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The Effect of Accrual Quality, Underwriter Reputation, and Family Involvement on Corporate Bond Under-pricing

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ARTICLE INFO	ABSTRACT
	This study aims to determine how the influence of Accrual Quality, Underwriter's Reputation and Family Involvement on the under-pricing of corporate bonds in the manufacturing and banking industries during 2017-2021. This research is a quantitative study using secondary data collected through the IDX's official website and the company's website. The population used in this study were all manufacturing and banking companies that issued bonds in 2017-2021 using purposive sampling technique for the sample selection method. This study uses multiple linear analyses, which in this study shows that the reputation of the underwriter has a significant effect on the under-pricing of corporate bonds. Meanwhile, the quality of accruals and family involvement has no significant effect on the under-pricing of corporate bonds.

INTRODUCTION

Along with the progress of the research, the company will always want to develop its business. In developing and running their business, companies need capital for funding. The company has several alternative funding sources, both from within and outside. Companies can use retained earnings as a source of internal company funding. External funding can be through sources originating from credit loans to creditors, issuing debt or bonds, and issuing new shares. The initial process when going public is to make an initial public offering. Based on the statistical data of the Indonesian Capital Market bonds.

The offering value of corporate bonds in Indonesia for five years (2016-2021) on the Indonesian Capital Market has increased. Although public bonds have become the dominant means of external financing for companies, compared to the large number of studies focusing on stock IPOs, very little research has studied bond IPOs. Given the inherent differences between equity and bond markets, studies of equity underpricing may need to provide a reliable indication of bond underpricing patterns. Xu (2017) said that bonds are very different from equity; bond and equity investors have different expectations of the provision of financial information. This study considers bond offerings made by public companies.

An exciting event that occurs during an IPO is an underpricing event. Underpricing is listing an initial public offering (IPO) at a price below its actual value on a stock exchange. Beatty and Ritter (1986) explain that underpricing at the time of listing occurs due to information asymmetry between issuers, underwriters, and between investors. Therefore, investors will always act when faced with

relevant information. When they learn new information affecting the underlying value, they will bid higher for good communication (good news) and lower for wrong information (bad news).

Teti & Montefusco (2021) explain that the phenomenon of IPO underpricing is one of the most widespread and complex problems in the world of finance. Several studies and reports have found evidence of underpricing in more than 50 countries. Developing countries are countries that record the highest level of underpricing. However, this phenomenon is also significant in more developed countries, where capital markets operate at a higher level of efficiency. For example, the UK and US markets report average first-day returns of 15.8% and 16.8%, respectively, indicating that market efficiency can reduce underpricing rates.

Although the roots of underpricing date back to the last decades of the 20th century, the topic is still of great interest to market participants due to the massive transfer of wealth from companies issuing offers to investors as a consequence of IPOs. Due to the great economic importance of first-day returns, financial researchers have tried to identify the main drivers of underpricing and can understand whether the issuing company can influence its degree by using certain internal or external variables of the company itself.

This study aims to examine the existence of such underpricing in Indonesian companies and study the factors that can explain its persistence. An interesting phenomenon that occurs during an IPO is the underpricing phenomenon. Underpricing is recording an initial public offering (IPO) at a price below its actual value on the stock market. Beatty and Ritter (1986) revealed that underpricing in the primary market was caused by asymmetric information between issuers, underwriters, and investors.

Risal (2014) says that company owners want to minimize underpricing because underpricing will cause the transfer of assets and wealth or owner's wealth to investors. When underpricing occurs, the funds received from the go-public company could be more optimal. Xu (2017) argues that revenue is more precise and reliable in reducing adverse selection costs by reducing information asymmetry between issuers and bondholders. Therefore, this study documents that firms with lower accrual quality are associated with higher bond underpricing.

To expand the test in this study, the researcher added the Underwriter Reputation variable, which the researcher assumed was also a variable that affected corporate bond underpricing. The underwriter is a party that guarantees the issuance of a company that will trade stocks or, in this case, bonds on the capital market. Nielsen (2021) explains that the value created between the securities issuer and the underwriter can be characterized as relationship capital (relationship capital).

Pratama (2017) states that Investors can invest their capital with confidence because underwriters with a good reputation and reputation say that they will not take any form of guarantee against a company with a bad reputation. Xu (2017) also explains that one of the mechanisms that can reduce this uncertainty is the existence of a reputable Underwriter who can provide signals and ensure the quality of the issuer's accruals.

Family Involvement is the level of family ownership in a company. Setianto et al. I (2007; 4) explain that a family company is owned and managed by a founding family member. Where the presence of the family here is as Controlling. One of the things that can be controlled is the company's financial decisions. The presence of the family as a shareholder is thought to have an impact on several aspects of the company, including Corporate Bond Underpricing. To expand the test in this study, the researchers added the family involvement variable to influence Corporate Bond Underpricing.

MATERIALS AND METHODS
MATERIALS
Signaling Theory

Signaling Theory or commonly known as signaling theory. This Theory discusses the rise and fall of prices in the market so that it will influence investors' decisions. This Theory explains that companies that give signals to the market in the form of information to inform that companies voluntarily report to the capital market so that investors want to invest their funds, then managers will send signals by providing good financial reports that aim to increase share value.

Signaling Theory explains why companies urge to provide financial statement information to external parties, namely investors, Wolk, (2004). The signal theory emphasizes the importance of the information that the company will issue to the investment decisions of external parties. In this case, investors' information received by market participants will be distinguished and analyzed as a good signal (good news) or a bad signal (bad news). The company will try to give a good signal to external parties to show that the company has good prospects. This signal will be responded to by investors

through changes in trading volume, an increase in trading volume will increase stock or bond prices. Investor responses to these good or bad signals will affect market conditions, they will react according to the signals they receive.

Signal theory emphasizes the importance of the information that will be released by the company on investment decisions by outsiders who always carry out the disclosure of information needed and desired by investors, especially if the information released by the company's management is suitable for their needs. This information signals investors to determine the investment decisions they will make. Signaling theory is a signal for investors in picking or choosing an investment decision to make.

Underpricing

Underpricing is a condition in which the IPO price is lower than the share price in the secondary market, which is largely due to information asymmetry (Baron, 1982; Ljungqvist, 2004; Widarjo & Bandi, 2018), and such underpricing is usually considered a cost of going public (Too et al. al., 2015). According to (Susanti & Idayati, 2020), Underpricing is due to information asymmetry. To overcome this, the company must issue a prospectus report containing company financial information and non-financial information.

According to Manurung (2009), bond underpricing is somewhat different from stock underpricing because the two instruments are different, where stocks are considered risky instruments for investors while companies are not at risk. Companies have the notion that bonds are a very risky source of funding, while investors consider them risky. Bond underpricing can mainly occur due to macro conditions and the demand for these products. However, the allocation of bond offerings also contributed to the underpricing.

Underpricing occurs because the company and the underwriter (Underwriter) incorrectly determine the price, the initial price at the time of the IPO is lower due to information asymmetry that occurs between the issuer and the Underwriter. Information asymmetry is when one party has more information and does not share that information with other parties. Underpricing can also occur because there is a signal from the company to encourage investors to buy the company's initial bonds above the price offered. These signals can be either financial or non-financial.

Corporate Bond

Bonds are letters of acknowledgment of the debt by an entity, usually in the form of a limited liability company with a promise to provide interest at a specific rate, Wiagustini (2014). Bonds are letters of acknowledgment of debt for loans received by bond-issuing companies from public investors. Corporate bonds are bonds issued by national private companies, including BUMN and BUMD (www.idx.co.id). Tandelin (2010) explains that bonds have several advantages compared to stocks in terms of paying returns. Bond and stock prices have special characteristics: market interest rates, liquidity, callability, coupon maturity, and ratings.

Generally, debt securities are traded through an over the counter (OTC) mechanism. The Exchange provides a special system to facilitate trading of debt securities, known as FITS (Fixed Income Trading System). FITS is a system (automated remote trading) owned by the Indonesia Stock Exchange to facilitate trading of debt securities in Indonesia. Besides that, there is a reporting system for debt securities transactions known as CTP-PLTE (Centralized Trading Platform - Securities Transaction Reporting). CTP-PLTE is an electronic system that can be used to trade and report debt securities transactions.

With the trading of debt securities, the formation of debt securities prices will occur, influenced by the demand for and supply of these debt securities. Interest rates, risk factors, and maturity can affect the fair price of debt securities traded on the Exchange.

Accrual Quality

Lyimo (2014) explains that financial reports that are often used as investment decisions are income statements. Because profit can better describe the company's performance. The profit presented in the income statement contains an accrual element. Accrual policy by management can affect the quality of earnings and the quality of the company's financial statements. The accrual quality of financial statements is important for assessing the quality of financial statements, which can also affect investment decisions. According to Xu (2017), high accrual quality provides outside investors with better knowledge of the value of the issuing company, and information asymmetry between issuers and investors and between informed and uninformed investors can be reduced. Thus, the level of underpricing of corporate bonds can be reduced.

Accrual quality is one of the proxies used to measure the quality of earnings presented in financial reports (Zettira, 2016). Earnings are said to be of quality when the components of earnings can provide relevant and representative information for stakeholders in making the right decisions in the future, Dechow et al. (2010). The quality of accruals is useful for calculating the error rate for using accruals in company profits. Barth et al. (2001) stated that accruals have information related to future cash flows in the predictive ability of earnings to predict future cash flows.

Underwriter Reputation

According to Law No. 8 of 1995 concerning Capital Markets, an underwriter is a party that enters into a contract with an issuer to conduct a public offering for the benefit of the issuer with or without the obligation to purchase the remaining unsold securities. Prior to the placement of shares, the underwriter assists the company in preparing the prospectus and provides an appropriate assessment to determine the share price in the primary market. Experienced and reputable underwriters will organize an IPO professionally and provide better service to investors to show the company's stability and seriousness toward investors.

The underwriter is the party that bridges the interests of issuers and investors, namely, being responsible for selling the issuer's securities to investors. The problem of setting the price of shares offered to prospective buyers is not easy because the vulnerability of small mistakes that occur during an IPO can lead to an IPO failure. A selling price that is too expensive will cause the securities not to sell. Underwriters have more information about market conditions than issuers. As for investors, underwriters also have more information about issuers than investors, so pricing becomes very important in the underwriter's position.

Companies conducting an IPO will certainly choose underwriters with a better reputation to serve as guarantors for bonds that will be offered on the primary market. This is because the underwriter has a better reputation which is expected to attract the attention of prospectus report readers in considering investment decisions. There is a growing notion that underwriters have a good reputation and that being more trustworthy will bring investment returns in the future. This is because underwriters with a good reputation have more information and sophisticated predictive tools.

Family Involvement

In general, a family company is a company that is owned and managed by some or most of the family members. These family members occupy important positions in the company, both as owners and shareholders, and the company's managerial structure. The company is referred to as a family company where the founder or descendants or his family, whether related by blood or marriage, is the biggest block holder in the company Ellul (2010). Another definition is that a company can be said to be a family company if there is an individual ownership of 20% or more where the individual also joins the company's executive ranks or top management (La porta et al., 1999).

Family firms play an increasingly important role in global stock markets. Consequently, the underpricing of their initial public offerings (IPOs) is receiving increasing attention among management and financial experts (Kotlar et al., 2017). IPO underpricing, defined as the increase in the stock price on the first day of trading, is a discount to the fair value at which the company's stock price was original. In other words, when the initial offering price is lower than the price at the end of the first trading day, the stock is considered to have been underpriced. Family Involvement is family involvement in a company where family members, individuals, and groups own a majority of shares in the company. The role of family involvement is said to be family involvement if family members are the owners of the majority of shares and exercise control through direct or indirect ownership without direct participation in company management (Gonzalez, 2012).

According to Setianto & Sari (2017), the involvement of members apart from share ownership can also come from the family that leads the company (family generation) and the number of family members involved in the composition of the board of directors and commissioners (family members). Family generation is the generation of families who lead the company. The first generation can be called founder-controlled if the company's founder still serves as Chief Executive Officer (CEO). The CEO, commonly known as the main director, has a very important role in making company decisions.

Hypotheses
Effect of Accrual Quality on Corporate Bond Underpricing

Various models are used to explain underpricing in several literatures, the most common of which is information asymmetry. Therefore it is reasonable for researchers to examine the impact of the quality of financial statement information. Previous research offers insight into the effect of financial reporting quality on underpricing. Schrand and Verrecchia (2005) conclude that more

disclosure before an IPO is associated with lower underpricing. Similar results when using credit rating as a proxy for information risk, Cai et al. (2007) found that bond issuers with unfavorable credit ratings experienced greater underpricing than issuers with favorable credit ratings. Other studies investigate this relationship from Ball and Shivakumar's perspective of earnings management (2008) and Lin and Tian's (2012) accounting conservatism. Boulton et al. (2011) found similar conclusions in international settings.

Xu (2017) said that high accrual quality gives investors better knowledge about the value of the issuing company, and the information asymmetry between issuers and investors and between informed and uninformed investors can be reduced. This argument leads to the first hypothesis in this study, namely:

H1: Accrual Quality has a negative effect on Corporate Bond Underpricing

Effect of Underwriter Reputation on Corporate Bond Underpricing

The second hypothesis in this study is how the underwriter's reputation affects the underpricing bond relationship. In this study, researchers focused on the Underwriter. There are two rational explanations for the existence of a reputable underwriter. First, reputable underwriters are used to reduce information asymmetry (Brau & Fawcett, 2006; Kim et al., 2010; Chang et al., 2010). Leading underwriters maintain their valuable reputation by mitigating issuer's earnings management (Lee & Masulis, 2011). Jo et al. (2007) studied a related issue in the experienced equity offering market and found evidence of an inverse relationship between underwriter quality and issuers' earnings management. Second, Titman and Trueman (1986) found that issuers with good information about firm value are more likely to choose high-quality underwriters than issuers with less good information. In other words, issuers confident in the quality of their financial reporting are more likely to hire high-quality underwriters, giving signals to the market.

Research by Sharma and Seraphim (2010) found that prestigious investment banks have a significant effect on underpricing in the Indian capital market; findings for investment bank prestige proxies show that investors are willing to pay more for IPOs managed by prestigious investment banks. In other words, IPOs managed by prestigious underwriters show low underpricing. The same logic applies to investment banks. High-profile banks want to manage the fundamental issues of the company with a good business profile and growth prospects. So if the underwriter's reputation is high, of course, the underwriter will maintain a good image and integrity to the public by providing complete and not misleading information. For this reason, the researcher proposes the second hypothesis in this study, namely:

H2: Underwriter Reputation has a negative effect on Corporate Bond Underpricing

Effect of Family Involvement on Corporate Bond Underpricing

Atmaja (2021) explains that Indonesia has adopted a two-tier board system consisting of a Board of Directors and Commissioners. These two boards are similar to executive and non-executive directors in countries with a single-tier system. The Board of Commissioners aims to supervise the Directors. Generally, the controlling family in family companies in Indonesia places family members on the Board of Commissioners as chairman and/or the Board of Directors as CEO. Investors see this positively as a way for companies to reduce the Agency Problem and are willing to pay a higher IPO share price.

Several previous studies have provided insight into family involvement in underpricing. Cao et. (2021) found that political ties and family involvement, which serve as a general compensatory mechanism for institutional deficiencies, can significantly reduce IPO underpricing of non-SOEs in China. Meanwhile, Alrubaishi (2019) found that family firms had a negative and significant relationship with IPO underpricing. Atmaja (2021) found that family involvement in company management negatively impacts IPO underpricing. Yang (2020) finds that Chinese family firms tend to show less IPO underpricing than non-family firms. Based on the results of this research, the third hypothesis in this study is:

H3: Family Involvement has a negative effect on Corporate Bond Underpricing
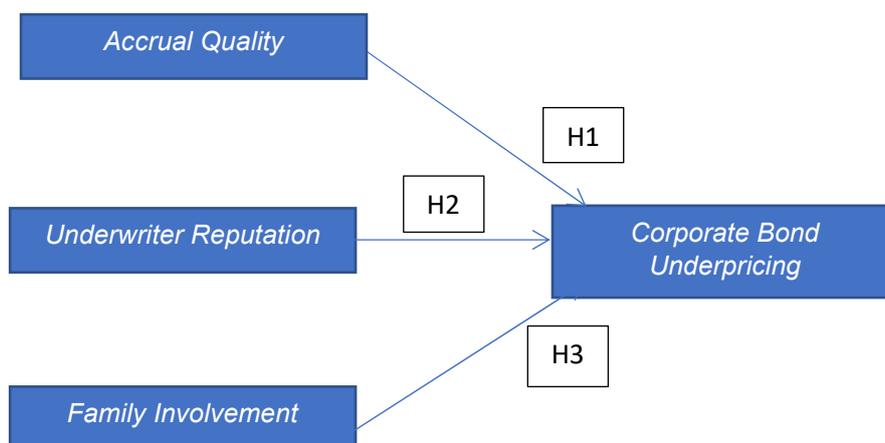
Figure 1. Research Model

METHOD

This research is empirical (empirical research), is quantitative, and explains and describes how the effects of the phenomena studied. The population in this study is all shares of companies in the manufacturing and banking industries that issue bonds on the IDX for the 2017-2021 period. Sampling in this study used a purposive sampling technique. The criteria for sample selection are:

1. Manufacturing and banking industry companies listed on the Indonesia Stock Exchange (IDX) during the 2017-2021 period
2. Companies that publish annual financial reports for the period 31 December 2017-2021
3. Companies conducting IPO bonds in 2017 – 2021

The type of data used in this study is secondary data obtained from annual reports and financial statements of companies listed on the Indonesia Stock Exchange for 2017-2021 obtained through the IDX (Indonesian Stock Exchange) website. The dependent variable used in this study is Corporate Bond Underpricing. The independent variables in this study consist of three predictors, namely Accrual Quality, Underwriter Reputation, and Family Involvement). This research also involves two control variables, as has been done by several previous studies: company age and Return on Assets (ROA). In line with previous research by Xu (2017), this study measures market-adjusted abnormal returns for the first trading day as a proxy for underpricing bonds. The measurements used are as follows:

$$Corporate\ bond\ Underpricing\ = \frac{closing\ Price\ -\ IPO\ Price}{IPO\ Price} \times 100\%$$

To measure accrual quality, researchers use proxies used in research conducted by Xu et al. 2017, Francis et al. 2005 and Lu et al. 2010. This study focuses on the accuracy of accruals in conveying information about cash flows to stakeholders, in this case, investors. bond. This study uses a measure proposed by Dhecow and Dichev (2002). Xu (2017) explains that in this model, Accrual Quality is measured by the extent to which the current work model's accruals map to operating cash flows from the previous, current, and future periods. With the following formula:

$$\frac{TCA_{i,t}}{AvgAssets_{i,t}} = \beta_0 + \beta_1 \frac{CFO_{i,t-1}}{AvgAssets_{i,t}} + \beta_2 \frac{CFO_{i,t}}{AvgAssets_{i,t}} + \beta_3 \frac{CFO_{i,t+1}}{AvgAssets_{i,t}} + \varepsilon_{i,t}$$

The measurement of underwriter reputation in each study may vary, Kurniawan and Haryanto (2018) explain how to measure the underwriter reputation variable, which is done by giving a value of 1 to the underwriter who is in the top 10 of the 50 most active IDX members in total trading frequency, while for underwriters who are not included in the top 10 are given a value of 0. Data on the reputation of underwriters is obtained each year from the IDX Fact Book. Underwriters in the top 10 of the 50

most active IDX members in total trading frequency show that the underwriters are active in trading. Therefore, underwriters in the top 10 of the 50 most active IDX members in total trading frequency are believed to have a good reputation.

Based on the existing family business literature, researchers decided that the company must meet the criteria as a business that involves families (Banalieva et al., 2015; Chrisman & Patel, 2012). Family involvement is the presence of the family in the management and governance of the company (Marin et al., 2016). This refers to a situation where there are family elements in the structure of the commissioners and/or directors who participate in the company's operational activities. Measurement of family involvement refers to Marin et al. (2016) and Martinez and Ramalho (2014).

$$Family\ Involvement = \frac{Total\ Number\ of\ family\ members\ as\ commissioners}{total\ number\ of\ members\ of\ the\ board\ of\ commissioners} \times 100\%$$

In the control variable, company age shows how long the company has been established. The longer the company has existed. The longer the company has experienced so many events and lessons that can be used as a guide to continue to provide the best performance. The age of the company is measured from the time it was founded until the time the research was conducted:

$$Company\ Age = Ln\ (Year\ of\ Research\ \text{-}\ year\ the\ company\ was\ founded)$$

Profitability is the company's ability to generate profits. Profitability in this study is measured using a comparison between net income and total assets (Jannah & Muid, 2014). The formula for calculating the profitability ratio is as follows:

$$ROA = Net\ Profit\ /\ Total\ Assets$$

The analysis technique used in this study is multiple linear regression analysis. Research variable data is processed using the Software Statistical Product and Service Solution (SPSS) program. The analytical method includes descriptive statistical analysis, classical assumption test, regression analysis, and hypothesis testing. Four assumption tests must be carried out in the Classical Assumption test, including the normality test, autocorrelation test, heteroscedasticity test, and multicollinearity test. The regression model built in this study is as follows:

$$CBU_{it} = \alpha + AQ_{it} + URep_{it} + FInv_{it} + e$$

CBU_{it} = Corporate Bond Underpricing at company i period t
α = Constant value
AQ_{it} = Accrual Quality at company i period t
$URep_{it}$ = Underwriter reputation at company i period t
$FInv_{it}$ = Family involvement in company i period t
e = Residual error

RESULTS AND DISCUSSION

RESULTS

The objects used in this study are all companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021. The companies that will be sampled in this study are companies listed on the IDX. The company consists of (a) the agricultural sector; (b) the mining sector; (c) the basic and chemical industry sector; (d) various industrial sectors; (e) consumer goods industry sector. The research sample was selected using a purposive sampling technique. Based on the criteria set, the number of samples that meets the criteria is 16. Thus the number of observations in this study is 40 observations.

Descriptive Statistical Analysis

Descriptive statistical analysis aims to look at the characteristics of the research variable data based on the average value, the highest value, the lowest value, and the standard deviation resulting from the research variables. Table 1 below presents descriptive statistics on the variables in the study:

Table 1. Descriptive Analysis Results

	N	Minimum	Maximum	Mean	Std. Deviation
CBUP	40	.00040	.00990	.0027625	.00154931
AQ	40	-1.37000	-.01000	-.4315000	.33085398
Urep	40	.00	1.00	.5750	.50064
Finv	40	.00	.67	.2403	.22222
ROA	40	-4.00000	18.37000	4.8652500	4.63288468
UP	40	9	105	41.03	24.034
Valid N (listwise)	40				

Source: Processed data, 2022

Table 1 shows the descriptive statistics of each variable used: corporate bond underpricing, accrual quality, underwriter reputation, profitability (ROA), and company age. The minimum value for the corporate bond underpricing variable is 0.00040, which means that the minimum value for the entire corporate bond underpricing data is 0.0040. While the maximum value of corporate bond underpricing is 0.00990 of the total data on corporate bond underpricing. Corporate bond underpricing has an average value of 0.00277. Table 1 also shows the descriptive statistical analysis results for the Accrual Quality variable, which shows that the minimum value for this variable is -1.37. While the maximum value for the Accrual quality variable is -0.01000 with an average value of -0.431. The underwriter reputation variable has a minimum value of 0 and a maximum value of 1, where this variable uses Dummy measurements. With an average value of 0.5750. As for the family involvement variable, it uses the proportion of family ownership in the composition of the board of commissioners. The results also show that the minimum value is 0 for the family involvement variable, with a maximum value of 0.67 and an average of 0.24. The profitability control variable (ROA) has a minimum value of -4.0, a maximum value of 18.370, and the average of this variable is 4.865. In the company age variable, the minimum value obtained is 9, the maximum value is 105, and the average value is 41.03.

Normality Test Results

The normality test was carried out to determine the distribution of the data used in the study. To identify whether the data is usually distributed, can use the Kolmogorov-Smirnov test (K-S test). The following table shows the results of the Normality Test that has been carried out:

Table 2. Kormogolov-Smirnov Test Results

		Unstandardized Residual
N		40
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.00127933
Most Extreme Differences	Absolute	.149
	Positive	.149
	Negative	-.089
Test Statistic		.149
Asymp. Sig. (2-tailed)		.025[c]

a. Test distribution is Normal.
b. Calculated from data.

Source: Processed data, 2022

Based on table 2 of the normality test results above, the test used in this study was the Kolmogorov-Smirnov statistical test. The research data is usually distributed if the Asymp.sig (2-tailed) value of the residual variance is > 0.05. Conversely, if the Asymp.sig (2-tailed) value of the residual variance is <0.05, the data is said to be not normally distributed. Based on the normality test conducted, it is known that the data in the study are not normally distributed. Where the significant value obtained is 0.025. Gujarati (2004) states that the assumption of normality is not very important in large data sets, namely, the number of data that is more than 30. In this study, the number of observations was 2,212 observations. So that the assumption of normality in this study is not too problematic.

Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a correlation between the independent (independent) variables. Table 3 below shows the results of the multicollinearity test that was carried out in the study:

Table 3. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	AQ	.406	2.463
	Urep	.872	1.147
	Finv	.478	2.091
	ROA	.641	1.561
	UP	.356	2.810

a. Dependent Variable: CBUP

Source: Processed data, 2022

Table 3 shows the results of the multicollinearity test, where the regression model is said to be good if there is no correlation between the independent variables. Whether or not multicollinearity exists can be seen from the tolerance value and its opponent, namely the variance inflation factor (VIF). The cutoff value commonly used to indicate the presence of multicollinearity is if the tolerance value is ≤ 0.10 or equal to the VIF value ≥ 10, it can be said that the data contains multicollinearity. Based on the data in table 3, the VIF results for each variable indicate that each variable's value meets the multicollinearity test requirements.

Autocorrelation Test Results

The autocorrelation test aims to test whether, in the linear regression model, there is a correlation between the confounding errors in period t and the confounding errors in the t-1 (previous) period. Autocorrelation arises because successive observations over time are related to one another. This is often found in time series data because certain samples or observations tend to be influenced by previous observations. To detect autocorrelation by doing the Durbin–Watson test (DW test). The following table shows the results of the autocorrelation test that has been carried out in this study:

Table 4. Durbin-Watson Calculation Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.564[a]	.318	.218	.00137018	1.776

Source: Processed data, 2022

Table 4 shows that the Durbin-Watson score is 1.776. The results obtained in the data processing stage show that DW numbers are more significant than the du value and smaller than the 4-du value. So, it can be concluded that the regression model to be formed does not detect autocorrelation symptoms, so the research phase can be continued.

Heteroscedasticity Test Results

The heteroscedasticity test aims to test whether, in the regression model, there is an inequality of variance from the residuals of one observation to another. The basis for making decisions for statistical tests is using the Glejser test, with a significant level above 5%, it can be concluded that there is no heteroscedasticity. However, if the significance level is below 5%, then there are symptoms of heteroscedasticity. The following table shows the results of the heteroscedasticity test that has been carried out in this study:

Table 5. Glejser Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.001	.001		.832	.411
AQ	-.001	.001	-.177	-.705	.486
Urep	.000	.000	-.112	-.655	.517
Finv	-.002	.001	-.425	-1.843	.074
ROA	5.129E-6	.000	.024	.122	.904
UP	1.282E-5	.000	.315	1.175	.248

a. Dependent Variable: ABS_RES

Source: Processed data, 2022

Table 5 shows that all independent variables have a significant value above 0.05. It can be concluded that the regression model to be formed does not detect heteroscedasticity.

Hypothesis Testing Results

The regression model used in this study is multiple regression analysis. The multiple regression analysis technique is a test technique used to determine the effect of independent variables, namely accrual quality, underwriter reputation, and familial involvement, on the dependent variable, namely corporate bond underpricing. Multiple regression analysis was performed using the SPSS program. The following are the processed results of the regression from the study:

Table 6. Hypothesis Test Results

Variable	Coefficient	UJI t		Uji F		Uji R Square
		T	Sig.	F	Sig.	
(*Constant*)	.003	2.644	.012	3.173	.019[b]	0,218
AQ	-.002	-1.497	.144			
URep	-.001	-2.488	.018			
FInv	.000	-.217	.829			
ROA	-5.77	-.976	.336			
Umur Perusahaan	9.45	.618	.541			

a. Dependent Variable: CBUP

b. Predictors: (Constant), UP, URep, FInv, AQ, ROA

Source: Processed data, 2022

Based on the results of testing the hypothesis of the effect of accrual quality, underwriter reputation, and Family Involvement on Corporate Bond Underpricing in table 6, the constant value is 0.003. Without accrual quality, underwriter reputation, and family involvement variables on Corporate Bond Underpricing, the Corporate Bond Underpricing value is 0.003. Based on the results of the accrual quality, underwriter reputation, and Family Involvement hypothesis testing on Corporate Bond Underpricing in table 4.8, the t-test is used to determine whether the independent variables accrual quality, underwriter reputation, and Family Involvement affect the dependent, namely Corporate Bond Underpricing. Regression results for the Accrual Quality variable have a significance value of 0.144, where the significance value is more significant than 0.05. So, this means that hypothesis 1 is rejected. Thus, it can be concluded that Accrual quality does not affect Corporate Bond Underpricing.

Table 6 also shows the regression results of the Underwriter Reputation variable, which has a significant value of 0.018. The significance value is less than 0.05. So, this implies that hypothesis 2 is accepted. Thus, it can be concluded that the Underwriter's Reputation influences Corporate Bond Underpricing. The regression results for the family involvement variable have a significance value of 0.829, where the significance value is greater than 0.05. So, this means that hypothesis 3 is rejected. Thus, it can be concluded that family involvement does not affect corporate bond underpricing. The company age variable has a significance value of 0.541, where the significance value is greater than 0.05. Thus, it can be concluded that the company's age does not affect Corporate Bond Underpricing. The same result was found for the profitability variable, which had a significance value of 0.336,

where the significance value was greater than 0.05. Thus, it can be concluded that profitability does not affect Corporate Bond Underpricing.

Based on the results of hypothesis testing in table 6, the F test is used to determine whether the regression model can predict the relationship of all independent variables to the dependent variable. This test is seen from the probability value using the F distribution. The results of multiple regression processing show that this model can predict the relationship of all independent variables to the dependent variable. Based on a significance level of 5% or 0.05, if the p-value <0.05, then the research model can be used. Conversely, if the p-value is > 0.05, there is no joint relationship between the independent and dependent variables. Based on the results of the regression equation model test, the significant value is 0.019, where this value does not prove that the research model can be continued or accepted. The obtained F count of 3.173 compared with the F table, which is worth 2.449. The hypothesis is accepted if F count > F table, it can be concluded that the results of the calculated f test compared with the F table of the F test results in this study are acceptable. It can be said that the model proposed in this study is feasible to be tested.

The R^2 value is entered to determine a better level of accuracy in the regression analysis. The regression's precision level is shown by the magnitude of the coefficient of determination R^2, whose magnitude is zero and one ($0 \leq R^2 \leq 1$). From Table 6, it can be seen that the adjusted R2 value is 0.218. This indicates that 0.218 or 21.8% of Corporate Bond Underpricing is influenced by independent variables, namely accrual quality, underwriter reputation, and Family Involvement. While other variables influence the remaining 78.2%.

DISCUSSION
Effect of Accrual Quality on Corporate Bond Underpricing

The first hypothesis put forward in this study is that Accrual Quality has an influence on corporate bond underpricing. The analysis results show a significance value of 0.144 greater than α = 0.05. Based on the results of the analysis shows that there is no significant effect between Accrual Quality and corporate bond underpricing. It can be said that the first hypothesis proposed in this study was rejected.

Accrual Quality has no effect on corporate bond underpricing, which means that the proxy used to measure accrual quality in this study cannot prove its effect on corporate bond underpricing, as found in Xu (2017). This shows that an increase or decrease in Accrual Quality does not significantly affect corporate bond underpricing. H1 is not accepted in this study because investors do not pay much attention to information about Accrual Quality. Based on the signaling theory in developing the hypothesis, it says that a higher Accrual Quality value can reduce underpricing. However, in research, this hypothesis is not proven. This study provides evidence that is different from what was previously done by Xu (2017).

Profit (earnings) is one of the main sources of company-specific information. Profit (earnings) reflects the performance and accountability of management in managing the company. Earnings are also a good source of information regarding predictions of future cash flows and the condition of the company in the future. Earnings arranged on an accrual basis can show the economic implications of existing transactions and events. However, in its preparation, earnings in accrual-based accounting are inseparable from estimates, assumptions, and accounting policy choices determined by the judgment of the entity's management. Sugandi and Syarif (2013) say that management's discretion in selecting accruals can cause distortions in the usefulness and quality of earnings. Management in determining accruals may make calculation errors in the selection of estimates, assumptions, and accounting policies due to certain limitations. This flexibility possessed by management can also be deliberately used by management to manipulate earnings (earnings management) because of particular motives and incentives from the management.

Information asymmetry between managers, owners, investors, and other parties encourages companies to publish information about the company, such as financial reports, to reduce this information asymmetry. However, companies are competing to show that they are of good quality, for example, by showing good profit growth. This is explained in the signaling theory. In conditions of information inequality, it is difficult for investors to objectively differentiate between high-quality and low-quality firms (Gumanti, 2009). Denis and Serin (1999) noted that the low post-IPO performance was due to management's "incorrect" measurement of earnings. This condition affects investors' interpretation of company performance. It causes investors to have wrong expectations of the company's future profitability so that it is possible for potential investors to ignore information about the quality of accruals in making investment decisions.

Effect of Underwriter Reputation on Corporate Bond Underpricing

The second hypothesis proposed in this study is that underwriter reputation influences corporate bond underpricing. The analysis results show a significance value of 0.018, less than α = 0.05. Based on the results of the analysis, shows that underwriter reputation and corporate bond underpricing have a significant influence. It can be said that the second hypothesis proposed in this study is accepted.

Underwriter Reputation has a negative effect on corporate bond underpricing. This means that the higher the value of the underwriter's reputation, the lower the level of underpricing. This indicates that the underwriter's reputation is one of the information used as a reference by potential investors in making investment decisions, in this case, bonds. These results also provide evidence that underwriters with a good reputation or image will not carry out guarantee actions against companies with a low reputation, so this will gain investors' trust to invest their capital.

The results of this study support the results of previous research conducted by Solida (2020), which tested the factors that influence underpricing during an IPO—finding that a high reputation for underwriters can minimize the occurrence of the phenomenon of underpricing. The results of this study also support the statement of Pratama (2017), which states that underwriters with a good reputation or image will not carry out underwriting actions against companies with a low reputation, so this will gain the trust of investors to invest their capital.

Effect of Family Involvement on Corporate Bond Under-pricing

The third hypothesis put forward in this study is that family involvement has an influence on corporate bond underpricing. The analysis results show a significance value of 0.829, greater than α = 0.05. The analysis results show that family involvement and corporate bond underpricing have no significant effect. It can be said that the third hypothesis proposed in this study was rejected.

Family Involvement has no effect on corporate bond underpricing. This shows that investors tend to ignore the existence of family involvement in the company when making investment considerations. Atmaja (2021) states that Indonesia adopts a two-tier board system consisting of a Board of Directors and Commissioners. These two boards are similar to executive and non-executive directors in countries with a single-tier system. The Board of Commissioners aims to supervise the Directors. Generally, the controlling family in family companies in Indonesia places family members on the Board of Commissioners as chairman and/or the Board of Directors as CEO. The existence of family members on the board of commissioners serves to protect the interests of the family in the company. Sener & Akben (2019) stated that the Main Commissioner's Family has the duty and responsibility to supervise and contribute to the Board of Directors and act as a lobbyist between shareholders and management. Here it will be possible for commissioners with potential family members not to function correctly on directors' performance because of the family relationship, so some investors may need to pay more attention to information regarding the presence of family members on the board of commissioners in making investment decisions.

CONCLUSIONS AND SUGGESTIONS

This study aims to see the influence of Accrual Quality, Underwriter Reputation, and Family Involvement on Corporate bond Underpricing in companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021. Based on the results of testing the data that has been done, this study concludes that accrual quality has no significant effect on corporate bond under-pricing in manufacturing and banking companies listed on the Indonesia Stock Exchange (IDX). Similar results were also found for Family Involvement, which did not significantly affect Corporate bond Underpricing. In contrast, underwriter reputation has been shown to significantly influence corporate bond under-pricing in manufacturing and banking companies listed on the Indonesia Stock Exchange (IDX).

This study has several limitations that can be developed by further research. Some limitations include the research sample being limited only to the manufacturing and banking industries. Future research can utilize the definitive data stream to develop populations and samples in other sector companies. In addition, this study only uses one proxy to represent each research variable. Future studies can use different proxies for each variable based on the existing literature. This makes it possible for further research to obtain different results.

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