

Determination of Liquidity Ratio: Analysis Before IPO and After IPO

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Abstract: Article Literature Review of Determinants of Company Liquidity Ratios related to the influence of Pre-IPO Conditions and Post-IPO Conditions is a scientific article to find out the phenomenon of influence between variables in further research related to the preparation of a hypothesis, within the scope of Financial Management. The preparation of this Literature Review article applies library research techniques, which are searched through Google Scholar, Mendeley and other academic online media. The issues raised in this article (Literature Review) are: 1) The effect of the condition of the company before the IPO on its liquidity ratio; 2) Effect of Company Conditions After IPO on Liquidity Ratio. Besides these two independent (exogenous) variables that influence the dependent variable (endogenous) Liquidity Ratio, other factors that can also be factors are Sales Growth, Earning per Share (EPS), and Ownership Structure.

Keywords: Liquidity Ratio, Conditions Before IPO, Conditions After IPO

INTRODUCTION

Students who are at the Strata 1, Strata 2, and Strata 3 levels, are obliged to conduct research in the form of theses, theses, and dissertations. This is also mandatory for other researchers, functional positions, and lecturers are required to actively contribute to research and produce scientific articles for publication in scientific journals.

It is known that several young lecturers and other researchers, especially some students, had difficulty finding supporting articles in the form of conclusions from previous research or relevant research results. Articles related to previous research results that are needed to support research on a theory, aiming to determine the effect between variables, and formulating hypotheses, are important points in the discussion chapter on research results. This article talks about the effect of the condition of the company before the IPO and the condition of the company after the IPO on the company's liquidity ratio (a study of financial management literature).

Start from the introduction and the reasons for the problems above, the formulation of the problems discussed in preparing hypotheses for subsequent research are:

1. Does the Condition Prior to the IPO Affect the Company's Liquidity Ratio?
2. Does the Condition After the IPO Affect the Company's Liquidity Ratio?

METHODS

The writing of literature study articles uses a qualitative descriptive technique and library research or library research, sourced from Google Scholar, Mendeley, and other online library sources. This Literature Review article discusses the field of Financial Management. In qualitative research, the assumptions of the methodology must be ensured so that they are always consistent with the literature review. This means that the questions posed by researchers must be inductive. The main background for using qualitative methods means that the research must be exploratory in nature, (Ali, H., & Limakrisna, 2013).

RESULTS AND DISCUSSION

Start from the formulation of the problem, theoretical studies, and relevant previous research results, the discussion of this literature review article is:

1. Does the Condition Prior to the IPO Affect the Liquidity Ratio?

Conditions before the IPO had an effect on the Liquidity Ratio, where the dimensions or indicators of the Conditions before the IPO (there had been no action of offering the first sale of shares (capital) to investors) had an effect on the dimensions or indicators of the Liquidity Ratio.

To increase the Liquidity Ratio by taking into account the Conditions before the IPO, what must be done by management is the addition of current assets through sales growth or efficiency of operational costs or additional capital from the owner, where the proportion of total current assets can increase compared to total assets. Conditions before the IPO affect the Liquidity Ratio, if the Conditions before the IPO are seen as a positive phenomenon, then this variable can encourage an increase in the Liquidity Ratio

Conditions before the IPO had an effect on the Liquidity Ratio, this is in accordance with the results of research: (Munawar & Mahaputra, 2022) and (Sudarmaji, Ambarwati, Keiko Hubbansyah, & Budi Astuti, 2020).

2. Does Condition After IPO Affect Liquidity Ratio?

Conditions after the IPO affect the Liquidity Ratio, where the dimensions or indicators of the Conditions before the IPO (the action of offering the first sale of shares (capital) to investors) affect the dimensions or indicators of the Liquidity Ratio (Current Ratio),

To increase the Liquidity Ratio by taking into account the Conditions before the IPO, what must be done by management is the addition of current assets through sales growth or efficiency of operational costs or additional capital from the owner, in which the proportion of total current assets can increase compared to total assets

Conditions after the IPO do not significantly affect the Liquidity Ratio, if Conditions After the IPO are seen as a positive phenomenon, then this variable will be able to encourage an increase in the Liquidity Ratio. Conditions after the IPO did not significantly affect the Liquidity Ratio, this is in accordance with the results of research. However, on the contrary, the conditions after the IPO actually had a positive effect on the Liquidity Ratio (Fitri Lita Kusumawati et al., 2014). Conditions after the IPO affect the Liquidity Ratio by involving the Earning Per Share (EPS) variable component as a moderating variable (Budianto & Eka Bertuah, 2020), (Bismark & Pasaribu, 2018).

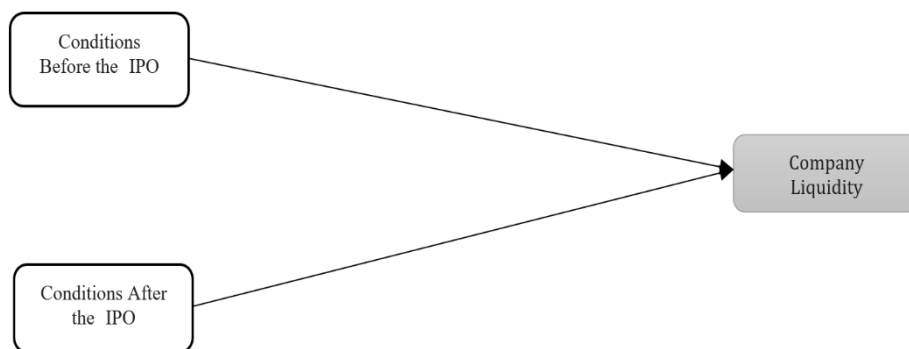
Previous Research

Table 1. Previous Research

No.	Author (Year)	Previous Research Results	Similarities with this article	Differences with this article
1	(Ratu Dhinta Nono Supriatna, 2019)	Conditions Before the IPO and Conditions After the IPO had a positive and significant impact on the Liquidity Ratio.	Conditions after the IPO affect the Liquidity Ratio.	Conditions before the IPO affect the Activity Ratio.
2	(Teti Yuliarni et al., 2016)	Conditions Before the IPO, Conditions After the IPO and Sales Growth have a positive and significant impact on the ratio Liquidity	Conditions Before the IPO & Conditions After the IPO affect the Liquidity Ratio	Conditions Before & After the IPO have an effect on the Activity Ratio
3	(Linda Novita Dewi et al., 2020)	Conditions before the IPO and conditions after the IPO did not have a significant effect on the Liquidity Ratio	Conditions after the IPO affect the Liquidity Ratio	Conditions before the IPO affect the Solvency Ratio
4	(Desy Anggraeni, 2017)	Conditions Before the IPO, Conditions After the IPO and Sales Growth did not have a significant effect on the Liquidity Ratio	Conditions Before the IPO & Conditions After the IPO affect the Liquidity Ratio	Conditions Before and After the IPO affect the Activity Ratio
5	(Rafa Dwisono et al., 2021)	Conditions Before and After the IPO affect the Activity Ratio	Conditions after the IPO affect the Liquidity Ratio	Conditions before the IPO affect the Solvency Ratio
6	(Niluh Sri Andayani dkk., 2017)	Conditions before the IPO, Conditions after the IPO, and Sales Growth have a negative effect on the Liquidity Ratio	Conditions Before the IPO & Conditions After the IPO affect the Liquidity Ratio	Conditions Before the IPO & Conditions After the IPO affect the Activity Ratio
7	(Nadila Mariska et al., 2022)	Conditions before the IPO and conditions after the IPO did not have a significant effect on the Liquidity Ratio	Conditions after the IPO affect the Liquidity Ratio	Kondisi Sebelum IPO berpengaruh terhadap Rasio Profitabilitas

Conceptual Framework

Departing from the relevant previous research results, theoretical studies, and problem formulation, discussion of the influence between variables, the conceptual framework of this article can be compiled as follows.



Picture 1. Conceptual Framework

Start from the conceptual framework picture above, then: Conditions Before the IPO and Conditions After the IPO affect the Liquidity Ratio both indirectly and directly.

Besides these two exogenous variables that affect the Liquidity Ratio, other factors that can also be factors are:

1. Sales Growth: (Wangsih, 2021), (Tita, 2011), (Astuti, Dewi, & Fajri, 2020), (Permata, Nurlaela, & W, 2018).
2. Earning Per Share: (Siregar & Dani, 2019), (Akbar & Herianingrum, 2015), (Saputra, 2022b), (Rani, Nyoman, & Diantini, 2015), (Saputra, 2022a).
3. Ownership Structure: (Nurwanti, Hendrian, Nabila, & Lestari, 2021), (Mukti & Istianingsih, 2018), (Solikhah & Winarsih, 2016), (Dewantara, 2014).

CONCLUSION

Based on relevant articles, discussions, and related theories, the next research hypothesis can be developed, namely,

1. Conditions before the IPO influenced the Liquidity Ratio.
2. Conditions after the IPO do not affect the Liquidity Ratio.

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