

ABSTRACT

Net Initial Return is a return earned by an investor when buying a company's stock at the time the company makes a public offering for the first time. The increase in stock price when IPO with the sale price of secondary market shares poses a positive difference. The positive difference is a profit that can lead to a net initial return which is a return for investors. Net Initial Return which is an advantage for investors causes companies that do IPO in the primary market can not maximize the revenue to be received during the IPO.

This study aims to explain how Price Earning Ratio, Offers, Reputation of Underwriter, and Net Initial Return and to know whether there is influence simultaneously and partially between Price Earning Ratio, Offers, and Reputation of Underwriter against Net Initial Return at company doing IPO in Indonesia Stock Exchange period 2013-2017.

This research uses quantitative method. The population in this study are all companies that conduct IPO in Indonesia Stock Exchange during the period 2013-2017 as many as 122 companies. The sample in this research is determined by using purposive sampling technique to get 84 companies for 5 years. The analysis technique used in this research is multiple analysis regression using Eviews 9.0 application.

Based on the results of the study, variable Price Earning Ratio (PER), Offers, Reputation of Underwriters simultaneously have a significant effect on Net Initial Return, where variable Price Earning Ratio (PER), Offers, Reputation of Underwriters can explain the effect on Net Initial Return of 9.58% and the remaining 90.42% is influenced by other factors outside the research variable. Partially, the Reputation Underwriter variable influences the Net Initial Return in a negative direction. Whereas, the Price Earning Ratio (PER) and Offers variables do not affect the Net Initial Return.

From the results of the study it can be concluded that only Underwriter Reputation has an effect to the Net Initial Return with negative direction. The advice for investors is to consider the decision taken if they want to invest their shares in a company with a reputable underwriter, if the goal of the investor wants a maximum level of profit from the difference in stock prices at the time of closing in the secondary market. For companies to consider choosing a reputable securities underwriting company that is expected to reduce the level of Net Initial Return that will occur at the closing on the first day on the secondary market. So, the process of public offering can generate maximum capital increase for the company.

Keywords: *PER, Offers, Underwriter's Reputation, NIR.*