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FACTORS INFLUENCING INVESTORS INVESTMENT IN INITIAL PUBLIC OFFERING

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Abstract -
Introduction – An initial public offering is the sales of company's stock to the public for the first time. The primary impetus for an IPO is generally either to rise capital or to offer an exit strategy. In fact the firm in most incipient stage of development generally relies entirely on personal loans, saving, family and friends for their initial financing. The reason for IPO issues are following
Research Methodology – The present study follows a descriptive research design, with structured questionnaire as information collection tool. The respondents for the study were the investors of Surat City who are investing in IPOs. The respondents were selected using a non-probability convenient sampling technique. The analysis of the data is done by using descriptive as well as inferential statistics.
Major Findings – The analysis of the data reveals that majority of the investor's takes broker's advice while investing in IPO and the major problem faced by the investors is delay in refund and lack of clarity in allotment. The factor analysis states that there are three major factors that influence investors while investing in IPO are Company Philosophy, Future Prediction and Projection, News relating to company IPO and Financial Performance.
Managerial Implications – The outcome of study could be considered by brokering firms, issuing companies and investors as inputs for more focused services.

Keywords - Initial Public Offerings, Investors, Problems, Factors

I. INTRODUCTION

An initial public offering is the sales of company's stock to the public for the first time. The primary impetus for an IPO is generally either to rise capital or to offer an exit strategy. In fact the firm in most incipient stage of development generally relies entirely on personal loans, saving, family and friends for their initial financing. The reason for IPO issues are following

For Funding Needs
Funding Capital Requirements for Organic Growth, Expansion through Projects, Diversification, Funding Global Requirements,Funding Joint Venture and Collaborations needs, Funding Infrastructure Requirements, Marketing Initiatives and Distribution Channels, Financing Working Capital Requirements, Funding General Corporate Purposes, Investing in businesses through other companies, Repaying debt to strengthen the Balance Sheet and Meeting Issue Expenses

For Non-funding Needs
Enhancing Corporate Stature, Retention and incentive for Employees through stock options, Provide liquidity to the shareholders

The IPO trend came in India in the eighties when a large number of companies, organization came out with public issues, which triggered a growth in the primary market. An entire industry of Merchant Bankers, Brokers, Agents and Retail Investors grew in the primary issues market. During this period one of the biggest IPO was brought by Dhirubhai Ambani of Reliance Petrochemicals Pvt. Ltd., this trend was carried on in nineties and later years too.

The primary issues market resurrected itself after 2003 largely triggered by the divestment programme of public sector companies. With the issue of Maruti Udyog Limited, the government sold part of it stake in the company for Rs. 1000 crore. In 2007, India was named as seventh biggest IPO market of the world.

The IPO Process in India
The IPO process in India consists of the following steps: -

- Appointment of merchant banker and other intermediaries
- Registration of offer document
- Marketing of the issue
- Post- issue activities

II. MARKETING OF THE ISSUE

- **Timing of the Issue:** An appropriate decision regarding the timing of the IPO should be made, keeping in mind the general sentiments prevailing in the investor market. For example, if recession is prevailing in the economy (the investors are pessimistic in their approach), then the firm will not be able to get a good pricing for its IPO, as investors may not be willing to put their money in stocks.
- **Retail distribution:** Retail distribution is the process through which an attempt is made to increase the subscription. Normally, a network of brokers undertakes retail distribution. The

issuer company organizes road shows in which conferences are held, which are attended by high net worth investors, brokers and sub-brokers. The company makes presentations and solves queries raised by participants. This is one of the best ways to raise subscription.

- **Reservation in the Issue:** Sometimes reservations are tailored to a specific class of investors. This reduces the amount to be issued to the general public.

IPO Grading

IPO grading is the grade assigned by a Credit Rating Agency registered with SEBI, to the initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date. The grade represents a relative assessment of the fundamentals of that issue in relation to the other listed equity securities in India. Such grading is generally assigned on a five-point point scale with a higher score indicating stronger fundamentals and vice versa as below.

IPO grade **1**: Poor fundamentals
IPO grade **2**: Below-average fundamentals
IPO grade **3**: Average fundamentals
IPO grade **4**: Above-average fundamentals
IPO grade **5**: Strong fundamentals

IPO grading has been introduced as an endeavor to make additional information available for the investors in order to facilitate their assessment of equity issues offered through an IPO.
It may be noted that the above is only indicative of some of the factors considered in the IPO grading process and may vary on a case to case basis.

- IPO grading is done without taking into account the price at which the security is offered in the IPO. Since IPO grading does not consider the issue price, the investor needs to make an independent judgment regarding the price at which to bid for/subscribe to the shares offered through the IPO.
- All grades obtained for the IPO along with a description of the grades can be found in the Prospectus. Abridged Prospectus, issue advertisement or any other place where the issuer company is making advertisement for its issue. Further the Grading letter of the Credit Rating Agency which contains the detailed rationale for assigning the particular grade will be included among the Material Documents available for Inspection.
- An IPO grade is NOT a suggestion or recommendation as to whether one should subscribe to the IPO or not. IPO grade needs to be read together with the disclosures made in the prospectus including the risk factors as well as the price at which the shares are offered in the issue.
- The grades are allocated on a 5-point scale, the lowest being Grade 1 and highest Grade
- IPO Grading is intended to provide the investor with an informed and objective opinion expressed by a professional rating agency after analyzing factors like business and financial prospects, management quality and corporate governance practices etc. However, irrespective of the grade obtained by the issuer, the investor needs to make his/her own independent decision regarding investing in any issue after studying the contents of the prospectus including risk factors carefully.
- SEBI does not play any role in the assessment made by the grading agency. The grading is intended to be an independent and unbiased opinion of that agency.
- The grading is intended to be an independent and unbiased opinion of a rating agency. SEBI does not pass any judgment on the quality of the issuer company. SEBI's observations on the IPO document are entirely independent of the IPO grading process or the grades received by the company.

III. REVIEW OF LITERATURE

J. D. Knopf & J. L. Teall (1999) – "The IPO Effect and Measurement of Risk". Numerous empirical studies of the well documented IPO underpricing anomaly have employed a variety of different proxies for risk, none of which seem able to explain a significant portion of initial trading day returns. We find evidence that several of the risk proxies used in these studies are outperformed by the Parkinson Extreme Value method in explaining returns to IPOs; hence, these studies seem to have underestimated the explanatory power of uncertainty to predict IPO returns. Nonetheless, we do find evidence in support of the asymmetric information theories of IPO underpricing.

Craig G. D. (2000) – "Factors affecting investment bank initial public offering market share".
The researcher examines the effects of several factors on the market share of investment banks that act as book managers in initial public offerings between 1984 and 1995. The researcher concluded that for established banks, IPO first day returns, one year abnormal performance, abnormal compensation, industry specialization, analyst reputation and association with withdrawn offer have a significant impact on changes in market share. These factors have a more significant effect on market share changes in low volume IPO markets. These factors have less significant effect on market share, statistically and economically, for less established banks, consistent with the notion that less reputation is placed at risk.

M. Braun & B. Larrain (2005) – "Do Ipos Affect the Prices of Other Stocks? Evidence from Emerging Markets". The researcher study the introduction of a large asset permanently affects the prices of existing assets in a market. Using data from 254 IPOs in 22 emerging markets, they find that portfolios that covary highly with the IPO experience a decline in prices relative to other portfolios during the month of the issue. The effects are stronger when the IPO is issued in a market that is less integrated internationally and when the IPO is bigger. This evidence is consistent with the idea that shocks to asset supply have a significant effect on asset prices.

Vichakorn C, Kennedy D. G. (2005) – "The factors affecting on IPO return in Thai Stock Market". The main objective of the researchers was to study relationship between factors and initial return of IPO by multiple regression model. The data for the study was secondary and initial return of IPO was dependent variable and the other nine variables were independent variable. The researchers concluded that 14% to 24% IPO Returns in Thai stock market in given period. This figure is same with international Stock markets. In addition to that the factors affect the initial return of IPOs also disclosed. By using the publish data that can be acquired by general investor, the researchers investigate those data which have relations to the return of IPOs.

W. Busaba, D. Li & G. Yang (2009) – "Market Volatility and the Timing of IPO Filings", The researchers investigate how aggregate IPO filing volume responds to changes in stock market volatility. The filing volume consists of all non-financial firms that filed with the SEC between 1984 and 2004. Controlling for factors shown in the literature to impact primary market activity, notably stock market returns, they find filing volume positively related to changes in market volatility, and the relation is especially pronounced when stock market return is at „normal" levels, i.e. neither too high nor too low. The relation also holds at the industry level, in a pooled time-series cross-industry regression context. The relation is more pronounced for IPO filings in „new" industries (computers, software, electronic equipment, and telecommunications) relative to traditional industries. These results are consistent with our hypothesis that the ability to discover investor valuations before deciding to sell shares gives firms filing with the SEC an „option" on the uncertain offer price. This option has value not only in a strong stock market but also in a volatile market. Furthermore, option theory implies that the marginal effect of volatility on this option is highest in „normal" stock markets.

H. Chiahsu, A.V. Reed & J. Rocholl (2010) – " The New Game in Town: Competitive Effects of Ipos", The researcher focused to analyze the effect of initial public offerings (IPOs) on industry competitors and provide evidence that companies experience negative stock price reactions to completed IPOs in their industry and positive stock price reactions to their withdrawal. Following a successful IPO in their industry, they show significant deterioration in their operating performance. These results are consistent with the existence of IPO related competitive advantages through the loosening of financial constraints, financial intermediary certification, and the presence of knowledge capital. These aspects of competitiveness are significant in explaining the cross-section of underperformance as well as survival probabilities for competing firms.

D. Kandavel (2011) - "Factors Influencing the Retail Investors to Prefer Investment in Mutual Funds In Puducherry: An Empirical Study". The researchers main objective was to study the factors that influence the rail investor to prefer investment regarding mutual fund in Puducherry. The study was based on the formulation of the following null hypotheses: There is no significant relationship among the acceptance level of the retail investors belonging to different demographic profile towards factors influencing to invest in mutual funds.The researcher used statistical tools like chi square test, analysis of one-way variance, student t-test, analysis of co-efficient of variation, multiple regression analysis, and percentage analysis have been employed. The researcher concluded that the small investors purchase behavior does not have a high level of coherence due to the influence of different purchase factors.

Leila B & Farshid A. (2014) – "Study of Factors Affecting the Initial Public Offering (IPO) Price of the Shares on the Tehran Stock Exchange." The main objective of the researcher was to examine whether pricing the initial offering exchange in Tehran Stock Exchange is less than actual and to study the factors that affect pricing of initial share on stock exchange. The researcher for the purpose of the study included 115 stock exchange companies from 2006 to 2012. The researcher concluded that P/E variable has significant relation with price changes on initial offerings and had highest impact on price of initial offerings.

Jog Kukies – "The Effects of Introducing a New Stock Exchange on the IPO Process". The research focused to analyzes the effect of introducing new stock exchanges (New Markets) with strict disclosure rules on the number and characteristics of IPOs. Jorg find that the number of IPOs increases significantly after the creation of such markets in a cross-section of 42 countries. Using data on privately held companies, he find that the New Market in Germany allows small, young firms from industries with high research intensity to go public.

Pande A, Vaidyanathan R. – "A study of Initial Public Offerings on the National Stock Exchange of India". The researchers main objective was to study the pricing of IPOs in the NSE. The study focused to empirically explain the first day under pricing in terms of the demand generated during the book building of the issue, the listing delay between the closure of the book building and the first day listing of the issue and the money spent on the marketing of the IPO by the firms. The researchers also attempted to study any emerging patterns in Indian IPO market with reference to the previous studies and seeks to find the post IPO returns for one month in the NSE. The researchers concluded that the demand generated for an issue during book building and the listing delay positively impact the first day under pricing whereas the effect of money spent on the marketing of the IPO is insignificant. The researchers also concluded that the post IPO performance in one month after the listing for the firms under study is negative.

IV. RESEARCH METHODOLOGY

Problem Statement:
"Factor Influencing Investors Investment in Initial Public Offering"

Research Objectives:
- To study the purpose of investment in IPO
- To study the factors that influence investors to go for IPO
- To study the problems faced by investors while investing in IPO

Variables under study:
- Advertisement
- Legal Facts of the company
- Management Efficiency
- Nature of new Projects
- Planning
- Media new
- Companies Mission and Vision

Research Design
A research design is an overall framework that indicates what information to be collected from which sources and by which procedures. The present study is descriptive research.

Data Collection Plan:
The primary data is collected for the purpose of the study. Primary data is collected through structured questionnaire to obtain relevant information. The survey respondents are those investors who are investing in IPO.

Field Procedure for Primary Data Collection:
The primary data was collected for the study. The investors who are investing in IPO were the respondents. The respondents were approached and they were briefed about the topic and the major objectives of the study. The respondents were given adequate time to respond to the question in the questionnaire.

Sampling Plan:
Population: People of Surat City investing in IPO.
Type of Sample: It is non-probability sampling. Due to the complexities of the parameters involved in the study the sampling methods selected by the researcher was convenient judgmental sampling.
Size of Sample: The sample size for the study is 300.
Cost: The cost involved in this study is the time, questionnaire printing cost and other telecommunications charges.

Data Analysis:
The analysis of the data includes both descriptive and inferential statistics. The inferential statistics used in the analysis of the primary data is factor analysis.

Hypothesis:
- H0: There is no significant relationship between income and investment in IPO
- H0: There is no significant relationship between investment in IPO and percentage gain
- H0: There is no significant relationship between longtime trading in stock / IPO and percentage of gain from the investment

Benefits of the study:
- It studies the factors that affects the investment in IPO
- It will help the investors to know which media is effective for providing complete information about IPO and which issues to be considered while making investment.

Data Analysis:
Descriptive Statistics:
The respondents profile:
- Among all respondents there are total 92 respondents who have age between 15 t0 35 years, 111 respondents have age between 35- 50 years and 58 respondents have age between 50-60 years and 39 respondents who have age above 60.
- 61 respondents had income is less than 100000, 66 respondents had income between 100000 to 200000, 105 respondents had income between 200001 and 300000 and 68 respondents income was more than 300001.
- 90 respondents were businessman, 87 were engineer, 52 were builder, and 71 were consultant.
- 73 respondents invested less than 10000, 124 respondents invested 10001 to 50000, 70

respondents invested 50001 to 100000, 33 respondents invested above 100001.

- 72 respondents traded in stock and IPO for 0 to 2 year, 134 respondents traded for 2 to 5 years, 65 respondents traded for 5 TO 10 year and 29 respondents traded in stock and IPO for 10 year and above.

The descriptive statistics revealed the following:

- 62 respondents invested in IPO based in the promoters image , while 82 respondents invested based on the premium, 60 respondents invested based on sector performance and 92 invested based on brokers advice.
- 182 respondents invest in IPO with the purpose of listing gain and 147 respondents invest in IPO with the purpose of long term gain in the IPOs.
- 35 respondents find IPO procedure easy, 137 respondents find IPO procedure difficult whereas 84 responders find IPO procedure complicated and 44 respondents find it lengthy.
- Among all respondents there are total 160 respondents are facing the difficulties related to refund problem, 39 respondents are facing the problem related to delay in crediting allotted share to the DEMAT account,57 respondents facing the difficulties related to the no clarity in allotment and 44 respondents did not face any kind of problem while investing in the IPOs.

Factor Analysis:

The factor analysis was carried to identify the factors that influence the investors to invest in IPO. The KMO value of 0.783 suggests that there is adequate number of factors that can be extracted and again the significant value of Bartlett's Test of Sphericity is 0.000 which is <0.001 so, the sample inter correlation matrix did not come from a population in which the inter correlation matrix is an identity matrix.

Table1: KMO and Bartlett's Tes

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.783
Bartlett's Test of Sphericity	Approx. Chi-Square	3521.038
	df	990
	Sig.	.000

Table 2: Communalities

	Initial	Extraction
The quality of product and service of company affect the IPO	1.000	.648
The nature of the company have the impact on ipo	1.000	.687
The Management of the company affect the ipo	1.000	.647
The Company's economic condition effect the ipo	1.000	.756
The Future planning of the company affect the ipo	1.000	.569
The news of the company affect the ipo	1.000	.530
The company milestone effect the ipo	1.000	.518
The Mission and Vision of the company effect the ipo	1.000	.485
The Financial condition of the company effect the ipo	1.000	.688
Experience of the company in the corporate world effect the ipo	1.000	.651
The Problems that company faces in corporate is affect the ipo	1.000	.647
The Company future forecasting ability affect the ipo	1.000	.654
Leadership quality of the top management of company is affect the ipo	1.000	.760
Planning of the project effect the ipo	1.000	.569
Decision making ability of the company effect the ipo	1.000	.552
the fact about the company affect the ipo	1.000	.658
Judgments on the legal fact of the company is effect the ipo	1.000	.635
There is a impact of the legal fact on the ipo	1.000	.584
Financial statement of the company affect the ipo	1.000	.562
Is the company Turnover of the product's is effect the ipo	1.000	.684
Cash flow condition in the company effect the ipo	1.000	.577
Company Future Prediction effect the ipo	1.000	.543
Company analytical ability affect the company ipo	1.000	.715
Company future prediction related to economy and financial position of the country affect the ipo	1.000	.664
Planning related to quality of the product and services of the company effect the ipo	1.000	.685
Is the company quality control technique effect the ipo	1.000	.619
Is the company quality assurance of the company effect the ipo	1.000	.684
the Company's corporate governance affect the ipo	1.000	.592

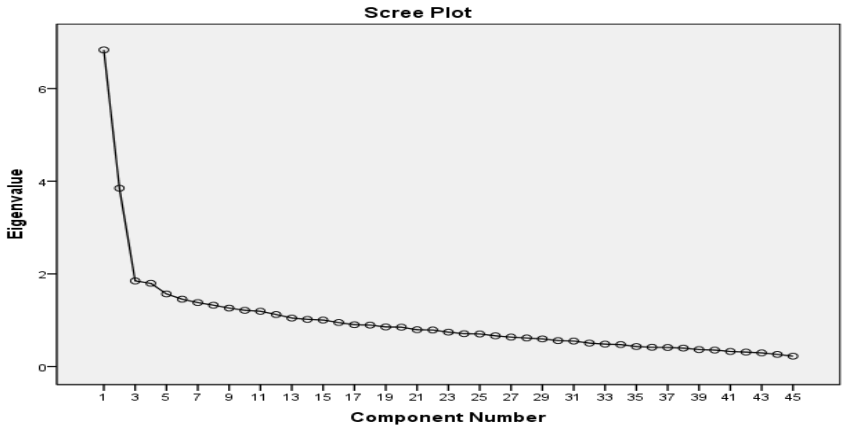
the Company corporate ethics affect the ipo	1.000	.635
Capital budgeting of the company for the IPO is well	1.000	.540
the Investors educated is affect the ipo of the company	1.000	.569
State's law Differentiate the company's financial condition for the ipo	1.000	.670
Rules and regulations of the company are affect the ipo	1.000	.526
comment in media for risk associate with company is affect the ipo	1.000	.686
the comment in the media affect the listing price of the Share	1.000	.695
the comment in media having impact on pricing of the new issue	1.000	.588
the legitimacy effect the income level of the investor of the ipo	1.000	.469
the gap of the performance have effect the ipo performance	1.000	.573
the governance of the company affect the ipo	1.000	.579
the stake holder group of the company affect ipo of the company	1.000	.586
the size of the board of the company affect the ipo	1.000	.688
the voting power of the share holder affect at the time of ipo	1.000	.598
Nature of the new project affect the company ipo	1.000	.665
Total investment of the company in the new project affect the ipo	1.000	.700
The Uncertainty in financial markets affect the company ipo	1.000	.582

Table 3: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.832	15.183	15.183	6.832	15.183	15.183	6.234	12.595	12.595
2	3.848	8.552	23.735	3.848	8.552	23.735	3.178	7.062	19.656
3	1.849	4.108	27.843	1.849	4.108	27.843	1.769	3.931	23.587
4	1.796	3.992	31.835	1.796	3.992	31.835	1.683	3.739	27.327
5	1.567	3.483	35.318	1.567	3.483	35.318	1.614	3.587	30.914
6	1.454	3.231	38.549	1.454	3.231	38.549	1.612	3.581	34.495
7	1.380	3.068	41.617	1.380	3.068	41.617	1.534	3.409	37.904
8	1.324	2.942	44.559	1.324	2.942	44.559	1.516	3.369	41.273
9	1.262	2.805	47.364	1.262	2.805	47.364	1.440	3.200	44.474
10	1.214	2.697	50.060	1.214	2.697	50.060	1.377	3.061	47.535
11	1.193	2.652	52.713	1.193	2.652	52.713	1.358	3.018	50.552
12	1.123	2.496	55.209	1.123	2.496	55.209	1.322	2.937	53.489
13	1.047	2.327	57.536	1.047	2.327	57.536	1.296	2.880	56.369
14	1.018	2.263	59.799	1.018	2.263	59.799	1.296	2.879	59.249
15	1.004	2.231	62.030	1.004	2.231	62.030	1.251	2.781	62.030
16	.950	2.111	64.141						
17	.903	2.006	66.147						
18	.895	1.988	68.135						
19	.855	1.900	70.035						
20	.850	1.888	71.923						
21	.795	1.767	73.690						
22	.790	1.755	75.445						
23	.742	1.650	77.095						
24	.709	1.575	78.670						
25	.704	1.564	80.233						
26	.664	1.475	81.708						
27	.637	1.415	83.123						
28	.618	1.373	84.495						
29	.597	1.326	85.821						
30	.560	1.245	87.067						
31	.550	1.223	88.290						
32	.507	1.126	89.416						
33	.485	1.077	90.493						
34	.475	1.055	91.548						
35	.432	.961	92.509						

36	.417	.926	93.435						
37	.412	.915	94.350						
38	.399	.886	95.236						
39	.366	.814	96.050						
40	.356	.791	96.841						
41	.326	.724	97.565						
42	.312	.694	98.259						
43	.296	.657	98.916						
44	.263	.585	99.501						
45	.225	.499	100.000						

Figure 1:



The scree plot is a graph of the eigenvalues against all the factors. The graph is useful for determining how many factors to retain. The point of interest is where the curve starts to flatten. It can be seen that the curve begins to flatten between factors 3 and 4. So there are major three factors.

The table below shows the loadings of the 23 variables on the 15 factors extracted. The higher the absolute value of the loading, the more the factor contributes to the variable. The gap on the table represent loadings that are less than 0.5, this makes reading the table easier.

Table 4: Rotated Component Matrix

	Component														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Factor_1					.782										
Factor_2															
Factor_3															
Factor_4															.844
Factor_5															
Factor_6			.592												
Factor_7															
Factor_8															
Factor_9										.776					
Factor_10	.631														
Factor_11	.710														
Factor_12															
Factor_13						.792									
Factor_14	.603														
Factor_15															
Factor_16											.716				
Factor_17								-.616							
Factor_18															
Factor_19															
Factor_20				.653											

Factor_21				.647										
Factor_22														
Factor_23													.787	
Factor_24		.754												
Factor_25		.623												
Factor_26		.589												
Factor_27		.668												
Factor_28		.526												
Factor_29	.552													
Factor_30	.527													
Factor_31	.621													
Factor_32	.563													
Factor_33	.650													
Factor_34									.761					
Factor_35	.504													
Factor_36	.706													
Factor_37	.527													
Factor_38								.589						
Factor_39						.562								
Factor_40							.569							
Factor_41							.704							
Factor_42			.612											
factor_43												.764		
factor_44													-.795	
factor_45														

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 23 iterations.

The factor analysis reveals that there are three major factors that influence the investors to invest in IPO. The three major factors are Company Philosophy, Future Prediction and Projection, News relating to company IPO and Financial Performance.

Hypothesis

H0: There is no significance relationship between income and invest in IPOs.
H1: There is significance relationship between income and invest in IPO's.

Table 5: Chi-square tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.939[a]	9	.018
Likelihood Ratio	22.620	9	.007
Linear-by-Linear Association	12.544	1	.000
N of Valid Cases	300		
a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.71.			

The above table indicates that as the p-value is 0.018 which is less than 0.05 at 5% level of significance we reject the null hypothesis. Thus, there is association between income and invest in IPOs.

H0: There is no significance relationship between invest in IPOs and percentage gain from the IPO listing.
H1: There is no significance relationship between invest in IPOs and percentage gain from the IPO listing.

Table 6: Chi-square tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.904[a]	9	.750
Likelihood Ratio	6.038	9	.736
Linear-by-Linear Association	.177	1	.674
N of Valid Cases	300		
a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.61.			

The above table reveals that the p-value is 0.750 which is greater than 0.05 at 5% level of significance, so we fail to reject the null hypothesis. Thus, there is no association between investment in IPO and percentage of gain from IPO Listing.

H0: There is no significance relationship between longtime trading in stock/IPO and percentage gain from the investment.
H1: There is no significance relationship between longtime trading in stock/IPO and percentage gain from the investment.

Table 7: Chi-Square tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.335[a]	9	.602
Likelihood Ratio	6.998	9	.637
Linear-by-Linear Association	.196	1	.658
N of Valid Cases	300		
a. 1 cells (6.3%) have expected count less than 5. The minimum expected count is 4.93.			

The table states that the p-value is 0.602 which is greater than 0.05 at 5% level of significance, we fail to reject the null hypothesis. Thus, there is no association between longtime trading in stock/IPO and percentage gain from the investment.

CONCLUSION

The analysis of the data reveals that majority of the investor's takes broker's advice while investing in IPO. The analysis also states that 182 respondents invest in IPO to benefit from listing gain. It can be stated from the data analysis that majority of the respondents find the IPO procedure to be difficult. The analysis indicates that the major problem faced by the investors is delay in refund and lack of clarity in allotment. The factor analysis was carried to identify the factors that influence the investors to invest in IPO. The KMO value of 0.783 suggests that there is adequate number of factors that can be extracted. The analysis accounted for 62.03% of variance and the most important factor that influence the investors are Company Philosophy, Future Prediction and Projection, News relating to company IPO and Financial Performance.

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