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CEO's outsized impact on IPO process and its price performance: A study on the Indian IPOs

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Abstract

This study article aims to provide fresh insights and reaffirm the impact of established corporate governance aspects pertaining to the executives' characteristics on the listing-day performance of Indian IPO firms, as assessed by underpricing, a performance indicator unique to the IPO context. The period taken under study was 2006 to 2016 and a sample of total 347 IPOs were taken for the study and the data was collected from Nation stock exchange (NSE). The study finds that there has been recently a reasonably high level of underpricing in the Indian IPO market. Results obtained from the regression analysis show that dual leadership structure are negatively and significantly associated with the extent of IPO underpricing. This study also proposes that the male CEOs in India have gained more working experience in the market that leads to IPO underpricing. CEOs with higher education levels and work experience lead to lower IPO underpricing as they understand the importance of corporate governance mechanism and practice. Findings show that the subscription ratio and the market conditions act as information signals for Indian IPO firms having a significant and negative relation with listing-day initial excess returns.

Keywords: Initial public offerings, underpricing, CEO, corporate governance

1. Introduction

In the transition from private to public ownership, issuing firms face various challenges such as changes in ownership structure and governance mechanisms, more stringent scrutiny from capital market participants and regulators, increased market competition, etc. (Jain and Kini, 2008, Jain and Kini, 2000) ^[38, 39]. All of these challenges threaten the survivability of IPO firms. All of these challenges threaten the survivability of IPO firms. Prior studies rigorously investigate various firm-level characteristics influencing IPO survival such as underwriter prestige (Schultz, 1993) ^[40], firm age, firm size, underpricing, IPO activity level, insider ownership, risk factors (Hensler *et al.*, 1997) ^[41], audit quality (Jain and Martin, 2005, Demers and Joos, 2007) ^[46, 42], venture backing (Jain and Kini, 2000) ^[39], board effectiveness (Charitou *et al.*, 2007) ^[52], and earnings management (Alhadab *et al.*, 2014) ^[43]. However, little has been known about CEO-level determinants of IPO survival.

The basic concept of this paper is to investigate the relationship between executive traits and IPO performance. When IPO companies go public, they don't communicate the organizational legitimacy since they haven't yet established a continuous performance record and hence they fail to convey the organizational legitimacy. (Certo, 2003) ^[36]. Therefore, issuers undertake the mission of winning the recognition of investors. Since initial public offerings (IPOs) are privately held, prospective investors might not be aware of how the management of the company handles the demands and stringent regulations of public supervision and management of shareholder value. It is therefore imperative to convince those stakeholders of the enterprise's potential. Our goal is to reestablish legitimacy in a volatile and uncertain setting. The upper echelon theory (Hambrick and Mason, 1984) ^[37] explains that executive' traits influence enterprise decision-making in addition to serving as a signal of organizational legitimacy. This is because senior management is responsible for the daily operation and the future development direction of the company. For these reasons, our research should enable investors utilizing signals of executives' characteristics to value the issuers' quality during an IPO.

The objective of our study is to investigate, using a sample of Indian IPOs, the effect of a CEO with previous academic expertise on IPO discount in order to address the difficulty of running an IPO company and produce real advantages. The IPO firm is a young one with a difficult and unpredictable future. IPO firms offer a discount to investors to persuade them to subscribe for their new shares since they recognize that managing an IPO firm can be difficult due to tangible knowledge asymmetry between IPO firms and investors, as well as significant uncertainty about the future (Beatty and Ritter, 1986; An and Chan, 2008) [35, 34]. The initial public offering (IPO) discount represents the money a company loses when it doesn't receive a fair market value for each share. A large discount indicates a high cost of equity and significantly less operating capital for the company. Therefore, it is imperative to investigate the elements that contribute to the IPO discount. An IPO company can manipulate the components to reduce the discount by understanding the factors that determine the IPO discount. A reduced IPO discount, when viewed through the lens of economic growth, indicates a very successful process of capital production throughout the economy that advances a nation's economy.

2. Review of Literature and Variables' Development

The descriptive statistics of the dummy variables that are related to CEOs have been discussed with the help of tables. Of the 347 Indian IPO firms, 209 of them have a separation of the role of CEO and Chairman (C_DUAL) while 138 IPO firms do not. For the gender of CEO (C_GEN), 344 IPO firms have male CEOs while 3 IPO firms have female CEOs. For the education level of CEOs, 17 IPO firms have a CEO with an education level of undergraduate (GRVUG) while 174 firms have a CEO with an education level of graduate and 156 with post-graduation. Regarding the CEO-related variables, five measures will be used for the study of the impact of the CEO on IPO underpricing.

CEO-Chairman Duality Corporate governance literature highlights the fact that the reduction of asymmetric information between the CEO and Chairman is beneficial for a firm's operational efficiency. Moreover, the separation of the roles of CEO and Chairman strengthens the director's monitoring capacity in challenging the CEO's improper or wrong decisions (Chandren *et al.*, 2021) [9]. Hearn (2011) [17] proposes that CEO-Chairman duality as a form of signalling quality reduces IPO underpricing.

Age of the CEO This study proposed that age enhances the working experience, the elder CEO takes the lead in articulating a vision for the company's future and in developing strategic plans designed to create long-term value for the company, with meaningful input from the board. They also help in implementing the plans following board approval, regularly reviews progress against strategic plans with the board, and recommends and carries out changes to the plans as necessary (Freire, 2019) [13]. Hence we may conclude that CEOs with higher education levels lead to lower IPO underpricing (Kamarudin *et al.*, 2012) [22].

Gender This study proposes that the male CEO in India have gained more working experience in the market, Diverse backgrounds especially considering gender on corporate boards, including those of directors who represent the broad range of society, strengthen board performance and promote the creation of long-term shareholder value. Boards should develop a framework for identifying

appropriately diverse candidates that allows the nominating/corporate governance committee to consider women with diverse backgrounds as candidates for each open board seat (Jeynes, 2019) [19].

Annual Salary CEOs with a higher salary package can be lesser inclined in engaging self-serving behaviour which is contradictory to the shareholder's wealth maximization principle. CEOs with higher salary packages lead to lower IPO underpricing. Although a human capital theory generally suggests that more or better quality human capital leads to greater performance for the individual, firm, and economy as a whole (Shrivastav and Kalsie, 2019) [28].

CEOs with higher education level CEOs with higher education levels understands the importance of corporate governance mechanism and practice. A highly qualified boardroom implements an organizational structure and develops and executes thoughtful career development and succession planning strategies that are appropriate for the company (Balasubramaniam, 2018) [5]. Hence we may conclude that CEOs with higher education levels lead to lower IPO underpricing (Kamarudin *et al.*, 2012) [22].

CEO Experience. Directors with relevant business and leadership experience can provide their businesses with a useful perspective on basic strategy and risk-taking decisions and an understanding of the challenges to be faced by businesses in future (Ferrari, 2020) [44]. Experienced CEOs undertake more active, bolder investment activities, consistent with an attempt on their part to signal confidence and superior abilities. They are more likely to enter new lines of business, as well as exit from existing lines of business. They prefer growth through acquisitions (Griffin *et al.*, 2022) [16]. In addition, considerable industry expertise, thorough understanding of the firm, and long-standing relationships with customers and suppliers allow specialist CEOs to develop proper strategic corporate decisions to ensure the survivability of IPO firms. Therefore, we expect that firms having a specialist CEO will have a lower probability of failure and a higher survival rate

2.1 IPO Underpricing and Its Measurement

This study calculates both the first-day return (NR) and the market-adjusted first-day return (MAR) as IPO underpricing. The NR is the simple first-day return of individual IPO stock on the first trading day.

The market-adjusted initial return (MAR) is the first-day returns of individual IPO stock which is adjusted away from the influence of market conditions and is therefore more accurate for detecting the performance of IPO underpricing. Both the NR and MAR will be used as dependent variables for empirical testing. The simple NR is defined or estimated as follows:

$$RET_{it} = (P_{it} - P_{it-1}) / P_{it-1}; \text{ or } L_n P_{it} - L_n P_{it-1}$$

Where,

RET_{it} = the first-day return of IPO stock i at period t ,

P_{it} = the closing price of IPO stock i on the first trading day,

P_{it-1} = the offer price of IPO stock i

L_n is the natural logarithm

The market adjusted first-day return (ADJRET) is defined as:

$$ADJRET_{it} = (P_{it} / P_{it-1}) - (P_{mt} / P_{mt-1}); \text{ or } (L_n P_{it} - L_n P_{it-1}) - (L_n P_{mt} - L_n P_{mt-1})$$

Where,

$ADJRET_{it}$ = the market adjusted first-day return of IPO stock i at period t ,

P_{mt} = the closing A-stock market index i on the first trading day,

P_{mt-1} = the A-stock market index on the offering day of IPO stock i

This study concludes that the IPO underpricing was significant in the Indian IPO market when measured either by the first-day return (NR) or the market-adjusted first-day return (MAR) for the whole sample data within the research period 2006 to 2016. To attain a greater understanding of the nature of IPO underpricing in the Indian IPO market, T-test values are conducted to find the difference in IPO underpricing for different dummy variables including the separation of the CEO and Chairman Duality(C_DUAL); the gender of the CEO (C_GEN); the education level of the CEO (GRVUG,GRVPG).

Regarding the CEO-related variables, this study investigates five proxy variables including

- The separation of CEO and Chairman (C_DUAL).
- The age of the CEO (C_AGE).
- The gender of the CEO (C_GEN).
- The educational level of the CEO as being undergraduate or above (GRVUG, GRVPG).
- The logarithm of CEO's salaries (C_SAL) and, experience (C_EXP).

For, C_DUAL, C_SAL, C_EXP, C_GEN, GRVUG, the coefficients have negative signs which means that these proxy variables will lower the IPO underpricing. Nevertheless, these three coefficients do not show any level of significance. For the proxy variables C_AGE and LFAGE, GRVPG this study proposed the positive impact on Indian IPO underpricing during the hypotheses setting.

Similarly, same multivariate regression estimates for Indian IPO underpricing measured in ADJRET are repeated and the results are shown in Table 4.13B. The empirical results of ADJRET are similar to RET listed in Table 4.13A with the same coefficient signs and significant level results for the same board and CEO-related variables.

3. Sources of data and Research Methodology

The period taken under study was 2006 to 2016 and a sample of total 347 IPOs were taken for the study and the data was collected from Nation stock exchange (NSE). NSE provides a trading platform for all types of securities-equity, debt, and derivatives. CEO-related data were collected from the 'management' section of Red Herring prospectuses of IPO firms, which were procured from the official website of SEBI. Unavailability of final prospectuses for some firms resulted in reduction of sample size. Listing-day close prices for respective stocks and Sensex values were obtained from the official website of NSE. Follow on Public Offer excludes from the study. Only those IPOs for which the complete information is available is taken for the purpose of analysis. Hierarchical ordinary least square regression tool has been used to analyze the influence of internal corporate governance mechanisms of the CEO related variables on adjusted underpricing.

3.1 Regression Model

Table 1: Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
LNR	4.372	0.331	347
LFAGE	8.454	0.772	347
HC	0.200	0.402	347
LOS	1.950	1.457	347
C_DUAL	0.400	0.490	347
C_AGE	49.950	10.199	347
C_GEN	0.010	0.093	347
C_SAL	12.974	91.359	347
C_EXP	24.070	10.073	347
GRVUG	0.040	0.190	347
GRVPG	0.450	0.498	347

Source: SPSS Output

Descriptive Statistics

Descriptive statistics of the variables incorporated in the study are given in Table 6.7. The mean value of approximately 4.3 for the initial excess return during the sample period for Indian IPO firms is evidence of the presence of anomaly of underpricing, that is, money forgone needlessly by firms going public (Lee, 2022) ^[23], although less variation in the spectrum 0.33 show the existence of underpricing in some issues too.

Variations in the subscription ratio indicate the existence of informed demand made by investors with better issues attracting more demands from investors. Like many previous studies, to standardize large variations in the firms going public as can be seen from descriptive statistics, the logarithm transformation of the variables has been taken (Changyong and Mao, 2019) ^[10]. The IPO is an event for a firm where the board of a firm is subjected to scrutiny by the public for the first time (Deboskey *et al.*, 2019) ^[11]. Concerning the proportion of independent board members, the mean value of approximately 1.9 and the standard deviation is 1.4. The large variation is found in CEO's salary and CEO's age, the mean value of the CEO's Salary is 12.97 and the standard deviation is 91.35 and the Mean value of the CEO's Age is 49.95 and the standard deviation is 10.19 showing the majority of firms abiding by this dimension of corporate governance very well.

As corporate governance variables are not the only variables that influence the pricing performance of IPOs, to better explain underpricing, some of the IPO-specific and board-specific control variables have also been added based on past literature that has an impact on underpricing.

To verify whether the first-day returns of Indian IPOs are influenced by firms' corporate governance, a regression analysis was performed. A linear regression was conducted on a cross-sectional data sample, and two different models were employed. Model (1) comprised some control variables that past theories have proven to have a certain effect on stocks' first-day returns. The inclusion of these variables is meant to avoid omitted variable issues and to improve the quality of the overall study. A description of the included variables and employed regression models follows. Model (2) was inclusive of the CEO Related corporate governance explanatory variables (Alves, 2020) ^[3].

Table 2: Variables Entered/Removed

Variables	Model 1	Model 2
Variables Entered	LOS, LFAGE, HC	.
Variables Removed	GRVUG, C_GEN, C_SAL, C_AGE, GRVPG, C_DUAL, C_EXP	.
Method	Enter	Enter

Source: SPSS Output

Dependent variable

Underpricing is computed as the percentage change between the stock price at the end of the first trading day and the price paid by investors for the first allocation of shares, i.e., the offer price (DSM *et al.*, 2021, Singh and Gupta, 2018) [49, 48].

Control variables

Subscription ratio

The most significantly affecting IPO underpricing is subscription ratio (Ackon, 2021) which is the response an issue gets from investors, representing the number of times the issue gets oversubscribed & 28 Indian Journal of Corporate Governance 12 (1) Tohme *et al.*, (2019) [47]. Reau *et al.*, (2018) through a study established a relationship between demand for IPOs and underpricing with higher-demanded offerings realizing greater positive initial returns. Firm age is the natural logarithm of 1 plus the age of the company going public (Teti and Montefusco, 2021) [50]. Age is computed as the difference between the IPO date and the company’s q foundation date. Firm age is considered a proxy for IPOs’ ex-ante uncertainty since younger companies have fewer solid track records and are exposed to higher risks due to their lack of expertise. Accordingly, the expected relationship with the dependent variable is negative. Market condition is also a significant determinant of underpricing. The market conditions in which the IPOs come market matter a lot. A hot IPO appeals to many investors and has a great market demand. The excess demand will result in higher IPO prices. Market conditions are categorized into hot and cold. The hot Market condition means when the offer price is fixed more than the average of the highest and lower limit of the offer price. Cold market condition is when the offer price is fixed lower than the average of the highest and lowest limit of the offer price (Li *et al.*, 2021) [51]. It can be observed in Table 6.9 that the R Square value is. 065 which means that CEO-related variables together were capable of explaining 6.5 percent variation in the dependent variable i.e. Normal Return on Zero Day. For the first model, its value is.065 which means that firm age Oversubscription, and the market condition accounts for only 6.5% of the variation in Normal returns. However, when the other CEO-related variables (CEO

Duality, CEO Gender, CEO Salary, CEO Age, CEO Experience, and CEO Qualification) are also included in Model 2, this value increases to 0.24 or 24.1 percent. Thus the inclusion of the new variables has explained a large amount of variation in normal returns. This F ratio is 3.03 which is significant ($p < 0.001$) this change in statistics tells us about the difference made by adding new variables to the model.

Table 3: Model Summary

Regression Statistics	Model 1	Model 2
R-Square	0.065	0.241
Adjusted R-Square	0.057	0.211
F-Statistics	7.944	3.030
Sig. value	0.000*	0.001*
Durbin-Watson		2.051

Source: SPSS Output

Durbin-Watson statistic value was depicted in the last column of Table 6.9. The value must be less than 1 or greater than 3. The closer 2 that the value is, the better and for these data, the value is 2.051 which is closer to 2. Further, the F value and its significance value (.000, which is less than .05) indicate that the model is fit to run regression and that the group of independent variables has enough explanatory power. The table also shows the causal relationship between normal return on zero-day and the independent variables.

The next part of the output is concerned with the parameters of the model like confidence interval for b values, collinearity diagnostics and the part and partial correlation. This study finds that the IPO underpricing was significant in the Indian IPO market when measured either by the first-day return (NR) or the market-adjusted first-day return (MAR) for the whole sample data within the research period 2006 to 2016. To attain a greater understanding of the nature of IPO underpricing in the Indian IPO market, T-value tests are conducted to find the difference in IPO underpricing for different dummy variables including the separation of the CEO and Chairman (C_DUAL); the gender of the CEO (C_GEN); the education level of the CEO (GRVUG; GRVPG).

Table 4: Effect of all predictors on the degree of underpricing

Model 1				Model 2			
	Beta	t-stat	Sig.		Beta	t-stat	Sig.
(Constant)	3.509	18.113	0.00*	(Constant)	3.47	16.21	0.00*
LFAGE	0.106	4.619	0.00*	LFAGE	0.11	4.55	0.00*
HC	-0.053	-1.155	0.25	HC	-0.07	-1.44	0.15
LOS	-0.013	-0.987	0.33	LOS	-0.02	-1.18	0.24
				C_DUAL	-0.06	-1.75	0.08**
				C_AGE	0.00	0.43	0.67
				C_GEN	-0.09	-0.47	0.64
				C_SAL	0.00	-0.28	0.78
				C_EXP	0.00	-0.06	0.96
				GRVUG	-0.13	-1.43	0.16
				GRVPG	0.01	0.38	0.70

Source: SPSS Output, *Significant at 5% **Significant at 10%

In Table 6.10., the b-values indicate the relationship between normal return and each variable. If it is positive we can tell that there is a positive relationship between a variable and the outcome, whereas a negative coefficient represents the negative coefficient. Table 6.10 depicts the results that five variables have positive b-values indicating positive relationships and five have negative ones. The b-values represent the degree each variable affects the outcome if the effects of all other variables are held constant. Each of the Beta values is associated with a Standard error to check whether the beta value is differing from zero or not. The t-test is associated with the b value and is used to measure the variable’s significant contribution to the model. The smaller value of sig. (And the larger value of t), the greater the contribution of that variable.

All the actual signs of the coefficients for C_DUAL are in line with the expected negative signs in the full-sample and sub-sample cases. Therefore, hypothesis 2.7.3.1 for C_DUAL cannot be rejected. It follows that the CEO-Chairman duality will lower IPO underpricing. The 138 separations of CEO and Chairman will reduce information asymmetry and lead to lower levels of IPO underpricing. For the CEO-related (CG3) variables in sub-model (2), five hypotheses are proposed in section 2.7 in Chapter 2 for the five proxies of the CG3 variable, that is, C_DUAL, CEOE, LCEOS, CEOA and CEOX. The empirical results for the hypotheses tests of CG3 are summarized in Table 5.1A.

Table 5: Collinearity Test

Model	Tolerance	VIF
C_DUAL	0.964	1.037
C_AGE	0.962	1.04
C_GEN	0.979	1.021
C_SAL	0.992	1.008
C_EXP	0.995	1.005
GRVUG	0.993	1.007
GRVPG	0.994	1.006

Source: SPSS Output

The Variance Inflation Factor (VIF) indicates whether a predictor has a strong relationship with the other predictor (s). Since the largest VIF is not greater than 10 and the average VIF is not substantially greater than 1, hence there is no cause for concern and the regression is not biased.

Regression model mar

Table 6: Model Summary

Regression Statistics	Model 1	Model 2
R-Square	0.141	0.143
Adjusted R-Square	0.133	0.117
F-Statistics	18.667	5.571
Sig. value	0.000*	0.001*
Durbin Watson		1.916

Source: SPSS Output

It can be observed in Table 6.12 that the R Square value is 0.143 which means that CEO-related variables together were capable of explaining 14.3per cent variation in the dependent variable i.e. Normal Return on Zero Day. For the first model, its value is 0.141 which means that firm age Oversubscription, and the market condition accounts for only 14.1% of the variation in Normal returns. However,

when the other CEO-related variables (CEO Duality, CEO Gender, CEO Salary, CEO Age, CEO Experience, and CEO Qualification) are also included in model 2, this value increases to.143 or 14.3. Thus the inclusion of the new variables has explained a large amount of variation in normal returns. This F ratio is 5.570 which is significant ($p<0.001$) the change statistics tell us about the difference made by adding new variables to the model.

Table 6.12 also shows the value of Durbin-Watson. The value must be less than 1 or greater than 3. The closer 2 that the value is the better and for these data the value is 2.051which is close to 2

Table 7: Effect of all predictors on the degree of underpricing

	Model 1			Model 2			
	Beta	t-stat	Sig.		Beta	t-stat	Sig.
(Constant)	3.723	11.315	0.00*	(Constant)	3.754	10.249	0.00*
LFAGE	0.061	1.56	0.12	LFAGE	0.062	1.497	0.135
HC	-0.015	-0.191	0.849	HC	-0.006	-0.071	0.943
LOS	0.14	6.471	0.00*	LOS	0.141	6.379	0.00*
				C_DUAL	0.036	0.571	0.568
				C_AGE	-0.001	-0.196	0.845
				C_GEN	0.025	0.078	0.938
				C_SAL	0	-0.279	0.781
				C_EXP	-0.001	-0.144	0.885
				GRVUG	0.039	0.247	0.805
				GRVPG	-0.014	-0.223	0.824

*Significant at 5% **Significant at 10% (Source: SPSS Output)

Table 6.13 indicates the b-values indicate the relationship between normal return and each variable. If it is positive we can tell that there is a positive relationship between a variable and the outcome, whereas a negative coefficient represents the negative coefficient. In this data six variables have positive b-values indicating positive relationships and four have negative. The b-values represent the degree each variable affects the outcome if the effects of all other variables are held constant. Each of the Beta values is associated with a Standard error to check whether the beta value is differing from zero or not. The T-test is associated with the b value is used to measure the variable’s significant contribution to the model. Smaller the value of sig and the larger value of greater the contribution of that variable.

Table 8: Collinearity Model

Model	Tolerance	VIF
C_DUAL	0.956	1.046
C_AGE	0.972	1.029
C_GEN	0.988	1.012
C_SAL	0.984	1.016
C_EXP	0.912	1.096
GRVUG	0.992	1.008
GRVPG	0.98	1.021

Source: SPSS output

The Variance Inflation Factor (VIF) indicates whether a predictor has a strong relationship with the other predictor(s). Since the largest VIF is not greater than 10 and the average VIF is not substantially greater than 1, hence there is no cause for concern and the regression is not biased.

The t-test is associated with the b value is used to measure the variable’s significant contribution to the model. Smaller the value of sig and the larger value of greater the contribution of that variable.

Collinearity is tested within the data and Durbin Watson is used to check whether the residuals in the model are independent (Rasyad, 2022) ^[45].

4. Findings

The findings of this study back up Ibbotson and Jaffe's (1975) signaling theory, which views underpricing as a technique for minimizing information asymmetry between the issuer and potential investors and signaling their high quality. Corporate governance literature highlights the fact that the reduction of asymmetric information between the CEO and Chairman is beneficial for a firm's operational efficiency. For the (C_DUAL) variable, the IPO underpricing is lower for the IPO firms with the separation of the role of CEO and Chairman. The chairmanship has been handed to the CEO, who is also the firm's founder (CEO duality). It can be concluded that the age of CEOs leads to lower IPO underpricing. This study proposed that age enhances the working experience, the elder CEO takes the lead in articulating a vision for the company's future and in developing strategic plans designed to create long-term value for the company, with meaningful input from the board. Hence we may conclude that CEOs with higher education levels lead to lower IPO underpricing (Kamarudin *et al.*, 2012) ^[22]. Proposes that CEOs with higher education levels understand the importance of corporate governance mechanism and practice. CEOs with higher salary packages lead to lower IPO underpricing. CEOs with a higher salary package can be lesser inclined in engaging self-serving behaviour which is contradictory to the shareholder's wealth maximization principle. Gender of CEOs leads to lower IPO underpricing. In India, there is an emergence of having female directors on board as there are only a few female CEOs in IPO firms in recent years (Gordon and Martin, 2019) ^[14]. Contrarily, male CEO still dominates the market. The higher the CEO's discretion, the greater the impact of his or her personality traits and values on strategic decisions and business performance, such as the speed with which a company goes public, or the time it takes to IPO.

5. Implications

Corporate governance variables possess some signaling capacity and hence, may contribute significantly in prediction of IPO underpricing. The age of the firm, subscription ratio, dual role as chairman and CEO and Market Conditions, do influence the degree of underpricing. It is suggested that investors may consider these factors when new issues are issued. These factors can largely help IPO firms in checking information asymmetry and uncertainty surrounding the IPO. In the short run, initial investor can earn higher return on the first day primary market. Further, they can take the full benefit of first day underpricing due to the overpricing on the first day secondary market. Multiple regression model analysis guide the investor in explaining the significant determinant in short run market performance, which are more useful for formulating their short-run investment strategies.

A decrease in investor's wealth in the secondary market and post day market may signal companies' future performance. These findings may be useful for security analysts in forecasting the future stock market performance of IPO companies. The significant determinant of short run market performance help to identify the reasons for market performance and to forecast the future market performance

of IPOs. The finding based on short run market performance and their determinants could be significant for researchers who are involved in researching IPO market performance. Some of approaches used in this study led to outcome that differs from those in existing literature. These approaches may be useful for further investigation.

6. Conclusion

This study highlights the critical role of CEO traits in shaping the performance and survivability of IPO firms in the Indian market. By examining factors such as education level, gender, age, salary, and experience, the research provides insights into their impact on IPO underpricing. Corporate governance mechanisms, including CEO-chairman duality, are found to mitigate information asymmetry and enhance operational efficiency. These findings offer valuable implications for investors, analysts, and policymakers, aiding in the assessment of IPOs and formulation of investment strategies.

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