buying stocks with a low PBV ratio is a good choice for investors who anticipate high returns on a given level of risk, as there is a possibility that the stock price will be at least equal to its book value and the company's stock price will rise further, thereby increasing the returns received. However, this is not in line with Avishadewi & Sulastiningsih (2021) The results show that company value measured by PBV has a significant positive effect on stock returns.

This study provides evidence that has important implications for investors, company management, and authorities in the capital market. For investors, these findings suggest that financial indicators such as company size and company value (PBV) need to be given more attention in the formulation of post-IPO investment strategies, while capital structure (DER) and profitability (EPS) show lower relevance in the context of this study. Therefore, fundamental analysis of companies going public should focus on indicators that accurately reflect the potential for short-term and long-term returns. From a managerial perspective, companies must create a strong business scale and maintain market valuations at a rational level so as not to cause perceptions of overvaluation that could reduce investor interest. Furthermore, for regulators such as the OJK and BEI, these findings serve as a basis for improving the quality of information contained in IPO prospectuses and strengthening the oversight system for fair stock valuation in order to create a more efficient capital market that focuses on the long term.

Table 7. Graph of Regression Coefficients of Independent Variables on Annual Stock Returns (2020–2023)



Source: Research Data, 2024

Results illustrating the dynamics of the regression coefficient values of the company's fundamental variables, namely DER (Debt to Equity Ratio), SIZE (company size), EPS (Earnings per Share), and PBV (Price to Book Value), during the period 2020 to 2023. Coefficients are used to identify the direction and strength of the relationship between independent and dependent variables. (Purwanti, D., & Astuti, R. , 2020). Based on the graph trend, the DER coefficient shows a negative value that tends to increase (closer to zero) every year, indicating that leverage still has a negative effect on the company's performance. However, this negative effect is weakening. Academically, this finding may reflect management's efforts to stabilize the capital structure and increase the efficiency of debt utilization.

Meanwhile, the SIZE variable shows a positive trend with coefficients that continue to increase every year. This reflects that larger companies tend to have a more significant impact on increasing company value. This is in line with a study by Lauren & Nugroho (2024), states that large companies generally have easier access to capital, a strong reputation, and an organizational structure that supports long-term operational stability.

EPS shows a relatively constant coefficient close to zero. These results reflect that earnings per share (EPS) do not have a significant effect on stock returns throughout the observation period. This phenomenon indicates that investors do not use EPS as a key indicator in their investment decision-making process. This is in line with the findings of a previous study by Trisnawati & Wahyudi, (2023), which indicates that earnings per share (EPS) do not always have a significant impact on company value, especially in volatile market conditions.

The PBV variable shows a negative coefficient that has increased from year to year. This means that although the influence of PBV on stock returns is still negative, its intensity continues to decrease. This indicates a shift in market perception, which is beginning to place greater value on a company's book value as an indicator of fundamental valuation. According to research Ilham Ramadhan & Arum, (2024), This change in perception has been influenced by increased transparency in financial reporting and improved corporate governance practices.

CONCLUSION

The results of the partial analysis indicate that neither capital structure nor profitability contribute significantly to stock returns for IPO issuers listed on the IDX between 2020 and 2023. Company size has a positive effect on stock returns for companies that conducted Initial Public Offerings (IPOs) listed on the IDX between 2020 and 2023. Company value has the potential to have a negative impact on stock returns for issuers conducting Initial Public Offerings (IPOs) and listed on the Indonesia Stock Exchange during the period from 2020 to 2023. All variables—capital structure, company size, profitability, and firm value—collectively provide a sufficient basis for predicting or describing stock returns for companies that conducted IPOs and were listed on the IDX during the 2020–2023 period.

There are limitations to this study, particularly in terms of data collection. This study focuses only on companies listed on the Indonesia Stock Exchange (IDX) after conducting an initial public offering (IPO) and does not present comprehensive annual reports of the companies. It is recommended that future researchers use other proxies in measuring stock returns, such as liquidity, dividend policy, or macroeconomic factors like interest rates or inflation, which can impact investment decisions in the stock market.

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