

IPO UNDERPRICING: EVIDENCE FROM MALAYSIA

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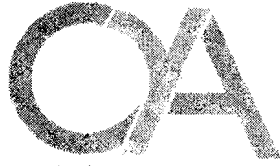
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HARGA SAHAM MURAH DALAM PENYENERAIAAN BARU: BUKTI DARIPADA MALAYSIA

ABSTRAK

Harga saham murah dalam penyenaiaian baru telah didokumenkan sebagai fenomena anomali oleh pelbagai kajian empirik. Tujuan utama kajian ini adalah untuk mengkaji soalan kajian sama ada beberapa proksi di bawah teori maklumat asimetris khususnya model Sumpahan Pemenang “Winner’s Curse” dan model Isyarat “Signaling” mempengaruhi harga saham murah di pasaran Malaysia. Kajian ini telah menggunakan sampel sebanyak 125 saham penyenaiaian baru dalam tempoh dari 2005 hingga 2009. Hasil kajiannya menunjukkan bahawa hasil kasar, institusi penanggung kewangan, pegangan dalaman dan modal pasaran didapati signifikan dalam menjelaskan tahap harga saham murah dalam penyenaiaian baru. Tetapi sebaliknya, keputusan menunjukkan bahawa usia syarikat dan tempoh di antara tarikh prospektus dan tarikh pendaftaran tidak menjelaskan pengaruh ke atas harga saham murah di Malaysia bagi tempoh kajiannya.

IPO UNDERPRICING: EVIDENCE FROM MALAYSIA

ABSTRACT

The underpricing of initial public offerings (IPOs) are anomalies well documented by numerous empirical studies. The aim of this thesis is to examine whether or not a variety of different proxies employed under the asymmetric information theory particularly the Winner's Curse and Signaling models influence underpricing in the Malaysian market. The study used a sample of 125 the Malaysian IPOs in the period between 2005 to 2009. The result shows that gross proceeds, underwriter, insider retention and market capitalization are significant in explaining the degree of underpricing in IPOs. However on other hand, the findings show that age of company and the gap between prospectus and listing dates could not explain the extent of underpricing in Malaysia for the studied period.

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CHAPTER ONE

1.1 Background of the Study

Several studies were conducted to explore the phenomenon of IPOs in many major stock exchanges internationally since a few decades ago. Research provides a variety of opinions on and implications of IPO initial return, either overpriced or underpriced, that varies by the market and economic conditions of each country. It may not be surprising to find that IPOs in Malaysia have provided different impacts according to the local economic and market factors at different periods when a few surveys were conducted.

Initial Public Offering is known as IPO which means a company issues shares for the first time on the stock exchange to the public. A unique feature is, when the company does the IPO, the company does not only issue shares on the board of exchange, but also for the first time in its history, the company lists its shares at the bourse (Derrien and Kecskes., 2007).

There are number of factors which have prompted the companies list at the board of the exchange. Firstly, the company can reduce the cost of funding for operations and investment. Furthermore, the exchange bourse creates a special place for investment through IPO to raise capital and to diversify the investment of the existing shareholders of companies in order to increase their capital gains respectively. Indirectly, the situation helps to reduce the company's amount of borrowing from banks (known as a debt), which usually becomes a burden. Next, IPO

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