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Determinant IPO Underpricing in the Post-Pandemic Period: The Effects of Underwriter Reputation Moderation

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ABSTRACT

This study aims to examine the effects of firm age, proceeds, market return, and return on assets on IPO underpricing, as well as the moderating role of underwriter reputation. Grounded in signaling theory, information asymmetry theory, and behavioral finance theory, the study explains how company characteristics and market conditions influence investor perceptions and uncertainty before an initial public offering. This research employs a quantitative approach using secondary data obtained from company prospectuses and official economic sources. The data were analyzed using multiple linear regression and Moderated Regression Analysis (MRA), supported by descriptive statistics, classical assumption tests, and robustness testing to address potential heteroscedasticity issues. The findings reveal that firm age has no significant effect on underpricing, whereas proceeds, market return, and return on assets significantly influence underpricing. Furthermore, underwriter reputation is only able to moderate the relationship between firm age and underpricing, while it does not moderate the relationships between proceeds, market return, return on assets, and underpricing. These findings provide empirical implications for understanding the role of company fundamentals, market conditions, and underwriter credibility in shaping IPO underpricing behavior in the post-pandemic capital market environment.

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INTRODUCTION

The increasing number of Initial Public Offerings (IPOs) after the COVID-19 pandemic has become an important indicator of capital market recovery and economic resilience. The recovery of IPO activities reflects growing investor confidence and the ability of the capital market to support corporate financing and economic expansion (Firmansyah et al., 2025; Maulidy & Zaini, 2025).

According to Bursa Efek Indonesia, 173 companies conducted IPOs during 2022–2024, indicating a substantial improvement in market activity after the pandemic shock. Similarly, PwC Indonesia reported that the Indonesian IPO market experienced stable growth in 2022 and 2023 despite global uncertainty (PwC Indonesia, 2024; Bursa Efek Indonesia, 2025). These developments demonstrate that the post-pandemic period has become a strategic momentum for restoring the role of the capital market as a financial intermediary and economic growth driver. However, the persistence of IPO underpricing indicates that market recovery has not fully eliminated information asymmetry and pricing inefficiency in the primary market (Gasymov & Makarova, 2021; Inaya & Hakim, 2025). Therefore, understanding the determinants of IPO underpricing remains important for both investors and issuers in achieving efficient market outcomes.

Macroeconomic conditions also play a significant role in shaping IPO performance and investor behavior in the capital market (Joseph et al., 2025; Tohet et al., 2025). Economic recovery after the pandemic, reflected in improving GDP growth and increasing market return, has strengthened investor optimism toward newly listed companies. According to behavioral finance theory, investor decisions are often influenced by market sentiment, optimism, and psychological bias, particularly during bullish market conditions. In this context, positive market return may stimulate excessive investor enthusiasm and contribute to higher IPO underpricing (Wibowo, 2021; Ichev, 2023). Furthermore, signaling theory explains that companies attempt to reduce uncertainty by providing positive signals regarding firm quality and future prospects through financial and non-financial indicators (Chrisnanda & Raharja, 2023; Safitri, 2025). Nevertheless, although macroeconomic conditions have improved substantially in the post-pandemic period, underpricing remains prevalent in IPO activities. This phenomenon suggests that favorable economic conditions alone are insufficient to reduce uncertainty and information imbalance between issuers and investors in the IPO process.

Underpricing occurs when the offering price of IPO shares is lower than the market price on the first trading day, generating abnormal returns for investors but causing issuers to lose potential proceeds (Belle & Chemen, 2025; Nhlakanipho et al., 2025). This phenomenon has become a classic issue in capital market studies because it reflects inefficiency in IPO pricing mechanisms. From the perspective of asymmetric information theory, underpricing emerges due to unequal access to information between issuers, underwriters, and investors, leading investors to demand compensation for uncertainty (Gasymov & Makarova, 2021; Dwijaya & Cahyadi, 2021). In addition, ex-ante uncertainty theory argues that investors tend to require higher initial returns when uncertainty regarding firm quality and future performance is high

(Isynuwardhana & Febryan, 2022; Mustika, 2025). Consequently, companies often intentionally set lower offering prices to attract investors and ensure successful IPO subscriptions. The persistence of underpricing in emerging markets indicates that information asymmetry and uncertainty remain critical challenges in achieving efficient capital market pricing.

Previous studies have examined several determinants of IPO underpricing, particularly firm-specific characteristics and financial performance indicators. Firm age is frequently associated with transparency and corporate credibility because older firms generally possess longer operational track records and more accessible historical information. According to signaling theory, older firms are expected to reduce uncertainty and lower underpricing levels by providing stronger signals of stability and reliability to investors (Pradnyana & Erawati, 2024; Chrisnanda & Raharja, 2023). Similarly, proceeds and profitability indicators such as Return on Assets (ROA) are considered important signals regarding company quality and financial strength. Companies with larger proceeds and higher profitability are often perceived as more stable and less risky, thereby reducing investor uncertainty (Pangestuti, 2022; Rafendra et al., 2025). However, empirical findings remain inconsistent. Several studies reported negative effects of firm age and proceeds on underpricing, while others found insignificant or contradictory relationships (Dwi Perkasa & Maiyaliza, 2024; Sitorus et al., 2025). These inconsistencies indicate the existence of unresolved empirical gaps regarding the determinants of IPO underpricing.

In addition to company characteristics, underwriter reputation has increasingly attracted scholarly attention as an important factor influencing IPO pricing efficiency. Reputable underwriters are believed to possess superior certification abilities, stronger credibility, and greater expertise in evaluating firm value, thereby reducing information asymmetry between issuers and investors. Prior studies found that underwriter reputation may reduce IPO underpricing because investors perceive reputable underwriters as credible certifiers of firm quality (Hu et al., 2021; Calomiris et al., 2022). Nevertheless, recent studies suggest that the moderating role of underwriter reputation remains underexplored, especially in emerging markets and post-pandemic contexts (Oktananda & Gantyowati, 2024; Listi & Putra, 2025). Most previous studies only examined direct relationships between financial variables and underpricing without considering more complex interaction effects. Consequently, limited evidence is available regarding whether underwriter reputation strengthens or weakens the influence of firm age, proceeds, market return, and profitability on underpricing. This limitation creates an important research gap that requires further empirical investigation.

This study offers a state-of-the-art perspective by integrating internal company factors, external market conditions, and underwriter reputation into a single moderated research framework within the post-pandemic IPO environment. Unlike previous studies that primarily focused on direct effects, this research emphasizes the interaction between firm fundamentals and intermediary credibility in explaining IPO underpricing behavior. The post-pandemic capital market environment presents unique characteristics because investor sentiment, uncertainty, and market dynamics have significantly changed compared to pre-pandemic conditions. Therefore, examining IPO underpricing in this context is important for understanding how market participants interpret corporate signals and respond to uncertainty during economic recovery periods. Furthermore, this study contributes to the development of IPO literature by highlighting the strategic role of underwriter reputation in stabilizing investor expectations and reducing information asymmetry. The findings are expected to provide practical implications for issuers, investors, and underwriters in designing more efficient IPO pricing strategies and improving capital market transparency.

Based on the identified research gaps, this study investigates the effects of firm age, proceeds, market return, and Return on Assets on IPO underpricing, as well as the moderating role of underwriter reputation in these relationships. This research argues that internal company characteristics and external market conditions influence investor perceptions regarding uncertainty and firm quality during IPO issuance. Companies with stronger fundamentals, larger proceeds, and higher profitability are expected to experience lower underpricing because they provide more credible signals to investors. Meanwhile, favorable market conditions may increase investor optimism and stimulate higher underpricing due to market sentiment and speculative behavior. Furthermore, underwriter reputation is expected to moderate these relationships by reducing uncertainty and improving investor confidence regarding IPO valuation accuracy. Through this framework, the study contributes to enriching empirical evidence on IPO underpricing and offers a more comprehensive understanding of how firm-specific, market-related, and intermediary factors jointly shape IPO pricing efficiency in the post-pandemic capital market environment.

RESEARCH METHODS

This study employed a quantitative research design because its primary objective was to examine the relationships among measurable variables, namely firm age, proceeds, market return, and return on assets on IPO underpricing, with underwriter reputation serving as a moderating variable (Almusaed et al., 2025; Rana et al., 2023). A quantitative approach is appropriate for hypothesis

testing through statistical analysis and numerical data interpretation. According to Sugiyono, quantitative research focuses on investigating populations or samples using measurable instruments and statistical techniques to test predetermined hypotheses. This study was conducted in the Indonesian capital market environment, particularly on companies conducting Initial Public Offerings (IPOs) during 2022–2024. The period was selected because it reflects the post-pandemic capital market recovery phase characterized by significant changes in investor behavior, market optimism, and economic growth. Therefore, the post-pandemic IPO environment provides a relevant setting for analyzing the determinants of underpricing and the moderating role of underwriter reputation.

The population of this study consisted of 173 companies conducting IPOs during 2022–2024. The sample was determined using purposive sampling techniques to ensure that the selected companies met the research objectives. The sampling criteria included: (1) companies conducting IPOs during 2022–2024; (2) companies with complete offering price and first-day closing price data; (3) companies with accessible IPO prospectuses; and (4) companies experiencing underpricing. Based on these criteria, the final sample consisted of 136 companies. The study used secondary data obtained from official sources, including the official website of Bursa Efek Indonesia, IPO prospectuses, and financial platforms such as Yahoo Finance. The collected data included offering prices, first-day closing prices, firm age, IPO proceeds, market return based on the Composite Stock Price Index (IHSG), Return on Assets (ROA), and underwriter reputation. Data collection was conducted through documentation and literature study methods by reviewing company prospectuses, stock price data, and previous empirical studies relevant to the research variables (Indriantoro & Supomo, 2016).

The operational definitions and measurements of the research variables are presented in Table 3.1. The dependent variable in this study is underpricing, measured using initial return. The independent variables include firm age, proceeds, market return, and Return on Assets (ROA), while underwriter reputation acts as the moderating variable. Underwriter reputation was measured using a dummy variable, where companies included in the top 10 underwriters were coded as 1, and others were coded as 0. The top 10 underwriters consisted of NH Korindo Sekuritas Indonesia, Trimegah Sekuritas Indonesia, Kayhian Sekuritas Indonesia, Mirae Asset Sekuritas Indonesia, Erdikha Elit Sekuritas, KB Valbury Sekuritas, KGI Sekuritas Indonesia, Shinhan Sekuritas Indonesia, Lotus Andalan Sekuritas, and MNC Sekuritas.

Table 1 Operational Definition of Variables

No	Variable	Variable Type	Operational Definition	Measurement	Source
1	Underpricing	Dependent	Difference between the first-day market price and IPO offering price	$UNDP = \frac{P_1 - P_0}{P_0} \times 100\%$	(Ichev, 2023)
2	Firm Age	Independent	Difference between IPO year and company establishment year	FA = IPO Year − Establishment Year	(Dwijaya & Cahyadi, 2021)
3	Proceeds	Independent	Total funds obtained from IPO, transformed into natural logarithm	PR = Ln (IPO Proceeds)	(Gasymov & Makarova, 2021)
4	Market Return	Independent	IHSG return during the IPO month	$MR = \frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}} \times 100\%$	(Hanafi, 2016)
5	Return on Assets	Independent	Company profitability ratio based on total assets	$ROA = \frac{Earning\ After\ Tax}{Total\ Aset}$	(Pangestuti, 2022)
6	Underwriter Reputation	Moderating	Credibility of IPO underwriters based on underwriting frequency	Dummy: 1 = Top 10 Underwriter; 0 = Non-Top 10	(Oktananda & Gantyowati, 2024)

Data analysis was conducted using multiple linear regression and Moderated Regression Analysis (MRA). The regression analysis was performed in three stages. Model 1 examined the direct effects of firm age, proceeds, market return, and ROA on underpricing. Model 2 included underwriter reputation as an additional independent variable, while Model 3 incorporated interaction variables to test the moderating effect of underwriter reputation. Prior to hypothesis testing, descriptive statistical analysis and classical assumption tests were conducted, including normality, multicollinearity, and heteroscedasticity tests, to ensure model validity. Hypothesis testing involved the F-test, t-test, and coefficient of determination (R^2). Furthermore, this study employed a robustness

test using the Weighted Least Squares (WLS) method to obtain more efficient estimators and minimize potential heteroscedasticity problems. All statistical analyses were performed using EViews 12 software.

RESULTS AND DISCUSSION

Results

Statistical Test Descriptive

Statistical test descriptive is a test that aims give description or description data that is seen from mean, variance, standard deviation, maximum, minimum, sum, range, kurtosis and skewness. Following is statistical test results descriptive in research this:

Table 2. Statistical Test Descriptive

	UNDP	FA	Ln_PR	MR	ROA	UR
Mean	0.223353	13.97059	21.34485	0.008468	0.056618	0.632353
Median	0.247500	13,00000	20.85000	0.058500	0.040000	1,000,000
Maximum	0.350000	39,00000	37.16000	0.063000	0.420000	1,000,000
Minimum	0.004000	1,000,000	19.14000	-0.086700	-0.150000	0.000000
Std. Dev	0.123217	8.387770	2.249690	0.028483	0.071949	0.483947
Observations	136	136	136	136	136	136

Source: EViews output, processed data researcher (2026)

Based on the descriptive statistical test results presented in Table 2, the total number of observations in this study consists of 136 companies that conducted an IPO. Variable underpricing (UNDP) has an average of 0.223353 with minimum value of 0.0040 and value maximum 0.3500. This shows that the average level underpricing at the time of the IPO during period study is by 22.34%.

The firm age (FA) variable has an average of 13.97 years, with minimum value of 1 year and maximum of 39 years, which indicates that companies that conduct an IPO have variation sufficient age varies over the period research. The measured proceeds variables use natural logarithm of total funds raised company moment conducting an IPO. Transformation done for reduce level of data skewness and stabilization variance. The Ln Proceeds (LN_PR) variable has an average of 21.34485 with minimum value 19.1400 and maximum 37.1600.

Then, the market return (MR) variable has the average value is 0.008468 with the minimum value is -0.086700 and the maximum is 0.063000, which shows that stock market conditions during period study experience positive and negative fluctuations. The return on assets (ROA) variable has the average value is 0.056618 with minimum value -0.1500 and maximum 0.4200, p This show existence difference level profitability between company. Meanwhile that, the underwriter reputation (UR) variable has the average value is 0.632353, which

means that part big company or as many as 63.24% of companies in sample study using an underwriter who has reputation Good.

Assumption Test Classic

The classical assumption test is a series of tests conducted to ensure that the regression model fulfills the assumptions of the Ordinary Least Squares (OLS) method, thereby producing unbiased and reliable estimates. Based on the normality test using the Jarque-Bera test, the data were found to be not normally distributed. However, because this study uses a sufficiently large sample size consisting of 136 observations, the sampling distribution is assumed to approach normality based on the Central Limit Theorem (CLT).

Furthermore, the multicollinearity test results using the correlation matrix indicate that the correlation values among the independent variables are relatively low, with all correlation coefficients below 0.8. This finding indicates that there is no multicollinearity problem in the regression model, meaning that the model is appropriate for hypothesis testing. In addition, the heteroscedasticity test using the White test shows that the significance value of Chi-Square Prob. (Obs*R-Squared) is 0.1867, which is greater than the significance level of 0.05. This result indicates that there is no heteroscedasticity problem in this study. Therefore, the regression model is considered suitable for hypothesis testing.

Data analysis

Data analysis in study done with use analysis multiple linear regression, moderated regression analysis (MRA), f-test, and coefficient test determination (R^2).

Table 3. Regression Model Estimation Results

Variable	Model 1		Model 2		Model 3	
	Coefficient	Probability	Coefficient	Probability	Coefficient	Probability
C	0.241741	0.0000	0.248151	0.0000	0.248784	0.0000
FA	0.001900	0.1236	0.001895	0.1258	-0.001923	0.3380
Ln_PR	-0.011267	0.0144	-0.011467	0.0135	-0.015558	0.0208
MR	0.728875	0.0449	0.731050	0.0450	0.565020	0.3492
ROA	0.269489	0.0608	0.271552	0.0598	0.382432	0.1367
UR	-	-	-0.010016	0.6372	-0.009452	0.7195
FaxUR	-	-	-	-	0.006345	0.0131
Ln_PRxUR	-	-	-	-	0.008269	0.3670
MRxUR	-	-	-	-	0.239870	0.7496
ROAxUR	-	-	-	-	-0.151724	0.6244
R-squared	0.106777		0.108310		0.161674	
Adj. R-squared	0.079503		0.074014		0.101794	
F-Statistic	3.91479		3.158117		2.699949	
Prob(F-Statistic)	0.004905		0.010058		0.006605	

Source: EViews output, processed data researcher (2026)

t-test

The t-test (partial test) results are used to examine the significance of each regression coefficient individually. In hypothesis testing, the significance value indicates the probability of committing a Type I error, namely rejecting a true null hypothesis. The commonly used significance levels in econometric analysis are 1%, 5%, and 10%. Therefore, if the probability value is lower than the significance level (Sig. < 0.10), the alternative hypothesis (Ha) is accepted and the null hypothesis (H0) is rejected.

Based on the t-test results presented in Table 3, Firm Age (FA) has a probability value of 0.1236, which is greater than the significance level of 0.10. This finding indicates that Firm Age does not have a significant effect on underpricing, meaning that H1 is rejected. Meanwhile, Ln Proceeds (Ln_PR) has a probability value of 0.0144, which is lower than the 0.05 significance level and has a negative coefficient. This result indicates that Proceeds have a negative and significant effect on underpricing, so H2 is accepted. Furthermore, Market Return (MR) has a probability value of 0.0449 with a positive coefficient, indicating that Market Return has a positive and significant effect on underpricing, thereby supporting H3. Return on Assets (ROA) shows a probability value of 0.0608, which is below the 0.10 significance level and has a positive coefficient. Thus, ROA has a positive and weakly significant effect on underpricing, and H4 is accepted.

In addition, Underwriter Reputation (UR) as an independent variable has a probability value of 0.6372, which exceeds the significance level of 0.10. This result indicates that Underwriter Reputation does not have a direct significant effect on underpricing. However, when tested as a moderating variable, Underwriter Reputation is able to moderate the relationship between Firm Age and underpricing, as indicated by a probability value of 0.0131 and a positive interaction coefficient. Therefore, H5 is accepted. On the other hand, Underwriter Reputation is unable to moderate the relationship between Proceeds and underpricing because the interaction term has a probability value of 0.3670, which is above the significance level. Likewise, the moderating effect of Underwriter Reputation on the relationship between Market Return and underpricing is not significant, as reflected by a probability value of 0.7496. Similarly, the interaction between Underwriter Reputation and Return on Assets shows a probability value of 0.6244, indicating that Underwriter Reputation is also unable to moderate the relationship between ROA and underpricing. Therefore, H6, H7, and H8 are rejected.

F test

Based on F test results, it is known Prob(F-statistic) value in model 1, model 2, and model 3 is greater small from level significance of 0.05, so that can conclude that variables independent in study This in a way simultaneous influential significant to variables dependent that is underpricing. With Thus, the regression model used in study This worthy for used in explain connection between independent variables and dependent variables dependent.

Coefficient Test Determination

The adjusted R^2 value in Model 1 is 0.079503, indicating that variables independent capable explain variation underpricing by 8%. In Model 2, the adjusted R^2 value decreased to 7% after enter variables moderation, which indicates that variables moderation No give contribution addition in explain variables dependent in a way directly. However, in Model 3 the adjusted R^2 value increased to 10% after enter variables interaction, which shows that interaction between variables independent and moderate give addition ability in explain variation underpricing. With Thus, the results This strengthen that variables moderation play a role as a pure moderator, namely No influential directly, but influential through interaction.

Coefficient of Determination and Robustness Test

The coefficient of determination test was conducted to measure the ability of the independent variables in explaining variations in underpricing. The adjusted R^2 value in Model 1 is 0.079503, indicating that firm age, proceeds, market return, and return on assets are able to explain approximately 8% of the variation in underpricing. In Model 2, the adjusted R^2 value decreased to 7% after the inclusion of the moderating variable, suggesting that underwriter reputation does not directly contribute to explaining underpricing. However, in Model 3, the adjusted R^2 value increased to 10% after the interaction variables were added. This result indicates that the interaction between the independent variables and underwriter reputation improves the model's explanatory power in explaining underpricing variation. Therefore, these findings strengthen the argument that underwriter reputation acts as a pure moderating variable, meaning that it does not directly influence underpricing but exerts its effect through interaction with the independent variables.

To ensure the consistency and reliability of the regression results, a robustness test was conducted using the Generalized Least Square (GLS) method through the Weighted Least Square (WLS) approach. This approach was

employed to address potential heteroscedasticity problems commonly found in cross-sectional data and to produce more efficient estimators. The robustness test aimed to confirm whether the estimation results remained consistent when alternative estimation methods were applied.

Table 4 Weighted Least Square Test

	Model 1		Model 2		Model 3	
	Coefficient	Probability	Coefficient	Probability	Coefficient	Probability
C	0.243172	0.0000	0.248712	0.0000	0.245851	0.0000
FA	0.002295	0.0000	0.002066	0.0000	-0.001677	0.0000
Ln_PR	-0.011654	0.0000	-0.012199	0.0000	-0.016178	0.0000
MR	0.754028	0.0000	0.672616	0.0000	0.247607	0.2658
ROA	0.267664	0.0000	0.269006	0.0000	0.362078	0.0000
UR	-	-	-0.014065	0.0015	-0.003854	0.5823
FaxUR	-	-	-	-	0.006723	0.0000
Ln_PRxUR	-	-	-	-	0.010960	0.0034
MRxUR	-	-	-	-	0.653892	0.0168
ROAxUR	-	-	-	-	-0.090153	0.0949
R-Squared	0.644675		0.936401		0.928817	
Adj. R-Squared	0.633825		0.933955		0.923732	
F-Statistic	59.41912		382,8121		182.6761	
Prob(F-Statistic)	0.000000		0.000000		0.000000	

Source: EViews output, processed by researcher (2026)

Based on Table 4, the robustness test results indicate stronger and more consistent findings compared to the main regression model. In the initial estimation model, only four hypotheses were accepted. However, after applying the Weighted Least Square (WLS) method, the number of accepted hypotheses increased. This finding suggests that the main regression model was likely affected by heteroscedasticity problems, causing inefficient standard errors. The WLS estimation results show that firm age, proceeds, market return, and return on assets have significant effects on underpricing. Furthermore, the Moderated Regression Analysis (MRA) results reveal that underwriter reputation is capable of moderating the relationships between firm age, proceeds, market return, return on assets, and underpricing.

The F-test results also demonstrate that the Prob(F-statistic) values for all three models are 0.000000, which are below the significance level of 5%. This finding indicates that the independent variables simultaneously influence underpricing, confirming that the regression model is appropriate for explaining the relationship between the independent and dependent variables.

In addition, the robustness test results show a substantial improvement in the adjusted R-squared values, increasing from 63% in Model 1 to 93% in Model 2 and 92% in Model 3. This improvement indicates that the inclusion of

moderating and interaction variables enhances the model's ability to explain variations in underpricing. Therefore, the findings of this study can be considered robust and statistically consistent.

Discussion

The results indicate that firm age does not have a significant effect on IPO underpricing. This finding suggests that the length of time a company has operated is not the main consideration for investors in determining investment decisions during an IPO (Dwijaya & Cahyadi, 2021; Inaya & Hakim, 2025). Although older firms are theoretically expected to reduce information asymmetry because they possess a longer operational history, investors in the post-pandemic capital market tend to pay greater attention to financial performance, growth opportunities, and overall market conditions (Isynuwardhana & Febryan, 2022; Safitri, 2025). These findings are consistent with the argument that investors increasingly rely on company fundamentals rather than merely considering corporate age as an indicator of quality (Chrisnanda & Raharja, 2023; Wibowo, 2021).

The study further reveals that proceeds have a negative effect on underpricing, meaning that companies obtaining larger IPO funds tend to experience lower underpricing levels. Companies with high proceeds are perceived as having stronger business scales, greater financial stability, and better growth prospects, thereby reducing uncertainty among investors. This finding is consistent with signaling theory and the information asymmetry perspective, where larger proceeds provide positive signals regarding company quality (Gasymov & Makarova, 2021; Dwi Perkasa & Maiyaliza, 2024). The findings are also in line with previous research by Gasymov and Makarova (2021) and Sitorus et al. (2025), which concluded that larger IPO proceeds reduce the tendency of underpricing because investors perceive the firms as more credible and financially prepared. This condition is also relevant to the rapid growth of IPO activity in Indonesia during the post-pandemic period, where companies with larger fundraising capacity attracted stronger investor confidence (PwC Indonesia, 2024; Indonesia Stock Exchange, 2025).

The results also demonstrate that market return positively affects IPO underpricing. When market conditions are bullish, investor optimism increases, leading to higher demand for IPO shares and consequently higher underpricing (Ichev, 2023; Inaya & Hakim, 2025). This finding aligns with behavioral finance theory, which explains that investment decisions are often influenced by psychological factors rather than purely rational considerations (Chrisnanda & Raharja, 2023; Wibowo, 2021). The results are also consistent with studies that found favorable market conditions and investor behavior significantly increase

IPO underpricing (Rafendra et al., 2025; Sitorus et al., 2025). The contribution of this study lies in confirming that post-pandemic market optimism in Indonesia remains an important driver of IPO pricing inefficiency.

Furthermore, Return on Assets (ROA) is found to positively influence underpricing, indicating that firms with higher profitability tend to experience higher underpricing levels. According to signaling theory, high profitability serves as a positive signal regarding the company's future prospects, thereby increasing investor demand during the IPO process. As demand rises, stock prices in the secondary market increase above the offering price, resulting in underpricing. These findings support previous studies by Mustika (2025), Pangestuti (2022), and Pradnyana and Erawati (2024), which also identified profitability as a significant determinant of IPO underpricing. This result indicates that in the post-pandemic era, investors place substantial emphasis on profitability indicators when evaluating newly listed firms.

Regarding the moderating role of underwriter reputation, the study finds that underwriter reputation only moderates the relationship between firm age and underpricing, while it fails to moderate the effects of proceeds, market return, and ROA. The significant interaction between firm age and underwriter reputation indicates that reputable underwriters strengthen investor confidence in the information disclosed by older firms, thereby influencing underpricing dynamics (Calomiris et al., 2022; Dwi Perkasa & Maiyaliza, 2024). This finding supports the role of underwriters in reducing information asymmetry and signaling company quality to investors (Hu et al., 2021; Oktananda & Gantyowati, 2024). The results are consistent with studies by Calomiris et al. (2022), and Hu et al. (2021), which emphasize the importance of underwriter reputation in enhancing IPO credibility. However, the inability of underwriter reputation to moderate proceeds, market return, and ROA suggests that investors in the Indonesian post-pandemic market rely more heavily on direct company fundamentals and market sentiment than on intermediary certification alone.

Overall, this study contributes to the IPO underpricing literature by providing updated empirical evidence from the Indonesian post-pandemic capital market period. Unlike many previous studies that focused only on direct relationships, this research integrates underwriter reputation as a moderating variable to examine how intermediary credibility interacts with firm-specific and market-related determinants of underpricing. The findings confirm that market return and profitability remain dominant drivers of IPO underpricing, while the moderating role of underwriter reputation is limited only to firm age. These results enrich the findings of Oktananda and Gantyowati (2024), Dwi Perkasa and Maiyaliza (2024), as well as Safitri (2025), by highlighting that the behavior

of IPO investors in the post-pandemic period is increasingly driven by financial performance and market sentiment rather than solely by reputational intermediaries.

CONCLUSION

This study provides important insights into the factors influencing IPO underpricing in the post-pandemic period. The results show that proceeds, market return, and return on assets (ROA) significantly affect underpricing, while firm age does not directly influence it. Additionally, underwriter reputation acts as a pure moderator, strengthening the relationship between firm age and underpricing but having no moderating effect on proceeds, market return, or ROA. The main lesson from this research is that investors should not rely on a single indicator when evaluating IPOs; instead, comprehensive consideration of financial performance, market conditions, and the credibility of underwriters is essential. For companies, selecting a reputable underwriter can help reduce information asymmetry and signal quality to the market, which in turn affects IPO pricing dynamics.

From an academic perspective, this study contributes to the literature by integrating underwriter reputation as a moderating variable in the analysis of IPO underpricing determinants, offering empirical evidence from the Indonesian post-pandemic market. However, the research has limitations, particularly in measuring firm age and ROA for companies that went public through newly formed holding entities, which may not fully reflect the operational history or consolidated financial performance. Future studies are encouraged to adopt more representative measurements and consider additional variables such as oversubscription levels, stock offering percentages, listing boards, and macroeconomic conditions to provide a more comprehensive understanding of post-IPO underpricing.

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