ABSTRACT

Initial Public Offering (IPO) is a company activity in order to public offering of primary share sale. These shares enthused investor because it can give initial return. This return indicate the discrepancy of share value at primary market and the share value when coming on secondary market. Underpricing is a conditions in which show that share price at primary market was too low than the secondary market.

The objectives of this study are to examine variables that influence on underpricing in Indonesia Stock Exchange between 2005-2010. These variables are Debt to Equity Ratio, Return On Assets, Earning per Share, Firms Age, Auditors Reputation, Underwriters Reputation, Firms Size and Percentage of Shares Offered. There are total 58 non financial firms used on this study.

Analysis was done by using multiple regression. The objective of this study is to test the impact of variabel such as Debt to Equity Ratio, Return On Assets, Earning per Share, Firms Age, Firms Size, Auditors Reputation, Underwriters Reputation and Percentage of Shares offered to underpricing.

The result of partially regression analysis indicates that Earning Per Share, Auditors Reputation, Underwriters Reputation, Percentage of Shares offered and Firms Size significally influenced to underpricing. While simultaneously analysis result indicates that Debt to Equity Ratio, Return On Assets, Earning per Share, Firms Age, Auditors Reputation, Underwrites Reputation, Firms Size and Percentage of Shares Offered significally influenced the underpricing.

Keyword : Underpricing, Debt to Equity Ratio, Return On Assets, Earning per Share, Firms Age, Firms Size, Auditors Reputation, Underwriters reputation, Percentage of Shares Offered.