

ABSTRACT

This study aims to determine the factors that influence the level of underpricing. Variables examined include underwriter reputation, auditor reputation, firm age, financial leverage, and ROA

This research was carried out through the analysis of multiple linear regression with a 5% significance level, Data collection tool that used is observation and literature study with purposive sampling method. This research used 50 selected samples from 74 firms available in population.

The research concluded that first underwriter reputation, succeed to show a significant effect on the level of underpricing, second auditor reputation, failed to show a significant influence on the level of underpricing, third age of firms, failed to show a significant influence on the level of underpricing, fourth financial leverage, failed to show a significant influence on the level of underpricing, and fifth return on assets (ROA), failed to show a significant influence on the level of underpricing. The result is expected as additional information not only for investors but also potential investors and potential investors in making strategy of capital market investment, to make decisions of profitable investment and be used as consideration, especially parties related to information disclosure problems if will make an initial public offering (IPO) to obtain the optimal price.

Keywords : Underpricing, initial public offering (IPO), underwriter reputation, auditor reputation, age of firm, financial leverage, and return on assets (ROA).