

ABSTRACT

The phenomenon that happen frequently in the companie which made an Initial Public Offering is called the phenomenon of underpricing. The phenomenon occurs because the offering stock price is lower thanthe closing stock price that cause investors will get the profit. Net Initial Return is the profit that investor get because of the differences between the price shown on the primary market and the stock price shown on the secondary market in the first day. Underpricing is must be avoid to companies that made an Initial Public Offering because the funds that will be collected by the company will be maximize.

The purpose of this research is to examine and to analyze the factors that can affect the level of Net Initial Return and to determine whether itself influence simultaneously and partially on Net Initial Return. The factors that operated in this research are Current Ratio, Return on Asset, Offering, and Underwriter Reputation at the companies that Initial Public Offering on Indonesia Stock Exchange during 2015-2019 period.

The type of this study is quantitative research. The population of this research are a companies that conducting Initial Public Offering during 2015-2019 period which is 181 companies. Sampling was done based on purposive sampling method resulted in 108 companies as a research samples during the five years period. The analytical data was used in this research is multiple regression using SPSS 25.

The result of this research showed that Current Ratio, Return on Asset, Offering and Underwriter Reputation simultaneously significant effect on Net Initial Return, where the variables can explain the effect on Net Initial Return of 29.8% and the remaining 70.2% is influenced by others. Partially, Return on Asset and Underwriter Reputation have a negative significant effect on the level of underpricing. Current Ratio and Offering did not have significant effect on the level of underpricing.

Based on the result of this research that only Return on Asset and Underwriter Reputation have negative significant effect on Net Initial Return. The suggestion for investor is should consider these factors to get the maksimum profit. For companies is should consider these factors so the funds that will be collected by the company will be maximize.

Keywords: CR, NIR, Offering, Underwriter Reputation, ROA