



The Influences of Prospectus Information and Macroeconomics on Initial Returns to Companies that Undergo Initial Public Offering (IPO) on the Indonesia Stock Exchange (IDX)

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Abstract. Underpricing may be a phenomenon that always occurs throughout the world, including in Indonesia during an Initial Public Offering (IPO), which suggests that the worth at the time is less than the worth of the shares traded on the secondary market, the difference in price is defined because the initial return. This study examines the effect of ROA, firm size, firm age, inflation, and interest rates on initial return by involving some companies conducting Initial Public Offerings (IPOs) on IDX from 2016 to April 2022 as a population. The sample selection was administered by purposive sampling method and obtained a sample of 175 companies. This study uses multiple rectilinear regression analyses. The results of the t-test show that inflation and interest rates have a big positive effect on initial return partially. While ROA, firm size, and firm age do not have a significant effect on initial return partially. F-test results show that each variable simultaneously affects the initial return. From the results, it are often seen that the proper time to take a position in shares at the time of the IPO, should make a sale when there's a negative signal within the sort of prospectus information and macroeconomic.

Keywords: initial public offering · initial return · macroeconomics · prospectus · underpricing

1 Introduction

A public company is a term to describe a published company while IPO refers to the company selling and bonding to the public for the first time [1]. A process called an initial public offering or initial public offering (IPO) of stock takes place in the primary market, after which the stock is traded on the stock exchange or referred to as the secondary market. Primary markets are the first means for companies to offer stocks and bonds to the public [2].

The underpricing phenomenon can occur if the worth fixing on the primary market (IPO) is less than the price on the first day within the secondary market [3], on the

contrary, the overpricing phenomenon occurs when the worth on the primary market is above the price on the first day within the secondary market., in order that investors experience losses from their investments or are called negative initial returns. The phenomenon of underpricing within the IPO is widely known throughout the world. The underpricing phenomenon of companies conducting IPOs in India in 2010–2015. With results showing a positive initial return on a primary day within the secondary market of 76% [4]. In Italy, there's also an underpricing phenomenon were of the 129 companies that conducted IPOs from 2001–2012, 90 companies experienced underpricing, or 69.77% [5].

Signaling theory explains that information about the image of the company's prospects within the future provides a positive or negative signal for investors in investment decisions [6]. If there are more positive signals, publishers and underwriters tend to line high prices at the time of the IPO in order to reduce the extent of underpricing, and if there are more negative signals, the pricing of IPO shares tends to be low in order to increase the extent of underpricing.

There has been a lot of research done on initial returns and stock prices with prospectus and macroeconomic information as variables. Some of the information contained in the prospectus and the macroeconomic conditions of companies conducting IPOs on the IDX as show in Table 1.

The greater the ROA, the more optimal the company's performance in utilizing its assets in generating profits. So supported by signaling theory, the more positive signals are seen, the issuers and underwriters will set a high price which ends up in lower initial returns, or in other words, ROA features a negative effect on initial returns. From Table 1 it is often seen that CITY which has the very best ROA level actually has the very best initial return, which is 70%.

Company size denotes an element determining the occurrence of stock underpricing, large companies tend to be better known by the general public, and knowledge on company prospects is simpler to get from the general public [7]. From Table 1 it is often seen that BTPS which has the most important company size is not followed by the littlest initial return rate.

The age of the corporate features significant negative effect on initial return. This reveals that the upper the age of the corporate, the lower the extent of public uncertainty, so issuers and underwriters don't got to set prices too low to draw in public interest

Table 1. Prospectus and Macroeconomic Information on IPO Companies on the IDX.

No	Code	ROA (%)	FS (Million)	FA (Year)	IF (%)	INT (%)	IR (%)
1	BOGA	1,89	284.304	5,23	3,02	4,75	69,0
2	MTRA	12,97	140.322	35,5	4,42	7,00	15,68
3	WEGE	6,93	2.028.938	9,11	3,30	4,25	2,07
4	CITY	18,74	561.747	7,00	2,88	5,75	70,00
5	BTPS	7,16	9.156.522	27,19	3,20	4,75	49,74

[7]. From Table 1, MTRA which has the very best company age isn't followed by rock bottom initial return.

Likewise, inflation and interest rates are negative signals where the upper the rate of inflation and interest rates, the more positive the initial return is going to be. This is often certainly associated with the decline in people's purchasing power caused by inflation and therefore the increasing expense of companies caused by rising interest rates. From Table 1, it is often seen that companies that conduct IPOs when inflation and interest rates are at the very best level, namely MTRA, don't experience the very best initial return or only 15.68%.

Based on the description above, it can be concluded that there is a gap between theory and conditions that occur in the field, which makes more and more researchers conduct research related to the effect of prospectus information and macroeconomics. In addition, the authors also found conditions in the form of research results that were inconsistent or different from several previous researchers. The existence of a gap between theory and actual conditions, the very diverse research results, and the importance of information about IPOs for researchers and the public have encouraged further research.

1.1 Literature Review

The price of shares sold in the primary market is pre-determined by an agreement between the issuer and the underwriter, in this case, the securities the company in which the issuer is involved, but the prevailing price in the secondary market is fully determined by the market mechanism: supply and demand [2].

Initial Return

After conducting an initial public offering (IPO), the shares are traded on the secondary market. Within the secondary market, prices are supported the market mechanism i.e. supply and demand. The share difference between the secondary market value and therefore the initial public offering price may be a measure of the initial yield level. From the above definition, it's explained that so as to work out the initial yield, data on the price on the primary day traded on the secondary market and data on the initial public offering price are necessary. So the initial yield are often formulated as:

$$\text{initial return}(IR) = \frac{\text{Closing Price} - \text{Offering Price}}{\text{Offering Price}} \times 100\% \quad (1)$$

Prospectus Information

In general, the prospectus is distributed by issuers through underwriters and securities selling agents appointed by the underwriters prior to the public offering. The prospectus provides data in the form of information to potential investors before placing an initial share order. UUPM NO. 8 of 1995 Article 1 number 26 explains that a prospectus is any written information related to a public offering and is intended to persuade other parties to buy securities. From the definition above, it is explained that the prospectus

information contains a lot of information that is very important for potential investors as the basis for making decisions to order shares on underwriters.

Macro Economic

The stock price of a company is basically influenced by the corporate's performance and therefore the possible risks faced by the company. The company's performance is reflected within the financial ratios owned by the corporate, while the company's risk is reflected within the company's resilience in facing economic cycles also as micro and macroeconomic factors. The macroeconomy is the environment in which all companies operate. The ability of companies and investors to predict the macro economy well is reflected in the investment performance made [8].

2 Methods

This study uses a combined approach, a study that explores relationships between one variable and another. The relational pattern used in this study is causal, using factual or empirical data used to test hypotheses made so that the effect of one variable on another can be known to run the inference process. Hypothesis testing in this study is called using a quantitative paradigm, also known as an empirical paradigm using secondary data. The quantitative paradigm emphasizes theory testing by quantitative analysis, that is, using numbers to measure study variables and using statistical methods to analyze data [9].

2.1 Variables and Data

The population during this study were all companies that conducted initial public offerings (IPOs) for the amount January 2016–2022 (April 20) on the Indonesia stock market (IDX), totaling 284 companies. The sampling technique is thru the sample criteria test (purposive sampling). So as to get a stratified sample, each member of the population must have an equivalent opportunity to be selected as a sample [10]. The sample criteria test during this study are often seen as shown in Table 2.

Table 2. Number of Samples Based on Sample Criteria Test.

No	Sample Criteria	Amount
1	Companies that underwent IPOs in January 2016–April 2022	284
2	Samples were excluded because they did not have an offering price	-
3	Samples were excluded because they did not have a closing price	-
4	Samples were excluded due to incomplete data	(12)
5	Samples were excluded due to overpricing and remained	(25)
6	The number of populations that enter	247

Source: Data Processed, IDX

The data used in this study are secondary data collected by conducting documentation via the internet and literature studies (previous research, textbooks). Documentation is carried out by opening the IDX, OJK, Central Statistics Agency and other relevant websites to obtain prospectus information and macroeconomic data that are used as variables in this study.

2.2 Hypothesis Test

Hypothesis testing is done to prove whether or not the hypothesis that has been prepared with the research conducted. The basis for the decision is if the value of sig. > 0.05 then H₀ is rejected and H_a is accepted, and if the value of sig. > 0.05 then H₀ is accepted, and if sig. > 0.05 then H₀ and H_a are rejected. The results of the hypothesis test can be seen in Table 3.

From Table 3 it can be seen the Prob t-Statistic value of each independent variable on the dependent variable with the following results:

1. That is unacceptable, the ROA Prob t-Statistic variable is $0.4162 > 0.05$. This means that ROA does not have a significant effect on the initial return partially. **H₁**
2. H₂ is unacceptable, the variable FS Prob t-Statistic is $0.2907 > 0.05$. This means that FS does not have a significant effect on the initial return partially.
3. H₃ is not accepted, the FA Prob t-Statistic variable is $0.3439 > 0.05$. This means that FA does not have a significant effect on the initial return partially.
4. H₄ is acceptable, the variable IF Prob t-Statistic is $0.000 < 0.05$. This means that IF has a significant effect on the initial return partially.

Table 3. Hypothesis Test Results

Variable	Coefficient	Std. Error	t-statistic	Prob.
C	-12.57995	6.969903	-1.804897	0.0729
ROA	-0.043177	0.052980	-0.814952	0.4162
FS	-0.481149	0.453955	-1.059903	0.2907
FA	-0.051303	0.054048	0.949219	0.3439
IF	7.081608	1.133991	6.244851	0.0000
INT	9.744670	1.062132	9.174628	0.0000
R-squared	0.715101	Mean dependent var		43.60514
Adjusted R-square	0.706672	S.D. dependent vari		17.30631
S.E. of regression	9.373052	Akaike info criterion		7.347239
Sum squared resid	14847.34	Scwarz criterion		7.455746
Log likelihood	-636.88834	Hannan-Quin criter		7.391252
F-statistic	84.838662	Durbin-Watson stat.		1.724857
Prob(F-statistic)	0.0000000			

5. H_5 is acceptable, the variable INT Prob t-Statistic is $0.000 < 0.05$. This means that INT has a significant effect on the initial return partially.
6. Sixth Hypothesis Test.

The sixth hypothesis test is a simultaneous or simultaneous hypothesis test to check the effect of all independent variables simultaneously on the dependent variable using the F test. The basis for the decision is if the value of sig. 0.05 then H_0 is rejected and H_a is accepted, and if the sig value is >0.05 then H_0 is accepted and H_a is rejected. From Table 3 it can be seen that the Prob value (F-Statistic) is 0.0000, then the decision is H_6 is acceptable, Prob F-Statistic is $0.000 < 0.05$. This means that the variables ROA, FS, FA, IF and INT have a significant effect on the initial return simultaneously.

3 Result and Discussion

3.1 Residual Normality Test

One of the assumptions of the classical linear regression model (CLRM) is that the error or residual must be normally distributed. The residual distribution is normal or not, the conclusion can be tested using the Jarque-Bera test:

The tested hypotheses are:

H_0 : error is normally distributed

H_1 : error is not normally distributed

H_0 is rejected if the p-value of the Jarque-Bera test statistic is not significant (p-value < 0.05). Meanwhile, H_0 is accepted if p-value > 0.05 . Based on the Eviews application with a sample of 247 companies, the following results were obtained:

Please try to avoid rasterized images for line-art diagrams and schemas. Whenever possible, use vector graphics instead (see Fig. 1).

From Fig. 1, it can be seen that the p-value is $0.000 < 0.05$, then H_0 is rejected, in other words, H_1 is accepted, meaning that with a 95% confidence level, it can be said that the residuals/errors are not normally distributed. If there is a violation of the classical assumption, in this case the residual/error normality test, what is done is to transform the data or make changes to the independent variable [11].

Figure 2 shows the error rate this study.

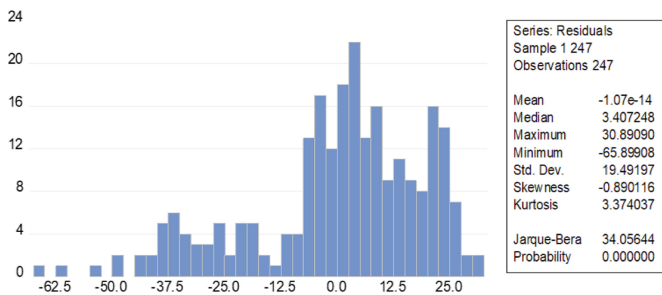


Fig. 1. Residual Normality Test.

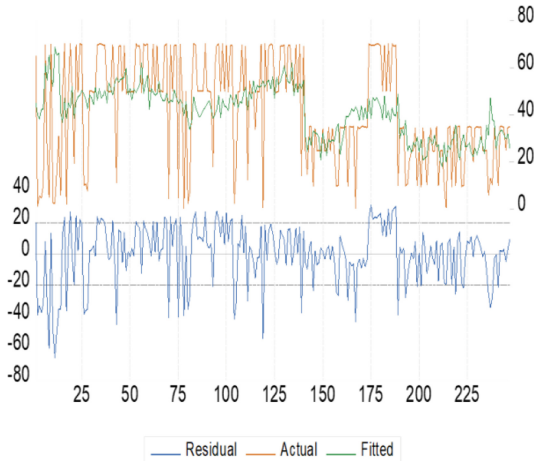


Fig. 2. Residual, Actual and Fitted Graphs

Table 4. Number of Samples After Deducting Outliers

No	Sample Criteria	Amount
1.	Companies that underwent IPOs in January 2016 – April 2022	284
2.	Samples were excluded because they did not have an offering price	-
3.	Samples were excluded because they did not have a closing price	-
4.	Samples were excluded due to incomplete data	(12)
5.	Samples were excluded due to overpricing and remained	(25)
6.	Samples were excluded due to outlier indication	(72)
7.	The number of populations that enter the sample criteria	175

To overcome the problem of residual normality, the authors dispose of several samples that have fairly extreme residual data (outliers), namely by using an absolute residual of 20. Through the process of removing outlier data, the number of samples obtained is 175 companies where there are as many as 175 companies. As many as 72 samples of companies in the form of outliers. For more details see Table 4.

Figure 3 shows the results of the residual normality test after reducing the outlier sample.

From the results of the normality test, it can be seen that the p-value is $0.082762 < 0.05$, then H_0 is accepted, meaning that with a 95% confidence level, it can be said that the residuals/errors are normally distributed. With a change in the sample, there will also be a change in the estimation of the linear regression model.

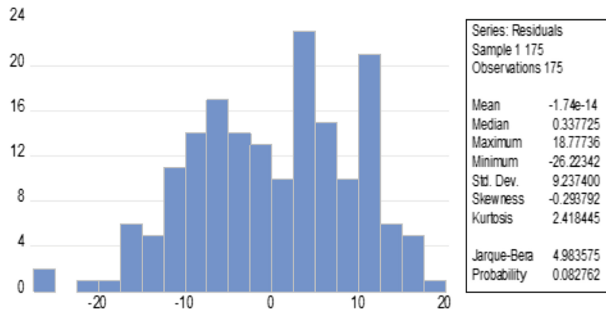


Fig. 3. Residual Normality Test Results

3.2 Linier Regression Model

See Table 5.

Table 5. 2 Linier Regression Model

Estimated Command	
LS IR C ROA FS FA IF INT	
Estimated Equation:	
IR = C(1) + C(2)*ROA + C(3)*FS + C(4)*FA + C(5)*IF + C(6)*INT	
Substituted Coefficients:	
IR =	-12.5799543895 - 0.0431765401769*ROA - 0.481148631541*FS - 0.0513030798006*FA + 7.0816078197*IF + 9.7446700475*INT

3.3 Autocorrelation Test

Autocorrelation shows the correlation between members of a set of observations ordered in time and space. Autocorrelation tests can be performed using the LM test (Bruesch-Godfrey method). A good regression model is a regression without autocorrelation. The results of the autocorrelation test can be seen in Table 6.

Based on Table 6, the p-value of Obs * R-Squared is 0.0699, while Ho is accepted if the p-value of Obs * RSquared is greater than the confidence level (0.05). From the explanation above, it is known that the p-value Obs * Squared = 0.0699 > 0.05 then Ho is accepted or it can be said that there is no autocorrelation in the regression model.

3.4 Multicollinearity Test

In the regression model, it is assumed that there is no linear dependency relationship between independent variables. If there is a strong linear dependency relationship between the independent variables. There are many methods that can be used to determine the presence or absence of multicollinearity in the regression model, namely by

Table 6. Autocorrelation Test Result with LM Test

Breusch-Godfrey Serial Correlation Lm Test:				
Null hypothesis: No Serial correlation at up to 1 lag				
F-statistics	3.214819	Prob. F(1,168)	0.0748	
Obs * R-square	3.285892	Prob. Chi-Square(1)	0.0699	
Test equation:				
Dependent Variable: RESID				
Method: Least Squares				
Date: 06/04/22 Time: 19:26				
Sample 1 175				
Included observation: 175				
Presample missing value lagged residuals set to zero.				
Variable	Coefficient	Std. Error	t-statistic	Prob.
C	-0.717192	6.936218	-0.103398	0.9178
ROA	0.008416	0.052846	0.159263	0.8737
FS	0.040978	0.451588	0.090741	0.9278
FA	0.001870	0.053707	0.034826	0.9723
IF	0.028026	1.055356	0.026556	0.09788
INT	0.137954	0.076941	1.792992	0.0748
R-squared	0.018777	Mean dependent var		-1.74E-14
Adjusted R-square	-0.016267	S.D. dependent vari		9.237400
S.E. of regression	9.312230	Akaike info criterion		7.339712
Sum squared resid	14568.56	Swarz criterion		7.466304
Log likelihood	-635.2248	Hannan-Quin criter		7.391061
F-statistic	0.535803	Durbin-Watson stat.		1.974296
Prob(F-statistic)	0.000000			

using the Pearson correlation coefficient, Variance Inflation Factors (VIF), and the coefficient of determination (R2) auxiliary regression [12]. In this study, the authors use two approaches to test of multicollinearity, namely by using VIF and Pearson correlation coefficient.

1. By using VIF

Multicollinierity test using VIF show in Table 7.

Ho: there is no multicollinearity in the regression model. H1: multicollinearity occurs in the regression model

Ho is accepted if the VIF value < 10, from the table it can be seen that each VIF for ROA is 1.0389871, FS is 1.099616, FA is 1.066110, IF is 2.026530 and INT is 2.047829

Table 7. Multicollinearity Test Results using VIF

Variance inflation Factors			
Date: 06/04/22 Time: 20:55			
Sample 1 175			
Included observation: 175			
Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	48.57954	96.76748	NA
ROA	0.002807	1.261396	1.039871
FS	0.206076	66.24002	1.0996166
FA	0.002921	2.944152	1.066110
IF	1.285936	19.38192	2.026530
INT	1.128125	49.98238	2.047829

where each independent variable has a VIF value less than 10 These results indicate that there is no multicollinearity in the regression model.

2. By using Pearson correlation coefficient

Table 8 show multicollinearity test result with Pearson correlation coefficient

From Table 8, it can be seen that each correlation coefficient value is smaller than 0.9 so it can be said that the regression model does not experience multicollinearity symptoms.

Table 8. Multicollinearity test result with Pearson correlation coefficient

Covariance correlation	ROA	FS	FA	IF	INT
ROA	185.9826 1.000000				
FS	-3.562388 -0.159601	2.678790 1.000000			
FA	-0.753393 -0.004081	5.060254 0.228411	183.2196 1.000000		
IF	-0.103926 -0.008568	-0.049076 -0.033711	-1.203286 -0.91638	0.791148 1.000000	
INT	1.115257 0.085666	-0.181468 -0.116145	-0.689558 -0.053365	0.598076 0.704365	0.911298 1.000000

3.5 Heteroscedasticity Test

In this study, the author uses the White Test to detect heteroscedasticity problems. The hypotheses in this test are

Ho: there is no heteroscedasticity in the linear regression model

H1: heteroscedasticity occurs in the regression model

The significance level is 0.05, so if the p-value Obs * Squared (prob-chi square) < 0.05, then Ho is rejected and H1 is accepted. Table 9 show result of heteroscedasticity test with white test as follow:

From Table 9, it can be seen that the p-value Obs * R- Squared or prob can be seen. The Chi-Square is 0.0995 or greater than the 0.05 significance level so that Ho is accepted or in other words, there is no heteroscedasticity in the regression model.

3.6 Discussion

The underpricing phenomenon is a phenomenon that often occurs in all stock exchanges in the world, including in Indonesia. In Indonesia, for the period of January 2016 to April 2022, the number of issuers whose shares experienced underpricing was 91.55% or of the 284 companies that conducted IPOs in 2016 to April 2022, 260 companies experienced underpricing.

In this study to determine the sample the researchers used the following sample selection criteria:

1. Is a company that conducted an IPO on the IDX in 2016–2022
2. Have initial share price data (offering price).
3. Have data on the closing price on the first day of trading on the secondary market.
4. Have a prospectus information data that contains data on the last year's financial statements prior to the IPO and company establishment data.
5. Initial Return the company at the time of the IPO did not experience overpricing and remained (initial return of 0%) meaning that the company at the time of the IPO experienced underpricing.

From the sample selection criteria above, the number of samples obtained is 247 companies. After testing one of the classical assumptions, namely the residual normality test, the results obtained are a violation of the residual normality test. From Fig. 4.1 it can be seen that if the p-value is $0.000 < 0.05$, then H0 is rejected, in other words, H1 is accepted, meaning that with a 95% confidence level, it can be said that the residuals/errors are not normally distributed.

Violation of the classical assumption, in this case, the residual/error normality test, either transforms the data or introduces changes to the independent variables [10]. To overcome this residual normality problem, the authors use absolute residuals of 20 and have several samples with fairly extreme residuals (outliers). The number of samples obtained in the process of publishing outlier data is 175 companies. There are up to 72 sample companies in the form of outliers.

Test result H1 with statistical test – t shows the ROA Prob t-Statistic variable of $0.4162 > 0.05$. This means that ROA does not have a significant effect on the initial return

Table 9. Heteroscedasticity Test Results with White Test

Heterokedasticity Test: White				
Null hypothesis: Homoskedasticity				
F-statistics	1.49391	Prob. F(20,154)	0.0905	
Obs * R-square	28.43608	Prob. Chi-Square(20)	0.0995	
Scaled explained SS	18.80830	Prob. Chi-Square(20)	0.5343	
Test equation:				
Dependent Variable: RESID^2				
Method: Least Squares				
Date: 06/04/22 Time: 22:28				
Sample 1 175				
Included observation: 175				
Variable	Coefficient	Std. Error	t-statistic	Prob.
C	1795.64	652.3568	2752545	00066
ROA^2	0,010087	0.017089	9.590252	0,5559
ROA * FS	0,792214	0.407620	1.943513	0,0538
ROA * FA	-0.095853	0,065028	-1,474010	0,1425
ROA * IF	-0,371809	1.233997	-0.301305	0,7636
ROA * INT	-0,328864	0.936922	-0.351004	0.7261
ROA	-6.128469	6.274343	-0.976751	0.3302
FS^2	4,085256	2.326936	1.755637	0.0811
FS * FA	-0.757697	0.504048	-1.5043222	1.503222
FS * IF	-8.406351	8.375285	-1.003709	0.3171
FS * INT	13.95553	8.298099	1.681775	0.0946
FS	-140.8774	71.80730	-1.961882	0.0516
FA^2	0.017006	0.035721	0.476080	0.6347
FA * IF	3.200512	1.036387	3.088142	0.0024
FA * INT	-2.635328	1.030568	-2.557161	0.0115
FA	13.73296	6.755983	2.032711	0.0438
IF^2	12.35206	15.85028	0.779296	0.4370
IF * INT	22.06573	31.96076	0.690401	0.4910
IF	-85.72535	155.0946	-0.552730	0.5813
INT^2	18.34236	17.70.70387	1.036059	0.3018
INT	-366.4710	181.6218	-2.017769	0.0454

(continued)

Table 9. (continued)

Heterokedasticity Test: White			
R-squared	0.162492	Mean dependent var	84.84196
Adjusted R-square	0.053725	S.D. dependent vari	101.3354
S.E. of regression	98.57574	Akaike info criterion	12.13169
Sum squared resid	1496445.	Scwarz criterion	12.51147
Log likelihood	1.493941	Hannan-Quin criter	12.28574
F-statistic		Durbin-Watson stat.	2.040104
Prob(F-statistic)			

partially. The results of this study are not in line with the results of previous research [13] which states that ROA has a significant effect on initial return. But this research is in line with previous research [14–16] which stated that ROA had no significant effect on initial return. Another result in this study is the regression coefficient of the ROA variable to the initial return is -0.043 or has a negative direction where the greater the ROA, the lower the initial return.

Test result H2 with statistical test – t shows the variable FS Prob t-Statistic of 0.2097 > 0.05. This means that FS does not have a significant effect on the initial return partially. The results of this study are in line with the results of research [6, 16, 17] which states that FS has no significant effect on initial return. However, this study is not in line with other studies [13–15, 18] which state that FS has a significant effect on initial return. Another result in this study is the regression coefficient of the FS variable to the initial return is -0.481 or has a negative direction where the greater the FS, the lower the initial return.

Test result H3 with statistical test – t shows the FA Prob t-Statistic variable is 0.3439 > 0.05. This means that FA does not have a significant effect on the initial return partially. The results of this study are in line with the results of research [6, 16, 17] which states that FA has no significant effect on initial return. However, this study is not in line with other research [15] which states that FA has a significant effect on initial return. Another result in this study is the regression coefficient of the FA variable to the initial return is -0.051 or has a negative direction where the greater the FA, the lower the initial return.

Test result H4 with statistical test – t shows the IF Prob t-Statistic variable is 0.000 > 0.05. This means that IF has a significant effect on the initial return partially. Another result in this study is the regression coefficient of the IF variable to the initial return is 7.082 or has a positive direction. This is in line with signaling theory, where the more negative a signal, the lower the initial return. The results of this study are inline with the results of research [16] which states that IF has a significant positive effect on initial return.

Test result H5 b – t shows the INT Prob t-Statistic variable is 0.000 > 0.05. This means that INT has a significant effect on the initial return partially. Another result in this study is the regression coefficient of the IF variable to the initial return is 9.745 or has a positive direction. This is in line with signaling theory, where the more negative a signal,

the lower the initial return. This is not in accordance with the interest rate theory where if interest rates rise it will cause an increase in the company's interest expense which will ultimately correct profits. On the other hand, investors will tend to invest through deposits rather than buying shares and making stock prices fall [2]. Different results were obtained [16] which found that INT had no significant effect on initial return.

Test result H6 with statistical test – F shows the independent variable Prob F-Statistic of $0.000 > 0.05$. This means that all independent variables, namely ROA, FS, FA, IF and INT, have a significant effect on the initial return simultaneously. This result is also reinforced by the results of the model's feasibility test (goodness of fit) that has been carried out. From Table 3, it can be seen that the R-squared (R²) value is 0.7151, meaning that the variation of initial return can be explained by the independent variable of 71.51%, while the remaining 28.49% is explained by other factors not included in the model.

4 Conclusion

4.1 Conclusion

The results show that the ROA, FS and FA variable does not partially affect the initial return. The IF and INT variable has a partial or simultaneous significant positive effect on the initial rate of return. The results of the sixth hypothesis show that both the variables ROA, FS, FA, IF, and INT have a significant effect on the initial rate of return at the same time. The results of the model feasibility test showed that the resulting regression model was strong enough to explain the variation in the initial rate of return with the 71.51% independent variable.

4.2 Recommendations

For Academics

The addition of other variables that can affect the initial return of companies conducting IPOs on the IDX, both the information contained in the prospectus, such as: other financial ratios, underwriter reputation, KAP reputation and other macroeconomic variables such as the US\$ exchange rate, JCI and so on and then estimate regression model and continued with the selection of the best regression model for research.

1. To obtain the best model using the most influential independent variables, we need to perform a large number of linear regression model estimations on the factors that can affect the initial return.
2. Future research models should consider post-IPO stock prices as variables so that market mechanisms actually apply to those stocks.
3. More homogeneous companies, especially those with similar or similar or similar business environments, are expected to be used for further research.

For Investors

1. Investors investing in stocks, especially seed stocks, at the time of the IPO should purchase in the presence of negative signals, either in prospectus information or in macroeconomic conditions. Offers an offer price that is lower than the offer price that determines the actual price.
2. Macroeconomic conditions, especially inflation and BI, can be used as the basis for initial stock purchase decisions.

For Enterprises

1. Companies/issuers can determine when to go public when inflation is fairly high or BI rates are rising. Of course, it can also be used as a business strategy to obtain new funds to take actions such as reducing bank debt and expanding business.
2. According to this study, prospectus information variables such as ROA, FS, and FA do not significantly affect initial returns, but the authors argue that they may affect stock prices after an IPO.

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