

ABSTRACT

Megginson, Nash, and Randenborgh, 1994 confirmed that there had been an improved financial performance. The performance of State-owned enterprise (SOEs) was influenced by the basic model of privatization. This research was intended to acknowledge and analyze; how was the model of privatization of State-Owned Enterprises (SOEs) in Indonesia?; what was the new common stock or divestment?; how was the price of stock of IPO in SOEs in Indonesia?; What were over-value or under-value?; and how was the financial performance (return on sales, return on equity) of SOEs in Indonesia pre-privatization and post - privatization?

The research employed paired sample T Tes of statistic analysis. It aimed to seek for the difference of the financial performance pre-privatization and post-privatization. The research showed that (1) All SOEs were privatized by issuing new stock; (2) four privatized SOEs experienced under-value, and the other one had over-value; (3) two SOEs had better financial performance at post-privatization compared to pre-privatization.

Keywords: IPO, privatization, over and undervalue, return on sales and return on equity.