ABSTRACT

Underpricing is a phenomenon when the stock price on the primary market is lower than the closing price on the first day that occurred on the secondary market . At the first time when initial public offering (IPO) was offfering to the public , the price was determined by the issuer (company) and underwriters. The company that perform IPO avoid undepricing, because underpricing will make the company did not get the maximum funds from the sale of their IPO.

The purpose of this study was to analyze the factors that influence the occurrence of underpricing during the Initial Public Offering (IPO) on Indonesia Stock Exchange in 2010-2014. These factors are underwriter reputation, company size, company age, Return on Assets (ROA), and Debt to Equity Ratio (DER). The population used in this study are the companies that perform Initial Public Offering (IPO) on the Indonesia Stock Exchange from 2010 until 2014. The study was conducted using multiple linear regression analysis. Sampling using purposive sampling is the selection of the sample with certain criteria, so that the sample obtained in this study were 89 companies.

The results showed that only underwriter reputation significantly affect underpricing, while company size, company age, return on asset (ROA) and debt to equity ratio (DER) does not effect underpricing. The results obtained simultaneously underwriter reputation, company size, company age, return on asset (ROA) and debt to equity ratio (DER) significantly affect underpricing.

***Keywords** : Underpricing, Initial Public Offering (IPO), Underwriter Reputation, Company Size, Company Age, Return On Asset (ROA), and Debt to Equity Ratio (DER).*