

The Influence of Underwriter Reputation and Company Size on Underpricing Moderated with Financial Performance in Companies Conducting IPO's on The IDX During The Covid-19 Pandemic

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Abstract

This research aims to determine and prove the influence of underwriter reputation and company size on underpricing with financial performance as a moderating variable in companies that conducted initial public offerings (IPOs) on the IDX during the 2020 COVID-19 pandemic, both directly and indirectly. The population in this research are public companies listed on the Indonesia Stock Exchange in 2020-2021 and have conducted an IPO. The number of samples in this study was 24 companies with a sampling technique using the purposive sampling method. The analytical method used is moderated regression analysis (MRA). The research results show that partially Underwriter Reputation and Company Size influence Financial Performance. Underwriter reputation and company size influence underpricing. Financial Performance influences Underpricing. Financial Performance can strengthen the influence of Underwriter Reputation on Underpricing. Financial Performance can strengthen the influence of Company Size on Underpricing. The findings of this research can add insight and be a positive signal for potential investors in assessing the quality of the company and reducing the level of uncertainty. This research can also be used as a consideration for companies in determining share prices. This research provides new insights regarding underpricing moderating the influence of Underwriter Reputation and Company Size on financial performance.

Keywords: Underwriter's Reputation, Company Size, Underpricing, Financial Performance

Introduction

The need for additional capital is greater along with the development of the company. This will encourage management to choose one of the various alternative sources of funding, both from within the form of retained earnings and from outside the company through increasing the number of shareholdings by issuing new shares. One of the funding alternatives from outside the company is through the participation mechanism which is generally carried out by selling company shares to the public or often known as going public. In the process of going public, before being traded on the

secondary market, shares are first sold on the primary market or often called the primary market. The initial offering of shares to the public or the public through the primary market is known as an IPO.

The problem that will arise when a company conducts an initial public offering (IPO) in the capital market is determining the amount of the share offering price. Determining the price of shares to be offered at the IPO is an important factor, both for the issuer and the underwriter because it relates to the amount of funds to be obtained by the issuer and the risk to be borne by the underwriter. The higher the stock price, the greater the funds received by the issuer. This causes issuers to set high prices at the time of the initial offering (IPO) to increase the maximum possible inflow of funds.

Underpricing of shares occurs because of information asymmetry when one party has more information than the other party. In this study, researchers used underwriter reputation, company size and financial performance variables. Where large companies will provide broader information to the public, companies that have been established for a long time will be better known by the public where these companies can maintain and improve their company's performance. Before conducting an IPO, the company will present complete information including financial reports in the company's prospectus. Investors will understand the company's prospectus which is useful for making investment decisions.

The COVID-19 pandemic is an event that affects various aspects of life, including the capital market. The capital market is a vehicle used by companies to obtain sources of funding from the public. IPO is a process when a company makes its first public offering of shares in the capital market. The phenomenon that often occurs when a company conducts an IPO is underpricing. Underpricing occurs when the initial market share price is lower than the first day's share price when traded on the secondary market. The phenomenon of underpricing is not profitable for the company, because the funds obtained by the company are not optimal, but on the other hand there are parties who benefit, namely investors who make transactions in the capital market, because investors can enjoy the initial return from the initial profits of buying shares.

In addition to company size, another phenomenon that appears in IPO events is the reputation of the underwriter. The reputation of the underwriter will increase the risk of uncertainty for investors, thereby reducing investors' interest in making transactions on the shares of companies that have just conducted an IPO. The pandemic had a major impact on the reputation of the underwriters, dropping the share price sharply, causing a huge difference between the lows and the highs together.

Based on the background of the phenomenon of stock underpricing in companies and the results of research that has been carried out by previous researchers, there are differences in research results regarding what factors influence the occurrence of underpricing. This prompted the author to conduct another study to test the underpricing event, therefore the author is interested in raising the research title "The Influence of Underwriters' Reputation and Company Size on Underpricing Moderated by Financial Performance in Companies Conducting IPOs on the IDX During the COVID-19 Pandemic

Period 2020-2021”, with the aim of being able to find research updates (Novelty) in order to add references in science and human resource development.

Formulation of the problem

The problems to be resolved in this study are as follows:

- 1) Is there an Influence of the Underwriter's Reputation on the Financial Performance of Companies Conducting IPOs on the IDX During the 2020-2021 COVID-19 Pandemic?
- 2) Is there an Influence of Company Size on the Financial Performance of Companies Conducting IPOs on the IDX During the 2020-2021 COVID-19 Pandemic?
- 3) Is there an Influence of the Underwriter's Reputation on Underpricing in Companies Conducting IPOs on the IDX During the 2020-2021 COVID-19 Pandemic?
- 4) Is there an effect of company size on underpricing in companies conducting IPOs on the IDX during the 2020-2021 COVID-19 pandemic?
- 5) Is there an Influence of Financial Performance on Underpricing in Companies Conducting IPOs on the IDX During the 2020-2021 COVID-19 Pandemic?
- 6) Can Financial Performance as a Moderating Variable Strengthen or Weaken the Effect of Underwriter's Reputation on Underpricing in Companies Conducting IPOs on the IDX During the 2020-2021 COVID-19 Pandemic?
- 7) Can Financial Performance as a Moderating Variable Strengthen or Weaken the Effect of Company Size on Underpricing of Companies Conducting IPOs on the IDX During the 2020-2021 COVID-19 Pandemic?

Literature Review

Underpricing

According to (Putra and Djawoto, 2020) Underpricing is a phenomenon where the stock price in the primary market has a lower value than the stock price in the secondary market. On average, this means that not all initial offerings are cheap, some are expensive, but the majority of companies that make initial offerings experience low prices.

According to Kunz and Aggarwal (2014: 120) the formula for calculating the level of underpricing is as follows:

$$\text{Underpricing} = \text{Initial Market Share} - \text{Secondary Market Share}$$

Financial performance

According to (Rahmatin and Kristanti, 2020) financial performance is a picture of every economic result that is able to be achieved by a company in a certain period through the company's activities to generate profits efficiently and effectively, the progress of which can be measured by conducting an analysis of financial data reflected in financial statements.

According to (Alim and Assyifa 2019), the company's financial performance as measured by ROA causes the appreciation and depreciation of share prices and has an impact on the company's shareholders. The formula used is:

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

Underwriter's reputation

According to (Putra and Djawoto, 2020) Underwriter reputation is the underwriter or the party that provides contracts for any company or issuer wishing to issue shares in the capital market with or without the obligation to purchase the remaining unsold securities.

The underwriter's reputation measurement is carried out by giving a value of 1 to the underwriter who is included in the top 10 of the 50 most active IDX members in total trading frequency, indicating an underwriter who is active in trading, so that he is believed to have a good reputation, while for underwriters who are not included in the top 10 are given a value of 0 (Kurniawan, 2014).

0 = Underwriters who have a low reputation

1 = An underwriter who has a high reputation

Company Size

According to (Alim and Assyifa, 2019) Company size shows the size of the company which can be seen from the level of sales, the number of employees or the number of assets owned by the company. Company size is the scale that determines the size of the company which can be seen from

the equity value.

$$\text{Firm Size} = \text{Ln Total Sales}$$

Methods

Population and Sample

The population in this study are companies that have gone public listed on the Indonesia Stock Exchange in 2020-2021 that have conducted an initial public offering (IPO). Based on predetermined criteria, 24 companies were obtained as samples of this study, so that the total data used was 24 companies multiplied by 2 years of observation so that there were 48 research data.

Panel Data Regression Test

This study uses panel data. Panel data is a combination of time series and cross-section data. In carrying out the regression with panel data, there are three approaches, namely the approach with the Common Effects Model, Fixed Effects Model and Random Effects Model.

Test the Model Estimation Approach

Before estimating using panel data, it is necessary to select from the three models previously mentioned, namely the common effects, fixed effects and random effects. To choose the best model for estimating panel data, there are several tests that can be done.

- 1) Chow test
- 2) Hausman test
- 3) Lagrange Multiple Test (LM Test)

Linear Regression Analysis

In this study, analyzing the data will use multiple linear regression analysis. Multiple regression analysis is a statistical technique of the relationship between several independent variables with the dependent variable and analyzes the relationship simultaneously or partially.

Moderated Regression Analysis (MRA)

Moderated Regression Analysis (MRA) used as the panel data regression model equation on the moderating variable, where the regression equation has a multiplication interaction between two or more independent variables. The moderating variable in this study is financial performance which will moderate the relationship between underwriter reputation and company size on underpricing.

Results and Discussion

Panel Data Regression Model

The steps to determine the best model among the three equation models, namely the Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM), need to be tested on each of these models using the following tests:

Table 1. Chow test

Redundant Fixed Effects tests

Equation: untitled

Fixed Effects cross-section test

<i>effectss</i> test	Statistics	Df	Prob.
<i>Cross-section f</i>	13.698642	(9,28)	0.0000
<i>Cross-section chi-square</i>	73.266232	9	0.0000

Source: author's calculated data, 2023

Based on the table above on the results of the chow test, Common Effect Model vs Fixed Effect Model above, the probability value (p-value) of cross section f is $0.0000 \leq 0.06$, so the hypothesis h_0 is rejected and h_1 is accepted, which means that the Fixed Effect Model (FEM) is a Model which is more appropriate to use.

Table 2. Hausman test

Correlated Random Effects - Hausman test

Equation: untitled

Random Effects cross-section test

Test summary	Chi-sq. Statistics	Chi-sq. Df	Prob.
<i>Cross-section Random</i>	3.243342	2	0.3421

Source: author's calculated data, 2023

Based on the table above on the results of the Hausman test, Random Effect Model vs Fixed Effect Model above, the chi-square probability value is obtained $0.3421 > 0.06$, then the hypothesis h_0 is accepted and h_1 is rejected, which means that the Random Effect Model (REM) is a more appropriate model to use.

Table 3. Lagrange Multiplier Test

	Test hypothesis		
	Cross-section	time	Both
<i>Breusch-pagan</i>	64.26314 (0.0000)	5.42771 (0.0272)	37.56372 (0.0000)

Source: author's calculated data, 2023

Based on the results in the table above from the lagrange multiplier test, Common Effect Model vs Random Effect Model above, the Breusch-pagan cross section ≤ 0.06 is obtained, namely $0.00000 \leq 0.06$, the hypothesis h_0 is rejected and h_1 is accepted, which means that the Random Effect Model (REM) is more appropriate to use.

Table 4. Conclusion of Model Selection Testing Results

No	Method	Testing	Results
1	ChowTest	Common Effects Vs Fixed Effects	Fixed Effects
2	Hausman test	Random Effects Vs Fixed Effects	Random Effects
2	Lagrange Multiplier Test	Random Effects Vs Common Effects	Random Effects

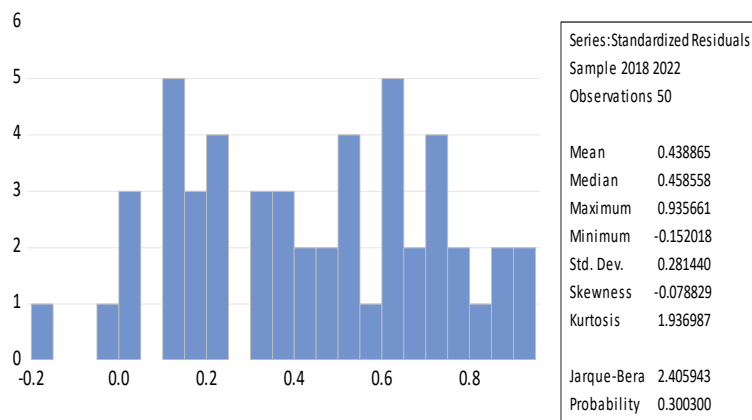
Source: author's calculated data, 2023

The results of the panel data regression model selection test for the three panel data models above aim to strengthen the conclusions of the panel data regression estimation method used. Based on the table above, it can be concluded that the panel data regression model used is the Random Effect Model (REM) to analyze the data in this study.

Classical Assumption Test

Normality test

Figure 1. Normality Test Results with the Jarque-Bera Test



Source: author's calculated data, 2023

Based on the table above, the results of the normality test using the Jarque-Bera test method show that the Jarque-Bera probability value is 0.300300, which is greater than 0.06, so the residuals are normally distributed.

Multicollinearity test

Table 6. Multicollinearity Test Results

Variables	coefficient Variances	Uncentered VIF	Centered VIF
C	1.280689	20.52961	na
Underwriter's reputation	0.681899	62.02069	8.265218
Company Size	0.848512	98.91922	8.089098
Financial performance	0.021828	18.15628	2.142602

Source: author's calculated data, 2023

Based on the results of the multicollinearity test above, it shows that there is no vif value greater than 10. Where the vif value for the Underwriter Reputation variable is 8.265, the Company Size variable is 8.089, and the variable Financial Performance of 2.142. Thus this regression model is proven to have no multicollinearity problem.

Heteroscedasticity test

Table 7. Heteroscedasticity Test Results

Variables	coefficient	std. Error	T-statistics	Prob.
C	2.626682	5.615116	0.806622	0.3251
Underwriter's reputation	2.522201	2.182482	1.081869	0.4632
Company Size	5.896192	2.222620	1.552069	0.2231
Financial performance	1.280801	0.686501	1.865098	0.6243

Source: author's calculated data, 2023

Based on the table above the results of the heteroscedasticity test using the glacier test method where the probability value of each independent variable is Underwriter Reputation = 0.4632, Company Size = 0.2231 and Financial Performance = 0.6243 > α 0.06, it means that there is no heteroscedasticity problem in the data distribution.

Autocorrelation test

Table 8. Autocorrelation Test Results

F-statistics	2.102248prob. F(2.55)	0.1252
Obs*r-squared	5.261296prob. Chi-square(2)	0.1120

Source: author's calculated data, 2023

Based on the results in the table above, it can be seen that the chi-square probability value is 0.1120, which is greater than 0.06. This means that the regression model used does not occur autocorrelation.

Linear Regression Analysis

Based on the regression estimation method between the Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM) and the selection of the regression equation estimation model with the Hausman test, the Random Effect Model (REM) was chosen for the panel data linear regression equation.

Table 9. Regression Analysis Results

Variables	coefficient	std. Error	T-statistics	Prob.
C	81.19266	60.85522	1.343632	0.1224
Underwriter's reputation	26.22255	15.28896	2.452672	0.0021
Company Size	26.68012	10.28666	2.653426	0.0043
Financial performance	0.291925	0.152225	2.332561	0.0038

Source: author's calculated data, 2023

The estimation model obtained from the Random Effect Model (REM) can be written as follows:

$$Z = 1.343632 + 2.452672 \text{Underwriter Reputation} + 2.653426 \text{Company Size} + 2.332561 \text{Financial Performance} + e$$

The panel data regression equation can be explained as follows:

- a. Constant of 1.343632 means to state that if the independent variable is fixed then the Underpricing variable is equal to 1.343632.
- b. Underwriter's Reputation Coefficient of 2.452672, meaning that every increase of 1 unit will increase Underpricing by 2.452672 unit assuming the condition of the other independent variables has a fixed (constant) value. The more the Underwriter's Reputation increases, the better the Underpricing will be, and vice versa.
- c. Firm Size Coefficient of 2.653426, meaning that every increase of 1 unit will increase Underpricing by 2.653426 unit assuming the condition of the other independent variables has a fixed (constant) value. The more the company size increases, the better the underpricing will be, and vice versa.
- d. Financial Performance Coefficient of 2.332561, meaning that every increase of 1 unit will increase Underpricing by 2.332561 unit assuming the condition of the other independent variables has a fixed (constant) value. The more financial performance increases, the better underpricing will be, and vice versa.

Hypothesis Test

Partial Test (t test)

The t test is used to test the effect of the independent variables partially on the dependent variable.

This test is carried out by looking at the probability value with the following criteria:

- 1) If the probability value is < 0.06 then it is declared influential.
- 2) If the probability value is > 0.06 then it is declared to have no effect.

This study uses two partial tests, namely structural I and structural II, where the structural I partial test (t test) is to determine the effect of x_1 and x_2 on y , while the structural partial test (t test) is to determine the effect of x_1 , x_2 and y on z . The following are the results of the structural partial test (t test).

Table 10. T test results (Equation I)

Variables	coefficient	std. Error	T-statistics	Prob.
C	9.653428	31.43524	0.334562	0.7534
Underwriter's reputation	20.66534	25.43526	2.435256	0.0003
Company Size	22.66534	40.96352	2.653425	0.0090

Source: author's calculated data, 2023

Based on the results of the t test (equation I), using a t-table of 2.015, the following decisions can be taken:

- 1) The Underwriter's Reputation variable has value t-statistic as big $2.435256 > t$ -table of 2.015, and a probability value of $0.0003 < \alpha$ 0.06. This means partially that the Underwriter's Reputation variable affects Financial Performance. Thus, every time the Underwriter's Reputation variable increases, the Financial Performance variable will also increase.
- 2) The variable Firm Size has a value t-statistic as big $2.653425 > t$ -table of 2.015, and a probability value of $0.0090 < \alpha$ 0.06. This means partially that the variable Firm Size affects Financial Performance. Thus, every increase in the Company Size variable, the Financial Performance variable will also increase.

Meanwhile, to determine the effect of X_1 , X_2 and Y on Z , a structural partial test (t test) II is carried out as shown in the table below.

Table 11. T test results (Equation II)

Variables	coefficient	std. Error	T-statistics	Prob.
C	81.19266	60.85522	1.343632	0.1224
Underwriter's reputation	26.22255	15.28896	2.452672	0.0021
Company Size	26.68012	10.28666	2.653426	0.0043
Financial performance	0.291925	0.152225	2.332561	0.0038

Source: author's calculated data, 2023

Based on the results of the t test (equation II), the following decisions can be taken:

- 1) The Underwriter's Reputation variable has value t-statistic as big $2.452672 > t$ -table of 2.015, and a probability value of $0.0021 < \alpha 0.06$. This means partially that the Underwriter's Reputation variable influences Underpricing. Thus, every time the Underwriter's Reputation variable increases, the Underpricing variable will also increase.
- 2) The variable Firm Size has a value t-statistic as big $2.653426 > t$ -table of 2.015, and a probability value of $0.0043 < \alpha 0.06$. This means partially that the variable Firm Size has an effect on Underpricing. Thus, every increase in the Company Size variable, the Underpricing variable will also increase.
- 3) Financial Performance Variables have value t-statistic as big $2.332561 > t$ -table of 2.015, and a probability value of $0.0038 < \alpha 0.06$. This means partially that the variable Financial Performance influences Underpricing. Thus, every increase in the Financial Performance variable, the Underpricing variable will also increase.

Test the Coefficient of Determination (R^2)

The hypothesis decision in the coefficient of determination test (r^2 test) is as follows:

Table 12. Determination Test Results

r-squared	0.181880
adjusted r-squared	0.118882
se Of regression	182.9926
sum squared residue	1668248.
log likelihoods	-229.6081
f-statistics	2.182485
prob(f-statistic)	0.022648

Source: author's calculated data, 2023

Based on the table above the results of the test for the coefficient of determination (R^2 test), it can be seen that the r-squared value is 0.1818 or 18.18%. From the results of the coefficient of determination test (R^2 test) it can be interpreted that the independent variables namely Underwriter Reputation, Company Size and Financial Performance are able to explain or be able to describe the dependent variable namely Underpricing of 18.18%. And 82.82% is explained or described by other variables not included in this study.

Moderated Regression Analysis (MRA)

Moderated Regression Analysis (MRA) used as the panel data regression model equation on the moderating variable, where the regression equation has a multiplication interaction between two or more independent variables.

Table 13. Moderated Regression Analysis Test Results

Variables	coefficient	std. Error	T-statistics	Prob.
C	6.225602	1.121255	5.324356	0.0000
Underwriter's Reputation _ Financial performance	0.006561	0.001611	2.635243	0.0006
Company Size _ Financial performance	0.002262	0.000968	2.857463	0.0012

Source: author's calculated data, 2023

Based on the table above, the results of the Moderated Regression Analysis (MRA) test can be seen as follows:

1) On the interaction between Financial Performance on Underwriter's Reputation has value t-statistic as big $2.635243 > t\text{-table of } 2.015$ and a probability value of $0.0006 < \alpha 0.06$, it means that financial performance is able to moderate the effect of underwriter's reputation on underpricing.

The interaction between financial performance and company size has value t-statistic as big $2,857463 > t\text{-table of } 2.015$ and a probability value of $0.0012 < \alpha 0.06$, it means that financial performance is able to moderate the effect of company size on underpricing.

Discussion

The Effect of Underwriter's Reputation on the Financial Performance of Companies Conducting IPOs on the IDX During the COVID-19 Pandemic

The results of testing the first hypothesis in this study indicate that Underwriter's Reputation has a positive and significant effect on Financial Performance, where the probability value is 0.0003 which is smaller than the significance level value of 0.06, meaning that if there is an increase in Underwriter's Reputation, the Financial Performance will also increase. This is in accordance with the opinion according to (Syofian and Sebrina, 2021) The reputation of the Underwriter is expected to be able to provide proper consideration in making decisions regarding the offering price so that it is not lower after listing on the secondary market to avoid underpricing. Through a stock offering, investors will evaluate companies that are conducting an IPO. The results of this study are in line with and supported by previous research conducted by Umam, Khoirul. (2020) shows that Underwriter's Reputation has a significant effect on Financial Performance.

The Effect of Company Size on Financial Performance of Companies Conducting IPOs on the IDX During the COVID-19 Pandemic

The results of testing the second hypothesis in this study indicate that company size has a positive and significant effect on financial performance, where the probability value is 0.0090 which is smaller than the significance level value of 0.06, meaning that if there is an increase in company size, financial performance will also increase. The results of this study are in accordance with the opinion (Risna, Aditya and Putra, 2021) Company size describes the size of a company which can be expressed in total assets or total net sales. Company size is an important factor in determining the company's financial performance. Large companies have several competitive advantages that can have an impact on increasing the profitability of these companies, including companies having market power where large companies can set high prices for their products, and cost savings. The results of this study are in accordance with the opinion according to the results of this study in line with and supported by previous research conducted by Livia Ginta Risna and R Aditya Kristamtomo Putra. (2021) where the research results show that company size affects financial performance.

The Effect of Underwriter's Reputation on Underpricing in Companies Conducting IPOs on the IDX During the COVID-19 Pandemic

The results of testing the third hypothesis in this study indicate that Underwriter's Reputation has a positive and significant effect on Underpricing, where the probability value is 0.0021 which is smaller than the significance level value of 0.06, meaning that if there is an increase in Underwriter's Reputation, Underpricing will also increase The research results are in accordance with the opinion according to (Suyatmin & Sujadi, 2016) A good Underwriter reputation will give a good signal to the market because a good Underwriter Reputation will be better known in the capital market. Because an underwriter's reputation that has a good reputation will have a good impact on the company, because the higher the reputation of the underwriter, the risk can be prevented. The results of this study are in line with and supported by previous research conducted by Ary Syofian and Nurzi Sebrina, (2021) showing that Underwriter's Reputation has a significant effect on Underpricing.

The Effect of Company Size on Underpricing in Companies Conducting IPOs on the IDX During the COVID-19 Pandemic

The results of testing the fourth hypothesis in this study indicate that company size has a positive and significant effect on underpricing, where the probability value is 0.0043 which is smaller than the significance level value of 0.06, meaning that if there is an increase in company size, underpricing also increases. The results of this study are in accordance with the opinion according to (Asnaini, 2018) Company size is a value to determine the size of the company. Large company size will give a good

signal to the company, if large company size will encourage investors to invest in companies that have a larger size compared to companies that have a smaller size. The results of this study are in line with and supported by previous research conducted by Kelvin Maulana Syah Putra and Djawoto, (2020) the results of the study show that company size has a positive and significant effect on underpricing.

The Effect of Financial Performance on Underpricing in Companies Conducting IPOs Registered on the IDX During the COVID-19 Pandemic

The results of testing the fifth hypothesis in this study indicate that financial performance has a positive and significant effect on underpricing, where the probability value is 0.0038 which is smaller than the significance level value of 0.06, meaning that if there is an increase in financial performance, underpricing will also increase. The results of this study are in accordance with the opinion according to (Wirajunnayasa & Putri, 2017) Financial Performance is a description of the financial condition of a company. The definition of financial performance is the determination of a measure that can measure a company's profit. Financial Performance can be measured using a ratio, one of which is ROA, which is a profitability ratio. Through a stock offering, investors will evaluate companies that are conducting an IPO. The results of this study are in line with and supported by previous research conducted by Dinar Febi Pangestu and M. Taufiq M. Taufiq, (2022), the results of the study show that financial performance has a positive and significant effect on underpricing.

The Effect of Underwriter's Reputation on Underpricing With Financial Performance as a Moderating Variable in Companies Conducting IPOs on the IDX During the COVID-19 Pandemic

The results of testing the sixth hypothesis in this study indicate that Underwriter's Reputation has a positive and significant effect on Underpricing with Financial Performance as a Moderating Variable, where the probability value is 0.0006 which is smaller than the significance level value of 0.06, meaning that if there is an increase in Underwriter's Reputation, then Underpricing also increases through Financial Performance as a Moderating Variable The results of the research are in accordance with the opinion according to (Wirajunnayasa & Putri, 2017) A good or positive signal theory must meet the requirements, namely the signal must be captured by investors and difficult to imitate by other companies. Underwriter's good financial performance and reputation will provide a signal for investors in assessing quality company shares, effectively by issuer performance and Underwriters can reduce the level of uncertainty faced by investors so that investors can distinguish between good and bad companies. The definition of financial performance is the determination of a measure that can measure a company's profit. The results of this study are in line with and supported by previous research conducted by Ary Syofian and Nurzi Sebrina.

The Effect of Company Size on Underpricing With Financial Performance as a Moderating Variable in Companies Conducting IPOs on the IDX During the COVID-19 Pandemic

The results of testing the seventh hypothesis in this study indicate that company size has a positive and significant effect on underpricing with financial performance as a moderating variable, where the probability value is 0.0012 which is smaller than the significance level value of 0.06, meaning that if there is an increase in company size, then underpricing also increases through Financial Performance as a Moderating Variable. The results of this study are in accordance with the opinion according to (Rahmatin and Kristanti 2020) Financial performance is the financial condition of a company. The performance of a company can be seen from the amount of ROA. The results of this study show that the value of ROA can moderate the size of the company because ROA can attract investors and the value of ROA is relatively high and even some of the companies experience high profits. The results of this study are in line with and supported by previous research conducted by Kelvin Maulana Syah Putra and Djawoto, (2020) the results of the study show that company size has a positive and significant effect on underpricing with financial performance as a moderating variable.

Conclusion

Conclusion from this research are as follows *underwriter's reputation* affect the financial performance of companies conducting IPOs on the IDX during the COVID-19 pandemic. Company Size has an effect on the Financial Performance of Companies Conducting IPOs on the IDX During the COVID-19 Pandemic. *Underwriter's reputation* effect on underpricing of companies conducting IPOs on the IDX during the COVID-19 pandemic. Company size affects underpricing of companies conducting IPOs on the IDX during the COVID-19 pandemic. Financial Performance affects Underpricing of Companies Conducting IPOs on the IDX During the COVID-19 Pandemic. Financial Performance was able to strengthen the influence of Underwriter's Reputation on Underpricing in Companies Conducting IPOs on the IDX During the COVID-19 Pandemic. Financial Performance was able to strengthen the influence of Company Size on Underpricing in Companies Conducting IPOs on the IDX During the COVID-19 Pandemic.

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