ABSTRACT

Many researcher in financial area had paid much attention about Initial Public Offering. These matters could be occured because an Initial Public Offering might gave a significant positive initial return to an investors very often. This condition known as underpricing which shows to us that stocks price was too low when it were offered for the first time to a public.

This study aims to analyze the factors that influence the level of underpricing. Variables examined include underwriter reputation, firm size, Return on Asset (ROA), Earning per Share(EPS), and financial leverage.This research was carried out through the analysis of multiple linear regression, data collection tool that used is observation and literature study with purposive sampling method. This research used 62 issuers from selected samples.

Result of parsial regression analysis indicated that only underwriter reputation, Return on Asset (ROA), and financial leverage having a significant effect to underpricing. While by simultan obtained result of underwriter reputation, firm size, Return on Asset (ROA), Earning per Share (EPS), and financial leverage have significant effect to underpricing.

Keyword : Undepricing, Underwriter Reputation, Firm Size, Return on Asset (ROA), Earning per Share (EPS), and Financial Leverage

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