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DEVELOPING A REGIONAL COMPANY BECOME A COMPANY GO PUBLIC

ML. DENNY TEWU

Universitas Kristen Indonesia, Jakarta, Indonesia. Corresponding Author Email: denny.tewu@uki.ac.id

Abstract

The objective study this to know is company area could develop when Becomes Company goes public. Method research used in to do research and writing this use method qualitative. As for procedures and conditions that must be fulfilled company area in carrying outgoing public, among others include: the preparation stage, the registration statement submission stage, the initial share offering stage, and the with the condition has a legal entity, has reached a certain or relatively large scale of business involving the circulation of money of more than hundreds of billions of rupiah, has performance, gain profit During three year last. Whereas benefits and advantages for development company area are Raising capital from public offerings and Obtaining New Sources of Funding (Fresh Funds), by going public, the market can create value for shareholders as well as facilitate access to banking as well as get benefit from dividend and capital gain from fluctuation price share as well as Shares can be used in the acquisition process rather than cash instruments, the company's growth can increase rapidly the shares can be one of the employee compensation, increase the recognition or good name of the company.

Keywords: Regional Company, Go Public

INTRODUCTION

The development of regional companies requires substantial capital. If you want to develop regional SMEs, regional companies must think about and consider various strategies for obtaining capital. Of course, regional companies do not only think that regional companies will only become SMEs, if this continues, of course, but their contribution to the region will also be very small. It should be realized that the wider world market today is an opportunity to be exploited. Therefore, the development of regional companies becomes crucial. But of course, developing the company requires a lot of capital.

In conditions like this, it is usually difficult for MSMEs to be able to develop their business, due to limited funds owned by the region. A certain amount of capital can be obtained through the development of microfinance institutions and the availability of credit that is accessible to them. Microfinance institutions can take the form of banks or non-banks, including cooperatives. The purpose of establishing a microfinance institution is to help finance and finance MSMEs, to help MSMEs overcome collateral limitations. For this reason, local governments encourage the interest of microfinance institutions to provide credit to MSMEs. In addition, the government can also cooperate with non-bank institutions such as venture capital. Venture capital is financing in the form of equity participation, profit sharing pattern, and convertible bonds to MSMEs within a certain period with low-risk characteristics. This may be because the financier acts as an investor. Venture capital is also an active investment product (Michelle, Ericko, Scorpianti, & Jessy, 2021). This means that if deemed necessary, investors can involve themselves in managing MSME businesses by going public. Companies

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that go public indicate that the company must and has met the requirements as a company that has implemented Good Corporate Governance. By becoming a go public company, it will be able to increase the value of regional companies. The aims of research and writing of this journal are:

1. For know procedures and terms implementation of going public so that companies area could growing.
2. To find out the benefits, impacts as well as benefits for the development of regional companies through Go Public?

THEORETICAL BASIS

Definition of Regional Company

Mannulang in Hessel Nogi ST (2005:75) states that " regional companies" is an agency formed by the region to develop the economy and to add income area, where is the destination main company area not on profit, will but precisely give services and organize service generally as well as develop the economy area, so that with so company area have function double must ensure balance Among function social and function economical. Whereas the definition of company area according to Constitution 17 of 2003 concerning Regional Enterprises is a business entity with part or whole capital owned by the local government. Whereas Article 1 of Law Number 5 of 1962 regarding Regional Companies, explains that what is meant by company area is shape company which established based on law- Invite where all or for part of its wealth is regional wealth which is separated, unless otherwise stipulated by law or based on Constitution. Article 4 paragraph (1) of Law Number 5 of 1962 concerning Regional Company explained, that regional companies are established by regional regulations (PERDA). Company area is body law which takes into account the nature of the BUMN business, namely to gain profit and carry out benefit general, in Constitution BUMN is more simplified into two forms, namely a Limited Liability Company (Persero) which aims to generate profits and comply with the provisions of the Act Number 40 of 2007 concerning Limited Liability Companies and Public Companies (Perum) formed by the government in carrying out business as an obligation government for providing goods and service in meeting the needs of the community. The form of business is Perum, although a regional company established to carry out benefit general. As a regional business entity, the regional government established it as an independent company, and because of that regional company must continue to be driven to make a profit to live sustainably. For the position as body law obtained with take effect PERDA which concerned. In terms of Chapter 5 paragraph (1) and paragraph (2) Constitution about Regional Companies, it is explained that regional companies are business entities that give services, organize benefit general, and cultivate income. Furthermore, it is explained that the purpose of regional companies is to participate in implementing development areas specifically and developing economy national generally in the framework of a guided economy to meet the needs of the peopleby prioritizing industrialization and peace and tranquility at work in the company, going to the public which fair and prosperous.

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Definition Market Capital

In-Law Chapter 1, Article 1, Number 13, UURI No. 8, the Year 1995 about Market _ capital. Market _ capital is interpreted as activity relating to public offerings and securities trading, companies the public relating to the securities issued, as well as institutions and professions related to effects. According to Fahmi I (2009) the capital market is defined as a place where various companies sell shares (stock) and bonds (bonds) with the aim of The proceeds from the sale will be used as additional funds or to strengthen funds the company (Tameno, Molidya, & Nope, 2021). Market Capital is an important part of supporting and improving the economy of a country the state because the capital market has contributed to the state through its two roles, namely, firstly as a business funding or as a means for companies to obtain funds from the community of investors (investors). Funds obtained from the public through the capital market can be used for business development, expansion, additional working capital, company operational costs, and so on. Second, the capital market is a means for the public to invest in instrument finance, such as shares, bonds, mutual funds, etc (Martalena and Melinda, 2011).

Initial Public Offering (IPO)

Brealey, Myers, and Marcus, (2008) explain in carrying out the initial public offering or Initial Public Privately owned company offerings that sell shares in private companies public for the first time. Meanwhile, Martalena and Melinda (2011) stated Public offerings or often referred to as going public are activities that offering of shares or other securities made by the issuer (the company that will go public) to sell shares or securities to the public based on system method which set by law Market Capital and Regulation The implementation. Article 70 paragraph (1) law Market capital in Fahmi (2009) "which could To do offer general just issuer which has convey statementregistration with Bapepam-LK to offer or sell securities to public and registration statement it has effective". Initial public offering according to Haming (2010) could be done with two methods, that is :

1. Placement by direct to a number of investors (individual or individual). This method is known as a private placement. This method is used if the company is public capable find investors' capital and the large number of people who can buy the shares it offers through sales prime.
2. Offer to the public through service party guarantor emission (underwriter). This kind of initial offering is usually called an initial public offering (IPO). Underwriters can make agreements in full form commitment and or best effort. If worn condition full commitment, then the Underwriter must buy all the remaining shares not sold. However, if the best effort condition is used, then the guarantor emission is only obliged to carry out all forms of best which allows stock offered in the offer prime bought in full by the public.

Companies that go public will get benefits or benefits as well as costs. Profit or benefit in earn from funds fresh which entry into the company through the capital market, publicity through the company's listing on the stock exchange. While the costs that must be incurred by the company are explicit costs which include, the cost of printing the prospectus, payment of

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accountants, lawyers, and the like. And the implicit cost is the opportunity cost disappeared and received close public scrutiny.

METHODS

The research method used in this study is qualitative. Sugiyono (2011), the qualitative research method is a research method based on post-positivist philosophy, used to examine the condition of natural objects, (as opposed to experimentation) where the researcher acts as the key instrument, sampling of data sources is carried out purposively and snowball, technique collection with tri-angulation (combined), data analysis is inductive or qualitative, and the results of this study emphasize meaning rather than generalization.

RESULTS AND DISCUSSION

Discussion

Regional Companies Need to Go Public

In addition to conducting partnerships and seeking financial support from banking institutions, local governments can use alternative strategies to stimulate the regional economy by encouraging regional companies (BUMD and private companies, which are generally SME scale) to go public and list their shares on the stock exchange. The purpose of local companies entering the stock exchange is to get fresh funds from the public. Judging from various issuers' financial reports, the majority still rely on non-operating income. This may be a consideration for companies managed by local governments to enter the capital market.

Meanwhile, from an economic perspective, the capital market is a hot deal and hot money. This means that the circulation of money in the Indonesian capital market depends on the game of investors who own large capital which is dominated by foreign investors. However, if a regional company owned by the regional government makes a profit, it must be able to return the company's function to strengthen the industry or develop its operational activities and expand and absorb jobs.Judging from the performance and organizational culture, many regional companies deserve to go public. For example, Bank DKI. Apart from Bank DKI, there are at least three other BUMDs eligible to go public , namely PT Jakarta Tourisindo, PT Food Station Tjipinang Jaya, and PT Kawasan Berikat Nusantara (KBN) Persero.Becoming a public company (going public) is a process where a closed company becomes a public company. When a company, including regional companies, has become a public company, it can sell its shares in the capital market to the public to obtain additional capital in the context of developing its business.

Regional Companies Go Public

Funding through participation is generally done by selling company shares to the public or often known as a public offering or going public. To go public, regional companies need to carry out internal preparations and prepare documents in accordance with the requirements to go public and meet the requirements set by the Capital Market and Financial Institution

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Supervisory Agency (Bapepam-LK). The requirements and procedures for going public are regulated by the Capital Market Law and its Implementing Regulations.

Many benefits/advantages will be obtained by local companies if they go public. However, among the various benefits, there are four that can be said to be the main benefits, namely:

1) Obtain additional capital from the investor community.
2) Share the risk of business ventures with investors.
3) The company's reputation has become increasingly bona fide because it has undergone a very strict go public process. Usually, companies that have a bona fide reputation and positive image are easier to establish new business partners.
4) Companies that go public will get a 5% income tax discount.

However, keep in mind that in addition to these benefits, local companies that go public must also comply with the following obligations:

1) Routine Reports: Every company that goes public periodically is required to submit a report to the Indonesia Stock Exchange, either quarterly or annually. Of course, to make the report required a fee.
2) Open: All go public companies are required to always be full disclosure (honest and transparent). This allows competitors to know their financial condition and the management strategy they are implementing.
3) The ultimate owner's authority is limited by public shareholders: Company owners must pay attention to the common interests of public shareholders. They can no longer practice nepotism, fraud in decision-making, and others because the company is already owned by the public.
4) Relations between investors: A public company is required to have a corporate secretary in charge of establishing and maintaining a harmonious relationship with its investors. Through the corporate secretary, public companies are required to provide data and provide real-time information about the company to the investor community.

Requirements that must be fulfilled for a regional company to go public

To become a go public company, a regional company must meet the following requirements:

a) Having a legal entity that has complied with government regulations so far, including obtaining a business license and domicile permit, and being obedient to paying taxes.
b) Has reached a certain business scale or is relatively large which involves the circulation of money of more than hundreds of billions of rupiah. This can be proven for example production capacity, the actualization of orders received total assets, concrete sales value, and others.

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c) Demonstrate good performance based on concrete evidence shown in the form of various materials. For example, financial statements, balance sheets, and positive recordings of bank accounts.

d) At least the company has made a profit for the last three years.

e) It has been audited and declared healthy by a public auditor.

f) Does not violate the rules of the Ministry of Manpower in the management of human resources.

g) Have a good reputation, and have a bright future.

h) Some parties provide guarantees for companies that will go public, namely a legal institution sanctioned by the Capital Market Supervisory Agency (Bapepam).

The process of going public for a regional company

In summary, the process of going public includes the following activities:

1) Primary Market Period, namely when securities are offered to investors by the Underwriters through appointed selling agents;

2) Share Allotment, namely the allocation of securities ordered by investors in accordance with the number of available securities;

3) Listing of Securities on the stock exchange, which is when the securities are traded on the stock exchange.

The process of going public can be carried out through 4 stages, namely the Preparation Stage, the Submission of Registration Statement Stage, the Initial Public Offering Stage, and the Stock Listing Stage on the Stock Exchange.

1) Preparation Stage

The preparation stage is the initial stage to prepare everything related to the go public process. At this preparatory stage, the most important thing for regional companies to do is hold a General Meeting of Shareholders (GMS). GMS for a company is an important right and is a rule regulated in the Limited Liability Company Law.

The company's intention to go public must obtain prior approval from the shareholders. Why should it be? Because going public will change the amount of capital and ownership structure of the company. The GMS mechanism by a company that will go public is the GMS mechanism as stipulated by the Law on PT.

2) Registration Statement Submission Stage

After obtaining approval from the shareholders, the company as a prospective issuer will appoint an underwriter and capital market supporting institutions and professions.

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a) Underwriter (underwriter). Is the party with the most involvement in assisting prospective issuers in the context of issuing shares. Activities carried out by underwriters include: preparing various documents, helping prepare prospectuses, and providing guarantees for issuance.

b) Public Accountant (Independent Auditor). Tasked with auditing or examining the financial statements of prospective issuers.

c) Appraiser or appraisal to evaluate the company's fixed assets and determine the fair value of the fixed assets;

d) Legal Consultant to provide a legal opinion (legal opinion).

e) Notary to make deeds of amendment to the articles of association, deed of agreements in the context of public offerings, and also minutes of meetings.

At this stage, the prospective issuer must also provide a number of supporting documents, one of which is a brief prospectus. A brief prospectus is a brief description of the company for at least the last three years. The prospectus contains company information which includes company profile, company operational performance (balance sheet, profit, and loss), company performance projections, amount of fresh funds needed, and plans for the use of fresh funds to be obtained through the public offering. Then, the prospective issuer submits supporting documents for going public and submits a registration statement to Bapepam-LK. Since then, the company and its underwriters, legal consultants, notaries, and public accountants as well as appraisals will frequently visit Bapepam-LK. Meanwhile, Bapepam-LK carefully studied the submitted documents. If everything meets the requirements, Bapepam-LK will issue an Effective Statement. In carrying out its function of helping companies prepare and carry out the go public process, capital market supporting institutions and professions must uphold the principles of honesty and transparency (full disclosure), fairness, and accountability. If it is found that they do not comply with the principles mentioned above, they may be subject to sanctions by the capital market authorities. Sanctions range from fines to criminal sanctions or revocation of permits.

3)Stock Offer Stage

In less than 38 days Bapepam-LK has certainly provided an answer to the statement on the application for registration of a company that will go public. If Bapepam-LK believes that all documents submitted by the prospective issuer meet the applicable standards, then Bapepam-LK will issue an Effective Statement. Since then, prospective issuers may conduct an initial public offering (IPO).In the context of the capital market, an IPO is also referred to as the primary market. The mechanism for selling shares in the primary market is regulated by the underwriter. Underwriters who will make sales to investors are assisted by selling agents. The selling agent is a securities company or other party previously appointed and listed in the summary prospectus. By Bapepam-LK for companies that will be listed on the IDX, the sale of shares in this IPO is relatively limited, only two or three days. But for companies that have sold their shares not listed on the IDX, the sale of their shares can take much longer. Of course,

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this depends on the plan of the prospective issuer as stated in the prospectus submitted in the registration statement whether or not to list shares on the stock exchange.

So after becoming a public company, there is no requirement for a company's shares to be directly listed on the stock exchange. Remember when PT Abdi Bangsa Tbk, the publisher of the Republika daily newspaper, went public for the first time, it was not immediately listed on the IDX, but several years later. Although they do not directly list their shares on the stock exchange, the companies that have IPOs still follow the rules regarding transparency in the capital market. That means financial reports, corporate actions and other disclosures of information must be submitted to the public. Until this IPO stage, the company can already be declared a public company. The company is often referred to as the Issuer or Public Company (Tbk).

Stages of Listing Shares of Regional Companies on the Stock Exchange

After completing the sale of shares on the primary market, issuers can list their shares on the Stock Exchange, either on the domestic stock exchange, namely the Indonesia Stock Exchange (IDX) or on foreign stock exchanges such as the New York Stock Exchange (NYSE). . a public company or issuer can carry out dual listings, namely listing shares on two different stock exchanges at once. For example, PT Indosat Tbk. After conducting the IPO, the company listed its shares on the Jakarta Stock Exchange (now the Indonesia Stock Exchange/BEI) and on Nasdag (the United States stock exchange that accommodates small and medium-sized companies). By listing shares on the stock exchange, the issuer enters the secondary market, referring to the buying and selling of shares after the shares are listed. The activity of buying and selling shares on the Stock Exchange is determined by the strength of supply and demand for these shares. The stock price is determined by the supply and demand between buyers and sellers. Secondary market trading, when compared to the primary market, has a much larger trading volume. So, the secondary market is a market that trades shares through the primary market. So that the proceeds from the sale of shares here usually no longer enter the company's capital, but go into the treasury of the shareholders concerned. With the secondary market, investors can buy and sell securities at any time. While the benefits for regional companies, the secondary market is useful as a place to gather institutional and individual investors. Secondary market share prices fluctuate according to market expectations, the authorized party is a broker, there is a commission charge for sales and purchases, orders are made through exchange members, and the period is not limited. The shares listed on the IDX are divided into two listing boards, namely the Main Board and the Development Board, where the placement of issuers and prospective issuers whose listing is approved is based on the fulfillment of the initial listing requirements on each listing board.

The Main Board is intended for prospective issuers or issuers who have a large size and have a good track record. Meanwhile, the Development Board is intended for companies that have not been able to meet the requirements for listing on the Main Board, including prospective companies that have not yet made a profit, and is a means for companies that are currently in recovery.

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Issuers can list their shares on the IDX if they meet the following requirements:

1) The emission registration statement has been declared effective by Bapepam-LK.
2) Prospective issuers are not in a legal dispute which is expected to affect the company's sustainability.
3) The line of business, either directly or indirectly, is not prohibited by the laws in force in Indonesia.
4) Especially for prospective issuers of manufacturers, not having problems with environmental pollution (this is proven by an AMDAL certificate) and prospective issuers of the forestry industry must have an ecolabelling certificate (environmentally friendly).
5) Specifically, prospective issuers in the mining sector must have a management permit that is still valid for at least 15 years; have at least 1 contract of work or mining authorization or Regional Mining Permit; at least one of the members of the Board of Directors has technical ability and experience in mining; the prospective issuer already has a proven deposit or its equivalent.
6) Especially prospective issuers whose line of business requires a management permit (such as toll roads, forest tenure) must have the permit for a minimum of 15 years.
7) Prospective issuers that are subsidiaries and/or holding companies of issuers that have been listed on the BEI where the prospective issuer contributes revenue to the listed issuer of more than 50% of consolidated revenues are not allowed to be listed on the Exchange. (Initial recording requirements relating to financial matters are based on the last audited financial statements before submitting a listing application).

Regional Companies After Go Public

After the initial public offering of shares is sold, there are several things that issuers must pay attention to. This includes aftermarket support, establishing relationships and communication with the investor community, and reporting on activities to capital market authorities and the public.

1) After-market Support

Aftermarket support is the activities of underwriters to help increase stock prices. After the shares are released to the public, the price will be monitored, especially in the early weeks after the initial offering. To stabilize the market and prevent the stock price from dropping below the initial offering price, underwriters usually bid to buy the stock at an early stage after it is publicly offered, to provide market support. This support is important so that the stock price does not fall after the initial sale.

2) Relationship with Financial Community

After a company goes public, the financial community usually pays a lot of attention. An entrepreneur needs to spend more time developing relationships with this community. This

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relationship created has a significant effect on the market and the company's stock price. Since more and more investors are turning to analysts and brokers for investment advice, entrepreneurs should make an effort to meet with analysts and stockbrokers as often as possible. Regular meetings with the securities analyst community are part of building a relationship with them, as are press releases to the public. Regularly, it is a good idea to hire a company spokesperson as a spokesperson, to ensure that the press, the public, and securities analysts are handled in a friendly and good manner.

3) Making Activity Report

Companies that have gone public are required to provide annual, quarterly reports on special transaction activities regarding their securities or shares.

- The annual report contains information on business activities, management, company assets, and audited financial statements.
- Information in the quarterly report contains financial information that has not been audited for the past 3 months.
- Information on Activities must be reported within 2-5 days such as acquisitions, large asset changes, the resignation of the company's public accountant, or changes in company control holders.

Positive Consequences of Go Public Actions for Regional Companies

Every company that decides to go public must realize that going public brings positive consequences or benefits as follows:

1) Get capital from the public offering
2) By going public, the market can create value for shareholders
3) Shares can be used in the acquisition process rather than cash instruments.
4) Company growth can accelerate rapidly.
5) Shares can be one of the employee compensation.
6) Increase the recognition or good name of the company
7) Creating exit strategies for venture companies and company owners/founders.
8) The variety of shareholders increases the liquidity of the company's ownership

The positive consequences of going public were explained in more detail by Dedi Rusmanto. In his article entitled "The Benefits of Go Public Companies " on www.infoaceh.com, Rusmoanto stated that small-medium scale companies can reap many benefits from going public. The benefits that can be enjoyed by various companies and good companies The medium of going public includes: (https://pdfcoffee.com/qdownload/potensi-ukm-go-public-pdf-free.html).

a) Obtaining New Funding Sources (Fresh Funds)

Through the action of going public, the company will get large fresh funds from the investor community. The funds are received at once with a relatively smaller cost of funds compared to obtaining funds through bank loans.

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b) Ease of Access to Banking

By becoming a public company whose shares are traded on the Exchange, banks will know and trust the company better because it will be very easy for banks to know the company's financial condition through various information disclosures announced by the company through the stock exchange.

c) Facilitate Company Access to Enter Money Market

Companies that go public also have the opportunity to issue debt securities, both short-term and long-term.

4) Providing Competitive Advantage for Business Development

Through the action of going public, the company gains a number of competitive advantages as follows:

a) The company can invite its work partners such as suppliers and consumers to become shareholders of the company. This will increase their commitment to jointly help the company's development in the future.

b) By becoming a public company, the company is required to always improve the quality of its operational work so that it will create a condition that always spurs the company to provide the best results to its shareholders.

c) Can carry out mergers and acquisitions. A merger is a process of merging a company with another company. While the acquisition is taking over or buying another company. Both of these things aim to do business development. With the funds owned from the issuance of new shares, companies can carry out mergers and acquisitions to accelerate the development of company scale.

d) Increase company value. By becoming a public company whose shares are traded on the exchange, it can be evaluated at any time against the value of the company. Any increase in operational and financial performance will have an impact on the stock price on the stock exchange, which will ultimately increase the overall value of the company.

description of the positive consequences of going public for a company in his article entitled " The Unseen Benefits of Going Public " (2005), (www.reversemergersinfo.com). Green mentioned several benefits of going public for local companies, including:

a) Increase employees' sense of belonging to the company by providing adequate compensation. Many publicly traded companies use their shares and stock options as compensation for their executives and employees, as well as being used to attract potential employees. Giving shares to company employees will also increase the sense of ownership or responsibility of the employee concerned.

b) Increase the prestige of the company. Companies that successfully sell their shares will be seen as companies that have stability and a future. This will help the company in attracting potential employees. Companies will also get convenience in marketing their products/services. Creditors and suppliers will also feel more secure in doing business with the company.

c) Increase publicity. Public companies will receive more attention from major newspapers, magazines, and business analysts. This is very beneficial for the company when it is going to develop its business and arrange cooperation with other parties. The tight supervision of the regulator will make the company always provide up-to-date information.

d) Provide opportunities for acquisitions or mergers. After the company goes public and its shares circulate in the market, the company can use its shares to make acquisitions of other companies. This method is considered cheaper and easier. It will also be easier for the company to merge with other parties because the share price has been established in the market and all disclosure information is available completely and can be accounted for.

e) Increase company value. If a regional company becomes a public company whose shares are traded on the stock exchange, it can receive a valuation against the value of the company at any time. Improved operational performance and financial performance, will affect stock prices on the stock exchange.

Benefits of Investing in Shares for Regional Companies and Regional Companies That Have Go Public

Benefits of Investing in Shares for Regional Companies Several benefits will be obtained by local companies after going public, including:

a) Dividends

Dividends are company profits that are distributed to shareholders. The distribution and amount of dividends to be distributed is based on the decision of the Board of Directors, which is made through the General Meeting of Shareholders. Dividends consist of:

1) **A Cash Dividend** is the distribution of dividends to shareholders in the form of money converted from each share owned by the respective shareholders or the type of dividend distributed by the company to shareholders in the form of cash (cash). Usually, the decision is taken to be distributed at the meeting of the company's shareholders deciding that a certain amount of company profits will be divided in the form of cash dividends. M. Munandar (1983: 312). The company decides to distribute dividends or not. However, if the company has announced that it will pay dividends, the dividends are paid only to shareholders whose names are registered as shareholders of the company. Dividend payments can be paid directly by the company or through other institutions, usually via a bank.

2) **A dividend script** is a letter indicating the company's willingness to pay a certain amount of money to be distributed by the company to shareholders. This dividend has a value accompanied by the interest that will be paid when the dividend is distributed to the holders of the dividend certificate.

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3) **Property Dividends** are dividends distributed to shareholders in the form of property. Property dividends are stock dividends or stock dividends that a company invests in other companies.

4) **Liquidating Dividend** is a dividend that is distributed to shareholders divided into two parts, part of the total dividend is paid in cash while the other part is invested by the shareholders in the company to expand and increase the company's production.

5) **Stock Dividends** are dividends distributed to shareholders in the form of securities issued by the company itself.

b) Capital Gain from Stock Price Fluctuations

Stock transaction It is a very lucrative form of investment. This is because the profit (capital gain) obtained is relatively large and in a short time.

However, like a stock business, it also experiences ups and downs in sales. The factors that cause stock prices to rise or fall, namely:

1) Earnings per share (Earnings Per Share/EPS)**.** The higher the earnings per share (EPS) provided by the company, the investors will increase their profits

2) Interest Rate. Bank interest rates also affect stock prices. If interest rates rise, then there is competition in the capital market between stocks and bonds, rising interest rates make investors switch to bonds and savings. As a result, the stock price goes down. And vice versa if the interest rate decreases, then investors turn to shares, then the sale of shares increases. Other causes that affect stock prices include macroeconomic conditions, involvement of directors in criminal cases,

3) Company expansion

CONCLUSION

The procedures and requirements that must be met by regional companies in carrying outgoing public include The process of going public can be carried out through 4 stages, namely the Preparation Stage, the Submission of Registration Statement Stage, the Initial Public Offering Stage, and the Stock Listing Stage on the Stock Exchange. While the conditions are as follows:

a) Having a legal entity that has complied with government regulations so far, including obtaining a business license and domicile permit, and being obedient to paying taxes.

b) Has reached a certain business scale or is relatively large which involves the circulation of money of more than hundreds of billions of rupiah. This can be proven for example production capacity, the actualization of orders received total assets, concrete sales value, and others.

c) Demonstrate good performance based on concrete evidence shown in the form of various materials. For example, financial statements, balance sheets, and positive recordings of bank accounts.

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d) At least the company has made a profit for the last three years.

e) It has been audited and declared healthy by a public auditor.

f) Does not violate the rules of the Ministry of Manpower in the management of human resources.

g) Have a good reputation, and have a bright future.

The benefits and impacts or positive benefits as follows:

a) Obtaining capital from public offerings and Obtaining New Funding Sources (Fresh Funds)

b) By going public, the market can create value for shareholders as well as Facilitate Access to Banking and benefit from dividends and capital gains from Stock Price Fluctuations

c) Shares can be used in the acquisition process rather than cash instruments.

d) Company growth can accelerate rapidly.

e) Shares can be one of the employee compensation.

f) Increase the recognition or good name of the company

g) Creating exit strategies for venture companies and company owners/founders.

h) The variety of shareholders increases the liquidity of the company's ownership

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