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### THE EFFECT OF FINANCIAL AND NON-FINANCIAL VARIABLES ON STOCK UNDERPRICING

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#### ABSTRACT

*This study aims to analyze the factors influencing stock underpricing during the Initial Public Offering (IPO) of Consumer Cyclical companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Underpricing is a phenomenon where the stock price in the secondary market is higher than the offering price in the primary market, resulting in an initial return for investors and a potential opportunity loss for issuers. Theoretically, the selection of variables in this study is based on the theory of information asymmetry and signaling theory, where Return on Assets (ROA) and Debt to Equity Ratio (DER) represent the company's financial performance and risk, Underwriter reputation reflects the underwriter's credibility in reducing uncertainty, while company size and age describe the level of maturity and operational stability. This study uses a quantitative approach with a descriptive method, involving 46 companies as samples. Data analysis was conducted through multiple linear regression using SPSS. The results show that ROA and company age have a significant positive effect on the level of underpricing. DER, company size, and Underwriter reputation have a significant negative effect on underpricing. These findings imply that companies need to consider profitability, capital structure, underwriter reputation, and company characteristics when determining their IPO pricing strategy to minimize excessive underpricing. For investors, these variables can serve as a reference in identifying initial return opportunities and assessing investment risk in IPO shares. This research not only provides an empirical contribution to the literature on IPO underpricing but also strengthens theoretical understanding of the role of financial and non-financial factors in reducing information asymmetry in capital markets.*

#### INTRODUCTION

The Indonesian capital market today This currently develop rapid, which is marked with increasing activity Initial Public Offering of the Indonesia Stock Exchange. IPO is methods used company use get capital injection from society, use support expansion business, debt restructuring, the use of which must follow provision applicable law (Sari & Wijaya, 2023). Offer General or "Go Public" is activity offer effect to public wide, whereas publishing share prime known as Offer Initial Public Offering (IPO). The company will carrying out an IPO is necessary through a series procedure until official registered on the IDX, including the determination process price share on the primary market which is not simple Because existence limitations information appropriate price (Sahabuddin, Ramli, & Amin, 2025). The process of determining price sell shares in the period offer prime done through the agreement that

occurred between companies and underwriters , while determination price trading on the secondary market arranged based on the interaction process between demand and supply . Determination price prime the in a word difficult so that company need service Guarantor Emission ( Underwriter ) for set price that can accepted by potential investors (Bunduwula, Hajar, & Putera, 2023) .

Condition asymmetry information between These issuers and investors are the ones who often bring up phenomenon underpricing , namely when price shares in the secondary market more tall compared to price offer prime . Remembering company sector Consumer Cyclical own high volatility as well as role important in Indonesian economy , research more carry on required for understand How aspect financial and non- financial influence level underpricing in the sector.

Variables analyzed finances covering ratio profitability and leverage , ROA as ratio profitability which describes efficiency management asset For create profit , effectiveness management source power and success operational business (Punagi, Mardi, & Fauzi, 2022) , so often used in study empirical as indicator main in evaluate finance company (Puspitarini & Fitria, 2023) . In the research conducted this , leverage assessed through Debt to Equity Ratio (DER) , a high DER indicates the more size risk financial challenges faced company If debt management is not done with right , while the DER is low show dependence more large on equity that can describe condition finance more stable (Febriyanti & Nurcahyani, 2025) .

Besides variables financial , non- financial variables namely reputation underwriter , size company , and age company . Role underwriter very crucial in set price on the primary market Because underwriter reputable Good tend more selective in ensure issuer (Sahabuddin et al., 2025) . Role size company as indicator health that can measured using total assets and sales company , when companies of this scale sized more large , generally have more Lots assets and accessibility financing that covers more big compared to company small (Riadi, 2021) . Age company describe duration A business operating and considered as indicator credibility in the eyes of investors (Agustin, 2019) . Companies that have operate the operation during longer time is considered more capable maintain profit in a way consistent compared to company new.

Study previously show findings diverse empirical data . According to (Priscilla, Hanna, 2021) , variable financial and non- financial variables own influence on underpricing sector IPO stocks properties and real estate . Study the supported by (Harmawan, 2023) who found that factor financial (DER, ROA, results , high ratio certain ) , non- financial factors ( auditor reputation , reputation guarantor emissions , rates flowers , age company ) , and factor macro economy ( inflation and value) exchange ) shows influence significant on price low ( initial return ) . Different with that , (Bunduwula et al., 2023) stating DER, ROA, and Current Ratio impact negative but No significant at the level underpricing , and findings the relevant with (Mentari, 2024) show leverage and liquidity No influential significant underpricing companies that go public. In addition that , (Azzuhrufi & Putri, 2024) put forward that reputation underwriter and size company No impact significant on initial return , while mark company precisely own influence significant . Inconsistency results the confirm that study This own room contribution For perfect study previous , especially in sectors Consumer Cyclical which are still seldom researched .

Based on phenomena and inconsistencies findings empirical said , research This own

novelty scientific in focus studies that are special examine underpricing in the sector Consumer Cyclicals , sector with volatility height that has not been Lots discussed and in testing repeat factor financial and non - financial in different periods For give greater understanding comprehensive about phenomenon underpricing . Target study This is For examine report finance as well as test to what extent aspects finance as well as non- financial aspects give influence to level underpricing of the company sector Consumer Cyclicals . Expected study This give views and contributions positive For companies that plan conducting an IPO, regulators, and potential investors to understand What only that affects price share so that decision finances taken become more appropriate .

## LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

### Theory Signaling

In study this , the author use theory signaling theory . The theory introduced by Spence in 1973 . This put forward the party that has more information complete will give signal to the party whose information limited (Julianto & Ahmad, 2025) . The information obtained by investors can in the form of signal positive like improvement profit or signal negative like decline performance . (Dewi Puspita & Muchriana Muchran, 2023) . Report finance and characteristics company become signal qualities that influence perception investor risk and can push occurrence underpricing when market response to signal the increase prices in the secondary market .

### Initial Public Offering (IPO)

Publishing share prime to public wide known with designation Offer First General . Decision to Go Public done For get funding use restructuring debt repayment , investment , or expansion business company (Hendrsih, 2017) . The company that will carrying out an IPO is necessary through a series procedure until official listed on the IDX, including is the process of determining price shares on the primary market . Due to limitations information , IPO prices often set more low use reduce risk shares that are not absorbed (Sahabuddin et al., 2025) .

### Underpricing

Underpricing describes situation moment mark shares in the secondary market exceed set value moment offer Prime Minister (Hakim & Fauzan, 2023) . Condition This produce initial return for investors, but potential cause opportunity loss for issuer . Difference mechanism formation price between primary and secondary markets , as well uncertainty information , to be reason main phenomenon This .

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

### Return on assets (ROA)

Return on assets (ROA) is indicator profitability which describes capacity company in maximize asset in a way overall For get profit clean (Punagi et al., 2022) . ROA often used in study empirical as indication main in evaluate success finance company (Puspitarini & Fitria, 2023) . High ROA give signal positive about efficiency and prospects company , so that can increase investor interest during the IPO and encourage increase prices in the secondary market which impact the level underpricing . ROA measurement can explained such that :

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$$

### **Debt to Equity Ratio (DER)**

According to (Kasmir, 2016) , DER is functioning indicators evaluate how much big proportion between the company's capital and debt . A high DER can push increased returns for investors while DER has ratio low indicates company more Lots depend on equity For funding its operations (Febriyanti & Nurcahyani, 2025) . High DER can perceived as signal risk so that investors demand price offer more low , which in the end influence level underpricing . The DER ratio is calculated with formula :

$$DER = \frac{\text{Total Debt}}{\text{Total Capital}} \times 100\%$$

### **Reputation Underwriter**

Reputation underwriter refers to the underwriter who has colleague footsteps good and included in group of 20 companies securities with level activity highest based on total frequency transaction (Azzuhrufi & Putri, 2024) . Underwriter reputable tall assessed more credible and accurate in set price , so that capable reduce asymmetry information and press potential underpricing through determination higher price approach mark reasonable . Variables This usually measured use dummy variable , guarantor ranking emissions on the IDX and seen of the total frequency with formula coding :

$$\text{Rank } 1 - 5 = 5$$

$$\text{Rank } 6 - 10 = 4$$

$$\text{Rank } 11 - 15 = 3$$

$$\text{Rank } 16 - 20 = 2$$

$$\text{Rank } 21 - 50 = 1$$

$$\text{Rank } > 50 = 0$$

### **Company Size**

Determination size company done through view total assets as well as capable sales show condition company (Riadi, 2021) . The size size company reflect effectiveness management source power , which contributes to the increase performance financial so that give signal stability to investors and can lower perception risks that impact the level underpricing (Winanty, Safrida, & Sibarani, 2025) . In study quantitative , size company usually done through formula :

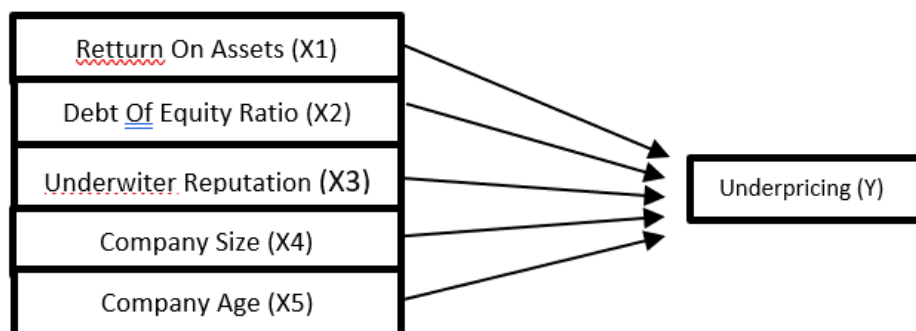
$$Ln = \text{Total Assets } (t - 1) \text{IPO}$$

### **Company Age**

Age company is indicators that show range time companies operating in the market since date its establishment (Agustin, 2019) . Increasingly old age companies , increasingly experienced in compile effective strategies For raise profit as well as compete in the market (Adityaningsih, Hidayat, Accounting, Economics, & Muhammadiyah, 2024) , so that perceived more credible and can influence level underpricing through decline uncertainty information . Age company can counted use formula :

Reporting year – Year of establishment

Following This is form framework theoretical along with hypothesis his research :



**Figure 1. Framework Theoretical**  
 Source : Data processing results (2025)

**The effect of Return on Assets on underpricing share**

ROA measures a company's ability to generate profits from its assets and is a key indicator for investor assessment. (Djaelani, Muliati, Khairun, & Tadulako, 2022) . A high ROA provides a positive signal and can attract potential investors to invest in the company. This means that if the ROA is higher, underwriters will not need to lower the price during the IPO, thus reducing the level of stock underpricing . This statement is supported by research results (priscilla, 2024)and (Dewi, Septiyanti, Sutanto, & Info, 2025) which confirms that ROA has a negative impact on underpricing. share.

**H 1** : Return on assets have influence negative on underpricing share

**The effect of Debt to Equity Ratio on underpricing share**

DER show ability company fulfil obligation based on structure the capital (Vivianti, 2021) . The high DER reflects increasing risk , which then make price share become No stable . Perception risk the push the company and underwriter determine price shares on offer beginning more low use interesting investor interest and ensure IPO success . High DER can increase level underpricing Because company need give compensation risk to investors through determination higher IPO price low . Perception This in line with results study (Maulidya & Lautania, 2016) and (Sebayang, Aditia Sahputra, Thomas, 2025) who said that DER has positive influence on underpricing share .

**H 2** : Debt Equity Ratio have influence positive on underpricing share

**The effect of underwriter reputation on stock underpricing**

The underwriter is the entity authorized to determine the initial offering price of shares to be sold to the public (Gunawan, Gunarsih, Management, & Yogyakarta, 2019) . A good reputation increases the credibility of price assessments and reduces information asymmetry, thereby reducing market uncertainty . When information is more reliable, IPO prices can be set closer to fair value, and underpricing levels are lower. This finding is consistent with (Bunduwula

et al., 2023) and (Azura, 2025) , which assert that underwriter reputation has a negative relationship with underpricing .

**H3:** Underwriter reputation has a negative influence on underpricing share

#### **The effect of company size on stock underpricing**

Company size is a measuring tool used to classify a company's size using various methods (Devi, 2025) . Larger companies have a positive image among investors because they are perceived as more stable and financially secure. This situation encourages investors to invest and place greater trust in the company. This means that as company size increases, the level of underpricing decreases. This fact has been studied (Firmansyah, 2022) , which confirms that company size has a negative effect on underpricing. company shares. Large-scale companies have a lower risk of underpricing, while investors can use company size as an indicator of issuer stability .

**H4:** Company size has a negative influence on underpricing share

#### **The effect of company age on stock underpricing**

Company age indicates how long a company has been operating (Khatimah & Khalid, 2024) . The longer a company has existed, the more information investors have access to when considering their stock ownership. The availability of this information reduces information asymmetry and risk, allowing IPO prices to be set closer to fair value and reducing underpricing . This argument is supported by research (Rianty N & Riana, 2020) , which found that company age negatively impacts underpricing. Stocks. Companies that have been operating for a long time have greater credibility in the capital market, and investors use a company's track record when making investment decisions.

**H 5 :** Age company own influence negative to underpricing share

### **RESEARCH METHODOLOGY**

In studies this , used method study quantitative approach descriptive analysis - focused connection between variables financial and non- financial with level underpricing stocks in the sector Consumer Cyclical Approach quantitative chosen Because study This test connection causal intervariable in a way measurable through numerical data so that testing hypothesis more objective and systematic .

Period 2020–2024 research selected Because reflect current capital market conditions , including phase recovery post-pandemic and increasing IPO activity on the IDX. Range time This assessed relevant For catch dynamics underpricing in condition relative market volatility high , so that results study more actual and contextual . Population study includes 46 companies that have carried out IPOs and have listed on the IDX during period that is obtained via the official website like [www.idx.co.id](http://www.idx.co.id) , [www.idnfinancial.com](http://www.idnfinancial.com) , and [www.carisaham.com](http://www.carisaham.com) . This sampling was taken use purposive sampling technique based on provision company following This :

1. Conducting an IPO in 2020–2024,
2. Have complete financial data,
3. Have stock price information at the opening of initial trading on the secondary market.

Data processing in study This obtained through approach analysis statistics descriptive use explain characteristics the data . After statistical testing descriptive done , stage next is an

assumption test classic For ensure that the regression model fulfil assumptions BLUE (Best Linear Unbiased Estimator) so that results estimate coefficient unbiased and can interpreted validly . Assumption test classic covering :

1. Normality test,
2. Multicollinearity test,
3. Heteroscedasticity test

Stage next is a hypothesis test that is analyzed use method multiple linear regression Because study This involving more from One variables alleged independent influence underpricing as variables dependent . Stage the test includes the F test as gauge influence in a way simultaneous , t test as gauge influence in a way partial , and R<sup>2</sup> test as determinant size influence variables independent of the variables dependent .

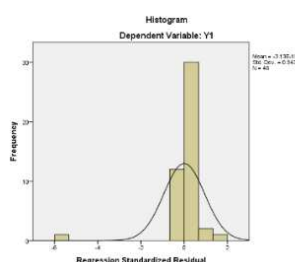
## RESULT AND DISCUSSION

### Analysis Results Descriptive

From the results analysis descriptive against 46 companies that were made sample , visible that level inter-market underpricing company Enough varies . Variable Return on assets ( ROA) indicates that profitability company in a way general Enough low and not spread too extreme . Variable Debt to Equity Ratio show level its distribution high , indicating existence difference significant capital structure between company . Variable reputation underwriter show use service with reputation low until medium . In the study this , size company tend homogeneous with level low variation , indicating that majority company own almost scale the same . Meanwhile age company reflect diversity age enough company high , starting from new company start activity operational until what has been operate in term time long .

### Assumption Test Results Classic

#### Normality Test



**Figure 2. Normality Test Results**

Source : Results of SPSS 22 data processing (2025)

From **Figure 2** presented , it shows pattern distribution that can used For evaluate data normality . The distribution lies leading parallel diagonal and parallel lines with direction line the indicates distribution that is close to normal. The apparent distribution pattern parallel with line diagonal show that dissemination of research data This normally distributed .

#### Multicollinearity Test

**Table 1 Multicollinearity Test**

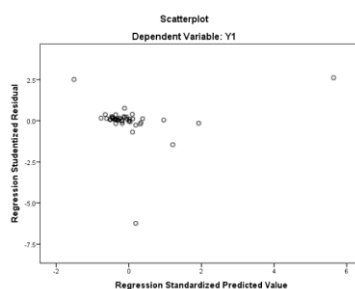
| Model | Collinearity Statistics |
|-------|-------------------------|
|       |                         |

|                        | Tolerance | VIF   |
|------------------------|-----------|-------|
| 1 (Constant)           |           |       |
| Return on assets       | .781      | 1,280 |
| Company Age            | .799      | 1,251 |
| Company Size           | .933      | 1,072 |
| Reputation Underwriter | .852      | 1,174 |
| Debt to Equity Ratio   | .999      | 1,001 |

Source : Results of SPSS 22 data processing (2025)

Multicollinearity tests in research indicates that variables independent who becomes part from this model No own strong linear relationship , so that every variables Can stand alone and still give valid influence on variables dependent .

### Heteroscedasticity Test



**Figure 3. Results of Heteroscedasticity Test**

Source : Results of SPSS 22 data processing (2025)

Heteroscedasticity test results through **Figure 3** shows residual spread appears random and centered around zero horizontal line and no show pattern special , like narrowing , widening , or curved . Regression model own stable residual distribution , indicating No existence disturbance significant heteroscedasticity .

### Hypothesis Test Results

#### Equality Multiple Linear Regression

**Table 2 Results of the Equation Regression**

| Model |                        | Unstandardized Coefficients |            |
|-------|------------------------|-----------------------------|------------|
|       |                        | B                           | Std. Error |
| 1     | (Constant)             | 77,050                      | 4,074      |
|       | Return on assets       | 175,250                     | 7,210      |
|       | Company Age            | .558                        | .056       |
|       | Company Size           | -1,990                      | .159       |
|       | Reputation Underwriter | -4,593                      | .355       |
|       | Debt to Equity Ratio   | -.830                       | .017       |

Source : Results of SPSS 22 data processing (2025)

The resulting regression model own form as following :

$$Y \text{ ( Underpricing Shares )} = 77,050 + 175,250(\text{ROA}) - 0.830(\text{DER}) + 0.558(\text{ Company Age } ) - 1,990(\text{ Company Size } ) - 4,593(\text{ Reputation Underwriter } )$$

From the equation said , can explained that :

- a. underpricing has a value of 77.050, which means that if all independent variables are assumed to have a value of zero , the stock underpricing is 77.050. This figure serves as the basis for predictions before considering other variables.
- b. The return on assets (ROA) value of 175.250 indicates that increased profitability is accompanied by increased underpricing . High profitability should reduce information asymmetry and reduce underpricing . However, the results of this study indicate the opposite. This condition can be explained by the fact that a high ROA is a strong positive signal regarding the company's prospects, thus increasing investor interest and demand on the first day of trading. This surge in demand drives up prices in the secondary market and results in higher levels of underpricing .
- c. The Debt-Equity Ratio (DER) has a value of -0.830, indicating a negative correlation, meaning that each increase in the DER reduces the level of underpricing . This result indicates that high debt risk limits investor optimism, thus controlling price spikes in the secondary market.
- d. Company Age has a value of 0.558, meaning the longer a company has been operating, the higher the level of underpricing . In theory, companies with longer operating years are considered to have more complete information and lower levels of uncertainty, so underpricing should decrease. This may occur because companies with a long track record have a stronger reputation and trust base, thus attracting greater demand during their IPO. This increased demand drives up prices in the secondary market and exacerbates underpricing.
- e. Company Size has a value of -1.990, indicating that larger companies tend to experience lower levels of underpricing . Larger companies are considered more stable and lower risk, so their stock prices at IPO tend to be less undervalued.
- f. The underwriter's reputation has a value of -4.593, meaning the higher the underwriter's reputation, the lower the underpricing level . A good underwriter's reputation sends a positive signal to the market and reduces the likelihood of underpricing.

## T-test

**Table 3T-Test Results**

| Model                  | t       | Sig. |
|------------------------|---------|------|
| 1 (Constant)           | 18,911  | .000 |
| Return on assets       | 24,307  | .000 |
| Company Age            | 9,958   | .000 |
| Company Size           | -12,478 | .000 |
| Reputation Underwriter | -12,950 | .000 |
| Debt to Equity Ratio   | -50,098 | .000 |

Source : Results of SPSS 22 data processing (2025)

According to results analysis multiple linear regression refers to the data in **Table 4** , obtained the intended t-test results use measure level influence variables independent in influence variables dependent . Significance value For every variable <0.05 which indicates that

overall variables independent participate give influence in a way significant on the variable dependent .

Following is explanation t-test results for each variables :

1. ROA (t = 24.307; sig = 0.000), has a significant positive effect on underpricing .
2. DER (t = -50.098; sig = 0.000), has a significant negative effect and is the most dominant factor on underpricing .
3. Underwriter reputation (t = -12.950; sig = 0.000), has a significant negative influence.
4. Company size (t = -12.478; sig = 0.0000, has a significant negative influence.
5. Company age (t = 9.958; sig 0.000) has a significant effect on underpricing .

### F test

**Table 4F Test Results**

| Model        | F       | Sig.              |
|--------------|---------|-------------------|
| 1 Regression | 628,264 | .000 <sup>b</sup> |
| Residual     |         |                   |
| Total        |         |                   |

Source : Results of SPSS 22 data processing (2025)

F test in **Table 5** show F value amounting to 628,264 with significance of 0.000. With mark significance below 0.05, based on these results it can be seen that variables independent in a way overall influence variables dependent in a way significant .

### Coefficient Determinant

**Table 5Coefficient Test Results Determinant**

| Model Summary <sup>b</sup> |                   |          |                   |                                |
|----------------------------|-------------------|----------|-------------------|--------------------------------|
| Model                      | R                 | R Square | Adjusted R Square | Standard Error of the Estimate |
| 1                          | .994 <sup>a</sup> | .987     | .986              | 3.18151                        |

a. Predictors: (Constant), X2.2, Company Age , Reputation Underwriter , Company Size , Return on Assets

b. Dependent Variable: Y1

Source : Results of SPSS 22 data processing (2025)

R Square Value in **Table 6** reached 0.987, indicating that fifth variables independent of ROA, DER, age company, size company, and reputation underwriters explain 98.7% of the variation underpricing shares . The remainder, 1.3%, is outlined that There is other variables that are not listed in study.

## DISCUSSION

### Influence Return on Assets to underpricing IPO shares

The results of the t-test show that the ROA variable has a significant positive value in underpricing. shares, which means that the higher the company's profitability , the higher the level of underpricing . Based on this description, H1 confirms that ROA has a negative effect on underpricing Shares **were not accepted** . This was due to investors' perception that high company profits were an indicator of strong performance and future growth opportunities , thus increasing buying interest in the secondary market. This increased interest caused the

stock's value to surge on the first day of trading, increasing the difference between the initial price and the market price. The combination of positive signals, high demand, and underwriter pricing strategies strengthens the reasons why ROA has a positive effect on underpricing.

This finding is in line with the research results (Priscilla, Hanna, 2021) and (Evitasari, Nurhadi, Studi, & Bisnis, 2023) which confirm that ROA has a significant positive influence on underpricing. However, this finding is not relevant to the findings of studies (Yandes, Hukum, Sosial, & Terbuka, 2023) and (Khatimah & Khalid, 2024), which stated that ROA had no effect on stock underpricing.

### **Influence Debt to Equity Ratio to underpricing IPO shares**

The t-test value for the DER variable illustrates that DER has a significant negative influence on underpricing. shares. A negative t-value indicates the opposite direction of the relationship, indicating that the greater the level of leverage to equity, the greater the level of underpricing. will be smaller. This, H2 states that DER has a significant influence with a positive relationship direction on underpricing, shares **are not accepted**. Investors tend to be more cautious about companies with high DERs, so demand for these shares is not as strong during the IPO or on the first day of trading. When demand is relatively low, share price increases in the secondary market are limited, resulting in lower underpricing.

This research is consistent with research by (Khatimah & Khalid, 2024) and (Djaelani et al., 2022) which states that DER has a significant negative effect on underpricing. However, the findings obtained show inconsistencies with the research. (Evitasari et al., 2023) who stated that there was an insignificant positive effect on stock underpricing. Companies with high debt tend not to experience significant price spikes upon listing. Investors will treat stocks with a high DER more defensively due to long-term risk considerations.

### **The influence of underwriter reputation on the underpricing of IPO shares**

The t-test results indicate that underwriter reputation has a significant negative effect on stock underpricing. A negative t-value indicates that an increase in the reputation of the underwriter chosen by the company will reduce the level of underpricing. emerging. Based on signaling theory, a strong underwriter reputation provides investors with positive trust and confidence in the company's quality and the reliability of the underwriting process. Reputable underwriters want to maintain credibility and market confidence, so they won't set prices too low just to ensure shares sell. This brings the IPO price closer to the company's intrinsic value, narrowing the price gap between the primary and secondary markets. Selecting a reputable underwriter helps companies avoid excessive underpricing. For investors, IPOs handled by reputable underwriters tend to be more stable and less speculative. Underpricing is lower when the underwriter has a good reputation because pricing is optimal and doesn't need to be lowered excessively to attract investors. With this explanation, H3, which confirms the significant negative effect of underwriter reputation on stock underpricing, is **accepted**.

This empirical evidence shows that there are similarities with the findings in the study. Gunawan et al. (2019) and Sahabuddin et al. (2025) found that underwriter reputation negatively impacts stock underpricing. However, this contradicts research by Agus Marimin, Iin Emy Prastiwi, and LMS Kristiyanti (2023), which found that underwriter reputation has no effect on stock underpricing.

### **The influence of company size on the underpricing of IPO shares**

The t value indicates there is influence significant negative between size company and level underpricing stock . Direction negative in the t value shows that improvement size company tend followed by a decline level underpricing . Companies with large size own high assets , strong reputation , and stability high financial factors This push improvement investor confidence in potential company , lower risk information that is not balanced , and produce price more IPO shares approach mark intrinsic . When available information clear and risky assessed low , underwriters do not lower IPO price too high Far Because investor confidence remains tall to quality company . Combination from low risk , high investor confidence , and the lack of uncertainty this is what causes difference between IPO price and market price on the day First trading become more small .

H4 confirms that company size plays a significant negative role in influencing underpricing, shares are **acceptable** . This result aligns with the findings of (Dewi et al., 2025) and (Sebayang, Aditia Sahputra, Thomas, 2025) , which suggest that company size has a significant negative effect on underpricing . However, this finding is inconsistent with research by (Sahabuddin et al., 2025) and (Ary Syofian, 2021) , which suggests that company size has no effect on stock underpricing .

### **The influence of company age on the underpricing of IPO shares**

A positive value indicates that the length of a company's operating history has a significant positive effect on stock underpricing . When older issuers offer their shares to the public, investors are generally more confident and willing to pay a higher price in the secondary market because they perceive a long track record as reflecting resilience, management reputation, and a low risk of failure. This increased demand in the secondary market causes the stock price to rise after listing, resulting in a larger difference between the initial offering price and the market price on the first day. A company's longevity actually triggers increased underpricing due to high market confidence in the company's stability and long-term prospects. In accordance with this explanation, H5, which confirms that company age has a significant negative effect on underpricing, is supported. shares, **no accepted**.

The statement in this study is relevant to (Ani Setyorini, Novi Darmayanti, 2024) and (Sebayang, Aditia Sahputra, Thomas, 2025) , who found that company age has a significant positive effect on underpricing . However, it is inconsistent with research by (Priscilla, Hanna, 2021) and (Rafiely, 2023) , which suggests that company age has no effect on stock underpricing.

## **CONCLUSION**

Research result show that all over variables financial and non- financial have influence significant to underpricing shares in the company sector Consumer Cyclical that IPO on the IDX in the 2020–2024 period . ROA and age variables company influential positive significant , which means the more tall profitability and the longer the age company so the more big level underpricing. In contrast to DER, reputation underwriter , and size company have negative significant so that increased leverage, credibility guarantor emissions and scale company tend pressing underpricing. Coefficient value determination (  $R^2$  ) of 0.987 shows that 98.7% of the variation underpricing can explained by the five variables said. The company can use findings This For optimize strategy determination IPO price , and investors can make it base in evaluate potential returns and risks. Findings study This strengthen theory signal that says that

information financial and non- financial capable give instruction for investors to evaluate potential and prospects company during the IPO.

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