Global Research Review in Business and Economics [GRRBE]
ISSN (Online) 2454-3217, ISSN (Print) 2395-4671
| Open-Access | Volume 09, Issue 03,
Pages 21-34 ||2023||

Financial Performance Factors Influencing Initial Public Offering (IPO) of Companies in Indonesia

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ABSTRACT

This study aimed to obtain empirical evidence regarding the effect of net asset value, return on assets, return on equity, earnings per share, net income, and price earnings ratio of the IPO offering. Initial Public Offering (IPO) is another option for companies to get funding. With an IPO, the company's business form changes to go public. Companies going public require large funds to fund the company. The independent variables in this study are net asset value, return on assets, return on equity, earnings per share, profit after tax, and price earnings ratio. While the dependent variable is the IPO offering price. This research was conducted by collecting data from 86 companies that conducted an IPO on the Indonesia Stock Exchange within a period of 2 years (2021-2022). The results of this study explained that net asset value has a positive effect on the IPO offer price. Return on assets has a negative effect on the IPO offer price. Earnings per share has a positive effect on the IPO offer price. Profit after tax has no effect on the IPO offer price. Price earnings ratio has a positive effect on the IPO offer price. Return on equity has a positive effect on the IPO offer price. The control variables (offer price and age of the firm) have no effect on the IPO offer price. The implication of this research is to provide financial managers with information regarding financial performance that can affect the offering price of shares at the time of the IPO which aims to reduce speculative failures and can create shareholder wealth. For investors, investors should choose companies that have high earnings per share and high return on assets.

KEYWORDS – earnings per share, financial performance indicators, IPO, net asset value, offer price, price earnings ratio, profit after tax, return on assets, return on equity

1. INTRODUCTION

Every company definitely needs funding to ensure its business activities continue. Therefore, it is important for every company to maintain its cash flow so that conditions remain healthy and balanced between liabilities and assets. If the company's internal funding is still lacking in financing business objectives, the company can change its business form to become a go-public company. Companies go public because companies need large funds to pay debts, restructure, invest, or to expand their business. The term "Go Public" is a term that is better known by companies for Initial Public Offering (IPO) because the company sells securities or securities to the wider community [1]. Companies that go public must release their financial reports to the public to maintain transparency and credibility. Initial Public Offering (IPO) is the process by which a private company becomes a public company by listing on a stock exchange. The process of going public before being traded on the secondary market, shares are first sold on the primary market or often called the primary market [2]. The initial public offering (IPO) is also an event where for the first time a company offers its shares to the general public in the capital market. Companies that carry out an automatic IPO mean that the company goes public in the capital market. Before a company goes public, it engages with investment banks who perform the role of underwriters and assess the value of the company. Investment banks enter into underwriting agreements and manage the company's IPO process [3].

The capital market in Indonesia provides solutions that can be considered in terms of funding for all companies in Indonesia, namely by changing the company status from a private company to a public company through an offering of shares to the public (Go Public) and listing their shares on the Indonesian Stock Exchange (Listed Company). In addition, this company will generally have the additional word 'Tbk' in its name. By becoming a Go Public or IPO, companies can get funding to support their business activities. The increasing number of companies conducting IPOs or going public and becoming public companies will further spur Indonesia's economic growth. This will also have an impact on increasing state tax revenues in line with the development of

the domestic stock market. By becoming a go public company whose shares are traded on the Indonesia Stock Exchange, banks or other financial institutions will be able to know and trust the company better. To encourage companies to go public, the government will provide tax breaks (terms and conditions apply) for public companies and for shareholders of public companies.

Initial Public Offer (IPO) is one way for companies to raise capital in the primary market where the company will get money from the sales, which can be used to fund operations or expand its business. These shares can be traded on the secondary market, after the IPO [4]. IPO as one of the best source options for companies to meet their funding needs other than bank loans. Unlike bank loans, which have interest and maturity dates, IPO funding is long-term, based on ownership (not loans), and requires no collateral. In addition, IPOs attract different classes of investors because they can generate large returns. The literature review reveals that most of the research studies on Indonesian IPO offering prices have mostly examined qualitative and non-financial aspects. The focus on performance indicators has so far been limited. In Asian countries, particularly in Indonesia, only a few studies have studied financial performance indicators related to estimated IPO prices. However, these studies have not thoroughly investigated the relationship between the IPO offering price and the financial performance of firms. Therefore, it is necessary to develop a model that can evaluate the IPO Offer Price using Financial Performance Indicators.

Previous literature findings state that the company's Net Asset Value (NAV), Return on Assets (ROA), Profit after Tax (PAT), and Return on Equity (ROE) are significantly positively related to the IPO offer price so that it can be interpreted as high Net Asset Value (NAV), Return on Assets (ROA), Profit after Tax (PAT), and Return on Equity (ROE) will increase the IPO offer price [3]. Many factors influence an Initial Public Offering (IPO), and this study will analyze some of them, including Net Asset Value (NAV), Return on Assets (ROA), Profit after Tax (PAT), Return on Equity (ROE) Earnings Per Share (EPS) and Industry Price Earnings (P/E) Ratio. Based on the explanation of the background and phenomena above, a study was conducted which aims to determine the Financial Performance Factors Affecting the Initial Public Offering (IPO) of Companies in Indonesia.

1.

2. LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 Net Asset Value

Net Asset Value (NAV) is one of the main indicators for assessing an investment. Net Asset Value (NAV) is one of the considerations for investors when they choose investment instruments [5]. One of the functions of net asset value is to show the total wealth of mutual funds managed by investment managers. Net Asset Value is calculated from the asset value of a mutual fund (including cash, deposits, stocks and bonds) minus the value of liabilities divided by the total number of mutual fund units (Total Share Outstanding). The amount of NAV can fluctuate daily, depending on changes in the value of securities and portfolios. An increase in NAV means an increase in shareholder investment value per investment unit. Vice versa, a decrease in NAV means a decrease in the investment value of shareholders per unit of investment [6]. The higher the Net Asset Value of a mutual fund or company investment, the better the value. Research conducted by [3] using companies listed on the Indian National Stock Exchange between the financial years 2015–2016 to 2020–2021 obtained the result that the company's net asset value is significantly positively related to the IPO Offer Price. This is in line with research [7] which states that Net Assets Value has a significantly positive effect on the Offer Price. This is different from research conducted [4] which states that Net Asset Value has a negative and significant effect on the IPO Offer Price.

2.1.2 Return on Assets

Return on Assets (ROA) is one of the profitability ratios used to assess the effectiveness of a company's operations in generating profits [8]. When a company's assets are used effectively, its profit margin increases. The higher the ratio of return on assets shows a positive sign because the company will generate profits so that it can attract investors to conduct stock transactions because investors will perceive the company's performance is better and the company's uncertainty is lower. The reason for using return on assets (ROA) is because return on assets (ROA) is a factor. The information regarding the financial and non-financial factors above is very useful for issuers and investors in conducting an Initial Public Offering (IPO) [2]. Uncertainty about companies going public in the future can be reduced if the value of return on assets (ROA) is high and the value of return on assets (ROA) illustrates that the company's performance is good so that investors are willing to pay for shares at high prices, which is what expected at the time of the IPO [9]. According to research conducted [3] which states that ROA is significantly positively related to Initial Public Offering (IPO). This is not in line with the research conducted [2] and [9] which states that Return on Assets has a negative and significant effect on

the Initial Public Offering (IPO).

2.1.3 Earnings Per Share

Earnings per share is defined as the amount of profit per share earned by the industry [10]. According to [11] the greater the earnings per share, the greater the number of stock returns. If the company's EPS is high, there will be more investors who want to buy these shares, causing the stock price to be higher. A company with a high EPS value will give investors hope about a profitable return on their investment in the future [1]. Companies that generate excessive earnings per share make it difficult for the company to grow quickly because all company income is distributed to shareholders, so the company does not have more capital to develop. Low earnings per share will also discourage investors from buying business shares, increasing the amount of company volatility. So that EPS has a positive and significant influence on the Initial Public Offering (IPO). This is in line with research [10] which states that earnings per share has a positive and significant effect. That means if earnings per share increases, it will increase stock returns for investors who want to invest their shares in industries that have just registered shares (IPO) on the IDX. This is not in line with research conducted by [1] stating that Earnings per Share has a negative and significant effect, also with research by [12] and [13] stating that Earnings per Share has a negative and significant effect.

2.1.4 Profit After Tax

Profit after tax or net income of the company is one of the basic factors that investors look at in the capital market to make choices in terms of investing. For companies, maintaining and increasing net profit is a must so that shares remain in demand by investors and traders [14]. Profit after tax or Net income, reflects the entire amount of income remaining after taking into account all expenses and income in a period. Net income is an important factor because it shows the company's profit for the period by taking into account all aspects of the company's business [15]. According to [3] states that profit after tax has a positive and significant effect on the IPO offer price. This is in line with research conducted [16] which states that net income has a positive and significant effect. This is different from research [17] which states that net income has a negative and significant effect. This study is also not in line with research [18] which states that profit after tax has no significant effect.

2.1.5 Price Earnings

Price earnings is the ratio used to assess a company's stock price based on the company's ability to generate net income. The company's ability to pay dividends per share can be measured by its PER ratio. By using the price-to-earnings ratio (PER), investors can see how the market values a company's earnings per share [19]. If a company's price earnings are expensive or above market prices, it is indicated that investors expect high net profit growth from the company. Expensive or cheap price earnings can be seen from comparing with the price earnings of other companies that are still in the same industrial sector. According to research conducted by [19] and which states that the price earnings ratio has a negative and significant influence. In contrast to the studies [20] and [1] which state that price earnings have a significant positive effect.

2.1.6 Return on Equity

Return on Equity (ROE) or Return on Net Worth is a measure of the income available to company owners, both ordinary and preferred shareholders, for the capital they invest in the company [12]. Return on Equity (ROE) or Return on Net Worth is a benchmark to see a company's ability to generate profits. The return on equity itself contains information that can be provided to investors about how much return on capital that has been invested in generating profits for investors. For investors, Return on equity (ROE) is a factor that must be considered before buying company shares. Return on equity (ROE) also shows information on company profits in the future, and these profits become valuable information for investors to consider in their investment [21]. According to research conducted by [3], his research stated that Return on Net Worth had a positive effect on the IPO Offer Price. this is in line with research conducted by [4] which states that Return on Net Worth has a positive and significant effect on IPO stock pricing. This is different from research conducted by [12] which states that Return on Equity has a negative and significant effect

2.1.7 Variable Control (Share Offered dan Age of The Firm)

Shares Offered or the number of shares that have been sold (outstanding) is one part of the number of shares that can be issued in accordance with the deed of establishment of the company. According to research conducted by [22] stated that the share offered has a positive and significant effect on the offer price. This research is not in line with research conducted [23] which states that shares offered have no significant effect. The Age of The Firm is calculated from the time it was founded based on the deed of establishment until the company makes an Initial Public Offering. In unstable economic conditions, it can be seen that companies that are more able to compete with other companies are companies that have been operating for a longer time and

have more experience. According to research conducted by [24] and [25] which states that company age has a positive and significant influence. In contrast to the research conducted [26] which states that firm age has a negative and significant effect and research conducted [27] which states that firm age has no significant effect.

2.2 Conceptual Framework

Previous research by [3] showed that there was a significant positive effect between the company's net asset value on the IPO Offer Price. Return on assets from the results of research [2] Earnings per share from the results of research [10] shows a positive and significant influence on the Initial Public Offering (IPO). Profit after tax from the results of the study [16] showed a positive and significant influence on the Initial Public Offering (IPO). Price earnings ratio from the results of research [19] shows a negative and significant influence on the Initial Public Offering (IPO). Return on equity from the results of research [4] shows a positive and significant influence on the Initial Public Offering (IPO). Share offered and Age of The Firm from the results of research [22] and [25] show a positive and significant influence on the Initial Public Offering (IPO). Therefore, based on the explanation above, the conceptual framework in this study is described as follows:

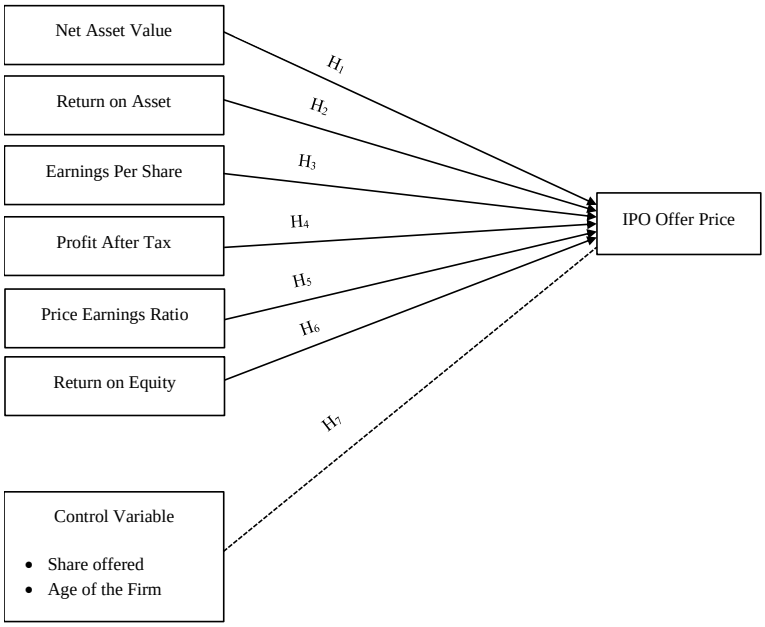

Fig 1. Conceptual Framework

2.3 Development of Hypothesis

2.3.1 Effect of Net Assets Value on IPO Offer Price

In the previous research by [3] and [7], regarding Pre-IPO Financial Performance and Offer Price Estimation, which conducted its research in India, it provides empirical evidence that Net Assets Value has a significantly positive effect on the Offer Price. This is different from research conducted [4] which states that Net Asset Value has a negative and significant effect on the IPO Offer Price. Based on this, the hypothesis is formulated as follows:

H_1 : There is an influence between the Net Asset Value on the IPO Offer Price

2.3.2 Effect of Return on Assets on IPO Offer Price

In the research conducted by [3], regarding Pre-IPO Financial Performance and Offer Price Estimation, it provides empirical evidence that Return on Assets has a significantly positive effect on the Offer Price. This is not in line with research conducted [2] and [9] which states that Return on Assets has a negative and significant effect on Initial Public Offering (IPO). Based on this, the hypothesis is formulated as follows:

H_2 : There is an influence between Return on Assets on the IPO Offer Price

2.3.3 Effect of Earning Per Share on IPO Offer Price

According to research conducted by [11] and [10] states that earnings per share has a positive and significant effect. Unlike the case with research [1] stating that Earnings per Share has a negative and significant effect, also with research by [12] and [13] which states that Earnings per Share has a negative and significant effect on

IPO. Based on this, the hypothesis is formulated as follows:

H_3 : There is an influence between Earning Per Share on the IPO Offer Price

2.3.4 Effect of Profit After Tax on IPO Offer Price

According to [3], his research conducted in India on Pre-IPO Financial Performance and Offer Price Estimation provides empirical evidence that Profit after Tax has a positive effect on the Offer price. This is in line with research conducted [16] which states that net income has a positive and significant effect. This is different from research [17] which states that net income has a negative and significant effect. Based on this, the hypothesis is formulated as follows:

H_4 : There is an influence between Profit after Tax on the IPO Offer Price

2.3.5 Effect of Price Earnings Ratio on IPO Offer Price

According to research conducted by [19] which states that the price earnings ratio has a negative and significant effect. In contrast to the studies [20] and [1] which state that price earnings have a significant positive effect. Based on this, the hypothesis is formulated as follows:

H_5 : There is an influence between the Price Earnings Ratio on the IPO Offer Price

2.3.6 Effect of Return on Equity on IPO Offer Price

According to research conducted by [3], his research stated that Return on Equity has a positive effect on the IPO Offer Price. this is in line with research conducted by [4] which states that Return on Equity has a positive and significant effect on IPO stock pricing. The case is different [12] with research conducted by which states that Return on Equity has a negative effect on IPOs. Based on this, the hypothesis is formulated as follows:

H_6 : There is an influence between Return on Equity on the IPO Offer Price

2.3.7 Effect of Control Variable (Shared Offered dan Age of The Firm) on IPO Offer Price

According to research conducted by [22] states that the share offered has a positive and significant effect. According to research conducted by [24] and [25] which states that company age has a positive and significant influence. In contrast to the research conducted [26] which states that firm age has a negative and significant effect. Based on this, the hypothesis is formulated as follows:

H_7 : There is an influence between the Control Variable (Shared Offered and Age of The Firm) on the IPO Offer Price.

3. RESEARCH METHODOLOGY

3.1 Research Design

The method of analysis carried out in this study used quantitative analysis which was expressed in numbers which in its calculations used statistical methods assisted by a statistical data processing program known as SPSS 25. The data testing method used in this study was using a multiple linear regression model, where the data The observations used include several companies (cross section). This test method uses a multiple linear regression model. Where is this method to explain the influence between independent variables, namely Net Asset Value (NAV), Return on Assets (ROA), Profit after Tax (PAT), Return on Equity (ROE), Earning per Shares (EPS), and Price Earning (P/E) ratio to the dependent variable, namely the IPO Offer Price, and its relationship to the control variable proxied by Shares Offered and Age of The Firm.

3.2 Sampling Method

The sampling method used for this research is purposive sampling. The data collection method used is the secondary data collection method where the data is obtained from sources that have published the data. Sources of data for this study were obtained from the Yahoo Finance website (https://finance.yahoo.com), Electronic Indonesia Public Offering (https://www.e-ipo.co.id/), Indonesia Stock Exchange (https://www.idx.co.id) and the website of each company that was sampled. Observational data was taken from 105 companies listed on the Indonesia Stock Exchange with an observation period of 2021-2022. The business sectors that are conducting an Initial Public Offering (IPO) in 2021-2022 which are the sample in this study and are included in the criteria for this study consist of the basic materials sector, consumer cyclicals, consumer non-cyclicals, energy, financials, healthcare, industrials, infrastructures, properties & real estate, technology, transportation & logistics with percentages which can be seen in the following table:

Table 1. Companies Category and Sector

Business Sector	Number of Companies	Percentage
Basic Materials	11	10.48%
Consumer Cyclicals	16	15.24%
Consumer Non-Cyclicals	27	25.71%
Energy	4	3.81%
Financials	3	2.85%
Healthcare	7	6.67%
Industrials	7	6.67%
Infrastructures	7	6.67%
Properties & Real Estate	6	5.71%
Technology	12	11.43%
Transportation & Logistic	5	4.76%
Total	**105**	**100%**

In this study there are outlier data on a sample. The outlier data occurs because there is an observation in the data set that has a different pattern or value from other observations in the data set so that it appears at one of the extreme points of most of the data. The extreme point in this observation is the value that is far away or completely different from most of the other values in the group, for example, the value is too small or too big. So that before doing outliers there were 105 companies that were sampled in this study, but after doing outliers there were 19 companies that had Z-score values outside -2.5 to 2.5 so that the number of companies in this study that were eligible to be sampled became 86 companies. . The sample selection criteria are as follows:

a. Companies conducting IPOs and listings on the IDX for the period 2021 – 2022
b. Availability of company financial reports
c. Availability of data related to measurement of each variable used

Table 2. Sampling Criteria

Information	Total
Companies conducting IPOs and listings on the IDX for the 2021-2022 period	111
Companies that do not have financial statements	(1)
Companies that have negative equity	(1)
Companies expressed in dollars (USD)	(4)
The number of companies used as samples	105
Outliers data	(19)
The number of companies that are eligible to be sampled	86

3.3 Variable and Measurement

The variables and measurements used in this study intend to determine the effect of the independent variables on the dependent variable and the control variable, each of which is described as follows:

Table 3. Identification and Measurement of Variables

Variable Type	Variable Name	Proxy	Variable Measurement	Reference
Dependent Variable	Offer Price	OFP	Offer Price taken from Indonesia Stock Exchange	IDX
Independent Variable	Net Asset Value	NAV	$\text{NAV} = \frac{\text{Total Assets} - \text{Total Liabilites}}{\text{Total Share Outstading}}$	[3]
	Return on Asset	ROA	$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}}$	[11]
	Earnings Per Share	EPS	$\text{EPS} = \frac{\text{Net Income}}{\text{Total Share Outstading}}$	[11]
	Profit After Tax	PAT	$\text{PAT} = \text{Earning Before Tax} - \text{Tax}$	[16]
	Price Earnings Ratio	P/E	$\text{P/E} = \frac{\text{Price per Share}}{\text{Earnings per Share}}$	[20]
	Return on Equity	ROE	$\text{ROE} = \frac{\text{Net Income}}{\text{Total Equity}}$	[3]
Control Variable	Shares Offered	OPS	Shares Offered taken from Indonesia Stock Exchange	IDX
	Age of The Firm	AGE	The year since the establishment of the company until its public listing on the Indonesia Stock Exchange	[3]

4. RESULTS

4.1 Multiple Regression Models

Multiple linear regression analysis was carried out to determine the direction and how much influence the independent variables have on the dependent variable. From the results of data processing carried out so that the equation function of multiple linear regression analysis is obtained as follows:

Y = 0.058 – 0.007 NAV – 0.090 ROA – 0.006 EPS – 0.002 PAT + 0.003 PER + 0.097 ROE + 0.010 OPS – 0.002 AGE + ε

Abbreviations:

OFP = IPO Offer Price
NAV = Net Asset Value
ROA = Return on Assets
EPS = Earning per Shares
PAT = Profit after Tax
PER = Price Earning Ratio
ROE = Return on Equity
OFS = Shares Offered
AGE = Age of The Firm
ε = Error

4.2 Coefficient of Determination (Adjusted R^2)

This test was conducted to test whether there is at least one independent variable that has a significant effect. Based on the results of the regression model, the value of Adjusted R Square is 0.300 or 30%. This means that the variability of the offer price variable can be explained by the variable net asset value, return on assets, return on equity, earnings per share, profit after tax, price earnings ratio, shares offered and age of the firm by 30%. While the remaining 70% (100% - 30%) can be explained by other factors.

4.3 Anova Test (F-Test)

This test was conducted to test whether there is at least one independent variable that has a significant effect on

the dependent variable. The test results show that a significant value is 0.000, which means that net asset value, return on assets, return on equity, earnings per share, profit after tax, price earnings ratio, shares offered and age of the firm simultaneously have a significant effect on offer. the price of shares in companies conducting an IPO in 2021-2022 which are listed on the Indonesia Stock Exchange (IDX). Means the hypothesis which states that net asset value, return on assets, return on equity, earnings per share, profit after tax, price earnings ratio, shares offered and age of the firm simultaneously affect the offer price of shares in initial public offerings on the Stock Exchange Indonesia for the 2021-2022 period has been proven acceptable.

4.4 Classic Assumption Test

4.4.1 Normality test

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. The normality test can be done by looking at graphic analysis and to be sure you can use the Kolmogorov Smirnov Test. In the initial process of the classic assumption test on the normality test, the results of the Kolmogorov-Smirnov test show that the significance level is above 0.05, which is 0.362, which means that the residual variables are normally distributed, assuming normality is met, so that other classic assumption tests can be continued.

4.4.2 Multicollinearity Test

The condition for a data to be free from multicollinearity is if, (a) the correlation coefficient value is not more than 0.90, (b) the tolerance value is not below 0.10 and (c) the VIF value is not more than 10 The results obtained for all variables have a tolerance value of > 1.00 and VIF < 10.00 so that it can be concluded, in this case the eight variables have no multicollinearity.

4.4.3 Heteroscedasticity Test

The heteroscedasticity test is intended to test the regression model so that there are no variance similarities from one residual observation to another. If the residual variance from one observation to another observation remains, then it is called homoscedasticity and if it is different it is called heteroscedasticity. The data is said to be free from heteroscedasticity if the sig value > 0.05. In this study, the sig value of NAV was 0.610 > 0.05, the sig ROA value was 0.056 > 0.05, the sig EPS value was 0.780 > 0.05, the sig PAT value was 0.951 > 0.05, the sig PER value was 0.894 > 0.05, the sig ROE value was 0.061 > 0.05, the sig OPS value is 0.842 > 0.05, and the sig AGE value is 0.956 > 0.05. so that it can be said that this regression model does not have symptoms of heteroscedasticity.

4.4.4 Autocorrelation Test

The autocorrelation test was carried out using the Durbin Watson test. The size of the Durbin Watson statistic depends on the number of predictors in the model and the number of observations. Based on a very conservative rule of thumb, if the value obtained from the Durbin Watson test is less than 1 or greater than 3 then it requires attention. So that it can be said that the data does not have autocorrelation if the value in the Durbin Watson test is between 1 and 3. The results of the autocorrelation test with the condition that the Durbin Watson value is dU<DW<(4-dU). The DW value is 2.132, based on the Durbin-Watson table n = 86 and k = 8 where the value of dU = 1.857, then 1.857 < 2.132 < 2.143 can be concluded that the data is autocorrelated, but to ensure that the data is not autocorrelated.

4.5 Descriptive Statistics

Descriptive statistics describe or describe a data seen from the average value (mean), median, maximum value, minimum value and standard deviation for the data used in this study. Table 4 shows the results of testing the descriptive analysis data which explains the variables consisting of Offer Price as the dependent variable and Net Asset Value (NAV), Return on Assets (ROA), Profit after Tax (PAT), Return on Equity (ROE) , Earning per Shares (EPS), and Price Earning (P/E) ratio as independent variables, also Age of The Firm and Shares Offered as control variables. Based on the results of data processing using the SPSS program, the results of the descriptive analysis are obtained as follows:

Table 4. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
OFP	1,85	2,65	2,2400	0,20880
NAV	-0,06	2,89	1,2084	0,86211
ROA	-4,00	-0,55	-1,3112	0,58467
EPS	-0,82	1,74	0,9923	0,62702
PAT	8,43	10,95	10,0236	0,46937
PER	-2,00	1,66	0,9836	0,57481
ROE	-3,30	-0,27	-0,9751	0,52069
OPS	8,00	8,91	8,4591	0,23782
AGE	0,00	1,68	1,1183	0,36564

Source : Data processed using SPSS 25

Based on the table above, it can be seen that the number of observations processed by the author is 86 companies that have conducted an IPO and are registered on the Indonesia Stock Exchange with an observation period of 2021-2022. The offer price has an average value of 2.2400, while the standard deviation value is 0.20880, the minimum value of the offer price is 1.85 and the maximum value of the offer price is 2.65. This condition indicates that the offer price of the sample companies varies greatly, while the data used is well distributed because the standard deviation value is smaller than the average. Net Asset Value has an average value of 1.2084, while the standard deviation value is 0.86211, the minimum value of Net Asset Value is -0.06 and the maximum Net Asset Value is 2.89. This condition indicates that the Net Asset Value of the sample companies varies greatly, while the data used is well distributed because the standard deviation value is smaller than the average. Return on Assets has an average value of -1.3112, while the standard deviation value is 0.58467, the minimum value of Return on Assets is -4.00 and the maximum value of Return on Assets is -0.55. This condition indicates that the Return on Assets of the sample companies varies greatly, while the data used is not well distributed because the standard deviation value is greater than the average.

Earnings per share has an average value of 0.9923, while the standard deviation value is 0.62702, the minimum value of Earnings per share is -0.82 and the maximum Earnings per share is 1.74. This condition indicates that the Earnings per share of the sample companies varies greatly, while the data used is well distributed because the standard deviation value is smaller than the average. Profit After Tax has an average value of 10.0236, while the standard deviation value is 0.46937, the minimum value of Profit After Tax is 8.43 and the maximum value of Profit After Tax is 10.95. This condition indicates that the Profit After Tax of the sample companies varies greatly, while the data used is well distributed because the standard deviation value is smaller than the average. The Price Earnings Ratio has an average value of 0.9836, while the standard deviation value is 0.57481, the minimum value of the Price Earnings Ratio is -2.00 and the maximum value of the Price Earnings Ratio is 1.66. This condition indicates that the Price Earnings Ratio of the sample companies varies greatly, while the data used is well distributed because the standard deviation value is smaller than the average.

Return on Equity has an average value of -0.9751, while the standard deviation value is 0.52069, the minimum value of Return on Equity is -3.30 and the maximum value of Return on Equity is -0.27. This condition indicates that the Return on Equity of the sample companies varies greatly, while the data used is not well distributed because the standard deviation value is greater than the average. Shares Offered have an average value of 8.4591, while the standard deviation value is 0.23782, the minimum value of Shares Offered is 8.00 and the maximum value of Shares Offered is 8.91. This condition indicates that the sample companies' Shares Offered vary greatly, while the data used is well distributed because the standard deviation value is smaller than the average. Age of the firm has an average value of 1.1183, while the standard deviation value is 0.36564, the minimum value of age of the firm is 0.00 and the maximum value of age of the firm is 1.68. This condition indicates that the Age of Firm of the sample companies varies greatly, while the data used is well distributed because the standard deviation value is smaller than the average.

4.6 Partial Test (T-Test)

The test is carried out whether each independent variable has a significant influence on the dependent variable. The results of testing the hypothesis in this study are presented in the following table:

Table 5. T-Test

Variable	β	Sig	Decision
Net Asset Value (NAV)	0,060	0,018	Significant positive
Return on Asset (ROA)	-0,205	0,013	Significant negative
Earning per Share (EPS)	0,133	0,001	Significant positive
Profit After Tax (PAT)	-0,003	0,944	No significant effect
Price Earnings Ratio (P/E)	0,098	0,021	Significant positive
Return on Equity (ROE)	0,223	0,014	Significant positive
Shares Offered (OPS)	0,041	0,619	No significant effect
Age of The Firm (AGE)	0,018	0,760	No significant effect

Source : Data processed using SPSS 25

Net asset value has a significant positive effect on the IPO offer price. This means that the higher the net asset value, the higher the IPO offer price. It is proven that the value of sig. 0.018 < 0.05 so that the effect is significant. The net asset value in this study can predict the IPO offer price at the initial public offering on the Indonesia Stock Exchange for the 2021-2022 period. The results of this study are in line with the results of research [3] which states that there is a significant effect of net asset value generated by the level of the IPO offer price.

Return on assets has a significant negative effect on the IPO offer price. This means that the higher the return on assets, the lower the IPO offer price. It is proven that the value of sig. 0.013 < 0.05 so that the effect is significant. Return on assets in this study can predict the IPO offer price at the initial public offering on the Indonesia Stock Exchange for the 2021-2022 period. The results of this study are in line with the results of research [2] which states that there is a significant effect of return on assets generated by the level of the IPO offer price.

Earnings per share has a significant positive effect on the IPO offer price. This means that the higher the earnings per share, the higher the IPO offer price. It is proven that the value of sig. 0.001 < 0.05 so that the effect is significant. Earnings per share in this study can predict the IPO offer price at the initial public offering on the Indonesia Stock Exchange for the 2021-2022 period. The results of this study are in line with the results of research [11] which states that there is a significant effect of earnings per share generated by the level of the IPO offer price.

Profit after tax has no significant negative effect on the IPO offer price. This means that the higher the profit after tax, the lower the IPO offer price. It is proven that the value of sig. 0.944 > 0.05 so the effect is not significant. Profit after tax in this study cannot predict the IPO offer price at the initial public offering on the Indonesia Stock Exchange for the 2021-2022 period. This study is in line with research [18] which states that profit after tax has no significant effect. Profit after tax in this study has no significant effect on the IPO offer price. This is because profit after tax does not represent all of the company's components in achieving profits, but only from sales. In addition, Profit after tax does not affect the IPO offer price because the IPO offer price is determined by several factors such as the company's financial performance, growth prospects, market potential, and other factors such as economic conditions at that time. Sometimes, even companies that are not yet profitable or have low profits can offer a high IPO price if their growth prospects are deemed promising by investors. Therefore, although PAT can provide an overview of a company's financial performance, it does not directly affect the IPO offering price.

Price earnings ratio has a significant positive effect on the IPO offer price. This means that the higher the price earnings ratio, the higher the IPO offer price. It is proven that the value of sig. 0.021 <0.05 so that the effect is significant. The price earnings ratio in this study can predict the IPO offer price in the initial public offering on the Indonesia Stock Exchange for the 2021-2022 period. The results of this study are in line with the results of research [20] which states that there is a significant effect of the resulting price earnings ratio on the level of the IPO offer price.

Return on equity has a significant positive effect on the IPO offer price. This means that the higher the return on equity, the higher the IPO offer price. It is proven that the value of sig. 0.014 <0.05 so that the effect is significant. Return on equity in this study can predict the IPO offer price at the initial public offering on the Indonesia Stock Exchange for the 2021-2022 period. The results of this study are in line with the results of research [3] which states that there is a significant effect of return on equity generated by the level of the IPO offer price.

Shares offered have no significant positive effect on the IPO offer price. It means that the higher the shares offered, the higher the IPO offer price. It is proven that the value of sig. 0.619 > 0.05 so the effect is not significant. Shares offered in this study cannot predict the IPO offer price in the initial public offering on the Indonesia Stock Exchange for the 2021-2022 period. This research is in line with research conducted [23] which states that shares offered have no significant effect. The variable shares offered cannot affect the offer price during the Initial Public Offering because the number of shares offered cannot explain the company's performance in the future. Even though the company offers many of its shares to the public, this does not guarantee that it will reduce the risk of uncertainty in the future. In addition, investors have other more important considerations besides seeing the shares offered by the company.

Age of the firm has no significant positive effect on the IPO offer price. This means that the higher the age of the firm, the higher the offer price of the stock. It is proven that the value of sig. 0.760 > 0.05 so the effect is not significant. The age of the firm in this study cannot predict the IPO offer price in the initial public offering on the Indonesia Stock Exchange for the 2021-2022 period. This research is in line with research conducted [27] which states that firm age has no significant effect. The company age variable does not show a significant effect on the IPO Offer Price. This is because the age of the company alone cannot be used as a benchmark in seeing the quality of the company. Therefore, investors do not consider the age of the company in evaluating issuers conducting an IPO. In a business world that is synonymous with competition, it is not certain that younger companies have worse performance or prospects compared to companies that have been established for a long time.

5. CONCLUSION, IMPLICATION & FURTHER RESEARCH

5.1 Conclusion

Based on the results of the tests carried out, the conclusions are as follows:

1. The net asset value variable has a significant positive effect on the IPO offer price.
2. The return on assets variable has a significant negative effect on the IPO offer price.
3. The variable earnings per share has a significant positive effect on the IPO offer price.
4. The variable profit after tax has no significant effect on the IPO offer price.
5. The variable price earnings ratio has a significant positive effect on the IPO offer price.
6. The return on equity variable has a significant positive effect on the IPO offer price.
7. The control variables (offer price and age of the firm) have no significant effect on the IPO offer price.

5.2 Implication

Based on the results of the research that has been done, there are benefits to be gained as implications for financial managers and investors which are taken into consideration in making decisions. This research is expected to provide information for financial managers regarding financial performance which can be seen from company finances, Net Asset Value, Return on Assets, Earnings per Share, Profit after tax, Price Earnings Ratio, and Return on Equity to IPO Offer Price. In addition, this research assists financial managers in setting their issuer's offering price, and reduces speculative failures by reducing the gap between the offering price and the listing price so as to create shareholder wealth. Financial managers can see the effect of financial performance on the IPO offer price, such as: Net asset value has a positive effect on the IPO offer price. Finance managers can increase NAV by increasing asset values, reducing debt, increasing profitability and enhancing company reputation.

Return on assets has a negative effect on the IPO offer price. Financial managers can increase ROA by increasing sales, optimizing asset use, and reducing operational costs. Earnings per share has a positive effect on the IPO offer price. Financial managers can increase EPS by increasing net income, reducing the number of shares outstanding, reducing interest costs, and optimizing capital structure. Price earnings ratio has a positive effect on the IPO offer price. Financial managers can increase the P/E ratio by increasing net income, reducing debt, increasing dividends, and improving company image. Return on equity has a positive effect on the IPO offer price. Financial managers can increase ROE by increasing net income, reducing equity, and increasing the use of loans.

This research is expected to provide information for investors in determining the inherent value of IPO shares so that investors can make the right decision about whether to invest in an IPO or not based on information about the investment. Investors can measure the price of an issuer's shares that are going to IPO by looking at several factors from financial performance such as Earnings per Shares (EPS) and Return on Assets (ROA). Earnings per share (EPS) and return on assets (ROA) are two important financial performance measures for investors in determining stock prices. These two financial performance measures provide a more complete picture of a company's financial performance and can assist investors in assessing the potential increase in stock prices. Investors tend to look for companies with high EPS and good ROA, because this shows that the company is able to generate profits efficiently and has good prospects in the future. Therefore, EPS and ROA are important factors in determining share price by investors at the time of IPO.

5.3 Further Research

Future researchers are expected to be able to enlarge the sample of IPO companies and use a longer timeframe, as well as add other variables, such as the current ratio (CR), debt to equity ratio (DER) [28], and price to book value (PBV) ratio [29]. These factors also reflect the performance of a company and the company's performance can affect the price of a stock.

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