UNDERWRITER REPUTATION, USE OF PROCEEDS, NUMBER OF RISK FACTORS AND UNDERPRICING IN INDONESIAN STOCK MARKET

REPUTASI PENJAMIN EMISI, TUJUAN PENGGUNAAN DANA, JUMLAH RISIKO DAN UNDERPRICING DI BURSA EFEK INDONESIA

THESIS

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2013

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THESIS

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DEDICATION

Developing this thesis has been a long and challenging process, which would not have been completed without the assistance and support of many people.

This thesis is dedicated to:

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MOTTO

We Are The Champion my friends

We'll keep on fighting till the end

We are the champion

No time for loser

Cause we are the champion of the world

(Freddy Mercury "Queen")

SUMMARY

Underwriter reputation, use of proceeds, number of risk factors and underpricing in indonesian stock market; Yeni Maulida; 090810251007; 2013; 30 pages; Management Department Faculty of Economics Jember University

Underpricing is a condition where the company's offering price is lower than the closing price in initial public offering. However, according to Rock (1986) in the winner's curse theory underpricing was deliberately done to attract uninformed investors. On average underpricing is inherent in going public process but the number of company making IPOs have never dropped. This study provides three determinant of underpricing namely, underwriter reputation, use of proceeds and number of risk factors. This study is aim to examines whether underwriter reputation, use of proceeds, and number of risk factors affect underpricing in Indonesian stock market in 2007-2012.

This study uses multiple linier regression analysis to examines the relationship between variables. The t-test is used to perform whether independent variables affects dependent variables. The dependent variable is this study is underpricing and the independent variables are underwriter reputation, use of IPO proceeds, and number of risk factor

The result shows there is underpricing in first day trading stock. Underwriter reputation has negative and significant relationship with underpricing and match with the prediction. Use of proceeds has negative but insignificant relationship with underpricing and it is in contrast with the prediction, the number of risk factors is negatively related with underpricing, which is in contrast with the prediction.

FOREWORD

First and foremost, I would like to express my greatest gratitude to Allah, for all of his gift so I can finish my thesis entitled **"**Underwriter reputation, use of proceeds, number of risk factors and underpricing in indonesian stock market**".**

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Finally, I hope this thesis will provide some advantages to the readers. Any criticism, suggestions, and input will be appreciated to make this thesis better.

Jember, 8 November 2013

Writer

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