ABSTRACT

Initial Public Offering (IPO) is the company's activities carried out within the framework of initial public offering of sales. The shares are listed on the primary market investors generally preferred because it provides initial returns. Initial Return indicates the occurrence of underpricing initial market share when entering the secondary market. Underpricing is a condition in which the stock price at the time of the initial offering price is relatively less expensive than the secondary market.

This research aims to analyze the factors that influence the underpricing level of initial public offering in 2004-2009. Background of the problem is that companies that do initial public offering have underpricing on the first day of the sale of shares in the secondary market.

The research population is a company in the IDX of 2004-2009 as much as 87 firms. While the sample used to identify companies that experience underpricing at the IPO, in order to get a sample of 70 companies. The method that used to prove whether the selected variables significantly influence the underpricing is a linear regression.

Results of research indicate that the variable underwriters, company age, company size, financial leverage, and the fractional holding no significant effect on underpricing. As for the profitability variables have a significant effect.