International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

The Effect Of Underwriter Reputation, Percentage Of Share Offering, And Firm Size On Stock Underpricing In Companies Conducting Initial Public Offering (IPO) On The Indonesia Stock Exchange (IDX) For The 2023 - 2025 Period

Muhammad Muslih Hidayatullah[1], Nur Aini[2]

[1,2] Institut Teknologi dan Bisnis Semarang

Abstract

The purpose of this study is to analyse the relationship between stock underpricing, underwriter reputation, percentage of shares offered, and firm size in companies that went public on the IDX between 2023 and 2025. Secondary data was retrieved from the IDX website. A total of 115 companies were included in the sample. The data was analysed using multiple linear regression with the help of IBM SPSS version 24. The results show that underwriter reputation negatively affects underpricing, percentage of shares offered positively affects underpricing, but firm size does not have any effect on stock underpricing.

Keywords: ***Underwriter Reputation, Percentage of Share Offering, Firm Size, and Stock Underpricing***

INTRODUCTION

With its efficient and structural link between parties with excess funds (investors) and those who need funds (issuers), the capital market plays a crucial role in an economy's overall system. When companies choose to raise funds from the wider community, the company's ownership structure changes to become more dispersed, transforming it into a public company that has higher transparency and accountability obligations (Nuralifah et al., 2024). According to Anggraini & Trisnaningsih (2021), an Initial Public Offering (IPO) refers to a company making an initial share offering to the public as a meeting point as it pertains to the determination of the stock price between the issuer and the underwriter.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Underpricing, in which the stock price at IPO is less than the closing price on the first day of secondary market trading, is a common occurrence in IPO. Underpricing becomes a phenomenon that frequently occurs in various capital markets, including Indonesia, and has been widely studied in financial literature (Riyanti, 2023). The high rate of underpricing indicates an imbalance of information between issuers and investors, known as information asymmetry. In order to make the stock offering more appealing to investors and lower the risk they perceive, the stock price is typically set lower during the IPO, as a form of compensation for the uncertainty of the company's intrinsic value that has not been fully revealed to the public (Jannah, 2024). Companies engaging in IPO between 2023 and 2025 exhibit a significant degree of stock underpricing, as shown in Table 1.

Table 1. Number of Underpricing Companies Period 2023 - 2025

Year	IPO Companies	Underpricing	Overpricing	Neither
2023	79	56	20	3
2024	41	37	4	0
2025	26	22	3	1
Total	**146**	**115**	**27**	**4**

According to Sidabutar & Tumewu (2025), underpricing has a significant impact; for issuers, this condition causes the potential funds obtained to not be optimal because shares are sold below their actual market value. One context where signaling theory is highly relevant is this underpricing phenomenon. When a company sets the initial stock price below market value, this move sends a message to investors that the company's leadership is optimistic about its financial health and development potential. Underpricing, on the other hand, could be seen as a bad indicator as it indicates that the firm is losing money when it makes the first sale.

Underwriter reputation is one of the variables that affect the amount of underpricing, according to the research. Since a more thorough investigation yields more accurate and transparent information, a good underwriter may help level the playing field in terms of knowledge between issuers and investors, according to signalling theory (Asana & Pratama, 2021). According to studies done by Meliza et al. (2025) and Kurniawan & Novianti (2022), underwriter reputation significantly impacts underpricing

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

in a negative way. There is a discrepancy between these findings with those of Jannah (2024), Safitri (2025), and Ilma & Anisah (2024), who all discovered that underwriter reputation does not affect the amount of stock underpricing.

Another crucial consideration is the free float, or proportion of shares offered. According to signalling theory, long-term investors should be wary of companies that give more shares to the public, since this can lead to underpricing as a risk-aversion strategy. Stock underpricing is positively affected by the proportion of shares offered, according to studies conducted by Kurniawan & Novianti (2022) and Ilma & Anisah (2024). On the other hand, Elvin (2022) discovered that it had no impact on underpricing, while Anggraini & Trisnaningsih (2021) discovered a substantial negative effect.

Firm size also influences underpricing. In the context of signaling theory, large companies generally provide a positive signal for long-term investors to invest, considering the low uncertainty caused by information asymmetry (Asana & Pratama, 2021). Underpricing is significantly reduced by larger firms, according to studies conducted by Riyanti (2023) and Elvin (2022). Nevertheless, there is a discrepancy between the findings of Rafieldy & Yusrialis (2023) and Kartika et al. (2023) about the impact of company size on underpricing, since Meliza et al. (2025) and Kurniawan & Novianti (2022) discovered a substantial beneficial effect.

The variables that can affect underpricing have been the subject of conflicting findings in prior research. Stock underpricing in companies conducting IPO on the Indonesia Stock Exchange for the period of 2023–2025 is examined in this study based on these findings and phenomena. Underwriter reputation, percentage of shares offered, and firm size are the variables under scrutiny.

METHOD

Associative quantitative research, which seeks to establish a connection between many variables, was used in this study. Businesses planning an IPO on the IDX between 2023 and 2025 are the focus of this research. This study's population consists of all 146 firms who plan to execute an IPO on the IDX between 2023 and 2025. A total of 115 firms met the requirements for inclusion in the sample, which is based on purposive sampling and applied to IPO that took place between January 1, 2023, and December 31, 2025, and which did not suffer from overpricing, underpricing, or both. The data utilised here are quantitative secondary sources culled from company prospectuses made available via the IDX website and the Stockbit Sekuritas app.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

In this research, stock underpricing is employed as the dependent variable. It is quantified as the percentage difference between the original offering price and the closing price in the secondary market on the first day of trade. Reputation of the underwriter, proportion of shares offered, and size of the business are the independent factors. Broker summary ranking based on total IDX frequency is used to determine underwriter reputation; positions 1–20 are rated 1 (high reputation), while ranks 21–93 are scored 0 (poor reputation). The public share offering percentage is determined by dividing the total issued and paid capital by the number of shares made available to the public. An organization's size is determined by its total assets, which are measured by taking the natural logarithm of those assets.

The descriptive statistics are used to examine the data's mean, standard deviation, maximum, and minimum values before moving on to the ratio scale data analysis. In addition, the regression model is checked for normality, consistency, and objectivity using classical assumption tests. Among these tests are the following: the Glejser test for heteroscedasticity; the DW test for autocorrelation; and the Kolmogorov-Smirnov test for normalcy and multicollinearity, which are assessed by tolerance and VIF values.

To test the hypothesis that the dependent variable is positively or negatively correlated with the independent variables, multiple linear regression analysis is used. By comparing the computed t-value with the t-table value at a significance level of 0.05, the t-test examines the impact of each independent variable on the dependent variable separately. Lastly, the independent variables' ability to explain the proportion of total variation in the dependent variable is evaluated using the Adjusted R Square determination coefficient test.

RESULTS AND DISCUSSIONS

A. Descriptive Statistics

To make data easier to understand, descriptive statistics try to give information or a summary of a data set.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Table 2. Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std. Deviation
Underwriter Reputation	115	0.00	1.00	0.2522	0.43616
Percentage of Share Offering	115	0.03	0.33	0.2035	0.07197
Firm Size	115	18.29	32.26	26.4488	2.13463
Stock Underpricing	115	0.02	0.35	0.2343	0.11491
(Source: Processed Data, 2026)					

In this study, 115 IPO companies listed on the IDX were used as a sample, according to Table 2. With a mean of 0.2522 and a standard deviation of 0.43616, the Underwriter Reputation variable (X1) may take on values ranging from 0 to 1. What this implies is that, on average, 25.22 percent of companies that perform IPO on the Indonesia Stock Exchange between 2023 and 2025 utilise reputable underwriters. With a mean of 0.2035 and a standard deviation of 0.07197, the range of values for the Percentage of Share Offering variable (X2) is from 0.03 to 0.33. Accordingly, 20.35 percent is the typical figure of the percentage of shares offered. The range of values for the firm size variable (X3) is 18.29 to 32.26, with 26.4488 being the mean and 2.13463 the standard deviation. Firm Size has an average value of 26.44 percent. The range of values for the Stock Underpricing variable (Y) is from 0.02 to 0.35, with an average of 0.2343 and a standard deviation of 0.11491. This amounts to a 23.43% underpricing rate on average.

B. Classical Assumption Test

Verifying the validity and explainability of the derived linear regression equation is the goal of the classical assumption test. The study data is normally distributed, according to the Kolmogorov-Smirnov normalcy test, which yielded a significance value of 0.200 (higher than 0.05). The results of the multicollinearity test indicate that the

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

independent variables (underwriter repute, percentage of share offering, and company size) do not exhibit multicollinearity. This is supported by the fact that their tolerance values are more than 0.1 also their VIF values are less than 10. The Durbin-Watson value was 2.128 as a result of the autocorrelation test. According to the results of the computation, autocorrelation does not exist when dU < d < 4-dU (1.749 < 2.128 < 2.250). Since all of the independent variables had significance values higher than the confidence level (0.05) in the Glejser test for heteroscedasticity, researcher can conclude that no heteroscedasticity exists.

C. Multiple Linear Regression Analysis and Hypothesis Testing

Table 3. Multiple Linear Regression and t-test Results

Model	Unstandardized Coefficients (B)	Unstandardized Coefficients (Std. Error)	Standardized Coefficients (Beta)	t	Sig.
(Constant)	-0.114	0.107		-1.061	0.291
Underwriter Reputation	-0.054	0.020	-0.203	-2.706	0.008
Percentage of Share Offering	0.975	0.118	0.611	8.290	0.000
Firm Size	0.006	0.004	0.115	1.593	0.114
(Dependent Variable: Stock Underpricing)					

The multiple linear regression equation that was derived from the data in Table 3 is Y = -0.114 + -0.054X1 + 0.975X2 + 0.006X3 + e. If the underwriter repute, percentage of shares offered, and company size are all set to zero, the stock underpricing level will be -0.114, as the constant (a) is negative. With all other independent variables held constant, the underwriter reputation coefficient (X1) reads -0.054, which means that for every one unit increase in underwriter reputation, the stock underpricing level will fall by 0.054. Because all other independent factors remain constant, a one-unit rise in the

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

proportion of share offering (X2) will result in a 0.975-unit increase in the stock underpricing level. If all other independent variables remain constant, a one-unit increase in company size will result in a stock underpricing level rise of 0.006 according to the firm size coefficient (X3).

A t-table value of 1.982 (absolute value 2.706 > 1.982) and a computed t-value of -2.706 (0.008 < 0.05) for the underwriter reputation variable (X1) indicate that H0 is rejected and H1 is approved. The underwriter's reputation seems to have a detrimental impact on stock underpricing. Researcher reject H0 and accept H1 since the computed t value of 8.290 > 1.982 and the significance value of the percentage of share offering variable (X2) is 0.000 < 0.05. There is a clear positive relationship between the proportion of shares offered and stock underpricing. Researcher reject H1 and accept H0 since the computed t value of 1.593 is less than 1.982 and the significance value of the firm size variable (X3) is 0.114 > 0.05. There is no statistically significant relationship between company size and stock underpricing.

A value of 0.459, or 45.9%, is shown by the Adjusted R Square determination coefficient test. This suggests that outside factors account for 54.1% of the variance in the underpricing variable, whereas the independent variables in this research only account for 45.9%.

DISCUSSIONS

a. The Effect of Underwriter Reputation on Stock Underpricing

This study found that underwriter reputation makes a big difference when it comes to underpricing. A strong negative correlation between underwriter reputation and underpricing was found in the hypothesis testing, therefore accepting the first hypothesis (H1).

In signaling theory, the underwriter functions as a party that bridges information between the issuer and investors. When determining the initial stock price, underwriters with a solid reputation tend to be pickier and more cautious. These underwriters have experience and a wider information network to accurately assess the issuer's fundamental conditions. This prudence reduces the information gap between the issuer and investors. Investors capture the involvement of a reputable underwriter as a positive signal, thus increasing their confidence in the offered stock.

Meliza et al. (2025) and Kurniawan & Novianti (2022) also discovered that underwriter reputation significantly affects underpricing negatively, which is consistent with the findings of this study. Ilma and Anisah (2024) discovered that underwriter

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

reputation had no effect on underpricing, while Jannah (2024) and Safitri (2025) discovered that underwriter reputation has a significant positive effect on underpricing. Consequently, this study contradicts those findings.

b. The Effect of Percentage of Share Offering on Stock Underpricing

The study's findings show that underpricing is significantly affected by the proportion of shares offered. H2 is adopted as the second hypothesis due to the evidence showing that the proportion of shares offered significantly affects underpricing.

A key piece of information for investors is the quantity of shares made public during an IPO, according to signalling theory. A large offering proportion means the old owners are releasing their ownership on a large scale. Investors can read this condition as a negative signal, because the release of shares in large numbers has the potential to reflect the old owners' doubts about the prospects of their own company. This uncertainty increases the risk that new investors must bear. Investors also respond to the uncertainty caused by a large offering proportion by asking for higher risk compensation. Due to this compensation, the offering price is lower than the fair value, which causes the price differential to widen on the first day of trade.

This study's findings that underpricing is significantly reduced by increasing the percentage of shares offered are consistent with those of Kurniawan & Novianti (2022) and Ilma & Anisah (2024). Conflicting findings from this study with those from Anggraini & Trisnaningsih (2021) and Elvin (2022) suggest that the proportion of share offering either significantly reduces or has no influence on underpricing, respectively.

c. The Effect of Firm Size on Stock Underpricing

This analysis found no correlation between business size and underpricing. The H3 is rejected since the data show that business size does not significantly affect underpricing.

In signaling theory, firm size should be one of the signals that helps investors assess investment risk. Large companies are considered to have wider access to information, more mature operational systems, and more stable resources compared to small companies. This condition should reduce investor uncertainty and suppress the underpricing level during the IPO. However, the results of this study did not prove this effect.

These findings are caused by several factors. Total assets as a proxy for firm size do not necessarily reflect the market's perception of the actual business scale, because

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

investors during an IPO evaluate companies more on growth prospects and market demand than on the amount of assets recorded on the balance sheet. The dominance of the percentage of share offering effect in this research model can also obscure the role of firm size, considering that this variable is proven to have a much larger contribution to underpricing compared to other variables. Capital market conditions filled with uncertainty due to high interest rates and global economic pressures during the research period also shifted investor focus from long-term company fundamentals to short-term considerations such as market sentiment and price momentum. Large companies in this study's sample also come from various sectors with different levels of business risk, so a large asset size in one sector does not always mean a lower risk compared to another sector. In addition, investors focus more on the offering price and the potential for quick profits than the scale of the company's assets. The presence of these factors makes firm size lose its power as a single signal that determines the underpricing level in this research.

Consistent with other studies, this one also demonstrated that underpricing is unaffected by business size (Rafieldy & Yusrialis, 2023; Kartika et al., 2023). Additionally, previous studies by Riyanti (2023), Elvin (2022), Meliza et al. (2025), and Kurniawan & Novianti (2022) all came to different conclusions on the relationship between business size and underpricing.

CONCLUSION

Stock underpricing in IDX IPO companies during 2023–2025 is negatively correlated with underwriter reputation, according to the study's findings. In other words, a higher underwriter reputation is associated with lower stock underpricing. An increase in the proportion of shares offered leads to a corresponding increase in stock underpricing, since the two variables are positively correlated. On the other hand, the amount of stock underpricing is unaffected by firm size, suggesting that firm size does not significantly impact stock underpricing. A shortcoming of this research is that the independent factors can only explain 45.9% of the variation in stock underpricing; the other 54.1% is explained by variables that are not part of this study.

For issuers planning to conduct an IPO, it is advisable to choose an underwriter with a good reputation to help set the stock price more accurately, and to consider the proportion of shares released to the public proportionally to avoid excessive uncertainty that potentially increases the underpricing level. For investors, it is advisable to pay attention to the underwriter's reputation and the percentage of share offering before

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

deciding to invest in IPO stocks, as both factors are proven to affect the underpricing level and can be a consideration in assessing short-term return potential. In order to facilitate the work of researchers in the future, it is recommended to add other independent variables that potentially affect underpricing, such as company age, profitability, market conditions during the IPO, or benchmark interest rates, as well as to extend the research period or limit the sample to specific industry sectors so that the research results are more profound and representative.

REFERENCES

Anggraini, & Trisnaningsih, S. (2021). Analisis Faktor-Faktor Yang Mempengaruhi Tingkat Underpricing Pada Perusahaan Go Public. *1*(1), 561–572.

Asana, & Pratama, K. H. S. (2021). Underpricing Perusahaan Ipo Di Bursa Efek Indonesia Tahun 2015-2017 Ditinjau Dari Reputasi Underwriter, Umur Perusahaan Dan Ukuran Perusahaan. *JUARA: Jurnal Riset Akuntansi*, *10*(2).

Elvin. (2022). Analisis Pengaruh Reputasi Underwriter, Ukuran Perusahaan, Persentase Penawaran Saham, Dan Profitabilitas Terhadap Underpricing Saham Pada Perusahaan Yang Melakukan INITIAL PUBLIC OFFERING Di Bursa Efek Indonesia. *7*(7), 1408–1417.

Ilma, M. D., & Anisah, N. (2024). Pengaruh Financial Leverage, Profitabilitas, Persentase Penawaran Saham Dan Reputasi Underwriter Terhadap Underpricing (Studi Pada Perusahaan Yang Melakukan IPO Tahun 2020-2022). *Wacana Equiliberium: Jurnal Pemikiran & Penelitian Ekonomi*, *12*(01).

Jannah, M. (2024). Pengaruh Reputasi Underwriter, Umur Perusahaan Dan Financial Leverage Terhadap Underpricing Pada Perusahaan Yang Go public Di Bursa Efek Indonesia. *Taswiq: Jurnal Ekonomi Syariah*, *1*(2).

Kartika, L. A., Ginanjar, Y., & Ahmad, E. F. (2023). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan, Dan Umur Perusahaan Terhadap Underpricing Saham Di Perusahaan Yang Melakukan Ipo Di Bei Tahun 2020-2021. *SEMANIS: Seminar Nasional Manajemen Bisnis*, *1*(1).

Kurniawan, E., & Novianti, P. (2022). Reputasi Underwriter, Presentase Saham Yang Di Tawarkan Dan Profitabilitas Terhadap Underpricing Pada Saat INITIAL PUBLIC OFFERING. *Akrual Jurnal Akuntansi Dan Keuangan*, *4*(1).

Meliza, Sahabuddin, R., Anwar, A., Ramli, A., & Amin, A. M. (2025). Pengaruh Ukuran Perusahaan, Earning Per Share Dan Reputasi Underwriter Terhadap Underpricing Saham Pada Saat INITIAL PUBLIC OFFERING (IPO) Di Bursa Efek

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Indonesia Tahun 2021-2023. *RIGGS: Journal Of Artificial Intelligence And Digital Business*, *4*(3), 5034–5044. https://doi.org/10.31004/riggs.v4i3.2734

Nuralifah, A., Purnamasari, E. D., & Wulandari, T. (2024). Analisis Faktor – Faktor Yang Mempengaruhi Underpricing Saham Pada Perusahaan Yang Melakukan INITIAL PUBLIC OFFERING (IPO) DI BEI TAHUN 2020 - 2022. *Jurnal Maneksi*, *13*(1), 206–214.

Rafieldy, & Yusrialis. (2023). Pengaruh Reputasi Underwriter, Financial Leverage, Profitabilitas Dan Ukuran Perusahaan Terhadap Underpricing Saham IPO Di Bursa Efek Indonesia (BEI) Periode 2022. *JAWI*, *1*(4), 259–270. www.idx.co.id

Riyanti, S. (2023). Pengaruh Struktur Modal, Ukuran Perusahaan, Reputasi Underwriter Dan Auditor Terhadap Underpricing Saham Pada INITIAL PUBLIC OFFERING Perusahaan Di Bursa Efek Indonesia.

Safitri, R. N. H. (2025). Determinants Of IPO Underpricing In Indonesia: Liquidity, Profitability And Underwriter Reputation. *Jurnal Ilmiah Manajemen Kesatuan*, *13*(5), 3781–3792. https://doi.org/10.37641/jimkes.v13i5.3829

Sidabutar, A. P., & Tumeuw, F. J. (2025). Pengaruh Umur Perusahaan, Reputasi Underwriter, Jenis Industri Dan Struktur Modal Terhadap Tingkat Underpricing Saham Pada Perusahaan Yang Melakukan Ipo Di Bursa Efek Indonesia (Studi Pada Perusahaan Yang Terdaftar Di Bei Periode 2021-2024). *Jurnal EMBA*, *13*(4), 129–142.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.