

Management of the IPO performance in Thailand

Author [Ekkachai Boonchuaymetta^a](#) [Wiparat Chuanrommanee^b](#)

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Abstract

This research aims to explore the relationships between six major IPO elements in Thailand: underwriter reputation, ownership concentration, book-building, IPO allocation, the length of the lock up period, and investor interest and underpricing. The sample comprises 153 IPOs listed between 2001 and 2011. Cross-sectional analysis reveals that IPO allocation appears to be the strongest factor with a negative relation to underpricing. The length of the lock up period, issue size, industry, and hot issue market show significant and positive relationships with underpricing. Underwriter reputation is not associated with underpricing as the choice of underwriter is restricted by the Thai regulator's requirements. Book-building does not explain underpricing. Institutional investors play very limited roles in Thai IPOs. A small change in ownership concentration does not affect underpricing. Nevertheless, a longer lock up period can yield a higher initial return. Such a provision can restrain insider dealing.

Keywords

Initial public offering

IPO allocation

Ownership concentration

Underpricing

Underwriter reputation