

# ANALYSIS OF THE EFFECT OF FINANCIAL RATIOS ON STOCK UNDERPRICING IN INITIAL PUBLIC OFFERINGS ON THE INDONESIA STOCK EXCHANGE

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## ABSTRACT

This study aims to identify financial ratios that affect underpricing on the IDX in the 2010-2022 period. This type of research can be categorized as quantitative research. The population of this study includes all companies that go public or conduct initial public offerings (IPOs) on the IDX in a certain period from 2010 to 2020. This research sample was taken using purposive sampling technique. This research was carried out by conducting multiple regression. Based on the results of the discussion and explanation that has been presented in the four chapters above, it can be concluded that Return on Asset (ROA), Debt to Equity Ratio (DER), Profit Margin (PM), Payout Ratio (PR), Earning per Share (EPS), and Current Ratio (CR) simultaneously have a significant effect on Stock Underpricing. Based on the results of the T test (Partial) shows that Return on Asset (ROA), Earning per Share (EPS), and Current Ratio (CR) partially have a significant negative effect on stock underpricing. While the partial test results on Debt to Equity Ratio (DER), Profit Margin (PM), and Payout Ratio (PR) show that these three variables have no significant effect on stock underpricing.

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## 1. INTRODUCTION

Stock underpricing is when the initial offering price of a stock by a company on the stock exchange is lower than the actual market price when the stock begins trading after the initial offering. In this situation, investors who bought the stock early can quickly make a profit as the stock rises to a higher market price. However, too much underpricing can also result in the company missing out on greater potential revenues from the initial offering proceeds.

Anggrawal said that underpricing is also caused by the difference in interests between the issuer and the underwriter. In the IPO process, the prospective issuer company and the underwriter make a mutual agreement in setting the initial price of the shares, but in fact the two parties have different interests. The issuing company wants a higher initial price because then the issuing company can get the funds it needs. Meanwhile, the underwriter seeks to minimize the risk of underwriting the responsibility by determining a low price in the hope of selling all the shares that are guaranteed (Anggrawal, K. C. John Wei, 1993).

Underpricing in the stock market is a phenomenon that has long been recognized and widely researched. Research on the effect of financial ratios on stock underpricing on the Indonesia Stock Exchange was conducted because of the importance of knowledge about the factors that affect underpricing. Some important financial ratios to be studied are profitability ratios, liquidity ratios and solvency ratios. Profitability ratios are comparisons to determine the company's ability to earn profits from earnings related to sales, assets and equity on the basis of certain measurements. The liquidity ratio is a measurement of the ability of the company's assets to finance its short-term liabilities or debts and the Solvency ratio is a ratio that shows whether the company has the ability to pay their long-term obligations which shows how the level of financial health of the company.

Underpricing can be detrimental to companies that make initial public offerings and investors who buy these shares. Therefore, it is necessary to conduct research on the factors that influence underpricing so that appropriate action can be taken in conducting an initial public offering.

For example, research conducted by Nurfaidah, S., & Sari, D. W. aims to analyze the effect of financial ratios on stock underpricing on the Indonesia Stock Exchange in the 2014-2019 period. This study used a sample of 65 companies that made initial public offerings on the Indonesia Stock Exchange during that period [1]. The results showed that variables such as profitability ratio, liquidity ratio, and solvency ratio have a significant effect on stock underpricing. In this case, the higher the profitability ratio and liquidity ratio of the company, the lower the stock underpricing that occurs. Meanwhile, the higher the solvency ratio of the company, the higher the stock underpricing that occurs.

Other research conducted by Pramono and Widiastuti also shows that financial ratios such as profitability ratios, liquidity ratios, and solvency ratios have a significant effect on stock underpricing on the Indonesia Stock Exchange. In addition, the study also found that company size and company age also affect stock underpricing [2]. In addition, research conducted by Alamsyah and Nopemberiani found that the profitability ratio, liquidity ratio, and solvency ratio also affect stock underpricing on the Indonesia Stock Exchange. However, the study also found that the growth ratio has no effect on stock underpricing [3]. From the description above, it can be seen that previous research has not provided sufficient understanding of the factors that specifically affect underpricing on the Indonesia Stock Exchange. Therefore, this study aims to identify financial ratios that affect underpricing on the IDX in the 2010-2022 period.

## 2. METHOD

This type of research can be categorized as quantitative research because the theme is as follows: The Effect of Financial Ratios on Stock Underpricing on Intitial Public Offering on the Indonesia Stock Exchange in 2010-2022 with reference to data obtained from the Indonesia Stock Exchange (IDX) [4]. The population of this study includes all companies that go public or conduct initial public offerings (IPOs) on the IDX in a certain period from 2010 to 2020. This research sample was taken using purposive sampling technique which has the characteristics of members who meet certain qualifications or criteria as follows:

1. Companies that went public in the period 2010-2020 and available data on the date of listing on the IDX and the initial offering price (offer price).
2. Companies that went public in the period 2010-2020 and available closing price data.
3. Companies that went public in the 2010-2020 period and have complete data on the Profitability, Growth and Solvency ratios.

### Analysis Method

#### Normality Test

The normality test is used to show that there are samples taken from a normally distributed population [5]. This study uses the Kolmogorov-Smirnov test to test normality. The criteria for assessing the normality test is if the significance value (Sig) > 0.05, then the data is normally distributed and if the significance value (Sig) < 0.05, then the data is not normally distributed.

#### Multicollinearity test

Multicollinearity test is a regression model test tool used to find a correlation or relationship between independent variables [5]. Multicollinearity test can be done with regression test, by looking at the VIF (Variance Inflation Factor) value and tolerance value. If the VIF value is between 1-10 and the tolerance value > 0.10, then there is no multicollinearity problem.

#### Heteroscedasticity Test

The heteroscedasticity test is a regression model test tool used to determine the inequality of variance from the residuals of one observation to another [5]. Testing is done using the Glejser test, which is a hypothesis test used to identify the presence or absence of heteroscedasticity problems in a regression model. The Glejser test is performed by regressing the dependent variable on the absolute value of the residuals of the regression model and the independent variables in this study. The criteria used to determine whether or not there is a heteroscedasticity problem is if the significant value > 0.05, then the regression model does not have a heteroscedasticity problem.

#### Autocorrelation Test

The autocorrelation test is used to determine whether there is a correlation between the confounding error of a certain period and the confounding error of the previous period [5]. The measuring tool to detect the presence of autocorrelation is the Durbin-Watson test. According to Santoso (2012), autocorrelation decision making can be seen from the following provisions:

- a. If the D-W value lies below -2, it means there is positive autocorrelation
- b. If the D-W value lies between -2 and 2, there is no autocorrelation

c. If the D-W value lies above +2, there is negative autocorrelation

### Multiple Regression Analysis

This research was carried out by conducting multiple regression with the following model

$$US = \alpha + \beta_1 ROA + \beta_2 DER + \beta_3 PM + \beta_4 EPS + \beta_5 PER + \beta_6 CR + e \quad (1)$$

## 3. RELUST AND DISCUSSION

### Normality Test Result

Normality testing uses the Kolmogorov-Smirnov test to determine whether the data used in the study is normally distributed or abnormally distributed. Below is a table of normality test results.

**Table 1** Normality Test Result  
**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		466
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.30902075
Most Extreme Differences	Absolute	.086
	Positive	.052
	Negative	-.086
Test Statistic		.086
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

The normality test results in the table above show that Asymp. Sig of 0.200, which means that the significant value is greater than 0.05 and indicates that the data above is normally distributed.

### Multicollinearity Test Result

The Multicollinearity test is carried out to determine whether the regression model has a correlation between the independent variables to be used. The test results are seen from the Tolerance and Variance Inflation Factor (VIF) values. If the results of this test produce a VIF value <10 and tolerance > 0.1, then there are no symptoms of multicollinearity.

**Table 2** Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ROA	.981	1.020
	DER	.943	1.061
	PM	.965	1.036
	EPS	.975	1.026
	PER	.920	1.087
	CR	.986	1.014

Source: Data Processed, 2023

Based on the multicollinearity test results in table 2 above, it can be seen that:

- Variable X1 or ROA has a Variance Inflation Factor value of 1.020 and a tolerance value of 0.981
- The X2 or DER variable has a Variance Inflation Factor value of 1.061 and a tolerance value of 0.943
- The X3 or Profit Margin variable has a Variance Inflation Factor value of 1.036 and a tolerance value of 0.965
- Variable X4 or Profit Ratio has a Variance Inflation Factor value of 1.026 and a tolerance value of 0.975
- Variable X5 or Earning per Share (EPS) has a Variance Inflation Factor value of 1.087 and a tolerance value of 0.920
- Variable X6 or Current Ratio (CR) has a Variance Inflation Factor value of 1.014 and a tolerance value of 0.986.

Based on the explanation above, it can be concluded that all independent variables have a VIF value of <10 and tolerance> 0.1. So the results of the above test concluded that there were no multicollinearity symptoms in this study and the regression model in this study was suitable for use.

### Autocorrelation Test Result

The purpose of the autocorrelation test is to determine whether or not in a regression model used in research there is a correlation between confounders in period t and period t-1 (previous). The regression model can be said to be good if the regression is free from autocorrelation. The way to test whether or not there is autocorrelation in this study is using the Durbin-Watson (DW Test). Below is a table of results from the Durbin-Watson test.

**Table 3** Autocorrelation Test

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.569 <sup>a</sup>	.324	.254	1.26843	1.352

a. Predictors: (Constant), X7, X1, X3, X4, X2, X5

b. Dependent Variable: Y

Source: Data Processed, 2023

Based on the table above, the d value shows 1.352. The d value of 1.352 is in the interval -2 to 2. So, it is concluded that this regression model has no autocorrelation problem.

### Heteroscedasticity Test Result

The heteroscedasticity test aims to see if the regression model used in the study occurs inequality of residual variance in period t with period t-1 (previous). If the residual variance of period t to period t-1 is similar, it is called homoscedasticity. However, if the residual variance of period t to period t-1 does not have anything in common, it is called heteroscedasticity. Then, a data is said to be good if the results of the heteroscedasticity test are in the form of homoscedasticity data.

To test heteroscedasticity in research using the Glejser Test. In the Glejser test, if the sig value > 0.05 then the data is not indicated heteroscedasticity. However, if the sig value < 0.05 then the data is indicated heteroscedasticity.

**Table 4** Glejser Test

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	1.135	.113			10.053	.000
	ROA	.019	.033	.065		.562	.576
	DER	.001	.001	.078		.646	.520
	PM	.011	.007	.184		1.590	.116
	EPS	-.001	.000	-.214		-1.857	.068
	PER	-.046	.037	-.152		-1.259	.212
	CR	-.007	.006	-.141		-1.215	.229

a. Dependent Variable: Abs\_res

Source: Data Processed, 2023

The table above shows that the significance value of the 6 variables above > 0.05. This means that the data is not indicated by heteroscedasticity or the data above is said to be homoscedasticity data.

### Multiple Linear Regression Analysis Test Result

This multiple linear regression analysis is carried out with the aim of measuring whether the independent variable has an effect on the dependent variable. That is, this analysis is used to examine the extent and direction of the influence given by the independent variable on the dependent variable.

**Table 5** Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	3.206	.265			12.105	.000
	ROA	-.140	.056	-.272		-2.495	.015
	DER	.002	.004	.065		.581	.563

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta	Std. Error		
PM	-.009	.011	-.084	.011	-.762	.449
EPS	-.003	.004	-.085	.004	-.780	.439
PER	-1.049	.264	-.448	.264	-3.977	.000
CR	-.023	.010	-.252	.010	-2.316	.024

a. Dependent Variable: Y  
 Source: Data Processed, 2023

Based on table 5, the calculation of the results of multiple linear regression analysis uses the following formula.

$$Y = \alpha + \beta_1 \text{ROA} + \beta_2 \text{DER} + \beta_3 \text{PM} + \beta_4 \text{EPS} + \beta_5 \text{PER} + \beta_6 \text{CR} + e \quad (1)$$

$$Y = 3,206 - 0,140X_1 + 0,002X_2 - 0,009X_3 - 0,003X_4 - 1,049X_5 - 0,023X_6$$

Description:

- Y : Stock Underpricing
- ROA : Rate of Return on Assets (ROA)
- DER Debt to Equity Ratio (DER)
- PM : Profit Margin (PM)
- EPS : Earnings per Share (EPS)
- PER : Ratio of Share Price to Net Income (PER)
- CR : Current Ratio (CR)
- $\alpha$  : Constant
- $\beta_1$ -  $\beta_6$  : Regression Coefficient
- e : Error term

#### F Test (Model Feasibility Test)

In this study, the F test is used to test whether the independent variables (ROA, DER, PM, EPS, PER, CR) can have an influence on the dependent variable (Stock Underpricing).

**Table 6 F Test**

ANOVA <sup>a</sup>						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.735	6	7.456	4.634	.001 <sup>b</sup>
	Residual	93.317	58	1.609		
	Total	138.051	64			

a. Dependent Variable: Y

b. Predictors: (Constant), X7, X1, X3, X4, X2, X5

Source: Data Processed, 2023

From the results of the table above, it can be seen that the F value is 4.634 and the significance value is 0.001. When comparing with the probability level  $\alpha = 0.05$ , it can be concluded that Return on Assets (ROA), Debt to Equity Ratio (DER), Profit Margin (PM), Earning per Share (EPS), Price Earning Ratio (PER) and Current Ratio (CR) have a significant effect on Stock Underpricing simultaneously or together.

#### Partial Effect Test (t-Test)

Partial test (t-Test) is conducted to determine whether an independent variable in the regression model affects the dependent variable. In this partial effect test, there are criteria that must be considered, namely as follows.

1. If the significance value  $< 0.05$ , then  $H_0$  is rejected and  $H_a$  is accepted
2. If the significance value is  $> 0.05$ , then  $H_0$  is accepted and  $H_a$  is rejected

**Table 7 Partial Effect Test (t-Test)**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta	Std. Error		
1 (Constant)	3.206	.265		.265	12.105	.000
ROA	-.140	.056	-.272	.056	-2.495	.015
DER	.002	.004	.065	.004	.581	.563
PM	-.009	.011	-.084	.011	-.762	.449
EPS	-.003	.004	-.085	.004	-.780	.439
PER	-1.049	.264	-.448	.264	-3.977	.000

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
CR	-.023	.010	-.252	-2.316 .024

a. Dependent Variable: US  
 Source: Data Processed, 2023

From the table above, it can be concluded that not all independent variables used in this study, namely Return on Asset (ROA), Debt to Equity Ratio (DER), Profit Margin (PM), Payout Ratio (PR), Earning per Share (EPS), and Current Ratio (CR), have a significant effect on the dependent variable, namely Stock Underpricing. For more details, the following is an analysis and explanation of each independent variable and the dependent variable that has been tested.

The test results above show the Unstandardized Coefficients Beta value of -0.140 with a significance value of the Return on Asset (ROA) variable of 0.015 smaller than the probability level of 0.05. So it can be concluded that  $H_a$  is accepted, which means that the variable Return on Asset (ROA) is significant. So it can be concluded that  $H_a$  is accepted, which means that the Return on Assets (ROA) variable has a significant negative effect on stock underpricing. The test results above show the Unstandardized Coefficients Beta value of 0.002 with a significance value of the Debt to Equity Ratio (DER) variable of 0.563 which is greater than the probability value of 0.05. So it is concluded that  $H_a$  is rejected, meaning that the Debt to Equity Ratio (DER) variable has no significant effect on stock underpricing.

The Profit Margin (PM) variable has an Unstandardized Coefficients Beta value of -0.009 with a significance value of 0.449 greater than the probability value of 0.05. So it is concluded that  $H_a$  is rejected, meaning that the Profit Margin (PM) variable has no significant effect on stock underpricing. The Earning per Share (EPS) variable has an Unstandardized Coefficients Beta value of -0.003 with a significance value of 0.439 greater than the probability value of 0.05. So it is concluded that  $H_a$  is rejected, meaning that the Payout Ratio (PR) variable has no significant effect on stock underpricing.

The test results show the Unstandardized Coefficients Beta value of -1.049 with a significance value of the Price Earning Ratio (PER) variable of 0.000 smaller than the probability level of 0.05. So it can be concluded that  $H_a$  is accepted, which means that the Price Earning Ratio (PER) variable has a significant negative effect on stock underpricing. The table above shows the Unstandardized Coefficients Beta value of -0.023 with a significance value of the Current Ratio (CR) variable of 0.024 smaller than the probability level of 0.05. So it can be concluded that  $H_a$  is accepted, which means that the Current Ratio (CR) variable has a significant negative effect on stock underpricing.

## Discussion

### The Effect of Return on Asset (ROA) on Stock Underpricing

The results of this study successfully show that the ROA variable has a negative effect on stock underpricing. This result is reflected in table 7, where based on the results of the Partial Test (t-Test), the Unstandardized Coefficients Beta value is -0.140 and the significance value in this table is 0.015. This means that the significance (sig.)  $0.015 < 0.05$  so the hypothesis is accepted.

Looking at the results of the Unstandardized Coefficients of -0.140, it shows that if the company's ROA value increases by 1, it will reduce stock underpricing by 0.140. So it can be concluded that there is a negative effect of Return on Asset (ROA) on stock underpricing in companies that go public or companies that make initial public offerings (IPOs) on the Indonesia Stock Exchange for the period 2010-2022. These results indicate that investors always assess the company's performance well before investing and will buy shares of companies with better performance and cause the share price to increase. This is because investors want returns that will be obtained in the future, both in the form of dividends and profits obtained from the difference between the selling price of shares and the purchase price of shares. So that ROA is one of the things that investors pay attention to. ROA is one of the profitability ratios used to measure the company's effectiveness during operations in generating profits. High company profitability will be one of the triggers for investors to want to invest in a company. Especially for companies that carry out IPOs, high profitability will be a factor for investors to invest. The results of this study are also in line with the results of research conducted by [7], [8], and [9] which prove that Return on Asset (ROA) has a negative effect on stock underpricing. However, the results of this study contradict [10] which states that ROA is proven to have no significant effect on underpricing.

### Effect of Debt to Equity Ratio (DER) on Stock Underpricing

The results of this study indicate that the DER variable has no effect on stock underpricing. These results are reflected in table 7, where based on the results of the Partial Test (t-Test), the coefficient value

of the DER variable is 0.002 and the significance value in this table is 0.563. This means that the significance (sig.)  $0.563 > 0.05$  so the hypothesis is rejected.

The results of this study which show that the DER variable has no effect on stock underpricing indicate the neglect of investors on the company's financial performance. The reason is, DER is a financial ratio that shows how capable the company is in paying its debts, both long-term debt and short-term debt. This is what causes investors to pay little attention to this ratio in analyzing the company's financial statements before they invest their capital. The reason is because investors consider that many companies before conducting an IPO have a high DER, but after conducting an IPO the company's finances begin to improve and many companies get profits. The results of this study are in line with the results of research conducted by [11], [12], and [13] showing that DER has no significant effect on stock underpricing. However, this research contradicts research conducted by [9] which states that DER has a positive effect on the level of stock underpricing.

#### **Effect of Profit Margin (PM) on Stock Underpricing**

The results of this study indicate that the PM variable has no effect on stock underpricing. These results are reflected in table 7, where based on the results of the Partial Test (t-Test), the coefficient value of the DER variable is -0.009 and the significance value in this table is 0.449. This means that the significance (sig.)  $0.449 > 0.05$  so the hypothesis is rejected.

Profit Margin (PM) is a ratio that compares net income with sales. The higher the Profit Margin, the more productive the company's performance will be considered, so that potential investors have more confidence in investing in the company. However, in reality Profit Margin cannot be the information needed by potential investors to invest their capital. This is because PM cannot be a benchmark for whether the company utilizes its resources effectively so that the company can make a large profit. High sales cannot be a factor in the company utilizing its resources well. So that poor asset utilization can cause the company to generate profits but not optimal because it could be that the sales profit obtained by the company is used to pay its debt.

The results of this study are in line with research conducted by [14] which states that Profit Margin has no effect on stock underpricing in companies conducting IPOs on the Indonesia Stock Exchange. But this research contradicts research conducted by [8] which states that Profit Margin has a negative effect on stock underpricing in companies that make initial public offerings on the Indonesia Stock Exchange.

#### **Effect of Payout Ratio (PR) on Stock Underpricing**

In the research results reflected in table 7 where the results of the Partial test (t-Test) show that the coefficient value of the PR variable is -0.003 with a significance value of 0.439 greater than the probability value of 0.05. This means that the Payout Ratio variable has no effect on stock underpricing.

Payout Ratio is a ratio used to calculate how much percentage of net income is distributed as dividends to shareholders. The higher the Payout Ratio, the greater the possibility of stock underpricing. But in reality, the payout ratio has no effect on underpricing because many investors expect dividends that should be distributed to investors not to be distributed and kept as retained earnings. So that the company can use the capital to further develop its business and the profits generated by the company will be even greater. So that the dividends that the company will distribute to investors, the percentage of profit distributed will be greater.

The results of this study are in line with research conducted by [15] which states that the payout ratio has no effect on stock underpricing in companies conducting IPOs on the Indonesia Stock Exchange. But this research contradicts research conducted by [16] which states that the payout ratio has a significant effect on stock underpricing in companies that make initial public offerings on the Indonesia Stock Exchange.

#### **The Effect of Earning per Share (EPS) on Stock Underpricing**

In the research results reflected in table 7 where the Partial test results (t-Test) show that the coefficient value of the Earning per Share (EPS) variable is -1.049 with a significance value of 0.000 less than the probability value of 0.05. This means that the Payout Ratio variable has a significant negative effect on stock underpricing. This means that the Payout Ratio variable has a significant negative effect on stock underpricing.

Earning per Share is a ratio that has power for the company's earnings per share which can provide expectations for investors if they own these shares, they will have an idea of the share of profit they will get from investing in a certain period. If the Earning per Share ratio is higher, then investors'

expectations in obtaining investment returns are greater. Investor behavior in making investment decisions generally tends to like to invest their capital in companies that have a clear picture of profits in return for the invested capital. So that information about the performance of a company in utilizing its resources and the profit generated is important to help investors in assessing the company before making an investment.

The results of this study are also in line with the results of research conducted by [11] and [17] which prove that Earning per Share (EPS) has a significant effect on stock underpricing. However, the results of this study contradict [18] which states that Earning per Share (EPS) is proven to have no significant effect on stock underpricing.

#### **Effect of Current Ratio (CR) on Stock Underpricing**

The results of this study successfully show that the Current Ratio (CR) variable has a negative effect on stock underpricing. These results are reflected in table 7, where based on the results of the Partial Test (t-Test), the variable coefficient value is -0.023 and the significance value in this table is 0.024. This means that the significance (sig.)  $0.024 < 0.05$  so the hypothesis is accepted.

The existence of the effect of Current Ratio (CR) on stock underpricing indicates that an increase or decrease in the current ratio has an influence on the increase or decrease in stock underpricing. Therefore, potential investors will also assess the condition of the company before making an investment. Investors will see how the company's short-term liquidity conditions are. Whether the company before conducting an IPO is able to pay off short-term liquidation using its short-term assets.

The results of this study are also in line with the results of research conducted by [8] which proves that Earning per Share (EPS) has a significant effect on stock underpricing. However, the results of this study contradict [12] which states that Earning per Share (EPS) is proven to have no significant effect on stock underpricing.

#### **4. CONCLUSION**

Based on the results of the discussion and explanation that has been presented in the four chapters above, it can be concluded that Return on Asset (ROA), Debt to Equity Ratio (DER), Profit Margin (PM), Payout Ratio (PR), Earning per Share (EPS), and Current Ratio (CR) simultaneously have a significant effect on Stock Underpricing. Based on the results of the T test (Partial) shows that Return on Asset (ROA), Earning per Share (EPS), and Current Ratio (CR) partially have a significant negative effect on stock underpricing. While the partial test results on Debt to Equity Ratio (DER), Profit Margin (PM), and Payout Ratio (PR) show that these three variables have no significant effect on stock underpricing.

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