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Market Reaction to the Launch of Danantara: An Event Study of State-Owned and Non-State-Owned Companies in Indonesia

Gisilowati Dian Purnamasari*
Universitas Pignatelli Triputra

Abstract: The analysis compares the stock performance of state-owned enterprises (SOEs) and non-state-owned enterprises (non-SOEs) over a 70-day period before and a 10-day period after the event. Whereas the investors' immediate reaction is captured post-event, the pre-event period will help capture the possible pointer of the market anticipation. In this research, three key indicators will be utilized: abnormal return (AR), average abnormal return (AAR), and cumulative abnormal return (CAR). The three indicators are selected to give a better, precise, and systematic overview of the market's response to such crucial events as the launch of Danantara. The study findings indicated that the abnormal returns of State-Owned Enterprises (SOEs) were not marked in the entire study period of observation. Such a situation can be attributed to the nature of SOEs in long-term capital control. Also, the stable nature of such organizations makes them unlikely to be influenced by the short-term markets. It can also be seen that non-SOE stocks had statistically significant abnormal returns and that investors of these firms are probably sensitive to market opportunities and changes in the market, particularly where new government plans or policies, such as Danantara, are being implemented. In general, the findings indicate that SOEs are relatively insensitive to short-term market forces, but non-SOEs represent the predilections of market mood.

Keywords: abnormal return, Danantara, event study, market reaction, sovereign wealth fund

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*Corresponding Author.
email: gisil.upitra@gmail.com

INTRODUCTION

Sovereign wealth funds, or SWFs, are a powerful way to invest strategically worldwide. They help with long-term national development, fiscal stability, and economic diversification. They are important for keeping economies stable, ensuring that money from natural resources is used wisely, and helping to reach long-term development goals. A sovereign wealth fund can also help mitigate the impact of absorptive capacity constraints, which refer to the economy's limited ability to absorb revenues from natural resource wealth (Mami, 2023).

As a developing country with significant economic potential, Indonesia launched Daya Anagata Nusantara (Danantara) on February 24, 2025, which is the country's Sovereign Wealth Fund (SWF). Previously, on December 15, 2020, Indonesia also established the Indonesia Investment Authority (INA) to increase the country's competitiveness in the global investment market (Sidik, 2020). Danantara, which now ranks 6th as the world's largest SWF, reflects the government's efforts to strengthen the national economy, which is expected to compete with other major investment entities such as Temasek in Singapore and Khazanah Nasional Berhad in Malaysia (Aulia, 2025). Although the existence of SWF provides significant economic opportunities, ensuring its management is transparent and accountable is very important. This is to prevent market dominance that can be detrimental to creating healthy and sustainable business competition. In addition, SWFs also carry a significant potential risk of failure if not appropriately managed, as reflected in the 1MDB scandal in Malaysia, which has damaged the public's reputation and trust in managing state funds (Wikipedia, 2023). Market reaction to the 1MDB scandal has been largely unfavorable (Hui, 2021). Therefore, Danantara must be managed with high transparency and accountability to avoid potential abuse or similar failures.

The impact of the launch of Danantara on the Indonesian stock market, especially on the stock prices of several companies, is a relevant topic to be analyzed in more depth. This study aims to examine the market reaction to the launch of Danantara with a comprehensive approach. It focuses on the stocks of state-owned enterprises (SOEs) and non-SOEs, recognizing that Danantara, as an SWF, has a relationship with state-owned companies. Still, its impact on non-SOE companies that are not directly related is also worth exploring. Research covering both groups will provide a more comprehensive picture of market effects and reduce the potential bias that only considers one group. The research

sample was initially 60, but 6 companies had incomplete stock price data, so the final sample consisted of 54 companies, consisting of 17 SOEs and 37 Non-SOEs.

Previous research has concluded no significant difference in abnormal return and trading volume activities in state-owned companies before and after implementing PP Number 10 of 2025 About BPI Danantara (Ningtyas, 2025). The study results were similar: there was no significant change in stock price reactions. However, a spike in stock trading activity and liquidity was identified, indicating that the market behavioral response was triggered by policy uncertainty (Lestari & Emily, 2025). Research in Malaysia shows that the market's reaction to the announcement of the issuance of sharia securities (sukuk) in Malaysia affects abnormal returns (Mohamed et al., 2017). An event study found that capital markets in Indonesia, Singapore, Malaysia, and Thailand experienced significant abnormal returns following the announcement of COVID-19 lockdown policies, indicating increased investor speculation and volatility (Fauziah & Venusita, 2021).

This study uses the event study method to analyze the impact of the launch of Danantara. Event studies face challenges in selecting the right event, determining the study period, and measuring abnormal returns (El Ghoul et al., 2023). The launch of Danantara is considered appropriate to be analyzed with an event study because it is an important event that can potentially affect the stock market. It can also affect investment flows, economic policies, and overall market sentiment. These changes can be reflected in the fluctuations in stock prices before and after launch, so the event study is very appropriate to measure such impacts systematically and measurably. The estimation period or pre-event period is 70 days between November 28, 2024, and February 14, 2025, while the event period or event window of 10 days is assessed on D-5 and D+5 before and after the launch of Danantara on February 24, 2025. The estimated period was chosen starting in November 2024 because of the initial plan to launch Danantara (Jingga, 2024). Estimation periods help establish the basis of reference, while event periods capture the market's immediate reaction to the event.

The contribution of this research is expected to enrich the existing literature on SWF, especially in the context of Danantara. Most studies related to Danantara in Indonesia have focused more on its impact on state-owned companies (Lestari & Emily, 2025; Ningtyas, 2025). This study expands the scope of the analysis by examining the effects of the launch of Danantara on non-state-owned companies, which was rarely the focus of previous studies. In addition, this study provides insight into the influence of SWF policies on the stock market as a whole and how they can affect market dynamics between state-owned and

private companies. Thus, this research makes an important contribution to understanding the short- and long-term effects of SWF policies on various economic sectors and investors in the Indonesian capital market.

Information asymmetry is a market condition in which one party possesses more or better information than another. In his 1970 article "The Market for Lemons," George Akerlof showed how this idea works. He thought about how differences in information affect markets. In capital markets, information asymmetry happens when corporate managers, the government, or other internal parties have crucial knowledge that investors or the public don't know about. The launch of SWFs, such as Danantara, can generate significant information asymmetry in the market, particularly when clear and transparent disclosures do not accompany their announcement and implementation. In such an instance, state-owned enterprise (SOE) shareholders having close ties with the policymakers can get prior access to the state-level strategic plans and policy directions, whereas the investors in the non-SOEs have to always settle for the publicly disclosed information. This mismatch provides conditions of speculative market responses, particularly with the non-SOE stocks, and can cause greater abnormal returns as a result of an augmented level of uncertainty (Ouni et al., 2020).

Empirical research has established that the long-term implications of the SWF investments on the firms' performance and corporate governance have been mixed. The studies reveal that SWFs can add value to a company and make it globalized in nature when compared with some other research (Chen et al., 2022). Meanwhile, there is support that the disciplinary effect of debt significantly influences the company's financial performance when receiving SWF financing, particularly where they are politically oriented SWFs (Rasheed et al., 2023). The research results show that SWF investments can increase the volatility of returns and the possibility of a market crash. This implies that their benefits are not always stable, particularly when transparency is low, politics interfere, and poor governance is involved (Park, 2019). When political forces and information shortages collide, as seen in the case of Danantara SWF being discussed, transparency, good governance, and fair information accessibility are required. Where there is a lack of transparency, there is a greater degree of information asymmetry, and this distorts the markets to the disadvantage of less well-informed investors (Ouni et al., 2020).

President Joko Widodo of Indonesia wants to establish SOES as the main driver of national development by improving its contribution to economic development through

restructuring its ownership. The government plans to upgrade the position of SOES by establishing a sectoral holding company and state-owned holding companies (SOHCs) (Kim, 2018).

Danantara's framework is based on the notion of state-owned enterprise holding companies (SOHCs). SWF investments tend to have positive anomalous returns in the announcement period, and at a lower rate than those of private investments (Megginson et al., 2023; Megginson & Fotak, 2016). However, the positive impacts are generally temporal, yet the performance tends to decline as time goes by; hence, there exists a chance of declining return on assets (ROA) and sales growth. (Park et al., 2019). A similar effort has shown that the overall SWF impact on the performance of the invested company is usually negative, especially when the SWF is politically exposed (Uddin & Azam, 2020). The enduring influence of SWF investments on company performance and governance remains unclear. Some research findings indicate an increase in business value and internationalization, while others suggest a negative impact on corporate governance and investment efficiency, particularly when sovereign wealth funds act as passive investors (Chen et al., 2022). This allows governments to employ SWFs to promote national economic and political aims while achieving long-term objectives, such as strengthening specific sectors or maintaining financial stability. The volatile reaction of Non-SOEs to SWF investments reflects the market's sensitivity to external signals and high profitability expectations from the private sector. However, uncertainty over investment implementation and the high risks inherent in non-SOEs led to a rapid market correction after the announcement day. In Figure 3, IDX Composite movements before the launch date of Danantara show a consistent downward trend, with relatively small price fluctuations in the range of 6,800 to 6,790. At the launch of Danantara on February 24, the IDX Composite experienced a significant decrease from 6,749.60 to around 6,587.09 on February 25, which shows an adverse reaction to the announcement. However, after a sharp decline, the IDX began to recover slowly. On March 3, 2025, the IDX Composite returned to around 6,519.66.

Figure 2 IDX Composite Movement Around Danantara Launch Date

In this analysis, abnormal return (AR) and cumulative abnormal return (CAR) were used to measure the response in the stock market. The use of AR aims at evaluating the impact of events on prices of certain stocks, which means whether an event has either a positive or a negative impact on a specific stock. CAR represents the evaluation of the effects of an exact event on the price of a stock by adding abnormal returns over a specific period. CAR is also widely applied in the analysis of events to determine how the market responds to significant events like disclosure of financial performance, company disclosures, or other events that can impact stock prices (Willows & Rockey, 2018).

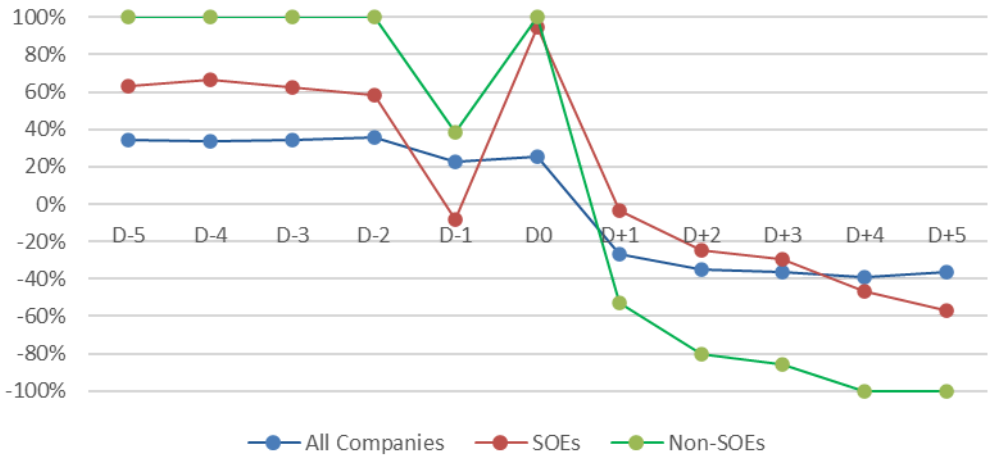

Figure 3 Cumulative Abnormal Return (CAR)

Figure 3 indicates that non-SOEs have the most volatile market reaction to launching the Danantara because it shows a high in CAR before the date of the announcement (D-0) and then suddenly plummets after the announcement date. This trend suggests the market

reacted positively to investor signals from SWF at the beginning of the markets. But then (D+1 to D+5), there was an inordinate cut, and this was because of the rectification of the market, as there was uncertainty as to the future and the feasibility of the investment. In contrast, SOEs showed a more stable and moderate response, reflecting the market perception that government involvement through SOEs can provide stability. However, it becomes limited in efficiency and innovation as the government co-regulates and controls. These results suggest that the market reacts more strongly to SWF investments in non-SOEs, as investors are more sensitive to the profit opportunities, risks, and real impacts of SWF interventions. Based on the description above, the hypothesis proposed in this study is:

H1: There was a significant difference in abnormal return (AR) in the shares of SOEs and non-SOEs before and after the launch of Danantara.

H2: There was a significant difference in abnormal return (AR) in the shares of state-owned companies before and after the launch of Danantara.

H3: There was a significant difference in abnormal return (AR) in the shares of non-SOE companies before and after the launch of Danantara.

METHOD

This study employs the event study method, a widely recognized approach used to examine the informational relevance of specific public announcements. The focal event in this research is the government's announcement of Danantara. A quantitative research design is adopted, utilizing numerical data as analytical tools to assess relationships between variables. The analysis is based on secondary data obtained indirectly through intermediary sources, such as publicly accessible databases and published financial media.

Population and Sample

We examined all equities listed on the Indonesia Stock Exchange (IDX) as our study's population. We employed purposive sampling for sample selection, adhering to specific criteria relevant to our research objectives. Our sample first includes entities linked to Danatara, especially those officially recognized in its initial investment portfolio and other government-owned SOEs considered pertinent to the broader SWF policy, even if not directly affiliated. Our second criterion involved selecting non-SOE firms categorized as blue-chip stocks, identifiable by their significant market capitalization, high liquidity, and

strong fundamentals. Third, to guarantee accurate and reliable abnormal return calculations, we ensured that only companies with complete and accessible data across both the pre-event and event study windows were included. The research sample was initially 60, but 6 companies had incomplete stock price data, so the final sample consisted of 54 companies, 17 SOEs, and 37 non-SOEs.

Research Variables and Operational Definitions

This study employs an event study method to determine whether a specific event, the launch of Danatara, a Sovereign Wealth Fund (SWF), had an impact on abnormal returns on stock. We utilized a 70-trading-day estimation period (pre-event window), commencing in November 2024. This 70-day estimation period was chosen based on the timeline, as Danantara's initial launch was planned for November 2024. The launch has, however, been delayed to February 2025 following the pending necessary regulations. Moreover, the event window was utilized to measure changes in abnormal returns during the Danantara launch date. This was predetermined between five days before the event date and five days following the date of the event. Through this, we were able to study the possible market response, namely, the analysis of the anticipatory and the lagged response, and finally, any other aspect of market response that could have affected the market response at that period. The stages of data analysis used to measure the market's reaction to the Danantara launch event are as follows:
Expected return is calculated using the CAPM (Capital Asset Pricing Model) model, with the following formula:

$$E(R_{it}) = R_f + \beta_i(R_m - R_f)$$

Actual return is the change in the stock price that occurs during the event period, with the following formula:

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

After the expected return and the actual return are calculated, the abnormal return can be calculated with the following formula:

$$AR = R_{it} + E(R_{it})$$

Cumulative abnormal return (CAR) is used to evaluate the overall impact of an event over a more extended period (e.g., some of the periods before and after the event). CAR can be calculated by summing the abnormal returns for each period t:

$$CAR = \sum_{t=T_1}^{T_2} AR_{it}$$

RESULTS

Descriptive Statistics

Table 1 Descriptive Statistical Analysis

Days	N	Mean	Standard Error
D-5	56	0,0015	0,0047
D-4	56	0,0008	0,0033
D-3	56	0,0017	0,0025
D-2	56	0,0004	0,0039
D-1	56	0,0002	0,0031
D-0	56	-0,0005	0,0058
D+1	56	-0,0144	0,0048
D+2	56	-0,0027	0,0044
D+3	56	-0,0004	0,0041
D+4	56	-0,0154	0,0044
D+5	56	0,0004	0,0039

Based on Table 1, the results of the descriptive statistical test it is seen that the average value or deviant average return around the date of the event (H0) allows a panorama of the market response. During the pre-event of the event (D-5 to D-1), the mean abnormal returns were relatively low and either positive (as in D-3 (0.0017) and H-5 (0.0015)) or negative (as in D-4 (-0.0016)), which shows that the market has not responded strongly to the news being made. The value of the mean abnormal returns was negative on the day of the event (H0), with the value of -0.0005 showing the low market reaction to the event. But

following the event, there was a decline with high mean values of -0.0144 and -0.0154, respectively, on D+1 and D+4, representing a negative reaction by the market participants. Though D+5 recorded a modest recovery (0.0004) at this point, it was, however, not sufficient to eliminate the downward creep.

About standard error, used as an indicator of the uncertainty or variance of the abnormal average return, the value is relatively invariable and best on D0 (0.0058), an indicator of dynamics and tensions of the market, and the uncertainty level is at its peak at the actual moment of the event. In the meantime, the analysis of the median to prevent the distortion in the results caused by extremely high or low values differed in the results. Before the occasion, the median was on average positive and negative, which indicates uniformity in the market expectations.

Statistical Tests for Data Normality

For normality tests, data with a sample size of less than 30 uses the Shapiro-Wilk test, while data with a sample size of more than 30 uses the Kolmogorov-Smirnov test.

Table 2 Results of the Data Normality Test, All Samples

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
D-5	0.148	54	0.005	0.930	54	0.003
D-4	0.233	54	<0.001	0.878	54	<0.001
D-3	0.055	54	0.200*	0.983	54	0.633
D-2	0.172	54	<0.001	0.807	54	<0.001
D-1	0.173	54	<0.001	0.884	54	<0.001
D0	0.175	54	<0.001	0.773	54	<0.001
D+1	0.144	54	0.007	0.930	54	0.004
D+2	0.176	54	<0.001	0.830	54	<0.001
D+3	0.093	54	0.200*	0.968	54	0.152
D+4	0.094	54	0.200*	0.948	54	0.020
D+5	0.096	54	0.200*	0.982	54	0.567
AAR_{Before}	0.106	54	0.189	0.969	54	0.177
AAR_{After}	0.097	54	0.200*	0.982	54	0.597

Based on Table 2, which presents the daily data distribution for all samples during the event period and includes the results of the Kolmogorov-Smirnov normality test, abnormal return testing was conducted as follows: for days D-5, D-4, D-2, D-1, D0, and D+4, D+5,

the data were not normally distributed; therefore, the Wilcoxon signed-rank test was employed. In contrast, for days D-3, D+1, D+2, and D+3, the data met the normality assumption based on the Kolmogorov-Smirnov test and were analyzed using the one-sample t-test.

Table 3 Results of the Data Normality Test SOEs

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
D-5	0.171	17	0.198	0.923	17	0.165
D-4	0.238	17	0.011	0.816	17	0.003
D-3	0.148	17	0.200*	0.944	17	0.370
D-2	0.207	17	0.052	0.881	17	0.034
D-1	0.109	17	0.200*	0.965	17	0.719
D0	0.338	17	<0.001	0.586	17	<0.001
D+1	0.175	17	0.174	0.854	17	0.013
D+2	0.108	17	0.200*	0.955	17	0.543
D+3	0.152	17	0.200*	0.968	17	0.785
D+4	0.168	17	0.200*	0.953	17	0.514
D+5	0.112	17	0.200*	0.969	17	0.800
AAR_{Before}	0.132	17	0.200*	0.945	17	0.378
AAR_{After}	0.174	17	0.178	0.947	17	0.406

Based on Table 3, which presents the daily data distribution for SOE samples during the event period and includes the results of the Shapiro-Wilk normality test, abnormal return testing was conducted as follows: for days D-4, D-2, D0, and D+1, the data did not follow a normal distribution; therefore, the Wilcoxon signed-rank test was applied. In contrast, for days D-5, D-3, D-1, and D+2, D+3, D+4, D+5, the data met the normality assumption based on the Shapiro-Wilk test and were analyzed using the one-sample t-test.

Based on Table 4, which presents the daily data distribution for Non-SOE samples during the event period and includes the results of the Kolmogorov-Smirnov normality test, abnormal return testing was conducted as follows: for days D-5, D-4, D-2, D-1, and D+2, the data did not follow a normal distribution; therefore, the Wilcoxon signed-rank test was applied. In contrast, for days D-3, D0, D+1, D+3, D+4, D+5, the data met the normality assumption based on the Kolmogorov-Smirnov test and were analyzed using the one-sample t-test.

Table 4 Results of the Data Normality Test Non-SOEs

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
D-5	0.148	37	0.041	0.927	37	0.018
D-4	0.231	37	<0.001	0.881	37	<0.001
D-3	0.089	37	0.200*	0.984	37	0.852
D-2	0.168	37	0.010	0.773	37	<0.001
D-1	0.200	37	<0.001	0.851	37	<0.001
D0	0.136	37	0.080	0.926	37	0.017
D+1	0.144	37	0.051	0.941	37	0.048
D+2	0.211	37	<0.001	0.826	37	<0.001
D+3	0.125	37	0.158	0.951	37	0.101
D+4	0.131	37	0.112	0.914	37	0.007
D+5	0.116	37	0.200*	0.974	37	0.523
AAR_{Before}	0.089	37	0.200*	0.973	37	0.482
AAR_{After}	0.097	37	0.200*	0.977	37	0.639

Based on the normality test for normally distributed data, the one-sample t-test was carried out, while the abnormally distributed data used the Wilcoxon.

Table 5 Results of the One-Sample T Test on Abnormal Returns - All Companies

	t	df	Significance		Mean Difference	95% Confidence Interval of the Difference	
			One-Sided p	Two-Sided p		Lower	Upper
D-3	0.665	53	0.255	0.509	0.0017	-0.0034	0.0068
D+3	-0.094	53	0.463	0.926	-0.0004	-0.0086	0.0078
D+4	-3.484	53	<0.001	0.001	-0.0154	-0.0243	-0.0065
D+5	0.102	53	0.460	0.919	0.0004	-0.0073	0.0082

Based on Tables 5 and 6, which present the results of testing for all samples, it can be concluded that abnormal returns occurred on D+1, with a significance level of 0.003, and on D+4, with a significance level of 0.001. Market reactions to information asymmetry around the Danatara launch are reflected in the abnormal returns on D+1 and D+4. The D+1 return signifies an immediate response to the announcement. Conversely, the D+4 return suggests a delayed reaction, potentially driven by follow-up news, clarifications in policy, or speculative trading. These patterns reveal disparities in information access among investors, which in turn cause temporary mispricing and abnormal returns.

Table 6 Results of the Wilcoxon Signed-Rank Test on Abnormal Returns - All Companies

	Day	Sig. a,b	Decision
1	D-5	0.639	Keep the null hypothesis
2	D-4	0.962	Keep the null hypothesis
3	D-2	0.346	Keep the null hypothesis
4	D-1	0.396	Keep the null hypothesis
5	H0	0.760	Keep the null hypothesis
6	D+1	0.003	Reject the null hypothesis
7	D+2	0.192	Keep the null hypothesis

Based on Tables 7 and 8, which present the results of testing for all samples, it can be concluded that abnormal returns occurred on D-1, with a significance level of 0.045, and on D0, with a significance level of 0.044. The abnormal return observed on D-1 probably indicates information leakage or speculative trading spurred by early access to policy news, highlighting underlying information asymmetry. By D0, the significant return suggests a clear market adjustment to Danantara's public announcement, driven by evolving investor sentiment and expectations. Together, these patterns underscore how imperfect transparency and uneven information access can create short-term market inefficiencies and abnormal returns.

Table 7 Results of the One-Sample T Test on Abnormal Returns - SOEs

	t	df	Significance		Mean Difference	95% Confidence Interval of the Difference	
			One-Sided p	Two-Sided p		Lower	Upper
D-5	0.197	16	0.423	0.846	0.0013	-0.0123	0.0148
D-3	0.169	16	0.434	0.868	0.0010	-0.0111	0.0130
D-1	-2.170	16	0.023	0.045	-0.0091	-0.0180	-0.0002
D+2	-1.208	16	0.122	0.244	-0.0054	-0.0149	0.0040
D+3	-0.182	16	0.429	0.858	-0.0011	-0.0137	0.1156
D+4	-1.079	16	0.148	0.296	-0.0080	-0.0237	0.0077
D+5	-1.194	16	0.125	0.250	-0.1075	-0.0298	0.0083

Table 8 Results of the Wilcoxon Signed-Rank Test on Abnormal Returns - SOEs

	Day	Sig. a,b	Decision
1	D-4	0.463	Keep the null hypothesis
2	D-2	0.586	Keep the null hypothesis
3	D0	0.044	Reject the null hypothesis
4	D+1	0.981	Keep the null hypothesis

Based on Tables 9 and 10, which present the results of testing for non-SOE, it can be concluded that abnormal returns occurred on D+1, with a significance level of 0.001, and on D+4, with a significance level of 0.001. This delay could be due to more news coverage, clearer policies, or investors changing the way they act on speculation. These results show that different types of investors have diverse access to information. This can lead to temporary mispricing and unusual returns, especially for companies that are not close to policy-making areas or have access to privileged information.

Table 9 Results of the One-Sample T Test on Abnormal Returns - Non-SOEs

	t	df	Significance		Mean Difference	95% Confidence Interval of the Difference	
			One-Sided p	Two-Sided p		Lower	Upper
D-3	0.751	36	0.229	0.457	0.0020	-0.0034	0.0075
D0	-1.592	36	0.060	0.120	-0.0088	-0.0200	0.0025
D+1	-3.615	36	0.001	0.001	-0.0200	-0.0313	-0.0088
D+3	-0.011	36	0.496	0.991	-0.0001	-0.0109	0.0108
D+4	-3.446	36	0.001	0.001	-0.0189	-0.0300	-0.0077
D+5	1.508	36	0.070	0.070	-0.0055	-0.0019	0.0130

Table 10 Results of the Wilcoxon Signed-Rank Test on Abnormal Returns – Non-SOEs

	Day	Sig.	Decision
1	D-5	0.656	Keep the null hypothesis
2	D-4	0.541	Keep the null hypothesis
3	D-2	0.446	Keep the null hypothesis
4	D-1	0.645	Keep the null hypothesis
5	D+2	0.428	Keep the null hypothesis

Hypothesis Testing

Table 11 Results of Paired Sample T-Test on Average Abnormal Returns – All Companies

		Mean	Std. Deviation	Std. Error Mean	t	df	Sig. (2-tailed)
Pair 1	$AAR_{Before - After}$ All companies	0.0074	0.0142	0.0019	3.836	53	<0.001

The hypothesis test results for H1, which produced a significance value of 0.000 < 0.05, demonstrate a statistically significant disparity in anomalous returns among all company samples before and after the Danantara launch announcement, as shown in Table 11. This conclusion indicates that the market reacted to the occurrence, thus affirming the existence of informative content in the announcement.

Table 12 Results of Paired Sample T-Test on Average Abnormal Returns – SOEs

		Mean	Std. Deviation	Std. Error Mean	t	df	Sig. (2-tailed)
Pair 1	$AAR_{Before - After}$ SOEs	0.0042	0.0152	0.0037	1.137	16	0.272

The hypothesis test results for H2, which yielded a significance value of 0.272 (> 0.05), indicate that there is no statistically significant difference in abnormal returns for SOE stocks before and after the Danantara launch, as shown in Table 12.. This is an indication that the market did not view the announcement to be materially informative about state-owned enterprises, and this might have been a result of the stable governance structure of state-owned enterprises and less investor speculation about state-owned enterprises than other enterprises that are not owned by the state. This implies that the relative stability of SOE stocks might be associated with the interest of their management in the effective management of working capital, which can lead to lower instability of the stock prices and less considerable opportunity to achieve abnormal returns. This is in line with the findings of past studies that there have been few important alterations in the SOE stock prices with similar policies.

Table 13 Results of Paired Sample T-Test on Average Abnormal Returns – Non-SOEs

		Mean	Std. Deviation	Std. Error Mean	t	df	Sig. (2-tailed)
Pair 1	$AAR_{Before - After}$ Non-SOEs	0.0089	0.0137	0.0022	3.954	36	<0.001

The p-value obtained with the hypothesis test of H3, which indicates a statistical significance of < 0.001, reveals that there was a significant difference between the anomalous returns of the non-SOE equities before and after the Danantara release, as shown in Table 13. This finding means that the market responded very well to the announcement, particularly on the part of non-state-owned companies. Such a sensitivity can be attributed to excessive speculation in the market, limited availability of inside information, and potentially perceived risks or opportunities related to the possible government intervention through Danantara. This means that investors in non-SOE firms are keen on perceived profit opportunities and risks of government intervention coming through Danantara. Market response in non-SOEs was more turbulent, with a sudden jump in AAR before the announcement and an equally steep crash showing a market correction due to uncertainty about the realization and long-term effects of the investment. This increased sensitivity among non-SOEs may also be attributed to the aspect of information asymmetry, wherein non-SOE shareholders do not have direct access to any information and hence respond faster due to such announcements.

DISCUSSION

According to the findings of the hypothesis test, the H1 significance value of 0.000 < 0.05 indicates that there is a difference in the abnormal returns before and after launching Danantara. This shows that the event will influence essential changes in the share price tonight, which is reflected in the abnormal return. The significance value of H 2 is 0.272 > 0.05, indicating no difference in the abnormal returns before and after the announcement of Danantara on SOE shares. That is, the announcement did not have any decisive influence on the share price of SOEs. The present study's findings agree with those of the past research in Indonesia (Lestari & Emily, 2025; Ningtyas, 2025). The significance value of H3 of 0.001 implies an abnormal return before and after the introduction of Danantara on the

non-SOE shares. It is a rather important story that influences the share prices of non-state-owned companies.

Referring to the literature and the Danantara framework, whose foundation is the state-owned enterprise holding companies (SOHCs) model, one can conclude that the appearance of some SWFs like Danantara is closely connected to the questions of information asymmetry in the market. Positive abnormal returns are common before the announcement period by SWFs (Megginson et al., 2023; Megginson & Fotak, 2016). SWF-related returns are usually advantageous but unsatisfactory compared with the returns that are generated by privately owned investments. The implication is that some of the market players, especially those with prior access to the information, can respond faster than retail or non-insider investors who solely depend on publicly published data.

The situation is even more pertinent in terms of applications to Danantara because the structure of the SOE holding can enhance the proximity of the companies and the regulators, and consequently increase the difference in the range of information asymmetry. Besides, the cumulative effect of SWF investment on the performance of firms is, somehow, not encouraging, at least where politics comes in, as it may affect return on assets (ROA) and sales growth negatively (Park et al., 2019; Uddin & Azam, 2020). Such investors in non-SOE businesses are likely to have more dramatic market responses because they have fewer strategic agendas. This aligns with data indicating that when sovereign wealth funds operate as passive investors, governance quality and investment efficiency risks generally escalate (Chen et al., 2022). Therefore, in the case of Danantara, information transparency and institutional independence are critical elements for minimising market distortions caused by information asymmetry.

State-owned companies tend to be stable and do not go out of business. Abnormal Returns can be caused because the company's management is encouraged to manage working capital efficiently; this affects financial performance and stability even though it does not directly affect profitability (Assagaf et al., 2025). These characteristics of stability in economic performance and efficient management contribute to reducing the volatility of their stock prices, thus reducing the potential for abnormal returns. Meanwhile, in non-SOE companies, there are abnormal returns because investors are more sensitive to profit opportunities, risks, and the real impacts of government intervention in Danantara.

Various studies have shown that companies can experience abnormal returns long-term from 1 to 5 years after a significant financial event (Al Shawawreh, 2023). The effects of SWF can be long-term or short-term; research states that if political factors

influence the SWF, the effect tends to be negative (Uddin & Azam, 2020). If it is associated with the theory of information asymmetry, then, in the context of the launch of Danantara, the more involved SOE shareholders may already know the information about the launch in advance, which reduces the potential for it to result in abnormal returns. In contrast, non-SOE shareholders who do not have access to similar information tend to react more quickly to such announcements, resulting in more significant abnormal returns.

In event studies, the events being analyzed are usually considered the only factors affecting the stock price during that period. However, many external factors, such as macroeconomic conditions, regulatory changes, or market sentiment, can affect stock prices and cause distortions in the analysis results. Event studies assume the stock market is efficient, meaning that stock prices quickly and accurately reflect the available information. However, the market can experience efficiency failures, especially in situations of high uncertainty or with unbalanced details that can obscure the results of event studies.

This research contributes to the current literature on market reactions to strategic economic initiatives, particularly through applying an event study approach based on information asymmetry theory. The study provides a new insight as it keeps the response by both SOEs and non-SOEs separately, and not only the ownership structure, but also the proximity of government affects how sensitive the market is to new information. This boosts our knowledge of the role of SWFs, not only as financial instruments but also as catalysts for dynamic investor behavior in emerging economies such as Indonesia.

Conclusion, Limitations, and Suggestions

The significant implication of this research is that the wave of official Danatara as the sixth largest Sovereign Wealth Fund (SWF) locally in Indonesia and the sixth largest globally compelled the market to respond, especially among the non-state-owned enterprises (non-SOEs). Although the overall market was usually characterized by the emergence of abnormal returns after the announcement, the state-owned enterprises (SOEs) were relatively stable. It can be explained by a more stable corporate governance pattern with its structure and a less speculative investor base. Therefore, Danatara's launch did not cause a reaction from investors as it did with the SOE stocks. On the other hand, the amplified abnormal returns in non-SOE stocks imply a greater level of investors' sensitivity to anticipated opportunities and threats that possible governmental interventions in low actions in Danatara, business structure, and official selections inside the SWF can create.

These facts reveal the decisive role of information transparency and investor confidence in shaping market behavior, given widespread economic policies.

Potential shortcomings of the research are associated with the issues implied by event studies, including the fact that the given event is assumed to be the only issue influencing stock prices over time. Outside influences may affect the stock rates, including macroeconomic features, regulatory reforms, or market ambience in general, and skew the analysis. Also, event studies assume market efficiency. Still, markets are sometimes inefficient, particularly in scenarios of low uncertainty levels and information asymmetry, which may distort the actual effect of the event. The study also realized that the long-term impact of SWFs can also be mixed, with the possibility of the effect being negative in case political reasons influence it.

Future research should investigate how Danantara is likely to affect the SOEs and non-SOEs in the long run (perhaps after 1 to 5 years) so that longer-lasting effects can be identified. Adopting a broader scope of control variables to reflect on macroeconomic conditions and other external conditions that may affect the price of stocks to enhance the analysis's soundness is also possible. Besides, it may be interesting to study the detailed processes by which interventions of Danantara may influence non-SOEs, such as shifts in the competitive environment, access to capital, or the industry-specific effect. Finally, a qualitative study could be conducted to understand investor sentiment and perceptions regarding Danantara's launch, which might offer a richer explanation for the observed market reactions.

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