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Factors Affecting Underpricing Level during IPO in Indonesia Stock Exchange 2018 - 2019

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ABSTRACT

The underpricing is an event that occurs when stock price in a primary market is smaller than that on secondary market. Indonesia has an increase of companies that experience underpricing every year, although there was a decline in 2019/ Yet, the decline was not significant. The purpose of the study was to determine the effect of factors such as company age, company size, and return on assets, financial leverage, earnings per share and current ratio on level of underpricing at the time of Initial Public Offering (IPO) on the Indonesia Stock Exchange for the period 2018-2018. This research was conducted on the companies that did an IPO on the IDX for the period 2018-2019 using method purposive sampling. There were 82 companies used and the method used was multiple linear regression analysis using SPSS software. The results showed that company size and earnings per share have a negative effect on the level of underpricing. However, the company age, return on assets, financial leverage and current ratio have no effect on the level of underpricing. This research expected to provide benefits to related parties, including for investors. Investors can consider the value of earnings per share and the size of the company when making investment. for issuers companies need to pay attention to value of Earning Per Share and the size of the company so it avoid underpricing and get expected profit for the company.

ABSTRAK

Fenomena underpricing terjadi apabila harga saham di suatu pasar perdana lebih rendah dibandingkan dengan di pasar sekunder. Ada peningkatan perusahaan yang mengalami underpricing setiap tahunnya walaupun terjadi penurunan pada 2019. Namun, penurunan tersebut tidak signifikan. Penelitian ini bertujuan untuk mengetahui pengaruh umur perusahaan, ukuran perusahaan,return on asset,financial leverage,earning per share,dan current ratio terhadap tingkat underpricing pada saat Initial Public Offering (IPO) di Bursa Efek Indonesia periode 2018-2019. Penelitian ini dilakukan pada perusahaan yang melakukan IPO di BEI periode 2018- 2019 sengan menggunakan purposive sampling terdapat 82 perusahaan sampel. Adapun analisisnya menggunakan regresi liniear berganda dengan software SPSS. Hasilnya menunjukkan bahwa ukuran perusahaan dan earning per share berpengaruh negatif terhadap tingkat underpricing. Adapun umur perusahaan, return on asset,financial leverage, dan current ratio tidak berpengaruh terhadap tingkat underpricing dalam penelitian ini. Penelitian ini diharapkan memberikan manfaat bagi pihak terkait antara lain para investor. Mereka dapat mempertimbangkan nilai earning per share dan ukuran perusahaan saat akan melakukan penanaman modal (investasi). Bagi emiten perusahaan, mereka harus memperhatikan nilai earning per share serta ukuran perusahaan sehingga dapat terhindar dari underpricing serta mendapatkan keuntungan yang diharapkan bagi perusahaan tersebut.

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1. INTRODUCTION

Currently, many companies want to continue to develop their companies or businesses. Therefore, it is common for the companies to expand and develop their companies, they need an additional capital. In this case, it is common to obtain capital to carry out a development. Usually, they do it by borrowing funds for debt or by increasing the number of share ownership by issuing a new share. A company's shares that are offered to the public on the Indonesia Stock Exchange usually go public, meaning that the shares can be purchased by the entire public.

Also, many companies so far have gone public that make them face competition amone other companies to get investors for investment. The stage for companies to go public is called an IPO. Setyowati and Suciningtyas (2018) underpricing is the difference in the form of a positive difference between a share price in the secondary market and shares in the primary market (IPO). This underpricing phenomenon can have an advantage or a disadvantage for the parties involved. In Indonesia alone, companies experiencing underpricing are increasing every year even though in 2019 there was only 1 company decrease. The following is data on companies listed on the Indonesia Stock Exchange that are experiencing the underpricing phenomenon.

Based on the graph in Figure 1, it shows that in Indonesia alone, companies experiencing underpricing increased every year, in 2016. There were only 14 companies experiencing underpricing. Then, there was an increase in 2017 companies experiencing underpricing by 19 companies to 33 companies in 2017 which experienced underpricing. In 2018, it increased by 19 to 52 companies experiencing underpricing and in 2019 there was a decrease of 1 company to 51 companies. In this case, the decline that occurred from 2018 to 2019 was not too significant. Therefore, it can be said that every year this phenomenon underpricing in Indonesia has increased in this case it can bring harm to the parties involved.

It is explained by Setya and Fianto (2020) that a high level of underpricing can be detrimental to the issuer or the company because the company or issuer cannot get the maximum amount of funds. According to Brown and Hillegeist (2007) the phenomenon of underpricing is caused by an asymmetry of information in the primary market. This information asymmetry occurs when investors do not have the same information as other investors. This happens because one investor has a lot of information about an issuer compared to other investors who only have information that comes from the public.

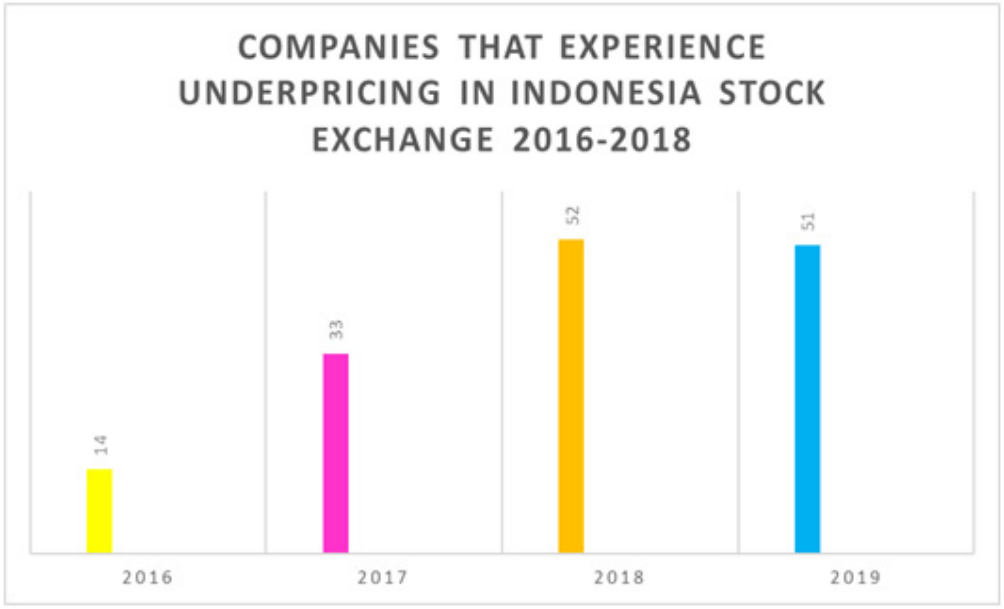

Figure 1
BEI (2020)

The Data is Processed by the Writer, 2020

This phenomenon is interesting to study because based on the previous studies, some provbided results that are not always consistent or fluctuating. Therefore, it is necessary to conduct research again on the factors that affect the level of underpricing such as company age, company size, return on assets, financial leverage, earnings per share and current ratio. The research objective is to determine the effect simultaneously or partially on factors such as company age, company size, return on assets, financial leverage, earnings per share and current ratio on the level of underpricing at the time of Initial Public Offering (IPO) on the Indonesia Stock Exchange in the 2018-2019 period.

2. THEORITICAL FRAMEWORK AND HYPOTHESIS

Initial Public Offering (IPO)

An activity of a public offering sale of a share at the first time occurs in an primary market. The activity for the purpose of the public offering for the sale of shares is called an Initial Public Offering.

Underpricing

According to Sulistyawati and Wirajaya (2017) underpricing is a condition that occurs when the stock price on the secondary market is higher or expensive at closing date than the share price at the initial market offering. An underpricing incident is expected by investors because the funds they obtained are maximized while inversely proportional to the company or issuer because the funds they get are not maximal.

Underpricing is a phenomenon that often occurs when companies conduct IPO (Initial Public Offering). This phenomenon occurs as a result of an event that the stock price is overvalued or undervalued from a fair value in the primary market due to an imbalance of information between the underwriter and the company.

The Effect of Age of the Company on Underpricing During the Initial Public Offering (IPO))

According to Wiyani (2016), a company age shows how long a company or issuer has survived and it can be used as evidence that a company or issuer can compete. They can also take a business opportunity or opportunity that is in an economy and they also have a lot of information accepted by the public or society.

The longer the age of a company, the more information that can be obtained by the public. This can make easier for an investor to assess the performance of a company. If a company has been around for a long time, a lot of information will be obtained to determine the right price for shares to be sold to the public in the capital market. With this, it is possible to avoid underpricing shares during the IPO on the capital market.

H1: The age of the company has a significant negative effect partially on the level of underpricing during the Initial Public Offering (IPO).

The Effect of Company Size on Underpricing During the Initial Public Offering (IPO)

According to Kartika and Putra (2017), a large company size has an impact on the company to be known by the public. Besides that, there is or is a lot of information available about the company. In this case, it will make investors invest in the company. For that reason, a large company size can also reduce the occurrence of information asymmetry in the initial public offering of companies or issuers.Large ccompanies can have a lot of information about the determination of the share price that will be sold to the public, and a lot of investors who prefer to invest in companies that have high economies of scale. Therefore, a large company makes it possible to reduce the level of an underpricing of shares at the time of the IPO in the capital market.

H2: The size of the company partially has a significant negative effect on the level of underpricing at the time of the Initial Public Offering (IPO).

The Effect of Profitability (ROA) on Underpricing During the Initial Public Offering (IPO)

According to Nadia and Daud (2017), return on assets is a ratio measurement that can be used to assess whether or not a company's activity is profitable. Therefore, it will attract investors to consider investing because the higher the ROA of a company or issuer, the higher the profit. That is produced by the company or issuer means that the company has a good performance so that it can be considered that it can reduce the level of underpricing.

Essentially, it is on how a company can generate a profit from the company's operating activities. Investors often make decisions by looking at the advantages of a company

because these benefits can be used as material to make a judgment in making a decision. Return on assets can provide information about the level of profit achieved by a company. The information provided can be in the form of the operational effectiveness of a company. If a company has a high ROA, it can reduce IPO uncertainty, thereby reducing the level of stock underpricing.

H3: Return on assets has a partially significant negative effect on the level of underpricing at the time of the Initial Public Offering (IPO)

The Effect of Financial Leverage on Underpricing During the Initial Public Offering (IPO)

According to Nadia and Daud (2017) DER (Debt to equity ratio) is part of the leverage ratio which can be used to measure or calculate how much capital can be used as a guarantee for debt. An investor will use this DER as a consideration. For example, they consider wether the DER value of a company is high, then the risk experienced by the company is high as well.

If a company has high leverage, the level of risk the company has is higher and the level of uncertainty of the company is also higher. For that reason, if a company has high leverage, it will increase the level of underpricing shares.

H4: Financial Leverage has a significant positive effect partially on the level of underpricing at the time of the Initial Public Offering (IPO)

The Effect of Earnings per Share on Underpricing During the Initial Public Offering (IPO)

According to Nadia and Daud (2017) EPS or earning per share is a ratio that is said to be important used by investors for consideration in deciding their investment. Besides that, it also describes the performance that shows the achievements or abilities achieved by management in carrying out the company's operations. If EPS is in a company or high issuers, the profits obtained from the amount per share will also be large or high.

EPS or shares that are distributed are one of the important information for an investor in the capital market to make a decision. EPS is the net income for ordinary shares outstanding. The higher the EPS, the greater the profit and the possibility of an increase in the amount of dividends received by shareholders. If a company has high EPS, many investors will want to buy these shares so that the share price becomes high and causes a decrease in the level of underpricing shares at the time of the IPO on the market.

H5: Earning per Share has a significant negative effect partially on the level of underpricing at the time of the Initial Public Offering (IPO)

The Effect of Current Ratio on Underpricing During the Initial Public Offering (IPO)

According to Kasmir (2017: 134), current ratio is a ratio that describes a company's ability to pay a short-term obligation on time with an asset owned by the company. An investor needs to consider something before making a decision, in this case, one of which is the current ratio. This current ratio assesses the company's ability to pay its short-term liabilities with the assets owned by the company. The higher the current ratio, the smaller the risk of failure of a company has. It also shows the lower the level of underpricing shares at the time of the IPO in the capital market.

H6: The current ratio has a significant negative effect partially on the level of underpricing at the time of the Initial Public Offering (IPO)

3. RESEARCH METHOD

According to Sekaran and Bougie (2017: 119), the unit of analysis leads to a unified level of data collected during the next data analysis stage. The unit of analysis in this research is a group because the object of research used is a company that did an initial public offering listed on the Indonesia Stock Exchange in 2018-2019. The research objective is carried out for descriptive purposes, namely according to Sekaran and Bougie (2017: 111) this descriptive study is designed to collect data that describes a characteristic, person, event and situation.

The type of data is secondary data obtained from multiple linear regression data with a time horizon of unbalanced panel data type of panel data regression (unbalance panel). It was due to the unit cross section data that are not the same and have time series observations, namely 2018 - 2019. The research data was obtained from the internet media regarding companies conducting IPO IPOs listed on the IDX. In this study, the researchers used quantitative data using secondary data. In this case, the techniques used in data collection in this study are as the following:

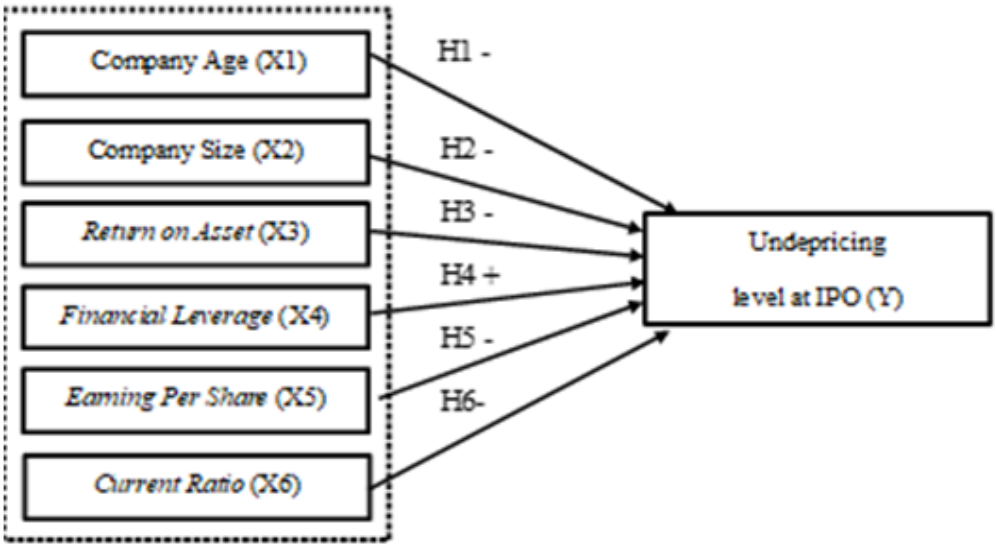

Figure 2
Framework

Information:
→ : Partial Influence

Documentation
This was done by using secondary data taken from annual financial reports of every company that made an initial public offering (IPO) that experienced underpricing. They were already listed on the Indonesia Stock Exchange in 2018-2019. Financial reports were obtained through the official IDX website (www.idx.co.id) as well as the company's official website. Then, the researchers found the offering price and closing price through the official IDXwebsite(www.idx.co.id), websitewww.sahamok.net,website www.idnfinancials.com.

Literature Study
Literature study is a collection of data through scientific books, papers, scientific essays and other sources. They are considered to have a relevant relationship with the supporting theories in research.

In this study, a regression analysis was carried out to determine the dependence of a dependent variable with one or more independent variables. The researchers used analyzed them using multiple linear regression analysis with a research model as follows:

$$UP = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + \beta5X5 + \beta6X6 + \varepsilon$$

Description:
UP = Underpricing as the dependent variable
α = Constant
X1 = Company Age
X2 = Company Size
X3 = Return on Asset
X4 = Financial leverage
X5 = Earning per share
X6 = Current ratio
β1 = Company age regression coefficient
β2 = Firm size regression coefficient
β3 = Return on Asset regression coefficient
β4 = Financial leverage regression coefficient
β5 = Earnings per share regression coefficient
β6 = Current ratio regression coefficient
ε= error term

Regression analysis is used to measure to the degree of effect of the variables of company age, company size, return on assets, financial leverage, earning per share, and current ratio on the level of underpricing on companies. These companies are those that did Initial Public Offering (IPO) on the Indonesia Stock Exchange.

The researchers analyzed the data also using descriptive statistics and multiple linear analysis. The variable can be operationalized using this technique and therefore, it is necessary to operationalize the variable as in Table 2.

Table 1
Sample Selection Criteria

No	Criteria	Total
1	Companies that do Initial public offering (IPO) in 2018-2019.	110
2	Companies that conducted an initial public offering (IPO) experienced overpricing in 2018 - 2019	(7)
3	Companies that do not use the rupiah currency in their financial statements	(2)
4	Annual financial reports for 2018-2019 are not audited and there is no complete information that can be used in research.	(6)
5	Outlier	(13)
	Number of Samples	82

Source: Indonesia Stock Exchange (2020), data processed by the author (2020)

Table 2
Variable Test Operation

Variable	Indicators	Scale
Underpricing (Y)	*IR = CP - OP/OP x 100%* Information : CP : Closing price OP : Offering price Yuniarti & Syarifudin (2020)	Ratio
Company age (X1)	Age can be calculated from the IPO (initial public offering) date to the date of the annual report. Akbar & Africano (2019).	Ratio
Company size (X2)	Size = Log Total Assets (Rudangga & Sudiarta, 2016)	Ratio
Return on Asset (ROA) (X3)	*ROA = Net Income / Total Aset* (Kasmir,2017)	Ratio
Financial leverage (X4)	*DER = TH/TE x 100%* Information DER : Debt Equity Ratio TH: Total Debt TE : Total Equity (Kasmir, 2017)	Ratio
Earning Per share (EPS) (X5)	EPS = net income after tax & interest / number of shares outstanding Tandelilin (2010 : 374)	Ratio
Current ratio (X6)	*CR = Current Aset/Current Debt* (Maulidya dan Lautania, 2016)	Ratio

Source: Data Processed, 2020

4. DATA ANALYSIS AND DISCUSSION

According to Ghozali (2016: 19), descriptive statistical analysis is describing the data assessed from the mean, standard deviation, maximum value, and minimum value. All variables used in this study have eliminated outliers Therefore, the number of the data is 82 of 95. Outliers are carried out because there are 13 data which have negative values, therefore the number of samples in this study is 82. The results of data processing is presented in Figure 3.

Based on the descriptive statistical testing, it can be seen that the minimum value of an underpricing is 0.0045 and the maximum value is 0.7000. This shows that the value of an underpricing in the sample of this study ranges from 0.0045 to 0.7000 with a mean of 0.518929

at a standard deviation of 0.1925232. The mean value of 0.518929 is greater than the standard deviation, namely 0.518929> 0.1925232. It means that the distribution of the initial return values is said to be good. The data can be regarded a homogeneous so that there is no significant gap between the highest and lowest values in the underpricing variable.

It can also be seen that the minimum value of a company age (AGE) is 2 and the maximum value is 64. Therefore, it shows that the value of the company age in this research sample ranges from 2 to 64 with a mean of 16.24 at a standard deviation of 12.337. The average or mean value is greater than the standard deviation value, which is 16.24 > 12.337. This means that the distribution of the company age values can be said to be good. The data can be said to be homogeneous so that there is no significant gap between the highest and lowest values on the company age during the study.

Another evidence is that the minimum value of a company size (Ln Size) is 21.3485 and the maximum value is 29.7492. In this case, it shows that the value of the company size in the sample of this study ranges from 21.3485 to 29.7492 with an average or mean value of 26.978405 at a standard deviation of 1.3021101. The mean is greater than the standard deviation value, namely 26.978405> 1.3021101, which means that the size distribution of the company can be said to be good. This data can be said to be homogeneous so that there is no very large gap between the highest and lowest values on the firm size variable (LnSize) during the study.

Furthermore, it can be seen that the minimum value of a return on asset or ROA is 0.0019 and the maximum value is 0.1597. In this case, it shows that the value of return on assets or called ROA in the sample of this study ranges from 0.0019 to 0.1597 with an average or mean value of 0.043948 with a standard deviation of 0.0366733. The mean is greater than the standard deviation, which is 0.043948> 0.0366733, which means that the distribution of return on assets can be said to be good. The data can be said to be homogeneous so that there is no very large gap between the highest and lowest values on the return on asset variable during the study.

As in Figure 3, it can be seen that the minimum value of a Debt to equity ratio or DER is 0.00593 and the maximum value is 6.05693. In this case, it shows that the value of the debt to equity ratio or DER in this study

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Underpricing	82	.0045	.7000	.518929	.1925232
Company Age	82	2	64	16.24	12.337
Company Size	82	21.3485	29.7492	26.978405	1.3021101
ROA	82	.0019	.1597	.043948	.0366733
DER	82	.00593	6.05693	.8256570	1.01865289
EPS	82	.1349	158.6816	20.988868	29.7783377
CR	82	.3036	73.6390	6.251517	12.7540120
Valid N (listwise)	82				

Figure 3
Descriptive Statistics

Source: Data Processed, 2020

sample ranges from 0.00593 to 6.05693 with an average or mean value of 0.8256570 at a standard deviation of 1.01865289. The mean is smaller than the standard deviation, which is 0.8256570 <1.01865289, which means that the debt to equity ratio distribution cannot be said to be good. This data can be said that there is a very large gap between the highest and lowest values on the Debt to equity ratio variable during the study.

Again, in Figure 3, it can be seen that the minimum value of an earnings per share or EPS is 0.1349 and a maximum value of 158.6816. In this case, it shows that the value of earnings per share or called EPS in this research sample ranges from 0, 1349 to 158.6816 with an average or mean value of 20.988868 at a standard deviation of 29.7783377. The mean is smaller than the standard deviation, which is 20.988868 <29.7783377, which means that the distribution of earnings per share cannot be said to be good. This data can be said that there is a significant gap between the highest and lowest values on the Earning per share variable during the study.

Figure 3, also shows the minimum value of a Current Ratio is 0.3036 and the maximum value is 73.6390. In this case, it shows that the value of the current ratio in the sample of this study ranges from 0.3036 to 73.6390 with a mean value of 6.251517 at a standard deviation of 12.7540120. The mean is smaller than the standard deviation, namely 6.251517 <12.7540120, which means that the distribution of the current ratio cannot be said to be good. This data can be said that there is a very large gap between the highest and lowest values of the current ratio variable during the study.

Classic Assumption Test Results

Normality Test

Normality test shows the value of Asymp. Sig (2-tailed) > 0.05 of 0.087. The results of these data that the data is normally distributed because of the Asymp value. Sig (2-tailed) > 0.05.

Multicollinearity Test

The multi-collonearity test in this study for company age has a tolerance value of 0.777 and VIF of 1.286, firm size has a tolerance value of 0.897 and VIF of 1.115, return on assets has a tolerance value of 0.566 and VIF of 1.766, Debt to equity ratio has a tolerance value of 0.868 and VIF is 1.152, Earning per share has a tolerance value of 0.523 and VIF is 1.910, Current Ratio has a tolerance value of 0.820 and VIF is 1.219. All variables show a tolerance value greater than 0.10 and a Variance Inflation Factor (VIF) value less than 10 so that it can be concluded that the regression model in this study is free from Multicollinearity problems. Because of this, it can be said that it is feasible to be used in a study.

Heteroscedasticity Test

The results of the Heteroscedasticity test of the company age produces a sig value of 0.541, the firm size variable 0.212, the Return on Assets variable has a sig value of 0.453, the Debt to equity ratio variable has a sig value of 0.183, the Earnings per share variable has a sig value of 0.333, the Current Ratio variable has a sig value of 0.276. Based on the table above, it can be seen that all independent or independent variables have a significance value greater than 0.05. With this, it can be concluded that there is no Heteroscedasticity in the regression model.

Autocorrelation Test

Based on the results, the Durbin Watson value of 1.929 is greater than the dU value of 1.8008 at a significance level of 5% or 0.05. The value of Durbin Watson 1929 is smaller than 4-dU, which is 2.1992. Thus, it can be concluded that there is no autocorrelation in the research conducted.

Multiple Linear Regression Analysis

Hypothesis Testing Results

This partial hypothesis testing aims to determine whether an independent variable or independent variable has a significant effect on the dependent variable. It was done by comparing a *t*-table value at 95% confidence level with α of 5% or 0, 05.

Based on Figure 4, it can be seen that the value of a regression coefficient for the company age is 0,000 with a value of *t*-count of -0.163. In addition, the significance level that is 0.871> 0.05. In this case, it can be said that the company age does not have a partially significant effect on the level of underpricing. It proves that even though the company age has a high value, it does not become a benchmark if a company has a high age. A lot of information will be obtained to determine what the right share price is to sell to the public in the capital market. Sometimes a lot on one in determining the share price of a company that has a high age, it is still underpricing.

Variable	B	t	Sig	Conclusion
Company Age	0,000	-0,163	0,871	H_{a1} rejected
Company Size	-0,035	-2,200	0,031	H_{a2} accepted
Return on Asset	0,262	0,369	0,713	H_{a3} rejected
Debt to equity ratio	0,036	1,754	0,084	H_{a4} rejected
Earning per share	-0,002	-2,325	0,023	H_{a5} accepted
Current Ratio	0,002	1,132	0,261	H_{a6} rejected

Figure 4
Multiple Linear Regression

Source: Data Processed, 2020

In addition to this, the company has a high age even though it can maintain the company, face competition and face an economic crisis that occurs. However, it does not necessarily have a good company performance and also has a good company prospect that can promise an investor in investing in companies that have a high age. In this case, this study is not in line with Andari and Saryadi's research (2020) that stated that company age has a negative effect on underpricing. It is neither in line with the research of Manurung and Nuzula (2019) showing that company age has a positive and significant effect on underpricing.

In reference to Figure 4, it can also be seen that the value of a regression coefficient for the company size variable is -0.035 with a *t*-count value of -2, 200. In addition, the significance level is smaller, namely 0.031 <0.05. In this case, it can be said that company size has a partially significant negative effect on the level of underpricing. Based on this evidence, the company age that has high total assets. It means that the company has a large company growth, so it avoids the uncertainty of a high risk of loss than companies that have low total assets. It is due to the investors having confidence. They think that has the company size.

Large companies can minimize the risk of loss and they have a lot of information that can be obtained by the public. Therefore, it can reduce information uncertainty for investors in the future. This study is in line with the research by Yuniarti and Syarifudin (2020) stating that company size has an influence on the level of underpricing. A study by Putra and Sudjarni (2017), company size has a negative effect on the level of underpricing.

Based on Figure 4, it can be also seen that the value of a regression coefficient for the return on assets variable is 0.262 with a *t*-value of 0.369. In addition, the significance level is greater than the significance level, namely 0.713> 0.05. In this case, it can be said that return on assets does not have a partially significant effect on the level of underpricing. Based on this, a company that has a high Return on Asset value does not necessarily have a good performance. Thus, it can reduce the level of underpricing in such as Return on assets can provide information about the level of profit achieved by a company. This information can be in the form of operational effectiveness a company. Yet, this is not necessarily a consideration for an investor in investing because it is necessary to look at many other aspects of financial performance besides Return on Assets. This study is not in line with the research of Nurazizah and Madjidah (2019) which states that return on assets has a negative effect on the level of underpricing at the time of IPO on the Indonesia Stock Exchange.

Based on Figure 4, it can be seen that the value of the financial leverage variable regression coefficient, namely the debt to equity ratio, has a value of 0.036 with a value of *t*-count of 1.754. In addition, the significance level is greater than the significance level, namely 0.084> 0.05. In this case, it can be said that the debt to equity ratio does not have

a partially significant effect on the level of underpricing. Based on the hypothesis that if a company has high leverage, the level of risk faced by a company will be higher and the level of uncertainty of the company will be higher. Therefore, it can be identified that if a company has high leverage it will increase the level of underpricing shares. In this case, it is not certain that a company has high leverage, so the level of risk faced in a company. In this study it is not in line with the research of Darpius, Agustin and Sari (2019) which states that financial leverage has a positive effect on the level of underpricing.

Still in Figure 4, it shows that the value of a variable regression coefficient of earnings per share is -0.002 with a value of t-count of -2.325. In addition, the significance level is smaller than the significance level, namely 0.023 <0.05. In this case, it can be said that earning per share has a partially significant negative effect on the level of underpricing. The higher the EPS, the greater the profit and the possibility of an increase in the amount of dividends received by shareholders.

If a company has high EPS, many investors will want to buy the shares. In that case, the share price becomes high and causes a decrease in the level of underpricing of shares at the time of the IPO in the capital market. In addition to this, if the EPS value in a company is high, the profit from the amount per share will also be large or high, this is a concern for an investor because of this EPS value, the investor can be a consideration for future prospects and in investing their capital. This research is in line with the research of Ayuwardani and Isroah (2018), which states that there is a significant effect of EPS on the level of underpricing and according to Dewi et al. (2018), that earnings per share has an effect on underpricing.

Based on Figure 4, it can be seen that the value of a current ratio variable regression coefficient has a value of 0.002 with a value of 1.132. In addition, the significance level is greater than the significance level, namely 0.261> 0.05. In this case, it can be said that the current ratio does not have a partially significant effect on the level of underpricing. The current ratio has no effect on the level of underpricing. Thus, an increase or decrease in the current ratio of a company has no effect on a decrease or an increase in the level of underpricing of a company. It is because usually a company makes a public offering of shares. This has long-term goals, therefore the liquidity of a company, in this case, doesn't get the attention from the investors. They assess the company's performance and prospects in the future. Therefore, investors pay attention to the long-term value. Besides that, the data processing. shows that the current ratio has no effect on underpricing, possibly because the current ratio does not optimize the use of the company's short-term assets, a high level of current ratio can be caused by the accumulation of current assets owned by the company. Thus, the current ratio is not always high, followed by a decrease in the company's underpricing. This research is not in line with research conducted by Maulidya and Lautania (2016) that the current ratio has a significant negative effect on the level of underpricing.

5. CONCLUSION, IMPLICATION, SUGGESTION AND LIMITATION

Conclusions

The variables of company age, company size, return on assets or ROA, financial leverage, Earning per Share and current ratio have a significant effect simultaneously on the level of underpricing. However, partially company age, ROA, financial leverage and current ratio do not partially affect the level of underpricing. Yet, company size and earnings per share have a partially significant negative effect on the level of underpricing.

Suggestion

Theoretical Aspects

For further research, the researchers are expected to add the latest year and be able to test other variables such as ownership concentration, inflation, listing delay, underwriter's reputation, return on equity, good corporate which affects the level of underpricing at the time of the Initial Public Offering (IPO).

Limitation

The limitation deals with the variables used that were limited to only the company age. A ompany size and return on assets (ROA), financial leverage, Earning Per Share and Current Ratio. The study has not had time to analyze other factors that affect the level of underpricing at the time of the Initial Public Offering (IPO). There is still limitations such as finding a reference related to the theory and research.

Implication

For investors

Investors can consider the value of earnings per share and company size because earnings per share and company size affect the level of underpricing at the time of the Initial Public Offering (IPO). Therefore, when investing, investors can benefit it in the long and short term.

For Issuers

Companies need to pay attention to the value of Earning Per Share and the company size. By doing so, they can avoid underpricing and get an expected profit for the company

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