

**THE EFFECT OF RISK DISCLOSURE AND INVESTOR ATTENTION  
ON INITIAL RETURN**

**(Empirical Study on IPO Companies in Indonesia Stock Exchange  
Period 2011-2018)**

**ABSTRACT**

*Initial return is a profit obtained by shareholders because the difference in price of shares purchased on the primary market is smaller than the selling price of the stock at the secondary market. In theory there are only two cases that cause IPO to experience a high initial return, namely (1) IPO offering price is too low, indicating that there is underpricing in the primary market and; (2) the closing price of the first day is too high, indicating that there is an excessive valuation on the secondary market. The gap phenomenon shows that the company's stock price in Indonesia at the time of the IPO often does not reflect the actual stock price (misprice). The research objective is examine and analyze the effect of internal risk disclosure, external risk disclosure, investment risk disclosure and investor attention on initial return.*

*The research method is causality and use secondary data. Data collected by documentation method, obtaining data from the Indonesia Stock Exchange (www.idx.co.id), Bloomberg, Yahoo Finance and Google Trends. Population is a company that conducts IPOs on the Indonesia Stock Exchange (IDX) in the 2011-2018 period with 224 companies, the sampling technique used was purposive sampling and obtained a total sample of 210 companies. Data analysis techniques using descriptive statistical analysis, classic assumption test, multiple linear regression analysis and hypothesis testing with the help of SPSS 23.*

*The results of research is no effect of internal risk disclosure, external risk disclosure and investment risk disclosure on initial returns. There is a significant positive effect of investor attention on initial returns and simultaneously all tested independent variables have a positive effect on initial return. The determination coefficient's of the research model result is 13,8%. Further research suggestions are to add independent variables and if possible intervening and moderating variables in the initial return study.*

**Keywords: Risk Disclosure, Investor Attention and Initial Return.**