

Abstract

The underpricing phenomenon often occurs in the companies who made an Initial Public Offering (IPO). According to the Indonesia Stock Exchange, during 2009 through 2013 there were 84 companies from 113 who have undervalued on initial public offering. Therefore, this research aims to evaluate the influence of underwriter's reputation, listing delay, firm age, profitability, and financial leverage towards the underpricing level.

This research was conducted with a purposive sampling method against 84 companies that made an Initial Public Offering (IPO) on the Indonesia Stock Exchange in period 2009-2013. The data are analyzed by using multiple linear regression based on Ordinary Least Square which generates of the best linear estimates (BLUE) with level of significance 5%.

The result of this study shows that Underwriter's Reputation, Listing Delay, and Profitability had an influenced on Underpricing, while Firm Age and Financial Leverage show insignificant influence to Underpricing.

Keywords: Underpricing, underwriter's reputation, ROA, DER, firm age