

IPO EFFECTS ON RETURN ON ASSETS: EVIDENCE FROM INDONESIAN LISTED COMPANIES' FINANCIAL CHARACTERISTICS

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Abstract

This study aims to analyze the effect of Initial Public Offering (IPO) on Return on Assets (ROA) by considering Firm Size, Liquidity, Leverage, and Tangibility in companies listed on the Indonesia Stock Exchange (IDX). The study adopts a quantitative explanatory research design using secondary data obtained from audited annual financial statements of companies that conducted IPOs during the observation period. The sample was selected using purposive sampling, while panel data were analyzed using the Fixed Effect Model (FEM) to examine the relationships among the variables. The findings indicate that IPO has a positive but insignificant effect on ROA, suggesting that additional capital raised through public offerings does not immediately improve corporate profitability. Firm Size and Leverage exhibit significant negative effects on ROA, indicating that larger firms may experience operational inefficiencies, while excessive debt increases financial burdens and reduces profitability. Conversely, Liquidity and Tangibility show positive but insignificant effects on ROA. Simultaneously, IPO, Firm Size, Liquidity, Leverage, and Tangibility significantly influence ROA, with the model explaining 59.11% of the variation in profitability. These findings imply that post-IPO financial performance depends not only on capital acquisition but also on effective asset utilization, prudent debt management, and efficient operational strategies. The study contributes to the literature on post-IPO corporate performance and provides practical insights for managers and investors in evaluating financial performance after public offerings.

Keywords: Firm Size; Initial Public Offering (IPO); Leverage; Liquidity; Return on Assets (ROA).

1. INTRODUCTION

The development of capital markets has become a fundamental indicator of a country's economic growth, as it provides long-term financing opportunities for corporations while offering investment alternatives for the public. In Indonesia, the capital market has experienced substantial growth in recent years, as reflected in the increasing number of companies undertaking Initial Public Offerings (IPOs) on the Indonesia Stock Exchange (IDX). An IPO is a strategic financing mechanism that enables firms to raise equity capital by offering shares to the public for the first time. The proceeds generated from an IPO are generally allocated to expanding production capacity, financing business expansion,

investing in technological innovation, strengthening working capital, and optimizing capital structure, all of which are expected to enhance firms' long-term competitiveness (Mutasowifin et al., 2024; Rudianto, 2021).

Beyond raising additional capital, the decision to undertake an IPO also aims to enhance corporate reputation, broaden access to external financing, and improve corporate governance through greater transparency and accountability to public investors (Laniati et al., 2023). From the perspective of Signaling Theory, becoming a publicly listed company conveys a positive signal regarding a firm's future growth prospects and financial quality. Meanwhile, Agency Theory argues that public ownership intensifies monitoring by shareholders, regulators, and capital market participants, thereby encouraging managers to allocate corporate resources more efficiently and mitigate agency conflicts (Jensen & Meckling, 1976; Ross, Westerfield, & Jordan, 2022). Consequently, IPOs are theoretically expected to improve corporate financial performance.

Return on Assets (ROA) is one of the most widely employed indicators for evaluating corporate financial performance. ROA measures a firm's ability to generate earnings from its total asset base, thereby reflecting managerial efficiency in utilizing available resources. A higher ROA indicates more effective asset utilization and stronger operational performance. Consequently, ROA serves as an important benchmark for investors when assessing managerial effectiveness and making investment decisions (Brigham & Ehrhardt, 2022). Since IPO proceeds generally increase a firm's total assets, financial theory suggests that profitability should improve as firms expand their operational capacity. However, empirical evidence presents a contrasting phenomenon. Data from companies conducting IPOs on the Indonesia Stock Exchange reveal that the average ROA declined from 5.10% before the IPO to 4.82% afterward, representing a decrease of approximately 5.49%. Although profitability gradually improved in subsequent years, the overall post-IPO financial performance remained below its pre-IPO level. This evidence suggests that the additional assets acquired through IPO financing have not yet generated proportional returns, indicating that the success of an IPO depends not only on the amount of capital raised but also on the firm's capability to utilize those resources efficiently.

Several factors may explain the decline in ROA following an IPO. In most cases, companies allocate IPO proceeds to long-term investments, business expansion, construction of production facilities, technological development, and organizational restructuring. These strategic investments substantially increase total assets within a relatively short period, whereas the resulting improvements in earnings generally materialize over a longer time horizon. Furthermore, publicly listed firms are required to bear additional expenses associated with regulatory compliance, financial reporting, external auditing, investor relations, and other public-company obligations, all of which may temporarily reduce profitability during the post-IPO period (Hasni, 2024; Fuadi & Pasaribu, 2024).

Apart from IPO activities, several firm-specific characteristics are also expected to influence post-IPO profitability. One important determinant is Firm Size, commonly measured by total assets. Larger firms generally possess broader access to external financing, benefit from economies of scale, implement more sophisticated managerial systems, and exhibit greater resilience in responding to business uncertainty, thereby potentially achieving superior financial performance. Nevertheless, excessively large firms may also suffer from organizational inefficiencies arising from increased coordination costs and managerial complexity. Consequently, previous studies have reported inconsistent findings regarding the relationship between firm size and profitability (Dewi, 2023; Rivandi, 2023). Another important determinant is Liquidity, which reflects a firm's ability to meet its short-term obligations using current assets. Adequate liquidity indicates sound financial health and supports uninterrupted business operations. However, excessively high liquidity may signal the existence of idle resources that are not invested in productive activities, thereby reducing asset utilization efficiency and ultimately lowering profitability (Cahyani et al., 2024; Wage et al., 2022).

Leverage also plays a crucial role in determining corporate performance. Debt financing enables firms to acquire additional resources for productive investment and business expansion, potentially increasing profitability when managed efficiently. Conversely, excessive leverage raises interest expenses and financial risk, which may adversely affect earnings. Accordingly, leverage is frequently characterized as a double-edged sword because its impact on profitability depends largely on the effectiveness of corporate capital structure management (Tang, 2022; Oktaviyana et al., 2023). Another important firm characteristic is Tangibility, defined as the proportion of tangible fixed assets relative to total assets. Higher tangibility reflects greater ownership of physical assets that can serve as collateral for external financing while simultaneously supporting production capacity. However, excessive investment in fixed assets may increase depreciation and maintenance expenses, thereby reducing profitability if such assets are not utilized efficiently (Idrus & Alfasyah, 2025; Kensa et al., 2025).

Previous empirical studies investigating the relationship between IPOs and financial performance have produced inconsistent findings. Several studies conclude that IPOs improve profitability by providing additional capital to support business expansion (Rudianto, 2021; Juniari & Candradewi, 2025). In contrast, other studies report that profitability declines following an IPO due to increasing operational expenses, regulatory compliance costs, and the inefficient utilization of IPO proceeds (Mutasowifin et al., 2024; Hasni, 2024). Similarly, empirical evidence regarding the effects of Firm Size, Liquidity, Leverage, and Tangibility on ROA remains inconclusive, highlighting the existence of a research gap that warrants further investigation.

Addressing these empirical inconsistencies, this study offers a novel contribution by examining the effect of Initial Public Offering (IPO) on Return on Assets (ROA) while simultaneously incorporating Firm Size, Liquidity, Leverage, and Tangibility as firm-specific determinants of post-IPO profitability. Unlike previous studies that primarily focused on comparing financial performance before and after IPOs, this research develops a more comprehensive analytical framework by integrating firms' fundamental characteristics into the proposed model. Consequently, this study is expected to enrich the literature on corporate finance and capital markets, particularly with respect to the determinants of post-IPO profitability among publicly listed companies in Indonesia. Based on the observed empirical phenomenon, the identified research gap, and the inconsistent findings reported in previous studies, this research aims to examine the effect of Initial Public Offering (IPO) on Return on Assets (ROA) among companies listed on the Indonesia Stock Exchange while considering Firm Size, Liquidity, Leverage, and Tangibility as fundamental firm characteristics influencing post-IPO profitability. From a practical perspective, the findings of this study are expected to assist corporate managers in designing more effective strategies for allocating IPO proceeds to enhance long-term profitability. In addition, the results are expected to provide valuable insights for investors in evaluating the financial prospects of newly listed firms based on their fundamental characteristics, including firm size, liquidity, leverage, and tangibility. Accordingly, this study seeks to provide both theoretical and practical contributions to the understanding of profitability determinants in the post-IPO period within emerging capital markets.

2. RESEARCH METHOD

This study employs a quantitative approach using an explanatory research design to examine the causal relationship between Initial Public Offering (IPO) and corporate financial performance, as measured by Return on Assets (ROA), while controlling for Firm Size, Liquidity, Leverage, and Tangibility among companies listed on the Indonesia Stock Exchange (IDX). A quantitative approach was selected because the study aims to test hypotheses through statistical analysis of numerical data derived from firms' financial statements.

The research object comprises companies that conducted an Initial Public Offering (IPO) and were subsequently listed on the Indonesia Stock Exchange. The study population includes all firms undertaking IPOs during the observation period in accordance with the predetermined research criteria. The sample was selected using a purposive sampling technique, whereby firms were chosen based on specific characteristics to ensure their suitability for the analysis. The sampling criteria were as follows: (1) the company conducted an IPO on the Indonesia Stock Exchange during the observation period; (2) the company published complete audited annual financial statements for both the pre-IPO and post-IPO periods; (3) the financial statements provided all information required to calculate the

research variables; and (4) the company remained listed on the Indonesia Stock Exchange throughout the observation period without being delisted. Based on these criteria, the final sample consisted of companies that satisfied all eligibility requirements.

This study utilizes secondary data obtained from audited annual reports and financial statements published on the official Indonesia Stock Exchange website (<https://www.idx.co.id>), the official websites of the respective companies, and other relevant public sources. The dataset consists of panel data, combining both cross-sectional and time-series dimensions, thereby enabling a more comprehensive analysis of changes in corporate financial performance before and after the IPO.

The dependent variable is Return on Assets (ROA), which serves as a proxy for corporate financial performance. ROA is measured as the ratio of net income after tax to total assets. The primary independent variable is Initial Public Offering (IPO), measured using a dummy variable, where 0 represents the pre-IPO period and 1 represents the post-IPO period. In addition, the study incorporates four control variables: Firm Size, Liquidity, Leverage, and Tangibility. Firm Size is measured using the natural logarithm of total assets (Ln Total Assets). Liquidity is proxied by the Current Ratio (CR), calculated as current assets divided by current liabilities. Leverage is measured using the Debt-to-Asset Ratio (DAR), calculated as total liabilities divided by total assets. Tangibility is measured as the ratio of total fixed assets to total assets.

To provide a clearer understanding of the research variables, Table 1 presents the operational definitions, measurement indicators, and measurement scales for each variable included in this study.

Table 1. Research Operational Variable

Variable	Operational Definition	Measurement	Scale
Initial Public Offering (IPO)	The status of the company before and after the initial public offering	Dummy (0 = before IPO; 1 = after IPO)	Nominal
Return on Assets (ROA)	The company's ability to generate profits from all assets	Net Profit / Total Assets $\times$ 100%	Ratio
Firm Size	Company size by total assets	Ln (Total Assets)	Ratio
Liquidity	Ability to meet short-term obligations	Current Assets / Current Liabilities	Ratio
Leverage	The level of use of debt in the capital structure	Total Liabilities / Total Assets	Ratio

Tangibility	Proporsi aset tetap terhadap total aset	Fixed Assets / Total Assets	RatProportion of fixed assets to total assetsio
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Source: *Data Processed, 2026*

Before hypothesis testing, data was analyzed using descriptive statistics to describe the characteristics of each research variable through mean values, medians, standard deviations, maximum values, and minimum values. Furthermore, a classical assumption test was carried out which included the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test to ensure that the regression model meets the assumptions of the Best Linear Unbiased Estimator (BLUE). Hypothesis testing was carried out using multiple linear regression analysis because this study aims to test the influence of IPO on ROA by considering several independent variables simultaneously. The analysis was conducted using IBM SPSS Statistics software version 27. The regression equations used in this study are formulated as follows:

$$ROA_i = \beta_0 + \beta_1 IPO_i + \beta_2 FS_i + \beta_3 LIQ_i + \beta_4 LEV_i + \beta_5 TAN_i + \varepsilon_i$$

Description:

- ROA = Return on Assets
- IPO = Initial Public Offering (dummy)
- FS = Firm Size
- LIQ = Liquidity
- LEV = Leverage
- TAN = Tangibility
- β_0 = Constanta
- β_1 – β_5 = Regression coefficient
- ε = Error term

Hypothesis testing was carried out through the t-test to determine the partial influence of each independent variable on the ROA and the F test to test the influence of all independent variables simultaneously. Furthermore, the value of the determination coefficient (Adjusted R^2) is used to explain the magnitude of the ability of the IPO variables, Firm Size, Liquidity, Leverage, and Tangibility in explaining the variation in Return on Assets. The significance level used in the entire statistical test was 5% ($\alpha = 0.05$).

3. RESULTS AND DISCUSSION

3.1 Classic Assumption Test

The classical assumption test is used to assess the feasibility of the model before the regression results are interpreted. The tests available in the results of this study include normality tests, multicollinearity tests, and autocorrelation tests.

3.1.1 Normality Test

The results of the normality test showed a probability value of Jarque-Bera of 0.064898. The value is greater than 0.05. That is, the residual in the model is normally distributed. This condition supports the feasibility of the model for use in hypothesis testing.

3.1.2 Multicollinearity Test

The results of the multicollinearity test show that the highest correlation value between free variables is in the relationship between Liquidity and Leverage of 0.748648. The value is still below 0.80. Thus, the model shows no indication of strong multicollinearity between independent variables.

3.1.3 Autocorrelation Test

The results of the autocorrelation test showed a Durbin-Watson value of 1.838484. This value is close to 2. This means that the model shows no strong indication of autocorrelation. Thus, the FEM model can be used to read the influence of independent variables on ROA.

3.2 Panel Data Regression Equation

Based on the results of the model selection, the best model used in this study is the Fixed Effect Model. The results of the FEM estimate are shown in Table 2, as follows:

Table 2. Fixed Effect Model Estimation Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Remarks
C	0,626266	1,710953	0,366034	0,7147	Insignificant
IPO (X1)	0,472077	1,012427	0,466283	0,6415	Insignificant
Firm Size (X2)	-0,428774	0,111932	-3,830679	0,0002	Negative Significant
Liquidity (X3)	0,001234	0,042984	0,028710	0,9771	Insignificant
Leverage (X4)	-0,096110	0,031933	-3,009772	0,0029	Negative Significant
Tangibility (X5)	0,157343	0,092112	1,708164	0,0891	Insignificant at 5%

Source: Data Processed, 2026

Based on the results of the Fixed Effect Model (FEM) estimate in Table 2, it can be seen that only Firm Size and Leverage have a significant influence on Return on Assets (ROA), while Initial Public Offering (IPO), Liquidity, and Tangibility do not show a significant influence at a significance level of 5%. The IPO variable has a positive coefficient of 0.472077, but the probability value of 0.6415 indicates that the effect is not significant. This result indicates that the implementation of the IPO has not been able to directly increase the company's profitability because the funds obtained are likely to still be focused on investment, business expansion, and asset development whose economic benefits are only felt in the long term. The Firm Size variable has a negative coefficient of -0.428774 with a probability of 0.0002, so it has a negative and significant effect on ROA. These findings

suggest that companies with larger assets are not necessarily able to manage their resources efficiently, so increasing the size of the company can actually lower the level of profitability. Furthermore, Liquidity has a positive coefficient of 0.001234, but it is not significant ($p = 0.9771$), which suggests that the ability to meet short-term obligations has not been a major factor in increasing ROA. The Leverage variable has a negative and significant effect with a coefficient of -0.096110 and a probability of 0.0029, which indicates that the increase in the use of debt causes an increase in interest expense thereby depressing the company's profit. Meanwhile, Tangibility has a positive coefficient of 0.157343, but it is not significant at the level of 5% ($p = 0.0891$), so the proportion of fixed assets has not been able to make a real contribution to increasing the company's profitability. Overall, the results show that the efficiency of asset management and funding structure determines profitability performance more than IPO status, liquidity, and the proportion of fixed assets.

3.3 Hypothesis Test

3.3.1 Partial Test (t-test)

The t-test is used to determine the influence of each independent variable on ROA. The test criterion used was a probability value of 0.05. If the probability value is less than 0.05, then the variable has a significant effect on ROA. If the probability value is greater than 0.05, then the variable has no significant effect on ROA. The results of the t-test are presented in the following table:

Table 3. Summary of Test Results t

Hipotesis	Variabel	Arah Koefisien	Prob.
H1	IPO on ROA	Positif	0,6415
H2	Firm Size to ROA	Negatif	0,0002
H3	Liquidity on ROA	Positif	0,9771
H4	Leverage on ROA	Negatif	0,0029
H5	Tangibility on ROA	Positif	0,0891

Source: EViews output processed, 2026

Based on the results of hypothesis testing, this study shows that not all independent variables have a significant influence on Return on Assets (ROA). Of the five hypotheses proposed, only Firm Size and Leverage were shown to have a significant effect, while Initial Public Offering (IPO), Liquidity, and Tangibility did not show a significant effect at a significance level of 5%. The IPO variable has a positive relationship direction, but a probability value of 0.6415 indicates that the implementation of the IPO has not been able

to increase the company's profitability significantly. This shows that the additional capital obtained from the initial public offering has not directly resulted in an increase in profit as most of the funds are still allocated for long-term expansion and investment. Furthermore, Firm Size was shown to have a negative and significant effect on ROA with a probability value of 0.0002, which indicates that the larger the company size, the lower the level of profitability produced. These findings hint at potential inefficiencies in asset management in large-scale companies. The Liquidity variable had a positive, but not significant relationship ($p = 0.9771$), so the ability to meet short-term obligations has not been able to increase profitability. Meanwhile, Leverage had a negative and significant effect ($p = 0.0029$), which indicates that the high use of debt increases interest expense thereby depressing the company's profit. On the other hand, Tangibility has a positive but not significant relationship direction ($p = 0.0891$), so the large proportion of fixed assets has not been able to make a meaningful contribution to the increase in ROA. Overall, the results of the study confirm that the efficiency of asset management and funding structure are factors that determine profitability performance compared to IPO status, liquidity level, and fixed asset ownership.

3.3.2 Simultaneous Tests

The F-test is used to determine whether IPO, Firm Size, Liquidity, Leverage, and Tangibility together affect ROA. The output results of FEM showed an F-statistic value of 5.926484 with a Prob(F-statistic) of 0.000000. The probability value is less than 0.05. This means that all independent variables simultaneously have a significant effect on ROA.

Table 4. F Test Results

F-statistic	Prob(F-statistic)	Side Significantly	Decision
5,926484	0,000000	0,05	Berpengaruh signifikan secara simultan

Source: EViews output processed, 2026

Based on the results of the F (simultaneous) test, an F-statistic value of 5.926484 was obtained with a Prob(F-statistic) of 0.000000, which is smaller than the significance level of 0.05. These results show that the research model is significant, so that Initial Public Offering (IPO), Firm Size, Liquidity, Leverage, and Tangibility together affect the Return on Assets (ROA) of companies listed on the Indonesia Stock Exchange. These findings indicate that a company's profitability is not only influenced by one variable, but is the result of the interaction of various internal factors of the company. Although in partial testing only Firm Size and Leverage had a significant effect, the presence of all variables in the model was able to explain the changes in ROA collectively. Thus, the regression model used is considered feasible to explain the relationship between independent variables and ROA. These results also confirm that improving the company's financial performance requires

integrated management of funding sources, company size, liquidity, debt structure, and utilization of fixed assets in order to be able to generate sustainable profitability.

3.3.3 Coefficient Determination Test

The determination coefficient (R^2) test was conducted to determine the extent of the ability of independent variables, namely Initial Public Offering (IPO), Firm Size, Liquidity, Leverage, and Tangibility, in explaining the variation in changes in Return on Assets (ROA). The higher the value of the determination coefficient, the greater the model's ability to explain the dependent variable.

Table 5. Determination Coefficient Test Results

R-squared	Adjusted R-squared	Variations of ROA Explained	Variations Outside the Model
0,591083	0,491347	59,11%	40,89%

Source: EViews output processed, 2026

Based on the results of the determination coefficient test, an R-squared value of 0.591083 or 59.11% was obtained, which showed that the variables Initial Public Offering (IPO), Firm Size, Liquidity, Leverage, and Tangibility were together able to explain the variation in Return on Assets (ROA) of 59.11%. Meanwhile, the Adjusted R-squared value of 0.491347 indicates that after adjusting for the number of variables and observations, the model still has the ability to explain the ROA variation of 49.13%. The remaining 40.89% was influenced by other factors outside the research model, such as macroeconomic conditions, corporate governance, operational efficiency, ownership structure, and industry characteristics that were not analyzed in this study.

Discussion

The Effect of Initial Public Offering on Return on Asset

The results showed that IPO had a positive coefficient of 0.472077, but it was not significant to the ROA because the probability value was 0.6415. Statistically, IPOs have not been able to explain the changes in ROA in the companies that are the research samples. These findings show that changing the status of a company to a public company does not automatically increase the company's ability to generate profits from its assets. In theory, IPOs provide companies with additional capital, wider access to funding, and increased transparency. The IPO proceeds can be used for business expansion, production capacity building, and working capital strengthening. However, the results of this study show that these benefits have not been seen significantly in ROA. The main cause can come from an increase in total assets after an IPO that is not directly followed by an increase in net profit. As a result, ROA has not increased significantly.

These findings are in line with Mutasowifin et al. (2024), who show that after IPOs, liquidity and solvency may increase, but profitability and activity tend to decrease. These findings can also be read together with Ferdila and Martina (2022), who show that changes in performance after an IPO are not always the same at every financial ratio. Thus, IPOs are more accurately understood as a source of funding and governance change, rather than a direct guarantee of increased profitability. These results differ from Rudianto (2021), Dianita et al. (2024), and Juniari and Candradewi (2025), which show changes in financial performance after IPO on several indicators. The difference in results is natural because the impact of IPOs is highly dependent on the sector, the use of IPO funds, management efficiency, and the company's expansion phase. Companies that have recently IPOs often bear the cost of emissions, compliance fees, reporting costs, and the pressure of public scrutiny. These expenses can hold back the increase in profits in the short term.

The Effect of Firm Size on Return on Asset

The results of the study showed that Firm Size had a significant negative effect on ROA. The value of the coefficient is -0.428774 with a probability of 0.0002. This means that the larger the size of the company, the ROA tends to decrease. These results do not support the initial hypothesis that firm size has a positive effect on ROA. These findings are important because the size of a company is often considered an advantage. Large companies typically have larger assets, wider access to funding, and a stronger reputation. However, the results of this study show that large assets do not always result in high profitability. If an asset increases faster than net profit, the ROA will fall. This means that large companies in the sample are not necessarily more efficient at managing assets.

These results support the view of Rivandi (2023), who states that too large a company size can lead to organizational complexity and operational inefficiencies. This finding can also be read together with Kensa and Ekadjaja (2025), who explain that high company assets and activities can give rise to maintenance costs and operational costs that suppress performance. In the context of an IPO company, large asset sizes may arise due to expansion or capital addition, but profits may not necessarily rise in the same period. These results differ from Chandra et al. (2021) and Wage et al. (2022), which suggest that company size can increase profitability. These differences show that the size of a company only becomes an advantage if the company is able to convert large assets into sales and profits. Without asset efficiency, the size of the company actually suppresses ROA.

The Effect of Liquidity on Return on Asset

The results show that Liquidity has a positive coefficient of 0.001234, but it is not significant to ROA because the probability value is 0.9771. This means that the company's liquidity level has not been able to explain the change in ROA statistically. Liquidity

indicates a company's ability to meet short-term obligations. Good liquidity is indeed important to maintain smooth operations. However, the results of this study show that the ability to pay short-term liabilities does not automatically increase the return on assets. High liquidity can help financial stability, but it does not necessarily improve asset efficiency.

This finding can be explained through the concept of idle funds. Companies that have too large current assets can keep funds in the form of cash, receivables, or inventory that is not yet productive. The fund maintains short-term security, but does not directly create profits. Cahyani et al. (2024) explain that liquidity that is too high can reduce the efficiency of asset use. Oktaviyana et al. (2023) also show that liquidity does not always have a significant effect on financial performance. These results differ from Wage et al. (2022) and Chandra et al. (2021), who found that liquidity can have a positive effect on ROA. This difference suggests that liquidity must be seen alongside the effectiveness of the use of current assets. Healthy liquidity is useful, but unproductive liquidity is not enough to raise the ROA.

The Effect of Leverage on Return on Asset

The results of the study show that Leverage has a significant negative effect on ROA. The value of the coefficient is -0.096110 with a probability of 0.0029. This means that increased Leverage tends to lower ROA. These results do not support the initial hypothesis that Leverage has a positive effect on ROA. Leverage can be beneficial if the debt is used for productive investments. However, debt also carries the burden of interest, payment obligations, and financial risks. The results of this study show that in sample companies, the use of debt is more strongly suppressing profitability than increasing profits. In other words, additional debt has not been effective enough to result in a higher return on assets.

These findings are in line with Tang (2022), who suggests that leverage does not necessarily improve a company's performance and can suppress profitability. These results can also be read together with Oktaviyana et al. (2023), which show that leverage has a relationship with financial performance. In the context of ROA, debt burden can reduce net profit so that the profitability ratio decreases. This result differs from the view that debt can increase production capacity and magnify profits if used productively. Cahyani et al. (2024) show that the use of debt can give different results depending on the company's conditions. The results of this study confirm that Leverage must be managed carefully. Debt that does not result in an increase in profits will be a burden, not a driver of performance.

The Effect of Tangibility on Return on Asset

The results showed that Tangibility had a positive coefficient of 0.157343, but it was not significant at the level of 5 percent because the probability value was 0.0891. This means that the proportion of fixed assets has a positive relationship direction to ROA, but the influence is not statistically strong enough. In theory, fixed assets can support operational

activities, increase production capacity, and be a guarantee to obtain funding. Ismunawan (2023) explained that tangibility is related to tangible assets that can support a company's financial structure. Maharani and Ekadjaja (2023) also show that financial ratios and company size have a relationship with financial performance. However, the results of this study show that the assets are still not enough to significantly increase the ROA.

This finding can occur if fixed assets have not been used optimally. Large fixed assets can increase capacity, but they also carry depreciation, maintenance, and operational expenses. Kensa and Ekadjaja (2025) show that a company's asset structure and activities can suppress profitability if not managed efficiently. Therefore, Tangibility will only raise the ROA if the fixed asset actually generates sales and profits. This result differs from Idrus and Alfasyah (2025), who stated that fixed assets can support improved financial performance. This difference suggests that the benefits of Tangibility depend on the productivity of the asset. Fixed assets that are only large in value are not enough. The company must ensure the asset is working and generating profit streams.

The Simultaneous Effect of IPO, Firm Size, Liquidity, Leverage, and Tangibility on ROA

The results of the F test show that IPO, Firm Size, Liquidity, Leverage, and Tangibility simultaneously have a significant effect on ROA. A Prob(F-statistic) value of 0.000000 indicates that these five variables together are able to explain changes in ROA. This means that the profitability of an IPO company is not determined by one single factor. These simultaneous findings are relevant to the research of Mutasowifin et al. (2024), Ferdila and Martina (2022), and Jovian et al. (2022), which showed that IPOs and financial ratios can influence changes in a company's performance. However, the partial results in this study show that the truly statistically strong variables are Firm Size and Leverage, with a negative direction. This means that the main source of pressure on ROAs in the sample lies in the effectiveness of large assets and the burden of debt structures. This result gives a pretty clear message. It is not enough for companies to just conduct IPOs, increase assets, maintain liquidity, use debt, or have fixed assets. The company must manage all of these factors productively. If the asset grows without a profit, the ROA falls. If debt rises without adequate investment returns, ROA also falls. Therefore, post-IPO strategies should focus on asset efficiency, the use of IPO proceeds, and debt burden control.

4. CONCLUSION

This study aims to analyze the influence of Initial Public Offering (IPO) on Return on Assets (ROA) by considering Firm Size, Liquidity, Leverage, and Tangibility in companies listed on the Indonesia Stock Exchange. The results of the study show that IPOs have a positive, but not significant, effect on ROA. These findings indicate that the additional capital obtained through the IPO has not been able to directly increase the company's profitability because the funds from the initial public offering tend to be allocated for long-term expansion and investment activities. Firm Size has been shown to have a negative and significant effect on ROA, which suggests that an increase in company size is not necessarily followed by an increase in asset management efficiency. Liquidity also has a positive relationship, but it does not have a significant effect on ROA, so the company's ability to meet short-term obligations has not been able to increase profitability significantly. Meanwhile, leverage has a negative and significant effect on ROA, which indicates that the use of high debt increases financial burden and depresses the company's ability to generate profits. As for Tangibility, it shows a positive relationship, but it is not significant, so the large proportion of fixed assets has not made a significant contribution to the increase in the company's profitability. Simultaneously, the IPO variables, Firm Size, Liquidity, Leverage, and Tangibility had a significant effect on ROA, with the model's ability to explain the variation in profitability of 59.11%, while the rest were influenced by other factors outside the research model. These findings confirm that the company's post-IPO financial performance is determined not only by the success of obtaining funds through initial public offerings, but also by the company's effectiveness in managing assets, controlling funding structures, maintaining liquidity, and optimizing the utilization of fixed assets. Therefore, the company needs to focus its post-IPO strategy on improving operational efficiency, optimizing the use of IPO proceeds, and managing a healthier capital structure in order to increase profitability in a sustainable manner.

The results of this study provide theoretical and practical implications. Theoretically, this study enriches the literature on the influence of Initial Public Offering (IPO) on a company's financial performance, especially Return on Assets (ROA), by including Firm Size, Liquidity, Leverage, and Tangibility as factors that affect the company's profitability post-IPO. The findings that Firm Size and Leverage have a significant effect, while IPO, Liquidity, and Tangibility have no significant effect partially, suggest that increased profitability depends not only on the success of obtaining funds through IPOs, but also on the effectiveness of asset management and the company's funding structure. Practically, the results of this study provide input for the company's management to further optimize the use of IPO proceeds on investments that are able to generate added value and increase operational efficiency. In addition, companies need to control the level of leverage so that the debt burden does not decrease profitability. For investors, the results of this research can be considered in evaluating companies that have just conducted an IPO, by not only paying

attention to the status of going public, but also the fundamental condition of the company such as the company's size, capital structure, liquidity level, and fixed asset composition before making investment decisions. Further research is suggested to expand the scope of the research by using a longer observation period so as to be able to capture the long-term impact of the IPO on the company's financial performance. In addition, future research can add other variables that have the potential to affect profitability, such as Corporate Governance, Sales Growth, Asset Turnover, Intellectual Capital, Ownership Structure, Dividend Policy, as well as macroeconomic factors such as inflation, interest rates, and economic growth. The use of more comprehensive analysis methods, such as dynamic panel data (Generalized Method of Moments/GMM) or the Difference-in-Differences (DiD) approach, can also be considered to obtain more robust estimates in identifying the influence of IPOs on financial performance. In addition, research can be focused on specific industry sectors so that the characteristics of each industry can be analyzed in more depth and produce more specific findings.

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