CHAPTER V
CONCLUSION AND SUGGESTION

5.1 Conclusion

This study aims to examine the effect of the independent variables, namely Ownership Concentration, Earnings Management, and Underwriter Reputation, on IPO Underpricing in technology-sector companies conducting Initial Public Offerings (IPO) on the Indonesia Stock Exchange (IDX). The sample in this study consists of 31 technology-sector companies that experienced underpricing and conducted IPO during the 2015-2024 period. Based on the results of the study, the researcher draws the following conclusions:

1. Ownership Concentration has a positive and insignificant effect on IPO Underpricing.

   This means that a higher level of ownership concentration tends to be followed by higher underpricing, but the effect of ownership concentration is not statistically strong enough to be considered a major determinant of IPO underpricing in the technology-sector companies studied. This is shown by a coefficient of 0.0001072 and a significance value of 0.931, which is greater than 0.05. Therefore, H1 is rejected.
2. Earnings Management has a positive and significant effect on IPO Underpricing.

   This means that higher earnings management tends to increase IPO underpricing. This may occur because the use of discretionary accruals before the IPO can make the company's financial performance appear stronger, thereby increasing investor interest in the company's shares. Higher investor demand may increase the first-day closing price relative to the IPO offering price. This is shown by a coefficient of 0.0276235 and a significance value of 0.005, which is lower than 0.05. Therefore, H2 is accepted.
3. Underwriter Reputation has a negative and insignificant effect on IPO Underpricing.

   This means that companies using underwriters included in the 20 Most Active Brokerage Houses tend to experience lower underpricing, but the effect of underwriter reputation is not statistically strong enough to be considered a major determinant of IPO underpricing in the technology-sector companies studied. This is shown by a coefficient of -0.0548658 and a significance value of 0.398, which is greater than 0.05. Therefore, H3 is rejected.

4. When control variables specifically Firm Age, measured by LNAGE, and Firm Size, measured by LNSIZE were included in the regression model, the results showed that Ownership Concentration and Underwriter Reputation had negative but insignificant effects on IPO Underpricing. Earnings Management, on the other hand, had a positive and significant effect on IPO Underpricing. Meanwhile, Firm Age has a positive but insignificant effect, and Firm Size has a negative but insignificant effect on IPO underpricing.

5.2 Research Implications

The results of this study provide theoretical and practical implications for parties involved in the IPO process:

1. **Implications for Companies**

The results of this research indicate that Earnings Management has a positive and significant effect on IPO Underpricing, while Ownership Concentration and Underwriter Reputation do not significantly affect IPO Underpricing in the main regression model. Therefore, technology companies that plan to conduct an IPO should pay attention to the quality and transparency of their financial reporting, particularly regarding earnings management practices. Companies should also improve information disclosure, financial quality, and company fundamentals in order to reduce information asymmetry and uncertainty faced by investors. Ownership structure and the selection of reputable underwriters should still be considered as part of the IPO strategy, although these factors were not found to have a statistically significant effect on underpricing in this study.

2. **Implications for Investors**

When making investment decisions regarding IPO companies, investors should pay particular attention to earnings management and the quality of financial information presented by the company, as the findings indicate that earnings management has a positive and significant effect on IPO underpricing. Investors should carefully evaluate discretionary accruals and the company's reported financial performance before making investment decisions. In addition, investors should not rely solely on ownership concentration or the underwriter's reputation when selecting IPO stocks, as these variables do not have a significant effect on IPO underpricing. Firm age, firm size, ownership structure, earnings quality, and the company's overall condition may still be considered as additional information to optimize returns and minimize potential risks.

3. **Implications for Academics**

This study provides additional evidence regarding IPO Underpricing, particularly in technology-sector companies listed on the Indonesia Stock Exchange. The results show that Earnings Management has a positive and significant effect on IPO Underpricing both before and after Firm Age and Firm Size are included as control variables. Meanwhile, Ownership Concentration and Underwriter Reputation remain statistically insignificant in both models. Therefore, this research can be used as a reference for future studies examining IPO Underpricing, particularly the role of earnings management and other firm-specific characteristics in explaining differences in IPO initial returns.

4. **Theoretical Implications**

This study adds to the empirical evidence regarding the effects of ownership concentration, earnings management, and underwriter reputation on IPO underpricing among technology-sector companies that conducted Initial Public Offerings on the Indonesia Stock Exchange during the 2015-2024 period. The results show that, in the model without control variables, ownership concentration has a positive and insignificant effect, earnings management has a positive and significant effect, and underwriter reputation has a negative and insignificant effect on IPO underpricing. After firm age and firm size were included as control variables, ownership concentration had a negative and insignificant effect, earnings management remained positive and significant, while underwriter reputation remained negative and insignificant with respect to IPO underpricing. In addition, firm age had a positive but insignificant effect, while firm size had a negative but insignificant effect. These findings indicate that earnings management is the only independent variable that consistently has a statistically significant effect on IPO underpricing in both regression models.

5.3 Research Limitations

This study has certain limitations, which we hope future researchers will address. The limitations of this study are as follows:

1. This study has a relatively limited sample size. Although 460 companies conducted IPOs on the Indonesia Stock Exchange during the 2015–2024 period, only 40 were classified as technology-sector companies, and 31 technology companies met the final sampling criteria because this study specifically focuses on companies that experienced IPO underpricing. Consequently, the regression analysis is based on 31 observations. The relatively limited number of observations may reduce the statistical power of the analysis and limit the generalizability of the findings. Therefore, the results should primarily be interpreted within the context of technology-sector companies experiencing IPO underpricing on the Indonesia Stock Exchange during the 2015–2024 period.
2. This study only examines three independent variables, namely Ownership Concentration, Earnings Management, and Underwriter Reputation, while there are still many other factors that may influence IPO Underpricing.
3. This study only uses Firm Age and Firm Size as control variables. Although the inclusion of these control variables does not change the significance of the main independent variables, the direction of the Ownership Concentration coefficient changes from positive to negative. This indicates that firm-specific characteristics may still influence the relationship between Ownership Concentration and IPO Underpricing. Therefore, future studies may consider including additional control variables to obtain a more comprehensive explanation of IPO Underpricing.
4. Another limitation relates to the measurement of Underwriter Reputation. This study uses a dummy variable that classifies an IPO as involving a reputable

underwriter when at least one underwriter satisfies the reputation criterion. Although this method provides a consistent classification across the sample, it does not capture differences in the number of reputable underwriters, the specific role of each underwriter, or the relative contribution of the lead underwriter within an underwriting syndicate.

5.4 Recommendations

Based on the conclusions and limitations of this study as presented, the author offers the following recommendations for consideration:

1. For future research, the scope of the study could be expanded to include companies from other sectors that have conducted Initial Public Offerings on the Indonesia Stock Exchange, in order to increase the sample size.
2. Future researchers are expected to add other variables that may influence IPO Underpricing, such as IPO proceeds, oversubscription, auditor reputation, profitability, leverage, market return, and market sentiment.
3. Future researchers are expected to further examine Firm Age and Firm Size, as well as other firm-specific characteristics, because although the inclusion of these control variables does not change the significance of Ownership Concentration, Earnings Management, and Underwriter Reputation, it changes the direction of the Ownership Concentration coefficient from positive to negative. Further examination may provide a more comprehensive understanding of the role of firm-specific characteristics in explaining IPO Underpricing.
4. Future research is recommended to improve the measurement of underwriter reputation by considering additional indicators such as underwriter market share, IPO underwriting frequency, total underwriting value, or lead-underwriter status rather than relying exclusively on a binary dummy classification. Such measurements may provide a more detailed representation of differences in underwriter reputation and market credibility.