

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

The purpose of this research is investigation to find determinants of going public abroad. After analyze all of the literature and data, can be drawn many conclusion taken from the result that can answer this research's problem statements. The conclusion from the analysis results are:

1. Based on the literature review, there are four determinants of going public abroad based Caglio, Hanley and Westberg (2010), they are firm size, profitability and growth, foreign sales, size of the stock and bond market.

In further, this thesis is observing the determinants taken from Caglio, Hanley and Westberg (2010) which are firm size, profitability and growth, foreign sales, size of the stock and bond market that may affect to the decision to go public abroad then finding what the primary driver may influence the decision to go public abroad with the sample of firms in which are going public abroad (issued foreign IPO) or going public domestically (issued domestic IPO) in Asia region (China, Hong Kong, India, Indonesia, Malaysia, Singapore, South Korea, Taiwan). This research used Logit Model as data analysis model.

2. Based on the result using Logit Model , a conclusion that can be drawn is that only foreign sales that showed significant result as determinants of going public abroad and have positively affects to go public abroad decision, it means that the hypothesis based on foreign sales factors is accepted in this research.

This result consistent the literature reviews of Caglio, Hanley and Westberg (2010), Pagano, Röell, and Zechner (2002), Saudagaran (1988) that the greater percentage of foreign sales, the more likely the IPO will go public abroad. The firms sell their product in foreign or export, consider to go public abroad increasing their visibility among clients, government and media. Other factors such as proceed, market to book ratio, ROA, stock market capital and stock market turnover, private bond and public bond did not show significant result or they reject alternative hypothesis and accept null hypothesis. The result can be summarized below:

- a. Firm Size did not affect to the going public abroad decision
- b. Profitability and growth did not affect to the going public abroad decision
- c. Foreign sales positively affect to the going public abroad
- d. Size of the stock and bond markets did not affect to the going public abroad decision

Firm size, profitability and growth, also size of stock and bond market showed that they did not affect to go public abroad decision mean that they are not relevant to describe the determinant of going public abroad by differentiate the firms which are going public abroad (issued foreign IPO) and going public domestically (issued domestic IPO) because of the limitation of firms samples and the validity of data each firms.

3. Finally, from that result in this research, automatically find that the primary factor of going public abroad is foreign sales because from many determinants

is only foreign sales that affects to go public abroad decision and foreign sales have positively affects to go public abroad decision.

5.2 Managerial Implication

Going public abroad is one of many ways to expand the firms and aware with the globalization era. IPO's need access to capital at the time of the listing, a consideration not all cross listings face. That is why before management decide to go public abroad and fulfill the listing requirements in the international market, it is better to see the firm's capability. This information is important for IPOs that may affect the determinants of going public abroad. One of the factors is foreign sales. Whether management decides to go public abroad, because there is no trading history before, foreign sales can be one of the firm's performance information that can give the investor information about the firm's performance to make decision to invest or buy the shares.

5.3 Limitation of the Research and Direction for Further Research

This study has several limitations. This research examined about how the determinant affect going public abroad decision and what is the primary factor that may influence the decision to go public abroad and did not analysis other factors beyond the research limitation. This study uses 27 firms which going public abroad and 26 firms which going public domestically. The data for this study are from initial prospectus, annual report of the firms from 1999 to 2009. So there are only 53 data for this research. For further research, more data and the

more period of research are required to obtain better result and increase the distribution of the type firms choosing foreign IPO.

In this research, firm size, growth and profitability, size of the stock and bond market, foreign sales represent 51.8% (R-squared) of the determinants going public abroad, so there are 48.2% from other factors can explain the determinants of going public abroad. For further research, researcher should consider to add another determinant such as legal and disclosure standards, financial reform, liquidity, earning per stock as measurement variable.

This research only discussed about the determinants of going public abroad and can be improved for other purpose to help firm's management and investor to get more information to make decision such as research about determinants to choose listing country and determinants to decide the appropriate time to go public abroad also using other methods such as neural network or backward step method in regression.

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APPENDIX

APPENDIX 1
Firm and Offer Variables

Variable	Source
Firm	www.nyse.com, www.nasdaq.com, www.sgx.com, www.bursamalaysia.com, www.nse.com, www.idx.co.id
Foreign IPO or Domestic IPO	http://www.investing.businessweek.com
IPO Date	Bloomberg
IPO Proceed	Initial Prospectus
Foreign Sales	http://www.asia.advfn.com
Market to Book Ratio	Initial Prospectus and Annual Report
ROA	http://www.wikinvest.com , Indonesia Capital Market Directory

Market Variables

variable	Source
Stock Market Turnover	WorldBank's Financial Structure Dataset
Stock Market Capital	WorldBank's Financial Structure Dataset
Private Bond	WorldBank's Financial Structure Dataset
Public Bond	WorldBank's Financial Structure Dataset

**APPENDIX 2
MULTICOLLINEARITY RESULT**

BOOK_RATIO	1.000000	0.053329	-0.013293	-0.042315	0.218067	0.052949	0.082244	0.400917
FOREIGN_SALES	0.053329	1.000000	0.001634	0.019000	0.160176	-0.151982	-0.119195	0.188492
PRIVATE_BOND	-0.013293	0.001634	1.000000	-0.046431	0.522268	0.074321	0.291118	-0.089425
PROCEED	-0.042315	0.019000	-0.046431	1.000000	-0.432676	-0.121057	-0.321455	-0.033467
PUBLIC_BOND	0.218067	0.160176	0.522268	-0.432676	1.000000	0.149837	0.554789	0.145385
ROA	0.052949	-0.151982	0.074321	-0.121057	0.149837	1.000000	0.021107	-0.203897
STOCK_CAPITAL	0.082244	-0.119195	0.291118	-0.321455	0.554789	0.021107	1.000000	-0.294656
STOCK_TURNOVER	0.400917	0.188492	-0.089425	-0.033467	0.145385	-0.203897	-0.294656	1.000000

FOREIGN IPO LIST													
Year	name	date	Symbol	IPO price	COUNTRY	Proceed	Market to Book Ratio	Foreign Sales	ROA	Private Bond	Public Bond	Stock Market Capital	Stock Market Turnover
2001	Giant Interactive Group Inc	1 November 2007	GA	\$12-\$14	China	657000000	0.6	1%	48.5%	0,1453084	0,2943585	1,318388	1,251415
2007	Acorn International, Inc	39205	ATV	\$14.50	China	\$80300000	3.14	62%	3.5%	0,1453084	0,2943585	1,318388	1,251415
2007	Agria Corporation	39393	GRO	\$16.50	China	\$167700000	4.01	70%	6.9%	0,1453084	0,2943585	1,318388	1,251415
2009	Chemspec International	39988	CPC	\$9	China	43700000	0.7	40%	30.9%	0,1869281	0,3582086	1,06789428	1,654787
2007	China Nepstar Chain Drugstore Ltd	39395	NPD	\$11.50-\$13.50	China	\$231700000	2.9	53%	2.1%	0,1453084	0,2943585	1,318388	1,251415
2005	Suntech Power Holdings Ltd	38700	STP	\$15.00	China	\$278400000	2.7	75%	13.1%	0,1061481	0,2353285	0,3189396	0,7509334
2004	Semiconductor Manufacturing International Corporation	38063	SMI	\$17.50	China	\$970000000	0.03	88.8%	-0.029	0,0895898	0,1896386	0,3450829	1,169608
2007	Yingli Green Energy Holding Company Ltd	39241	YGE	\$11-\$13	China	\$299000000	4.3	90.6%	0.011	0,1453084	0,2943585	1,318388	1,251415
2007	Xinyuan real Estate Co., Ltd	39428	XIN	\$14.00	China	\$224900000	6.6	0%	10.1%	0,1453084	0,2943585	1,318388	1,251415
2007	WSP Holding Limited	39422	WH	\$10.5-\$12.5	China	\$262200000	3.3	95.85%	0.143	0,1453084	0,2943585	1,318388	1,251415
2007	Vancalinfo Technologies Inc	39428	VIT	\$7.50-\$9.5	China	\$45900000	15.8	0.93	0.104	0,1453084	0,2943585	1,318388	1,251415
2004	LG Display Co., Ltd	38190	LPL	\$15.00	Korea	\$748800000	0.5	0.84	0.159	0,5722114	0,3815163	0,5808268	1,490476
2007	LDK Solar Co., Ltd	1 June 2007	LDK	\$25-\$27	China	\$236000000	8.2	70.6%	20.4%	0,1453084	0,2943585	1,318388	1,251415
2002	AU Optronics Corp	37399	AUO	\$14.95	Taiwan	\$795500000	5.0	23.7%	6.3%	0,0804915	0,1200216	0,3418159	0,7198951
2007	Noah Education Holdings, Ltd	39374	NED	\$9.80-\$11.80	China	84100000	8.4	0	20.1%	0,1453084	0,2943585	1,318388	1,251415
2008	Renesola Ltd	29 January 2008	SOL	\$15.45	China	\$127300000	1.24	0.38	16.7%	0,1646167	0,32287	1,06789428	1,654787
2002	China Telecom Corporation Limited	37301	CHA	\$13.4	China	\$4596000000	4.1	30%	0.08	0,0804915	0,1200216	0,3418159	0,7198951
2001	Dr.Reddy's Laboratories Limited	38692	RDY	\$17.50	India	\$235000000	2.5	88.74%	0.062	0,0041664	0,2532196	0,2734178	2,258216
2005	Pati Computer System Limited	38694	PTI	\$20.34	India	\$132845625	3.4	99.9%	0.156	0,0094598	0,320087	0,5854071	0,7845243
2001	Satyam Computer Services Limited	37026	SAY	\$9.71	India	\$131300000	0.32	89.8%	-0.017	0,0041664	0,2532196	0,2734178	2,258216
2000	Wipro Limited	36818	WIT	\$41.38	India	\$107160000	0.3	0.46	0.263	0,0045373	0,2310931	0,36442	3,443187
2006	WNS (Holdings) Limited	38924	WNS	\$18-\$20	India	73900000	2.7	75.8%	0.136	0,0175522	0,3160137	0,7555604	0,7797049
2006	Verigy Ltd	38881	VRGY	\$15	Singapore	\$140000000	0.3	68.5%	-45.3%	0,1717102	0,3803976	2,198228	0,6672481
2005	Gravity Co., Ltd	2005	GRVY	\$13.50	South Korea	70000000	3.2	69.2%	76.2%	0,5354901	0,4480648	0,7281454	1,67504
2007	Wuxi Pharma Tech	39303	WX	\$11.00-\$13.00	China	107800000	4.36	0.14	0.103	0,1453084	0,2943585	1,318388	1,251415
2006	Trina Solar limited	19-Dec-06	TSL	\$13.50-\$15.50	China	67400000	3.34	0.694	0.103	0,129389	0,2663197	0,6064254	0,6739067
2007	Tongjiang Chinese Medicines Company	16-Mar-07	TCM	\$15.00-\$17.00	China	128300000	3.265	0.607	0.224	0,1453084	0,2943585	1,318388	1,251415

DOMESTIC IPO LIST

No	Year	name	date	Symbol	IPO price	COUNTRY	Proceed	Market to Book Ratio	Sales	Foreign Sales (yang 0 memang 0% karena tidak ada export)	ROA	Private Bond	Public Bond	Stock Market Capital	Stock Market Turnover
1	2008	PT. Kertas Basuki Rachmat Indonesia, Tbk	11 July 2008	KBRI	\$0.026	Indonesia	35360000	0.00015	\$11752400	0	10.30%	0.0196259	0.1796197	0.5534174	0.8247969
2	2008	Trada Maritime Tbk	10-Sep-08	TRAM	\$0.0125	Indonesia	48050600	0.0004	\$31711200	0	3%	0.0196259	0.1796197	0.5534174	0.8247969
3	2009	Singapore Medical Group Ltd	21-Jul-09	SMG	\$0.17	Singapore	4352000	0.2	\$24230500	0	8%	0.1373967	0.3986177	1.48741	3.263552
4	2009	Passion Holdings Limited	31-Aug-09	PASN	\$0.20	Singapore	18112500	16.19	\$427895.5	90.4%	6.5%	0.1373967	0.3986177	1.48741	3.263552
5	2007	Wanxiang International limited	17-Jul-07	WANX	\$0.23	Singapore	13500011	34.6	\$47979702.8	6%	2%	0.1607143	0.3866851	1.962867	1.086956
6	2009	Capitamalls Asia Limited	23-Nov-09	CMAL	\$1.70	Singapore	1932724.5	163	\$146.332.000	42.2%	4.82%	0.1373967	0.3986177	1.48741	3.263552
7	2006	Sitra Holdings (Intl) Limited	15-Nov-09	SITR	\$0.21	Singapore	4057200	1.17	\$1503037500	78.9%	6.18%	0.1717102	0.3803976	2.198228	0.6672481
8	2005	Hoe leong corporation Ltd	01-Dec-05	HOE	\$0.02	Singapore	9500000	0.03	\$56721000	93.9%	14%	0.1831515	0.3834543	2.498343	0.3783925
9	2004	Global Yellow Pages (Singapore) Limited	02-Dec-04	YPG	\$1.30	Singapore	73174500	5.99	\$27400000	0	4%	0.1998886	0.3749435	2.335975	0.2935477
10	2004	Advance SCT Limited	22-Nov-04	ASCT	\$0.24	Singapore	4560000	0.04	\$12274569	40%	3.33%	0.1998886	0.3749435	2.335975	0.2935477
11	2003	SINWA Ltd	26-Feb-03	SKS	\$0.23	Singapore	4600000	1.05	\$25405000	87.1%	13.90%	0.2262525	0.381082	1.784856	0.3831355
12	2001	Santak (F) Ltd	29-Mar-01	SNTK	\$0.23	Singapore	3800000	19.7	\$14640000	70.4%	19%	0.2216038	0.3179888	1.594987	0.5401916
13	2001	Lantrovision (S) Ltd	01-Nov-01	LANT	\$0.02	Singapore	6700000	0.04	\$67533000	47.9%	24%	0.2216038	0.3179888	1.594987	0.5401916
14	2000	Sunlight Group Holding Ltd	16-Aug-00	SUNL	\$0.26	Singapore	5700000	0.39	\$27900000	5%	2.60%	0.1729518	0.2515077	1.910298	0.598618
15	2000	Ban Joo & Company Limited	03-Apr-00	BJ	\$0.15	Singapore	18800000	0.02	\$58700000	10.8%	2.40%	0.1729518	0.2515077	1.910298	0.598618
16	2001	PT Pyridam Farma Tbk	16 October 2001	PYFA	\$0.03	Indonesia	3600000	0.0003	\$2094500	0	21.90%	0.0138019	0.3098395	0.1569424	0.4201959
17	1999	International Press Softcom	28-Aug-99	IPS	\$0.55	Singapore	26400000	0.09	\$36864000	13.7%	9.30%	0.1633151	0.2344149	1.78953	0.4938586
18	1999	Tiong Woon Corp Hldng Ltd	15-Sep-99	TWTC	\$0.20	Singapore	6100000	0.02	\$46639000	26.7%	2.02%	0.1633151	0.2344149	1.78953	0.4938586
19	2008	Perwaja Holdings Berhad	21-Jul-08	PERH	\$0.96	Malaysia	57393800	0.42	\$219869172	11.5%	3%	0.5753764	0.3591241	1.802891	0.7834741
20	2008	PT Bekasi Asri Pemula Tbk	14 January 2008	BAPA	\$0.015	Indonesia	3000000	0.00031	\$5133400	0	1%	0.0196259	0.1796197	0.5534174	0.8247969
21	2008	Titagarh Wagons Limited	21-Apr-08	TWIL	\$12.10	India	3000000	0.08	\$476030250	68.5%	7%	0.0395521	0.3029657	1.731583	0.4580821
22	2008	Manakia Limited	08-Jan-08	MANAKSI	\$3.60	India	5580000	0.57	\$101988225	52%	11%	0.0395521	0.3029657	1.731583	0.4580821
23	2007	Suryachakra Group	23-Jul-07	SURYACH	\$0.45	India	15300000	1.3	\$215200138	0	6%	0.0266692	0.309735	1.127214	0.6088451
24	2006	Alam Maritim Resources BHD	29-Jun-06	AMRB	\$0.55	Malaysia	16070560	0.06	\$45521224	0	9.20%	0.5141608	0.3586793	1.347845	0.284267
25	2007	Asahi Songwon Colors Limited	04-Jun-07	ASAH	\$2.03	India	7537499	2	\$11992725	2%	19%	0.0266692	0.309735	1.127214	0.6088451
26	2005	Fragrance Group Limited	01-Feb-05	FRAG	\$0.30	Singapore	11100000	0.526		0	0.4	0.1831515	0.3834543	2.498343	0.3783925