

THE INFLUENCE OF AUDITOR REPUTATION, FIRM SIZE, AND UNDERWRITER'S REPUTATION ON SHARE UNDERPRICING

PENGARUH REPUTASI AUDITOR, UKURAN PERUSAHAAN, DAN REPUTASI PENJAMIN EMISI TERHADAP UNDERPRICING SAHAM

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ABSTRACT

This study aims to examine the effect of auditor reputation, firm size, and underwriter reputation on stock underpricing. The population used in this study were companies that conducted an Initial Public Offering (IPO) on the Indonesia Stock Exchange (IDX) for the period 2018 – 2021. The sample in this study was 124 companies using a purposive sampling method. The data analysis method in this study used multiple linear regression analysis with SPSS Version 26. The results showed that auditor reputation had a significant negative effect on stock underpricing, while firm size and underwriter reputation had a significant positive effect on stock underpricing and auditor reputation, firm size, and underwriter reputation simultaneously had a significant positive effect on stock underpricing

Keywords: Auditor Reputation, Firm Size, Underwriter Reputation, And Stock Underpricing

ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh reputasi auditor, ukuran perusahaan, dan reputasi underwriter terhadap underpricing saham. Populasi yang digunakan dalam penelitian ini adalah perusahaan yang melakukan Initial Public Offering (IPO) di Bursa Efek Indonesia (BEI) periode 2018 - 2021. Sampel dalam penelitian ini sebanyak 124 perusahaan dengan menggunakan metode purposive sampling. Metode analisis data dalam penelitian ini menggunakan analisis regresi linier berganda dengan program SPSS Versi 26. Hasil penelitian menunjukkan bahwa reputasi auditor berpengaruh negatif signifikan terhadap underpricing saham, sedangkan ukuran perusahaan dan reputasi penjamin emisi berpengaruh positif signifikan terhadap underpricing saham dan reputasi auditor, ukuran perusahaan, dan reputasi penjamin emisi secara simultan berpengaruh positif signifikan terhadap underpricing saham.

Kata Kunci: Reputasi Auditor, Ukuran Perusahaan, Reputasi Penjamin Emisi Reputasi Auditor, Ukuran Perusahaan, Reputasi Penjamin Emisi, Dan Underpricing Saham

INTRODUCTION

The capital market is a place where demand and supply of capital can be mutually fulfilled. The capital market is used for investors to invest (Damayanty, Prihanto, et al., 2022) . Through the capital market, investors invest their capital through purchasing securities (Damayanty et al., 2020) . One of the investment options is to buy shares that are sold on the primary market. When a company sells its shares directly to investors through an initial public offering, the process is called an initial public offering (IPO). When conducting an Initial Public Offering (IPO), issuers may experience underpricing or overpricing .

The phenomenon of stock underpricing occurs when there is a positive difference between stock prices in the secondary market and stock prices in the primary market. At the time of the Initial

Public Offering (IPO), the share price is usually lower than the share price in the secondary market. The difference is known as the Initial Return (IR). In this phenomenon, the issuer loses potential income because the issuer wants maximum profit. However, investors who buy their shares during the Initial Public Offering (IPO) will benefit from being able to sell their shares in the secondary market at a higher price than at the time of the IPO so that the issuer will receive an Initial Return (IR). Conversely, when overpricing occurs , this condition will make investors lose money, because they do not get Initial Return (IR). Where the stock price at the time of the Initial Public Offering (IPO) was higher than the secondary market. Because in general the company's main goal is to make as much profit as possible (Damayanty, Wahab, et al., 2022) .

In the period from 2018 to 2021, there were 214 companies that conducted an Initial Public Offering (IPO) on the Indonesia Stock Exchange (IDX). Of these, around 199 companies experienced share underpricing. The most underpricing occurred in 2018 where out of 55 companies that carried out an IPO, 52 companies experienced underpricing, 2 companies experienced overpricing, and 1 company experienced stability (no significant price change). One example of a company case that experienced underpricing in 2018 was PT. Transcoal Pacific Tbk (TCPI). At the time of the IPO, TCPI set a share price of Rp. 138 per share. Thus, the funds raised from the IPO reached Rp. 138 billion. However, after stock trading began, TCPI's share price increased dramatically to 6,367 percent, reaching a position of Rp 8,925 per share. It can be interpreted that the stock price at the time of the IPO was considered too low and when the shares began to be traded on the secondary market, the share price experienced a significant increase.

Cases of underpricing in companies conducting Initial Public Offerings (IPO) are heavily influenced by several variables, including auditor reputation, company size, and underwriter reputation. The auditor plays an important contribution in the IPO procedure because the auditor examines the issuer's financial statements. The audited financial statements then become an information center for the underwriter in deciding the value of shares during an Initial Public Offering (IPO) and have an interest in making an economic decision (Damayanty et al., 2021). Auditors with high reputation will issue an audit report quality so as to increase the trust of the parties interested parties. Furthermore, firm size determines the scale for classifying the size of companies according to their total assets (Damayanty, Ayuningtyas, et al., 2022). The size of the company will be easier to get investors than companies in the small-scale category. Therefore companies that have a large scale have a low level of stock underpricing. Then the underwriter, as the underwriter, conducts public offering activities and puts the price of the shares to be sold on the primary market based on the

contract made with the issuer. As an underwriter, the underwriter has a lot of information about circumstances market in compare with issuer. Information This Which will be used by the underwriter to reduce the risk to the stock who does not sold on the primary market. Therefore, underwriters who have a high reputation will try to reduce the share price of the issuer in order to minimize the risk of the stock not selling.

Based on the background that has been described, the researcher is interested in conducting research entitled "**The Influence of Auditor Reputation, Firm Size, and Underwriter Reputation on Underpricing of Shares in Companies Conducting Initial Public Offerings (IPO) on the Indonesia Stock Exchange for the 2018 - 2021 Period**".

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Information Asymmetry Theory

According to (Syofian & Sebrina, 2021) the theory of information asymmetry is a theory of differences in information owned by stakeholders as agents and principals in the formation of the initial stock price (IPO).

Signaling Theory

Signals are actions taken by companies to direct investors to how management sees the company's prospects (Damayanty & Masrin, 2022).

Stock Underpricing

According to (E. Mulyani & Maulidya, 2021) Underpricing of shares is a phenomenon where the price of shares offered to companies on the primary market or when the initial offering has a lower value than the price of shares traded on the secondary market. To calculate stock underpricing, you can use the following formula:

$$\text{Underpricing} = \frac{\text{Closing Price} - \text{Offering Price}}{\text{Offering Price}} \times 100\%$$

Auditors' Reputation

An auditor is a capital market supporting profession that examines the

financial statements of companies that are about to go public (R. Mulyani et al., 2017).

The role of the auditor is necessary to prevent the issuance of financial reports from material misstatements, whether caused by errors or fraud (Damayanty et al., 2018). The auditor's reputation is the achievement and public trust held by the auditor on the big name that the auditor has. The way to measure the auditor's reputation variable is by using a dummy variable where a scale of 1 is used if the auditor auditing the company is an auditor from the Big Four KAP, while the Non Big Four KAP is given a scale of 0.

Firm Size

Firm size is the scale that determines the condition of the company as measured by the total assets owned by a company (Damayanty, Ayuningtyas, et al., 2022). To calculate firm size, you can use the following formula:

$$\text{Firm Size} = \ln(\text{Total Aset})$$

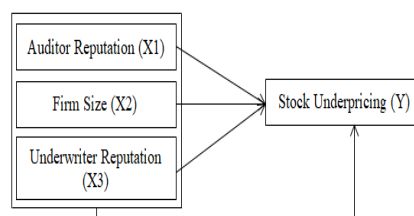
Underwriter's reputation

An underwriter is a company that enters into a contract with an issuer in conducting a public offering for the benefit of the issuer. Underwriter reputation is a quality scale of the underwriter in offering issuer shares as seen from the highest trading transactions (Desi Sartika, Intan Diane Binangkit, 2016). The way to measure the underwriter's reputation variable is by using a dummy variable, namely based on the rating of the Indonesia Stock Exchange (IDX) listed on the Most Active IDX Members in Total Trading Frequency. Scale 1 is used for the reputation of the underwriter who is ranked in the top 25 of the 50 Most Active IDX Members in Total Trading Frequency and scale 0 is for the reputation of the underwriter who is not included in the top 25 of the 50 Most Active IDX Members in Total Trading Frequency.

Thinking Framework and Hypotheses

There are factors that influence stock underpricing, namely the reputation of the auditor. The auditor's reputation is the achievement and public trust held by the

auditor on the big name that the auditor has. with the reputation of a highly reputable auditor will reduce underpricing. Company size is a value that can describe the size of a company with the total assets owned by the company. Companies that are large in scale have a low level of underpriced. Underwriter reputation is a quality scale of the underwriter in offering issuer shares as seen from the highest trading transactions. by appointing a high underwriter reputation, it can minimize stock underpricing.



Picture 1. Framework

Source: Data processed by researchers

Based on the above framework, the following hypotheses are developed:

- H₁: Auditor reputation has a significant negative effect on stock underpricing
- H₂: Firm size has a significant negative effect on stock underpricing
- H₃: Underwriter reputation has a significant negative effect on stock underpricing
- H₄: Auditor reputation, company size, and underwriter reputation have a significant positive effect on stock underpricing

RESEARCH METHODS

Research design

In this study the method used is a quantitative method to determine whether there is any effect of the auditor's reputation, company size, and underwriter's reputation on stock underpricing. This research uses secondary data which can be obtained through www.idx.co.id, www.sahamok.net, and www.sahamidx.com. The population in this study are non-financial companies listed on the Indonesia Stock Exchange (IDX) for the period 2018 - 2021 so that the population in this study totaled 214 companies.

Sampling in this study used a purposive sampling method, with sample criteria namely:

- 1) companies conducting an Initial Public Offering (IPO) on the Indonesia Stock Exchange in 2018 – 2021;
- 2) financial companies conducting an Initial Public Offering (IPO) on the Indonesia Stock Exchange in 2018 – 2021;
- 3) companies that do not experience the phenomenon of underpricing of shares in 2018 – 2021; (4) companies that use US Dollars in their financial statements;
- 4) companies that do not have the required complete data;
- 5) Data outliers.
- 6) Based on these criteria, the total sample obtained was 124 companies with a total of 124 companies that processed the data.

Measurement

The measurement of the independent and dependent variables in this study is as follows.

Table 1. Variable Measurement

Variable	Indicator	Measure Scale	unit of measure
Underpricing (Y)	Initial Return	$UP = \frac{\text{Closing Price} - \text{Offering Price}}{\text{Offering Price}} \times 100\%$ (Permadi & Santoso, 2019)	Ratio
Auditor Reputation (X1)	Dummy variable	Score 1 = Auditees use service auditors Which affiliated with Office accountant public the big four Score 0 = Auditees No use service auditors Which affiliated with Office accountant public the big four. (R. Mulyani et al., 2017)	Nominal
Firm Size (X2)	Firm size as measured by the logarithm of total assets	Ln (Total Assets) (Syofian & Sebrina, 2021)	Ratio
Underwriter's Reputation (X3)	Dummy variable	Score 1 = for Underwriters who are ranked in the top 25 of the 50 Most Active IDX Members in Total Trading Frequency. underwriter reputation that is not ranked in the top 25 of the 50 Most Active IDX Members in Total Trading Frequency. (Ultimate, 2022)	Nominal

Source: Data processed by researchers

The results of the regression analysis in the form of coefficients on the results of the independent equations are as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Information :

Y = Underpricing

X₂ = Firm Size

α = Constanta

β_3 = Regression Coefficient of Reputation Underwriter's

β_1 = Regression Coefficient of Auditor's Reputation

X₃ = Underwriter's Reputation

X₁ = Auditor's Reputation

ε = Error

β_2 = Firm Size Regression Coefficient

RESULTS AND DISCUSSION

Research data

The research data were processed using Microsoft Excel and IBM SPSS Statistics 26 software. The sample in this study used purposive sampling with the following sample determination criteria:

No	Criteria	Amount
1.	Companies conducting Initial Public Offering (IPO) on the Indonesia Stock Exchange in 2018 – 2021	214
2.	Financial company that conducted an IPO on the Indonesia Stock Exchange in 2018 – 2021	(11)
3.	Companies that did not experience underpricing during the 2018 - 2021 IPO	(15)
4.	Companies that use foreign currency in financial statements	(7)
5.	Companies that do not have the completeness of the required data	(1)
6.	Outliers Data	(56)
Number of Samples		124

Descriptive Statistical Analysis

Table 2. Descriptive statistics

	Descriptive Statistics				
	N	Minimum	Maximum	Means	std. Deviation
R. Auditor (X1)	124	0	1	.13	.337
Firm Size (X2)	124	21.36	30.56	26.8029	1.46521
R. Underwriter (X3)	124	0	1	.61	.489
Underpricing (Y)	124	.01	.70	.3871	.20066
Valid N (listwise)	124				

Source: Data processed in SPSS V.26

- a. This study has a total sample of 124 during the 2018-2021 period. The stock underpricing variable (Y) has a minimum value of 0.01 and a maximum value of 0.70 and a mean value of 0.3871 with a standard deviation of 0.20066. This shows that the mean value is greater than the standard deviation, which means that the spread of stock underpricing variable data is evenly distributed.
- b. The auditor's reputation variable (X1) uses a dummy variable. Based on the calculation results, the auditor's reputation has a mean value of 0.13 which means that 13% of companies use the Big Four KAP services while the remaining 87% of companies do not use the Big Four KAP services. So it can be concluded that during 2018-2021, more companies that conducted Initial Public Offerings (IPO) used the services of non-big four KAPs.
- c. The firm size variable (X2) indicates that the minimum value is 21.36 by the company PT Phapros Tbk (PEHA) and the maximum value is 30.56 by the company PT Cemindo Gemilang Tbk (CMNT) and the mean value of 26.8029 with standard large deviation 1.46521.
- d. Variable underwriter reputation (X3) using a dummy variable. Based on the calculation results, underwriter reputation has a mean value of 0.61, which means that 61% of companies use underwriter reputation which is in the top 25 of the 50 Most Active IDX Members in Total Trading Frequency, while the remaining 39% of companies are not included in the top 25 of the 50 Most Active IDX Members in Total Trading Frequency. So it can be concluded that during 2018-2021 companies that conducted Initial Public Offerings (IPO) used more underwriter services which were included in the top 25 of the 50 Most Active IDX Members in Total Trading Frequency.

Classical Assumption Test Results

Table 3. Multicollinearity Test Results

Table 3: Multicollinearity Test Results							
Model	Coefficients ^a				Collinearity Statistics		
	Unstandardized Coefficients	Standardized Coefficients	t	Sig.			
	B	std. Error			Betas		
						tolerance	VIF

1	(Constant)	-.584	.356				
	R. Auditor (X1)	-.156	.058	-.261	1,641		
	Firm Size (X2)	.035	.013	.257	2,671		
	R. Underwriter (X3)	.075	.036	.183	2,081		

a. Dependent Variable: Underpricing (Y)

Source: Data processed in SPSS V.26

Based on table. 3 above, it can be seen the tolerance value of the auditor's reputation variable as big 0.777, firm size 0.770 and underwriter reputation of 0.960 which means that the value tolerance of every variable independent own yield ≥ 0.10 . Then mark VIF auditors' reputation of 1.287, company size 1.299 and the reputation of the underwriter is 1.042, which means the VIF value is from every variable independent own results ≤ 10 . So can concluded that No happen multicollinearity between variable independent in model regression.

Table 4. Autocorrelation Test Results

Model	Summary Model ^b				
	R	Adjusted R Square	std. Error of the Estimate	Durbin-Watson	
1	.328 ^a	.107	.085	.19192	2088

a. Predictors: (Constant), R.Underwriter (X3), R.Auditor (X1), Firm Size (X2)

b. Dependent Variable: Underpricing (Y)

Source: Data processed in SPSS V. 26

Table based. 4 above, it can be seen that the value Durbin Watsons (DW) as big 2088. Based on table Durbin Watsons (DW) with degrees trust 5%, the number of samples (n) = 124 and the number of independent variables (k) = 3 is then obtained mark dU = 1.7567 meanwhile 4-dU = 2.2433 so obtained results dU (1.7567) < dw (2,088) < 4 - dU (2.2433). So can concluded model regression No happen autocorrelation.

Table 5. Heteroscedasticity Test

Model	Coefficients ^a				
	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
	B	std. Error			
1					
	(Constant)	.192	.201	.955	.342
	R. Auditor (X1)	.005	.033	.014	.891
	Firm Size (X2)	-.002	.008	-.028	.790
	R. Underwriter (X3)	.027	.020	.123	.185

a. Dependent Variable: ABS RES

Source: Data processed in SPSS V. 26

Based on the table. 5 above, the results of the heteroscedasticity test using the Glesjer test showed results significance variable auditors' reputation of 0.891, the variable firm size as big 0.790 and variable underwriting reputation of 0.185. So it can be concluded that the results of each independent variable ≥ 0.05 , then there is no

heteroscedasticity in this model.

Multiple Linear Regression Analysis
Table 6. Results of Multiple Linear Regression Analysis

Model	Coefficients ^a		t	Sig.
	Unstandardized Coefficients	Standardized Coefficients		
1 (Constant)	-.584	.356	-1,641	.103
R. Auditor (X1)	-.156	.058	-.261	.009
Firm Size (X2)	.035	.013	.257	.010
R. Underwriter (X3)	.075	.036	.183	.040

a. Dependent Variable: Underpricing (Y)

Source: Data processed in SPSS V. 26

Based on the results of the analysis that can be seen in the table. 6, then the following equation can be formed:

$$Y = -0.584 - 0.156(X1) + 0.035(X2) + 0.075(X3) + \varepsilon$$

Information :

Y = Underpricing

X₂ = Firm Size

α = Constanta

β₃ = Regression Coefficient of Reputation Underwriter's

β₁ = Regression Coefficient of Auditor's Reputation

X₃ = Underwriter's Reputation

X₁ = Auditor's Reputation

ε = Error

β₂ = Firm Size Regression Coefficient

a. The constant value (α) is - 0.584 has a negative value which indicates that the value of the variable auditor reputation, company size, and underwriter reputation has a value of zero, then the value of the stock underpricing variable is - 0.584.

b. Auditor reputation regression coefficient (X1) is - 0.156 indicates that for each increase in auditor reputation by one unit, underpricing will decrease by 0.156 assuming that the other independent variables from the regression model are fixed.

c. The regression coefficient for firm size (X2) of 0.035 indicates that for every one unit increase in firm size, underpricing will increase by 0.035 assuming that the other independent variables in the regression model are constant.

d. The regression coefficient of underwriter's reputation (X3) of 0.075 indicates that for every one unit increase in underwriter's reputation, underpricing

will increase by 0.075 assuming that the other independent variables of the regression model are fixed.

Hypothesis Test Results
Table 7. T Statistical Test Results (Partial)

Model	Coefficients ^a		t	Sig.
	Unstandardized Coefficients	Standardized Coefficients		
1 (Constant)	-.584	.356	-1,641	.103
R. Auditor (X1)	-.156	.058	-.261	.009
Firm Size (X2)	.035	.013	.257	.010
R. Underwriter (X3)	.075	.036	.183	.040

a. Dependent Variable: Underpricing (Y)

Source: Data processed in SPSS V. 26

a. First Hypothesis Test

The test results show T_{count} -2.671 and T_{table} 1.97976, then 2.671 > 1.97976 with a significance value of 0.009 which means less than 0.05. So it can be concluded that the auditor's reputation has a significant negative effect on stock underpricing, meaning that the first hypothesis (H₁) is accepted.

b. Second Hypothesis Test

The test results show T_{count} 2.620 and T_{table} 1.97976, then 2.620 > 1.97976 with a significance value of 0.010 which means less than 0.05. So it can be concluded that firm size has a significant positive effect on stock underpricing, meaning that the second hypothesis (H₂) is rejected.

c. Third Hypothesis Test

The test results show T_{count} 2.081 and T_{table} 1.97976, then 2.081 > 1.97976 with a significance value of 0.040 which means less than 0.05. So it can be concluded that the underwriter's reputation has a significant positive effect on stock underpricing, meaning that the third hypothesis (H₃) is rejected.

Table 8. F Test Results (Simultaneous)

Model	ANOVA ^a		F	Sig.
	Sum of Squares	df		
1 Regression	.532	3	.177	4.816
residual	4.420	120	.037	
Total	4.952	123		

a. Dependent Variable: Underpricing (Y)

b. Predictors: (Constant), R. Underwriter (X3), R. Auditor (X1), Firm Size (X2)

Source: Data processed in SPSS V. 26

Based on table. 8 above, results testing show that the calculated F value as big 4.816 and F_{table} of 2.45 then 4.816 > 2.45 with mark significance as big 0.003 Which

means moresmall from 0.05 and shows that H_0 is rejected and H_a is accepted. Matter This can be concluded that auditor reputation, company size, and underwriter reputation simultaneously have a significant positive effect on stock underpricing, meaning that the fourth hypothesis (H_4) is accepted.

Test Results for the Coefficient of Determination (R^2)

Table 9. Test Results for the Coefficient of Determination (R^2)

Model	Summary Model ^b				
	R	Adjusted Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.328 ^a	.107	.085	.19192	2.088

a. Predictors: (Constant), R.Underwriter (X3), R.Auditor (X1), Firm Size (X2)

b. Dependent Variable: Underpricing (Y)

Source: Data processed in SPSS V. 26

Based on the table. 9 above, shows that the results from adjusted R^2 is as big 0.085 or 8.5%, meaning that as big 8.5% variable dependent that is underpricing share can explained by variable independent namely, auditor reputation, firm size, and underwriter reputation. Temporary That, the remaining 91.5% is explained by other variables not examined in study This.

Discussion

Based on the test results of this study, the results of the hypothesis test in the T test amounted to -2.671 with $T_{\text{count}} > T_{\text{table}}$, namely -2.671 greater than 1.97976 and a significance value of 0.009 which means more small from 0.05. Matter This show that reputation auditors significant negative effect on underpricing share so that hypothesis 1 accepted. The results of this study are in line with research conducted by (Asrie, 2018), (Saifudin & Rahmawati, 2016), (Purwanto, M. & Mahyani, 2016) and (Nur Aini, 2013) which state that auditor reputation has a significant negative effect on stock underpricing. The results of this test indicate that the higher the reputation of the auditor used by the issuer, the better it is because it will result in a low level of underpricing. Companies that have an Initial Public Offering (IPO) and use KAPs with a high reputation or KAPs affiliated with the Big Four will give a positive signal to the company which will make investors more confident in the quality of audit reports.

While the results of the study on the variable firm size obtained a hypothesis test in the T test of 2.620 with $T_{\text{count}} > T_{\text{table}}$, namely 2.620 greater than 1.97976 and a significance value of 0.010 which means less than 0.05. This shows that firm size has a significant positive effect on stock underpricing so that hypothesis 2 is rejected. The results of this study are supported by (Permadi & Santoso, 2019) and (Dwijaya, 2021) which explain that company size has a significant positive effect on stock underpricing. This is because the larger the size of the company indicates that the company has good financial performance, so that it is able to manage its assets and the value of the selling price of shares can increase. Firm size affects investors' assessment of the company's future performance prospects. In other words, the larger the size of the company considered to have a greater risk of stock uncertainty which has a direct effect on investment risk which is also greater, the level of investor uncertainty about the company will increase. Therefore large-scale companies have a high level of underpriced.

The underwriter reputation variable obtained a hypothesis test in the T test of 2.081 with $T_{\text{count}} > T_{\text{table}}$, namely 2.081 greater than 1.97976 and a significance value of 0.040 which mean more small from 0.05. Matter This show that underwriter reputation has a significant positive effect on underpricing share so that hypothesis 3 rejected. The results of this study are in line with research conducted by (Putra, 2020), (Permadi & Santoso, 2019), (Asrie, 2018) and (Dwijaya, 2021) which state that the underwriter's reputation has a significant positive effect on stock underpricing. That is, the use of reputable underwriters is utilized by company executives in the primary market to benefit from the Initial Public Offering (IPO) process. The condition of using reputable underwriters causes relatively increased demand in the secondary market and results in a relatively high share price resulting in underpricing of the company. So by appointing a high underwriter reputation reflecting the high risk of the IPO company, the risk of stock

uncertainty in the future tends to be greater, so that the level of underpricing is also large.

CLOSING

Conclusion

From the discussion above, it can be concluded that auditor reputation has a significant negative effect on stock underpricing, firm size and underwriter reputation variables have a significant positive effect on stock underpricing. As well as the variables of auditor reputation, company size, and underwriter reputation simultaneously have a significant positive effect on stock underpricing.

Research Limitations

This research is limited to non-financial companies listed on the Indonesia Stock Exchange for the 2018 – 2021 period which causes the results of this study to not cover other industries that are on the Indonesia Stock Exchange (IDX). In addition, simultaneously the independent variables only have an effect of 8.5% on stock underpricing, so there are other factors that can modify stock underpricing in a company.

Suggestion

Suggestions given to further researchers are suggested to examine more deeply about the factors that influence stock underpricing. So it's recommended add variable other like condition market, inflation, type industry, etc. Then the sample used is not only the non-financial sector listed on the Indonesia Stock Exchange, but can expand the research sample to include financial companies such as banks.

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