



UNDERPRICING, INSTITUTIONAL OWNERSHIP AND LIQUIDITY STOCK OF IPO COMPANIES IN INDONESIA

Immam Nur Achmad✉, Rini Setyo Witiastuti

Management Department, Faculty of Economics, Universitas Negeri Semarang, Semarang, Indonesia

Info Article

History Article:
Received June 2018
Approved August 2018
Published September 2018

Keywords:
Liquidity; Underpricing;
Institutional Ownership.

Abstract

The aim of this study is to explain and describe influence of underpricing and institutional ownership on the liquidity. Sample of this study is 86 companies which conduct IPO in period 2012-2016. Analytical technique used is multiple linear analysis. The data used in the form of trading data for 20 days then taken on average and comes from the company's financial statements obtained from the Indonesia Stock Exchange. The results showed that Underpricing has a significant positive effect on liquidity. Institutional ownership is negatively insignificant to liquidity.

Abstrak

Tujuan dari penelitian ini adalah untuk menjelaskan dan mendeskripsikan pengaruh underpricing dan kepemilikan institusional terhadap likuiditas. Sampel dalam penelitian ini adalah 86 perusahaan yang melakukan IPO pada tahun 2012-2016. Teknik analisa yang digunakan yaitu analisis linier berganda. Data yang digunakan berupa data trading selama 20 hari kemudian diambil rata-rata dan berasal dari laporan keuangan perusahaan yang diperoleh dari Bursa Efek Indonesia. Hasil penelitian menunjukkan bahwa Underpricing berpengaruh positif signifikan terhadap likuiditas. Kepemilikan institusional berpengaruh negatif tidak signifikan terhadap likuiditas.

INTRODUCTION

The Company is an organization that combines and organizes resources in order to produce goods and/ or services for sale (Salvatore, 2011). The company exists so that entrepreneurs can reduce transaction costs if there is no company it will spend a lot of costs such as the cost to rent land, human resources and other resources for the production process. Various processes will be more effective and efficient if there are companies and also companies can save sales tax (Salvatore, 2011). The company owner wants the company's profit and sustainability for a long time.

The purpose of establishing a company is to earn high profits for the long-term and to maximize the welfare of the company (Jannah & Khoiruddin, 2017). Companies need funds to conduct the company's operational processes. The company will get the capital and capital that will be used to perform production, distribution and other operational processes. Corporate funding sources come from both internal and external. Internal funds are derived from the company's revenue because it sells its products, while the external is obtained from the capital market. The capital market is one means to get funding for companies and other institutions (e.g. government) and as a means of investing activities (Darmadji & Fakhruddin, 2011).

According to Tandilil (2010), the capital market is a meeting between parties who have excess funds with parties who need funds by way of trading securities. The stock market is a place to trade stocks and bonds and investors are free to choose the investment alternative that gives the most optimum return. Funds earned by the company through the sale of its shares in the primary market are used for the operational process of the company. Initial market occurs when issuers sell their securities to general investors for the first time (Tandilil, 2010). The company must conduct an initial public offering (IPO) to obtain capital from the primary market. IPO (initial public offering) or initial public offering is the sale of securities by the company first conducted (Tandilil, 2010).

This IPO process shows that the company has gone public and its shares can be owned by the general public. Securities sold in the primary market are then traded on the secondary market by investors. A secondary market is a place of buying and selling securities between investors after securities issuers sold in the primary market (Tandilil, 2010).

The company does not get additional funds in the secondary market due to transactions in the secondary market in the form of trade between investors rather than companies (Tandilil, 2010). Secondary market trading is essential to determining liquidity in the primary market. Investors will invest their capital in a company with good and reliable performance. Investors hesitant attitude towards securities sold will cause the issuers to be less liquid because investors are less likely to buy the securities.

Liquidity is the level of securities traded in large quantities with a short time (Bauer, 2004). According to Darmadji and Fakhruddin (2011), A good company must be a liquid company so the company can meet its short-term obligations. The company certainly wants its company liquid and its valuable letter is owned by the public because more and more securities sold means many people who are interested in the company. Investors want security at a low price but offer an optimal return.

Underpricing is a condition where the stock price when the IPO is lower than the stock price in the secondary market on the first day (Kim et al., 1993). This can attract investors to invest their capital by buying the securities. According to Ratnasari and Hudiwinarsih (2009) that Underpricing is caused by differences in interests between the parties involved in the inaugural offerings namely underwriters and companies.

Several studies have been conducted to examine the effect of underpricing on liquidity. Underpricing has a positive relationship with liquidity (Pham et al., 2003). However, unlike other researchers who claim that underpricing has no significant effect on corporate liquidity (Nil-mawati, 2009).

Pham et al. (2003) argue that underpricing affects liquidity in two ways. The first is to increase the participation of new investors to invest their capital. The second way is to ensure that capital invested by new investors is well distributed and used for the company's operational activities. Both of which will make stocks more traded in the secondary market. Sapian et al. (2013) prove that IPO underpricing has a positive relationship with liquidity in the secondary market in the Malaysian stock exchange. Companies with high liquidity will have the opportunity to compete in the secondary market in the future even if the company receives less new capital.

Khodavandloo and Zakaria (2016) said that underpricing affects liquidity after an IPO for 240 days and the more liquid the stock market will provide an opportunity for investors to resell

their shares to the public at the right moment and at a more competitive price. The different invention disclosed by Nilmawati (2009) which states that there is no difference in liquidity among companies experiencing underpricing lower underpricing so high and the level of liquidity of shares traded in the secondary market for companies experiencing underpricing after the IPO has not changed.

According to Darmadji and Fakhruddin (2011) Companies that have gone public to make capital change in accordance with shares sold to the public and increased capital gained company. After the IPO the shareholders' ownership composition will change as new shareholders increase. New shareholders who meet the criteria to participate in the GMS (General Meeting of Shareholders) then they can influence the policies to be implemented within the company The new policy is expected to make the company become more advanced and known by the community.

Companies will certainly be able to compete in the company's products sell well in the market that makes the company's image better in the minds of consumers. If the company progresses and the value of the company increases, it will make the stock more attractive to investors, so it will make the securities of the company become more liquid because it is traded in the secondary market (Muchtar & Tampubolon, 2014).

Research conducted by Zheng & Li (2008) proves institutional ownership affects liquidity. They claim that the more shareholders, the less stock owned by each shareholder. Yosra and Sioud (2011) argues, however, that ownership negatively affects liquidity and causes liquidity to decline because the division of controls causes different policies to be applied within the company. Meanwhile, according to Naes (2004) that institutional ownership has a negative effect is not significant to liquidity.

Signaling Theory states that managers who have overall corporate information will act more competitively in decision making. The signal theory says that every action will contain information. Information becomes one of the important elements for investors and business actors because information presents a description of the past, present or future (Atmaja, 2008). The manager has better information compared to investors (Brigham & Houston, 2011).

Liquidity is the company's ability to pay off its short-term debt (Gitman & Zutter, 2012). Liquidity is a company's ability to convert assets into cash and easy to cash in a relatively short time (Ross et al., 2010). Liquidity is the level of

securities traded in large quantities in a short time and gives a mild impact on the price of securities (Bauer, 2004). According to Bodie et al. (2012) that generally liquidity refers to costs and how assets are converted or sold into cash. So it can be concluded that liquidity is how quickly companies convert their assets into cash in order to meet short-term obligations.

Liquidity is also considered through several aspects such as transaction volume and frequency of transactions or how many times the shares are traded. The market says a liquid stake when the cost of buying and selling a number of shares is small or small. Amihud and Mendelson (1986) measure liquidity using bid-ask spreads and show that there is a positive relationship between expected returns and spreads.

Institutional share ownership is shares owned by other companies located inside and outside the country as well as shares of local and foreign government (Maftukhah, 2013). According to Pratiwi and Yulianto (2016) that institutional ownership has a larger share of the stock that leads to concentrated ownership that will ultimately act as the controlling shareholder. This means that controlling shareholders can influence management decisions and engage in corporate management.

A small company with its shares spread only in small environments then the addition of the number of shares will have a great influence on the possibility of loss of control of the dominant party to the company concerned (Indriani & Widyarti, 2013). Institutional ownership will be a watchdog for activities undertaken in the company. Institutional ownership also prevents managers from making decisions that only benefit them.

Underpricing is a condition where the stock price when the IPO is lower than the stock price in the secondary market on the first day (Kim et al., 1993). Underpricing is a frequent phenomenon and is found when an IPO in any capital market (Ritter, 1991). Underpricing is a disadvantage for the issuing company because the company is wasting an opportunity to get more funds (Hanafi, 2016). According to Beatty (1989) that the owners of the company want the underpricing is minimized because if there is underpricing will cause the transfer of wealth from the owners to investors. Underpricing is a common phenomenon in the world, without exception in Indonesia, the phenomenon that occurs in the short term that is after the company made the initial offer and entered the primary market (Yuliana, 2013). So it can be concluded that un-

derpricing is a state of stock price when the IPO is lower than the stock price in the secondary market on the first day that will provide benefits to investors.

The initial offer price of shares in the stock market is determined between the issuer and the underwriter, after the initial public offering of shares is traded on the secondary market where the stock price is determined by the offer and demand of the shares. The percentage of the stock price difference in the secondary market with the initial offer price is called the core return. IPO underpricing is caused by the uncertainty and asymmetry of information that occurs between underwriters and issuers. This can happen because underwriters have better information about the capital market than the issuers. The underwriter utilizes the information it has to make an optimal IPO price agreement for itself in order to minimize the risk if the stock is not sold. So the issuer companies will receive a low price on their stock offer because of limited information owned (Safitri, 2013).

The purpose of this study is to describe and explain the influence of underpricing and institutional ownership of liquidity in the company after the IPO in 2012-2016.

Hypotheses Development

Underpricing is a condition where the stock price when the IPO is lower than the stock price in the secondary market on the first day (Kim et al., 1993). The lower stock price will increase the number of investors interested in buying the shares. The company will get the capital it needs to conduct the company's activities because the shares of the company are increasingly in demand by many investors (Booth & Chua, 1996). Signaling Theory considers that underwriters and issuers have different information. Issuers have better information about their own companies, but underwriters have a better understanding of the stock market. So the underwriter determines the proper IPO price for the company. The closing price of shares in the secondary market may be higher or lower than the IPO price on the first day of trading on the Secondary Market.

The closing price of shares higher than the offer price at the IPO on the first day is called underpricing (Kim et al., 1993). According to the signal theory that underpricing and liquidity are interconnected because the information owned by investors is not the same as that of the manager. The manager does not provide overall information about the company in order to increase its personal profit. Trading on the Secondary Market

is done by inter investors, so not all investors have enough information about a company. A lower bid price will attract investors to buy stocks because it will be profitable if the shares are resold at a higher price. The more shares traded then indicate that the stock is liquid (Bauer, 2004).

Research conducted by Pham et al. (2003) at a company in Australia who conducted an IPO from January 1996 to June 1999 revealed that there is a positive relationship between underpricing and liquidity. In line with Sopian et al. (2013) who conducted research on 191 IPO companies in Malaysia and Khodavandloo and Zakaria (2016) with his research on 80 IPO companies listed on the Tehran Stock Exchange in 2001-2009 stating that underpricing has a significant impact on liquidity. These studies suggest a positive and significant relationship between underpricing and liquidity. However, another study conducted by Nilmawati (2009) on 98 IPO companies in Indonesia in 1999-2005 stated different results. Nilmawati did not find a significant level of liquidity between companies with high underpricing rates or low underpricing firms.

H1: Underpricing has a positive effect on liquidity as measured by the spread.

The ownership structure can be defined as a shareholder in a company. After doing the IPO then the company becomes an open company and its shares can be owned by the general public. Before becoming an open company, the company is only owned by several parties that have certain funds and contribute in the formation of the company, but after the IPO the company will get funds not only from certain parties but the wider community. That is the purpose of the IPO is to create a separation of ownership (Darmadji & Fakhruddin, 2011).

Institutional ownership may require companies to communicate transparently, so that information can be known in detail by interested parties (Rahmawati & Khoiruddin, 2017). Although it can lead to conflicts between managers and company owners, this ownership can be beneficial because in addition to obtaining capital from outside parties it will facilitate the determination of policies to control the company including the management of the company in conducting operational activities (Darmadji & Fakhruddin, 2011). The company's ownership structure derived from a wide range of social status allows the difference in decision making to keep its shares from being sold or to sell its shares.

Institutional ownership has a larger share of the stock leading to concentrated ownership

that will ultimately act as the controlling shareholder (Pratiwi & Yulianto, 2016). The controller of the company would want the shares more liquid because if the stock is liquid, then the company is considered as a good company. The theory of the signal states the difference in information between investors and managers. The manager will not publish the actual company condition. Managers are expected to increase shareholder wealth, but there is often conflict between managers and controlling shareholders (Anita & Yulianto, 2016).

The ownership structure of companies in Indonesia which is divided into majorities and minorities proves to be able to explain that when the high level of controlling institutions tends to reduce the agency conflict between shareholders and the managers (stakeholders) (Prasetyo, 2013). As investors who are in control of institutional ownership will apply policies that will make the company become more liquid. Institutional ownership as measured by the percentage of ownership of shares coming from corporate institutions (Sutino & Khoiruddin, 2017).

Research conducted by Zheng and Li (2008) in 1179 IPO companies listed on the Nasdaq during 1993 to 2000 stated that the ownership structure has a positive effect on liquidity. But unlike the research conducted by Yosra and Sioud (2011) and Naes (2004) that they disagree on the research, they have done. Yosra and Sioud (2011) conducted a study on 40 companies listed on the Tunisian stock exchange during the period 2001 to 2005 and found that the ownership structure negative effect liquidity. Similarly, research conducted by Naes (2004) on 88 companies listed on the Norwegian stock exchanges during the period 1999 to 2001 and found that the ownership structure has a negative effect is not significant on liquidity.

H2: Institutional ownership has a positive effect on liquidity as measured by the spread.

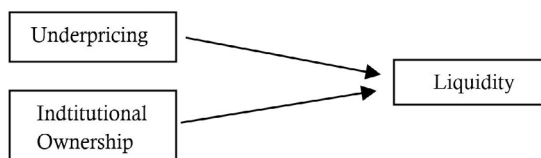


Figure 1. Research Model

METHOD

Types and sources of data in this study is quantitative data which is secondary data collected by using documentation techniques. This

research is also quantitative if replication research is to replicate the existing research and test the hypothesis that has been made by the previous researcher by using the object, area a tau by using different situation.

The population used in this study is a company listed on the Indonesia Stock Exchange from 2012-2016. The sample used is a company that conducted an IPO in 2012-2016. Sampling technique in this research uses purposive sampling method, where sampling is based on certain consideration. The criteria used to conduct the sample selection is the first company to go public in the year of research, then the company does not de-listing and the latter has complete data for research. The variables used in this research are liquidity, institutional ownership and underpricing. Liquidity is the level of a foreign traded securities. Underpricing is a condition where many and in a short time. Institutional ownership is ownership owned by an institution outside the management of both domestic institutions and the offering price when the IPO is lower than the closing stock price in the secondary market on the first day.

Table 1. Research Variable

Variable	Formula
Liquidity	$S = \frac{(ASK_{i,t} - BID_{i,t})}{[(ASK_{i,t} + BID_{i,t})/2]} \times \frac{1}{N}$
Institutional ownership	$Ins = \frac{Share\ Owned\ by\ the\ Agency}{Total\ Shares} \times 100\%$
Underpricing	$IR_{i,t} = \left[\frac{P_{i,t} - P_{i,0}}{P_{i,0}} \right] \times 100\%$

Descriptive Statistics Test is used to obtain the description or description of the variables in this study which is seen from the mean, minimum, maximum and standard deviation (Ghozali, 2013).

Normality test is done to know the data in a normal distribution test or not. If there is normality, then the residual will be normally distributed and independent. But if it is not normally distributed, then it is necessary to use a data transformation method (Ghozali, 2016).

Normality testing uses the value of Jarque-Bera (JB) Probability obtained of the histogram test. Decision-making criteria for normality testing in this study are as follows (Ghozali, 2016): (1) If the p-value > 0.05, normally distrib-

uted data, (2) If the p-value < 0.05 then the data is not normally distributed .

Multicollinearity test aims to test in a regression model if found any correlation between independent variables (Ghozali, 2011). To determine whether there is multicollinearity in the regression model is as follows (Ghozali, 2011): (1) The value of R^2 generated by an estimate of the empirical regression model is very high, but individually many independent variables are not significantly influencing the dependent variable. (2) Analyze the correlation matrix of the independent variables. If the inter-independent variables have a fairly high correlation (generally above 0.90), then this is an indication of the existence of multicollinearity. (3) Looking at the tolerance and variance inflation factor (VIF). Common values used to indicate the presence of multicollinearity are tolerance values < 0.10 or equal to VIF > 10.

According to Ghozali (2011), heteroscedasticity test aims to test whether in the regression model there is a variance inequality of the residual one observation to another observation. A good regression model is a homoscedasticity (the variance of residual one observation to another observation remains) or not heterokedastisitas.

How to detect the presence or absence of heteroscedasticity by using graph analysis, test park, test white, test Breusch-Pagan-Godfrey and test lesser, in this study the authors use test Breusch-Pagan-Godfrey to see the value Obs * R-squared value that is a probability value of chi-square > 0.05, then the independent variables in the regression model do not experience heteroscedasticity (Ghozali & Ratmono, 2013).

According to Ghozali and Ratmono (2013), if on a regression model occurs heteroscedasticity, it is necessary to make correction or treatment of heteroscedasticity problems. There are two approaches: (1) if the residual/ error variant (error variance σ^2_i) is known, it can use the WLS (weighted least square) estimation method to obtain BLUE estimator by calculating White's Heteroskedasticity-Consistent Variance and Standard Error. (2) If σ^2_i is unknown, then the method for correcting heteroscedasticity is to use a weighted least square estimate to obtain a BLUE estimator value by using weighting variables that are in fact quite difficult to select.

The autocorrelation test aims to test for the correlation between intrusion error in period t and the disturbance error in period t-1 (previously) in the linear regression model. If there is a correlation, it is called the autocorrelation problem and the good regression model is free auto-

correlation (Ghozali, 2016). The way to detect an autocorrelation is to use the Durbin-Watson test (DW test). Decision making whether or not there is autocorrelation: If $0 < d < dl$, there is no positive autocorrelation.

1. If $dl \leq d \leq du$, there is no positive autocorrelation.
2. If $4 - dl < d < 4$, there is no negative correlation.
3. If $4 - du \leq d \leq 4 - dl$, there is no negative correlation.
4. If $du < d < 4 - dl$, then there is no positive or negative autocorrelation.

Multiple regression analysis was used to test data on the dependence of dependent variable with independent variable in order to estimate the mean of the population or the mean value of the dependent variable based on the value of the known independent variable. Multiple linear regression equation in this research is as follows:

$$S = \alpha_0 + \lambda_1 IR_{i,t} + \lambda_2 Ins$$

Description of the above equation as follows: α_0 is a constant, coefficient λ_1 is the regression of underpricing, $IR_{i,t}$ is underpricing, λ_2 is the regression coefficient of institutional ownership (Ins) and Ins is institutional ownership.

Test of Goodness of Fit

The accuracy of the sample regression function in determining the actual value can be measured using Goodness of fit. Statistically, this analysis can be measured by the value of the F statistic, the coefficient of determination and adjusted R^2 (Ghozali, 2016).

Test of F-statistic

The statistical test F basically shows whether all independent variables in the model have a mutual influence on the dependent variable (Ghozali, 2016). This test is done to see the effect of the simultaneously independent variable to the dependent variable. This test is done with 5% confidence degree. This test is done in two ways. First, if the probability of F-statistic value > 0.05 then H_0 is accepted or reject H_1 , otherwise if the probability of F-statistic < 0.05 then H_0 is rejected or accepting H_1 . Second, compare the F-statistic value with F value according to the table, if F-statistic > F table then H_0 is rejected or accept H_1 . H_0 has rejected means all independent variables simultaneously affect the independent variable.

Test the coefficient of determination (R^2) is used to describe how much the dependent variable variation can be explained by the independent variable (Ghozali, 2016). This test essentially measures how far the independent variable describes the variation of the dependent variable. The coefficient of determination (R^2) ranges between zero and one ($0 < R^2 < 1$). The value of R^2 is small or close to zero means the ability of independent variables in explaining the dependent variable are very limited. The value of R^2 which is large or close to one means that the independent variable is able to provide almost all the information needed in explaining the change of the dependent variable.

According to Gujarati (2012), in practice it uses adjusted R^2 is better than using R^2 for R^2 are likely to give an overly optimistic picture of the regression model fit. Adjusted R^2 will never exceed R^2 ; it can even go down if a variable that does not need to be included in the model. Similarly, the R^2 adjusted R^2 lies between 0 and 1. The closer to 1, then a model, indicates the greater ability of independent variables to explain the variation of the dependent variable of the study (Ghozali, 2016).

RESULT AND DISCUSSION

Descriptive Statistics

Ghozali (2011) says that descriptive statistics are used to provide descriptions or descriptions of research variables. The dependent variable in this research is liquidity with independent variables such as underpricing and institutional ownership.

The descriptive analysis in this study is seen from the mean (mean), maximum value, minimum value and standard deviation. The mean value is used to know the average of the data in question. The maximum value is used to determine the largest amount of data in question. The minimum value is used to determine

the smallest amount of data in question. Standard deviation is used to find out how big the data concerned vary from average. The results of statistical analysis descriptive research can be seen in the table as follows:

Table 2 shows the number of observations (N) in this study there are 86 samples of IPO companies. The table can be explained as follows:

Liquidity

Based on the table of descriptive statistical test results showed the highest value of liquidity is 0.391322 owned by Garuda Metalindo Tbk. While the lowest value of 0.096578 is owned by Bali Towerindo Sentra Tbk. The average value of liquidity is 0.239732 and the standard deviation value is 0.06844. The standard deviation value of 0.06844 is smaller than the average value of liquidity of 0.239732 indicating that the data is well distributed because the deviation value is less than the average value.

Underpricing

Based on the table of descriptive statistic test results show the highest value of underpricing of 7.071068 owned by Arita Prima Indonesia Tbk. While the lowest value of 0.716115 is owned by Baramulti Suksessarana Tbk. The average underpricing value is 3.252438 and the standard deviation value is 1.687314. The standard deviation of 1.687314 is smaller than the underpricing average of 3.252438 indicating that the data is well distributed because the deviation value is less than the average.

Institutional Ownership

Based on the table of descriptive statistical test results show the highest value of institutional ownership of 9.999500 owned by Grand Kartech Tbk. While the lowest value of 5.616324 is owned by Saratoga Investama Sedaya Tbk. The average value of institutional ownership is 8.380595 and the standard deviation value is 0.912173. The

Table 2. Descriptive Statistics

	Liquidity	Underpricing	Institutional Ownership
Mean	.239732	3.252438	8.380595
Median	.232033	2.837951	8.593568
Maximum	.391322	7.071068	9.999500
Minimum	.096578	.716115	5.616324
Std. Dev.	.068444	1.687314	.912173
Skewness	.206687	.657301	-.694983
Kurtosis	2.341435	2.442049	3.423150
Jarque-Bera	2.166432	7.308165	7.564629
Probability	.338505	.025885	.022770

standard deviation score of 0.912173 is smaller than the average value of institutional ownership of 8.380595 indicating that the data is well distributed because the deviation value is less than the average value.

Normality Test

The normality test aims to test whether in the regression model the intruder or residual variable has a normal distribution. As it is well known that the t-test and the F test assume the residual value follows the normal distribution, if this assumption is not met then the statistical test results become invalid especially for small sample size (Ghozali & Ratmono, 2013).

This research uses Histogram-Normality Test in conducting normality test, by looking at probability value compared with significance level 5%. If the probability value > 0.05 then it can be assumed that the normally distributed residual is met, otherwise if probability value < 0.05 can be assumed the residual is not normally distributed (Ghozali & Ratmono, 2013). Researchers experience constraints during the test of normality, i.e., data is not normally distributed. To solve the problem, the researcher eliminates the extreme data by doing outlier data, so that the remaining sample is 86. Here is the result of the normality test:

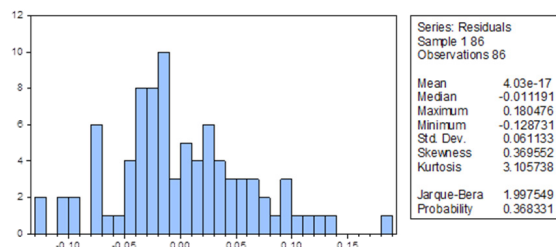


Figure 2. Output Normality Test

Figure 3 shows that the Jarque-Bera value is 1.997549 and the probability value is 0.368331. The probability value of 0.368331 is more than the alpha value of 0.05, so it can be concluded that the residual is normally distributed.

Multicollinearity Test

Table 3. Output Variance Inflation Factors

Variable	Coefficient	Uncentered	Centered
	Variance	VIF	VIF
UND	1.58E-05	4.759776	1.000102
INS	5.41E-05	86.41212	1.000102
C	0.004029	90.53408	NA

Based on the VIF output on the table that there is no VIF value whose value is more than 10, so it can be concluded that there is no multicollinearity between independent variables.

Heteroscedasticity Test

Heteroskedasticity test in this study by looking at the probability value of F arithmetic and chi-square in the regression output in the Table 4.

Table 4. Output Heteroscedasticity Test: Glejser

F-statistic	1.668120	Prob. F(2,83)	.1949
Obs*R-squared	3.323247	Prob. Chi-Square(2)	.1898
Scaled explained SS	3.326866	Prob. Chi-Square(2)	.1895

Output in Table 4 shows the probability value of F arithmetic of 0.1949 and the chi-square value of 0.1898. Value is greater than alpha 0.05 it can be concluded that there is no heteroscedasticity.

Autocorrelation Test

Autocorrelation test can be done by using LM (Lagrange Multiplier) test or it can also by looking at Durbin-Watson value in the regression output in the Table 5.

Table 5. Output LM Test

F-statistic	.111487	Prob. F(2,81)	.8946
Obs*R-squared	.236088	Prob. Chi-Square(2)	.8887

Value Probability calculates in the LM test above 0.8946 greater than alpha value 0.05 means there is no autocorrelation. In addition to using LM test, autocorrelation test can also by looking at Durbin-Watson value.

Table 6. Uji Durbin-Watson

Durbin-Watson stat	2.005482
--------------------	----------

Table 6 shows that the Durbin-Watson value is 2,005,482 using observation (n = 86) and the independent variable (k = 2). Based on the Durbin-Watson value, when compared with the Durbin-Watson table with the significance level of 5%, then the value obtained Durbin lower (dL) = 1.6021 and Durbin upper (dU) =

1.6971. The value obtained dU can be seen that 4 - dU = 2.3029. Test using LM test and Durbin-Watson states there is no autocorrelation, so it can be concluded that there is no autocorrelation in this study.

Assessment of the Goodness of Fit Model Determination Coefficient Test

According to Ghazali (2011) coefficient of determination used to measure how far the ability of the model in explaining the variation of the dependent variable. This study uses adjusted R-squared values as recommended by previous researchers. The adjusted R-squared value can rise or fall if one independent variable is added to the model. The adjusted R-squared results of the research can be seen in Table 7.

Table 7. Determination Coefficient

R-squared	.202230
Adjusted R-squared	.183006

Based on table 7, the result of determination coefficient analysis on the regression model obtained adjusted R-squared value of 0.183006 or 18.3%. The adjusted R-squared value indicates that independent variables of underpricing and institutional ownership influence liquidity of 18.3% while the rest of 81.7% is influenced by other variables other than those used in this study.

Simultaneous Significance Test (F statistic test)

According to Ghazali (2011), the F statistical test basically shows whether independent or independent variables contained in the model have a mutual influence on the dependent variable or bound. The results of statistical tests F can be seen in Table 8.

Table 8. Statistic F Test

F-statistic	10.519980
Prob(F-statistic)	.000085

Based on Table 8, the results of F statistical analysis on the model obtained F calculated by 10.51998 > 0.05 with probability 0.000085 < 0.05, it can be concluded that regression model can be used to predict liquidity, where underpricing and institutional ownership together affect liquidity.

Hypothesis Testing

According to Ghazali (2011), the statistical t-test shows how far the influence of one explanatory or independent variable individually in explaining the variation of the dependent variable. Test results t statistic k can be seen in Table 9. Based on table 9 then can be the prepared equation of regression model as follows:

$$LIK = 0.018232 \text{ UND} - 0.000794 \text{ INS} + 0.187087$$

Based on table 9 shows the results of research on underpricing and institutional ownership of the liquidity of companies conducting IPOs in 2012-2016 states that:

Hypothesis testing 1

H1: Underpricing has a positive effect on liquidity.

Based on table 9 can be seen t value of the underpricing variable of 4.584337 with a significance level of 0.0000 indicates that there is a significant positive influence between the underpricing variable on liquidity so that hypothesis 1 that states underpricing have a positive effect on liquidity received.

Table 9. Multiple Linear Regression Analysis Output

Variable	Coefficient	Std. Error	t-Statistic	Prob.
UND	.018232	.003977	4.584337	.0000
INS	-.000794	.007357	-.107929	.9143
C	.187087	.063475	2.947419	.0042
R-squared	.202230	Mean dependent var		.239732
Adjusted R-squared	.183006	S.D. dependent var		.068444
S.E. of regression	.061865	Akaike info criterion		-2.693461
Sum squared resid	.317665	Schwarz criterion		-2.607844
Log likelihood	118.818800	Hannan-Quinn criter.		-2.659004
F-statistic	10.519980	Durbin-Watson stat		2.022462
Prob(F-statistic)	.000085			

Hypothesis testing 2

H2: Institutional ownership has a negative effect on liquidity

Based on table 9 it can be seen that the t value of the institutional ownership variable of -0.107929 with a significance level of 0.9143 indicates that there is no significant negative influence between institutional ownership variable to liquidity so that hypothesis 2 which states ownership of institutional effects positively to liquidity is rejected .

The Influence of Underpricing on Liquidity

The alternative hypothesis 1 proposed in this study is "Suspected underpricing has a positive effect on liquidity." The result of multiple linear regression analysis in this study obtained a regression coefficient of underpricing variable is 0.018232. The result of t-test statistic of underpricing variable is t value of 4.584337. The underpricing variable probability level of 0.0000 is smaller than the 0.05 significance level; it can be concluded that the underpricing variable has a significant positive effect on liquidity.

The results of this study indicate that underpricing has a positive effect on liquidity which means the higher level of underpricing will increase the level of liquidity. Underpricing becomes an attraction for investors because of lower prices when IPO investors can take advantage of these conditions to obtain more stocks. Underpricing will increase trading activity in the secondary market due to the lack of information owned by investors. Investors who know about the new information will utilize the knowledge they have to gain more profits. Stocks underpricing will be traded more often indicates that the stock is a liquid stock.

The results of this study are in line with research conducted by Pham et al. (2003), Sapian et al. (2013), as well as research by Khodavandloo and Zakaria (2016). They stated that underpricing has a significant positive effect on liquidity. But this research is not in line with research conducted by Nilmawati (2009) which states that there is no influence of underpricing on liquidity.

The Influence of Institutional Ownership Structure on Liquidity

The alternative hypothesis 1 proposed in this study is "Suspected institutional ownership positively affects liquidity." The result of multiple linear regression analysis in this study obtained the regression coefficient variable of

institutional ownership worth -0.000794. The result of the statistical test of t variable of institutional ownership obtained by t value equal to -0,107929. The degree of probability of institutional ownership variable of 0.9143 is greater than the 0.05 significance level; it can be concluded that the institutional ownership variable has no significant negative effect on liquidity.

This research is in line with the research conducted by Naes (2004) who stated that the institutional ownership structure has a negative effect not significant to liquidity. The results of this study indicate that institutional ownership is negatively insignificant to liquidity which means that if there is a percentage increase in the institutional ownership structure as the controlling shareholder, liquidity will decrease. However, not always when the institutional ownership structure increases, it will decrease the level of liquidity because the effect is not significant. Minority shareholders would prefer to sell their shares rather than buying stocks for a moment's profit when stocks rise in price.

Controlling shareholders one of them is institutional ownership preferring policy disclosure restrictions to unfounded investors from outside the company to protect their personal information. The greater the amount of institutional ownership will reduce the trading rate because institutional ownership does not trade the shares they own. Only individual investors who sell their shares of course with a smaller amount so the liquidity of shares will go down.

CONCLUSION AND RECOMMENDATION

Underpricing has a significant positive effect on liquidity in companies that conduct IPO in 2012-2016. This indicates that high-low liquidity is influenced by the magnitude of underpricing . If underpricing increases then liquidity will increase as well and if underpricing decreases then liquidity will also decrease. The institutional ownership is negatively insignificant to the liquidity of the company conducting the IPO in 2012-2016. This indicates that high-low liquidity is not affected by the amount of institutional ownership.

Suggestions for further researchers are expected to add literacy and reference as a reference in future research with attention to limitations in this study. The limitation of this study is the lack of institutional ownership variables as moderation since underpricing will alter the institutional ownership structure for it to be re-

quired to add to the research hypothesis. For corporate management, corporate management should conduct corporate actions as well as IPOs to add value to the company.

For investors, should first learn the ins and outs of companies who want investors to invest in the company's capital starts from the history, financial reports, company development and news about the company. Investors prefer to choose a company whose institutional ownership structure is not so high as to avoid stocks with low levels of liquidity.

REFERENCES

- Amihud, Y., & Mendelson, H. (1986). Asset Pricing and the Bid-Ask Spread. *Journal of Financial Economics*, 17(2), 223-249.
- Anita, A., & Yulianto, A. (2016). Pengaruh Kepemilikan Manajerial dan Kebijakan Dividen terhadap Nilai Perusahaan. *Management Analysis Journal*, 5(1).
- Atmaja, L. S., (2008). *Teori dan Praktik Manajemen Keuangan*. Yogyakarta: Penerbit ANDI.
- Bauer, W. (2004). Commonality in Liquidity in Pure Order-Driven Markets. National Centre of Competence in Research Working Paper. *Studies in Economics and Finance*, 54(2), 29-54.
- Beatty, R. P. (1989). Auditor Reputation and the Pricing of Initial Public Offerings. *The Accounting Review*, 64(4), 693-709.
- Bodie, Z., Kane, A., & Marcus, A. J. 2012. *Essentials of Investments 9th Edition*. United States: McGraw-Hill.
- Booth, J. R., & Chua, L. (1996). Ownership Dispersion, Costly Information and IPO Underpricing. *Journal of Financial Economics*, 41(2), 291-310.
- Brigham, E. F., & Houston, J. F. (2011). *Dasar-Dasar Manajemen Keuangan*. Jakarta: Salemba Empat.
- Darmadji, T., & Fakhruddin, H. M. (2011). *Pasar Modal di Indonesia Edisi 3*. Jakarta: Salemba Empat.
- Gitman, L. J., & Zutter, C. J. (2012). *Principles of Managerial Finance 13th Edition*. Global Edition: Pearson Education Limited.
- Ghozali, I. (2011). *Analisis Multivariate Program IBM SPSS 19*. Semarang: Badan Penerbit Universitas Diponegoro.
- Ghozali, I. (2013). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 21 Edisi 7*. Semarang: Badan Penerbit Universitas Diponegoro.
- Ghozali, I., & Ratmono, D. (2013). *Analisis Multivariat dan Ekonometrika: Teori, Konsep dan Aplikasi dengan EVIEWS 8*. Semarang: Badan Penerbit Universitas Diponegoro.
- Hanafi, M. M. (2016). Analysis Of IPO Underpricing Fluctuation: Empirical Study in Indonesia Stock Exchange. *Jurnal Dinamika Manajemen*, 7(2), 129-138.
- Indriani, A., & Widyarti, E. T., (2013). Penentu-Penentu Struktur Modal Perusahaan yang Sahamnya Masuk Jakarta Islamic Index. *Jurnal Dinamika Manajemen*, 4(1), 59-68.
- Jannah, I, R., & Khoiruddin, M. (2017). Peran Financial Distress Memediasi Kepemilikan Institusional, Kepemilikan Manajerial terhadap Return Saham. *Management Analysis Journal*, 6(3).
- Khodavandloo, M., & Zakaria, Z. (2016). IPO Underpricing and Aftermarket Liquidity: Evidence from Tehran Stock Exchange. *Journal of Business Studies Quarterly*, 7(4), 91.
- Kim, J. B., Krinsky, I., & Lee, J. (1993). Motivates for Going Public and Underpricing: New Findings from Korea. *Journal of Business Finance & Accounting*, 20(2), 195-211.
- Maftukhah, I. (2013). Kepemilikan Manajerial, Kepemilikan Institusional dan Kinerja Keuangan Sebagai Penentu Struktur Modal Perusahaan. *Jurnal Dinamika Manajemen*, 4(1), 69-81.
- Naes, R. (2004). Ownership Structure and Stock Market Liquidity. Working Paper. *Studies in Economics and Finance*, 33(1), 76-89.
- Nilmawati, N. (2009). Underpricing Pengaruhnya terhadap IPO Aftermarket Liquidity. *Jurnal Keuangan dan Perbankan*, 13(3), 475-486.
- Pham, P. K., Kalev, P. S., & Steen, A. B. (2003). Underpricing, Stock Allocation, Ownership Structure and Post-Listing Liquidity of Newly Listed Firms. *Journal of Banking and Finance*, 27(5), 919-947.
- Prasetyo, T. (2013). Dividen, Hutang dan Kepemilikan Institusional di Pasar Modal Indonesia: Pengujian Teori Keagenan. *Jurnal Dinamika Manajemen*, 4(1), 10-22.
- Pratiwi, R., & Yulianto, A. (2016). Pengaruh Struktur Kepemilikan dan Komisaris Independen terhadap Biaya Keagenan Perusahaan yang Masuk dalam Indonesia Most Trusted Companies. *Management Analysis Journal*, 5(3), 215-228.
- Rahmawati, D., & Khoiruddin, M. (2017). Pengaruh Corporate Governance dan Kinerja Keuangan dalam Memprediksi Kondisi Financial Distress. *Management Analysis Journal*, 6(1).
- Ratnasari, A., & Hudiwinarsih, G. (2009). Analisis Pengaruh Informasi Keuangan, Non Keuangan serta Ekonomi Makro terhadap Underpricing pada Perusahaan ketika IPO. *Buletin Studi Ekonomi*. ISSN, 2580, 85-97.
- Ritter, J. R. (1991). The Long-Run Performance of Initial Public Offerings. *The Journal of Finance*, 46(1), 3-27.
- Ross, W., & Jordan. (2010). *Fundamentals of Corporate Finance*. United States: McGraw-Hill.
- Safitri, T. A. (2013). Asimetri Informasi dan Underpricing. *Jurnal Dinamika Manajemen*, 4(1), 1-9.
- Sapian, Z., Zam, R., Rahim, R. A., & Yong, O. (2013). IPO Underpricing and Aftermarket Liquidity: Evidence from Malaysia. *International Journal of Business & Society*, 14(2), 299-318.
- Sutino, E. R. D., & Khoiruddin, M. (2017). Pengaruh Good Corporate Governance terhadap Manajemen Laba pada Perusahaan yang Masuk

- dalam JII (Jakarta Islamic Index) Tahun 2012-2013. *Management Analysis Journal*, 5(3).
- Tandelilin, E. (2010). *Portofolio dan Investasi*. Yogyakarta: Penerbit Kanisius.
- Widarjono, A. (2009). *Ekonometrika Pengantar dan Aplikasinya Edisi 3*. Yogyakarta: Ekonisia.
- Yosra, G., & Sioud, O. B. O. (2011). Ultimate Ownership Structure and Stock Liquidity: Empirical Evidence from Tunisia. *Studies in Economics and Finance*, 28(4), 282-300.
- Yuliana, V. (2013). Analisis Pengaruh Variabel Keuangan dan Non Keuangan terhadap Initial Return dan Return Setelah IPO. *Management Analysis Journal*, 2(2).
- Yulianto, A. (2013). Keputusan Struktur Modal dan Kebijakan Dividen sebagai Mekanisme Mengurangi Masalah Keagenan. *Jurnal Dinamika Manajemen*, 4(2), 164-183.
- Zheng, S. X., & Li, M. (2008). Underpricing, Ownership Dispersion and Aftermarket Liquidity of IPO Stocks. *Journal of Empirical Finance*, 15(3), 436-454.