The Evidence of IPO Underpricing in Indonesia 2009 - 2013

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ABSTRACT

This research aims to give evidence about IPO underpricing phenomenon in Indonesia Stock Exchange from 2009 until 2013.

Using different public industry samples from Indonesia Capital Market Directory (ICMD) and 20 Most Active Brokerage House Monthly in IDX Statistic 2009 – 2013, most IPO evidences in several years before in Indonesia showed constant underpricing phenomenon (Kristiantari (2013), Aini (2013), Wahyusari (2013), Junaeni and Agustian (2013)). This phenomenon inferred that firm value of companies doing IPO were valued below their real values. During the time of the research the economic situation showed world economic post-crisis condition, therefore it is important to see the IPO underpricing phenomenon under this situation in Indonesia.

By using regression method, we found that reputation of underwriter and financial leverage had negative effect on IPO underpricing. Better reputation of underwriter who guaranteed the emission leads to a lower IPO underpricing rate. A higher leverage of the firm leads a lower IPO underpricing rate. Investors consider the reputation of underwriter as a benchmark in valuing the firm's value in IPO. They also consider debt as a leveraging factor. It gives evidence that IPO underpricing can explain the pattern of investor behavior in valuing firm value in the Indonesia emerging capital market.

Keywords: Initial Public Offering, Underpricing, Reputation of Underwriter, Financial Leverage.

1. Introduction

Globalization era has brought many opportunities in expanding wider source of investment for company which have good performances and potential resources. Businesses developed and grew stronger and bigger, despite of several major disruptions which impacted on accounting in the 20th century. The ability of a successful corporation to obtain capital is virtually unlimited. External financing can be done by many sources like bank loan, bonds or issue ordinary shares (equity financing). One of them is to open public acessibility in to company through capital market (equity financing) and make their company meet the criteria

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that suit for the high standar company. That action make company to a publicly held corporation and may have thousands of shareholders. Its shares are regulary traded on a national securities exchange, such as Indonesia Capital Market (IDX).

It is relatively easy for corporation to obtain capital through the issuance of shares. Investors buy shares in corporation to earn money over time as the the share price grows. They like it because they have limited liability and shares which are readily transferable. Thats why issuing shares become most preferable choice for growing company in raising funds. By doing Initial Public Offering (IPO) on their first shares and traded regularly in secondary market it open wide unlimited source of funds.

Fact related the IPO in 50 countries were documented in work Loughran, Ritter & Rydquist (2013) , their paper has shown that the move in most East asean countries have less short run underpricing in the 1990’s than in 1980’s. Table 1.1 has shown that most of the countries all over the world experienced underpricing in their public offerring (primary market) , its indicates by their documentasion of positive average initial returns.The existence ofa positiveinitialreturnsindicatethatinvestorsmake a profitwhen sellingIPO sharesthey bought, whenissuersdo an IPO, because thepurchase priceis lowerthanthe selling price(closing price onthe firstday ofsecondarymarket). On theissuerside, it is actually considered detrimental because the issuer can not obtain the maximum funding sources.

Focussing in Indonesia, the condition of underpricing were very clear. Table 1.2 indicates that in 5 years (2009-2013) numbers of underpricing companies were 50% from all company who were doing the IPO every year. Based on table 1.2 shown that during 2010 and 2012 the underpricing phenomenom almost get 100% . This situation indicates thatcompanies in Indonesia whose doing IPO in 2009 – 2013 didn’t have maximum funding sources from it. Compare to neighbourhood countries such as Malaysia, Philippines, Singapore, Thailand, and Hongkong the average initial returns of Indonesia were 25.7% (Suherman,2013).

Themost fundamental and difficult time of the IPOis to determine theIPO price. At the time ofthe IPOin theprimary market, the initial stockpriceis determinedbythe company as theissuerand theunderwriters, whowas appointedthe companyto brokerthe sale of shares for the first time. While onthe secondary market, stock prices are determined by market mechanismsas a result of demand and supply of the shares. The IPO pricing were set by issuers and underwriters, but in reality underwriter has more dominant role than the issuer. This is happen in the state of information asymmetry, where the underwriter is more familiar with the market conditions and have much more information than the new issuers to go public. So underwriters were required to professionalism pricing and not leaning on its interests. Aside fromthe change in the business brokerage field, on November 2013OJK (FSA License) suspended 907 underwriter for not confirm or update their positions related to Bapepam-LK. One of the reflection is the underpricing Krakatau Steel in 2010 and overpricing Garuda Indonesia Air lines in 2011, both were government companies and half of it’s share were bought by their underwriters.

In addition, long term plan that would later use the capital which is raised from the IPO, also it is no less important. Not a few companies that use most of its IPO proceeds to repay debt. This scenario were used to reduce the ratio of debt (financial leverage) which is measured by Debt to Equity Ratio (DER). One of the example is Waskita karya, In addition, who set IPO price at the lowest prices from the price ever expected. Waskita is not the only company

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doing an IPO with the main purpose to pay the debt, there are several other companies that do the same thing. DER owned by Waskita is quite large, amounting to 7.71 times. This means Waskita has 7 times more debt than equity he has. This figure illustrates the magnitude of the risk of the company. It was also considered very risky and very close to a debt ratio limit (in this case DER). Range are considered safe, which is 50% or 0.5 times. The lower DER company, the better the condition of the company. Analysts assess, DER safe level is less than 50%. With a high debt ratio, then investors will think twice to buy shares of the company because of the level of certainty of low stock returns, so as to provide attractive forceover the stock it sells, the company lurea fairly cheap price. It is a signal that is provided to investors, that he would get a capital gain when you sell the shares.

2. Literature Review

Initial public offering (IPO) is activity of company in order to public offer of primary share sale. A company who want to go public will be doing an IPO process. Phenomenom that happened commonly is underpricing. Underpricing is conditions which show that share's price at primary market was to low than first day of secondary market. The consequences brought by the company over the primary market (IPO) is underpricing (Bodie et all; 1999; p.69).This phenomenom reflected by the surge in prices at the date when the shares were first traded in the securities market. It means the price movement was an extreme case and can be classify as an abnormal which can give benefit to investor in short run.Another term of underpricingtypically defined as the difference between the offering price and closing price at the end of the first day of the IPO (Moles et all; 2011;p.593).Table 1.3 give IPO evidences in several years before in Indonesia, the picture showed constant underpricing phenomenon (Kristiantari (2013), Aini (2013), Wahyusari (2013), Junaeni and Agustian (2013)). Most of the reseach showed consistently the significant negative effect of underwriters reputation towards occurance of IPO underpricing, meanwhile for the financial leverage the significancy still not firm in some literatures. In general this phenomenon inferred that firm value of companies who doing IPO were valued below its real value.

Some related theory that can explained underpricing phenomenom are agency theory and signaling hypothesis. Agency theory were developed by Jensen and Meckling (1976), it posits that there were so many conflict of interest between management in this case take a part as issuers, underwriters and Investor. Each party have their own interests in firms, this getting stronger and conflicting because there are asymmetry information betwen them. Internal side were issuer, as the one who knew better about the company compare to the others as an external party.Investorshave little knowledge about the company than the issuer and the underwriter that rely more on the disclosure of financial statements to assess the company's shares are to be bought. To compensate for the lack of knowledge, investors often prefer to participate in the IPO at a price low enough. While the information asymmetry between the issuer and underwriter, underwriter who has extensive experience in capital market activities, better understand the condition ofthe stock market. This is why the trend of pricing is determined more by the underwriters.

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Signalling hypothesis highly related to companies doing IPO. Going public (IPO) can be inferred as as a tool for managers in describing company conditions. In opprtunistic behavior this strategies were used to hide information such as financial problem to outside stakeholder. Its also a strategy that can be interpreted as a good or a bad signals for the outsider stakeholder. The good signal mean it can be inferred as expansions, and the bad signals were something need to be repaired especially if it accompanied by fact the big portion of DER.

There are several major factors that affect a small share IPO underpricing level, both financial factors and nonfinancial relation of these three variables are described as follows; reputable underwriters formed from many companies who frequently use its services to ensure emissions. This is because the company felt they were satisfied with underwriters who work professionally and bring benefits to the company which will doing IPO. Professionalism among others, reflected on how the underwriter who does not prioritize its interests but the interests of the issuer concerned, by setting the most appropriate price and not fear if shares not sold entirely. In addition, with a better reputation indicates that the underwriter understands the market conditions so they will understand and ready to target the exact IPO price and reduce the level of underpricing.

The use of reputable underwriters will reduce the magnitude of the underpricing condition, this is due to the good reputation of underwriters emissions, then this is a sign that the underwriter has been doing a lot of underwriting so it can be said to have experienced. The more experienced an underwriters the better the knowledge about the market so that the underwriters can properly assess companies (formering the offering price) when issuers are doing IPO.

When IPO is expensive (overprice), it indicates that the company tend to have less debt and the ratio of book-to-market higher. The companies with these features often associated with higher costs (Jensen and Meckling, 1976; Gompers, 1995), and thus received a greater marginal benefit from monitoring the future with large shareholders. Therefore, these companies are less interested underpricing their shares.

The bigger debt ratio, then theriskis also becoming greater. This makes both parties, underwriters and investors, difficult to assess the real company stock price, so that the tendency of underpricing will be greater when company had a large debt ratio.

Hypothesis

H1 : The reputation of underwriter has a correlation with the occurrence of IPO underpricing

H2 : The financial leverage has a correlation woth the occurrence of IPO underpricing

H3 : The reputation of underwriter and financial leverage, simultanly, have a correlation with the occurrence of IPO underpricing

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3. The Methodology and Model

Variable definitions and measurements:

The first independent variabel in this research is reputation of underwriter. Reputation of underwriter can be defined asassessments, views, opinions given by other parties who have an interest in the underwriter (securities corporate) based on achievements (track record) or past behaviors of the underwriters which is measured in the long term and raises expectations of assessment, good or bad, in the future in accordance with his past achievements or behavior.This reputation of underwriter was assessed using dummy variables.The lead underwriter (securities corporate) that entered into the top 10 on the 20 Most Active Brokerage House Monthly listed in Fact Book IDX current IPO year, rated 1 (one) and the rest (not the top 10 and not 20 Most Active Brokerage House Monthly) rated 0.

The next independent variabel in this research is financial leverage. Financial leverage is the use of resources in the form of debt or loan capital in addition to their own capital. This usingwill raise the burden remains and aims finance the activities of the company to increase corporate earnings. The financial leverage in this research was assessed using one of the Agnes Sawir's (2000: 13) formulas:

$$Debt\ ratio = \frac{Total\ Debt}{Total\ Assets}$$

The dependent variable in this research is underpricing. Underpricing can be defined as assessment of IPO price that too low from the true value (cheap). Michael F. Price calculates the underpricing (initial return) from the closing secondary market price on the first day of trading, less the offer price, as the percent of the offer price. This calculating can be written in the formula:

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

Sample used were firms which make Initial Public Offering (IPO) and suffer underprice IPO in period 2009 – 2013. Sampling method used random sampling, where from 115 companies doing an IPO in 2009 - 2013, there are 89 companies that suffer underpricing and of that number, samples were obtained as many as 72 companies. This is ilustrated in the table 1.4.

Research Design

This research using regression model:

$$Y = a + b_1 D + b_2 X_2 + \varepsilon$$

where:

Y = dependent variabel (*Underpricing*)

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a = regression equation contant
b_1, b_2 = regression coefficients
D =dummy variabel (Reputasi *Underwriter*), assessed 0 or 1
X_2 = independent variabel (*Leverage* Keuangan)
ε = error

This regression will show magnitude of correlation between both of independent variables and dependent variable that can explain IPO underpricing phenomenons.

4. The Findings

In this research, the characteristic feature of the variables were obtained from the processing of the data with descriptive statistical analysis (Table 1.6).

In outline, mean of underpricing showed proportion 27,22%. From descriptive statistics can also be seen that company with underpricing below average value more numerous than the company with underpricing above average value. It indicates that although IPO underpricing companies always happen in large numbers each year, but the increase of price from the initial price, that causing underpricing, can still be said to be reasonable, equal to 27,22%.

From 72 companies as sample, only 39 companies used reputable underwriter, and the rest used unreputable underwriters. Generally, sample of this research consists of reputation of underwriter proportion 54%. This proportion is represent of a reputable underwriters category. The proportions can be seen in table 1.5.

For financial leverage variable, table showed that mean of financial leverage, which assessed by Debt to Asset Ratio (DAR), is 0,61. It means that the value of debt coverage by the company's assets is 61%. Theratioof less than one indicates that the companyis able to cover the debt with the assets it has. This range implied that the consideration of the risk caused by debt is ignored by investors. Investors prefer to see or perceive that by having a lot of debt means companies have the financial resources and assets. This indicates a good thing because this figure shows the ability of the fulfillment of payable by the company's assets is in the safe category. However, it needs a prudence analysis in making the conclusion because this leverage figure is observed from DAR where the value of debt can be ascertained below the value of the asset, this is possibly becauseof the asset position in giving position as collateral for the loan.

Empirical results

H1 : The reputation of underwriter has a correlation with the occurrence of IPO underpricing

H2 : The financial leverage has a correlation with the occurrence of IPO underpricing

To test H1 and H2 , see table 1.7 for the statistical test number.

ISSN: 2304-1013 (Online); 2304-1269 (CDROM)

Based on tabel 1.7we can conclude that H1 and H2 were accepted as a hypothesis. Regards the number of t table is $\pm$1,994 statistical number is -2.945 for H1, so H0 were rejected and it means that there are significant correlation between the underwriters reputation and the occurrence of IPO underpricing. Merely shown the same result, H2 statistical number is-2.239which is greater than $\pm$1,994. The H2 hypothesis indicated that there are significant correlation between the financial leverage and the occurence of IPO underpricing.

H3 : The reputation of underwriter and financial leverage, simultanly, have a correlation with the occurrence of IPO underpricing

To test H3, see table 1.8 for the statistical test number .

Table 1.8 showed the number of f value 9.386 , comparing value of the f table 3.13 we can conclude that both variabel (the reputation of underwriter and financial leverage) have correlation with the occurance of IPO underpricing simultaneously.

Table 1.9 showed that the reputation of underwriters and financial leverage capable in explaing the occurance of IPO underpricing in Indonesia for 21.4% .

The result of regression showed:

$Y = 47{,}977 – 15{,}259\ X_1 – 24{,}292X_2$

Multiple linear regression analysis resulted in a regression toward firstat -15.259 and second at -24.292 with constant at 47,977.This 47,977 constant value indicates that if there is no variable Reputation of Underwiter and Financial Leverage then the value of underpricing is equal to 47,977.

Regression coefficient b1 value obtained is equal to -15,259 percent. It indicates that the use of reputable underwriters during the IPO, with a constant 47,977, then the amount of underpricing will decrease by 15,259 percent. Whereas, the regression coefficient b2 is equal to -24.292. Parameter values of b2 shows that every 1 percent increase in financial leverage variable, with constant 47,977, then the amount of underpricing will decrease by 24,292 percent.

The statistical test above showed that the theory about reputation underwriters and financial leverage have corelation with the occurence of IPO underpricing were proofed by the data in Indonesia during 2009-2013. Yet we must be carefull to make the interpretation of it, regard to the proxy were used in this research . The condition of underpricing in Indonesia in the slightly range in average. As we can see from description of statistical data that said that value of underpricing were around average number (below and higher than 27.22%) . Comparing with nighbour country in Asia (Ritter et all, 2013) the value of undepricing in Indonesia showed with positive average initial returns were reasonable enough. The highest in asia were India with average initial returns 88.5% , the lowest are Singapore with 15.4% and the rest Asia's country were in average 20%-30%.Noted the fact given in introduction

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paragraph, table 1.2 indicates that in 5 years (2009-2013) numbers of underpricing companies were 50% from all company who were doing the IPO every year. Based on table 1.2 shown that during 2010 and 2012 the underpricing phenomenom almost get 100% . This situation indicates that companies in Indonesia whose doing IPO in 2009 – 2013 didn’t have maximum funding sources from it.

The signifant of reputable underwriter do have effect on the occured of IPO underpricing. Positioning 54% company doing IPO with reputable underwriters indicates that the underpricing happened with the effect of underwriters as the party who set the initial stock price and to broker the sale of shares for the first time. Fact accordance with it were the case of undervalued of Krakatau steel IPO in 2010and over valued of Garuda Indonesia IPO in 2011 which were discuss by the economists.The regresion results indicating negative direction which can be interpreted that the using of reputable underwriter lead lower underpricing (otherwise applicable).This phenomenom noted that the proxy were used in this research were only classyfication, need a deeper n closer look about the involvement of underwriters during the IPO to ensure and make a general conclusion about it.

Financial leverage also have significant correlation with the occured of IPO underpricing. The sample reseach consist of companies who do not have much debt, it indicates by average DAR value as the proxy of financial leverage by 0.61 (61% their debt can be covered by their assets). It indicates that the company tends to have less debt and the ratio of book-to-market higher. The result showed The higher financial leverage (in this case use DAR) lead lower underpricing (otherwise applicable).The companies with these features often associated with higher costs (Jensen and Meckling, 1976; Gompers, 1995), and thus received a greater marginal benefit from monitoring the future with large shareholders. Therefore, these companies are less interested underpricing their shares.

Another factor that might explain the abnormal price behavior of IPO (forming underpricing) is the level of debt financing. Smith and Watts (1992) argues that firms with high growth potential will rely less on debt financing. Low dependence on debt financing is due to their risk profile is higher, which makes the debt markets less accessible. When these companies sell shares to the public during the IPO, the public will assume they are more at risk and will demand a higher risk premium in the form of greater underpricing.

The results of regression found that there is result that are inconsistent with existing theory, namely the relationship between financial leverage and the value of IPO underpricing. Jean François and Carole Gresse (2006: 45), implicitly, revealed that the less debt, which can cause the less financial leverage, the less underpricing (overprice). In fact, the result of this research showed that the higher financial leverage, the less underpricing.

5. Summary and Conclusions

The correlation between reputation of underwriters (using proxy dummy variable) and IPO underpricing were proofed in companies doing IPO in Indonesia during 2009-2013.
Statitical result showed that the using of reputable underwriter lead lower underpricing (otherwise applicable).

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The correlation between financial leverage (using Debt to Asset Ratio) and IPO underpricingwere proofed in companies doing IPO in Indonesia during 2009-2013.
Statistical results can be infered that The higher financial leverage lead lower underpricing (otherwise applicable).

Based on regresion equation showed that the using of reputable underwriter and the higher financial leverage lead lower underpricing phenomenom proofed in companies doing IPO in Indonesia during 2009-2013.

End Notes

1. Assessment of the underwriter reputation still using unstandardized assessment because there is no special institution that makes assessment of the underwriter reputation. Assessment only measured based on previous research, so there are many difference results of other studies, especially in the assessment of other countries.
2. Refer to point 1 above we suggest that future reseach to explore the underwriters reputation effect from profesionalism and etical persspective side to ensure a sharp acknoledgement.
3. The proxy of financial leverage were enermous in literature, the used of DAR in this research should be seen carefully because this proxy only represent financial leverage from one side , its rational the value were small. Because assets commonly used as a collateral in getting debt from financial institutions. To see the consistent result of financial leverage we suggest future reseach to check others proxy in corelation with IPO underpricing.
4. In 2009 – 2013, there were different conditions that occur each year from a variety of fields, such as the value of the exchange rate and etc. This condition, of course, becomes unpredictable factors also effecting the different value of underpricing each year that not included in our research.
5. The phenomenon of IPO underpricing not only can be explained by reputation of underwriter and financial leverage, thus, more research is needed that involves many factors in addition to the two factors above.

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Appendix

Tabel I.1

Average Initial Return from 20 Countries

No.	***Country***	***Sample Size***	***Time Period***	***Avg. Initial Return (%)***
1	Argentina	20	1991-1994	4.4
2	Australia	1562	1976-2011	21.8
3	Austria	102	1971-2010	6.3
4	Philippines	123	1987-2006	21.2
5	Brazil	275	1979-2011	33.1
6	Bulgaria	9	2004-2007	36.5
7	Canada	696	1971-2010	6.7
8	Malaysia	413	1980-2009	62.6
9	China	2102	1990-2010	137.4
10	Thailand	459	1987-2007	36.6
11	Denmark	164	1984-2011	7.4
12	Egypt	53	1990-2000	8.4
13	Hongkong	1259	1980-2010	15.4
14	France	697	1983-2010	10.5
15	Singapore	591	1973-2011	26.1
16	Greece	373	1976-2011	50.8
17	Hog Kong	1259	1980-2010	15.4
18	India	2964	1990-2011	88.5
19	Indonesia	410	1990-2012	25.7
20	Irann	279	1991-2004	22.4

Source: Ritter et all, Pacific-Basin Finance Journal

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Table 1.2 Indonesia's Underpricing phenomenom in 2009 - 2013

Year	IPO Companies	Tottal *Underpricing*	
		Amount	%
2009	13	8	61,54
2010	23	22	95,65
2011	25	17	68
2012	23	21	91,3
2013	31	22	70,96

Source: www.e-bursa.com, compound

Table 1.3 Literature Review IPO Underpricing in Indonesia

No	Researcher	Research Topic	Year	Result	Analysis Method
1	I Dewa Ayu Kristiantari	AnalisisFaktor-faktor yang Mempengaruhi Underpricing SahampadaPenawaranSahamPerdana di Bursa Efek Indonesia	2013	Underwriter reputation, firm size and investment purpose of IPO fund have negative and significant influence on the level of underpricing, auditor reputation, firm age, profitability, financial leverage and industry type do not have significant influence to underpricing	Regression Analysis
2	Shoviyah Nur Aini	Faktor-faktor yang Mempengaruhi Underpricing Sahampada Perusahaan IPO di BEI Periode 2007 – 2011	2013	Auditor's reputations have negative effect on underpricing, DER, ROE, firm's size, firm's age, underwriter's reputations and the use of IPO funds for investment do not affect the underpricing	Regression Analysis
3	Ayu Wahyusari	AnalsisFaktor-faktor yang Mempengaruhi Underpricing Sahamsaat IPO di BEI	2013	Solvability, DER, and company age have a significant effect on underpricing, while ROA, and Underwriter reputation no significant effect on underpricing.	Regression Analysis

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4	AnggitaRatnasari dan GunastiHudiwinarsih	AnalisisPengaruhInformasiKeuangan, Non Keuangan Serta EkonomiMakroTerhadap Underpricing Pada Perusahaan KetikaIpo	2013	Return on Equity, KAP Reputation and Reputation of Underwriter has a significant effect on underpricing, financial leverage and inflation rate has no effect on underpricing.	Regression Analysis
5	IrawatiJunaenidanRendiAgustian	AnalisisFaktor-Faktor Yang Mempengaruhi Tingkat Underpricing SahamPada Perusahaan Yang Melakukan Initial Public Offering Di Bei	2013	Only reputation of underwriting having a significant affect tounder pricing. Whereas financial leverage, proceeds, and industrial type obtained result have no significant affect to under pricing	Regression Analysis
6	YurenaPrastica	Faktor-Faktor Yang Mempengaruhi Tingkat Underpricing PadaSaat PenawaranUmumSahamPerdana	2012	The underwriter's reputation, auditor's reputation, and firm size could not show a significant effect on the level of underpricing. While return on asset (ROA) successfully demonstrated a significant effect on the level of underpricing.	Regression Analysis
7	Made AgusMahendra Putra dan I G.A. EkaDamayanthi	Pengaruh Size, Return On Assets Dan Financial Leverage Pada Tingkat Underpricing PenawaranSahamPerdana Di Bursa Efek Indonesia	2013	Firm Size has negative and significant effect on underpricing, while financial leverage and return on assets has no effect on underpricing	Regression Analysis
8	InditaAzisiaRisqi danPujiHarto	AnalisisFaktor-Faktor Yang Mempengaruhi Underpricing Ketika Initial Public Offering (Ipo) Di Bursa Efek Indonesia	2013	Underwriter's reputation has negative and significant effect on underpricing, auditor's reputation, Return on Equity (ROE) and leverage ratio has no effect on Underpricing	Regression Analysis

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Tabel 1.4 Sampling

Category	Sampling Criteria	Amount
Population	Companies do an IPO in 2009 – 2013	115
	Companies suffer IPO overpricing	(26)
Population can be used		89
	Research Sample (Isaac & Michael)	**72**

Tabel 1.5
Pie Chart Variabel X1 *(Underwriter Reputation*)

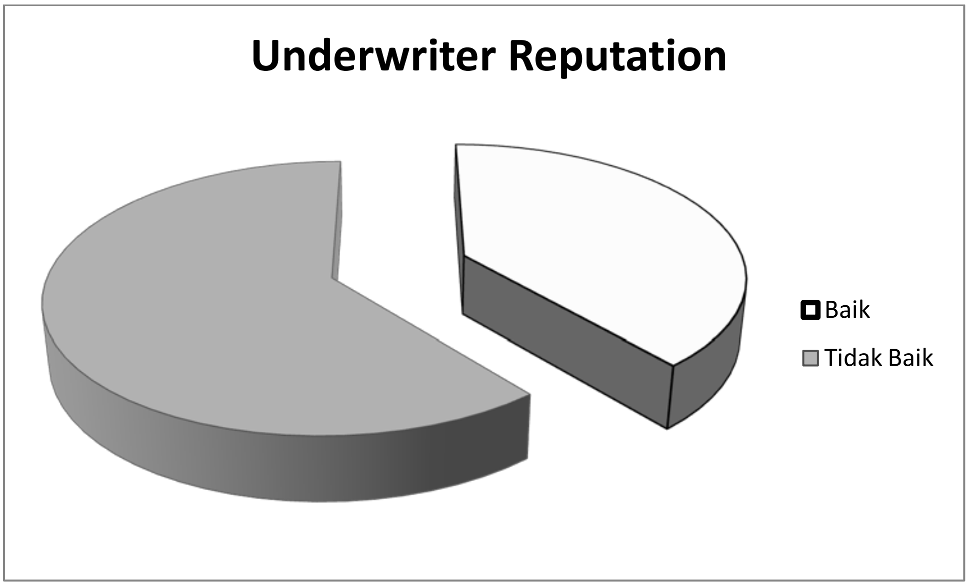

TABLE 1.6

Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Underwriter reputation	72	0	1	28	.39	.058	.491	.241
Financial leverage	72	.03	1.01	43.92	.6100	.02763	.23447	.055
Underpricing	72	1.08	70.00	1960.18	27.2247	2.69873	22.89950	524.387
Valid N (listwise)	72							

Source : (SPSS20)

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Table 1.7

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	47.977	6.809		7.046	.000		
	Underwriter Reputation	-15.259	5.181	-.327	-2.945	.004	.924	1.083
	Financial Leverage	-24.292	10.847	-.249	-2.239	.028	.924	1.083

a. Dependent Variable: Underpricing

Table 1.8

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7963.020	2	3981.510	9.386	.000[b]
	Residual	29268.469	69	424.181		
	Total	37231.489	71			

a. Dependent Variable: Underpricing

b. Predictors: (Constant), Leverage Keuangan, Reputasi Underwriter

Table 1.9

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.462[a]	.214	.191	20.59565	1.725

a. Predictors: (Constant), Leverage Keuangan, Reputasi Underwriter

a. Dependent Variable: Underpricing

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