

Analysis of Financial Performance before and After IPO (Initial Public Offering) on Company Share Acceleration Boards on The Indonesia Stock Exchange

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Abstract

This study aims to determine whether there is a difference between the liquidity ratio proxied by current assets, the solvency ratio proxied by the debt to equity ratio, and the profitability ratio proxied by return on assets and return on equity on shares of acceleration board companies that carry out initial public offerings. (IPO) on the Indonesian stock exchange in 2020. This study uses a quantitative approach. The data collection technique uses a literature study, namely by studying literature, notes, research journals, scientific works, and books related to theories and problems to be discussed and then added with the documentation method. The source used is secondary data in the form of financial report data of the acceleration board company that will be studied. The sampling technique was using purposive sampling method with a total of 5 companies. The analytical method used is descriptive analysis and paired sample t-test analysis. The results of the study stated that there were no significant differences in all variables, namely current assets, debt to equity ratio, return on assets and return on equity at the time before carrying out the IPO (Initial Public Offering) and after the IPO (Initial Public Offering) on stocks. acceleration board companies on the Indonesian stock exchange in 2020.

Keywords: *Initial Public Offering, Acceleration Board Shares, Current Assets, Debt to Equity Ratio, Return on Assets, and Return on Equity.*

1. Introduction

In 2020, economies around the world will contract. The COVID-19 pandemic has caused many changes in the structure of the economy in many countries. The economic recession is characterized by a global economic slowdown, a decrease in the marginal efficiency of capital, a high unemployment rate, a decline in exports, a declining investment rate, a decrease in state revenue from tax revenues, and a reduction in the government's economic growth target. The effects of the economic recession experienced by Indonesia can be felt by all circles in Indonesia because the economic recession will slow down the pace of the economy, but the Indonesian capital market continues to run as it should. The capital market aims to create efficient fund allocation quickly and has equal opportunities for all investors.

Currently, there are 5,597,760 investors who are members of the Indonesia Stock Exchange (IDX). The return from the Composite Stock Price Index (IHSG) was able to cope with inflation that occurred every year and was slightly better than the return offered by deposit rates on the Indonesian money market. Along with the increasingly advanced economic development today, the Indonesian capital market is growing rapidly. It is possible for new companies to go public by participating in implementing an IPO (Initial Public Offering). IPO (Initial Public Offering) or better known as going public has benefits for companies that want to join the Indonesian capital market with the aim of developing the company in the long term. There are new regulations in the Indonesia Stock Exchange that can provide opportunities for small-scale companies to list or join the Indonesian capital market through the Indonesia Stock Exchange through an IPO (Initial Public Offering) or go public, companies with small-scale capitalization can list or go public. if you can complete the terms and conditions that have been determined by the Indonesia Stock Exchange, this is regulated in the Financial Services Authority Regulation Number 53/POJK.04/2017.

The year 2020 is the first year for accelerating board shares to be listed, so there are 5 accelerated board stocks which are the first to carry out an initial public offering (IPO) on the Indonesia Stock Exchange. Managing companies must consider various factors such as differences in the company's financial performance in liquidity ratios, solvency ratios, and profitability ratios after listing in the capital market, of course, there will be many differences between getting better or vice versa, this explains that investors must have the ability to carry out investments as well as possible so that they can have a good impact on their investment objectives. Researchers want to study and find relevant relationships and relationships between financial performance before and after carrying out an IPO (Initial Public Offering) on the Indonesia Stock Exchange on acceleration board shares that were listed in 2020 when the COVID-19 pandemic caused economic chaos.

2. Literature Review

2.1 Market efficiency theory

The theory of market efficiency was first discovered in research conducted by Bachelier (1900) who wanted to know whether stock prices fluctuated randomly or not. The theory of market efficiency put forward is quite popular and is widely used as the basis for various research on market anomalies, a market is said to be efficient if no one, both individual investors and institutional investors, will be able to obtain abnormal returns, after adjusted for risk using existing trading strategies in a market in that country.

2.2 Capital Market

According to the Capital Market Law No. 8 of 1995 concerning the capital market defines the capital market as an activity concerned with the public offering and trading of securities of public companies related to the securities issued, as well as institutions and professions related to securities. The capital market is a place to invest for the community to be able to improve the economy well (Qorinawati & Adiwibowo, 2019).

2.3 IPO (*Initial Public Offering*)

According to (Setyawan, et al., 2018) which explains that this IPO or initial public offering activity is an early step for companies to obtain investment funds when the company's shares are first offered to the public or the wider community for business development. This initial offering lasts a short time in a matter of days because the initial offering is carried out by issuers and potential investors with the assistance of the underwriters, namely securities companies where the offering price is determined through the primary market. (Hendrasah, 2017).

2.4 Acceleration Board Stock

Accelerated stock board is a listing board for issuers who wish to go public on the Indonesia Stock Exchange whose regulations were only actively enforced by the Indonesia Stock Exchange on June 22, 2019. This accelerated stock listing board is provided by the Indonesia Stock Exchange aimed at companies with small assets or companies with medium-scale assets that are not yet eligible for listing on the development board (idx.co.id, 2021).

2.5 Financial Ratio

Explained by (Munthe, et al., 2017), that this financial ratio is a calculation by making financial statements as a certain measuring tool to see and assess the company's performance or financial condition.

- a. The liquidity ratio is a ratio used to measure the performance of the company in terms of the ability to meet short-term obligations.
- b. The solvency ratio is an analysis carried out by taking into account the company's ability to pay short and long term debt obligations when the company is operating or when it is being liquidated.
- c. Profitability ratio is a ratio or financial assessment that is usually used by companies or investors to assess the level of the company's ability to generate profits or profits within a certain time span.

3. Methodology

3.1 Research Approach

This study uses a quantitative approach aimed at collecting, processing, and analyzing data in the form of numbers and using descriptive analysis methods to describe explanations and problem descriptions regarding phenomena taken by researchers from various data sources relevant to the material and according to writing guidelines. research with the aim of testing the hypothesis that has been set by the researcher.

3.2 Operational Definition and Measurement of Variable

In the research that the researcher will test, the operational variables that will be used in testing the data are as follows:

a. *Return on Asset* (ROA)

The return on assets (ROA) ratio is used to see and show the level of success of a company in generating profits or profits within a certain time.

$$\text{Return on Asset (ROA)} : \frac{\text{Net Income}}{\text{Asset}} \times 100\%$$

b. *Return on Equity* (ROE)

This ratio is a financial ratio that is used to show the company's ability to generate profits based on the share capital owned by investors.

$$\text{Return on Equity (ROE)} : \frac{\text{Net Income}}{\text{Equity}} \times 100\%$$

c. *Debt to Equity Ratio* (DER)

Debt to Equity Ratio (DER) is a ratio that makes a comparison between the amount of debt owned by the company to see the proportional amount that should be owned by the company.

$$\text{Debt to Equity Ratio (DER)}: \frac{\text{Liabilities}}{\text{Equity}}$$

d. *Current Ratio* (CR)

This ratio is a ratio used to measure the company's ability to pay short-term obligations (less than 1 year) by comparing current assets with current liabilities.

$$\text{Current Ratio (CR)}: \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

3.3 Population

The population in this study is all shares of acceleration companies that carry out an IPO (Initial Public Offering) on the Indonesian stock exchange in 2020.

3.4 Sample

Table 1. Sample

No	Code	Company	Listed
1	PGJO	PT. Tourindo Guide Indonesia, Tbk.	08 January 2020
2	CASH	PT. Cashlez Worldwide Indonesia, Tbk.	04 May 2020
3	SOFA	PT. Boston Furniture Industries, Tbk.	07 July 2020
4	PPGL	PT. Prima Globalindo Logistik, Tbk.	20 July 2020
5	PLAN	PT. Planet Properindo Jaya, Tbk.	15 September 2020

3.5 Analysis

1. Descriptive Statistic

Provide an overview or describe a data obtained that can be seen from the average value, variance, standard deviation, minimum, maximum, range, sum, skewness, and kurtosis. Descriptive statistics describe the various characteristics of the data that comes from a sample.

2. Normality Test

The initial step in screening the normality of the data to be tested with normal criteria is as follows:

- If the number is significant, the Shapiro wilk sig test. <0.05 then the data distribution is not normal.
- If the number is significant, the Shapiro wilk sig test. > 0.05 then the data distribution is normal.

3. Hypothesis

If the data is normally distributed, then the paired sample test parametric statistic is used. The following is the formula that will be used in the simple paired test:

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2} - 2r\left(\frac{S_1}{\sqrt{n_1}}\right)\left(\frac{S_2}{\sqrt{n_2}}\right)}}$$

If the data are not normally distributed, then use the nonparametric Wilcoxon signed rank test statistic, the following is the formula for the Wilcoxon signed rank test.

$$Z = \frac{T - \sigma_T}{\sigma_T} = \frac{T - \frac{n(n+1)}{4}}{\sqrt{\frac{n(n+1)(2n+1)}{24}}}$$

4. Hypothesis

Ho1: There is no difference in financial performance based on the liquidity aspect of the shares of acceleration companies listed on the Indonesia Stock Exchange before and after the IPO (Initial Public Offering).

Ho2: There is no difference in financial performance based on the solvency aspect of the shares of acceleration companies listed on the Indonesia Stock Exchange before and after the IPO (Initial Public Offering).

Ho3: There is no difference in financial performance based on the profitability aspect of the shares of acceleration companies listed on the Indonesia Stock Exchange before and after the IPO (Initial Public Offering).

4 Research Results and Discussion Statistik Deskriptif

Descriptive statistical test was conducted to find out the description or description of financial performance.

Table 2. Statistic Descriptive

	N	Minimum	Maximum	Mean	Std. Deviation
CR	3	1278.00	4374.00	2401.3333	1713.86386
DER	3	-1398.00	432.00	-309.0000	963.35507
ROA	3	-1595.00	-509.00	-1136.0000	562.15389
ROE	3	-1359.00	-247.00	-721.0000	573.85364

In the variable current ratio (CR) which represents the company's liquidity ratio, there is a minimum value of 1278 with a maximum value of 4374 and a mean value of 2401.33. This shows a positive current ratio (CR) value. The debt to equity ratio (DER) variable has a minimum value of -1398, while the maximum value is 432 with a mean value of -309. The profitability ratios studied through the return on assets (ROA) and return on equity (ROE) variables give results that contribute negatively to the performance of the company concerned. The return on assets (ROA) value has a minimum value of -1595 and a maximum value of -509 with an average value of -1136.

4.2 Normality Test

Table 3. The Normality Testing

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	Df	Sig.
CR	.357	3	.	.816	3	.153
DER	.308	3	.	.902	3	.392
ROA	.284	3	.	.933	3	.500
ROE	.279	3	.	.939	3	.522

It is known that the value of the asym value. Sig of the research variables, namely the current ratio (CR), debt to equity ratio (DER), return on assets (ROA), and return on equity (ROE)

before the acceleration board stock company that became the sample in this study conducted an initial public offering (IPO).) and after the implementation of the initial public offering (IPO) on the Indonesian stock exchange. The sig value is greater than the probability value of 0.05 which is a provision determined by the author so that it can be concluded that the research data is normally distributed.

4.3 Hypothesis Result

A. Current Asset (CR)

	Mean	Std. Deviation	Std. Error Mean	Lower	Upper	T	Df	Sig. (2-tailed)
CR Before – CR After	514,667	2097,894	1211,219	-4696,792	5726,125	,425	2	,712

The results of the paired t-test on the current asset (CR) variable have a sig value. (2-tailed) of 0.712. In accordance with the data testing criteria where the value of sig. 0.712 is greater than the significant level of 0.05, then Ho is accepted.

B. Debt to Equity Ratio (DER)

	Mean	Std. Deviation	Std. Error Mean	Lower	Upper	T	Df	Sig. (2-tailed)
DER Before – DER After	-623	1045,474	603,605	-3220,102	1974,102	-1,032	2	0,410

The results of the paired t-test on the debt to equity ratio (DER) variable have a sig value. (2-tailed) of 0.410. In accordance with the data testing criteria where the value of sig. 0.410 is greater than the significant level of 0.05 then Ho is accepted.

C. Return on Asset (ROA)

	Mean	Std. Deviation	Std. Error Mean	Lower	Upper	T	Df	Sig. (2-tailed)
ROA Before – ROA After	72,667	404,920	233,780	-933,210	1078,544	0,311	2	0,785

The results of the paired t-test on the return on asset (ROA) variable have a sig value. (2-tailed) of 0.785. In accordance with the data testing criteria where the value of sig. 0.785 is greater than the significant level of 0.05, then Ho is accepted.

D. Return on Equity (ROE)

	Mean	Std. Deviation	Std. Error Mean	Lower	Upper	T	Df	Sig. (2-tailed)
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ROE Before –	556,3		321,00		1937,	1,73		
ROE After	33	556,003	6	-824,847	514	3	2	0,225

The results of the paired t-test on the return on equity (ROE) variable have a sig value. (2-tailed) of 0.225. In accordance with the data testing criteria where the value of sig. 0.225 is greater than the significant level of 0.05, then Ho is accepted.

5 Closing Statement

5.1 Conclusion

Referring to the results of the analysis and changes described in the previous chapter, the conclusions of this study are:

1. There is no difference in current assets (CR) in the liquidity ratio which is significant in the financial performance of the shares of acceleration board companies on the Indonesian Stock Exchange after carrying out the initial public offering (IPO) in 2020.
2. There is no difference in the debt to equity ratio (DER) in the solvency ratio which is significant in the financial performance of the shares of acceleration board companies on the Indonesian Stock Exchange after carrying out the initial public offering (IPO) in 2020.
3. There is no significant difference in return on assets (ROA) in profitability ratios on the financial performance of the shares of acceleration board companies on the Indonesian Stock Exchange after carrying out the initial public offering (IPO) in 2020.
4. There is no significant difference in return on equity (ROE) in profitability ratios on the financial performance of the shares of acceleration board companies on the Indonesian Stock Exchange after carrying out the initial public offering (IPO) in 2020.

5.2 Suggestion

Based on the results of research, data analysis, discussion and conclusions, the researchers put forward the following suggestions:

1. Further research that has the same research focus or the same research subject is expected to be able to carry out further research using other variables to be able to find different results from this research. As well as the limitations of research conducted in the short term only a comparison of 2 years. So, further research is needed with a longer research time to get more accurate results with a longer time.
2. Can add studies of other events that can affect the performance of acceleration board companies that will carry out initial public offerings (IPOs) on the Indonesian stock exchange in addition to this covid-19 pandemic event. In addition, further research can be carried out when no events occur to obtain real results without being disturbed by events that can affect the performance of companies listed on the Indonesian stock exchange.
3. Investors are expected to be able to conduct a more detailed analysis before purchasing shares of acceleration board companies that will carry out an initial public offering (IPO) on the Indonesian stock exchange in order to invest in companies that can provide maximum returns and performance and consider the right time to invest. carry out investment activities.
4. The government is expected to assist in issuing structured policies to assist companies in the Indonesian capital market, especially the acceleration board, so that they can continue to run their business activities in the midst of events that may affect the company's performance amid the uncertainty of the world's economic status.

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