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## “An Impact Of IPO Market Timing”

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### ABSTRACT:

This research investigates the impact of IPO market timing on a company's performance. The study explores the relationship between timing an IPO during favorable market conditions and factors like higher initial returns, better long-term performance, and positive investor sentiment. A review of existing literature finds support for the notion that timing plays a crucial role. Companies launching IPOs in favorable markets tend to experience greater success. Conversely, those entering volatile markets may face challenges and lower returns. The research design utilizes secondary data from financial databases, academic journals, and reports. The data analysis compares IPO performance during different market conditions. The findings suggest that careful consideration of IPO timing is essential to maximize a company's potential for success. By choosing the right market window, companies can increase their chances of achieving positive initial and long-term outcomes.

### KEYWORDS:

IPO (Initial Public Offering), Market Timing, Impact Analysis, Investor Behavior, Financial Markets, Timing Strategies, IPO Performance, Market Volatility

### INTRODUCTION:

Initial Public Offerings (IPOs) represent a significant milestone for companies, allowing them to raise capital for growth and establish a public profile. However, the timing of an IPO can have a critical impact on its success. This research explores the relationship between IPO market timing and various outcomes, including company performance, valuation, and investor sentiment.

By analyzing past offerings, this study aim to shed light on the factors that influence companies' decisions regarding IPO timing. We will investigate how market conditions, such as investor confidence and economic stability, play a role in determining the optimal time to go public. Additionally, we will examine the impact of timing on a company's post-IPO performance, focusing on factors like stock price movement and long-term viability.

Understanding the interplay between IPO timing and market dynamics can provide valuable insights for both companies contemplating going public and investors seeking to participate in these offerings. This research will contribute to a deeper understanding of how timing strategies can influence the overall success of an IPO.

## LITERATURE REVIEW:

- ❖ **“Mohammad athian manan.,Mahatma kupefaksi.,Sri hasanawati (indonesia)(2022)”** : This study supports the pecking order theory by showing that non-financial companies tended to issue shares when the market value was moderate during the 2010-2017 period. However, it found that high market value and buybacks had no long-term effect. These findings align with previous research by Pratiwi, Yulaichah, and Sulistyowati, which concluded that market timing persistence does not impact a company's capital structure.
- ❖ **“Kavita wadhwa, sudhakara reddy syamala 2019”** as mentioned by Schultz in 2003, are involved in direct tests of market timing and market conditions hypotheses. These tests aim to determine a positive connection between market timing variables and market conditions variables, especially when qualified with equity issuance.
- ❖ **“Patrick Maggitti, Janine black arkles, rajeshwarao s chaganti, Monica Zimmermann 2016”** in their 2001 paper, Jovanovic and Rousseau questioned why firms wait to complete their initial public offerings (IPOs). They proposed that the answer could be linked to the trade-off made by a firm's top managers between the opportunity cost of waiting and the time spent learning about their technologies, products, and markets, as mentioned by Clark in 2002.
- ❖ **“Firas Batnini Moez Hammami(France) 2015 ”** the growing idea in scientific literature that market timing influences many firms to expedite their decisions to go public, as suggested by Baker and Wurgler in 2002.
- ❖ **“Tatiana Albanez, Gerlando Augusto 2014 “** The paragraph discusses a study by Baker and Wurgler from 2002. Their research examined how firms' market timing decisions influence their capital structure and whether these decisions have lasting effects over both the short term and the long term.

## PROBLEM STATEMENT:

- “How does the timing of an IPO impact its performance, valuation, and investor sentiment, and what factors influence the decision- making process for companies regarding the timing of their IPOs”?
- This research problem explores the relationship between the timing of IPOs and various outcomes, such as stock price performance, market conditions, and investor behavior, and aims to understand the factors that drive companies' decisions in choosing the optimal timing for their IPOs

## OBJECTIVES:

- To study the IPO relation with timing and its performance
- To study about the market conditions at the time of an IPO can in flue the success or failure of offering and factors like market sentiment, investor demand and economic conditions can play a role in determining the timing and outcome of IPO
- To study the factors influencing IPO timing

## **HYPOTHESIS:**

H0 (Null hypotheses) = in favorable market conditions, an IPO is likely to better market timing for company going public

H1 (alternative hypotheses) = in volatile market conditions, an IPO is not likely to better market timing for company going public

Sample unit: top 5 gainers and losers of market IPO timing during 2023

## **RESEARCH DESIGN:**

The secondary data for impact of IPO on market timing is financial databases, historical data on IPOs and market timing indicators to analyse the relationship between the two variables.

## **DATA COLLECTION (TYPES OF DATA):**

The secondary data for impact of IPO on market timing is financial databases, academic journals, or reports from financial institutions. These sources provides historical data on IPOs and market timing indicators to analyses the relationship between the two variables

## **LIMITATION:**

- IPO study is a very vast concept due to time constraints the detail study is not possible.
- Due to insufficient data the study is limited, sometime data is excess and some time it is limited.
- This research project is based on secondary data, so it is not sure that all data is correct and accurate.
- Lack of current data of sources.
- Because of the lack of experience some mistake may be have

## DATA ANALYSIS AND INTERPRETATION:

The secondary data for impact of IPO on market timing is financial databases, academic journals, or reports from financial institutions. These sources provides historical data on IPOs and market timing indicators to analyses the relationship between the two variables

### OFFER PRICE OF BOTH GAINERS AND LOSERS 2023

gainers	losers		significant
500	330		
672	84	0.345277	0.05 NS
25	23		
32	51		
55	26		

**AVER** 256.8 102.8  
**STD STD** 306.8089 129.3472  
**ERROE 0**

Mean	196	46
Variance	100864.7	799.3333
Observations	4	4
Hypothesized	Mean	

critical one-tail

T Critical two-tail

2.353363

3.182446

0.05

500 330

Difference	0
Do	3
T Stat	0.940887
P (T<=t) one-tail	0.208087
P(T<=t) two-tail	0.416174

NS



**DATA INTERPRETATION:** From the above chart of the list of top gainers and losers of IPO 2023 the (offer price of both the gainers and loser is 256.8 and 306.8088982 which shows the average using T test there is alternative hypothesis as the sample is above 0.05

#### LISTING CLOSING PRICE OF BOTH THE GAINERS AND LOSERS 2023

listing day closing price (RS)

gainer

1295.5 -18.8  
47.94 -17  
59.99 -16.6  
101.18 -16.1

loser

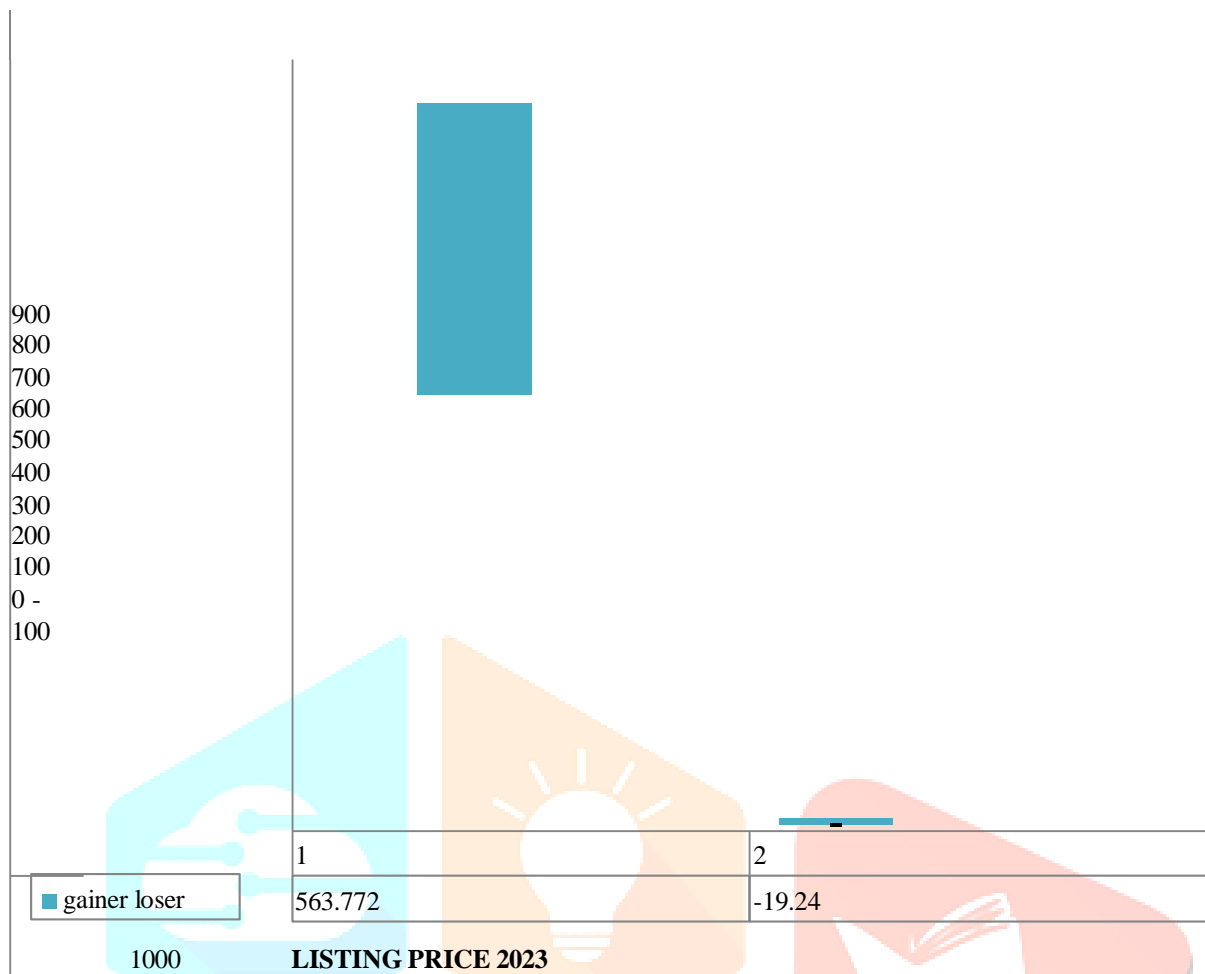
0.126387 0.05 NS

significant 1314.25 -27.7

1314.25 -27.7

Mean		376.1525	17.125
Variance		376164	1.3825
Observations	4		4
Hypothesized Difference	Mean 0		
Do	3		
t Stat		1.282448	
P(T<=t) one-tail		0.144899	
t Critical one-tail		2.353363	
P(T<=t) two-tail	0.289798	0.05	NS
t Critical two-tail		3.182446	

**AVERAGE 563.772 -19.24**  
**STD 676.8518 4.837665**  
**STD**  
**ERROR 302.6973 2.163469**



**DATA INTERPRETATION:** From the above chart of the list of top gainers and losers of IPO 2023 the (listing price of both the gainers and loser) is 563.772 and -19.24 which shows the average using Test, there is alternative hypothesis as the sample is above 0.05

(Our calculated value is above 0.05 so it is alternative hypothesis so according to that it is not advisable to issue IPO in volatile market conditions, as IPO is not likely to better market timing for company going public

## FINDING:

The research paper on the impact of IPO market timing found some interesting findings. It revealed that timing is a critical factor in the success of an IPO. Companies that go public during favorable market conditions tend to have higher initial returns and better long- term performance. On the other hand, companies that go public during unfavorable market conditions may face challenges and experience lower initial returns. So, choosing the right timing for an IPO can significantly impact its outcome.

## CONCLUSION:

Based on the research paper on the impact of IPO market timing, it was found that timing plays a crucial role in the success or failure of an IPO. The study suggests that companies that go public during favorable market conditions tend to have higher initial returns and long-term performance. On the other hand, companies that go public during unfavorable market conditions may experience lower initial returns and face challenges in sustaining their performance. The research highlights the importance of carefully considering the timing of an IPO to maximize its potential impact

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