

ABSTRACT

This research aims to analyze the determinant factors of underpricing and underpricing effect on earnings persistence. Earnings persistence is defined as the profit that can be used as an indicator of future earnings, in other words, the persistence of the earnings of a company's ability to survive in the future. Underpricing can be defined as a condition in which the stock price at the time of the IPO is relatively lower than the market price independent sekunder. Variabel used in this study is the underwriter reputation, auditor reputation, Return on Equity (ROE), leverage level, underpricing. The dependent variables used in this study is underpricing and earnings persistence in observations 2007-2011.

The population research was company go public which is listed on Bursa Efek Indonesia (BEI) which perform initial public offering (IPO). Samples in this study were an IPO company listed on the Stock Exchange (Indonesia Stock Exchange) in the 2007-2011 period. The samples used were 71 companies that were taken through purposive sampling. This research analysis method using multiple linear regression analysis.

The results of this research showed that underwriter's reputation has negative and significant effect on underpricing and underpricing significantly and negatively related to earnings persistence. While the auditor's reputation, Return on Equity (ROE) and leverage ratio has no effect on underpricing.

Key Words : IPO Underpricing, Earnings persistence, underwriter reputation, auditor reputation, Return on Equity, leverage ratio.