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Financial performance analysis before and after initial public offering in consumer cyclical and consumer non-cyclical sector companies on the indonesia stock exchange

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ABSTRACT

This study aims to ascertain whether the financial performance of companies in the Consumer cyclical and Consumer non-cyclical sectors on the Indonesian stock exchange differs before and after their initial public offerings (IPOs). It is quantitative research. The population of this study is the Consumer Cyclical and Consumer Non-Cyclical sector companies that made initial public offerings (IPO) in 2019 – 2021. The sample in this study amounted to 54 companies using purposive sampling technique. The variables used are Current Ratio (CR), Return on Investment (ROI), Return on Equity (ROE), Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), and Total Asset Turnover (TATO). Hypothesis testing uses paired sample t-test on normally distributed data and Wilcoxon signed ranks test on non-normally distributed data. The results obtained show that there are significant differences in CR, ROI, ROE, DAR, DER, and TATO between before and after the initial public offering (IPO).

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INTRODUCTION

The increasingly fierce business competition between companies in Indonesia means that every company must be able to survive, adapt, and improve the competitiveness of its company. To do this, companies can increase working capital to meet operational needs and business expansion. Company funding sources can be obtained from 2 types of funding sources, namely internal and external funding sources. Internal funding sources are funding sources obtained by the company from retained dividends, while external funding sources are from creditors or other external sources of funds [1]. Funding sources can be obtained from one or both types of funding sources simultaneously. An initial public offering (IPO) is an external funding source. An IPO is a source of funding by offering the shares of a company to the public for the first time [2]–[4]. IPOs connect companies that need funds with investors with more funds to invest. Companies that conduct IPOs will listed on the stock exchange at a predetermined time. The company usually uses the proceeds from the securities offering to increase working capital, pay part of the debt, improve capital standards, expand business, and increase investment in subsidiaries [5]. A company's competitiveness and financial performance can both be enhanced by an IPO. Improving the company's financial performance every year will improve the company's competitiveness and raise the company's value [6].

The Indonesia Stock Exchange classifies listed companies into 11 sectors called the "Indonesia Stock Exchange Industrial Classification" on January 25, 2021. 2 of the 11 sectors are the objects of this research, namely the consumer cyclical sector and the consumer non-cyclical sector. Companies that manufacture or supply goods and services to consumers for cyclical goods or secondary goods, with the intention of creating a demand for these products and services that is closely correlated with economic growth, are included in the consumer cyclical sector. Companies that manufacture or distribute anti-cyclical or primary goods offered to customers to offset the effects of economic growth on the demand for goods and services are classified in the consumer non-cyclical sector. The following is data on the stock price movements of the consumer cyclical and consumer non-cyclical sectors from February 2021 to October 2023.

Figure 1. Stock price movement chart of the Consumer cyclical and Consumer non-cyclical sector
Source: www.investing.com

Based on the picture above, the stock price movement of the Consumer cyclical sector has consistently increased from February 2021 to its peak in early 2022 before finally experiencing a correction and moving sideways until October 2023. In contrast, the stock price movement of the Consumer non-cyclical sector, which in February 2021 continued to decline until early 2022, before finally experiencing a continuous increase until October 2023. It indicates that the share price movements in these two sectors are good because

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they always increase. It is suitable for investors who want to fund businesses in these sectors. The companies listed in these two sectors through the Indonesia Stock Exchange have gone through a series of IPO processes well. These efforts are expected to bring business progress for each company and generate an increase in profits every year.

As a company that has conducted an IPO, financial performance is an essential aspect to be considered by the company, because it would influence the price of shares that are listed on the stock exchange. To assess the business's financial performance, we can do so by comparing financial ratios from the year before and the year after the IPO [7]. Liquidity ratios, profitability ratios, solvency ratios, and activity ratios are financial ratios used to assess the financial performance of a firm [8].

Some previous research results regarding performance comparisons before and after IPO have different findings, such as in studies by Ratnanggadi et al. (2021) with the title "Comparative analysis of financial performance at PT Aneka gas industry Tbk before and after going public" which show that the company had no significant difference after the IPO. However, based on research by Hasan & Parera (2021) with the title "Comparison of Islamic bank performance before and after going public" it was concluded that Islamic banks experienced an increase after going public.

Assessment of financial performance after the IPO is critical, so companies are required to periodically report financial statements that present complete information (full disclosure). Financial reporting is carried out to provide information for users to make a decision [10]. As a company that has conducted an IPO, financial performance is an essential thing for the company to pay attention to. According to [11], company performance in business is very important to note based of the financial statements which show whether the company is stable or not. By knowing the results of the assessment of financial performance, investment decision making can be done better. Based on the explanation above, therefore, the authors decided to analyze the financial performance before and after the initial public offering in consumer cyclical and consumer non-cyclical sector companies on the Indonesia Stock Exchange. This study aims to ascertain whether the financial performance of companies in the consumer cyclical and consumer non-cyclical sectors on the Indonesia stock exchange differs before and after their initial public offerings (IPOs).

Literature Review

Teoretical Foundation

Companies in Indonesia have contributed significantly to the Indonesian economy. They create jobs for the community and contribute significantly to Indonesia's GDP growth. The increasingly fierce business competition between companies in Indonesia means that every company must be able to survive, adapt, and improve the competitiveness of its company. Therefore, many companies choose to conduct an initial public offering (IPO) to increase their business capital to meet operational needs and business expansion. Hardana et al. (2022) explain that an initial public offering (IPO) is an activity to sell effects to the

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public according to the procedure regulated in statutory regulation and implementing regulations. Ratnanggadi et al. (2021) states that the reasons underlying the company to conduct an IPO are that the company can increase business volume due to the increased potential profits obtained, the company becomes better known to the public, and the company becomes more professional in managing its company.

Financial statements are the end products of several procedures used to capture and summarize information about business operations [13]. Financial statements are part of financial reporting, which includes balance sheets, income statements, and statements of changes in balance sheets [14]. Financial statements are one of the most important pieces of information to assess the development of a company. Furthermore, financial statements are useful in assessing the firm's history, present, and planning for the future [15]. Through financial statements, we can measure the company's financial health by providing a qualitative analysis regarding the position of the company and an insight into how the company uses its own capital for production activities [16]. A company's financial performance is a top priority for all stakeholders, especially investors, both potential and existing investors.

Financial ratios can be used for measuring financial performance. Better analysis and forecasting of the firm's future can be achieved through the use of financial ratios [17]. Ratios are calculated using specific numbers obtained from each company's financial statements. Ratios will not be useful if they are not compared with some pre-set standards. Therefore, the results obtained should be compared with past records to have a better view on the financial performance of the company. Some of the findings of previous researchers compared the company's financial performance before and after conducting an IPO on the stock exchange using financial ratios. One of them is research by Ratnanggadi et al. (2021). This study uses paired sample t-test testing and uses eight financial ratio variables, namely CR, QR, ROI, ROE, DAR, DER, and TATO. The findings revealed that there was no substantial difference following the IPO.

Then, the research was conducted by Hasan & Parera (2021) on the performance of Islamic banking. They examined using seven financial ratio variables, namely CAR, NPF, FDR, ROA, ROE, NOM, and GCG. CAR, NPF, FDR, and GCG showed a significant difference following the IPO. However, ROA, ROE, and NOM did not show a significant difference, according to the study's results using the Wilcoxon signed ranks test. This indicates that all things considered, the company has changed significantly since the IPO. Other researchers who conducted research on PT Wijaya Karya Bangunan Gedung Tbk using a paired sample t-test and a Wilcoxon signed ranks test stated there were differences in ROE after the IPO, while the CR, WCTA, DAR, DER, ITO, TATO, and ROI did not show any significant difference after the IPO. This suggests that there are no differences following the IPO [18].

Other researchers who conducted research on companies that IPO in 2017 and 2018 used the Wilcoxon signed ranks test and found that NPM and ROA did not show any significant differences after IPO, while ROE, CR, DER, and TATO showed significant

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differences after IPO. It indicates that the company has changed significantly after the IPO [19]. Meanwhile, Fittriana et al. (2020) in their research on companies that IPO in 2016 and 2017 using the Wilcoxon Signed ranks test, stated there were no differences in financial performance after IPO on TATO, ROI, and ROE. The financial performance following the IPO differs significantly in terms of the CR, DER, and NPM. This indicates that the company has mostly stayed the same since the IPO.

Furthermore, research findings on property sector companies state that the test results based on paired sample t-tests showed that there is no change in the company's financial performance using CR, DER, and ROI after IPO. This is different from the results of joint testing between the CR, DER, and ROI before and after the IPO using Manova testing, which resulted in a significant difference in companies after the IPO [21]. Fathin et al. (2023) in their research on PT Phapros Tbk, which states that CR, QR, DAR, DER, ROI, ROE, and TATO are significantly different after IPO. However, after the IPO, there is no discernible change in FATO. This indicates that all things considered, the company has changed significantly since the IPO.

Conceptual framework

Based on the description above, it can be built research framework as follows:

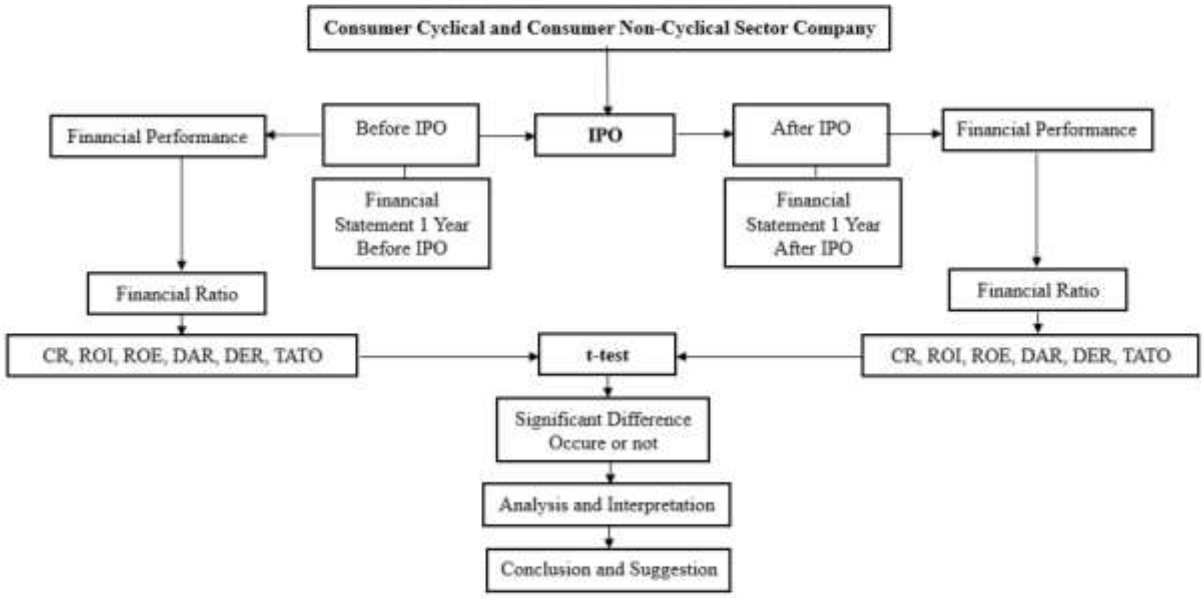

Figure 2. Conceptual Framework Chart

Research Hypothesis

Based on the problem formulation and conceptual framework above, the research hypothesis proposed by the researcher is as follows. Arfandi & Taqwa (2018) explained that the current ratio (CR) is a liquidity ratio aimed by the company to establishing the capabilities of the company to fulfill its current liabilities. CR gauges the company's capability to settle its current liabilities with all of its assets [24]. The company's liquidity is positively correlated with a greater current ratio. Conversely, a lower current ratio indicates worse liquidity. Fittriana et al. (2020) in their research, find significant differences in company CR before and after the IPO. Here is how hypothesis 1 can be put forth in light of this description.

H1 = There is a significant difference in the current ratio before and after the IPO

Rahayu (2020) explained that the return on investment (ROI) is a ratio that determines the ability of the company in general to earn profit with all of its available assets. ROI is an indicator that provides a direct measurement of the amount of profit generated from an investment [26]. The higher the ROI, it means the better of profitability obtained by the company. Conversely with a lower ROI, the worse the profitability obtained by the company. Barokah et al. (2021) in their research, found significant differences in company ROI before and after the IPO. Here is how hypothesis 2 can be put forth in light of this description.

H2 = There is a significant difference in return on investment before and after the IPO

Sari et al. (2020) explained that the return on equity (ROE) is a ratio used to measures net profit after tax based on capital, and this ratio is often applied by investors to analyze stocks. ROE is a profitability ratio used to assess how efficient a company is at generating profits from shareholder funds. This ratio calculates the profit that the company can generate based on investment funds from shareholders [19]. If ROE is higher, it means that the company is doing better because the company is using shareholders' funds effectively. Conversely, if the ROE is lower, it means that the ability of the company to use shareholders' funds to earn profits is lower. Fathin et al. (2023) and Nabilah et al. (2021) in their research, found a difference in the company’s ROE before and after the IPO. Here is how hypothesis 3 can be put forth in light of this description.

H3 = There is a significant difference in return on equity before and after the IPO

According to Dahlquist & Knight (2022), debt to asset ratio (DAR) is used to describe the amount of the companies' assets that are funded by debt. DAR is the solvency ratio which adds up total long-term liabilities and long-term liabilities in short-term liabilities to total assets [29]. The higher the DAR, it means the higher of risk covered by the company in paying its debts. Conversely, the lower the DAR, it means the lower of risk covered by the company in paying its debts. Fathin et al. (2023) in their research found significant differences in company DAR before and after the IPO. Here is how hypothesis 4 can be put forth in light of this description.

H4 = There is a significant difference in the debt to asset ratio before and after the IPO

According to Dahlquist & Knight (2022), debt to equity ratio (DER) is a ratio which shows the relationship between liabilities and equity in relation to business financing. DER is a solvency ratio which compare between liabilities and equity owned by companies [30]. The capability of a company's capital to cover its liabilities is evaluated using DER. The higher the DER, it means the higher of risk covered by the company in paying its debts. Conversely, the lower the DER, it means the lower of risk covered by the company in

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paying its debts. Fathin et al. (2023) and Fittriana et al. (2020) in their research found significant differences in company DER before and after the IPO. Here is how hypothesis 5 can be put forth in light of this description.

H5 = There is a significant difference in the debt to equity ratio before and after the IPO

According to Sugianto (2016), the ratio known as total asset turnover (TATO) gauges how well a business can evaluate its efficacy and how much of its total assets may be used to earn a profit. TATO helps company managers to know a company's asset utilization efficiency to generate sales [32]. An increase in TATO indicates the companies' development potential due to rising sales, market expansion, and eventually improved financial performance. Conversely, the lower the TATO indicates that the less potential the company has to grow in relation to its sales. Fathin et al. (2023) and Terzaghi & Novitasari (2022) in their research found significant differences in company TATO before and after the IPO. Here is how hypothesis 6 can be put forth in light of this description.

H6 = There is a significant difference in total asset turnover before and after the IPO

METHOD

Types of research

This study used quantitative research with descriptive statistical analysis as its research approach. Descriptive statistics is an analysis to describe the mean, standard deviation, maximum, and minimum of data values [33].

Data Collection Technique

The data source is secondary data on company's financial statements in the consumer cyclical and consumer non-cyclical sectors that conducted initial public offerings (IPOs) in 2019–2021. The data collection methods in this study are documentation and literature review, namely by using the publicly available financial statements from the research period that are accessible via the IDX official website.

Population and Sample

The population of this study is the consumer cyclical and consumer non-cyclical sector companies that made initial public offerings (IPOs) in 2019–2021, namely 55 companies. The number of samples selected based on the purposive sampling technique is 54 companies. The purposive sampling technique refers to the technique used to identify samples and obtain valid data [34], [35].

Research Variable

The research variables used in this study were six variables consisting of CR, ROI, ROE, DAR, DER, and TATO. Below is a table of operationalization of variables in this study:

Table 1. Operationalization of Research Variable

Variable	Indicator
Current Ratio (CR)	$\mathrm{CR} = \dfrac{\text{Current assets}}{\text{Current liabilities}}$

Return On Investment (ROI)	$\mathrm{ROI} = \dfrac{\mathrm{EAT}}{Total\ assets}$
Return On Equity (ROE)	$\mathrm{ROE} = \dfrac{\mathrm{EAT}}{Total\ equity}$
Debt to Asset Ratio (DAR)	$\mathrm{DAR} = \dfrac{\text{Total liabilities}}{Total\ assets}$
Debt to Equity Ratio (DER)	$\mathrm{DER} = \dfrac{\text{Total liabilities}}{Total\ Equity}$
Total Asset Turnover (TATO)	$\mathrm{TATO} = \dfrac{\text{Sales}}{\text{Total assets}}$

Data Analysis Techniques

Normality Test

The normality test is employed to ascertain whether the data has a normal distribution. According to Arifin (2017), the criteria used in the normality test are as follows:

1. If the asymptotic significance (2-tailed) value is > 0.05, it may be inferred that the data follows a normal distribution.
2. If the asymptotic significance (2-tailed) value is < 0.05, it may be inferred that the data follows a non-normal distribution.

The Kolmogorov-Smirnov test is used to test the normality of the data. The analysis used is the paired sample t-test hypothesis test to establish if the data have a normal distribution. If the data follows a non-normal distribution, the Wilcoxon signed ranks test can be utilized for analysis.

Paired Sample T Test

The paired sample t-test compares the averages of two variables in a single sample set [37]. According to Santoso (2014), for the paired sample t-test, the decision-making criteria are as follows:

1. If the asymptotic significance (2-tailed) value is < 0.05, the decision taken is the hypothesis accepted.
2. If the asymptotic significance (2-tailed) value is > 0.05, the decision taken is the hypothesis is rejected.

Wilcoxon Signed Ranks Test

When there is no normal distribution in the available data, the Wilcoxon signed ranks test is employed as an alternative test. This test can be used to establish the average difference between two paired samples [37]. the decision-making criteria for the Wilcoxon signed ranks test are:

1. If the asymptotic significance (2-tailed) value is < 0.05, the decision taken is the hypothesis accepted.

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2. If the asymptotic significance (2-tailed) value is > 0.05, the decision taken is the hypothesis rejected.

RESULT AND DISCUSSION

Data Analysis

Descriptive Statistics

Table 2. Descriptive Statistics Before the IPO

	N	Minimum	Maximum	Mean	Std. Deviation
CR	54	.06	7.28	1.5017	1.22044
ROI	54	-.15	2.31	.0822	.31881
ROE	54	-.32	8.75	.2296	1.19164
DAR	54	.01	.91	.5135	.20905
DER	54	.01	10.18	1.5787	1.59360
TATO	54	.04	3.81	.9241	.80978
Valid N (listwise)	54				

Source : processed data, 2023

Based on the table, the descriptive analysis showed the minimum amount current ratio (CR) value is 0.06, which represents the CR figure of PT Planet Properindo Jaya Tbk, while the maximum amount current ratio (CR) is 7.28, which represents the CR figure of PT Selaras Citra Nusantara Perkasa. The mean of CR is 1.5017, indicating the company's capacity for covering short-term liabilities before the IPO is 1.5017. It demonstrates the company's strong liquidity. The standard deviation value is relatively smaller in relation to the mean value, which implies that the CR data is homogeneous.

Return On Investment (ROI) figures before the IPO show the minimum return on investment (ROI) of -0.15, which is the ROI figure of PT Hotel Fitra International Tbk, while the maximum return on investment (ROI) figure is 2.31, which is the ROI figure of PT Widodo Makmur Perkasa Tbk. The mean of ROI is 0.0822, indicating that the company's probability of making a profit using all of the assets it had before the IPO was 0.0822. It demonstrates the company's strong level of profitability. The standard deviation value is above the mean value, which implies that the ROI data is heterogeneous.

Return on equity (ROE) figures before IPO show the minimum return on equity (ROE) of -0.32, which is the ROE figure of PT Sejahtera Bintang Abadi Textile Tbk, while the maximum return on equity (ROE) figure is 8.75, which is the ROE figure of PT Widodo Makmur Perkasa Tbk. The mean of ROE is 0.2296, indicating that the company's probability of making a profit with the capital it had before the IPO was 0.2296. It demonstrates the company's strong level of profitability. The standard deviation value is above the mean value, which implies that the ROE data is heterogeneous.

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Debt to asset ratio (DAR) figures before the IPO show the minimum debt to asset ratio (DAR) is 0.01, which is the DAR figure of PT Indo Pureco Pratama Tbk, while the maximum debt to asset ratio (DAR) figure is 0.91, which is the DAR figure of PT Jaya Swarasa Agung Tbk. The mean of DAR is 0.5135, which suggests that a company's capacity to pay debts with assets owned before the IPO is 0.5135. It demonstrates the company's capable degree of solvency. The standard deviation value is relatively smaller in relation to the mean value, which implies that the DAR data is homogeneous.

Debt to equity ratio (DER) figures before the IPO show the minimum debt to equity ratio (DER) of 0.01, which is a DER figure from PT Indo Pureco Pratama Tbk, while the maximum debt to equity ratio (DER) figure of 10.18, which is a DER figure from PT Jaya Swarasa Agung Tbk. The mean of DER is 1.5787, which suggests that a company's capacity to pay debts with capital owned before the IPO is 1.5787. It demonstrates the company's capable degree of solvency. The standard deviation value is above the mean value, which implies that the DER data is heterogeneous.

Total asset turnover (TATO) figures before the IPO show the minimum total asset turnover (TATO) of 0.04, which is the TATO figure of Surya Permata Andalan Tbk, while the maximum figure of total asset turnover (TATO) is 3.81, which is the TATO figure of PT Indo Oil Perkasa Tbk. The mean of TATO is 0.9241, which suggests that a firm's ability to produce sales of its owned assets before the IPO is 0.9241. It shows that the company has a good activity ratio. The standard deviation value is relatively smaller in relation to the mean value, which implies that the TATO data is homogeneous.

Table 3. Descriptive Statistics After the IPO

	N	Minimum	Maximum	Mean	Std. Deviation
CR	54	.01	140.24	4.6257	18.90520
ROI	54	-.52	.21	.0131	.10785
ROE	54	-48.31	.33	-.8794	6.57897
DAR	54	.00	.99	.4052	.20773
DER	54	.00	92.50	2.5891	12.49664
TATO	54	.00	3.84	.7820	.73500
Valid N (listwise)	54				

Source : Processed data, 2023

Based on the table, the descriptive analysis results showed that the minimum amount of the current ratio (CR) is 0.01, which is the CR number of PT Planet Properindo Jaya Tbk, while the maximum value of the current ratio (CR) is 140.24, which is the CR number of PT Surya Permata Andalan Tbk. The mean of CR is 4.6257, indicating the company's capacity for covering short-term liabilities after the IPO is 4.627. It demonstrates the company's strong liquidity. The standard deviation value is above the mean value, which implies that the CR data is heterogeneous.

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Return on investment (ROI) figures after IPO show the minimum return on investment (ROI) of -0.52, which is the ROI figure of PT Estika Tata Tiara Tbk, while the maximum figure of return on investment (ROI) is 0.21, which is the ROI figure of Triputra Agro Persada Tbk. The mean of ROI is 0.0131, indicating that the company's probability of making a profit using all of its assets after the IPO was 0.0131. It demonstrates the company's strong level of profitability. The standard deviation value is above the mean value, which implies that the ROI data is heterogeneous.

Return on equity (ROE) figures after IPO show the minimum return on equity (ROE) of -48.31, which is the ROE figure of PT Estika Tata Tiara Tbk, while the maximum figure of return on equity (ROE) is 0.33, which is the ROE figure of PT Cisadane Sawit Raya Tbk. The mean of ROE is -0.8794, indicating that the company's probability of making a profit with the capital it had after the IPO was -0.8794. It demonstrates the poor profitability of companies. The standard deviation value is above the mean value, which implies that the ROE data is heterogeneous.

Debt to asset ratio (DAR) figures after the IPO show the minimum debt to asset ratio (DAR) of 0.00, which is the DAR figure of PT Surya Permata Andalan Tbk, while the maximum figure of debt to asset ratio (DAR) is 0.99, which is the DAR figure of PT Estika Tata Tiara Tbk. The mean of DAR is 0.4052, which suggests that a company's capacity to pay debts with assets owned after the IPO is 0.4052. It shows the company's high degree of solvency. The standard deviation value is relatively smaller in relation to the mean value, which implies that the DAR data is homogeneous.

Debt to equity ratio (DER) figures after IPO show the minimum debt to equity ratio (DER) of 0.00, which is the DER figure of PT Surya Permata Andalan Tbk, while the maximum figure of debt to equity ratio (DER) is 92.50, which is the DER figure of PT Estika Tata Tiara Tbk. The mean of DER is 2.5891, which suggests that a company's capacity to pay debts with capital owned after the IPO is 2.5891. It shows the company's high degree of solvency. The standard deviation value is above the mean value, which implies that the DER data is heterogeneous.

Total asset turnover (TATO) figures after IPO show the minimum total asset turnover (TATO) figure of 0.00, which is the TATO figure of PT Surya Permata Andalan Tbk, while the maximum figure of total asset turnover (TATO) is 3.84, which is the TATO figure of PT Morenzo Abadi Perkasa Tbk. The mean of TATO is 0.7820, which suggests that a firm's ability to produce sales from its owned assets after the IPO is 0.7820. It shows that the company has a good activity ratio. The standard deviation value is relatively smaller in relation to the mean value, which implies that the TATO data is homogeneous.

Normality Test

Table 4. Normality test using kolmogoriv smirnov

	IPO	Kolmogorov Smirnov N	Statistic	Asymp. Sig (2-tailed)	Distribution
CR	Before IPO	54	.218	.000	Not Normal
	After IPO	54	.434	.000	Not Normal
ROI	Before IPO	54	.354	.000	Not Normal
	After IPO	54	.194	.000	Not Normal
ROE	Before IPO	54	.412	.000	Not Normal
	After IPO	54	.491	.000	Not Normal
DAR	Before IPO	54	.106	.188	Normal
	After IPO	54	.099	.200	Normal
DER	Before IPO	54	.175	.000	Not Normal
	After IPO	54	.448	.000	Not Normal
TATO	Before IPO	54	.137	.013	Not Normal
	After IPO	54	.144	.013	Not Normal

Source : Processed data, 2023

Based on the table, normality test results show that the data are not normal distributions for five variables: CR, ROI, ROE, DER, and TATO. These variables have probability values under the significance value of 0.05. The Wilcoxon signed ranks test could be employed for testing hypotheses. While the DAR variable shows a probability value above the significance level of 0.05, the data has a normal distribution. So, to carry out the hypothesis testing, use a paired sample t-test.

Hypothesis Test

Table 5. Hypothesis Test Result

Hypothesis	Variable	Asymp. Sig (2-tailed)	α	Analysis Technique	Conclusion
H1	CR	.000	0.05	Wilcoxon signed ranks test	Accepted
H2	ROI	.049	0.05	Wilcoxon signed ranks test	Accepted
H3	ROE	.009	0.05	Wilcoxon signed ranks test	Accepted
H4	DAR	.000	0.05	Paired sample t-test	Accepted
H5	DER	.000	0.05	Wilcoxon signed ranks test	Accepted
H6	TATO	.000	0.05	Wilcoxon signed ranks test	Accepted

Source : Processed data, 2023

Based on the table, the value of asymptotic significance (2-tailed) on the current ratio (CR) variable is 0.000 less than alpha (0.05). So, a decision may be made that hypothesis 1 is accepted. In other words, there is a significant difference in the current ratio (CR) after the

IPO. The value of asymptotic significance (2-tailed) on the return on investment (ROI) variable is 0.049 less than alpha (0.05). So, a decision may be made that hypothesis 2 is accepted. In other words, there is a significant difference in return on investment (ROI) after the IPO. The value of asymptotic significance (2-tailed) on the return on equity (ROE) variable is 0.009 less than alpha (0.05). So, a decision may be made that hypothesis 3 is accepted. In other words, there is a significant difference in return on equity (ROE) before and after the initial public offering.

The value of asymptotic significance (2-tailed) on the debt to asset ratio (DAR) variable is 0.000 less than alpha (0.05). So, a decision may be made that hypothesis 4 is accepted. In other words, there is a significant difference in the debt to asset ratio (DAR) after the IPO. The value of asymptotic significance (2-tailed) on the debt-to-equity ratio (DER) variable is 0.000 less than alpha (0.05). So, a decision may be made that hypothesis 5 is accepted. In other words, there is a significant difference in the debt-to-equity ratio (DER) after the IPO. The value of asymptotic significance (2-tailed) on the total asset turnover (TATO) variable is 0.000 less than alpha (0.05). So, a decision may be made that hypothesis 6 is accepted. In other words, there is a significant difference in total asset turnover (TATO) after the IPO.

Discussion

The liquidity ratio is a ratio used by companies to assess their capability to fulfill their short-term debt. The current ratio (CR) is one of the liquidity ratios that compare current assets with current liabilities. The company's liquidity increases with a larger current ratio. A high ratio illustrates that companies are very capable of fulfilling their short-term debts. The mean value of CR before the IPO was 1.5017 to 4.6257 after the IPO. It shows that the company, after the IPO, experienced a significant increase in liquidity when viewed based on the company's capability to fulfill current liabilities with current assets. It can happen because the company, after the IPO, uses IPO funds to fulfill current liabilities. It will affect the acquisition of funds for the company after the IPO. This research result is supported by research from Fittriana et al. (2020), Lubis (2021), Terzaghi & Novitasari (2022).

Return on investment (ROI) is one of the profitability ratios that determines the ability of the company in general to earn profit with all of its available assets. The mean value of the ROI ratio before the IPO was 0.0822 to 0.0131 after the IPO. It shows that the company, after the IPO, experienced a significant decrease in its profitability. It occurred as a result of a decline in business profitability and an increase in the overall assets the company possessed. The lower the ROI value, the lower the firm's capacity to manage assets to produce profits. This research result is supported by research from Barokah et al. (2021).

Return on equity (ROE) is a profitability ratio used to assess a corporation's efficiency in generating profits from shareholder funds. This ratio calculates the profit that the company can generate based on investment funds from shareholders. The higher the ROE, the better the company is because the company uses shareholder funds effectively.

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Conversely, the lower the ROE, the lower the firm's capability to use shareholder funds to generate profits. The mean value of the ROE ratio before the IPO was 0.2296 to -0.8794 after the IPO. It shows that the company, after the IPO, experienced a significant decrease in its profitability. It is brought about by a rise in equity and a fall in business profitability, and there are even companies that experience losses after the IPO. This research result is supported by research from Fathin et al. (2023), Lubis (2021), Nabilah et al. (2021), Terzaghi & Novitasari (2022).

The debt to asset ratio (DAR) is the solvency ratio that measures the firm's capacity to settle its liabilities with all assets owned. Based on the mean value, the DAR value has decreased after conducting an IPO, namely from 0.5135 to 0.4052 after the IPO. It demonstrates how the company has changed significantly after the IPO, where the company can reduce its debt burden by using its assets. It happens because the company, after the IPO, gets an increase in assets used to pay its debts. The smaller the DAR, the better the company, because the assets are increasing, and the debt is decreasing. This research result is supported by research from Fathin et al. (2023).

The debt to equity ratio (DER) is the solvency ratio that is used to evaluate the firm's financial position, including how well the company's investment structure and the firm's capability to fulfill its debts. The smaller the DER, the better the company, because the amount of company equity exceeds the amount of company debt. Based on the mean value, the DER value has increased after conducting an IPO, namely from 1.5787 to 2.5891. It demonstrates how the company has changed significantly after conducting an IPO, where the company increased the debt burden owned by the company. The higher the DER, the lower the firm's capability to fulfill its debt. It is due to the increase in the amount of company debt when compared to the capital it has. This research result is supported by research from Barokah et al. (2021), Fathin et al. (2023), Fittriana et al. (2020).

Total asset turnover (TATO) is an activity ratio used to determine the corporate capacity to produce sales through its total assets. This ratio represents the firm's efficiency in managing all assets to generate sales. The higher the TATO ratio, the better the firm's performance, because the firm is considered to be able to manage asset turnover well. Based on the mean value, the TATO value has decreased after conducting an IPO, namely from 0.9241 to 0.7820. It indicates that there has been no increase in activity in the company. IPO funds gained by the company added several positions in assets that caused the company's assets to increase, while the increase in the company's assets did not coincide with an increase in sales in the initial period after the IPO. This causes a decrease in the TATO activity ratio. The findings of this study are supported by research from Fathin et al. (2023), Lubis (2021), Terzaghi & Novitasari (2022).

CONCLUSION

Based on the findings of this study, it can be concluded that both before and after the IPO, there are significant differences in the financial performance of companies in the consumer cyclical and consumer non-cyclical sectors measured by using current ratio (CR), return on investment (ROI), return on equity (ROE), debt to asset ratio (DAR), debt to equity ratio (DER), and total asset turnover (TATO). The changes that occur are different for each variable. Changes that lead to positive changes are the current ratio (CR), which has increased, and the debt to asset ratio (DAR), which has decreased after the IPO. Meanwhile, return on investment (ROI), return on equity (ROE), total asset turnover (TATO), and debt to equity ratio (DER) lead to negative changes. The debt to equity ratio (DER) increased following the IPO, while return on investment (ROI), return on equity (ROE), and total asset turnover (TATO) decreased in comparison to before the IPO. In this study, there are limitations that are likely to influence the results of the research. This study only applies financial statements one year before and one year after the IPO, making the research results less accurate in comparing financial performance. This study also does not consider other influences outside the company that could affect the company. Companies need to focus more on their financial performance. As a result of the company's improved financial performance, prospective investors will be more interested in the company and its higher quality value. Prospective investors should exercise greater caution when selecting a company and evaluate its financial statements before making an investment decision. Stakeholders must take the company's financial ratios into account in order to make wise decisions. It is recommended that future researchers include additional research years to improve the accuracy of the findings and take into account external influences. External influences that affect companies, such as inflation, interest rates, and exchange rates, can be used as additional research variables or moderation for further research.

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