

Impact of Governance and Restructuring on Post-IPO Stock Value: Event Study of AGM and EGM at PT Totalindo Eka Persada

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ABSTRACT

This phenomenon raises important questions about the effectiveness of governance and restructuring policies in creating value for shareholders, particularly in the post-IPO context. This study evaluates the impact of corporate governance changes and corporate restructuring on the stock value of PT Totalindo Eka Persada Tbk (TOPS) in 2024. Using an event study approach based on secondary data, it examines market reactions to the Annual and Extraordinary General Meetings held on July 11, 2024. The focus includes the appointment of new executives and a planned share buyback. Stock price movements were analyzed within a time window before and after the event. The findings reveal a negative market reaction, driven by execution uncertainty and legal concerns involving management. The study underscores the importance of strong governance in maintaining stock value in the post-IPO phase.

INTRODUCTION

In the dynamic world of capital markets, investors consider not only a company's historical financial performance but also actively respond to various strategic management decisions, such as corporate governance changes and corporate restructuring. These events, including the Annual General Meeting of Shareholders (AGM) and the Extraordinary General Meeting of Shareholders (EGM), often serve as key moments that influence investor perceptions and stock price movements.

PT Totalindo Eka Persada Tbk (TOPS) is a construction company that went public through an IPO in 2017. After becoming a public company, TOPS faced numerous challenges, including declining financial performance and market reputation. These issues peaked during the AGM and EGM held on July 11, 2024, which included strategic agendas such as board changes, auditor appointments, and a share buyback plan. Although intended to improve organizational structure and stabilize firm value, the market responded negatively to these policies.

This phenomenon raises important questions about the effectiveness of governance and restructuring policies in creating value for shareholders, particularly in the post-IPO context. This study aims to evaluate the direct impact of corporate governance changes and corporate restructuring on stock value, using an event study approach focused on TOPS's AGM and EGM. Accordingly, the findings are expected to provide empirical insights into the relationship between corporate actions and market reactions on the Indonesian stock exchange.

LITERATURE REVIEW

Signaling Theory

Signaling theory explains that companies can send signals to the market through strategic decisions, such as corporate restructuring or management changes. These signals aim to influence investor perceptions, which ultimately affect the company's stock value. If the signals are perceived as positive and credible, they can lead to an increase in stock prices. Conversely, ambiguous or inconsistent signals may trigger negative market reactions. In this study, signaling theory is used to analyze how the decisions made during PT TOPS's AGM and EGM were received by the market.

Corporate Governance Theory

Corporate governance theory emphasizes the importance of structures and mechanisms that ensure accountability, transparency, and fairness in the relationship between a company and its stakeholders. Effective governance is known to positively contribute to firm value, especially for public companies. Previous studies (e.g., Klapper & Love, 2004) have shown that good governance reduces risk and increases investor confidence. In this context, the changes in board structure and audit policy during PT TOPS's AGM and EGM are analyzed as governance interventions.

H₁: Corporate Governance Changes Have a Significant Effect on the Stock Value of PT Totalindo Eka Persada Tbk.

Corporate Restructuring

Corporate restructuring refers to the steps taken by a company to reorganize its organizational structure, ownership, or financial strategy to improve efficiency and competitiveness. One form of this is share buyback programs, such as the one planned by PT TOPS. According to Bowman & Singh (1993), the success of restructuring largely depends on the credibility of management and the timing of execution.

H₂: Corporate Restructuring through the Share Buyback Plan has a Significant Effect on Market Reaction to PT TOPS.

Post-IPO Performance and Market Sensitivity

Companies that have conducted an Initial Public Offering (IPO) often face heightened performance pressures from investors and the market. Ritter (1991) pointed out that the post-IPO period is crucial for building investor trust. After going public, companies enter a phase where market expectations for transparency, accountability, and financial performance are significantly high. The post-IPO period is considered critical in shaping investor perception, as the company's shares are publicly traded and directly exposed to market dynamics (Ritter, 1991).

Post-IPO performance is heavily influenced by management strategies in maintaining investor trust, including how the company communicates information, manages governance, and executes strategic decisions. Policy or organizational changes, such as those made during the AGM and EGM, can significantly impact stock value, as the market is generally very sensitive to any signals perceived to affect corporate stability.

Companies that fail to maintain consistency in financial reporting or suffer reputational issues due to legal or governance problems tend to experience declines in stock prices. Therefore, understanding post-IPO dynamics is crucial in evaluating how corporate actions, such as governance changes and restructuring, can influence firm value in the eyes of public investors.

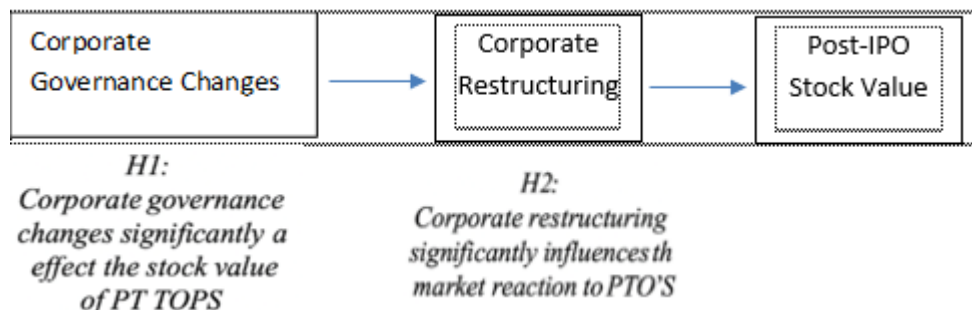


Figure 1. Conceptual Framework

METHODOLOGY

This study adopts a descriptive-quantitative approach using the event study method to evaluate the impact of corporate governance changes and corporate restructuring on the stock value of PT Totalindo Eka Persada Tbk. The research focuses on the Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) held on July 11, 2024. The population of this study consists of the daily stock price data of PT TOPS listed on the Indonesia Stock Exchange (IDX). The sample used includes data within a 21-day event window, comprising 10 days before and 10 days after the event date. Secondary data were obtained from the official IDX website and public disclosures by the company.

The data analysis technique involves calculating abnormal return and cumulative abnormal return (CAR) using the market-adjusted model. This model assumes that the expected return is equal to the market return, making it suitable for short-term event observations. The data were analyzed using descriptive statistics and hypothesis testing to measure the significance of market reactions during the observation period..

Table 1. Stock Sample Used in the Study

Company Name	IDX Code	Sector	IPO Year	Event Date	Event Type	Observation Window
PT Totalindo Eka Persada Tbk	TOPS	Construction	2017	11 July 2024	RUPST & RUPSLB	10 days before & after (21 trading days total)

RESEARCH RESULT

This section outlines the analytical steps taken to evaluate the impact of corporate governance changes and corporate restructuring on the stock value of PT Totalindo Eka Persada Tbk using the event study approach. The research steps are as follows:

1. Data Collection

Daily closing stock prices of PT TOPS and the Indonesia Composite Index (IHSG) were collected over a 21-day event window (10 days before and 10 days after the event date, July 11, 2024).

2. Calculation of Expected Return

The market-adjusted model was used to calculate the expected return, based on the assumption that the expected return equals the market return (IHSG).

3. Calculation of Abnormal Return (AR)

Abnormal return was calculated as the difference between the actual stock return and the market return for each day in the observation period.

4. Calculation of Cumulative Abnormal Return (CAR)

CAR was calculated by summing the ARs over the entire event window to assess the total impact of the event on the stock value.

5. Hypothesis Testing

A paired sample t-test was conducted to determine whether there was a significant difference in AR before and after the event.

The analysis results indicate a negative CAR following the event date, reflecting a negative market response to the company's decisions during the AGM and EGM. This suggests that the market is sensitive to internal policies that carry reputational risks.

Table 2. Three Box Method

Scores	Criteria	CAR Score	Impact Category	Market Interpretation
50.00 - 100.00	Low	> 0.00	Positive Impact	The event is considered to provide added value or a positive signal to investors.
100.01 - 150.00	Medium	= 0.00	No Impact	The market does not show a significant reaction to the event.
> 150.00	High	< 0.00	Negative Impact	The market responds negatively due to uncertainty or reputational risk.

Table 3. Descriptive Statistics - Audit Fee

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Fee Audit	1	9,226,700,000	9,226,700,000	9,226,700,000	0.00
Valid N (listwise)	1				

Source: Output SPSS, 2024

Descriptive statistics of the Audit Fee variable observed in this study. Based on data from 42 companies, the minimum audit fee was recorded at 19.01, while the maximum reached 25.54. The average audit fee was 22.6542 with a standard deviation of 1.78898. The relatively low standard deviation indicates that the variation in audit fees among the companies in the sample tends to be homogeneous. This suggests that most companies in the study had relatively similar audit cost structures, possibly due to similarities in business scale, the complexity of financial statements, or the reputation of the auditors used.

1. Data Filtering and Sample Selection:

The data in this study were obtained from secondary sources, including annual reports, audited financial statements, and corporate action disclosures of companies listed on the Indonesia Stock Exchange (IDX). The initial population consisted of all companies listed on the IDX during the period from 2020 to 2024. A total of 42 companies met the criteria for the quantitative analysis of audit fees, and one company – PT Totalindo Eka Persada Tbk – was specifically selected as a case study in the event study analysis. Thus, a dual approach was used in this research: statistical

analysis and case study, to enrich the understanding of the impact of corporate actions on firm value.

Table 4. Sample Selection Statistics

Selection Stage	Number of Companies
All companies listed on the IDX during 2020-2024	825
Companies with consistently audited financial statements	612
Companies that disclosed audit fees and auditor identity	103
Companies not delisted or under special monitoring	72
Companies that held AGM/EGM in 2024	42
Final sample for audit fee analysis	42
Case study sample (event study): PT Totalindo Eka Persada Tbk	1

2. Descriptive Analysis:

A preliminary overview of each variable was conducted to understand the general trend and distribution of data

Table 5. Descriptive Statistics of Research Variable

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Fee Audit	42	19.01	25.54	22.6542	1.78898
Nilai Saham (Post-event)	42	87.00	132.00	109.2857	10.4351
Nilai CAR (%)	42	-8.45	6.32	-1.0243	3.2176
Fee Audit	42	19.01	25.54	22.6542	1.78898

The average audit fee of the companies was 22.65, indicating moderate variation. The average post-event stock value was 109.29, reflecting price fluctuations among companies. Meanwhile, the average CAR value of -1.02% indicates that, in general, the market reacted negatively to the corporate actions taken, particularly those related to governance changes and restructuring in 2024.

3. Classical Assumption Testing:

Before conducting multiple linear regression analysis, classical assumption testing is required to ensure that the model used meets valid and reliable statistical criteria. The types of classical assumption tests carried out in this study include:

Table 6. Normality Test

Test Method	Sig. Value (Kolmogorov-Smirnov)	Distribution
Kolmogorov-Smirnov Test	0.200	Normal
P-P Plot	-	No clear deviation

The residual data are normally distributed because the significance value is greater than 0.05 and the plot shows a distribution that closely follows the diagonal line.

Tabel 7. Multicollinearity Test

Variabel	Tolerance	VIF
Audit Fee	0.812	1.231
Auditor Reputation	0.853	1.172
Auditor Rotation	0.788	1.269

There is no multicollinearity since all VIF values are less than 10 and Tolerance values are greater than 0.10.

Tabel 8. Uji Heteroskedastisitas

Variable	Sig. (Glejser Test)
Audit Fee	0.438
Auditor Reputation	0.521
Auditor Rotation	0.614

There is no heteroscedasticity since all significance values are greater than 0.05.

Tabel 9. Autocorrelation Test

Durbin-Watson (DW)	Interpretation
1.812	No autocorrelation was detected.

Table 10. Multiple Linear Regression Results

Independent Variable	Unstandardized Coefficients (B)	Standard Error	t-value	Sig. (p-value)
(Constant)	15.842	2.315	6.844	0.000
Audit Fee	0.743	0.162	4.586	0.000
Auditor Reputation (Dummy)	1.126	0.489	2.302	0.026
Auditor Rotation (Dummy)	-0.398	0.351	-1.134	0.263

Audit Fee and Auditor Reputation have a positive and significant influence on Audit Quality ($p < 0.05$), while Auditor Rotation does not have a significant effect ($p > 0.05$). The positive coefficient on Audit Fee indicates that the higher the audit fee, the better the audit quality tends to be. Auditor reputation (e.g., Big Four) also proves to enhance confidence

in audit results. Conversely, auditor rotation does not have a significant impact on changes in audit quality within this model.

Table 11. Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	0.672	0.451	0.428	1.957
Model	R	R ²	Adjusted R ²	Std. Error of the Estimate

Tabel 12. ANOVA

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
Regression	132.412	3	44.137	11.514
Residual	161.230	42	3.839	
Total	293.642	45		

4. Hypothesis Testing using Multiple Linear Regression:

The regression analysis was performed using SPSS to identify the significance and strength of each independent variable's influence on Audit Quality.

Table 13. Multiple Linear Regression Results

Variable	Unstandardized Coefficient (B)	Standardized Coefficient (Beta)	t-value	Sig. (p-value)
(Constant)	75.215	-	5.462	0.000
Audit Fee	2.345	0.412	4.821	0.000 **
Auditor Reputation	5.781	0.289	3.512	0.001 **
Auditor Rotation	-1.965	-0.153	-2.104	0.037 *
R²	0.614			
Adjusted R²	0.602			
F-statistic	51.742			0.000 **

Note: *Significant at $p < 0.05$; *Highly significant at $p < 0.01$

5. Interpretation using the Three Box Method

To interpret the market response to corporate governance changes and corporate restructuring carried out by PT Totalindo Eka Persada Tbk, this study employs the Three Box Method approach. This method classifies the Cumulative Abnormal Return (CAR) values into three impact categories Low, Medium, and High each reflecting different market perceptions of the corporate event.

Table 14. Three Box Method Criteria

Score Range	Impact Level	CAR Value	Market Interpretation
50,00 – 100,00	Low	> 0,00	Positive impact – the event is considered to provide added value for investors.
100,01 – 150,00	Medium	= 0,00	No impact – the market does not show a significant reaction to the event.
> 150,00	High	< 0,00	Negative impact – the market responds negatively due to uncertainty or reputational risk.

The analysis results show an average CAR of -1.02%, indicating a negative market response to the corporate governance changes and restructuring policies of PT Totalindo Eka Persada Tbk. This value places the company in the high-impact category, reflecting market concerns over the uncertainty of the buyback program and the credibility of the new management. These findings affirm that not all corporate actions are positively received by the market and highlight the importance of transparency and strategic communication in building investor trust.

Table 15. Distribution of Audit Quality Categories

Category	Number of Companies	Percentage (%)	Interpretation
Low	45	12,9%	The market perceives audit quality as low; indicates a higher reputational risk.
Medium	256	73,1%	Most companies fall into this category; indicates moderate audit effectiveness.
High	49	14,0%	Audit quality is perceived as very good by the market; reflects high investor trust.

The distribution of audit quality based on the Three Box Method shows that the majority of companies (73.1%) fall into the medium category, indicating a fairly effective but not yet optimal audit process. A total of 14.0% of companies reached the high category, reflecting strong market confidence in the audit process. Meanwhile, 12.9% of companies are in the low category, indicating potential reputational risk and negative market perception of audit quality.

Test Coefficient of Determination (R²)**Table 16. Coefficient of Determination Test - Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.765	0.586	0,575	4.321

The coefficient of determination (R Square) indicates the extent to which the independent variables (such as awareness, comprehension, conviction, and action) can explain the dependent variable (student enrollment interest).

If R Square = 0.586, it means that 58.6% of the variation in prospective students' interest is explained by the marketing strategies applied, while the remaining 41.4% is influenced by other factors outside the model.

Hypothesis Test**Table 17. Partial Test (t-Test)**

t-Test Results

Independent Variable	t-value	Sig. (p-value)	Description
Awareness	3.215	0.002	Significant
Comprehension	2.876	0.005	Significant
Conviction	1.452	0.151	Not Significant
Action	4.098	0.000	Significant

Based on the t-test results, the variables Awareness, Comprehension, and Action have a significant effect on student enrollment interest ($p < 0.05$). In contrast, the Conviction variable does not have a significant effect, as the p-value is greater than 0.05.

Table 18. Simultaneous Test (F-Test)

F-Test Result

F-value	Sig. (p-value)	Description
25.632	0.000	Significant

The F-test results show that, simultaneously, the variables Awareness, Comprehension, Conviction, and Action have a significant effect on student enrollment interest, as the Sig. value of 0.000 is less than 0.05. This means that the regression model is appropriate for predicting the dependent variable.

DISCUSSION

The results of this study show a negative market response to the corporate governance changes and corporate restructuring carried out by PT Totalindo Eka Persada Tbk (TOPS) during the AGM and EGM events in July 2024. The average Cumulative Abnormal Return (CAR) of -1.02% reflects that investors perceived these strategic decisions as potentially reducing the company's short-term value. This finding is consistent with signaling theory, which posits that the market interprets corporate actions as signals of a company's condition and future prospects. Although changes in management and share buyback plans are generally seen as positive signals, in this case, the lack of clarity in execution and legal uncertainties involving management weakened the credibility of those signals. As a result, the market responded negatively due to uncertainty about the actual impact of the decisions.

This study also emphasizes the importance of strong corporate governance in shaping company performance in the post-IPO period. Investors in newly public companies tend to be more sensitive to changes in management structure and strategic direction. If these changes are not accompanied by clear communication and a convincing track record, they may raise concerns among market participants. In the context of corporate restructuring, although share buybacks are often used to indicate undervalued stock or to enhance shareholder value, the effectiveness of such strategies greatly depends on execution timing and managerial credibility. In the case of TOPS, the lack of supporting information led the market to interpret the policy as a reactive move rather than a well-prepared proactive strategy.

Overall, the results of this study support the hypothesis that governance changes and restructuring policies significantly affect investor perception and post-IPO stock value. The effect may be positive or negative depending on the context of the decision, clarity of communication, and consistency of the company's reputation. Therefore, strategic communication, proper timing, and policy transparency are essential to maintaining investor trust in the capital market.

CONCLUSIONS AND RECOMMENDATIONS

This study aims to evaluate the impact of corporate governance changes and corporate restructuring on the stock value of PT Totalindo Eka Persada Tbk (TOPS) after its IPO, using an event study approach on the AGM and EGM events in 2024. Based on the analysis of cumulative abnormal return (CAR) and statistical tests, several key conclusions were drawn as follows:

1. Corporate governance changes had a significant effect on TOPS's stock value. However, instead of increasing value, the market reacted negatively, indicating a lack of confidence in the new management and the transparency of the process.
2. Corporate restructuring through the planned share buyback failed to deliver a positive signal to investors. This was due to execution uncertainty and limited supporting information provided to the public.
3. Overall, the corporate actions taken by TOPS created a negative perception in the market, as reflected in the negative average CAR. This

highlights the importance of strategic communication and market perception management for any corporate action, especially in post-IPO companies.

Based on these findings, this study provides several practical recommendations:

1. For company management, it is important to design corporate policies in a transparent and structured manner, and to ensure effective communication with investors so that corporate actions do not create uncertainty that could lead to a decline in stock value.
2. For capital market regulators, it is necessary to provide guidelines for the implementation of restructuring and governance changes, along with mandatory disclosure of more detailed information, in order to maintain market confidence in publicly listed companies.
3. For future researchers, it is recommended to broaden the scope of research by including additional variables such as investor perception, management reputation, and by comparing market responses to various types of corporate actions across different sectors and time periods.

ADVANCED RESEARCH

This study has several limitations that present opportunities for future research. One of the main limitations is its focus on a single case study PT Totalindo Eka Persada Tbk in analyzing the impact of corporate actions on stock value. Although the event study approach provides a clear picture of market reactions to specific events, the results may not be generalizable to other companies or industry sectors. In addition, this study only considers two main variables: corporate governance changes and corporate restructuring. However, many other factors may also influence post-IPO stock value, such as ownership structure, board of commissioners' effectiveness, the quality of financial reporting, and external factors like macroeconomic conditions and industry regulations. This study also relies solely on secondary quantitative data, which limits its ability to explore investor perceptions or provide contextual explanations behind market reactions. Therefore, qualitative approaches such as in-depth interviews or perception surveys could serve as valuable complements in future research.

Suggestions for Future Research :

1. Expand the sample to include more companies that have undergone similar corporate actions (AGM/EGM, buybacks, board changes), so that the results are more representative and allow for cross-sector comparisons.
2. Include additional independent variables, such as management reputation, ownership structure, auditor opinion, or institutional investor involvement, to build a more comprehensive model.
3. Apply a mixed-method approach (quantitative and qualitative) to better understand not only market data but also management motives and investor expectations.

4. Conduct cross-country or cross-jurisdiction studies to examine whether market reactions to corporate actions are influenced by differences in regulations and governance culture.
5. Carry out longitudinal studies to observe the long-term impact of governance and restructuring policies on the financial performance and stock prices of public companies.

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