ABSTRACT

REPUTATION OF UNDERWRITER AND AUDITOR’S REPUTATION IN DETERMINING WHEN THE UNDERPRICING OF INITIAL PUBLIC OFFERING (IPO)
(Empirical Study on Company that Go Public in 2010-2012)

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This study aims to examine the factors that influence the phenomenon of underpricing in IPO firms go public or at the time of IPO (Initial Public Offering) on the BEI in 2010-2012. Underpricing is the positive difference between the secondary market price of the shares at the market price of prime.

The results of these tests were performed on 60 samples. Data used in this research was secondary data. There are four variables thought to affect the level of underpricing that reputation of underwriter, auditor’s reputation, size of company, and age of a company.

The method used in this study is multiple regression with the help of Eviews 7, and obtained results that not all the variables studied had a significant effect on the level of underpricing partially. Variables that have a significant effect on the level of underpricing is partially reputation of underwriter. Simultaneously variables reputation of underwriter, auditor’s reputation, size of company, and age of a company. Among the factors that affect the level of underpricing the variable reputation of underwriter is the most dominant influencing factor.

Keywords: Underpricing, reputation of underwriter, auditor’s reputation, size of company, and age of a company.