

UNIVERSITI TEKNOLOGI MARA

**MALAYSIAN IPO PERFORMANCES:
THE EFFECTS OF GROWTH
OPPORTUNITIES AND
PUBLIC ISSUE**

SITI SUHAILA BINTI ABDUL RAHMAN

MSc

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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student : Siti Suhaila binti Abdul Rahman

Student I.D. No. : 2017847014

Programme : Master of Science in Business Management –
BA750

Faculty : Business and Management

Thesis Title : Malaysian IPO Performances: The Effect of
Growth Opportunities and Public Issue

Signature of Student :
Suhaila

Date : April 2020

ABSTRACT

This study examines the influence of growth opportunity of a firm on IPO performance in the immediate and long-term aftermarket. This study also examines the interaction effect of IPO issued through public issue type on the relationship between growth opportunity of a firm and IPO performance. The declining pattern on the mean initial returns and the negative long-term aftermarket returns of Malaysian IPOs alarmed investors to wisely choose IPO firms for them to participate and produce their desirable returns. This study proposes that growth opportunity of a firm should significantly and positively influence the immediate aftermarket and long-term aftermarket performance of IPOs as such potentially assist investors to achieve for their desired profits. Therefore, this study is conducted to achieve for the following objectives: 1) To investigate the influence of growth opportunities of firms on the immediate aftermarket performance of IPOs ; 2) To investigate the influence of growth opportunities of firms on the long-term aftermarket performance of IPOs; 3) To investigate the interacting effect of public issues on the main relationship between growth opportunities of firms and both immediate aftermarket and long-term aftermarket performance of IPOs; 4) To investigate the influence of other independents variables (e.g., demand of IPOs, offer size, underwriter reputation, firm size and market condition) on IPO performance in both immediate and long-term aftermarket. This study employs cross-sectional multiple regression models to test for all of its hypotheses. Employing 403 IPOs listed in Main Market and ACE Market of Bursa Malaysia from January 2000 to December 2014, this study reveals that growth opportunity of a firm that is measured by the percentage of IPO proceeds allocated to growth activities has a positive and significant relationship to IPO performance in both the immediate and long-term aftermarket. Moreover, despite the insignificant interaction effect of public issue ratio on the relationship between growth opportunity of a firm and IPO performance in both periods, this study reveals that the interaction product between growth opportunity of a firm and public issue ratio strengthens the influence of growth opportunities of firms on performance of IPOs.

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