

ABSTRACT

This study aims to examine the effect of financial and non-financial factors on stock underpricing during Initial Public Offerings (IPOs) on the Indonesia Stock Exchange (IDX) for the period 2021–2023. The independent variables include Return on Assets (ROA), Debt to Equity Ratio (DER), firm size, and auditor reputation, while stock underpricing serves as the dependent variable. Industry type and ownership structure are used as control variables.

This research employs a quantitative approach using multiple linear regression analysis on 93 firms selected through purposive sampling. Secondary data were obtained from IPO prospectuses and companies' financial statements published by the Indonesia Stock Exchange.

The results indicate that firm size has a significant negative effect on stock underpricing. Meanwhile, Return on Assets (ROA), Debt to Equity Ratio (DER), and auditor reputation are found to have no significant effect on underpricing. Simultaneously, the independent variables influence the level of IPO underpricing.

Keywords: underpricing, IPO, firm size, ROA, DER, auditor reputation

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