

THE IMPACT OF EARNING PER SHARE, RETURN ON ASSET AND FIRM SIZE TOWARD INITIAL RETURN OF MANUFACTURING COMPANIES CONDUCTING INITIAL PUBLIC OFFERING LISTED IN INDONESIA STOCK

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ABSTRAK

Perkembangan zaman yang pesat akan mempengaruhi banyak aspek kehidupan dan salah satunya yakni bisnis. Persaingan yang ketat dalam bisnis, membutuhkan ekspansi dan inovasi bagi perusahaan untuk dapat bertahan. Untuk melakukan hal tersebut, perusahaan memerlukan dana cukup besar. Salah satu sumber pendanaan yaitu go public atau Initial Public Offering (IPO) yang dimana merupakan penawaran umum penjualan perdana saham yang dilakukan oleh perusahaan. Harga saham pada saat IPO ditentukan oleh persetujuan antara Perusahaan dan Penjamin Emisi (Underwriter). Terdapat dua fenomena pada saat IPO yakni underpricing dan overpricing yang dimana fenomena ini terjadi karena perbedaan harga saham pada pasar primer dan pasar sekunder. Penelitian ini bertujuan untuk menganalisis pengaruh dari Earning per Share, Return on Asset, dan Firm Size terhadap Initial Return. Penelitian ini memfokuskan pada perusahaan manufaktur yang melakukan IPO dan terdaftar pada Bursa Efek Indonesia dari tahun 2018-2020. Penelitian ini menggunakan model analisis linear berganda dengan total 32 perusahaan sebagai sampel pengujian. Hasil penelitian secara parsial menunjukkan bahwa Earning per Share tidak berdampak pada Initial Return. Return On Asset berdampak positif dan tidak signifikan terhadap Initial Return. Dan Firm size berdampak negatif dan signifikan terhadap Initial Return. Namun secara simultan, Earning Per Share, Return On Asset, dan Firm Size tidak berdampak terhadap Initial Return.

Kata Kunci: *initial public offering, initial return, earning per share, return on asset, firm size.*

ABSTRACT

The rapid development of the era will have an impact on several parts of life, including business. Intense competition in business requires expansion and innovation for companies to survive. The corporation will need a huge amount of money to execute it. Going public and executing an IPO, which is an initial public offering of shares made by the company, is one source of funding. The IPO share price is decided by an agreement between the Company and the Underwriter. There were two phenomena that could happen at the time of the IPO, namely underpricing and overpricing which both occurred due to price differences in the primary and secondary markets. The purpose of this study is to analyse the effect of Earning per Share, Return on Assets and Firm Size on Initial Return. This study focuses on manufacturing companies that carry out IPOs listed on the Indonesia Stock Exchange from 2018-2020. This study employs a multiple linear analysis model, with 32 companies serving as the sample. The result of the study partially indicates that Earning per Share does not impact Initial Return. Return on Assets has a positive and insignificant impact on Initial Return. Furthermore, Firm size has a negative and significant impact on Initial Return. But simultaneously, Earning per Share, Return on Assets, and Firm Size have no impact on Initial Return.

Keywords: *initial public offering, initial return, earning per share, return on asset, firm size.*

5. INTRODUCTION

The world is constantly changing and developing, or it can be said that it is happening at such a rapid pace. Including Indonesia, which is constantly changing and affecting nearly every aspect of human life, including the economy and business. All businesses in Indonesia will be impacted, whether they are micro, small, medium, or large. All businesses operating in every sector without exception must be able to adapt to these changes in order to compete in today's intense competition. This ever-changing economic landscape requires businesses to work extra hard to sustain and develop their operations in order to reach new markets and outperform competitors.

When it comes to funding, businesses generally have two options: internal or external sources of finance. Internal funding comes from retained earnings, which are the remaining net income after dividends are paid. This enables the company to use retained earnings to pay operating expenses. However, many businesses believe that internal funding is insufficient to expand and innovate. As a result, businesses seek alternative sources of funding, notably external sources of finance, to help them expand their operations. External funding refers to funds or capital that comes from sources other than the company, such as borrowing from banks, issuing debt securities, or raising funds from the capital market by issuing shares to the public. Companies that have made their shares available for purchase by the public are referred to as "Go Public" companies. At the moment, the capital market plays a critical role in the current economic development as a source of external sources of finance for companies and as an investment platform for investors (Song et al., 2015)

A company that intends to sell its stock to the public (go public) on the stock exchange must conduct an Initial Public Offering (IPO). According to Miswanto & Abdullah (2020), prior to being traded on a stock exchange, commonly known as the secondary market, the shares are first issued on the primary market through an Initial Public Offering (IPO). The goal of trading on the stock exchange is for the companies to get a large sum of money in exchange for a great number of stocks (Handayani, 2008). Additionally, the objective of an IPO is to reduce the overall cost of capital or to efficiently reduce a company's debt. Investors are those who acquire shares of companies that undertake IPO, which means that corporations must entice investors to buy their company's shares by offering them credibility and profitability.

It is usual for companies conducting an IPO to encounter several phenomena as a result of the disparity in share prices. The first phenomenon is overpricing, which occurs when the IPO price in primary market is significantly higher than the secondary

market price. And when the actual stock price at the time of the initial offering is relatively lower than when traded on the secondary market is also one of the IPO phenomena called underpricing (Handayani, 2008). From the phenomenon stated above, companies and investor will expect different phenomenon to happen.

The Indonesia Stock Exchange is the capital market in Indonesia where shares can be bought and sold. Indonesia is composed of numerous sorts of companies that operate in different sectors to fulfill the needs of the community. As previously indicated, several Indonesian companies are seeking external funding to develop and innovate to survive and compete. As a result, recently the Indonesian capital market has experienced quite encouraging developments, with an increasing number of shares being listed on the Indonesia Stock Exchange. In this case, investors certainly need a special strategy to purchase shares that will be profitable, where shares sold in the primary market can be an option to invest (Handayani, 2008). With so many companies conducting IPOs, competition among companies to gain investors' attention and succeed in convincing investors to invest in companies would intensify and become extremely tight.

Indonesia is one of the nations where companies conducting initial public offerings encounter significant underpricing (Ayuwardani, 2018). The reason why underpricing can occur in the capital market is due to asymmetric information. Information asymmetry is a condition where one party in an economic transaction has more information than the other party, resulting in the party who knows more benefiting from that information. Information asymmetry can exist between issuers and underwriter (Baron, 1982), as well as underwriters and investors (Rock, 1986). In comparison, the underwriter will have more knowledge about the capital market and investors than the company. Then the stock price in the primary market is determined from the agreement between the underwriter and the issuer but both parties have conflicting interests. Where the issuer wants a high initial price in order to obtain maximum funds. However, the underwriter will try to reduce the risk of underwriting, which is his responsibility by setting a price that is relative and acceptable to investors so that they can sell all the shares they guarantee (Handayani, 2008). As a result, the company is less capable of determining the proper share price. The same is applicable for underwriters and investors, with underwriters knowing and understanding more about the company's information that performs the IPO than investors.

According to Kasim, Yau and Yung (1994), this underpricing phenomenon cannot be equated for different types of industries. As previously stated, Indonesia

consists of various types of industry, so it is required to conduct independent study for each. As a result, the purpose of this research is to research into the factors that influence the initial return of manufacturing companies. Manufacturing companies are companies that process finished goods from raw materials using tools and technology so that they are ready for public consumption. Manufacturing companies in Indonesia that are listed on the Indonesia Stock Exchange are divided into three sectors: Consumer Goods Industry, Basic & Chemicals Industry, and Miscellaneous Industry. These three industries are vital to people's daily life. Because of the strong link between people's purchasing power and daily business operations, manufacturing companies in Indonesia are growing significantly (Prastuti & Sudiarta, 2016). Manufacturing companies in Indonesia have become one of the fastest growing in recent times. These developments, of course, have an impact and play a significant part in the Indonesian economy. As a result, the researcher wants to carry out research more into the factors that influence the initial return on manufacturing companies.

Numerous factors influence initial return, and this research will analyse several of them, including Earning per Share (EPS), Return on Assets (ROA) and Firm Size, the author's desire to focus more on these variables derives from past study yielding inconsistent results, which arouses the author's interest in performing additional research.

Earning per Share (EPS) is a critical component of investment because it is one of the elements that contribute to the growth or decrease of stock prices in the stock market. EPS data is considered to be the most fundamental and important type of information for investors since it can be used to forecast a company's future earnings potential (Tandelilin, 2001). Typically, investors will conduct an EPS analysis before making an investment. Because EPS is an equation representing the amount of net profit earned on each share traded in the stock market. The higher the EPS, the more revenue and performance the company has. The author chose EPS because it has the potential to influence stock price, and the author wants to know whether EPS can affect an IPO company's initial return or not. Previous research by Handayani (2008) reveals that EPS has a negative and significant effect on the level of underpricing, implying that it has a negative effect on the initial return of a share. It is, however, irrelevant compared to the results of Prawesti and Indrasari (2014), who discovered that EPS has a considerable positive effect on initial return.

Return on Asset (ROA) is a ratio used to evaluate the effectiveness of a company's operations in generating profit (Prawesti & Indrasari, 2014). It is also a metric for

revealing how much profit a business makes from its assets. Investors may use ROA to determine whether a business can operate and grow the business. The higher the ROA ratio indicate positive sign because the company would generate income. The higher the ROA of the company, the lower the possibility of underpricing because investors will perceive the company's performance are better and the uncertainty of company are lower. Zuliardi & Witiastuti (2020) discovered that ROA has a negative impact on the initial return. But according to Meihendri (2016)'s research, ROA has a significant positive effect on the initial return of companies undertaking IPOs.

Large-scale businesses are often more well-known than small-scale businesses (Handayani, 2008). Investors will be able to obtain more information about large companies rather than small companies because the information will be more easily accessible. Furthermore, some investors believe that the company's development potential may be observed in its size, as large companies indicate rapid expansion. So that the size of the company can be a factor in increasing investor interest in investing. Large companies on average have a lower level of underprice because the more information that can be obtained will reduce the uncertainty of the company in the future. From previous research conducted, the results were inconsistent. Due to discrepancies in prior studies' findings, the researcher attempted to determine if the size of the business had an effect on the initial return or not. Conforming to Astuti (2017)'s research, company size has a significant and negative effect on Initial Return. However, in 2020, Morina and Rahim conducted research and concluded that firm size was negative and had no significant effect on initial returns of companies conducting IPO activities.

Table 1.1 Earnings per Share, Return on Asset and Firm Size by some Manufacturing Companies Conducting Initial Public Offering in Year 2018 - 2020

IPO Date	Company Code	EPS	ROA	Firm Size	Initial Return
28-Mar-18	JSKY	IDR 24.48	4.17 %	27.07	33%
31-Oct-18	CAKK	IDR 12.76	4.04 %	26.52	-36%
18-Jun-19	CCSI	IDR 61.19	12.29 %	26.84	-2%
20-Dec-19	UCID	IDR 95.90	5.38 %	27.73	15%
22-Jan-19	DMND	IDR 21.17	3.62 %	29.37	33%

07-Jul-20	SOFA	IDR 0.21	0.30 %	24.95	9%
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Source: Prepared by the Author (2021)

On the contrary, the table above highlights several manufacturing companies that raised capital through initial public offerings from 2018 to 2020. As can be observed in 2018, two companies had significantly contrasted initial returns in 2018, with PT Sky Energy Indonesia Tbk experience underpricing and PT Cahayaputra Asa Keramik Tbk overpricing. PT Sky Energy Indonesia's Earning per Share were higher than those of PT Cahayaputra Asa Keramik, with IDR 24.48 and IDR 12.76, respectively. Apart from that, the Return on Assets and firm size of PT Sky Energy Indonesia are slightly higher.

Moving on to 2019, it is noticeable that PT Uni-Charm Indonesia Tbk has a greater EPS as well as return on assets than PT Communication Cable Systems Indonesia Tbk. PT Communication Cable System, on the other hand, demonstrated a greater ROA with 12.29%. The initial returns of the two companies are mirrored, showing that they have encountered underpricing and overpricing.

Finally, despite significant differences in EPS, ROA and firm size, PT Diamond Food Indonesia Tbk and PT Boston Furniture Industries Tbk both faced underpricing. EPS for PT. Boston Furniture Industries is merely IDR 0.21, but EPS for PT Diamond Food Indonesia is much higher at IDR 21.17.

Based on the explanation above, it can be seen that the results of the study are inconsistent and become an interesting phenomenon to be studied further. Additionally, it is also necessary to conduct separate research for certain types of industry in order to determine the extent to which the variable influences the initial return. So, the factors that can affect the Initial Return of the companies conducting the IPO can be identified. There are three factors in this research, including Earning per Share, Return on Assets and Firm Size. Due to differences in the results of several previous studies, the author decided to carry out further research on "The Impact of Earnings per Share, Return on Assets and Firm Size Towards the Initial Return of Manufacturing Companies Conducting Initial Public Offering Listed in Indonesia Stock Exchange"

2. LITERATURE REVIEW

2.1. Theoretical Background

2.1.1 Agency Theory

Agency theory is a theory that describes the relationship that exists between two parties in a business. The two parties are the company's management as the agent and the company's owner as the principal. Jensen and Smith (1976) established this agency theory, which denotes the agency relationship as a contract in which one or more persons (the principals) engage another person (the agent) to perform a service on their behalf, which includes delegating some decision-making authority to the agent. According to this interpretation, the agent is responsible for running the business on behalf of the principal and has the right to make the best decisions for the company and the owner.

2.1.2 Signalling Theory

Along with agency theory, this research assessed underpricing through the lens of signalling theory. According to signalling theory, the transmitter or owner of information sends a signal in the form of information that represents the performance of the business and can be utilized by the receiver or investor to make decisions. This theory was first proposed by Spence in 1973. Signalling theory is a theory or strategy that is highly beneficial for investors since it enables users to detect signals from a firm and ascertain its success. Like most signalling models, signalling is a means to communicate the inherent quality of a company (Arthurs et al., 2009).

2.1.3 Initial Public Offering (IPO)

The corporation must constantly expand its business, and to do so, it is extremely reliant on its funds. External financing, such as issuing company shares to the public, which is referred to as going public or conducting an initial public offering (IPO), is one method for firms to generate funds in order to continue functioning, innovating, and developing the business. The first public offering of stock by a corporation (issuer) in order to sell its shares to the general public on the capital market is known as an IPO (Nadia & Daud, 2016). Therefore, IPO is a term that is very often found when entering the world of capital markets. Along with obtaining additional funding, companies that conduct initial public offerings can also establish a public image.

2.1.4 Earning per Share (Variable X₁)

The term Earning per Share (EPS) refers to the amount of rupiah earned on each share of common stock (Miswanto & Abdullah, 2020). EPS is related to the risk and performance of the business (Prawesti & Indrasari, 2014). Therefore, investors and creditors will use EPS as an important metric in making decisions where these factors indicate the profitability of a company.

2.1.5 Return on Asset (Variable X₂)

Aside from Earning per Share (EPS), financial ratios that organizations and investors should evaluate are Return on Assets (ROA). The understanding of ROA is the ratio that demonstrates how much return the company obtains on the amount of assets used. According to Kasmir (2016), ROA is used to demonstrate a company's potential to make profits by utilizing all assets owned.

2.1.6 Firm Size (Variable X₃)

A firm size refers to a measurement or scale that describes the size of a business. In general, the size of the company is aggregated into large companies, medium companies, and small companies. Firm size can be measured in a variety of ways, including total assets, number of employees, number of customers, capital, and firm sales (Miswanto & Abdullah, 2020).

2.1.7 Initial Return (Variable Y)

The stock price in the primary market is determined by an agreement between the underwriter and the company. Investors are drawn to companies that go public or IPO because of the advantages they will get from the gap between the stock price in the primary market and the stock price on the first day on the secondary market. The Initial Return is the name given to this phenomenon (Retnowati, 2013).

2.1 Hypothesis Development

2.2.1 The Impact of Earnings per Share Towards Initial return of Manufacturing Companies conducting Initial Public Offering

The metric or ratio that most investors pay attention to and analyse before investing in a business is Earning per Share (EPS). EPS is the benefit that investors receive for each share they hold, according to Rini Tri Hastuti (2017). EPS is one of the fundamental analysis used by investor when determining where to invest their capital especially IPOs. When the earnings per share of an IPO company shows a profit, it allows the demand to buy shares to increase and there is a change in share prices in the secondary market. According to Wiguna & Yadnyana (2015), EPS have negative and a significant effect towards Initial return in which means that the higher EPS then the initial return will reduce.

H₁: There is a significant impact of Earning per Share towards Initial Return of Manufacturing Companies conducting Initial Public Offering.

2.2.2 The Impact of Return on Asset Towards Initial Return of Manufacturing Companies conducting Initial Public Offering

Return on Assets (ROA) is a ratio that assesses a company's ability to generate profits through the use of its assets (Retnowati, 2013). This might also be one of the

indicators whether a company will be profitable in the future. The higher the ROA, the greater, because it indicates that a company can use assets to generate income in an efficient manner, and vice versa. As a result, this ratio might be one of the assurances for investors to reduce the uncertainty of the company. High asset returns will produce positive sentiment among investors, therefore the IPO is expected to be a success (Zuliardi & Witiastuti, 2020). Therefore, according to Handayani (2008), ROA is one of the factors that investors examine when investing in company shares. The better the firm's ROA, the lower the level of underpricing since investors will more accurately judge the firm's success and be prepared to acquire its first share at a higher price (Miswanto & Abdullah, 2020).

H₂: There is a significant impact of Return on Assets towards Initial Return of Manufacturing Companies conducting Initial Public Offering.

2.2.3 The Impact of Firm Size Towards Initial Return of Manufacturing Companies conducting Initial Public Offering

Company size is one of the measurements that can be used to measure a company. Where the larger the company, the greater the assets owned by the company to generate profits for investors (Prawesti & Indrasari, 2014). This is because companies with large sizes will be better known and more information that is easily accessible to external parties, making it easier for investors to analyse a company. By easily obtaining information about the company, it will minimize the level of uncertainty and risk that will be accepted by investors. Thus, the size of the company also determines the level of investor trust (Meihendri et al., 2016). Companies on a large scale, on the other hand, would have reduced underpricing, resulting in a lower initial return for investors. To determine the size of company, it will use total assets. According to Miswanto & Abdullah (2020), it shows that Firm Size has a negative and significant effect on initial return.

H₃: There is a significant impact of Firm Size towards Initial Return of Manufacturing Companies conducting Initial Public Offering.

2.2.4 The Impact of Earning per Share, Return on Assets, and Firm Size Towards Initial Return of Manufacturing Companies conducting Initial Public Offering

H₄: There are a significant impact of Earning per Share, Return on Assets, and Firm Size towards Initial Return of Manufacturing Companies conducting Initial Public Offering.

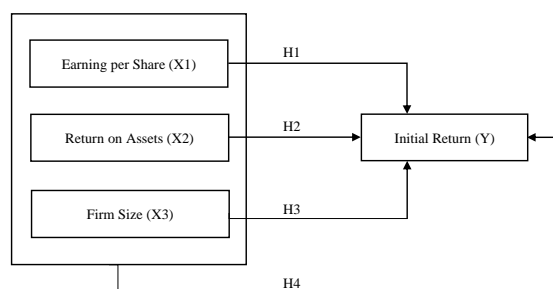


Figure 2.1 Research Model

Source: Prepared by the Author (2021)

3. RESEARCH METHOD

3.1 Research Design

This research was conducted with a quantitative approach to define the research problem. Quantitative data is data in the form of numbers that comprises specifics with ratio scale classifications. This quantitative approach incorporates details on the market price of shares at the time of primary market, as well as the stock price on the first day on the secondary market, as well as financial information which include EPS, ROA and Firm Size. Because previous research yielded inconsistent results, the purpose of this study is to determine the correlation between variables and obtain actual data to support the hypothesis.

3.2 Population and Sample

3.2.1 Population

This study's population consists of manufacturing companies that have raised capital through initial public offerings (IPOs) and have been listed on the Indonesian Stock Exchange during 2018 to 2020. The data used are secondary data in the form of company prospectuses and annual reports collected from the Indonesia Stock Exchange's official website, and other platforms which is idnfinancials. And the closing price in the secondary market on the first day is acquired from Yahoo! Finance website.

3.2.2. Sample

Sample is defined as a smaller, manageable version of a larger group. To conduct this study, samples are drawn from the population that has been determined. Purposive sampling was applied in this study, in which entails determining the sample

based on the certain considerations and criteria. The criteria for determining the sample are as follow:

1. All manufacturing companies conducting Initial Public Offering and listed on the Indonesia Stock Exchange from 2018 to 2020.
2. Financial reports and prospectuses provide the organization with full details on the factors to be analysed
3. Companies whose financial statements use Rupiah (Rp).
4. The company did not suffer a loss.

From the population of 39 manufacturing companies that conducted IPOs in 2018 - 2020, there were 7 companies that did not meet the criteria. So that in this study, the sample used is a 32 manufacturing companies.

Table 3.1 Sample Determination Criteria

No.	Sample Determination Criteria	Number of Companies
1	The manufacturing companies conducting IPO and was listed on the Indonesia Stock Exchange in 2018 to 2020.	39
2	A company have not provided full detail of Financial reports and prospectuses to be analysed.	0
3	Companies whose financial statements are not in rupiah (Rp).	(1)
4	The company that experiences loss	(6)
Number of companies eligible as sample		32

Source: Prepared by the Author (2021)

There are 39 manufacturing companies that have raised capital through initial public offerings (IPOs) that are listed on the Indonesia Stock Exchange. And throughout the screening process, 32 companies met the predetermined criteria. The financial statement of PT. Panca Mitra Multiperdana Tbk uses USD so it should be omitted. And there are 6 manufacturing companies that suffer losses so that they must be removed from the research sample. The following is a list of manufacturing companies that match the criteria:

Table 3.2 List of Samples

No	Code	Company Name
1	JSKY	PT Sky Energy Indonesia Tbk.
2	SWAT	PT Sriwahana Adityakarta Tbk.
3	KPAL	PT Steadfast Marine Tbk
4	MOLI	PT Madusari Murni Indah Tbk.
5	PANI	PT Pratama Abadi Nusa Industri Tbk.
6	KPAS	PT Cottonindo Ariesta Tbk.
7	GOOD	PT Garudafood Putra Putri Jaya Tbk.

8	CAKK	PT Cahayaputra Asa Keramik Tbk.
9	ZONE	PT Mega Perintis Tbk.
10	PEHA	PT Phapros Tbk
11	FOOD	PT Sentra Food Indonesia Tbk.
12	COCO	PT Wahana Interfood Nusantara Tbk.
13	CCSI	PT Communication Cable Systems Indonesia Tbk.
14	POLU	PT Golden Flower Tbk.
15	ARKA	PT Arkha Jayanti Persada Tbk.
16	INOV	PT Inocycle Technology Group Tbk.
17	SMKL	PT Satyamitra Kemas Lestari Tbk
18	SLIS	PT Gaya Abadi Sempurna Tbk
19	SINI	PT Singaraja Putra Tbk.
20	ESIP	PT Sinergi Inti Plastindo Tbk.
21	KEJU	PT Mulia Boga Raya Tbk
22	IFII	PT Indonesia Fibreboard Industry Tbk
23	UCID	PT Uni-Charm Indonesia Tbk.
24	DMND	PT Diamond Food Indonesia Tbk.
25	SAMF	PT Saraswanti Anugerah Makmur Tbk.
26	CBMF	PT Cahaya Bintang Medan Tbk
27	EPAC	PT Megalestari Epack Sentosaraya Tbk.
28	SOFA	PT Boston Furniture Industries Tbk.
29	TOYS	PT Sunindo Adipersada Tbk.
30	SOHO	PT Soho Global Health Tbk
31	ENZO	PT Morenzo Abadi Perkasa Tbk
32	VICI	PT Victoria Care Indonesia Tbk

Source: Prepared by the Author (2021)

3.3 Data Collection Method

Secondary data were used to collect data for this study. For the year 2018 to 2020, the author gathers prospectuses and financial statements for manufacturing businesses that perform initial public offerings and are listed on the Indonesia Stock Exchange. The data is obtained from the official website of Indonesia Stock Exchange. Additionally, the data also obtain from idnfinancial platform to provides information on the Initial Public Offering process, including share price in the primary market.

Besides that, observation and library study are used as data collection method. The observation is undertaken by collecting and recording the stock price of the closing of the first day in the secondary market according to the date the manufacturing company conducted its IPO from 2018 – 2020. The secondary market

price of a stock can be accessed from the Yahoo! Finance in which this is a platform to get financial news, data and so on. However, the Library study was undertaken through literature, journals, and other written media to find out more about the topic of this research.

3.4 Operational Variable Definition and Variable Measurement

In each study, there will be variables that are interrelated. Therefore, there are two variables in this study, which are independent variable and the dependent variable. These variables can be classified as follows:

3.4.1 Independent Variable (X)

3.4.1.1 Earning per Share (X₁)

Earning per Share (EPS) is a ratio that is most often used by investors in making investment decisions. EPS is defined as the return on investment earned by each share owned. For investors, this EPS is also one of the fundamental information regarding the company's financial prospects and performance. The higher the company's EPS, the better because it demonstrates the company's ability to make higher profits. The following formula can be used to compute EPS:

$$\text{Earning per Share} = \frac{\text{Net Income}}{\text{Total Shares Outstanding}}$$

3.4.1.2 Return on Assets (X₂)

Return on Assets (ROA) is a financial ratio that demonstrates the company's ability to use its assets to generate profits. When the company can effectively utilise its profits, then the company's income will increase. ROA is used to demonstrate a company's potential to make profit (Kasmir, 2006). Therefore, this ratio is also one of the considerations for investors to invest in a company. The higher the ROA of a company, the better and a positive signal for investors. The following formula can be used to determine ROA:

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}}$$

3.4.1.3 Firm Size (X₃)

A measurement that shows the scale of a business is called firm size. One of the factor that effect how much information can be accessible by other parties is the size of the company. Because larger companies are known to more people, it is assumed that the information that can be acquired is also easier. Firm size can be measured in many ways, one of which is total assets. Taking the natural logarithm of the company's

total assets as recorded in the most recent financial report prior to the IPO is one way of calculating firm size according to Astuti, et al (2012).

$$\text{Firm Size} = \text{Ln Total Asset}$$

3.4.2 Dependent Variable (Y)

Which is the inverse of independent variable, the dependent variable refers to the one that is affected by another variable. The dependent variable is also the most major concern in a study. The initial return is the dependent variable in this study. The initial return is the profit made by investors as a result of the difference between the stock price in the primary market and the stock price on the first day in the secondary market. To calculate the Initial Return, the formula below can be use:

$$\text{Initial Return} = \frac{\text{Closing Price} - \text{Offering Price}}{\text{Offering Price}}$$

3.5 Data Analysis Method

Data analysis is the practice of grouping, categorizing, and manipulating data so that it may be used to answer problems and test hypotheses (Rayadi, 2019). Due to this study conducting observations and measurement in numbers, the data analysis method applied is quantitative data analysis. In general, the quantitative method utilizes numerical findings and statistical calculation which is assisted by an analysis tool. Multiple linear regression is used to test the hypothesis developed and is performed with the assistance of the Statistical Package Social Science (SPSS). This method is used to know the influence of independent variables toward the dependent variable. The data analysis technique used is statistical testing, which includes descriptive statistics, classical assumptions such as the normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test, as well as hypothesis testing, which contains 3 tests: the T test, the F test, and the coefficient of determination

4. RESULT AND DISCUSSION

4.1 Data Analysis

4.1.1 Descriptive Statistics

Descriptive statistics will show an overview of the statistical summary of the sample. The minimum, maximum, mean, and standard deviation are all included in the statistics summary for this study. Detailed results from descriptive statistics are presented in the table below:

Table 4.1 Descriptive Statistic

N	Minimum	Maximum	Mean	Std. Deviation
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X1_EPS	32	.211	131.166	26.93575	35.284258
X2_ROA	32	.001	.155	.04294	.043968
X3_Firm_Size	32	24.947	29.749	27.09000	1.190112
Y_Initial_Return	32	-.356	.529	.29078	.160154
Valid N (listwise)	32				

Source: Data Processed by writer using SPSS 28.0 (2021)

Table 4.1 above provides a description or explanation of the dependent variable, Initial Return, as well as the independent variables, Earnings per Share, Return on Assets, and Firm Size. The following is a description or elaboration:

1. Earnings per Share (X_1) from a total sample of 32 has a minimum value of 0.211, which reflects PT. Boston Furniture Industries Tbk, and a maximum value of 131,166, which reflects PT. Soho Global Health Tbk. This variable's mean value is 26.93575, and the standard deviation is 35.284258.
2. Return on Assets (X_2) has a minimum value of 0.001 which reflects PT Sunindo Adipersada Tbk and a maximum value of 0.155 which reflects PT Victoria Care Indonesia Tbk. The reported mean value is 0.04294, with a standard deviation of 0.043968.
3. Firm Size (X_3) has a minimum value of 24,947, reflecting the company size of PT. Boston Furniture Industries Tbk, and a maximum value of 29,749, reflecting PT. Uni-Charm Indonesia Tbk's IPO in 2019. This variable has a mean of 27.09 and a standard deviation of 1.190112.
4. Initial Return (Y) has a minimum of -0.356 which reflects PT Cahayaputra Asa Keramik Tbk and a maximum of 0.529 which reflects PT Sriwahana Adityakarta Tbk. This variable has a mean value of 0.29078 and a standard deviation of 0.160154.

4.1.2 Result of Data Quality Testing

In this study, the classical assumption test was used to assess the quality of the data that's been collected. The normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test will be covered in this test.

4.2.2.1 Normality Test

The Kolmogorov-Smirnov (K-S) test yielded the following results:

		Unstandardized Residual	
N		32	
Normal Parameters ^{a,b}	Mean	.0000000	
	Std. Deviation	.15696388	
Most Extreme Differences	Absolute	.171	
	Positive	.170	
	Negative	-.171	
Test Statistic		.171	
Asymp. Sig. (2-tailed) ^c		.019	
Monte Carlo Sig. (2-tailed) ^d	Sig.	.019	
	99% Confidence Interval	Lower Bound	.015
		Upper Bound	.022

- a. Test distribution is Normal.
 b. Calculated from data.
 c. Lilliefors Significance Correction.
 d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

Table 4.2 Normality Test using One-sample Kolmogorov-Smirnov Test

Source: Data Processed by writer using SPSS 28.0 (2021)

Table 4.2 reveals that the residuals are not normally distributed, as seen by the significant level (Asymp. Sig. (2-tailed) c) of 0.019, which is less than 0.05. Because the data is not normally distributed, this issue can be fixed by screening for outliers in the data. Outliers are data that are one-of-a-kind or have extreme values; as a result, these data must be omitted. Based on the screening data, one firm has outliers, reducing the representative sample in this study to the remaining 31 companies that can be studied. The Kolmogorov-Smirnov (K-S) test was repeated after performing outliers, and the results were as follows:

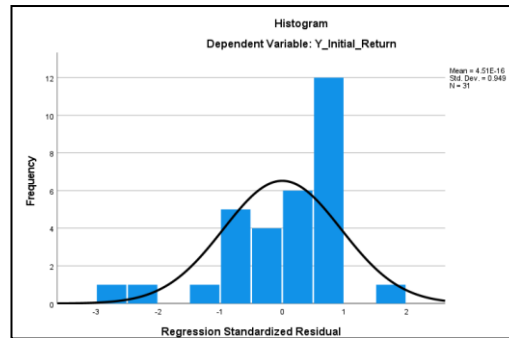
Table 4.3 Normality Test using One-sample Kolmogorov-Smirnov Test After Data Transformation and Outlier

		Unstandardized Residual	
N		31	
Normal Parameters ^{a,b}	Mean	.0000000	
	Std. Deviation	.10304771	
Most Extreme Differences	Absolute	.153	
	Positive	.117	
	Negative	-.153	
Test Statistic		.153	
Asymp. Sig. (2-tailed) ^c		.061	
Monte Carlo Sig. (2-tailed) ^d	Sig.	.059	
	99% Confidence Interval	Lower Bound	.053
		Upper Bound	.065

- a. Test distribution is Normal.
 b. Calculated from data.
 c. Lilliefors Significance Correction.
 d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 299883525.

Source: Data Processed by writer using SPSS 28.0 (2021)

Table 4.3 shows the normality test after outlier elimination, and the significant level (Asymp. Sig. (2-tailed) c) is larger than 0.05, particularly 0.061. These results show that the data was regularly distributed, indicating that the normality test was successful.



The normality test can also be observed in the histogram below:

Figure 4.1 Normality Test Using Histogram

Source: Data Processed by writer using SPSS 28.0 (2021)

The histogram in Figure 4.1 illustrates a bell-shaped curve, indicating that the distribution is normal. There are also normal probability plots that emerge from this normality test, such as:

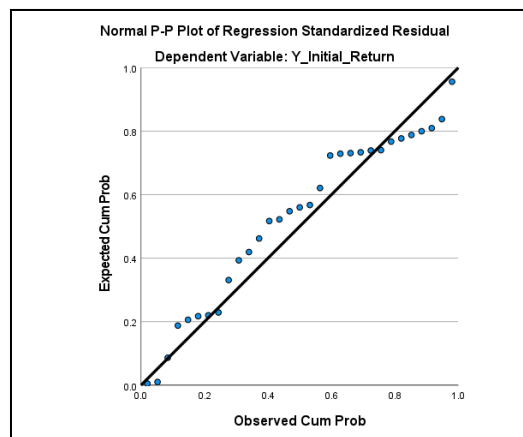


Figure 4.2 Normality Test using Normal P-Plot

Source: Data Processed by writer using SPSS 28.0 (2021)

This figure illustrates the findings of the normal P-Plot, which demonstrates that the data is normally distributed since the data is spread out along a diagonal line as shown in the figure.

4.2.2.2 Multicollinearity Test

The multicollinearity test is a part of the classical assumption test, which is used to detect whether there is a correlation between independent variables in a regression model. The Variance Inflation Factor (VIF) value and tolerance can be used to determine whether or not multicollinearity occurs. In order for data to be considered non-multicollinear, it must have a VIF value of not over than 10 and a tolerance value of not less than 0.10. The Multicollinearity Test yielded the following findings, which are shown in the table below:

Table 4.4 Multicollinearity Test using Tolerance and VIF Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	X1_EPS	.499	2.004
	X2_ROA	.666	1.502
	X3_Firm_Size	.661	1.513

a. Dependent Variable: Y_Initial_Return

Source: Data Processed by writer using SPSS 28.0 (2021)

The results of the multicollinearity test are shown in Table 4.4 above, with the EPS variable having a tolerance value of 0.499 and a VIF value of 2.004. Based on the results, it is possible to infer that EPS does not reflect multicollinearity because the tolerance value is larger than 0.10 and the VIF value is less than 10.

The ROA variable has a tolerance value of 0.666 and a VIF value of 1.502, which both match the standards where the tolerance is larger than 0.10 and the VIF value is less than 10. These findings imply that the variable does not exhibit multicollinearity.

Last but not least, the firm size in this test has a tolerance value of 0.661 and a VIF of 1.513. Because the tolerance value is more than 0.10 and the VIF value is less than 10, the firm size variable is free of multicollinearity. All of the preceding data indicate that the regression model has no multicollinearity.

4.2.2.3 Autocorrelation Test

The autocorrelation test is used to find out if there is a relationship between the residuals of one observation and the residuals of the previous observation. There is no autocorrelation in a decent regression model. The autocorrelation test was performed in this study using the Durbin-Watson Test (DW Test), and the results are provided in the table below.

Table 4.5 Autocorrelation Test using Durbin Watson Test

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.351 ^a	.123	.026	.108622	1.344	

a. Predictors: (Constant), X3_Firm_Size, X2_ROA, X1_EPS

b. Dependent Variable: Y_Initial_Return

Source: Data Processed by writer using SPSS 28.0 (2021)

The results of the autocorrelation through the Durbin-Watson value are 1.344, as shown in the table above. The result must be greater than dU and less than 4-dU to determine whether the Durbin Watson test is acceptable. This value can be determined from the Durbin-Watson statistical table with a significance level of 5%, a sample size of 31, and 3 independent variables ($k = 3$). So, the Durbin-Watson statistical table yields dU equal to 1.6500. The occurrence of autocorrelation is shown by Durbin-Watson in the table above, therefore the researchers performed a Cochrane-Orcutt to solve this problem. Here is the result after the transform:

Table 4.6 Autocorrelation Test using Durbin Watson Test after Data Transformation

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.452 ^a	.204	.113	.10410	2.007	

a. Predictors: (Constant), Lag_X3, Lag_X2, Lag_X1
 b. Dependent Variable: Lag_Y

Source: Data Processed by writer using SPSS 28.0 (2021)

The Durbin Watson result is 2.007, which is greater than the Durbin-Watson statistical table, which is 1,650, and less than 4-dU, which is 2,350. Then it is apparent that $dU < dw < 4-dU = 1.650 < 2.007 < 2.350$. As a result, it is possible to conclude that there is no autocorrelation.

4.2.2.4 Heteroscedasticity Test

The last test on this classical assumption test is the heteroscedasticity test which aims to discover whether there is an inequality of variance from one experience to another in the regression model. The results of heteroscedasticity tests can be obtained in a variety of ways, as suggested previously, including by observing the scatterplot graph, performing the Glejser Test, Park Test, and White Test.

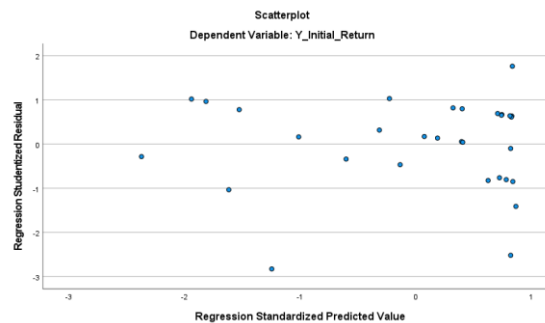


Figure 4.3 Heteroscedasticity Test using Scatterplot Graph

Source: Data Processed by writer using SPSS 28.0 (2021)

Figure 4.3 illustrates the scatterplot graph results, which demonstrate that the plot is spread out from zero and does not create a pattern, indicating that there is no heteroscedasticity. Moreover, a White Test is conducted, in which the residual values are squared, and the test statistics are computed. There is no heteroscedasticity if R^2 counts are less than R^2 square table. The white test yielded the following results:

Table 4.7 Heteroscedasticity Test using White Test

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.371 ^a	.138	.042	.01733

a. Predictors: (Constant), X3_Firm_Size, X2_ROA, X1_EPS
 b. Dependent Variable: Res_3

Source: Data processed by the Author with SPSS 28.0 (2021)

The R value is 0.371, as shown in Table 4.7 above. This value will be multiplied by the number of samples, which is 31 samples, resulting in an R2 count of 4.416 once this value is multiplied by the number of samples. The degree of freedom is 2 and the significance level is 5%; the R2 table has a value of 5,991 and it demonstrates that the R2 count is bigger than the R2 table ($4.416 < 5.991$). As a result, it is reasonable to conclude that heteroscedasticity does not exist.

4.2.3 Result of Hypothesis Testing

4.2.3.1 Multiple Linear Regression Analysis

Since there are more than one independent variable in this study, multiple linear regression analysis was employed to analyse the data.

Table 4.8 Result of Multiple Linear Regression Analysis

Coefficients ^a				
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta	
1	(Constant)	.791	.307		2.576 .016
	X1_EPS	.000	.000	.211	.849 .403
	X2_ROA	.121	.310	.084	.391 .699
	X3_Firm_Size	-.027	.012	-.501	-2.326 .028

a. Dependent Variable: Y_InitialReturn

Source: Data Processed by writer using SPSS 28.0 (2021)

The results of the multiple linear regression equation are shown in Table 4.8, and the regression equation model is generated as follows:

$$Y = 0.791 + 0.000X_1 + 0.121X_2 - 0.027X_3 + e$$

4.2.3.2 T-Test (Partial Significance Test)

The t-test is one of several linear regression analyses that are used in every study to determine the impact of a variable. The purpose of this experiment was to determine the impact of earnings per share, return on assets, and firm size partially on the initial return.

The significant level and t value can be used to determine whether the independent variable has a significant effect on the dependent variable. If the significant level is less than 0.05 (5%) and $t_{count} > t_{table}$ or $t_{count} < -t_{table}$, it means that the independent variable has a significant partial effect on the dependent variable. On the other hand, if t_{count} is greater than $-t_{table}$ or less than t_{table} ($-t_{table} < t_{count} < t_{table}$) then it indicates that it partially does not significantly affect the dependent variable. By using a significant level of 0.05 and degree of freedom ($\alpha/2$; total sample data – total variable – 1) which are $t(0.025 ; 27)$, resulting the t_{table} value is 2.052. The following are the results of the t-test:

Table 4.9 Result of T-test

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.791	.307		2.576	.016
	X1_EPS	.000	.000	.211	.849	.403
	X2_ROA	.121	.310	.084	.391	.699
	X3_Firm_Size	-.027	.012	-.501	-2.326	.028

a. Dependent Variable: Y_InitialReturn

Source: Data Processed by writer using SPSS 28.0 (2021)

Table 4.9 above has shown the t-test results of the three independent variables of this study, notably Earning per Share (X_1), Return on Assets (X_2), and Firm Size (X_3) on dependent variable which is Initial Return (Y). The following is an interpretation for the t-test:

1. The hypothesis testing for the Earning per Share (X_1) variable on the initial return has a significance level of 0.403, yielding in a t value of 0.849 and a variable

- coefficient of 0.000. The significant variable level is larger than 0.05 ($0.403 > 0.05$), and the t value is less than t_{table} but greater than $-t_{table}$, which is $-2.052 < 0.849 < 2.052$ ($-t_{table} < t_{count} < t_{table}$). With a coefficient of 0.000, it can be demonstrated that earnings per share have no significant impact on the initial return of manufacturing companies conducting IPOs and are listed on the Indonesia Stock Exchange between 2018 and 2020, wherein the H_1 of the research is rejected.
2. Hypothesis testing on the initial return for the Return on Asset (X_2) variable yields a significance level of 0.699 and a t value of 0.391. The significance level is more than 0.05 ($0.699 > 0.05$), and the t value between $-t_{table}$ and t_{table} was indeed $-2.052 < 0.849 < 2.052$ ($-t_{table} < t_{count} < t_{table}$). With a coefficient of 1.21, it demonstrates that there is an insignificant positive impact on the initial return of manufacturing companies conducting IPOs and are listed on the Indonesia Stock Exchange between 2018 and 2020, in which the H_2 of the research is rejected.
 3. The significance level for hypothesis testing for the Firm Size (X_3) variable on the initial return is 0.028, and the variable's t value is -2.326. The significance value is less than 0.05 ($0.028 < 0.05$) and the t value (t_{count}) is less than $-t_{table}$ ($-2.326 < -2.052$). With a coefficient of -0.027, it demonstrates that there is a significant negative impact on the initial return of manufacturing companies that do IPOs listed on the Indonesia Stock Exchange between 2018 and 2020, in which the H_3 of the research is accepted.

4.2.3.3 F-Test(Simultaneous Significance Test)

The F-test is a multiple linear regression analysis study that is used to analyse the simultaneous impact on Earning per Share, Return on Assets, and Firm Size on Initial Return.

The F-test can be decided by several factors, including the level of significance and F value from the test. The significant level is less than 0.05, and if the F value (F_{count}) is larger than the F_{table} , it may be inferred that the independent variable impacts the dependent variable simultaneously. In contrast, if the significant level is greater than 0.05 and the F value (F_{count}) is less than F_{table} , it indicates that the independent variable does not affect the dependent variable simultaneously. The total independent variable and the denominator of the degree of freedom (total sample – total independent variable) of 28 are $f(3;28)$ with a value of 2,947, which determines the F statistic table. The following are the findings of the F-test that was performed:

Table 4.10 Result of F-test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.021	3	.007	1.860	.160 ^b
	Residual	.104	27	.004		
	Total	.125	30			

a. Dependent Variable: Y_InitialReturn
 b. Predictors: (Constant), X3_Firm_Size, X2_ROA, X1_EPS

Source: Data Processed by writer using SPSS 28.0 (2021)

The F-test outcomes are shown in table 4.9 above, with a F value (F_{count}) of 1,860 and a significance level of 0.160. These are the outcomes of tests on independent variables such as Earning per Share, Return on Assets, and Firm Size on the dependent variable Initial Return. The significance level is larger than 0.05 ($0.160 > 0.05$), and the F value (F_{count}) is less than the F_{table} which is $1.860 < 2.947$. According to this explanation, there is no significant simultaneous effect of Earning per Share, Return on Assets and Firm Size on the Initial Return of manufacturing companies conducting IPO listed on the Indonesia Stock Exchange between 2018 and 2020, in which the H_4 of research is rejected.

4.2.3.4 Coefficient of Determination (Adjusted R^2)

The coefficient of determination is done to determine how much influence the independent variable has on the dependent variable. The findings of the Adjusted R^2 can be used to determine the coefficient of determination. If the result is near to zero, it indicates that the independent variable has a weaker influence on the dependent variable. Furthermore, as the adjusted R^2 near one, it indicates that the independent variable has a greater influence on the dependent variable. The coefficient of determination results is shown in the table below:

Table 4.11 Coefficient of Determination (Adjusted R^2)

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.414 ^a	.286	.171	.06198	

a. Predictors: (Constant), X3_Firm_Size, X2_ROA, X1_EPS

Source: Data Processed by writer using SPSS 28.0 (2021)

The adjusted coefficient of determination of Adjusted R^2 is 0.171 in the table above, indicating that 17.1 percent of the dependent variable, namely the initial return of manufacturing companies conducting IPOs and listed on the Indonesia Stock Exchange between 2018 and 2020, is influenced by the independent variables, which are EPS, ROA, and firm size. The remaining 82.9 percent is influenced by variables or factors not examined in this research. Furthermore, the value of R in the table demonstrates how significant the influence of the independent variable is on the

dependent variable. The R value in table is 0.414, or 41.4%, indicating that the independent variable and the dependent variable have a 41.4% connection. Aside from that, Standard Error of the Estimate is a result that reveals the level of linear regression error. The error rate in linear regression in this study is 0.06198.

4.3 Discussion

4.3.1 The Impact of Earning per Share Toward Initial Return of Manufacturing Companies conducting Initial Public Offering

Earning per Share (EPS) is a fundamental analysis that investors utilize prior to investing. Through EPS, investor can know how much gains can be obtained from one share. The findings of the statistical tests performed in this study revealed that the EPS variable had a significant level of 0.403, which was greater than 0.05. The results indicate that EPS has no significant impact on the dependent variable, namely the initial return. Furthermore, the t value in the test results is 0.849, which is less than t_{table} and greater than $-t_{table}$, where the t_{table} value is 2.052 ($-2.052 < 0.829 < 2.052$). The coefficient result in the hypothesis test is 0.000, which suggests that if the EPS grows by 1%, there is no changes in the initial return. As a result, H_1 is rejected since earnings per share have no meaningful impact on early returns.

As shown in this analysis, earnings per share have not had a significant impact on initial return. EPS is a ratio used by investors to calculate the profit per share owned. However, earnings per share does not fully explain the company's performance. As a result of this test, it is clear that investors do not consider the value of EPS indicated on the prospectus of companies when investing in manufacturing companies conducting IPOs.

4.3.2 The Impact of Return On Asset Toward Initial Return of Manufacturing Companies conducting Initial Public Offering

Return on Assets (ROA) is a ratio that demonstrates a company's ability to profit out of its assets. When a company's assets are used effectively, its profit margin increases. Statistical tests on the ROA variable in this study revealed a significant level of 0.699, which is more than 0.05, indicating that the ROA variable has no significant impact on the initial return of manufacturing companies that conduct IPOs in 2018-2020. Then, in the test results, the t value is 0.391, which is less than t_{table} and greater than $-t_{table}$, and the t_{table} value is 2.052 ($-2.052 < 0.391 < 2.052$). The coefficient on this variable research yielded a value of 0.121, or 12.1%, with the interpretation that if ROA

grows by 1%, the initial return will increase by 12.1%. Based on the test results, it is reasonable to conclude that ROA has an insignificant positive impact on initial return, and hence H_2 in this study is rejected.

According to the results of this study, the ROA variable had no significant impact on the initial return. ROA is one of the measures used by the company to demonstrate performance in generating income from the utilization of assets. However, ROA is not a guarantee of the rate of return on investment for investors. As a result of this test, it is clear that the return on assets mentioned on the prospectus of firms conducting IPOs is not given much attention or becomes a factor that influences investors' decisions in investing in manufacturing companies conducting IPOs.

4.3.3 The Impact of Firm Size Toward Initial Return of Manufacturing Companies conducting Initial Public Offering

The size of the firm reflects the scope of companies, and it is also one of the aspects that influence how quickly external parties can access information. The size of the company is determined in this study using the natural logarithm of total assets. Statistical testing on the variable company size yields a significant value of 0.028, which is less than 0.05, indicating that this variable has a significant impact on the initial return of manufacturing companies that do IPOs. The study also found that the t value is 0.-2.326, which is less than $-t_{table}$, and the t_{table} value is 2.052 ($-2.326 < -2.052$). The coefficient value from the test results is -0.027 or -2.7%, showing that increasing the firm size by 1% reduces the initial return by 2.7%. Based on the test and results, it is possible to conclude that firm size has a considerable negative impact on initial return, and so H_3 of this study is accepted.

The findings of the testing show that the firm size variable has a significant negative impact on companies conducting IPOs. One of the things that can influence how much company information can be accessible is firm size. Larger organizations typically have more information and are more accessible than small businesses. This can help to lessen investor uncertainty and asymmetry of information. As a result of this test, it is clear that the firm size of the company conducting the IPO is one of the elements that investors consider when investing in the manufacturing company conducting the IPO.

4.3.4 The Impact of Earning per Share, Return on Asset, and Firm Size Toward Initial Return of Manufacturing Companies conducting Initial Public Offering

According to the research on earnings per share, return on assets, and firm size on initial return conducted simultaneously on the F test, the significant level is 0.160, which is more than 0.05. These findings show that the independent variable has no impact on the initial return of manufacturing companies that undertake IPOs and are listed on the Indonesia Stock Exchange between 2018 and 2020. As a result, the final hypothesis which are H₄ in this study is rejected.

The previously tested R value of 0.414 or 41.4% indicates a quite strong relationship between the independent and dependent variables. However, the coefficient of determination (Adjusted R²) is 0.171 or 17.1 percent, indicating that the independent variables of earning per share, return on assets, and firm size can explain the dependent variable, namely the initial return of 17.1%. The remaining 82.9% were influenced by variables or factors not investigated in this study.

5. CONCLUSION

The objective of this research is to identify the impact of Earning per Share, Return on Assets and Firm Size on initial returns in manufacturing companies conducting Initial Public Offerings (IPO) listed on the Indonesia Stock Exchange in 2018-2020. The research was performed out with 32 samples and using multiple linear regression models with SPSS 28.0 Based on the hypothesis testing, the following conclusion can be attained:

1. Earning per Share (EPS) partially does not have a significant impact on the initial return of manufacturing companies conducting Initial Public Offerings (IPOs) listed in the Indonesia Stock Exchange during 2018-2020.
2. Return on Assets (ROA) partially provides an insignificant positive impact on the initial returns of manufacturing companies conducting Initial Public Offerings (IPOs) listed on the Indonesia Stock Exchange during 2018-2020.
3. Firm Size has a significant negative impact on the first return of manufacturing companies that conduct Initial Public Offerings (IPOs) on the Indonesia Stock Exchange between 2018 and 2020.
4. The Earning per Share (EPS), Return on Asset (ROA), and Firm Size simultaneously do not impact the initial return of manufacturing companies that conduct Initial Public Offerings (IPOs) listed in the Indonesia Stock Exchange during 2018-2020.

The value of R is 0.414, or 41.4%, indicating a reasonably strong relationship between

the independent variable and the independent variable. Moreover, hence the value of the coefficient of determination is 0.171 or 17.1% which illustrates those earnings per share, return on assets and firm size can explain the initial return of 17.1%. Other factors or variables not considered in this study explain 82.9 percent of the initial return.

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