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**THE MARKET PERFORMANCE OF BOOK BUILDING
IPOs IN INDONESIA**

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Abstract

Objectives Aim of this research is to determine the significant difference in short run and long run performance of Initial Public Offerings (IPO) in Indonesian Capital Market through book building or fixed price marketing method. Moreover, it is intended to distinguish the characteristics of the issuer that might influence in their choice of marketing method.

Method Samples collected are companies who went public in year 2007 to 2010. The aftermarket performance of the IPOs is assessed based on their short run performance (initial return) and long-term performance (CAR and BHAR). Firm's characteristics that might influence the marketing method are also analyzed using logistic regression. The model has the marketing method as the dependent variable and size, age, industry and ownership of the issuer as independent variable.

Results The result shows there is no significance difference in the short run performance between the marketing methods. However, there are significant difference in the long-run performance in BHAR measurement. For logistic regression, there are no significant relationship between the companies' characteristics that influence the marketing method chosen.

Conclusion This research concludes that book built IPOs are better performed than fixed price in the long run. Firm's characteristics in terms of size, age, industry and ownership does not influence the choice of marketing method.

Key words

Initial Public Offering (IPO), Book Building, Fixed Price, Undepricing, Information Asymmetry.