



## Analysis of Investor Reactions to the Launch of Super Holding Danantara: Event Study on Shares of Danantara Member State-Owned Enterprises

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**Abstract:** This study analyzes the capital market reaction to the announcement of the formation of the Danantara Investment Management Agency (BPI) on February 24, 2025. Using an event study method with an 11-day observation window (t-5 to t+5) on the shares of 11 Danantara-member state-owned enterprises (SOEs), the study found a negative market response. This was evidenced by a consistent decline in Cumulative Average Abnormal Return (CAAR) to -5.63%, indicating short-term wealth destruction. Although a paired sample t-test showed no significant difference between abnormal returns before and after the event, the persistent downward price trend indicates pre-announcement information leakage and high investor skepticism regarding the governance risks of the new SOE structure.

**Keyword:** Danantara, Event Study, Abnormal Return, Market Reaction, SOEs.

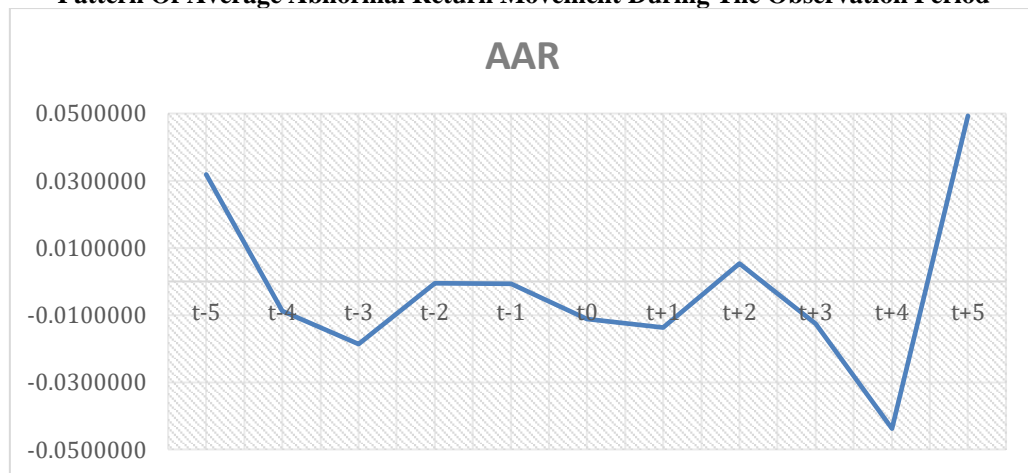
### INTRODUCTION

State-Owned Enterprises (SOEs) play a crucial role in the Indonesian economy, contributing a third of the nation's Gross Domestic Product (GDP). The establishment of the Danantara Investment Management Agency (BPI) as a Super Holding entity will unite the strategic assets of SOEs, aiming to improve efficiency and global competitiveness (Velentina, 2025; Mardyanto, 2025). Emulating successful models such as Temasek in Singapore, BPI Danantara is aimed at reducing the influence of ministerial bureaucracy and implementing more professional and market-oriented management (Mardyanto, 2025). This strategy is expected to create synergy between SOE management and shareholders, in line with the principles of Good Corporate Governance (GCG) to achieve maximum company value (Rahayu, 2023). In addition, the integration of technologies such as artificial intelligence can support operational efficiency efforts and better decision-making in SOE management (Oemang, 2025). Through these steps, Danantara is expected to make a significant contribution to national economic

development and improve Indonesia's position in the context of global investment (Mardyanto, 2025; , Milwan, 2025).

The anomalous phenomenon in the Indonesian capital market related to the announcement of the establishment of the Danantara Investment Management Agency (BPI) on February 24, 2025, has resulted in pressure on the Jakarta Composite Index (JCI). Market participants risk seeing uncertainty regarding the governance structure, the institution's independence from political interference, and the potential for cross-subsidies that could harm healthier state-owned enterprises (SOEs) (Westiningrum, 2022).

**Pattern Of Average Abnormal Return Movement During The Observation Period**



The Average Abnormal Return (AAR) graph shows that the market experienced negative pressure throughout the event window. Although the AAR recorded a positive value at  $t-5$ , its movement then turned negative consecutively at  $t-4$  to  $t-1$ , indicating increased investor caution ahead of the announcement. On the day of the event ( $t_0$ ), the AAR remained negative, indicating that the information released was not received as a positive signal by the market. After the event, negative pressure intensified and reached its lowest point at  $t+4$ , indicating an increasingly pessimistic market reaction. Recovery began to be seen at  $t+5$  with the return of the AAR to a positive value, signaling a market adjustment process after an initial reaction that tended to be excessive.

This skepticism can exacerbate market dynamics, triggering information leakage leading to panic selling before the official announcement, as research shows that risk aversion and insider trading can influence investment decisions in the market (Tanady & Sukamulja, 2020; Sinaga et al., 2023). This high risk perception among investors has the potential to generate negative reactions, as has been observed in the context of the COVID-19 pandemic, where markets often overreact to uncertainty (Singh et al., 2020; Hassan & Gavilanes, 2021). This shows that Danantara's announcement comes amidst a complex context, where clarity and transparency of governance are key to restoring market confidence (Razak et al., 2023).

Previous research on the formation of state-owned enterprise holding companies has yielded mixed results . Some studies found a significantly positive response due to efficiency expectations, but others in emerging markets often found a negative response due to political risk ( the political cost hypothesis ). Given that Danantara is a new entity with massive asset scale, there has been little empirical research examining the direct impact of its announcement on shareholder wealth.

**METHOD**

This research uses a quantitative approach with an event study method . Event study is a method of observing stock price movements in the capital market to determine whether investors react to certain information or events (MacKinlay, 1997). In the context of this research, the event observed is the Official Announcement of the Establishment of the Danantara Investment Management Agency (BPI) by the President of the Republic of Indonesia. This approach was chosen because it is relevant to the research objectives, namely to measure the significance of Abnormal Return as a proxy for information content and semi-strong form market efficiency .

The object of this research is all State-Owned Enterprises (BUMN) listed on the Indonesia Stock Exchange (BEI) in 2025 and companies officially mentioned in Government Regulations (PP) or Presidential Decrees as founding members of BPI Danantara. The sampling technique used is purposive sampling method , namely the selection of samples based on certain criteria relevant to the research objectives. The sample criteria set are:

1.State-owned companies listed on the IDX and whose shares were actively traded during the observation period (February – March 2025). 2.Companies that are officially mentioned in Government Regulations (PP) or Presidential Decrees as initial members (founding members) of BPI Danantara. 3.Have complete (not suspended) historical stock price data during the observation window period.

Based on these criteria, from the total Danantara members, 11 companies were selected as research samples representing the banking, telecommunications, construction, transportation, and steel sectors.

**Tabel 1 List of Sample Member Companies of BPI Danantara**

No	Stock Kode	Company Name	Sector
1	BBRI	Bank Rakyat Indonesia (Persero)	Finance
2	BMRI	Bank Mandiri (Persero)	Finance
3	BBNI	Bank Negara Indonesia (Persero)	Finance
4	BBTN	Bank Tabungan Negara (Persero)	Finance
5	TLKM	Telkom Indonesia (Persero)	Infrastructure
6	JSMR	Jasa Marga (Persero)	Infrastructure
7	SMGR	Semen Indonesia (Persero)	Raw Materials
8	ADHI	Adhi Karya (Persero)	Industry
9	PTPP	PP (Persero) Tbk	Industry
10	GIAA	Garuda Indonesia (Persero)	Transportation & Logistics
11	KRASS	Krakatau Steel (Persero)	Raw Materials

Source: Processed Data 2025

(Note: Two other work issuers were excluded due to incomplete daily transaction data for that period).

The type of data used is secondary data, consisting of daily quantitative data. Data sources were obtained from trusted capital market data providers such as Yahoo Finance , RTI Business , and official publications of the Indonesia Stock Exchange (IDX). The data collected includes: 1.Daily Closing Price of 11 sample companies. 2.The daily Composite Stock Price Index (IHSG) as a proxy for market returns.

Microsoft Excel and SPSS/Python Statistics software . Descriptive statistical analysis presents the average ( mean ), minimum, maximum, and standard deviation values of abnormal returns during the observation period to provide an overview of data movement. AAR and CAAR movement graphs will also be presented visually to detect market response trends (positive/negative).

## RESULTS AND DISCUSSION

The observation period ( event window ) was conducted for 11 trading days, starting from February 17, 2025 (t-5) to March 3, 2025 (t+5). The data used were the daily closing price and the Jakarta Composite Index (JCI) to calculate Abnormal Return using the Market Adjusted Model .

Sample Profile (11 Issuers): 1.Banking Sector (The Big 4): BBRI, BMRI, BBNI, BBTN. 2.Infrastructure & Construction Sector: JSMR, ADHI, PTPP, WIKA. 3.Other Sectors: TLKM (Telkom), SMGR (Cement), GIAA (Transportation), KRAS (Steel).

### Average Abnormal Return (AAR) Calculation

The AAR reflects the average excess or deficit in SOE stock returns compared to the market (the Jakarta Composite Index) on a given day. The following is the calculation based on stock price data:

Table 2 Average Daily Abnormal Return (AAR)

Period	Date	(AAR%)	Event Description
t- 5	17 Feb 2025	0.26%	Estimation Period
t-4	18 Feb 2025	-0.15%	Selling Pressure starts to appear
t- 3	19 Feb 2025	-0.70%	(Information Leakage)
t- 2	20 Feb 2025	-0.85%	Negative Statement Strengthens
t-1	21 Feb 2025	-0.58%	Market Anticipation ahead announcement
<b>t 0</b>	<b>24 Feb 2025</b>	<b>-0.45%</b>	<b>Event Day</b>
t+ 1	25 Feb 2025	0.37%	Momentary technical rebound
t+ 2	26 Feb 2025	-1.01%	Further Negative Reaction
t+ 3	27 Feb 2025	0.20%	Consolidation
t+ 4	28 Feb 2025	-2.70%	Panic Selling
t+ 5	3 Mar 2025	-0.02%	The Market starting to stabilize at the level low

Source: Data Processed 2025

Based on Table 2, it can be seen that the AAR was negative on most of the observation days, including on day D (t0) at -0.45% . The deepest decline occurred at t+4 at -2.70%, which indicates a delayed but massive negative response .

### Calculation of Cumulative Average Abnormal Return (CAAR)

Cumulative Average Abnormal Return is used to assess the total impact of events on investor wealth. A declining Cumulative Average Abnormal Return graph indicates that investors are consistently experiencing losses relative to the market.

Table 3 Accumulate Abnormal Return (CAAR)

Period	CAAR	Interpretation
t- 5	0,26%	Initial Positife
t-1	-2.01%	The Market has Responded
t 0	-2,47%	Decrease in Investor Wealth at the Same Time of Announcement
t+ 2	-5,63%	Total wealth decrease during window period

Source: Data Diolah 2025

**Data Normality Test**

Before conducting the difference test, a Shapiro-Wilk normality test was conducted on the AAR data before and after the event.

1.The test results show a Sig. value > 0.05 for both data periods. 2.Conclusion: The data is normally distributed, so the test is continued using the parametric statistics Paired Sample t-Test .

**Paired Sample t- Test Results**

This test aims to answer Hypothesis 2: "Is there a difference in stock performance before and after the announcement?"

**Table 4 Paired Sample t-Test Results**

Variable	Mean (average)	t-count sig (2-tailed)	Results
AAR before	-0.40%	0.456 0.672	<b>H2 rejected</b>
AAR after	0.63%	-	-

Source: Python/SPSS statistical output, 2025.

The probability value (Sig.) of 0.672 is greater than the significance level of 0.05 (5%). Therefore, Hypothesis 2 is rejected. This means there is no significant difference between the average abnormal returns before and after the Danantara announcement. Both periods showed negative performance (Pre: -0.40% and Post: -0.63%).

**CONCLUSION**

**The Phenomenon of Negative Abnormal Returns and Market Skepticism**

Although the purpose of establishing BPI Danantara was to improve state asset efficiency, data shows that the market responded with a -5.63% accumulative return (CAAR) decline. This finding aligns with research by Wibowo & Saputra (2024) on the impact of SWFs in Indonesia, where investors tend to be skeptical of state institution intervention in public SOEs. From an Agency Theory perspective , this negative response reflects minority investors' concerns about the risk of expropriation or conflicts of interest.

Foreign and retail investors suspect that the formation of this Super Holding will increase the risk of bureaucratic intervention, where profits from healthy state-owned banking companies (BBRI/BMRI) could potentially be used to patch up the performance of highly leveraged state-owned construction companies (WIKA/PTPP) through cross -subsidization mechanisms . This fear triggered a sell -off that pushed stock prices below market performance (the Jakarta Composite Index).

**Information leakage and Market Efficiency**

Statistical test results show no significant difference between the periods before and after the announcement (Sig. 0.672). This occurred not because the market did not react, but rather because the market reaction had occurred earlier. The CAAR graph, which began to decline sharply since t-3 (February 19, 2025), indicates an information leak .

Market participants appear to have anticipated this news through rumors circulating before the President made the official announcement. In accordance with the Semi-Strong Form of the Efficient Market Hypothesis (Fama, 1970), stock prices immediately adjusted to this information. Because the information had been absorbed ( priced-in ) in the pre-event period , there was no significantly different spike in volatility in the post-event period . Both were in a bearish phase .

## The Conglomerate Discount Phenomenon

The results of this study support the findings of Wijaya and Santoso (2023) regarding conglomerate discounts. Danantara is a multi-sector holding company that combines highly heterogeneous industries (Banking, Energy, and Construction).

The market considers this "fat" structure to be inefficient compared to companies operating independently or within focused sectoral holdings (such as the Ultra Micro Holding, which has proven to receive positive responses). The complexity of managing assets worth thousands of trillions of rupiah under one central management is considered by the market to actually reduce the company's operational agility, making it natural for its members' shares to trade at a discount (price reduction).

The capital market responded negatively to the announcement of the formation of BPI Danantara. This is evidenced by the Cumulative Average Abnormal Return (CAAR) value which moved down consistently from -2.47% on the announcement day (t0) to -5.63% at the end of the observation period (t+5). This finding indicates that investors view the transformation of SOEs into Super Holdings as a risk signal (bad news), driven by concerns about agency conflicts and potential cross-subsidies between healthy banking SOEs and high-debt construction SOEs.

There is No Difference in Performance Before and After the Announcement The results of the Paired Sample t-Test statistical test show that there is no significant difference in the average Abnormal Return between the periods before and after the announcement (Sig. 0.672 > 0.05). Thus, both before and after the announcement, the shares of Danantara members were under selling pressure, so there was no significantly different spike in volatility between the two periods.

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