

ABSTRACT

THE FACTORS AFFECTING THE UNDERPRICING IN INITIAL PUBLIC OFFERING (IPO) OF LISTED COMPANIES ON THE INDONESIA SHARIA STOCK INDEX IN 2016 - 2018

By:

Yuli Amalia

Underpricing is the difference between the stock price in the secondary market and that in the primary market. This price difference is known as the initial return (IR) for investors. The purpose of this study was to determine what factors affected the underpricing of companies conducting IPOs and listed on the Indonesian Sharia Stock Index in the 2016-2018 period. The variables used in this study were underwriter reputation, auditor reputation, company age, and company size. The data used were secondary data obtained from the Indonesia Stock Exchange website. The population in this study was all companies conducting IPOs on the Indonesia Stock Exchange in 2016-2018. The sampling method used was the purposive sampling, and obtainin by 64 company samples based on the criteria. The multiple regression analysis was used to test the hypothesis. Based on the test results it was concluded that only the underwriter reputation variable had an effect on the underpricing, while the auditor reputation, company age, and company size variables did not affect the underpricing.

Keywords: Agency Theory, Underpricing, Underwriter Reputation, Auditor Reputation, Company Age, Company Size, Initial Public Offering (IPO)