

IPO Underpricing: IPO Stock Performance On The Indonesia Stock Exchange

Yandi Novemrian^{1*}, Irni Yunita²

^{1,2} Fakultas ekonomi jurusan corporate finance, Telkom University, Bandung, Indonesia

*Corresponden Author:

Email: yandi_novemrian@yahoo.com

Abstract.

This study aims to analyze non-financial factors that influence underpricing in companies conducting Initial Public Offerings (IPOs) on the Indonesia Stock Exchange during the period 2021 to 2023. The variables analyzed include industry sector, issue size, underwriter reputation, auditor reputation, and legal consultant reputation. The research employs a quantitative approach with an explanatory design and uses binary logistic regression analysis. The sample consists of 187 firms selected using purposive sampling. The results show that the underpricing phenomenon remains prevalent in Indonesia. Among the variables studied, issue size and auditor reputation have a significant influence on underpricing. These findings indicate the importance of strong market signals in reducing information asymmetry between issuers and investors. This research contributes to the IPO literature in emerging markets and provides practical implications for companies, investors, and capital market authorities.

Keywords: Underpricing; Initial Public Offering; Issue Size; Auditor Reputation and Legal Consultant Reputation.

I. INTRODUCTION

The capital market plays a vital role in fostering economic growth, particularly by serving as a source of long-term financing for companies and providing investment instruments for investors. One of the key activities in the capital market is the Initial Public Offering (IPO), which refers to a company's first issuance of shares to the public. Through IPOs, companies can access substantial external capital to expand operations, strengthen their capital structure, or enhance corporate reputation. However, IPOs do not always reflect market efficiency. A commonly observed anomaly is underpricing, a condition in which the stock's closing price on the first day of trading exceeds the initial offering price (Bodie et al., 2018; Loughran & Ritter, 2004). Empirical evidence from various capital markets globally has shown that underpricing tends to occur more frequently than overpricing (Agustina & Clara, 2021; Rathnayake et al., 2019; Wang et al., 2019; Killins, 2019; Harris, 2018). Indonesia ranks among the countries with the highest levels of IPO underpricing in Southeast Asia. Between 1990 and 2023, the average initial return for IPOs in Indonesia reached 52.2% across 889 companies. This figure is significantly higher than that of other Southeast Asian countries such as the Philippines (16.70%), Malaysia (49.80%), and Singapore (24.70%).

It also exceeds the underpricing levels observed in developed economies such as Japan (49.3%), the United States (17.5%), the United Kingdom (15.70%), and Hong Kong (40.50%) (Loughran et al., 2024). While high underpricing benefits short-term investors through speculative gains, it simultaneously indicates suboptimal capital acquisition by the issuing firms (Ritter & Welch, 2002). This phenomenon becomes increasingly relevant considering the upward trend in IPO activity in Indonesia. Since 2021, both the number of IPOs and the amount of capital raised have increased significantly. According to data from the Indonesia Stock Exchange (IDX), the number of IPOs rose from 54 in 2021 to 79 in 2023—the highest annual total in IDX history. Moreover, the total proceeds from IPOs reached IDR 61.66 trillion in 2021, the largest in IDX's record. This period coincided with Indonesia's post-pandemic economic recovery, which introduced unique dynamics into the national capital market. Pandemic Covid-19 has caused economic uncertainty, leading investors to become more risk averse and avoid uncertainty in their investment decisions (Roziq et al, 2024). The most widely accepted explanation for underpricing is the information asymmetry theory, which posits that uncertainty surrounding a firm's value prior to its IPO (ex-ante) leads to price discrepancies (Ljungqvist et al., 2006; Rathnayake et al., 2019).

This study employs five variables—industry sector, issue size, underwriter reputation, auditor reputation, and legal consultant reputation—to explore the determinants of IPO underpricing in Indonesia. By focusing on IPOs conducted between 2021 and 2023, this study contributes to the existing literature by

capturing the dynamics of a post-pandemic economic recovery period. Additionally, this study extends the application of signaling and information asymmetry theories by incorporating variables that represent reputational signals. To the best of the author's knowledge, no prior research in Indonesia has examined legal consultant reputation, and no literature sources analyzing this variable have been found.

II. LITERATURE REVIEW

IPO Underpricing

IPOs tend to generate abnormal returns on the first day of trading, thereby creating the phenomenon of IPO underpricing. Underpricing is reflected in a surge in stock prices on the date the shares are first traded on the stock exchange (Bodie et al., 2018). It is a common phenomenon among companies going public and occurs across countries, with varying average levels of underpricing. The phenomenon is generally more pronounced and significant in developing countries (Loughran et al., 2024). Although numerous researchers have examined the underpricing phenomenon, no single theory offers a comprehensive explanation of IPO underpricing. The most widely accepted explanation is information asymmetry theory (Fohlin, 2010; S. M. Hanafi & Hanafi, 2022; Jamaani & Alidarous, 2024; Ljungqvist et al., 2006).

However, (Loughran & Ritter, 2004) argue that behavioral finance theory and agency theory may provide a better explanation of IPO underpricing. (Agustina & Clara, 2021) found that corporate social responsibility (CSR) influences IPO performance, which aligns with signaling theory. (Huang & Zhang, 2011) examined the impact of marketing strategies and underwriter reputation on IPO offerings. Underwriters also gain additional benefits by leveraging their reputation in stock marketing (underwriter profit theory), which is related to the winner's curse theory. Litigation risk theory is supported by (Boucher et al., 2023), who found that when dealing with firms facing high litigation risk, underwriters charge significantly higher spreads.

Industry Sector

Each industry sector carries different levels of risk and growth prospects. Variations in underpricing across industry sectors can be attributed to several factors, such as risk levels, industry growth potential, business complexity, investor interest in certain sectors, and regulatory environments. The technology sector often experiences higher underpricing due to high uncertainty and strong growth expectations. In contrast, the financial and consumer goods sectors tend to have lower underpricing levels due to greater business stability (Lowry, 2003). Fluctuations in IPO volume across sectors are heavily influenced by the capital needs of the sector and investor sentiment toward it. Based on this argument, the following hypothesis is proposed:

H1: Industry sector has a significant effect on underpricing.

Issue Size

Issue size refers to the total amount of capital raised by a company through the sale of its shares in the primary market to the public. (Ritter & Welch, 2002) found that firms with larger issue sizes tend to be more stable in the long term compared to those with smaller issue sizes. (Loughran & Ritter, 2004) identified that companies setting a larger issue size are more likely to attract institutional investors, who tend to prefer stocks with lower volatility. Based on this argument, the following hypothesis is proposed:

H2: Issue size of the company has a significant effect on underpricing.

Underwriter Reputation

An underwriter is one of the activities conducted by a securities company that enters into a contract with an issuer to carry out a public offering, with or without the obligation to purchase any unsold securities (Handini & Astawinetu, 2020). Studies by (Darmawan & Bustaman, 2024; Dwika Pramesti et al., 2023; Mahatidana & Yunita, 2017) found that underwriter reputation has a significant effect on the level of underpricing. Companies that use reputable underwriters tend to experience lower underpricing because investors have greater confidence in the quality of the information disclosed. Based on this argument, the following hypothesis is proposed:

H3: Underwriter reputation has a significant effect on underpricing.

Auditor Reputation

The role of auditors is crucial because the independent audits they perform help ensure that the financial statements of companies planning to go public are fairly presented and comply with generally accepted accounting principles. The reputation and audit quality of auditors significantly influence IPO outcomes. According to research by (Bandi et al., 2020; Beatty & Ritter, 1986), the presence of a highly reputable auditor can reduce the level of underpricing, as higher audit quality provides additional assurance to investors. Another study by (Carter & Manaster, 1990) also found that companies advised by reputable auditors are more likely to achieve successful IPO outcomes and greater post-IPO stock price stability. Based on this argument, the following hypothesis is proposed:

H4: Auditor reputation has a significant effect on underpricing.

Legal Consultant Reputation

Legal consultants play a critical role in assessing a company's legal readiness to go public, assisting in the preparation of key documents, and ensuring transparency throughout the IPO process. (Agusta, 2020; Beatty & Welch, 1996; Jamaani & Alidarous, 2024) found that companies involving reputable legal consultants in their IPO process tend to achieve better IPO outcomes, including greater post-IPO stock price stability. The presence of a competent legal consultant can enhance investor confidence in the company's prospectus, which may ultimately influence stock prices in the secondary market. Based on this argument, the following hypothesis is proposed:

H5: Legal consultant reputation has a significant effect on underpricing.

III. METHODS

This study uses a quantitative approach with an explanatory research design. The population in this study consists of all companies that conducted an IPO on the Indonesia Stock Exchange during the period from 2021 to 2023, with a total population of 192 companies. The sampling method used is non-probability sampling through purposive sampling. The sample was selected based on certain criteria: firm that conducted an IPO within the defined period, had complete data on the offer price and the closing price on the first trading day, as well as complete information related to the industry sector, issue size, and the professional parties involved in the IPO process, such as underwriters, auditor, and legal consultants. Firms that did not experience underpricing or overpricing were also excluded from the sample. Based on these criteria, 187 Firms were selected as eligible research samples. Data analysis was conducted using binary logistic regression, as the dependent variable in this study is dichotomous, with underpricing categorized as one if it occurs, and zero if it does not occur. The logistic regression model used in this study can be expressed in the following equation:

$$\text{Ln} \left(\frac{p}{1-p} \right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$$

Where:

P = Probability of underpricing

β = Regression coefficient

X_1 = Industry sector

X_2 = Issue size

X_3 = Underwriter reputation

X_4 = Auditor reputation

X_5 = Legal consultant reputation

IV. RESULTS AND DISCUSSION

This study uses binary logistic regression analysis as the statistical data analysis method. In logistic regression, there are four stages of model testing: Overall Model Test, Goodness of Fit Test, Coefficient of Determination, and the Classification Matrix.

Overall Model Test

From table 1, -2 Log Likelihood value started at 189.809 in the first iteration and continued to decrease to 188.802 in the fourth iteration. This decrease indicates that the model is improving in fitting the data. The model was stopped at the fourth iteration, which means the parameter estimates had converged because the change in the likelihood value was below the threshold of 0.001.

Table 1. Iteration History Step 0

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1	189.809	1.187
	2	188.804	1.358
	3	188.802	1.366
	4	188.802	1.366

Note: Constant is included in the model, Estimation terminated at iteration number 4 because parameter estimates changed by less than .001

Source: The author's

Tables 1 and 2 present the results of Overall Model Test by comparing the -2 log likelihood (-2LL) values at the initial and final stages. At the initial stage (block number = 0), the -2LL value was 188.809, and at the final stage (block number = 1), it decreased to 180.457. This decrease indicates that the regression model has improved in quality, meaning the model is better fitting the data. Therefore, the independent variables used in the model have an impact on improving the fit of the logistic regression.

Table 2. Iteration History Step 1

-2 Log likelihood	Constant	Coefficients				
		Industry Sector	Issue Size	Underwriter	Auditor	Legal Consultant
183.483	-1.117	.190	.198	-.048	-.783	.416
180.564	-2.442	.268	.333	-.101	-1.248	.752
180.457	-2.808	.273	.368	-.117	-1.356	.875
180.457	-2.825	.272	.369	-.118	-1.361	.885
180.457	-2.825	.272	.369	-.118	-1.361	.885

Source: The author's

Goodness of Fit Test

The results of Hosmer and Lemeshow's Goodness of Fit Test show that the chi-square value is 10.803 with 8 degrees of freedom (df) and a significance level (Sig.) of 0.213. Since the significance value is greater than 0.05 ($0.213 \geq 0.05$), there is no significant difference between the model and the observed data. This indicates that the regression model used can be considered a good fit for the data, and it can be effectively used to predict observed values and for further analysis.

Table 3. Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	10.803	8	.213

Source: The author's

Coefficient of Determination

Table 4 presents the results of the coefficient of determination test based on the Nagelkerke R Square value. In this model, the Nagelkerke R Square value is 0.069, indicating that the independent variables explain approximately 6.9% of the variation in the dependent variable. Additionally, the Cox & Snell R Square value of 0.044 also provides insight into the contribution of the independent variables to the dependent variable. Although the coefficient of determination value is relatively small, this model still provides an understanding of the relationship between the variables under study.

Table 4. Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	180.457 ^a	.044	.069

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Source: The author's

Classification Matrix

Table 5 presents the classification matrix, which measures the ability of the logistic regression model to predict the underpricing category. The analysis results show that the model successfully classified 149 underpricing samples with an accuracy rate of 100%, while only 2 out of 36 overpricing samples were correctly predicted, resulting in an accuracy rate of 5.3% for that category. Overall, the model has an accuracy rate of 80.7%, indicating that the model is fairly effective in predicting underpricing.

Table 5. Classification Table

	Observed		Predicted		Percentage Correct
			Overpricing	Underpricing	
Step 1	Underpricing	Overpricing	2	36	5.3
		Underpricing	0	149	100.0
	Overall Percentage				80.7

a. The cut value is .500

Source: The author's

Logistic Regression

Table 6 presents the results of the logistic regression analysis, which measures the impact of various independent variables on the probability of underpricing occurring. The analysis results show that the variable of issue size has a regression coefficient (B) of 0.369 with a significance level of 0.046. This indicates that issue size has a significant impact on underpricing. The variable of auditor reputation also has a significant effect, with a B value of -1.361 and a significance level of 0.038, meaning that companies audited by Big Four audit firms have a 74.4% (1 - 0.256) lower probability of experiencing underpricing compared to IPOs audited by non-Big Four audit firms. On the other hand, the variables of industry sector, underwriter, and legal consultant reputation do not have a significant impact on underpricing.

Table 6. Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1 ^a	Industry Sector	.272	.498	.299	1	.584	1.313	.495	3.483
	Issue Size	.369	.193	3.660	1	.046	1.447	.991	2.112
	Underwriter	-.118	.387	.093	1	.760	.889	.416	1.897
	Auditor	-1.361	.657	4.289	1	.038	.256	.071	.930
	Legal Consultant	.885	.708	1.561	1	.212	2.422	.605	9.700
	Constant	-2.825	2.157	1.716	1	.190	.059		

Source: The author's

The Effect of Industry Sector on Underpricing

The results of the logistic regression analysis show that the industry sector has a coefficient of 0.272 with a significance value of 0.584. The coefficient value of 0.272 indicates that the industry sector has a positive effect on the probability of underpricing in IPO stocks. However, the significance value is greater than 0.05, which means that the industry sector does not have a significant effect on IPO stock underpricing. The odds ratio of 1.313 means that companies in the consumer non-cyclicals sector are 1.313 times more likely to experience underpricing compared to companies in other sectors.

This variable is conceptually linked to the information asymmetry theory, which states that underpricing occurs due to information differences between informed investors and uninformed investors (Rathnayake et al., 2019). However, the findings of this research do not support the theory in the context of industry sector. If information asymmetry were a significant factor, certain sectors would consistently demonstrate higher levels of underpricing, which is not reflected in the regression results. These findings are in line with prior research by (Hanafi, 2016; Rathnayake et al., 2019), which also found that industry sector does not significantly influence underpricing. This suggests that industry sector in which a firm operates does not play a decisive role in determining the gap between the IPO offer price and the first-day closing price.

Effect of Issue Size on Underpricing

The results of the logistic regression analysis show that issue size has a regression coefficient of 0.369 with a significance level of 0.046. This positive coefficient suggests that issue size has a positive effect on IPO underpricing. In other words, the larger the amount of capital raised during the IPO, the higher the probability of underpricing occurring. The significance value of 0.046 is less than the 0.05 threshold, indicating that issue size has a statistically significant effect on IPO underpricing. The odds ratio of 1.447 implies that firms raising a larger amount of funds are 1.447 times more likely to experience underpricing compared to firms raising a smaller amount. This suggests that IPOs with larger issue sizes tend to be more attractive to investors, leading to higher stock prices in the secondary market relative to the initial offering price. The issue size variable is related to signaling theory, which states that firms with strong business prospects send positive signals to investors through various IPO strategies, including the amount of capital raised.

A large issue size can serve as a signal of market confidence in the firm, as companies able to attract substantial investment are often perceived as more stable and promising (Kim, 2024). The findings of this study support signaling theory, as issue size is shown to significantly influence underpricing. This suggests that firms raising larger amounts of capital are more likely to experience underpricing as a strategy to attract investor attention and ensure liquidity in the secondary market. This study finds that issue size significantly affects IPO underpricing. The results are in line with prior research by (Ahmed et al., 2024; Hanafi & Hanafi, 2022; Rathnayake et al., 2019; Suresha et al., 2023), who also found that larger issue sizes are associated with higher levels of underpricing in regression models. Investors tend to be more optimistic toward larger IPOs, which drives up stock prices on the listing day. Moreover, investors often demand a higher premium for larger IPOs, further increasing the level of underpricing.

Effect of Underwriter Reputation on Underpricing

The results of the logistic regression analysis show that underwriter reputation has a regression coefficient of -0.118 with a significance level of 0.760. The negative coefficient indicates that underwriter reputation is negatively associated with IPO underpricing. However, the significance value of 0.760 exceeds the 0.05 threshold, suggesting that underwriter reputation does not have a significant effect on IPO underpricing. The odds ratio of 0.889 implies that firms using highly reputable underwriters are 0.889 times less likely to experience underpricing compared to those using lower-reputation underwriters. The underwriter reputation variable is related to signaling theory, which states that parties with superior information can send signals to investors to indicate the quality of the IPO. One such signal is the engagement of a reputable underwriter, as reputable underwriters are perceived to have greater expertise in evaluating and selecting companies for IPOs.

Furthermore, using a well-regarded underwriter is expected to enhance investor trust in the firm's credibility, thereby reducing the level of underpricing (Kim, 2024). However, the signaling theory is not supported in this study with regard to underwriter reputation, as the results show no significant impact on underpricing. This suggests that the use of a reputable underwriter does not necessarily lead investors to perceive the IPO as higher quality or to lower their expectations for underpricing. These findings are in line with prior research by (Agustina & Clara, 2021) which also concluded that underwriter reputation and the use of top-tier underwriters do not significantly affect underpricing.

The Effect of Auditor Reputation on Underpricing

The results of the logistic regression analysis show that auditor reputation has a coefficient of -1.361 with a significance value of 0.038. The negative coefficient indicates a negative relationship between auditor reputation and the probability of underpricing in IPO stocks. This means that as the reputation of the auditor increases, the probability of underpricing decreases. The significance value of 0.038, which is below the 0.05 threshold, indicates that auditor reputation has a statistically significant effect on IPO underpricing on the Indonesia Stock Exchange. This implies that firms audited by reputable auditors tend to experience lower levels of underpricing. An odds ratio of 0.256 suggests that companies using high-reputation auditors are 0.256 times less likely to experience underpricing compared to those using lower-reputation auditors. The auditor reputation variable is closely related to information asymmetry theory, which states that reputable

auditors can provide greater assurance to investors regarding the quality of financial reporting. Investors are more likely to trust that the information disclosed in the IPO prospectus is reliable and free from material misstatement or manipulation.

As a result, valuation uncertainty is reduced, ultimately mitigating the extent of underpricing (Alidarous, 2024). The findings of this study confirm the information asymmetry theory, as they demonstrate that auditor reputation has a significant negative effect on underpricing. In other words, the higher the auditor's reputation, the lower the probability of underpricing occurring. These results also support signaling theory, which asserts that more credible auditors can serve as a positive signal to investors, thereby reducing their demand for large price discounts to compensate for information risk. These findings are in line with prior research by (Hafsah & Khairunnisa, 2023; Aryapranata & Adityawarman, 2017; Nazihah et al., 2020; Razafindrambinina & Kwan, 2013; Sundarasan et al., 2017), which also found that auditor reputation significantly affects underpricing. The results indicate that higher auditor reputation is associated with lower levels of IPO underpricing. Reputable auditors help reduce information uncertainty for investors, thereby lowering the need for underpricing as a signal of firm quality. High-reputation auditors are perceived to provide high-quality audit services, and financial statements audited by such auditors are less likely to contain material misstatements.

The Effect of Legal Consultant Reputation on Underpricing

The results of the logistic regression analysis show that the reputation of legal consultants has a coefficient of 0.885 with a significance level of 0.212. The positive coefficient indicates that legal consultant reputation is positively associated with the probability of underpricing in IPO stocks. This means that as the reputation of the legal consultant increases, the probability of underpricing also increases. The significance value of 0.212, which is greater than 0.05, indicates that legal consultant reputation does not have a statistically significant effect on IPO underpricing on the Indonesia Stock Exchange. This finding implies that employing high-reputation legal consultants does not directly influence the level of underpricing. The odds ratio of 2.422 suggests that companies that engage reputable legal consultants are 2.422 times more likely to experience underpricing compared to those that engage consultants with lower reputations. The legal consultant reputation variable in this study is associated with signaling theory, which states that better-informed parties (in this case, the company) can signal quality to investors to reduce underpricing. Firms that employ prestigious legal consultants are generally perceived to have better legal governance, stricter regulatory compliance, and lower legal risk (Jamaani & Alidarous, 2024).

However, the findings of this study indicate that legal consultant reputation does not significantly influence underpricing. This suggests that while legal consultant reputation might be seen as a quality signal, investors do not regard it as a primary factor in their investment decisions. Thus, the findings do not support signaling theory in the context of legal consultant reputation. If the theory were supported, the use of highly reputable legal consultants should significantly reduce underpricing, as investors would perceive the firm to be more credible and less risky. Yet, this study shows that legal consultant reputation does not significantly affect IPO underpricing on the Indonesia Stock Exchange. These findings are not in line with previous studies by (Bates et al., 2019; Jamaani & Alidarous, 2024; Moran & Pandes, 2019), which suggest that prestigious legal consultants can reduce investor uncertainty, increase confidence in IPO prospectuses, mitigate litigation risk, and lower first-day returns through adherence to strict disclosure standards.

V. CONCLUSION AND SUGGESTION

The research findings indicate that the phenomenon of underpricing remains highly prevalent in the Indonesian capital market, as evidenced by the high proportion of companies experiencing stock price surges on the first day of trading. Among the five tested variables, issue size and auditor reputation were found to have a significant effect on underpricing. The larger the issue size, the lower the probability of underpricing, indicating that the market perceives firms with strong financial backing more positively. Meanwhile, a highly reputable auditor can reduce the level of underpricing, as the credibility of audited financial statements is believed to diminish information asymmetry between issuers and investors. On the other hand, the variables of industry sector, underwriter reputation, and legal consultant reputation did not show

statistically significant effects, suggesting that not all external signals are effective in shaping market expectations regarding the fair value of IPO shares. This study also includes legal consultant reputation, which was found to be insignificant in influencing underpricing. This insignificance may stem from the limited attention investors pay to the role of legal consultants and the existence of standardized regulatory requirements. Legal consultants primarily focus on ensuring legal compliance and regulatory adherence. Their presence is not yet perceived by investors as a strong indicator of firm quality.

In developed markets such as the United States, the presence of reputable legal consultants significantly reduces underpricing due to their role as quality signals, litigation risk mitigators, and indicators of compliance with stringent regulations. In such markets, the legal risk for public companies is much higher and securities regulations are more complex. Theoretically, the results of this study reinforce the applicability of information asymmetry theory and signaling theory in explaining underpricing in emerging markets. Auditor reputation and the amount of capital raised serve as effective signals to reduce market uncertainty and improve IPO pricing efficiency. These findings also demonstrate that classical theories remain relevant in the context of IPOs in Indonesia, although practical challenges may limit their comprehensive application. Nevertheless, this study has several limitations. First, the logistic regression model employed only explains a small portion of the variation in underpricing levels, indicating the presence of many other influential factors beyond the model. Second, reputation variables in this study were measured using a simple dummy variable approach, which may not adequately capture the complexity of professional reputation. Future research is recommended to expand the scope of variables by including additional indicators, both financial (e.g., DER, ROA, EPS) and non-financial (e.g., market sentiment, ownership structure, and macroeconomic factors that may influence investor behavior).

REFERENCES

- [1] Agusta, H. (2020). Pertanggungjawaban Khpm Dalam Proses Ipo Jika Terdapat Fakta Material Yang Tidak Diungkap. *Masalah-Masalah Hukum*, 49(1), 48. <https://doi.org/10.14710/mmh.49.1.2020.48-60>
- [2] Agustina, L., & Clara, A. (2021). An Investigation of IPOs Initial Performance in Indonesian Market. *Global Business Review*. <https://doi.org/10.1177/0972150920976640>
- [3] Ahmed, A. A., Fathy, B. A. G., & Samak, N. A. A. (2024). The determinants of IPO initial returns in emerging markets: a quantile regression. *International Journal of Emerging Markets*, 19(1), 211–230.
- [4] Alidarous, M. (2024). Can the Presence of Big 4 Auditors in IPO Prospectus Reduce Failure Risk? *Journal of Risk and Financial Management*, 17(6). <https://doi.org/10.3390/jrfm17060234>
- [5] Aryapranata, E. K., & Adityawarman. (2017). Pengaruh reputasi auditor, reputasi underwriter, dan persentase free float terhadap tingkat underpricing pada initial public offering. *Diponegoro Journal of Accounting*, 6(2), 1–9.
- [6] Bandi, Widarjo, W., & Trinugroho, I. (2020). The lead underwriter reputation and underpricing: Study of company's IPO in Indonesia. *International Journal of Economic Policy in Emerging Economies*, 13(3), 244–255. <https://doi.org/10.1504/ijepee.2020.109051>
- [7] Bates, T. W., Lv, J. (Roc), & Neyland, J. B. (2019). Do Lawyers Matter in Initial Public Offerings? *Arizona State University*, 1–23. [https://eller.arizona.edu/sites/default/files/Neyland Paper.pdf](https://eller.arizona.edu/sites/default/files/Neyland%20Paper.pdf)
- [8] Beatty, R. P., & Ritter, J. R. (1986). Investment banking, reputation, and the underpricing of initial public offerings. *Journal of Financial Economics*, 15(1–2), 213–232. [https://doi.org/10.1016/0304-405X\(86\)90055-3](https://doi.org/10.1016/0304-405X(86)90055-3)
- [9] Beatty, R. P., & Welch, I. (1996). Issuer expenses and legal liability in initial public offerings. *Journal of Law and Economics*, 39(2), 545–602. <https://doi.org/10.1086/467359>
- [10] Bodie, Z., Kane, A., & Marcus, A. J. (2018). Investments (11th ed.). McGraw-Hill Education.
- [11] Boucher, C., Kooli, M., & Walker, T. (2023). Litigation risk, underpricing, and money-losing IPOs. *Global Finance Journal*, 55(January). <https://doi.org/10.1016/j.gfj.2023.100813>
- [12] Carter, R., & Manaster, S. (1990). Initial Public Offerings and Underwriter Reputation. *The Journal of Finance*, 45(4), 1045–1067. <https://doi.org/10.1111/j.1540-6261.1990.tb02426.x>
- [13] Darmawan, D., & Bustaman, Y. (2024). Impact of ownership structure, underwriter reputation and IPO proceed size to the level of IPO underpricing. *Diponegoro International Journal of Business*, 7(1), 1–10.
- [14] Pramesti, D., Rikumahu, B., & Fahlevi, A. R. (2023). Faktor-Faktor yang Mempengaruhi Underpricing Harga Saham pada Perusahaan yang Melakukan Penawaran Umum Perdana (IPO) Pada Tahun 2017-2021. *SEIKO: Journal of Management & Business*, 6(1), 209–215. <https://doi.org/10.37531/sejaman.v6i1.3605>

- [15] Fohlin, C. (2010). Asymmetric information, market power, and the underpricing of new stock issues in Germany, 1882-1892. *Journal of Economic History*, 70(3), 630–656.
- [16] Hafisah, H., & Khairunnisa, K. (2023). Tingkat Underpricing Dan Faktor-Faktor Yang Mempengaruhinya. *Akurasi : Jurnal Studi Akuntansi Dan Keuangan*, 6(2), 310–325. <https://doi.org/10.29303/akurasi.v6i2.406>
- [17] Hanafi, M. M. (2016). Analysis of Ipo Underpricing Fluctuation: Empirical Study in Indonesia Stock Exchange. *Jurnal Dinamika Manajemen*, 7(2), 129–138. <https://doi.org/10.15294/jdm.v7i2.8197>
- [18] Hanafi, S. M., & Hanafi, M. M. (2022). Shariah vs non-shariah IPO underpricing: evidence from Indonesia Stock Exchange. *Journal of Islamic Accounting and Business Research*, 13(7), 1073–1094.
- [19] Handini, S., & Astawinetu, E. (2020). Teori Portofolio dan Pasar Modal Indonesia (Vol. 2, Issue 1). Sopindo Media Nusantara.
- [20] Harris, O. (2018). The impact of industrial districts on the pricing of IPOs. *Quarterly Review of Economics and Finance*, 69, 274–285. <https://dx.doi.org/10.1016/j.qref.2018.03.010>
- [21] Huang, R., & Zhang, D. (2011). Managing underwriters and the marketing of seasoned equity offerings. *Journal of Financial and Quantitative Analysis*, 46(1), 141–170. <https://doi.org/10.1017/S0022109010000712>
- [22] Jamaani, F., & Alidarous, M. (2024). The impact of prestigious attorneys on IPO withdrawal in the global primary market. *Financial Innovation*, 10(1). <https://doi.org/10.1186/s40854-023-00555-6>
- [23] Killins, R. N. (2019, October). An investigation of the short-term performance of the Canadian IPO market. *Research in International Business and Finance*, 47, 102–113. <https://dx.doi.org/10.1016/j.ribaf.2018.07.004>
- [24] Kim, J. Y. (2024). Comments on the Signaling Theory of IPO Underpricing and Investor Protection Laws. *Asian Journal of Law and Economics*, 15(1), 151–165. <https://doi.org/10.1515/ajle-2023-0153>
- [25] Ljungqvist, A., Nanda, V., Singh, R. (2006). Hot Markets , Investor Sentiment , and IPO Pricing. *The University of Chicago Press*, 79(4), 1667–1702. <https://www.jstor.org/stable/10.1086/503644>
- [26] Loughran, T., & Ritter, J. (2004). Why Has IPO Underpricing Changed Over Time? *Financial Management*, 5–37. <https://site.warrington.ufl.edu/ritter/files/2015/06/Why-Has-IPO-Underpricing-Changed-Over-Time-2004.pdf>
- [27] Loughran, T., Ritter, J. R., & Rydqvist, K. (2024). Initial public offerings: International insights. *Pacific-Basin Finance Journal*, 298.
- [28] Lowry, M. (2003). Why does IPO volume fluctuate so much? *Journal of Financial Economics*, 67(1), 3–40. [https://doi.org/10.1016/S0304-405X\(02\)00230-1](https://doi.org/10.1016/S0304-405X(02)00230-1)
- [29] Mahatidana, M. R. A., & Yunita, I. (2017). An Examination Factors Influencing Underpricing of IPOs in Financial and Manufacturing Industries on The Indonesia Stock Exchange over The Period of 2011-2016. *International Journal of Scientific and Research Publications*, 7(11), 457.
- [30] Moran, P., & Pandes, J. A. (2019). Elite law firms in the IPO market. *Journal of Banking and Finance*, 107(July). <https://doi.org/10.1016/j.jbankfin.2019.105612>
- [31] Nazihah, A. H., Rosnidah, I., & Juwenah, J. (2020). The Influence of Auditor's Reputation and Underwriter's Reputation to Underpricing Shares When Initial Public Offering. *Advances in Economics, Business and Management Research*, 123(Icamer 2019), 8–12. <https://doi.org/10.2991/aebmr.k.200305.003>
- [32] Rathnayake, D. N., Louembé, P. A., Kassi, D. F., Sun, G., & Ning, D. (2019). Are IPOs underpriced or overpriced? Evidence from an emerging market. *Research in International Business and Finance*, 50, 171–190.
- [33] Razafindrambinina, D., & Kwan, T. (2013). *The Influence of Underwriter and Auditor Reputations on IPO*. 5(2), 199–213. *European Journal of Business and Management*.
- [34] Ritter, J. R., & Welch, I. (2002). A Review of IPO Activity, Pricing, and Allocations. In *The Journal Of Finance : Vol. LVII* (Issue 4).
- [35] Roziq, T. A., Shukri, J. M., Kusairi, S., & Sanusi, N. A. (2024). *The effect of macro variables on Indonesian stock exchanges in pandemic COVID-19*. *Asian Journal of Economic Modelling*, 12(1), 1–18.
- [36] Sundarasen, S. D., Khan, A., & Rajangam, N. (2017). Signalling Roles of Prestigious Auditors and Underwriters in an Emerging IPO Market. *Global Business Review*, 19(1), 69–84. <https://doi.org/10.1177/0972150917713367>
- [37] Suresha, B., Nayak, S., Krishna T A, & Thomas, R. (2023). Determinants of Book Built IPO underpricing– differential issue size and market momentum approach revisited. *Cogent Economics and Finance*, 11(2).
- [38] Wang, X., Zhang, L., Chan, K. C., & He, J. (2019, January). Does underwriter rating matter? Evidence from seasoned equity offerings in an emerging market. *International Review of Economics and Finance*, 61, 17–34. <https://dx.doi.org/10.1016/j.iref.2019.01.002>