

ANALYSIS OF EARNINGS PER SHARE BEFORE AND AFTER IPO AND THE STRATEGY (CASE STUDY: COMPANIES PERFORM IPO IN INDONESIA STOCK EXCHANGE YEAR 2013)

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ABSTRACT

This study aims to identify differences value of EPS before and after the IPO in companies listed on IDX in 2013. Data collection methods used in this research is literature study through secondary data in the form of a company's financial statement and annual report. Based on research about differences value analysis of EPS, the financial sector has significantly different value of EPS before and after the IPO. Next, PT Bank Mestika Dharma Tbk with biggest total assets among the financial industry is chosen for the representative company SWOT analysis. By describing the strengths, weaknesses, opportunities, threats, and mapping the competitive position, then formulating strategies based on SWOT analysis and portfolio in selected companies from the sectors that have EPS performance test differences. This type of research used in this research is descriptive qualitative where using the priority weighting calculation for the internal and external factors by using AHP method expert judgment regards to analyse with SWOT. Meanwhile the SWOT matrix and Internal-External analysis result, it concluded that the company is in grow-and-stability quadrant. Refers to the study, the alternative strategy is horizontal integration, as well as product development.

Key words: Earnings Per Share, IPO, AHP Method, SWOT, Strategy

1. INTRODUCTION

The capital market has very important role in the economy representative of a country, because the capital markets runs the economic functioning as well as financial functions. Based on the economic point of view, the stock market serves an efficient mobility system to long-term funds for the government. Through the capital markets the government can allocate public funds into productive investment sectors. From the financial perspective, the stock market provides an efficient medium to allocate funds from those who have surplus funds, which are investors, and those who need funds, which are companies.

Encouragement of funding needs became one of the main reasons that a company willing to become a public company by selling shares in the capital market. IPO is a company's offering for the first time and held in the primary market, then the shares will be traded in the secondary market. Fulfilling the company's funding is as a consequence of

growth and expansion of the businesses. Initial Public Offering will change the status of the company from private to be public corporate and make consequences to responsible on the management to improve its performance.

Currently Indonesia's economy has shown a good significant progress, it can be seen from many companies that is going public. It means that people began to cultivate an open economy and ready to be more competitive. A clear indicator is the increasing performance of a stock exchange that functioning as a mediator or intermediary in the trading of shares, in this case is the shares which are listed on the stock exchange.

Companies that have become public and have registered their name on Indonesia Stock Exchange (IDX) will be easier to obtain funds rather than had to borrow funds from other parties. The investors will be interested to invest funds if they see company in a good state, has ability to produce profits, the company's future prospects, as well as the

rate of return given by the company as a profitable enterprise for them. The higher the profits produced by the company, the higher the rate of return provided to investors that expected, so that maximizing earnings became the main focus for investors.



Figure 1. Number of Companies Perform IPO in Indonesia

In the process of selling shares, the financial statements have an important function to the owner of the company (issuer), underwriters, and investors. It is important because it is one of the main source of information for assessing the pricing in IPO process. On investor point of view, it is a source of information in determining investment decisions. This financial information can be found in the prospectus provided by the company which is also contains non-financial information (Sulistyanto and Wibisono, 2003). The information in the prospectus required by investors in the decision-making process on the exchange (Kim and Ritter, 1999).

Performance's assessment of the company before and after becoming a public company is very important. The company's performance especially in the form of financial statements required to be reported periodically as a form of full disclosure function of being public company. Assessment's criteria for the company's operating implementation results is varied. One of them is earnings per share (EPS) value as an important indicator of management's achievement in satisfying company's shareholders in the form of rate of return in the period before and after the IPO.

According to Prastowo and Juliaty (2008) earnings per share (EPS) is the amount of profit that become the rights to shareholder on one sheet of ordinary shares. Earnings per share (EPS) is the first important component that must be considered in analysing company. By looking at the firm's EPS value,

investors will examine whether the company is profitable for them or not, because it describes the amounts of money that is obtained for each share of common stock and describes the prospect for company's earnings, especially in the future (Tjiptono and Hendry, 2001). Earnings per share (EPS) can indicate the level of prosperity or well-being of a company. When the earnings per share (EPS) are distributed to the investors is in high number, it indicates that the company can provide a good level of welfare for its shareholders, and vice versa.

The reasons for selecting this study is because the earnings per share (EPS) reflects the performance of the company, from the value of the EPS that need to be taken before and after the IPO, it can be seen whether the company has a good performance or not related after the IPO. However, based on several studies relating to the company's financial performance prior the IPO and post IPO, it turns out to conclude different outcomes.

Ritter (1994), documented that the earnings per share of companies going public typically grows rapidly in the years prior to going public, but then actually declines in the first few years after IPO. Else Hsun and Tzu (2003) concluded that the result of performance in Chinese IPOs with sample of 884 companies listing in mid-1995 to mid-1999 period is that earnings per share and Return on Equity has no significant change after IPO. Hsun and Tzu (2003) even said that IPO is of little obvious help to companies' operational performance because of the financial indicators tend to fall rapidly year on year. Consistent to Hsun and Tzu study, Wang (2005) also had conclusion on his research that operating performance of Chinese listed companies 3 years after IPO is nearly one-third lower than 3 years prior to the IPO.

Purba (2006) also said on his research that profitability ratio, liquidity ratio, and stock performance after IPO is decrease, whereas the solvability ratio is increase on his study in PT. X. Added by Pastusiak (2016), the study performed profitability analysis such as ROE, ROA, NPM, and OPM ratio in companies before and after IPO. The result is that profitability of companies in a year before IPO id better than one year after IPO. Jain and

Kini (1994), who said that overall of Malaysia IPOs in 1990 to 2000 period, there is declining performance in the IPO year and up to three years after IPO. The year-to-year analysis reveals that the greatest declining performance is in the year immediately following the IPO.

In Kenya, study by Kuria (2014) shows that companies listed in Kenya, over the six years period extended from prior and post IPO financial performance levels have declined based on several performance measures. Wamari (2014) also supported on her study which has shown that the overall stock performance in the long run after going public in underperform in terms of trend analysis but not significantly. On the other hand, Kinyua (2013) studied the effects of initial public offering on 56 listed companies' performance in Nairobi Stock Exchange conclude that profitability ratio and earnings per share ratio rose after IPO.

If the financial ratios can be used as predictors of EPS, then these findings constitute sufficient useful knowledge for users of financial statements and all stakeholders. Conversely, if the financial ratios is not enough to affect the EPS, the results of this research will strengthen the evidence of inconsistency previous empirical findings.

2. CONCEPTUAL MODEL

The conceptual model contains the concept of workflow and flow variables used in the study to analyse the earnings per share (EPS) performance of companies which perform IPO in 2013. The EPS value then be classed in the period of before and after the company conducted an IPO. A total of 30 companies which perform an IPO in 2013 will be classified into some industry sectors. After that, the performance of EPS will be analysed as overall. So that on the next stage, there will have chosen sector then company which can be developed further into the analysis of the performance improvement strategy.

After the analysis of EPS performance, there will be some questionnaires that will determine the weighting priority for every internal or external factor which will be used in SWOT analysis. The result after finding priority weight using AHP, then doing SWOT

analysis, is in form of recommendations and strategy improvement.

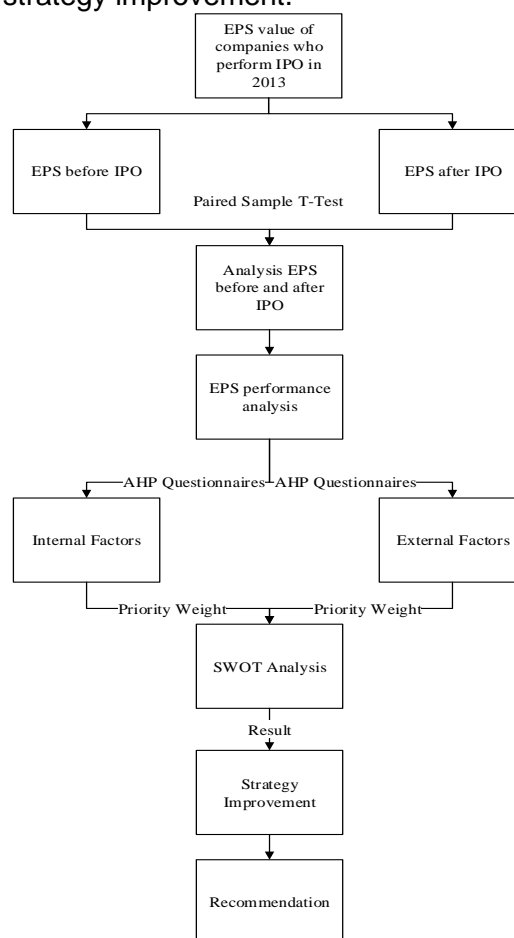


Figure 2. Conceptual Model

The data collection phase conducted to obtain the information needed in order to achieve the research objectives. In this study, the authors use secondary data and primary data. According to Kuncoro (2003) notion of secondary data is data that has been collected by data collection agencies and published to the user community data. While the data according to the time it was collected, this study uses cross-section data that show the specific point in time.

The data required is the distribution of cluster company types and industrial sectors for companies that conduct an IPO in 2013, the number of issued shares of each company to hold an IPO in 2013, the financial statements for 2011 to 2015 for each company to hold an IPO in in 2013. These data are obtained from the capital market reference centre Indonesia Stock Exchange, through an internet website <http://www.idx.co.id>, and partly obtained from secondary documents such as Indonesia

Capital Market Directory (ICMD), financial statements, and annual reports.

This analysis generates data in the form of descriptive observations as well as comparison the performance of EPS companies doing IPOs in 2013 before and after the initial public offering as well as to analyse the strategies in improving performance by using SWOT analysis. SWOT analysis is done by describing strengths, weaknesses, opportunities and threats then calculating the priority weight using AHP method with expert judgements. All **tables, charts, and graphs** should be given on separate sheets with titles. Wherever necessary, the source should be indicated at the bottom. Number and complexity of such exhibits should be as low as possible. All figures should be indicated in million and billion. Decimal separated by dot (.). All graphs should be black and not in color. **Endnotes, italics, and quotation marks** should be kept to the minimum.

3. DATA COLLECTING AND DATA PROCESSING

Based on the calculation of paired sample t-test, it can be seen that the average value of EPS before performing IPO is largest than after performing IPO. Thereafter, if the test is applied based on the company's type which is manufacture, hypothesis result says there is no significant difference between the average of their earnings per share value 2 years before and after performing IPO. Meanwhile in services category, it tells that the average value of EPS before is largest than after performing IPO.

On the other hand, based on sectoral categories which are finance; trade, services, and investment; infrastructure and property; there are no significant difference between average value of EPS before and after, however only in finance sector that tells there is a difference. Thus, the strategy of being go public or performing IPO was not improving these company's performance, proven by the insignificant difference of the average of EPS in all sector except finance. But overall, there is a derivation of mean value between the average of EPS before and after performing IPO. Also, seeing from the standard deviation

value which also decreasing, IPO was make the condition better in these companies.

Phenomenon in Indonesian macroeconomic recent years, Indonesia's economic growth, including the growth performance of financial sector, tends to slow down as a result of the weakening global economy. In 2013, the Indonesian economy was experiencing a slowdown in growth to 5.78% from 6.20% in 2012. There is a decrement from 5.78% to 5.02% in 2014, and its continuously has slowly growth until in 2015, it was recorded at 4.79% growth, slower compared to 2014. Year 2015 has the growth percentage of Indonesia's economic was the lowest since 2009. This is mainly cause due to a slowing global economy, including slowing economic growth in China.



Figure 3. Indonesia's Economic Growth

Various global factors which affect the performance of real and financial sectors in Indonesia, one of the factor is the Fed's normalization plan. It such as threat in the form of the capital outflow due to the Fed plans to raise the interest rates in order to attract the funds invested outside the United States back in order to raise the economic sectors of United States itself. This problem has led to pressure on the Indonesia's exchange rate, it can be seen from the graph below that the exchange rate tends to increase slowly in the lastest 5 years. Rupiah was pressured due to the uncertainty of Fed Fund Rate direction and in 2015 Rupiah had reached the level of 14,000 IDR and by the end of the year closed at 13,864 IDR per US Dollar or weakened 11.3% from the end of 2014. Thus, this problem is resulting in high cost of goods which is imported by Indonesia to fulfil the domestic demand and at the same time, in falling demand for Indonesian exports, and also lead in lowering liquidity rates inside the country.

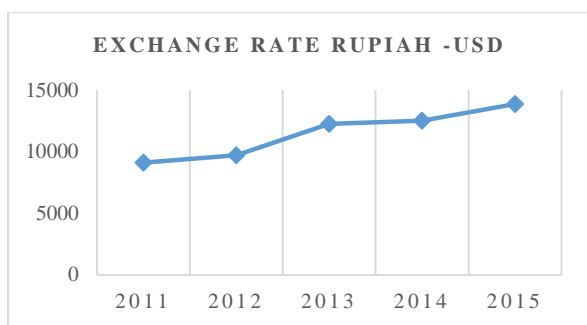


Figure 4. Exchange Rate Rupiah-USD

The next factor which affect the performance of real and financial sectors in Indonesia is the drop in global oil prices which led to the decline in commodity prices and China's economic slowdown. Whereas China as the main motor which is driving the Asian economies. Then, Chinese government policy decided to devalue its currency due to weak export activity.

On the other hand, Indonesia with a highest degree of dependence on imported products, resulting in further widening current account deficit. the inflation rate maintained at the level of 3.35% or lower than the inflation rate in 2014 amounted to 8.36% and is within the range of 2015 inflation target set by Bank Indonesia at 4% ± 1%.

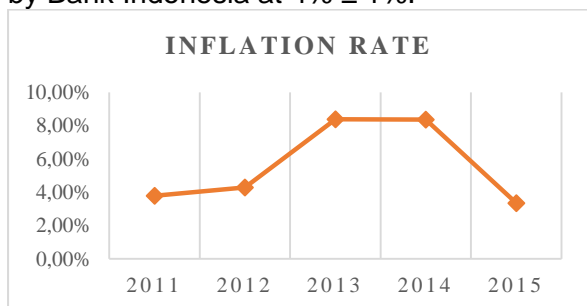


Figure 5. Inflation Rate in Indonesia

Nonetheless, Bank Indonesia preserved the benchmark interest rate at 7.50% since February 2015 to the end of 2015 to maintain the stability of the Rupiah and directing the current account deficit towards healthier level.

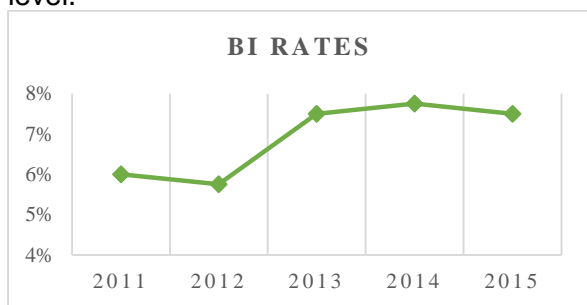


Figure 6. Bank Indonesia Interest Rate

This economic situation is affecting Indonesia's purchasing power because of the prices of basic goods is highly priced. The result is a significant reduction in household consumption expenditure such as clothing, footwear, education, health, transport, communications, hotels and restaurants. A significant reduction was also seen in motorcycles, automobiles, and residential homes sales. Only expenditures for food and beverages and household items that are not influenced to a greater decline. Of course, the reduction of public expenditure in different industrial sectors result in reduced demand for goods produced by large, medium, or small enterprises. This problem is affecting the performance of financial sector in Indonesia. Dhwijhayanti and Naomi (2009) also strengthen the argument that inflation influencing the profitability of the company, especially in banking industries, because it will affects on the highly operational cost and the increment of BI rates affects the interest and will of the people to invest their fund in bank.

Factors that made a decline progress in earnings per share can be caused by the percentage decrease in net income is greater than the percentage decrease in the number of ordinary shares outstanding or percentage increase in the number of ordinary shares outstanding is greater than the percentage increase in net income. Value of earnings per share would increase if the percentage increase in net income is greater than the percentage increase in the number of ordinary shares outstanding (Weston and Eugene, 1993).

So that the internal reason for the insignificantly difference of EPS average value that happened in some sector of companies which performed IPO in 2013 is about the ratio net profit the companies' gained to the number of shares. The decrement of EPS average mean before and after IPO may caused by the insignificant increment of net profit but a large number of distributed shares, or the descent of net profit and there is no reducing the number of shares. So for the company, the value of EPS will have good growth if the percentage of net profit is bigger than the increment percentage number of shares distributed.

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So based on the problem, it is hypothesized that:

H₀ : There is no difference in earnings per share average before and after IPO

H₁ : Average earnings per share before IPO is greater than the average of earnings per share after IPO

It can be summarized in the table below:

Table 1. Summary of Paired Sample T-Test Result

Sector	Sig.	Conclusion
Manufacture	0.468	Accept H ₀
Financial	0.002	Reject H₀
Trade, Services, and Investment	0.092	Accept H ₀
Infrastructure and Property	0.745	Accept H ₀

Financial sector has conclusion of rejecting H₀ which means that the average value of EPS before it perform IPO is bigger than after perform IPO. Meanwhile the other sector has no different between before and after perform IPO. So that the financial sector is preference to be analyse later.

On the financial sector, here is the summary of total assets of the companies in which performing IPO in 2013.

Table 2. Summary of Total Assets In Financial Sector

Stock Code	Total Assets
BBMD	Rp 9.409.000.000.000
NOBU	Rp 6.703.377.000.000
BMAS	Rp 5.343.936.000.000
IMJS	Rp 5.022.000.000.000
NAGA	Rp 2.038.205.000.000
VICO	Rp 1.288.167.000.000

It can be seen on the table that BBMD or PT Bank Mestika Dharma has the biggest amount of total asset, counted as 9,409 billion IDR. In having SWOT analysis, PT Bank Mestika Dharma can be considered as representative of financial sector because of its number of total assets compared to the other companies.

4. ANALYSIS

Details of the information for the external environmental analysis on the PT Mestika Dharma Tbk as representative company in financial sector. The value of weight is obtained from AHP method calculation of transformed questionnaires' answer by expert judgement. The consistency of external factors is 9.56% which considered as consistent. The external factor summary can be seen in the following table:

Table 3. External Factor Analysis Summary

External Factors Analysis Summary (EFAS)			
Opportunities	Weight	Rating	Weighted Score
Indonesian economic growth	0,202	3	0,607
The growth of economic sector	0,130	2	0,260
Government policy	0,192	3	0,576
Fast technology development	0,036	3	0,107
Subtotal	0,560	Subtotal	1,550
Threats	Weight	Rating	Weighted Score
Competitor has more sophisticated technology	0,120	2	0,241
Plenty of kindly products offering more advantages	0,119	2	0,238
Plenty of various kind of product offered by competitors	0,057	2	0,114

Deceleration of global economic growth	0,144	2	0,288
Subtotal	0,440	Subtotal	0,880
Total	1,000	Total	2,430

Meanwhile, by the same AHP method and the consistency value is 9.77%, here is the details of the internal information which is rated from the annual reports of PT Mestika Dharma Tbk as its internal environmental factor can be seen as follows:

Table 4. Internal Factor Analysis Summary

Internal Factors Analysis Summary			
Strengths	Weight	Rating	Weighted Score
Good implementation of GCG	0,059	3	0,178
Ability to minimize on risk management	0,329	2	0,657
Good performance of financial report	0,256	3	0,769
Good of human capital management	0,103	2	0,206
Subtotal	0,747	Subtotal	1.811
Weaknesses	Weight	Rating	Weighted Score
Poor CSR	0,021	4	0,084
Lack of technology utilization	0,061	2	0,122
Weak in product and services	0,069	2	0,138
Ineffective marketing and promotional strategy	0,102	2	0,204
Subtotal	0.253	Subtotal	0.547
Total	1,000	Total	2.358

Execution of Internal-External Matrix Strategy comes from the results of the external and internal environmental analysis. The score which obtained from the data has total weight of EFAS matrix is 2.430 which shows a moderate external position and the total weight score of the IFAS matrix of 2.358 which show moderate internal position.

Therefore, it can be concluded that PT Bank Mestika Dharma Tbk is in cell 5, which can be classified as stable and grow area.

PT Bank Mestika Dharma Tbk as the representative of financial sector that performs IPO in IDX year 2013 is located in 5th cell, which means that the strategy used may be growth strategy and stability strategy. For integrative strategy is using a horizontal integration that seeks greater ownership over competitors. As for stability strategies, there will be no change in profit strategy. The details of the strategies that can be done is as follows:

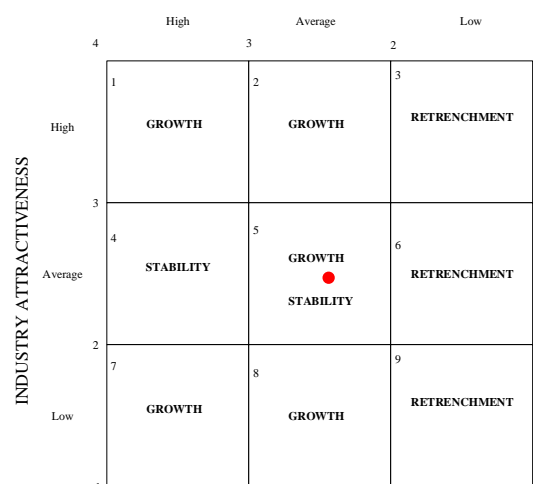


Figure 7. Internal-External Matrix

From the pictures and the table above are based on the calculation SWOT, PT Bank Mestika Dharma cell 5 in which policy direction PT Bank Mestika Dharma is in a state of stable growth strategy.

Hunger & Wheelen (2003) said that the growth strategy is the strategy most commonly sought, companies doing business in a dynamic environment should continue to grow in order to survive. A firm can achieve horizontal growth by expanding its operations into other geographic locations and/or by increasing the range of products and services offered to current markets. Research indicates that firms that grow horizontally by broadening their product lines have high survival rate. Horizontal growth results in horizontal integration—the degree to which a firm operates in multiple geographic locations at the same point on an industry’s value chain. Horizontal growth can be achieved through internal development or externally through acquisitions and strategic alliances with other firms in the same industry. The stable growth in its

development strategy means PT. Bank Mestika Dharma can use growth strategy role but done in stages according to the priority scale. The strategy is supported by the alternative and an opportunity to attract more customers by developing products and services to satisfy customers. The first aspect and action recommended to PT Bank Mestika is maintain the performance of financial ratio at good state.

Based on Taswan (2006), ROA ratio should be higher than 0.5 % and ROE should be higher than 5%. Bank Mestika has ROA of 3.53%, it values above the average of ROA in banking industry which is 2.32% meanwhile ROE of Bank Mestika is valued 11.24% in 2015. The other financial qualification in profitability ratio are NIM ratio which should be higher than 1.5% and BOPO ratio which should be less than 96%. Bank Mestika has NIM ratio of 8.13% and BOPO ratio 68.58%. Then Bank Mestika has reach the good state of financial ratio criteria. ROA and ROE are use the profits as a way to assess the effectiveness of the use of assets or capital the company in generating profits. In order to achieve bank efficiency, one of the way is to increase operating income by minimizing operating costs. BOPO is the ratio of operating expenses to operating income. Operating costs are incurred by the bank in order to run its core business activities such as interest expenses, marketing costs, labour costs and other operating costs. Operating income is the main income of the bank that is the income earned from the placement of funds in the form of credit and other operating income. While NIM is influenced by changes in interest rates and asset quality. Banks need to be cautious in giving credit to productive assets quality is maintained. Thus, companies need to increase revenue and minimize operating costs such as by growing awareness of the costs (cost conscious culture) in the minds of every employee. This allows the employee attempted to obtain the best price for each bid and contracts that are geared to the company. Then, companies must invest in information technology (IT). Because IT investment is very important for the continuity of banking operations. Due to their excellent IT infrastructure, the cost could be lower and increased competitiveness.

Provide the best banking services and appropriate in accordance with the principles of good implementation of risk management, open, prudent and meet the standards of Good Corporate Governance (GCG) and maintain bank healthiness and GCG at a good level. It can be done by improving the efficiency of the company's performance by improving the competence of Human Resources that will ultimately result in the increase of service to the parties who has interest in the Bank, such as customer, regulator, government, employees, and shareholders; increasing the active supervision of the Board of Commissioners and responsibilities in implementing the principles of prudential banking principles according Integrated Governance; improving the role of all organs of governance to protect the company from potential lawsuits, penalties, and reputational risk caused by the disobedience of the company against the regulations in force.

To support the implementation of the compliance function continuously, then the application of the compliance function and increased emphasis on creating a culture of compliance through Inform the existence of rules to be used as guidelines, conduct socialization and a seminar on the new provisions of both internal and external, provides the media to read and give knowledge about the rules, monitor compliance with regulations on the implementation of the operations of the Bank.

In addition to these measures, the Bank also proactively promoting a culture of compliance through the delivery of training and socialization to employees regarding the increase of Culture of Compliance, Implementation of Compliance Function, Policy Compliance, Code Compliance, Implementation Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism, internal and external regulations and other matters related to the implementation of the precautionary principle, in order to carry out the task employees are always guided by the rules and laws that apply. With all these efforts, the Bank confident of being able to identify the problems regarding compliance early on and maintain the culture of compliance at the Bank Mestika Dharma.

New breakthrough efforts of other banking products and innovation, both in terms of features, services, and ease of access in the transaction for the customer. By developing internet banking and mobile banking in order to improve services to customers and to participate in promoting branchless banking program; increasing the number of branch offices and the ATM distribution. Sumatra as its segment, PT Bank Mestika should build more distribution service center in order to gain more customer in other area of Sumatra, so it can be focused; collaborating with other parties to make an integrated system such as master payment in order to make improvement of service and ease of access in the transaction. Such as payroll services so then the company may gain more customers.

Strengthen and maintain the management system and organizational development and human resources, and information technology system banking services and operations. Such like increase competence in terms of human resources through the Academy Mestika and build or upgrade the information technology. Conduct variety of activities, one of them is to conduct regular training activities continuously. The training according to the standards of banking competence, quality of the training is expected to provide a foundation as a professional banker delivered some important materials including banking, product knowledge, leadership, risk management, regulatory discipline, law, and professional ethics.

The product and services innovation and developments, collaborate with other parties to improve distribution and services quality as expand its distribution to be reached by consumer, these are to be expected in order to develop marketing aspect besides improving its promotional strategy. Another marketing and promotional strategy that can be done by PT Bank Mestika are to improve the service quality to the customer. Customer satisfactory takes very important part as a form of efficient marketing strategy. Therefore, PT Bank Mestika should improve by giving nice, friendly, and fast services, fulfil the need of the customer, also give interesting lower credit interest rather than competitor; do gift strategy in order to gain and maintain the customer, Bank Mestika

should give good gift offers to customer in order to make them loyal and increase the interest of new-customer. Gift is one form of appreciation of the good promotion strategy and affect good result in the future.

Being go public, company should do more effort in order to maintain the position in the market. If investor's interest is not maintained, it may cause to the declining trading. When the trading of shares is decline, company will have less from the advantages of IPO such as the liquidity or capital funding. The public company performance is also reflected in the value of its stock. Management faced the pressure to balance company's short term with long term goals. Negative development such as the earnings of company is lower than company expected before can affect in stock value. And management should ensure that all the communication is good between external parties by explained fully in the company's report. So the transparency in reporting will make greater market trust to the company.

Earning is one of the factor that affect public perception to a company. Definitely, the company should maintain or improve the characteristic that is desired before going public such as the earning or financial growth and sustainability of the company. Will it satisfy the expected rate or profit to investors? The second one is the visibility and public perception of the company's products and services. Company should build the sustainability positive image to investors, customers, and also community because the attitude and public perception will affect the interest of investors to the company. Then, the capability and committed management who plays a great role about the decision or how the company will perform.

5. CONCLUSION

Based on the data processing and data analysis, manufacture sector; trade, services, and investment; infrastructure and property sectors have no significant different in average of EPS value before and after perform IPO. Meanwhile, financial sector has average value of EPS before IPO is larger than after IPO with the significant value is 0.002 and the confidence interval of 95% by

using paired sample t-test calculation method.

Companies who performed IPO in 2013 encounter the global and internal economics issues such as the Fed's normalization plan where affect to inflation rate, BI rates, and also the slowing the Indonesia's economic growth. And also the company performance in gaining earnings or the management in distributed shares. PT Bank Mestika Dharma Tbk is chosen company for analyzing the strategy which is financial sector that have the different change of EPS value before and after IPO based on its biggest market share by total asset in the financial sector perform IPO year 2013.

By using AHP method in calculating priority weight factor of SWOT analysis, SWOT can be used in formulate and determine the best strategies for companies in order to sustain and be able to reach the company goals. There are some internal factors in determine competitive strategy in PT Bank Mestika Dharma Tbk as financial sector which are good risk management, implementation of good corporate governance, strength in product and services offered, financial ratio performance, human capital management, effectiveness of marketing and promotional strategy, usage of information technology, and the corporate social responsibility. There are some external factors in determine in determine competitive strategy in PT Bank Mestika Dharma Tbk as financial sector which are Indonesian economic growth, the growth for economic sectors, fast technology development, government policies, competitor's various product, competitor's more sophisticated technology, competitor's more advantages products, and the global economic growth. These internal and external factors are weighted by AHP methods of expert judgement.

Strategies to determine the competitive strategy at PT Bank Mestika Dharma Tbk is horizontal strategy in stable growth position which means that in the banking industry competition is using growth strategy and in gradually actions accordance with the priority scale. Strategies to after-IPO companies is to maintain and improve their performance by financial, product and services, or management capability in order to keep the

position in the market and have greater market trust to develop the company and be more sustainable for long term.

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