DOI: https://doi.org/10.31933/dijemss.v2i6
Received: 18 August 2021, **Revised:** 23 August 2021, **Publish:** 31 August 2021

DIJEMSS
DINASTI INTERNATIONAL JOURNAL OF EDUCATION MANAGEMENT AND SOCIAL SCIENCE
DINASTI PUBLISHER
https://dinastipub.org/DIJEMSS
editor@dinastipub.org
0811 7401 455

THE ANALYSIS OF A COMPANY'S FINANCIAL PERFORMANCE BEFORE AND AFTER IMPLEMENTING THE INITIAL PUBLIC OFFERING (A STUDY ON THE COMPANY LISTING IN THE IDX OF 2018)

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Abstract: This study aims to discover the differences in financial performance before and after the IPO for companies that went public in 2018. The sampling method was the purposive sampling with 17 companies in total as samples. The financial performance is assessed from the ratio of liquidity, activity, solvability, and profitability. Differences in performance were tested with the paired sample t-test and the Wilcoxon signed rank test. Implementing the basis of the liquidity and solvability ratios, there were improvement differences in companies' financial performances after the IPO. Meanwhile, by implementing the basis of the activity and profitability ratios, there were declining differences in the companies' financial performances after the IPO. Throughout thee period of two years and one year after the IPO, there have been both post-IPO changes and stagnations in the hypothesis of the profitability ratio, which concluded that the companies' ability to seek profit would require a certain period of time.

Keywords: Liquidity, Activity, Solvability, Profitability, Initial Public Offering (IPO).

INTRODUCTION

The IPO activities are conducted by a company in order to generate funds in increasing its business reach, loan payments, as well as improving the values and the image of the company. Companies that decide go public have an obligation to disclose information in the IPO process, both before and after. There are demands that must be conducted by companies in the form of information disclosures and the improvement of the financial performance (Juliana and Sumani, 2019).

The increasing number of companies conducting IPO activities was due to the conducive situation from the domestic to global economy as well as supporting monetary policies, such as low interest rates, in order to encourage investors to switch investments (transfering from the money market to the capital market). The increase of Indonesia's macro economy and the Stock Price Index (IHSG) became the driving factors for leaning towards the Indonesia Stock Exchange (IDX).

The average IPO interest movement has also increased, as shown in 2018 where the highest interest in IPO was recorded at 57 companies and raised IPO funds up to Rp. 15.67 Trillions. Between 2018 to 2020, the company's interests in IPO remained stable while the funds were decreasing. In 2018, companies encountered challenges, with the funds being demanded to improve their financial performances to attract investments. The following image is a graphic of IPO-listed companies in the IDX during the period of 2016 to 2020:

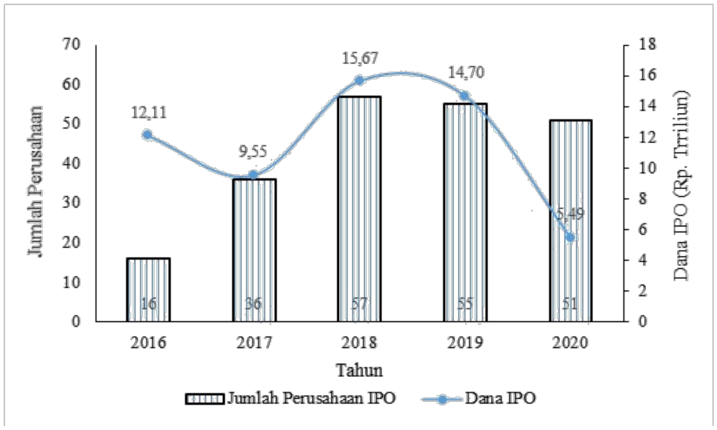

Image 1. The Graphic of IPO-listed Companies in the IDX
Source: idx.co.id

The IPO listing in the IDX in 2018 regarding stock exchanges in ASEAN countries recorded that Indonesia received a high demand for companies to conduct IPO activities compared to five other countries such as Vietnam, Thailand, Singapore, Malaysia, and the Philippines. The great demands of IPO in Indonesia by corporate actors was intended to obtain additional funds as a working mode in fulfiling short-term debt obligations and working capital to earn profits. The figure below showed a graph of the comparative fluctuations of several IPO-listed countries:

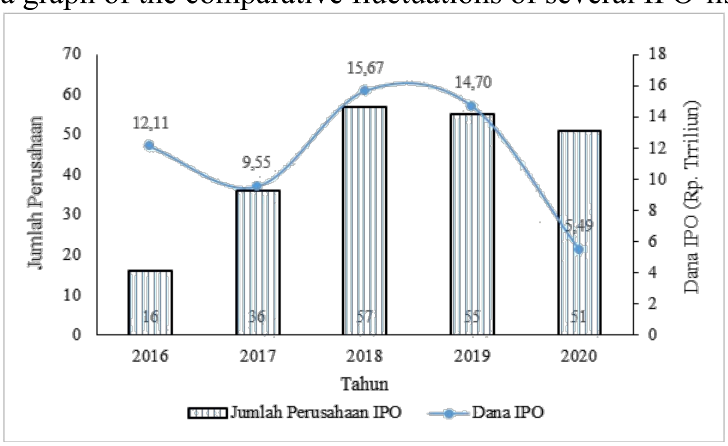

Image 2. The Graphic of IPO-listed Companies in the IDX
Source: idx.co.id

After a company was categorised as an IPO company, the company's improved financial performances was required, because investors who wanted to invest would prefer to see the results of the company's financial performances through its annual report. The better the company's data in the financial statements, the better it would be implicated to attract investors for conducting domestic and foreign investments, because better indicators of the company's financial performances after carrying out the IPO would encourage investors to be more optimistic about the financial performances in the future. Investors would examine the company's financial performances through four general ratios, the liquidity ratio, the solvability ratio, the activity ratio, and the profitability ratio.

There were various different opinions in researching the financial performance of companies with four ratios, such as Khatami et al. (2017) who stated that there were significant positive changes on the Current Ratio. Another researcher named Sugianto (2016) also discovered that there were no significant differences in the Current Ratio, while Purauningsing (2015) discovered that the Current Ratio value showed significant negative changes after the company implemented the IPO.

Juliana and Sumani (2019) discovered a significant positive difference in the Total Asset Turnover. On the other hand, Andayani et al (2017) found that there were no significant differences in the Total Asset Turnover, while Wahyono (2018) stated the negative results on the significant change in the Total Asset Turnover. Meanwhile, Fallen (2017) found that there was a difference between positive DER results before and after implementing the IPO. Cahyani and Suhadak (2017) stated otherwise, where there were no significant different results in their Debt to Equity Ratio research, whereas Izfs and Supriatna (2019) showed significantly negative different results in the Debt to Equity Ratio. As for post-IPO financial performances, Purbaningsih (2015) stated that the Return on Equity resulted in significant positive differences in the company's financial performance, after implementing the IPO. Arsyal and Rikumahu (2015), on the other hand, discovered no significant differences in the Return on Equity results, while Damayanti (2017) stated that tje Return on Equity was resulted in significant negative changes in the company's financial performance after the IPO was implemented.

Using the basic background, the gap phenomenon and the research gap, researchers were conducting further analysis in order to determine whether there was a change before and or after the implementation of the IPO, specifically on the Current Ratio (CR), the Total Asset Turnover (TATO), the Debt to Equity Ratio (DER) and the Return on Equity (ROE). The purpose of this research was to determine the differences in the financial performances of companies that conducted IPO activities, by analysing the financial performances before and after implementing the IPO, which acted as a case study on the company listing in the IDX of 2018.

LITERATURE REVIEW

The Information Asymmetry Theory

The theory was first explained by Kenneth J. Arrow (1963) and implemented by George Akerlof (1970) on one of his works, "The Market for Lemaons". It is a situation where there is a mismatch of information between the management, who acts as a provider of information to other parties, and stakeholders or shareholders who play an important role as users of the information (Supriyono, 2000).

The Signal Theory

The writings of George Akerlof (1970) on the information imbalance phenomenon were developed by Spence (1973) through his writings, "Job Market Signaling". The publication of this information became a news that announced or forming signals to investors to make decisions in investing (Jogiyanto, 2017).

Initial Public Offering (IPO)

It referred to the sales of ordinary or preferred shares to the sales of bonds by the company as its capital (equity and long-term debt loans) for the "first time" aimed at the wider community (Widoatmodjo, 2015).

The Company's Financial Performances

The activity of calculating the levels of financial performances, based on the growth prospects along with the company's financial developments using the basis of the availability of company resources, included assets and company capitals from the IPO (Hery, 2015).

The Financial Report

A report that displayed the current state or financial status of the company within a specific period. The current state of the company is the state or financial status of the company on a certain date was recorded as a balance sheet and a period in the profit and loss report (Kasmir, 2017).

The Financial Report Analysis

The ratio analysis was implemented with three main categories, managers, stock analysts, and credit analysts. The types of financial ratios included Activity Ratios, Liquidity Ratios, Profitability Ratios and Solovability Ratios (Brigham and Houston, 2010). The liquidity ratio measurement with the Current Ratio (CR) measured the level of availability of current assets as a tool to cover short-term liabilities with immediate maturities. The Activity Ratio was measured by the Total Asset Turnover (TATO), an asset turnover that showed the ability of management in managing investments (assets) thoroughly in order to obtain sales results. Meanwhile, the Solvability Ratio was measured by the Debt to Equity Ratio (DER) in order to determine the company's ability to pay its obligations as a whole. Lastly, the Profitability Ratio was measured through the Return on Equity (ROE), by reporting the company's ability to earn profits in a certain period of time.

Framework

The purpose of this research is to provide an empirical evidence about differences in the financial performances of companies before and after implementing the IPO by calculating and analysing financial ratios with the framework presented in Image 3.

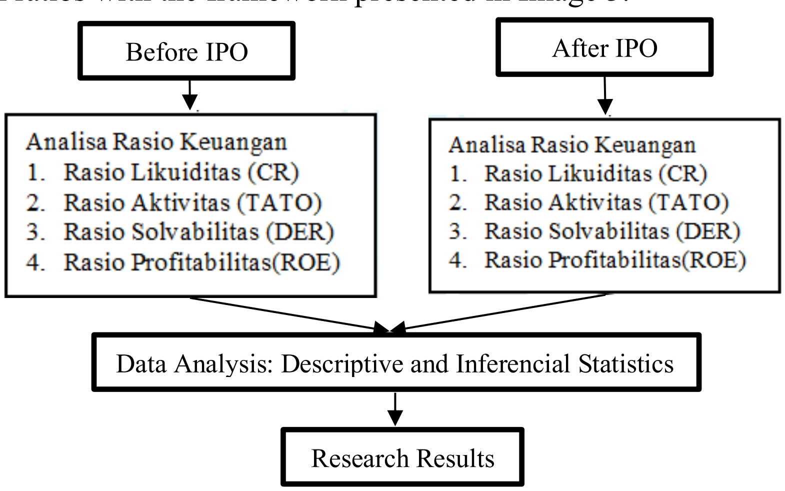

Image 3. Framework

Hypothesis Development

Based on the background and formulation of the problem, research objectives, previous researches and literature review, the hypothesis development in this study is conducted as follows:

H0: It is indicated that there would be no differences in the financial performance of companies that went public in 2018 on the IDX before and after implementing the IPO, based on the Current Ratio (CR), the Total Asset Turnover (TATO), the Debt to Equity Ratio (DER) and the Return on Equity (ROE).

H1: It is indicated that there would be several differences in the financial performance of companies that went public in 2018 on the IDX before and after implementing the IPO, determined by the Current Ratio (CR).

H2: It is indicated that there would be several differences in the financial performance of companies that went public in 2018 on the IDX before and after implementing the IPO, determined by the Total Asset Turnover (TATO).

H3: It is indicated that there would be several differences in the financial performance of companies that went public in 2018 on the IDX before and after implementing the IPO, determined by the Debt to Equity Ratio (DER).

H4: It is indicated that there would be several differences in the financial performance of companies that went public in 2018 on the IDX before and after implementing the IPO, determined by the Return on Equity (ROE).

RESEARCH METHODS

Research Designs and Research Object Descriptions

The implementation of a design in conducting research is known as a comparative research, which would examine various differences between two or more groups in variables (Hamdi and Bahruddin, 2015). The object of the research is to compare the company's financial performances before and after implementing a verified IPO on the IDX in 2018.

The Variable Measurement

A research variable depicts an attribute, nature, or value of an individual, or an activity, that has a variation determined by researchers to conduct studies and draw conclusions (Sugiyono, 2017).

Tabel 1. Variabel Operasional Penelitian

Variable	Measurement	Scale
CR	$\frac{Current\ Assets}{Current\ Debts}$	Ratio
TATO	$\frac{Net\ Sales}{Total\ Assets}$	Ratio
DER	$\frac{Total\ Debts}{Total\ Equity}$	Ratio
ROE	$\frac{Net\ Profits}{Total\ Equity}$	Ratio

Source: Management by the writers

Data Collection Techniques

Collecting the data for the research was conducted in the form of secondary datas on general acquisition in the form of evidence, historical reports, and notes, as well as an arrangement in the form of the publication of documentary data archives. Datas that contained theoretical properties and supported the discussion materials in the implementation of research would be obtained through various sources, including journals, books, articles, and other information sources with relevant concepts.

Sampling Techniques

The research was conducted with secondary datas in the form of financial reports that were obtained through the idx.co.id website and the official website of the company that implemented the verified IPOs in the 2018 IDX, using IPOs of the 2019-2020 period. The list of companies for conducting the research was presented in Table 2 below:

Table 2. List of IPO Companies in the IDX Listing of 2018 Implemented by Researchers

No	Kode/Nama Perusahaan	Nama Emiten	Tanggal Pencatatan
1	GHON	PT Gihon Telekomunikasi Indonesia Tbk	09 Apr 2018
2	BTPS	PT Bank Tabungan Pensiunan Nasional Syariah Tbk.	08 Mei 2018
3	SPTO	PT Surya Pertiwi Tbk	14 Mei 2018
4	HEAL	PT Medikaloka Hermina Tbk.	16 Mei 2018
5	PZZA	PT Sarimelati Kencana Tbk.	23 Mei 2018
6	SWAT	PT Sriwahana Adityakarta Tbk.	08 Jun 2018
7	ANDI	PT Andira Agro Tbk	16 Ags 2018
8	MOLI	PT Madusari Murni Indah Tbk.	30 Ags 2018
9	DIGI	PT Arkadia Digital Media Tbk	18 Sep 2018
10	CITY	PT Natura City Developments Tbk.	28 Sep 2018
11	SURE	PT Super Energy Tbk.	05 Okt 2018
12	MPRO	PT Propertindo Mulia Investama Tbk.	09 Okt 2018
13	GOOD	PT Garudafood Putra Putri Jaya Tbk.	10 Okt 2018
14	SKRN	PT Superkrane Mitra Utama Tbk	11 Okt 2018
15	CAKK	PT Cahayaputra Asa Keramik Tbk.	31 Okt 2018
16	ZONE	PT Mega Perintis Tbk.	12 Des 2018
17	PEHA	PT Phapros Tbk.	26 Des 2018

Source: idx.coid

Data Analysis Techniques

The methods implemented for the data analysis was the quantitative analysis of statements in the form of numbers that implemented statistical calculation methods and was assisted by data processing programs. The Rare Data analysis would follow the following stages:

1. Analysing financial ratios such as TATO, CR, DER and ROE.
2. Implementing the descriptive statistical analysis, by describing the characteristics of the data samples including the number of samples, minimum, average, and maximum values as well as standard deviations.

3. Conducting the quality test analysis of the data using the Kolmogorov-Smirnov test method. The distribution character is if Asymp Sig > 5% then the data is normally distributed and if Asymp Sig < 5% then the data is not normally distributed.
4. Analysing the hypothesis. If the data is normally distributed, then the hypothesis test uses a parametric test (Paired Sample t-test), and if the data is not normally distributed then the hypothesis test uses a non-parametric test (Wilcoxon sign rank test). The decision-making criteria if the value of sig> 5% then there is no significant difference in financial performance before and after the IPO, if the value of sig <5% then there is a significant difference in financial performance before and after the IPO.
5. Determining the conclusions from the results of the financial performance analysis before and after implementing the IPO.

FINDINGS AND DISCUSSION

Data Analysis

The results of the data in the form of descriptive statistics showed the characteristics of the use of the samples. Table 3 below stated the results of the descriptive statistical analysis through four financial ratios, CR, TATO, DER and ROE.

Table 3 Results of the Statistic Descriptive Analysis with CR, TATO, DER, and ROE Variables

Period	Description	N	Min.	Max.	Mean.	Std. Dev
Two Years Before and After IPO (2016-2017 and 2019-2020)	CR Before IPO	17	0,17	5,47	1,5049	1,47075
	CR After IPO	17	0,30	8,53	2,5486	2,54934
	N Valid (*Listwise*)	17				
One Year Before and After IPO (2017 and 2019)	CR Before IPO	17	0,08	5,63	1,4210	1,46613
	CR After IPO	17	0,32	8,49	2,4469	2,59580
	N Valid (*Listwise*)	17				
Two Years Before and After IPO (2016-2017 and 2019-2020)	TATO Before IPO	17	0,01	2,18	0,8655	0,69535
	TATO After IPO	17	0,08	1,72	0,6020	0,44768
	N Valid (*Listwise*)	17				
One Year Before and After IPO (2017 and 2019)	TATO Before IPO	17	0,02	2,10	0,8295	0,62906
	TATO After IPO	17	0,10	1,89	0,6701	0,51496
	N Valid (*Listwise*)	17				
Two Years Before and After IPO (2016-2017 and 2019-2020)	DER Before IPO	17	0,37	4,88	1,8852	1,09540
	DER After IPO	17	0,12	3,58	0,8955	0,80044
	N Valid (*Listwise*)	17				
One Year Before and After IPO (2017 and 2019)	DER Before IPO	17	0,42	4,22	1,8807	1,11533
	DER After IPO	17	0,10	6,36	0,9871	1,43464
	N Valid (*Listwise*)	17				
Two Years Before and After IPO (2016-2017 and 2019-2020)	ROE Before IPO	17	-0,04	0,47	0,2059	0,17113
	ROE After IPO	17	-0,18	0,20	0,0531	0,08466
	N Valid (*Listwise*)	17				
One Year Before and After IPO (2017 and 2019)	ROE Before IPO	17	-0,16	0,44	0,1649	0,16841
	ROE After IPO	17	0,00	0,26	0,0976	0,07359
	N Valid (*Listwise*)	17				

Source: Data management with the SPSS 26 program.

Based on the table above, the analysis was conducted to compare the financial ratios before and after the IPO implementation and to determine the comparison of the periods, specifically two years before and after implementing the IPO and one year before and after implementing the IPO.

During the Current Ratio in the period of two years before and after implementing the IPO, the CR before the IPO had the minimum value of 0.17 obtained by Propertindo Mulia Investama Tbk, while the maximum value of 5.47 was obtained by Bank Tabungan Pensiunan Nasional Syariah Tbk, with the standard deviation of 1.47. In comparison, the CR after the IPO had the minimum value of 0.30 for Propertindo Mulia Investama Tbk, whereas the maximum value of 8.53 was obtained by Natura City Development Tbk, with the standard deviation of 2.54. During the period of one year before and after, the CR before the IPO with the minimum value of 0.08 belonged to Super Energy Tbk, while the maximum value of 5.63 was obtained by Bank Tabungan Pensiunan Nasional Syariah Tbk, as well as the standard deviation of 1.46. Meanwhile, the CR after the IPO with the minimum value of 0.32 was Propertindo Mulia Investama Tbk, while the maximum value of 8.49 belonged to Arkadia Digital Media Tbk, with the standard deviation of 2.59. Overall, the average CR value in the two-year period before and after the IPO was increased by 1.69 times after the IPO, from 1.50 to 2.54, compared with the one-year period before and after the IPO which was increased by 1.72 times after the IPO, or from 1.42 to 2.44.”

The next ratio is Total Asset Turnover (TATO), starting with the period of two years before and after implementing the IPO. The TATO before the IPO with the minimum value of 0.01 was obtained by Propertindo Mulia Investama Tbk, while the maximum value of 2.18 obtained by Sarimelati Kencana Tbk, along with the standard deviation of 0.69. Meanwhile, the TATO after the IPO with the minimum value of 0.08 belonged to Propertindo Mulia Investama Tbk, with the maximum value of 1.72 obtained by Sarimelati Kencana Tbk, and the standard deviation of 0.44. On the period of one year before and after the IPO, the TATO before the IPO with a minimum value of 0.02 was Propertindo Mulia Investama Tbk, while the maximum value of 2.10 was obtained by PT Garudafood Putra Putri Jaya Tbk, alongside the standard deviation of 0.62. Meanwhile, the TATO after the IPO with a minimum value of 0.10 was obtained by Propertindo Mulia Investama Tbk, while the maximum value of 1.89 belonged to Sarimelati Kencana Tbk, along with a standard deviation of 0.51. The average value of TATO for the two years before and after the IPO was decreased by 0.70 times after the IPO, from 0.86 to 0.60. On the other hand, during the period of one year before and after the IPO, the TATO value was declined by 0.81 times after the IPO, from 0.82 to 0.67.

The next one is the Debt to Equity Ratio (DER). During the period of two years before and after implementing the IPO, there was minimum value of 0.37 for the DER before the IPO, which belong to Madusari Murni Indah Tbk, whereas the maximum value of 4.88 was obtained by Super Energy Tbk, with the standard deviation of 1.09. On the other hand, the DER value after the IPO with the minimum value of 0.12 was obtained by Natura City Developments Tbk, while the maximum value of 3.58 was Super Energy Tbk, with the standard deviation of 0.80. During the period of one year before and after the IPO, the DER before the IPO with the minimum value of 0.42 was Madusari Murni Indah Tbk, whereas the maximum value of 4.22 belonged to Super Energy Tbk, with the standard deviation of 1.11. In comparison, the DER after the IPO with the minimum value of 0.10 was obtained by Arkadia Digital Media Tbk, while the maximum value of 6.36 was Super Energy Tbk, along with the standard deviation of 1.43. The average value of the DER for the period of two years before and after experienced a decresse by 0.48 after the IPO, from 1.88 to 0.89. Meanwhile, the DER during the one-year period before and after the IPO had a decline by 0.53 times after The IPO is from 1.88 to 0.98.

The last ratio is the Return on Equity (ROE). During the period of two years before and after the IPO, Andira Agro Tbk. had the minimum ROE value before the IPO of -0.04, whereas Natura City Developments Tbk obtained the maximum value of 0.47, alongside the standard deviation of 0.17. After the IPO, the minimum ROE value of -0.18 was obtained by Arkadia Digital Media Tbk, while PT Super Energy Tbk had the maximum value of 0.20, with the standard deviation of 0.08. During the period of one year before and after the IPO, the minimum ROE value before the IPO of -0.16 belong to Super Energy Tbk, while the maximum value of 0.44 was obtained by Natura City Developments Tbk, alongside the standard deviation of 0.16. In comparison, the ROE after the IPO with the minimum value of 0.00 belong to Arkadia Digital Media Tbk, while the maximum value of 0.26 was obtained by the Syariah National Pension Savings Bank Tbk, with the standard deviation of 0.07. As the result, the average value of the ROE during the two-year period before and after the IPO experienced a decline by 0.26 times after the IPO, from 0.20 to 0.05, whereas during the one-year period before and after the IPO, the value decreased by 0.59 times after the IPO, from 0.16 to 0.09.

The data quality test implemented the Komogorov-Smirnov Test method, which showed that the sample was normally distributed and resulted in the parametric test as the hypothesis test. Meanwhile, if the sample was not normally distributed, the hypothesis test woulb be a non-parametric test. The results of the data quality test could be seen in the Table 4 below.

Table 4 Results of the Data Quality Test Analysis

Period	Variable	Test of Normality Kolmogorov-Smirnov Test			Description	Hypothesis Tests
		Statistic	N	Asymp. Sig.		
Two Years Before and After IPO (2016-2017 and 2019-2020)	CR Before IPO	0,258	17	0,004	Not Normal	*Wilcoxon Sign Test*
	CR After IPO	0,353	17	0,000	Not Normal	
	TATO Before IPO	0,192	17	0,097	Normal	*Paired Sample T-Test*
	TATO After IPO	0,172	17	0,194	Normal	
	DER Before IPO	0,142	17	0,200	Normal	*Wilcoxon Sign Test*
	DER After IPO	0,247	17	0,007	Not Normal	
	ROE Before IPO	0,125	17	0,200	Normal	*Wilcoxon Sign Test*
	ROE After IPO	0,208	17	0,048	Not Normal	
One Year Before and After IPO (2017 and 2019)	CR Before IPO	0,253	17	0,005	Not Normal	*Wilcoxon Sign Test*
	CR After IPO	0,335	17	0,000	Not Normal	
	TATO Before IPO	0,193	17	0,092	Normal	*Paired Sample T-Test*
	TATO After IPO	0,145	17	0,200	Normal	
	DER Before IPO	0,165	17	0,200	Normal	*Wilcoxon Sign Test*
	DER After IPO	0,353	17	0,000	Not Normal	
	ROE Before IPO	0,182	17	0,139	Normal	*Paired Sample T-Test*
	ROE After IPO	0,151	17	0,200	Normal	

Source: Data management with the SPSS 26 program.

The testing of the hypothesis in this study aims to determine the company's financial ratios before and after the IPO, implying whether there were any significant differences or not at all. Results of the hypothesis test of the research were shown in Table 5 below.

Tabel 5 Results of the Hypothesis Test

Period	Variable	Uji Hipotesis			Conclusion	Description
		Sig.	N	α		
Two Years Before and After IPO (2016-2017 and 2019-2020)	CR Before IPO CR After IPO	0,009	17	0,050	H0 rejected	Difference Implemented
	TATO Before IPO TATO After IPO	0,007	17	0,050	H0 rejected	Difference Implemented
	DER Before IPO DER After IPO	0,002	17	0,050	H0 rejected	Difference Implemented
	ROE Before IPO ROE After IPO	0,003	17	0,050	H0 rejected	Difference Implemented
One Year Before and After IPO (2017 and 2019)	CR Before IPO CR After IPO	0,009	17	0,050	H0 rejected	Difference Implemented
	TATO Before IPO TATO After IPO	0,011	17	0,050	H0 rejected	Difference Implemented
	DER Before IPO DER After IPO	0,014	17	0,050	H0 rejected	Difference Implemented
	ROE Before IPO ROE After IPO	0,071	17	0,050	H0 rejected	Difference Implemented

Source: Data management with the SPSS 26 program.

Discussion

First, this study will discuss the analysis of the company's financial performance before and after implementing an Initial Public Offering (IPO) at the Current Ratio. Based on the average value, the Current Ratio (CR) value in the two-year period with the one-year period, both before and after the IPO, experienced an increase from 1.50 to 2.54 and 1.42 to 2.44, respectively. The increase in average was caused by the proportion of the increase in the company's current assets, which was greater than the increase in short-term debt. With this situation, the company was able to pay off its short-term debt after the implementation of the IPO. The results of this study also indicated a difference in improving the financial performance of the company before and after implementing the IPO on the liquidity ratio measured by the CR in the comparison of both periods, before and after the IPO. This result followed the theory by Khatami et al (2017) and indicated that the implementation of the IPO had an effect on improving the company's liquidity level, meaning that the expectation of obtaining funds at the time of implementing an IPO to increase the company's liquidity level could be realized.

The next analysis focuses on the company's financial performance before and after implementing the Initial Public Offering (IPO) on the Total Assets Turnover (TATO). The average value of TATO in the two-year period compared with the one-year period, both before and after the IPO, declined after implementing the IPO from 0.86 to 0.60 and 0.82 to 0.67. This indicated that the implementation of the IPO did not affect greatly on improving the company's efficiency level through using all of its assets to generate sales. The result also summarised the possibility of differences in the company's financial performance before and after the IPO on the activity ratio measured by the TATO, by comparing the periods of two years and one year, both before and after the IPO. This research was in par with the theory by Purbaningsih (2015), by showing that the company did not perform well after the IPO, and due to the company's sales that were not enough to increase the values and did not fully raise the efficiency of the company to implement all its assets in generating sales.

The third analysis involves the company's financial performance before and after implementing the Initial Public Offering (IPO) on the Debt to Equity Ratio (DER). In its average value, the DER during the two-year and one-year periods, both before and after the IPO, experienced a decreased after implementing the IPO, from 1.88 to 0.89 and 1.88 to 0.98. The decrease was the result of an increase in the total debt of small companies compared to the increase in total equity or the proportion of expected funds acquisition after the company implemented the IPO, in order to reduce the debt burdens on the company's own capital. This study showed a difference in improving the company's financial performance before and after the IPO on the solvability ratio measured by the Debt to Equity Ratio (DER), through comparing the periods of two years and one year, both before and after the IPO. It also proved the theory by Andayani, et al (2017), which resulted in a significant difference in the ratio of the DER. This indicated that companies with IPOs had a significant influence on this ratio. It also showed that companies could pay its obligations, in other words the management was able to manage the total equity owned by the companies as a guarantor of the company's debt, which was improved after the company implemented the IPO.

The last analysis involves the company's financial performance before and after implementing the Initial Public Offering (IPO) on the Return on Equity (ROE). The average value of the ROE in the two-year and one-year periodsm both before and after the IPO, had a decline after the IPO from 0.20 to 0.05 and 0.16 to 0.09. The average decrease affected the improvement of the profitability level of the company and even gradually declined, considering the net income which was obtained from its total equity. The company's expectation of obtaining funds when implementing the IPO to increase its profitability did not materialize. The results indicated that there were differences in the company's financial performances before and after the IPO, on the profitability ratio measured by the ROE, by comparing the periods of the two years and the one year, both before and after the IPO, which had no differences. The research, which was in line with the theory by Wahyono (2018), also showed that the post-IPO company was not optimalised, possibly caused by the company’s lack of optimising the use of the overall increased equity, resulting in the zero increase of the expected rate of return. The difference in the research between the two periods was also in par with Kasmir (2017), which stated that the ROE was the company's ability to seek profit within a certain period.

CONCLUSION AND RECOMMENDATION

The conclusion must be related to the title and purpose of the study. Don't make statements that are not adequately supported by your findings. Write down the improvements made in the field of industrial engineering or science in general. Don't make further discussions, repeat abstracts, or just list the results of the study. Don't use bullet points, use paragraph sentences instead.

Conclusion

Based on the results and the previous discussions on the research, the cnclusion could be described as follow:

The IPO results showed that there was an improvement in the liquidity ratio as proxied by the Current Ratio in the comparison of periods between two years and one year, both before and after the IPO. The results presented a significant difference in the company's financial performance before and after the IPO on the liquidity ratio by the Current Ratio (CR), where the average value before and after the IPO had increased.

The IPO results also described a declining difference in the activity ratio proxied by Total Asset Turnover (TATO) during the periods of two years and one year, both before and after the IPO was implemented. The results indicated a significant difference in the company's financial performance, before and after the IPO, in the activity ratio measured by TATO, where the average value before and after the IPO had decreased.

The IPO also obtained an improvement in the solvability ratio proxied by the Debt Equity Ratio (DER) by comparing the two-year and the one-year periods, both before and after the IPO. There was also a significant difference in the company's financial performance before and after the IPO in the solvability ratio measured by the DER, where the average value before and after the IPO had experienced a decline.

The IPO also resulted in the declining difference in the profitability ratio proxied by Return on Equity (ROE) in the comparison periods of two years and one year, both before and after implementing the IPO with no difference. The results indicated significant differences in the company's financial performance, before and after the IPO, on the profitability ratio measured by the ROE, where the average value before and after the IPO decreased. The difference in the results during the two-year and one-year periods, both before and after the IPO, proved the theory by Kasmir (2017), in which the ROE was the company's ability to seek profit within a certain period.

Berdasarkan green teori singaling dan teori asimeteri information, Secara keseluruhan kinerja *keuangan* perusahaan sesudah melakukan IPO terdapat perbedaan. Hal ini bisa saja terjadi karena perusahaan masih dalam tahap penyesuaian dengan kondisi berbagi kepemilikan saham dan juga biaya laporan keuangan yang meningkat. Selain itu periode pengamatan dalam penelitian ini relatif singkat, sehingga tidak mencerminkan prospek kinerja perusahaan pada waktu penelitian.

Based on the green singling theory and the information asymmetry theory, the overall financial performances of the company after the IPO resulted in several differences. This could happen because the company was still in adapting with the condition of share ownerships and the rising cost of financial statements. In addition, the observation periods in this study were relatively short, which did not represent the company's performance prospects during the time of the study.

Recommendation

Based on the results of research on the company’s performances after implementing the Initial Public Offering (IPO), researchers would provide suggestions and inputs for the company, investors, and further researchers:

Companies should be able to use their equity effectively to generate increased sales and profits, which could also improve the company's financial performances. In addition, the company is expected to continue to evaluate its financial performances by observing existing financial ratios in order to evaluate and improve its financial performance.

Investors are advised to be careful before selecting a company that would be implemented as an investment. Investors should pay attention to the company's financial ratios in order to determine the financial performances and values. Analysis of the company's financial performances is also very important for investors to conduct investment decisions.

Future researchers are encouraged to increase the research periods, variables and other factors outside the financial statements if they want to obtain more accurate results. In addition, they can try to commence a research on companies limited in the business sector such as the financial sector.

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