THE IMPACT OF COMPANY INTELLECTUAL CAPITAL TO IPO UNDERPRICING

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ABSTRACT
This research examines whether the company intellectual capital have significant positive impact to IPO underpricing. The objects of this research are 78 companies performing initial public offering in Indonesia Stock Exchange for year 2006-2010. The company intellectual capital is measured by Value Added Intellectual Coefficient (VAIC) method and IPO underpricing is measured by IPO first day abnormal return and IPO seven day cumulative abnormal returns. The company size, company age, auditor reputation and underwriter reputation are used as control variable to minimize result bias. This research is done by using multiple regression analysis with the F-test and t-test. The result indicated that the company VAIC has significant positive impact to IPO underpricing, both in the first trading day and seven trading day after IPO.

Keyword: IPO, intellectual capital, VAIC, Abnormal return, Cumulative abnormal return, Underpricing