

FIRM FUNDAMENTALS AND IPO UNDERPRICING: EMPIRICAL EVIDENCE FROM THE INDONESIAN STOCK EXCHANGE

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Abstract

IPO underpricing remains a persistent feature of emerging capital markets, raising questions about the effectiveness of firm-level signals in reducing information asymmetry during the IPO process. This study examines whether firm-specific characteristics and intermediary reputation significantly explain IPO discounting in the Indonesian Stock Exchange. Using a cross-sectional dataset of 123 firms that conducted Initial Public Offerings between 2021 and 2023, this study analyzes the association between IPO discount and firm profitability (Return on Assets), capital structure (Debt to Equity Ratio), firm age, underwriter reputation, and auditor reputation. Employing ordinary least squares regression with heteroskedasticity-robust standard errors, the empirical results reveal that none of the examined firm-level variables exhibit a statistically significant association with IPO discount. Rather than indicating empirical failure, these findings suggest that traditional signaling and certification mechanisms may have limited explanatory power in the Indonesian IPO market, where pricing outcomes appear to be more strongly influenced by market-wide factors, speculative demand, and investor sentiment. This study contributes to the IPO literature by providing evidence that challenges the universal applicability of conventional firm-level determinants of underpricing in an emerging market context. The findings carry important theoretical implications for information asymmetry and signaling theories, as well as practical implications for issuers and regulators by highlighting the need to incorporate market-level and behavioral factors in IPO pricing models. Future research is encouraged to adopt alternative empirical approaches and broader explanatory frameworks to better capture the heterogeneous nature of IPO pricing dynamics.

Keywords: *IPO Underpricing; Firm Characteristics; Signaling Theory; Emerging Markets; Indonesian Stock Exchange.*

Abstrak

Fenomena *IPO underpricing* masih menjadi karakteristik yang persisten di pasar modal negara berkembang dan menimbulkan pertanyaan mengenai efektivitas sinyal pada tingkat perusahaan dalam mengurangi asimetri informasi selama proses penawaran umum perdana. Penelitian ini bertujuan untuk menguji apakah karakteristik spesifik perusahaan dan reputasi perantara secara signifikan mampu menjelaskan terjadinya *IPO discount* di Bursa Efek Indonesia. Dengan menggunakan data penampang silang terhadap 123 perusahaan yang melakukan Initial Public Offering (IPO) selama periode 2021–2023, penelitian ini menganalisis hubungan antara *IPO discount* dengan profitabilitas perusahaan (Return on Assets), struktur permodalan (Debt to Equity Ratio), usia perusahaan, reputasi penjamin emisi, dan reputasi auditor. Analisis dilakukan

menggunakan regresi Ordinary Least Squares (OLS) dengan standar error yang robust terhadap heteroskedastisitas. Hasil empiris menunjukkan bahwa seluruh variabel karakteristik perusahaan yang diuji tidak memiliki hubungan yang signifikan secara statistik dengan *IPO discount*. Temuan ini tidak menunjukkan kegagalan empiris, melainkan mengindikasikan bahwa mekanisme sinyal dan sertifikasi tradisional memiliki daya jelaskan yang terbatas dalam konteks pasar IPO Indonesia, di mana hasil penetapan harga saham cenderung lebih dipengaruhi oleh faktor pasar secara luas, permintaan spekulatif, dan sentimen investor. Penelitian ini memberikan kontribusi terhadap literatur IPO dengan menyajikan bukti empiris yang menantang penerapan universal determinan *underpricing* berbasis karakteristik perusahaan dalam konteks pasar berkembang. Temuan ini memiliki implikasi teoretis penting bagi teori asimetri informasi dan signaling, serta implikasi praktis bagi emiten dan regulator dengan menekankan perlunya memasukkan faktor pasar dan perilaku investor dalam model penetapan harga IPO. Penelitian selanjutnya disarankan untuk mengadopsi pendekatan empiris alternatif dan kerangka penjelasan yang lebih luas guna menangkap sifat heterogen dari dinamika penetapan harga IPO.

Kata Kunci: *IPO Underpricing; Karakteristik Perusahaan; Teori Signaling; Pasar Berkembang; Bursa Efek Indonesia.*

INTRODUCTION

Initial Public Offerings (IPOs) constitute a crucial mechanism through which firms access long-term external financing and enter public capital markets. Despite improvements in disclosure standards and pricing mechanisms, IPO underpricing—commonly referred to as IPO discount—remains a persistent phenomenon. Underpricing occurs when the offer price is set below the equilibrium market price, resulting in abnormal first-day returns in the secondary market (Ritter, 2020). While this phenomenon has been extensively documented in developed markets, its persistence in emerging markets such as Indonesia raises fundamental questions regarding market efficiency and the effectiveness of price discovery in the primary market.

From a theoretical perspective, IPO underpricing is commonly attributed to information asymmetry between issuers and investors. The winner's curse hypothesis (Rock, 1986) argues that underpricing compensates uninformed investors for adverse selection risk, while signaling and certification theories posit that firm quality and intermediary reputation reduce uncertainty and thus lower underpricing (Megginson & Weiss, 1991; Certo, 2003). Accordingly, firm-level characteristics—such as profitability, leverage, firm age, and the reputation of underwriters and auditors—are frequently assumed to play a central role in IPO pricing decisions.

However, empirical evidence regarding the relevance of firm-specific signals in explaining IPO underpricing remains inconclusive, particularly in emerging capital markets where market inefficiencies and speculative behavior tend to be more pronounced (Loughran et al., 2014; Ritter, 2020). In the Indonesian context, IPO underpricing continues to be highly prevalent despite ongoing regulatory reforms and increasing market sophistication. Empirical data from the Indonesia Stock Exchange (IDX) indicate that during the 2019–2023 period, the proportion of IPO firms experiencing underpricing consistently exceeded 65%, reaching a peak of more than 80% in 2023 (Indonesia Stock Exchange, 2024). Furthermore, the average first-day return demonstrates a sharp upward trend over the observed period, suggesting that IPO pricing errors have not diminished over time. This persistent pattern implies that improvements in disclosure requirements and market infrastructure have not necessarily translated into more efficient IPO price discovery, reinforcing concerns about the limited effectiveness of firm-level signals in the Indonesian IPO market.



Figure 1. IPO Discount Phenomenon on the IDX

Source: IDX data, processed by the author

Importantly, this persistent and intensifying underpricing pattern cannot be fully explained by descriptive statistics alone. According to information asymmetry and signaling theories, firm fundamentals and intermediary reputation are expected to function as credible signals that reduce uncertainty and, consequently, IPO discounting as market participants become more informed (Spence, 1973; Rock, 1986). If such

mechanisms operated effectively, a gradual decline in IPO underpricing would be anticipated over time. However, the continued dominance of IPO discounts in the Indonesian market suggests limitations in the explanatory power of traditional firm-level variables. This phenomenon may instead reflect speculative trading behavior, high retail investor participation, and structural characteristics of emerging capital markets, where demand-driven pricing dynamics often outweigh fundamental valuation considerations (Aggarwal & Rivoli, 1990; Ritter, 2021).

Despite the growing volume of IPO activity in Indonesia, prior empirical studies largely rely on conventional models that emphasize firm characteristics—such as profitability, leverage, and firm age—without critically assessing their actual explanatory strength. Many studies implicitly assume that stronger financial performance or reputable intermediaries necessarily mitigate IPO discounting, drawing on certification and signaling arguments (Beatty & Ritter, 1986; Carter & Manaster, 1990). However, these assumptions are rarely tested in market environments characterized by excessive oversubscription, speculative demand, and short-term trading motives. Consequently, the Indonesian IPO literature remains fragmented and predominantly confirmatory, offering limited critical engagement with the possibility that established IPO theories may not fully apply in this context (Ljungqvist, 2007; Lowry, Officer, & Schwert, 2010).

This study addresses this gap by empirically examining whether firm-specific financial performance (Return on Assets), capital structure (Debt to Equity Ratio), firm age, and intermediary reputation (underwriter and auditor reputation) significantly explain IPO discounting in the Indonesian Stock Exchange. Rather than presuming their relevance, this research critically evaluates the extent to which these commonly cited determinants are capable of explaining IPO pricing outcomes during the 2019–2023 period—a phase marked by heightened retail participation and increased speculative trading activity in the Indonesian capital market.

The contribution of this study lies in its explicit reassessment of traditional IPO determinants within an emerging market setting. By demonstrating whether firm characteristics and certification mechanisms retain explanatory power—or fail to do so—this research provides important theoretical implications for signaling and information asymmetry theories. Moreover, it offers practical insights for issuers, regulators, and

investors by highlighting the need to incorporate market-level conditions and behavioral factors into IPO pricing frameworks, particularly in markets where demand-side forces dominate valuation outcomes (Baker & Wurgler, 2006; Ritter & Welch, 2002).

RESEARCH METHODS

1. Scope of Research

This study aims to examine the determinants of IPO underpricing in the Indonesian capital market by analyzing the relationship between firm-specific characteristics and the magnitude of IPO discount. The dependent variable is IPO discount, while the independent variables consist of firm profitability (Return on Assets), capital structure (Debt to Equity Ratio), firm age, underwriter reputation, and auditor reputation.

Unlike prior studies that restrict analysis only to firms experiencing IPO discount, this research includes all companies conducting IPOs on the Indonesia Stock Exchange (IDX) during the 2021–2023 period, regardless of whether underpricing occurred. This approach is adopted to preserve the full variation in IPO pricing outcomes and to avoid selection bias that may arise from excluding fairly priced or overvalued IPOs. By incorporating both underpriced and non-underpriced IPOs, the study provides a more comprehensive and unbiased assessment of the determinants of IPO discount.

The 2021–2023 period is selected due to its relevance as a post-pandemic recovery phase characterized by a surge in IPO activity, heightened retail investor participation, and increased market volatility in Indonesia. This period captures structurally different market conditions compared to earlier years and allows the analysis to reflect contemporary IPO pricing behavior under evolving regulatory and market environments.

2. Population and Sample

The population of this study comprises all companies that conducted Initial Public Offerings (IPOs) on the Indonesia Stock Exchange (IDX) between 2021 and 2023, totaling 164 firms. This study employs a census-based sampling approach, whereby all IPO firms meeting the data availability criteria are included in the analysis. The use of purposive sampling is limited strictly to data completeness considerations and does not

involve outcome-based selection. Firms are excluded only if key financial or offering-related information required to construct the research variables is unavailable.

The sample selection criteria are as follows:

- a. Companies conducted an IPO on the Indonesia Stock Exchange (IDX) during the 2021–2023 period.
- b. Companies have complete data on IPO offer price, first-day closing price, financial statements, firm age, and intermediary information.
- c. Companies are not excluded based on the direction or magnitude of IPO pricing outcomes.

Based on these criteria, 123 IPO firms are included in the final sample. This sampling strategy ensures that the empirical analysis reflects the cross-sectional heterogeneity of IPO firms and avoids truncation of the dependent variable.

3. Operational Definition of Variables

IPO Discount (Dependent Variable)

IPO discount is measured as the percentage difference between the first-day closing price in the secondary market and the IPO offer price, calculated as:

$$[IPO\ Discount = \frac{P_1 - P_0}{P_0} \times 100\%]$$

Where (P_1) represents the first-day closing price and (P_0) represents the IPO offer price. Positive values indicate underpricing, whereas zero or negative values reflect fair pricing or overpricing. This measure is widely adopted in IPO literature as a standard proxy for information asymmetry between issuers and investors during the offering process (Ibbotson, 1975; Ritter, 1984; Loughran & Ritter, 2004).

Return on Assets (ROA)

Return on Assets (ROA) is measured as net income divided by total assets in the fiscal year preceding the IPO. ROA captures the firm's profitability and operational efficiency in utilizing its asset base. From the perspective of signaling theory, higher profitability is expected to serve as a credible signal of firm quality, potentially reducing investor uncertainty and IPO discounting (Allen & Faulhaber, 1989; Welch, 1989).

Debt to Equity Ratio (DER)

Debt to Equity Ratio (DER) is calculated as total liabilities divided by total equity prior to the IPO. This ratio reflects the firm's capital structure and financial risk exposure. Firms with higher leverage are typically perceived as riskier, which may intensify information asymmetry and contribute to higher IPO discounts (Bradley et al., 2009; Frank & Goyal, 2009).

Firm Age

Firm age is measured as the natural logarithm of the number of years between the firm's establishment year and its IPO year. The logarithmic transformation is applied to mitigate data skewness and capture diminishing marginal effects of firm age. Older firms generally possess longer operating histories and more transparent information environments, which are expected to reduce IPO underpricing (Ritter, 1984; Megginson & Weiss, 1991).

Underwriter Reputation

Underwriter reputation is proxied by a dummy variable, taking the value of 1 if the IPO is underwritten by a top-tier underwriter based on market share rankings on the Indonesian Stock Exchange (IDX), and 0 otherwise. Reputable underwriters act as certification agents who enhance issuer credibility and mitigate investor uncertainty during the IPO process (Carter & Manaster, 1990; Carter et al., 1998).

Auditor Reputation

Auditor reputation is measured using a dummy variable, where a value of 1 indicates that the firm is audited by a Big Four accounting firm, and 0 otherwise. High-reputation auditors are associated with superior financial reporting quality and lower earnings manipulation, thereby serving as an important certification mechanism that may reduce IPO discounting (Beatty, 1989; Titman & Trueman, 1986).

4. Analytical Approach

Given the cross-sectional nature of IPO data and the presence of firm-level heterogeneity, this study employs Ordinary Least Squares (OLS) regression **with** heteroskedasticity-robust standard errors. This estimation technique addresses non-constant error variance, a common issue in IPO datasets (White, 1980; Wooldridge, 2010).

To further account for heterogeneity in IPO discount magnitudes, quantile regression is recommended as a robustness check. This approach allows the analysis to assess whether firm characteristics exert differential effects across low, medium, and high levels of underpricing, thereby moving beyond average effects and capturing distributional dynamics in IPO pricing behavior (Koenker & Bassett, 1978).

Importantly, empirical findings are interpreted as associational rather than causal, acknowledging the limitations of cross-sectional IPO data and the absence of experimental or quasi-experimental identification strategies.

RESULT AND DISCUSSION

1. Descriptive Statistical Analysis

The results of the descriptive analysis of this study can be seen in table 4.1.

Table 1 Results of Descriptive Statistical Analysis
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Return On Asset	123	-0.662	0.477	0.03006	0.112662
Debt to Equity Ratio	123	0.003	18.945	0.82832	1.873935
Umur Perusahaan	123	2	64	18.17	13.397
Reputasi Underwriter	123	0	1	0.19	0.391
Reputasi Auditor	123	0	1	0.14	0.347
Underpricing	123	0.01	1.29	0.5487	0.32173
Valid N (listwise)	123				

2. Classical Assumption Test

a. Normality Test

If the Kolmogorov-Smirnov value is below 0.05, the residuals are not normally distributed. The results of the normality test can be seen in Table 4.2.

Table 2 Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		123
Normal Parameters ^{a,b}	Mean	0.0000000
	Std. Deviation	0.32003881
Most Extreme Differences	Absolute	0.099
	Positive	0.099
	Negative	-0.083
Test Statistic		0.099
Asymp. Sig. (2-tailed)		0.005 ^c
Monte Carlo Sig. (2-tailed)	Sig.	0.162 ^d
	99% Confidence Interval Lower Bound	0.153
	Upper Bound	0.172

b. Autocorrelation Test

The results of the autocorrelation test can be seen in Table 4.3.

Table 3 Autocorrelation Test Results

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.103 ^a	0.011	-0.032	0.32681	1.533

c. Multicollinearity Test

The results of the Multicollinearity Test research can be seen in table 4.4.

Table 4 Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Return On Asset	0.930	1.075
	Debt to Equity Ratio	0.982	1.019
	Umur Perusahaan	0.934	1.071
	Reputasi Underwriter	0.940	1.064
	Reputasi Auditor	0.870	1.150

d. Heteroscedasticity Test

The following results of the Heteroscedasticity Test can be seen in table 4.5.

Table 5 Heteroscedasticity Test Results

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.3230	0.027		11.95	0
	Return On Asset	-0.088	0.14	-0.058	-0.625	0.533
	Debt to Equity Ratio	-0.005	0.008	-0.052	-0.568	0.571
	Umur Perusahaan	-0.002	0.001	-0.171	-1.835	0.069
	Reputasi Underwriter	-0.045	0.04	-0.105	-1.131	0.261
	Reputasi Auditor	0.013	0.047	0.027	0.275	0.783

3. Multiple Regression Analysis

The results of the regression calculations can be seen in table 4.6.

Table 4.6 Results of Multiple Regression Analysis

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.524	0.052		9.993	0
	Return On Asset	0.148	0.272	0.052	0.545	0.587
	Debt to Equity Ratio	0.002	0.016	0.012	0.124	0.902
	Umur Perusahaan	0.002	0.002	0.072	0.758	0.45
	Reputasi Underwriter	-0.043	0.078	-0.052	-0.55	0.584
	Reputasi Auditor	-0.033	0.092	-0.036	-0.365	0.716

4. Return on Assets (ROA) and IPO Discount

The empirical results indicate that Return on Assets (ROA) does not have a statistically significant association with IPO discount, as reflected by a significance value of 0.587 ($p > 0.05$). This finding suggests that firm profitability prior to the IPO is not a decisive factor in explaining the magnitude of IPO underpricing in the Indonesian capital market.

Contrary to conventional signaling theory, which posits that higher profitability serves as a credible signal of firm quality and should reduce information asymmetry (Megginson & Weiss, 1991), the insignificance of ROA implies that accounting-based performance indicators may not be effectively incorporated into IPO pricing decisions by

market participants. In the Indonesian context, this may be attributed to the dominance of speculative trading behavior and short-term return expectations, where investors prioritize first-day price momentum rather than pre-IPO financial fundamentals.

Importantly, the absence of statistical significance does not imply an inverse or contradictory relationship between ROA and IPO discount, as suggested in prior descriptive interpretations. Instead, it indicates that variations in ROA do not systematically explain cross-sectional differences in IPO discount. This finding aligns with studies in emerging markets that report weak or inconsistent links between profitability and IPO underpricing due to limited investor reliance on historical accounting information.

5. Debt to Equity Ratio (DER) and IPO Discount

The t-test results show that Debt to Equity Ratio (DER) does not significantly affect IPO discount ($p = 0.902$). This suggests that leverage levels prior to the IPO are not a primary consideration in determining IPO pricing outcomes.

From a theoretical perspective, higher leverage is often associated with greater financial risk, which should increase uncertainty and lead to higher underpricing. However, the insignificance of DER in this study indicates that investors may not perceive capital structure as a reliable signal of IPO firm risk. This is particularly plausible in the Indonesian IPO market, where disclosure quality varies and retail investors dominate trading activity, potentially limiting the role of detailed financial risk assessment.

Rather than indicating a paradoxical relationship, the results imply that leverage information does not materially influence investor valuation at the IPO stage. This supports the argument that IPO pricing in Indonesia is shaped more by demand-side dynamics and market sentiment than by firm-specific risk indicators.

6. Company Age and IPO Discount

The results reveal that firm age does not have a statistically significant relationship with IPO discount ($p = 0.450$). This finding suggests that company longevity alone does not function as an effective signal of firm quality in the IPO market.

While signaling theory assumes that older firms benefit from greater reputational capital and information transparency, this assumption may not hold in markets where younger firms can rapidly scale and exhibit high growth potential. In Indonesia, many newly established firms operate in technology-driven or consumer-oriented sectors, where growth narratives outweigh historical operating records in shaping investor expectations.

Thus, the insignificance of firm age reflects a structural shift in investor evaluation criteria, where perceived growth opportunities dominate traditional indicators of firm maturity.

7. Underwriter Reputation and IPO Discount

The empirical analysis indicates that underwriter reputation does not significantly influence IPO discount ($p = 0.584$). This result challenges the certification hypothesis, which argues that reputable underwriters reduce information asymmetry and lead to lower underpricing.

In the Indonesian IPO market, this insignificance may reflect limited differentiation in perceived credibility among underwriters or weak investor awareness of underwriter rankings. Moreover, IPO demand in recent years has often been driven by speculative enthusiasm rather than confidence in intermediary certification.

Therefore, the findings suggest that underwriter reputation does not consistently transmit credible signals to investors, limiting its role in IPO pricing efficiency.

8. Auditor Reputation and IPO Discount

The results further show that auditor reputation does not have a statistically significant association with IPO discount ($p = 0.716$). This indicates that the use of Big Four auditors does not necessarily reduce underpricing in the Indonesian IPO market.

From a theoretical standpoint, auditor reputation is expected to enhance financial reporting credibility. However, the insignificance observed in this study implies that investors may not place substantial weight on audit quality when forming IPO pricing expectations. This may be due to the limited salience of audit information in IPO prospectuses or the dominance of short-term trading motives.

Importantly, the insignificance should not be interpreted as evidence that audit quality is irrelevant, but rather that its signaling value is weak in explaining first-day price behavior.

9. Joint Effect of Firm Characteristics on IPO Discount

The simultaneous F-test results indicate that ROA, DER, firm age, underwriter reputation, and auditor reputation jointly do not have a statistically significant effect on IPO discount ($p = 0.940$). This finding reinforces the conclusion that the selected firm-level variables, even when considered together, fail to explain variations in IPO underpricing.

Rather than reflecting model inadequacy alone, this result provides substantive insight into the nature of IPO pricing in Indonesia. It suggests that IPO underpricing is primarily driven by market-wide forces—such as investor sentiment, oversubscription levels, and speculative demand—rather than firm-specific fundamentals.

10. Synthesis and Theoretical Implications

Taken together, the consistent insignificance across all firm-level variables indicates a structural limitation of traditional IPO models when applied to the Indonesian capital market. The findings challenge the universal applicability of signaling and certification theories, particularly in emerging markets characterized by high retail investor participation and demand-driven pricing dynamics.

This study therefore contributes to the IPO literature by demonstrating that the absence of significant effects is itself an important empirical finding, highlighting the need for alternative explanatory frameworks that incorporate behavioral and market-level factors.

CONCLUSION

This study investigates the relationship between firm-specific financial characteristics, firm age, and intermediary reputation and IPO discount. The empirical results consistently indicate that Return on Assets, Debt to Equity Ratio, Company Age,

Underwriter Reputation, and Auditor Reputation do not exhibit a statistically significant association with IPO discount, either individually or jointly.

These findings suggest that traditional firm-level fundamentals and certification mechanisms may have limited explanatory power in explaining IPO discount within the observed market and period. The absence of significant results may indicate that IPO discounting is driven more strongly by external factors such as market sentiment, macroeconomic conditions, investor speculation, or regulatory and institutional characteristics rather than by internal firm attributes.

From a theoretical perspective, the results challenge the universal applicability of signaling theory and certification hypotheses in the context of IPO pricing, particularly in emerging or less efficient capital markets. This implies that information asymmetry may not be effectively mitigated by firm performance indicators or intermediary reputation, as assumed in conventional IPO literature.

Furthermore, the insignificance of all explanatory variables raises the possibility of model limitations, including omitted variable bias, measurement constraints, or sample characteristics that may reduce variability in the observed IPO discount. Therefore, the findings should be interpreted as evidence that the selected variables do not sufficiently capture the determinants of IPO discount in this context, rather than as evidence of their irrelevance in all markets.

Implications and Recommendations

1. Given the lack of significant relationships, future studies are encouraged to reconsider the dominance of firm-level financial indicators and intermediary reputation as primary determinants of IPO discount. Researchers may benefit from incorporating market-level variables such as investor sentiment, market volatility, IPO oversubscription rates, pricing mechanisms, or behavioral factors that potentially play a more prominent role in IPO pricing dynamics.
2. The results indicate potential limitations in the current empirical model. Future research should consider alternative research designs, including non-linear models, quantile regression, or event-study approaches, to capture heterogeneous effects across different levels of IPO discount. Additionally, extending the

observation period or increasing sample size may improve statistical power and model robustness.

3. To reduce sample bias and enhance external validity, future research is advised to focus on specific industries, differentiate between market cycles (bullish vs. bearish periods), or conduct comparative studies across countries. Such approaches may help identify contextual factors that moderate the relationship between firm characteristics and IPO discount.
4. As firm-specific variables examined in this study do not significantly explain IPO discount, practitioners and market participants should exercise caution in relying solely on accounting performance or intermediary reputation when evaluating IPO pricing. Instead, greater attention should be given to broader market conditions and demand-side factors that may exert stronger influence on IPO outcomes.

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