Will IPO in ASEAN Lead Better Performance?

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ABSTRACT

This research aims to prove whether or not Initial Public Offering (IPO) within ASEAN capital market brings about better accounting performance. The study focuses on accounting performance by using multiple regression analysis to analyze data from 2,677 listed companies in six ASEAN countries which are Thailand, Indonesia, Malaysia, Philippines, Singapore, and Vietnam for 26 years from 1994 to 2019 which have totally 31,790 firm-year observations. Results empirically shows that IPO has a negative relationship with accounting performance because the owners of IPO firm need to sacrifice cost for agency control in order to maintain their maximum benefit. This study can bridge and add more literature of the IPO study. The research explores all significant countries in ASEAN in the effect of Initial Public Offering (IPO) on accounting performance covering all available data up to the year before COVID-19 pandemic. This study explores more opportunity in future research to deeply discover and study in each interesting issue of the empirical evidence. This study provides empirical evidence for consideration to whom aims to pursue IPO. The management and investors can observe the results of this study to support their decision making. In addition, regulators can improve policies to prevent earnings manipulation and fraudulence.

Key word: Initial Public Offering, IPO, Performance, Listed company

Introduction

Being a listed company, there are various reasons enhancing business competitiveness. Following Barden, Copeland, Hermanson, and Wat (1984), a company can have a long-term funding source. It can raise funds from the public to be used as working capital or business expansion easily and quickly. This funding creates a competitive advantage to provide in a suitable financial structure for business operations. It also can have an opportunity in various ways to raise funds through the issuance of other types of securities after listing such as debentures and convertible debentures. Besides, being a listed company, it has to be reviewed and monitored by related oversight bodies including the Securities and Exchange Commission (SEC) and the Stock Exchange so that it appears to have a good image and seems to be considered as a good performance company. A listed company which demonstrates its sustainability through transparency of information disclosure can gain various benefits for its business such as reliability, bargaining power, and awareness. Dissemination of news and events by various media are all things that strengthen the company signaling its performance to public. Moreover, a listed company can have more business linkages and alliances from various domestic and international business groups. This connection enhances its business expansion and growth. In addition, it also increases business synergy from higher potential business partners in core value chain such as marketing, manufacturing, technology, finance, and human resources; as a result, the company can have a higher competitive advantage.

On the other hand, there are some pitfalls for being a listed company. Barden et al. (1984) reports that a company has to drastically invest in effective control system serving transparency policy of a capital market such as implementation of a premium accounting software, holding formal board and shareholders' meetings, and huge administrative works serving any regulators. A listed company may be pressured to sustain its growth by shareholders. If it cannot serve this expectation, the stock price may significantly decrease so that its management may have inappropriate behavior such as financial report manipulation. In addition, there are some researches showing that listed companies after initial public offering (IPO) trend to have lower performance than before IPO (Ibbotson, 1975; Goergen et al., 2007; Alanazi et al., 2011; Pagano, Panetta and Zingales, 1998).

From the above mentioned, there are both positive and negative factors and results for IPO so that it remains a question that whether a company will have better performance for being a listed company, especially for the accounting performance? Thus, this research aims to study effect of IPO on the accounting performance of listed companies in Association of Southeast Asian Nations (ASEAN) focusing on Thailand, Vietnam, Singapore, Malaysia, Indonesia, and the Philippines for the data available until 2019 or the event of Covid-19 which is between 1994 and 2019.

Literature Review and Hypothesis Development

There are studies in various capital markets showing that, after IPO, revenue, capital expenditures, and operating expenses will increase, while profitability will decrase. Ibbotson (1975) reveals an inverse relation between initial returns and the long-term performance of firms after IPO in the United States (US) between 1960 and 1969 as well as Jain and Kini (1994) study company performance after IPO in the United States between 1976 and 1988 totally 982 companies by observing return on assets (ROA), operating cash flows to total assets, gross income, asset turnover, and capital expenditures. The study observes the performance one year and five years before and after IPO, respectively. Results show that total income and capital expenditure increase, but ROA and operating cash flow to total assets significantly decrease.

In Europe, Pagano, Panetta, and Zingales (1998) observe 2,181 Italian firms before and after IPO and show that, after IPO, the firms have permanently decreasing profitability. Goergen et al. (2007) analyze 240 IPO firms in the United Kingdom and show a negative effect of agency cost on long-term performance after IPO. Pastusiak, Bolek, Malaczewski, & Kacprzyk (2016) study profitability two years before IPO of 527 firms in Poland between the year 1991 and 2012 by emphasizing on ROA, ROE, operating profit margin, and NPM. They show that the most profitable year is one year before IPO and also find that profitability decreases after IPO.

Auret and Britten (2008) observe performance one year and four years before and after IPO of 391 companies in the Republic of South Africa. Between the year 1990 and 2003. The study focuses on ROA, long-term investment, borrowing, stocks issuing, growth of revenue, interest and taxes, and dividend policy. The study explores that firm performance will worsen after IPO, while revenue does not significantly decrease because the owners enter IPO when the business performance reaches a peak level so that the performance decreases after IPO. Another reason is that having high cost of a representative after IPO certainly affects lower profitability. Besides, Alanazi et al. (2011) confirm the results of previous studies through a study of the financial performance for IPO firms in Saudi Arabia between 2003 and 2009 and find that although profitability decreases after IPO, Saudi IPO frims sustainable growth in sales and capital expenditures.

Earnings management is also another matter affecting accounting performance of IPO firms. Schipper (1989) informs that earnings management will occur when management intervine any financial reports having to be publicly presented to serve management self-interest. Besides, earnings management appears when management uses discretionary creation of a financial report and a business structure to distort its information to meet self-benefit (Healy & Wahlen, 1999) in four earnings targets; avoiding negative performance, avoiding decreasing trend of performance, avoiding discrepancy between forecasting figures and actual results, and avoiding disappointment of investors or stakeholders. There are evidences showing higher earnings management and lower earnings quality of IPO firms. Shette, Kuntluru & Korivi (2016) study the impact of earnings management on the year of IPO to the long-term performance of 150 companies 1 year and 6 years before and after IPO in India between the year 2001 and 2006 by focusing on return on equity (ROE), ROA, net profit margin (NPM), and earnings quality. Results show negative ROE and decreasing of profitability (ROA and NPM) and earnings quality after IPO. The study also demonstrates a negative relation between earnings management and long-term ROE. In addition, Sosnowski (2021) also explains behavior of earnings management during IPO aiming at decreasing cost of production, controlling expenditures, and enhancing operating cash flows.

From various researches in many countries, results succinctly show the same direction that prior IPO, profitability increases and then declines after IPO. The decreasing of profitability may come from higher agency cost such as higer control system and formal operation process and administration (Jensen & Meckling 1976). However, disclosure of company information in accordance with the higer standard requirements as a listed company can reduce asymmetric information which results in lower cost of capital as a result that a listed company has high opportunities in lower cost of financing through public. The public supports IPO firms because of their transparent information which reduces the risk of investors because they can better estimate business trends or forecast securities value (Diamond & Verrecchia, 1991; Leuz & Verrecchia, 2000).

This study is interested in firm performance, especially accounting performance, after IPO in ASEAN region which is an emerging market and economy and also rather influences investors all over the world. The literature above mentioned vividly shows the same results so that this study can develop hypotheses which are as follows:

H1: IPO positively affects income (REV).

H2: IPO positively affects fixed asset turnover (FAT).

H3: IPO positively affects gross profit (GP).

H4: IPO positively affects gross profit margin (GPM).

H5: IPO positively affects selling administrative expenses (SGA).

H6: IPO positively affects selling administrative expenses to revenue (SGAM).

H7: IPO negatively affects financial costs (INT).

H8: IPO negatively affects average interest rate (RATE).

H9: IPO negatively affects net profit (NP).

H10: IPO negatively affects net profit margin (NPM).

The hypotheses can be summarized in table I and represented as research framework in figure 1.

Table I Summary of research hypotheses

| Hypotheses	Independent Variable: IPO		
	Dependent Variables	Expectation	References
H1	REV	+	Jain and Kini (1994) Alanazi et al. (2011)
H2	FAT	+	
H3	GP	+	
H4	GPM	+	
H5	SGA	+	Jensen and Meckling (1976) Goergen et al. (2007)
H6	SGAM	+	
H7	INT	-	Diamond and Verrecchia (1991) Leuz and Verrecchia (2000)
H8	RATE	-	
H9	NP	-	Ibbotson (1975) Jain and Kini (1994) Pagano et al. (1998) Goergen et al. (2007) Auret and Britten (2008) Alanazi et al. (2011) Shette et al. (2016) Pastusiak et al. (2016)
H10	NPM	-	
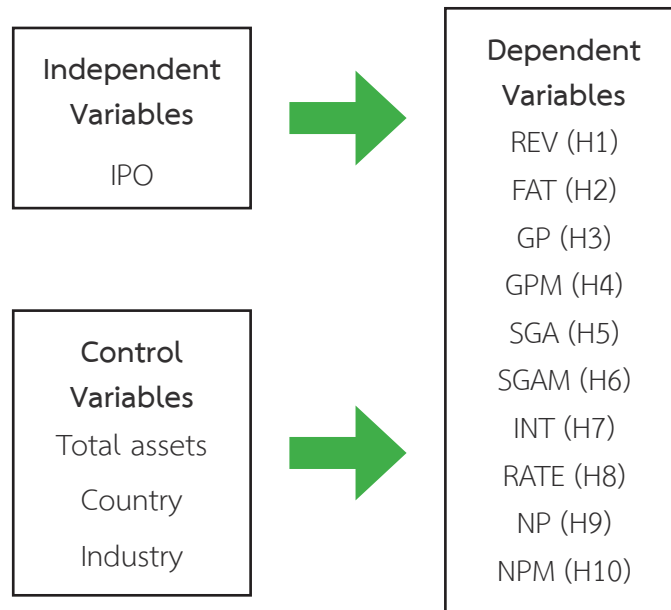
Figure 1 Rsearch framework

Research Methodology

This research observes data from listed firms in six ASEAN countries such as Thailand, the Philippines, Malaysia, Vietnam, Singapore, and Indonesia. The study collects accounting performance information before and after IPO for 26 years between the year 1994 and 2019. The study starts observation the data since the year 1994 because this year is the most historical exchange rate data and the data for the study ends in 2019 because the latest years, year 2020 and 2021, are very significantly affected by COVID-19 pandemic. In addition, the observed companies are selected following criteria: having only the performance in the currency of each country and excluding common stocks traded in foreign market (to reduce the duplication of data set), excluding common of NVDR, Foreign Board, Index, NASDAQ, Fund, having data of pre- and post-IPO information. Thus, the totally listed companies for this study are 2,677 companies which can be classified by each country as table II.

Table II The number of selected companies for the study in each country

Country	Number of companies
Vietnam	936
Malaysia	483
Singapore	476
Indonesia	359
Thailand	337
The Philippines	86
Total	2,677

This study collects data from Refinitiv Datastream of Thomson Reuters database between the year 1994 and 2019, using figures from financial statements including income (REV), gross profit (GP), selling and administrative expenses (SGA), finance costs (INT), and net profit (NP) as well as ratios such as fixed assets turnover ratio (FAT), gross profit margin (GPM), selling and administrative expenses to income (SGAM), average interest rate (RATE), and net profit margin (NPM). The study also examines the year of firms' listing on stock exchange markets and IPOs through the related websites and databases. Thus, the study can collect total data set between 22,431 and 30,128 data as shown in table III. The study observes IPO events by using a dummy variable: equal to 0 if data comes from the year before IPO, equal to 1 if data comes from the year since IPO. There are three control variables for this study including total assets (TA); countries such as Thailand (cTHA), the Philippines (cPHI), Malaysia (cMAL), Vietnam (cVIE), Singapore (cSIN), and Indonesia (cIND); industries which are grouped into manufacturing (sManu), services (sServ), finance (sFin), and others (sOth). Although IPO requirements in each country are different and the analysis in each country may provide insight, this study applies pool analysis all the countries together in order to observe an empirically whole picture so that this study can explore comparative results comprehensively. However, the study still prudently controls country-specific variables in the models which are country and industry variables.

Table III The number of data sets in the research

Collected Data	Firms	The number of data sets
REV	2,601	30,128
GP	2,207	23,494
SGA	2,257	24,864
INT	2,241	24,390
NP	2,467	23,838
FAT	2,234	23,868
GPM	2,483	27,559
SGAM	2,227	24,556
RATE	2,122	22,413
NPM	2,539	25,246

This study develpes models for multiple regression analysis in order to test hypotheses as follows:

$$REV_{i,t} = \alpha + \beta_1 IPO_{i,t} + \sum \text{control variables } (TA_{i,t}, cIND_{i,t}, cMAL_{i,t}, cPHI_{i,t}, cSIN_{i,t},$$
$$cTHA_{i,t}, cVIE_{i,t}, sManu_{i,t}, sServ_{i,t}, sFin_{i,t}, sOth_{i,t})\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(1)$$

$$FAT_{i,t} = \alpha + \beta_2 IPO_{i,t} + \sum \text{control variables } (TA_{i,t}, cIND_{i,t}, cMAL_{i,t}, cPHI_{i,t}, cSIN_{i,t},$$
$$cTHA_{i,t}, cVIE_{i,t}, sManu_{i,t}, sServ_{i,t}, sFin_{i,t}, sOth_{i,t})\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(2)$$

$$GP_{i,t} = \alpha + \beta_3 IPO_{i,t} + \sum \text{control variables } (TA_{i,t}, cIND_{i,t}, cMAL_{i,t}, cPHI_{i,t}, cSIN_{i,t},$$
$$cTHA_{i,t}, cVIE_{i,t}, sManu_{i,t}, sServ_{i,t}, sFin_{i,t}, sOth_{i,t})\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(3)$$

$$GPM_{i,t} = \alpha + \beta_4 IPO_{i,t} + \sum \text{control variables } (TA_{i,t}, cIND_{i,t}, cMAL_{i,t}, cPHI_{i,t}, cSIN_{i,t},$$
$$cTHA_{i,t}, cVIE_{i,t}, sManu_{i,t}, sServ_{i,t}, sFin_{i,t}, sOth_{i,t})\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(4)$$

$$SGA_{i,t} = \alpha + \beta_5 IPO_{i,t} + \sum \text{control variables } (TA_{i,t}, cIND_{i,t}, cMAL_{i,t}, cPHI_{i,t}, cSIN_{i,t},$$
$$cTHA_{i,t}, cVIE_{i,t}, sManu_{i,t}, sServ_{i,t}, sFin_{i,t}, sOth_{i,t})\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(5)$$

$$SGAM_{i,t} = \alpha + \beta_6 IPO_{i,t} + \sum \text{control variables } (TA_{i,t}, cIND_{i,t}, cMAL_{i,t}, cPHI_{i,t}, cSIN_{i,t},$$
$$cTHA_{i,t}, cVIE_{i,t}, sManu_{i,t}, sServ_{i,t}, sFin_{i,t}, sOth_{i,t})\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(6)$$

$$INT_{i,t} = \alpha + \beta_7 IPO_{i,t} + \sum \text{control variables } (TA_{i,t}, cIND_{i,t}, cMAL_{i,t}, cPHI_{i,t}, cSIN_{i,t},$$
$$cTHA_{i,t}, cVIE_{i,t}, sManu_{i,t}, sServ_{i,t}, sFin_{i,t}, sOth_{i,t})\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(7)$$

$$RATE_{i,t} = \alpha + \beta_8 IPO_{i,t} + \sum \text{control variables } (TA_{i,t}, cIND_{i,t}, cMAL_{i,t}, cPHI_{i,t}, cSIN_{i,t},$$
$$cTHA_{i,t}, cVIE_{i,t}, sManu_{i,t}, sServ_{i,t}, sFin_{i,t}, sOth_{i,t})\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(8)$$

$$NP_{i,t} = \alpha + \beta_9 IPO_{i,t} + \sum \text{control variables } (TA_{i,t}, cIND_{i,t}, cMAL_{i,t}, cPHI_{i,t}, cSIN_{i,t},$$
$$cTHA_{i,t}, cVIE_{i,t}, sManu_{i,t}, sServ_{i,t}, sFin_{i,t}, sOth_{i,t})\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(9)$$

$$NPM_{i,t} = \alpha + \beta_{10} IPO_{i,t} + \sum \text{control variables } (TA_{i,t}, cIND_{i,t}, cMAL_{i,t}, cPHI_{i,t}, cSIN_{i,t},$$
$$cTHA_{i,t}, cVIE_{i,t}, sManu_{i,t}, sServ_{i,t}, sFin_{i,t}, sOth_{i,t})\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(10)$$

■ Results and Discussion

Results of descriptive statistics demonstrate characteristics of the data in table IV. The table shows the basic statistics for the primary data from the sample. It shows that the data of 2,677 companies over 26 years does not have normal distribution; the skewness and kurtosis figures are over + 1 (Hair, Black, Babin, and Anderson, 2010) and the study also observes their histogram in figure 2. In figure 2, it clearly shows that the data has a right skewness (positive skewness).

Table IV Descriptive data analysis

|	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
REV	30,128	1,000,451	9,782,807,235	185,426,381	599,117,322	7.93	79.77
FAT	23,868	0.01	99.96	4.76	9.51	5.09	32.50
GP	23,494	1,001,053	991,041,811	38,791,464	92,584,091	5.16	32.56
GPM	27,559	1.00	369.20	26.91	19.68	1.53	5.20
SGA	24,864	100,000	987,263,511	16,793,680	51,911,124	8.53	97.42
SGAM	24,556	1.00	993.30	20.13	43.64	12.05	198.08
INT	24,390	10,000	973,883,502	7,308,166	33,679,366	14.48	300.59
RATE	22,413	1.00	100.00	8.10	8.61	5.01	34.94
NP	23,838	100,103	977,085,777	20,594,020	63,183,062	6.85	61.45
NPM	25,246	0.10	975.33	14.97	32.07	13.00	270.65
TA	31,790	2,844	18,834,079,822,785	9,303,088,730	318,960,707,033	43.93	2,118.47
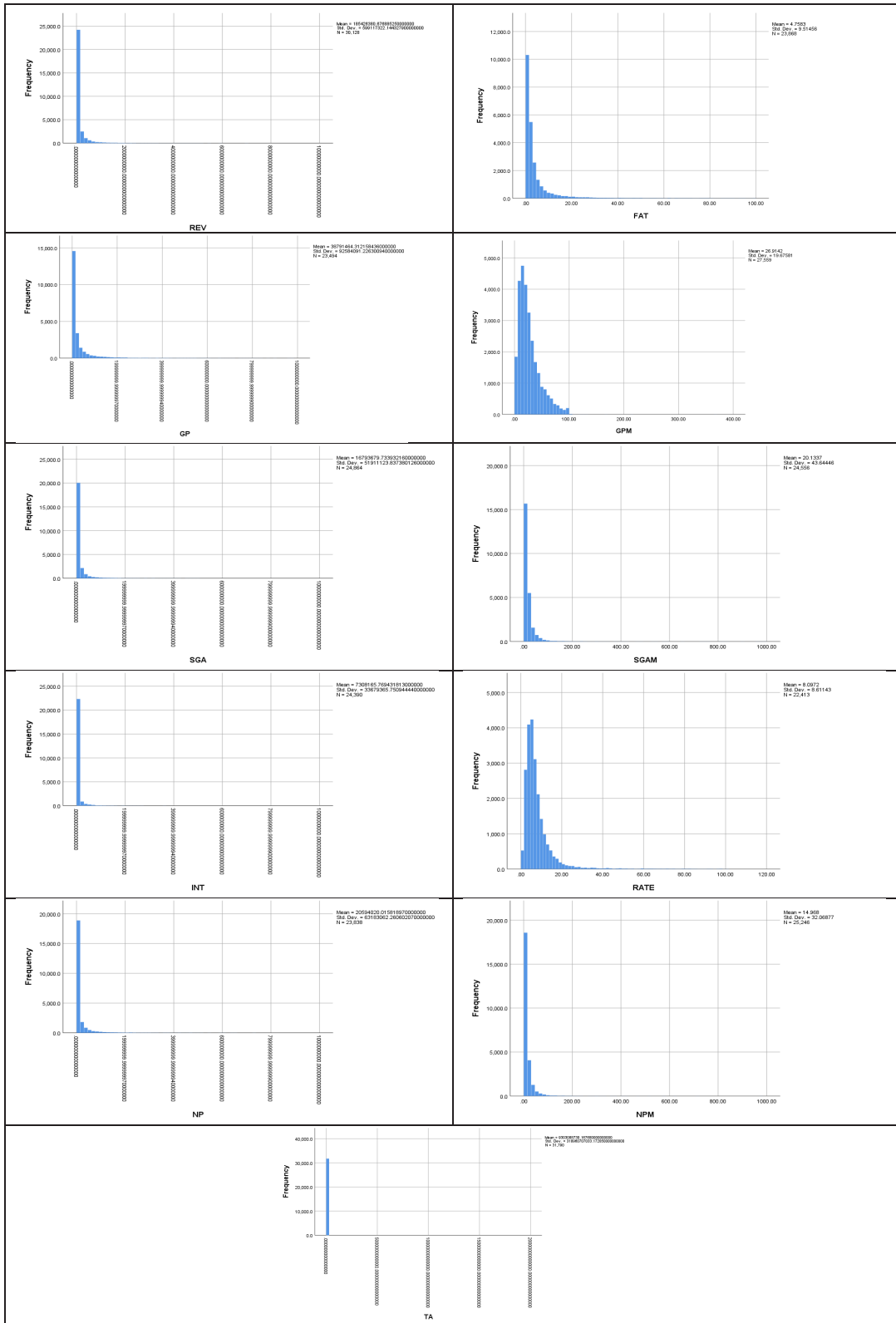
Figure 2 Histograms from raw data

The study performs following De Vaus (2002) to solve the problem of nonnormality by applying logarithm. As a result, the skewness and kurtosis figures after transformation are below + 1 demonstrated in table V and figure 3. In addition, the study shows descriptive data analysis of IPO, country, industry in table VI.

Table V Descriptive data analysis from transformed data

|	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
Log(REV)	30,128	6.00	9.99	7.61	0.71	0.34	0.04
Log(FAT)	23,868	(2.00)	2.00	0.28	0.57	0.01	0.53
Log(GP)	23,494	6.00	9.00	7.07	0.62	0.60	(0.10)
Log(GPM)	27,559	-	2.57	1.31	0.34	(0.53)	0.40
Log(SGA)	24,864	5.00	8.99	6.62	0.70	0.25	(0.04)
Log(SGAM)	24,556	-	3.00	1.07	0.41	0.44	0.89
Log(INT)	24,390	4.00	8.99	5.89	0.89	0.29	(0.17)
Log(RATE)	22,413	-	2.00	0.79	0.30	0.40	0.96
Log(NP)	23,838	5.00	8.99	6.56	0.78	0.37	(0.21)
Log(NPM)	25,246	(1.00)	2.99	0.85	0.55	(0.32)	0.53
Log(TA)	31,790	3.45	13.27	7.78	0.81	0.64	2.11
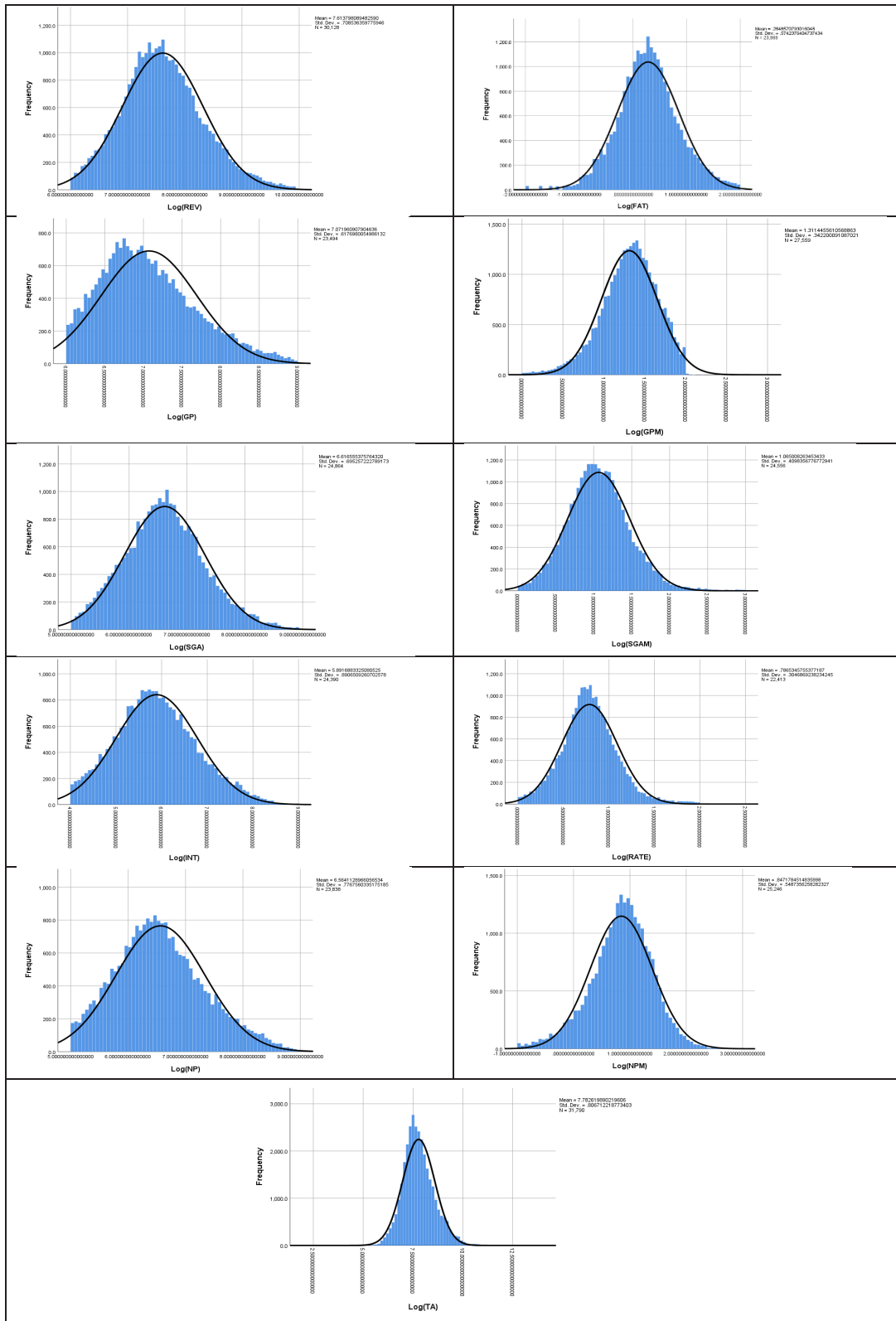
Figure 3 Histograms of the transformed data

Table VI Descriptive data analysis of IPO, country, and industry

Variable	Firms	Samples	%
Before IPO	2,677	7,456	23%
After IPO	2,677	24,334	77%
Total	**2,677**	**31,790**	**100%**
c.IND	359	4,450	14%
c.MAL	483	6,654	21%
c.PHI	86	1,204	4%
c.SIN	476	6,431	20%
c.THA	337	4,110	13%
c.VIE	936	8,941	28%
Total	**2,677**	**31,790**	**100%**
s.Fin	382	4,466	14%
s.Manu	1,302	15,993	50%
s.Oth	609	6,708	21%
s.Serv	384	4,623	15%
Total	**2,677**	**31,790**	**100%**

This study has no multicollinearity problem because there is no any correlation among independent variables over .8 (Hair et al., 2010) and it also examines tolerance and VIF which show over .1 and below 10 (Hair et al., 2010), see in table VII.

Table VII Correlation analysis and mulicollinearity statistics

	IPO	TA	c.IND	c.MAL	c.PHI	c.SIN	c.THA	c.VIE	s.Fin	s.Manu	s.Oth	s.Serv
IPO	1											
TA	.164**	1										
c.IND	-.014*	.165**	1									
c.MAL	.101**	-0.006	-.208**	1								
c.PHI	0.009	.063**	-.080**	-.102**	1							
c.SIN	.043**	.168**	-.203**	-.259**	-.100**	1						
c.THA	-.043**	-0.004	-.155**	-.198**	-.076**	-.194**	1					
c.VIE	-.091**	-.295**	-.252**	-.322**	-.124**	-.315**	-.241**	1				
s.Fin	-0.006	.200**	.169**	-.097**	.114**	-.085**	0.002	-.017**	1			
s.Manu	.018**	-.094**	-.050**	-0.003	-.055**	-.034**	-.021**	.110**	-.407**	1		
s.Oth	-.019**	.038**	-.048**	-.025**	-0.010	.061**	.026**	-0.011	-.209**	-.520**	1	
s.Serv	0.003	-.107**	-.041**	.129**	-.023**	.061**	-0.003	-.127**	-.167**	-.415**	-.213**	1
Toterance	0.98	0.84	0.71	0.68	0.89	0.65	0.76	NA	0.84	NA	0.89	0.87
VIF	1.02	1.19	1.41	1.47	1.13	1.54	1.31	NA	1.19	NA	1.13	1.14

*, ** = significant at 0.05 and 0.01, respectively

Table VIII Multiple regression analysis

	DEPENDENT VARIABLES									
	REV	FAT	GP	GPM	SGA	SGAM	INT	RATE	NP	NPM
IPO	-0.032**	-0.086**	-0.066**	-0.063**	0.069**	0.129**	-0.008	0.014**	-0.132**	-0.156**
	[-6.258]	[-10.188]	[-13.248]	[-13.792]	[11.594]	[23.461]	[-1.037]	[3.031]	[-20.283]	[-21.061]
CONTROL VARIABLES										
TA	0.834**	-0.112**	0.784**	0.018**	0.699**	-0.15**	0.985**	-0.087**	0.863**	0.082**
	[269.248]	[-22.444]	[230.577]	[6.602]	[184.51]	[-44.767]	[198.8]	[-32.257]	[206.154]	[18.336]
cIND	-0.082**	-0.179**	0.032**	0.028**	-0.103**	0.039**	0.197**	0.232**	-0.109**	-0.105**
	[-10.041]	[-12.135]	[3.891]	[3.602]	[-10.828]	[4.443]	[15.296]	[31.187]	[-9.829]	[-8.296]
cMAL	-0.102**	-0.106**	-0.04**	0.056**	-0.134**	-0.03**	-0.146**	0.023**	0.011	0.099**
	[-13.932]	[-7.922]	[-5.734]	[8.17]	[-14.873]	[-3.576]	[-12.611]	[3.469]	[1.165]	[8.709]
cPHI	-0.091**	-0.168**	0.035**	0.079**	-0.176**	-0.059**	0.026	0.086**	-0.009	0.056**
	[-7.011]	[-7.514]	[2.666]	[6.505]	[-10.201]	[-3.692]	[1.25]	[6.773]	[-0.54]	[2.942]
cSIN	-0.028**	0.143**	0.003	0.033**	0.029**	0.067**	-0.146**	-0.019**	0.038**	0.037**
	[-3.742]	[10.647]	[0.472]	[4.804]	[3.322]	[8.24]	[-12.756]	[-2.941]	[3.85]	[3.183]
cVIE	-0.02**	0.028*	-0.105**	-0.111**	-0.317**	-0.275	0.168**	0.13**	-0.112**	-0.12**
	[-2.837]	[2.246]	[-15.251]	[-16.993]	[-40]	[-37.528]	[15.25]	[20.516]	[-12.225]	[-11.26]
sFin	0.481**	-0.025	0.213**	-0.171**	0.351	-0.101**	0.125**	0.011	0.137**	-0.321**
	[58.021]	[-1.623]	[29.212]	[-21.271]	[34.091]	[-9.764]	[9.813]	[1.871]	[12.513]	[-28.416]
sManu	0.537**	-0.04**	0.204**	-0.304**	0.253**	-0.275	0.154**	0.017*	0.118**	-0.451**
	[79.677]	[-2.917]	[26.718]	[-44.128]	[29.534]	[-33.773]	[13.7]	[2.551]	[13.631]	[-45.803]
sOth	0.435**	-0.212**	0.172**	-0.222**	0.205**	-0.243**	0.116**	-0.01	0.157**	-0.272**
	[57.929]	[-14.328]	[21.006]	[-29.502]	[21.501]	[-26.917]	[9.436]	[-1.388]	[16.333]	[-24.512]
sServ	0.49**	-0.028	0.276**	-0.182**	0.377	-0.09**	0.139**	0.016	0.142**	-0.373**
	[58.196]	[-1.748]	[30.707]	[-22.151]	[35.802]	[-9.1]	[10.024]	[1.945]	[12.827]	[-29.518]
Adj R^2	0.737	0.086	0.738	0.129	0.672	0.203	0.663	0.130	0.694	0.145
R^2	0.737	0.086	0.738	0.129	0.672	0.203	0.663	0.130	0.694	0.145
SEE	0.363	0.549	0.316	0.319	0.398	0.366	0.517	0.284	0.430	0.507
F	8,442	226	6,624	409	5,097	625	4,803	336	5,400	428
Sig. of F	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

*, ** = significant at 0.05 and 0.01, respectively

Table VIII represents results from multiple regression analysis for 10 models in order to prove all 10 hypotheses. All models show valid results observed through very significant of F. All models which include REV, FAT, GP, GPM, SGA, SGAM, INT, RATE, NP, and NPM can explain the data for 73.7%, 8.6%, 73.8%, 12.9%, 67.2%, 20.3%, 66.3%, 13.0%, 69.4%, and 14.5%, respectively.

Results in table VIII show that IPO negatively affects REV, FAT, GP, GPM, NP, and NPM as -0.032, -0.086, -0.066, -0.063, -0.132, and -0.156, respectively at 0.01 significant level. These results reject hypothesis H1, H2, H3, H4, H7, and H8 (see in table IX). The study shows that firms trend to have lower income, fixed assets turnover, gross profit, and gross profit margin after IPO, while to be listed firms cannot decrease their financial cost and interest rate following Jain & Kini (1994), Alanazi et al. (2011), Diamond & Verrecchia (1991), and Leuz & Verrecchia (2000). The negative income, fixed asset turnover, and gross profit of IPO firms may come from the situation mentioned by Ong et al. (2021) that the regulation in the emerging market changes allow IPO firm to have voluntary disclosure instead of compulsory disclosure in forecasted earnings information. As a result, IPO firms may not try to do discretionary earnings management to create good figure of revenue recognition and gross profit for creating forecasted earnings information. In addition, the negative results show evidence following Ahmad-Zaluki et al. (2011) that income-increasing earnings management occurs mainly for IPOs during the economic crisis. Further, the results demonstrate evidence follow some prior studies showing that listed companies after initial public offering (IPO) trend to have lower performance than before IPO (Ibbotson, 1975; Goergen et al., 2007; Alanazi et al., 2011; Pagano, Panetta and Zingales, 1998). Barden et al. (1984) also reports that a company has to drastically invest in effective control system serving transparency policy of a capital market such as implementation of a premium accounting software, holding formal board and shareholders' meetings, and huge administrative works serving any regulators. A listed company may be pressured to sustain its growth by shareholders. If it cannot serve this expectation, the stock price may significantly decrease so that its management may have inappropriate behavior such as financial report manipulation.

The rejections of the hypothesis H1, H2, H3, H4, H7, and H8 also reveal that the previous studies may not observe the same comprehensive data as this study. The study proves in a long run period 26-year data set since the available data provided. Therefore, the discovered phenomenon results can actually and robustly confirm the negative IPO benefits in accounting performance within ASEAN region.

However, this study reveals the same results of Jensen and Meckling (1976) and Goergen et al. (2007) that IPO positively affects SGA and SGAM as 0.069 and 0.129, respectively at 0.01 significant level so that they confirm hypotheses H5 and H6. The results show that IPO brings about higher selling and administrative expenses to serve the higher agency cost to meet good corporate governance and robust regulation.

For net profit and net profit margin, the study shows results in line with Ibbotson (1975), Jain and Kini (1994), Pagano et al. (1998), Goergen et al. (2007), Auret and Britten (2008), Alanazi et al. (2011), Shette et al. (2016), and Pastusiak et al. (2016) that IPO negatively affects NP and NPM as -0.132 and -0.156, respectively. This study confirms hypotheses H9 and H10. The result proves that IPO leads to lower net profit. This study also demonstrates logically results that the lower income, gross margin, and higher operating expenses IPO firms have; the great lower net income for IPO firms.

For the results of control variables including total assets, country, and industry; total assets (TA) significantly affect accounting performance both positive and negative ways. Total assets positively affect REV, GP, GPM, SGA, INT, NP, and NPM as 0.834, 0.784, 0.018, 0.699, 0.985, 0.863, and 0.082, respectively at 0.01 significant level; but total assets negatively affect FAT, SGAM, and RATE as -0.112, -0.15, and -0.087, respectively at 0.01 significant level. The results show that the larger the company is; the higher income, gross profit, operation expenses, financial cost, and net inocme the company has. For the country perspective, other countries apart from Thailand such as Indonesia, Malaysia, the Philippines, Singapore, and Vietnam negatively affect income (REV) as -0.082, -0.102, -0.091, -0.028, and -0.02, respectively at 0.01 significant level. For other accounting performances, results of the study show that the countries have both positive and negative effect on them.

Results also indicate that the manufacturing industry positively affects income, gross profit, selling and administrative expenses, financial cost, interest rate, and net profit as 0.537, 0.204, 0.253, 0.154, 0.017, and 0.118, sepectively; while it negatively affects fixed assets turnover, gross profit margin, and net profit margin as -0.04, -0.304, and -0.451, respectively at 0.01 significant level. For the service industry, financial industry, and other industry; they have the same effects on accounting performances. They positively affect income, gross profit margin, selling and administrative expenses, financial cost, and net profit; while they negatively affect fixed assets turnover, gross profit margin, proportion between operating expenses and income, net profit margin.

Conclusion

This study demonstrates empirical evidence about the effect of IPO on accounting performance in ASEAN countries. The study summaries effect direction on each accounting indicator in table IX.

Table IX Summary effect direction of the study and hypotheses results

	DEPENDENT VARIABLES AND HYPOTHESES									
	H1+	H2+	H3+	H4+	H5+	H6+	H7-	H8-	H9-	H10-
	REV	FAT	GP	GPM	SGA	SGAM	INT	RATE	NP	NPM
IPO	-	-	-	-	+	+	NA	+	-	-
TA	+	-	+	+	+	-	+	-	+	+
cIND	-	-	+	+	-	+	+	+	-	-
cMAL	-	-	-	+	-	-	-	+	NA	+
cPHI	-	-	+	+	-	-	NA	+	NA	+
cSIN	-	+	NA	+	+	+	-	-	+	+
cVIE	-	+	-	-	-	NA	+	+	-	-
sFin	+	NA	+	-	NA	-	+	NA	+	-
sManu	+	-	+	-	+	NA	+	+	+	-
sOth	+	-	+	-	+	-	+	NA	+	-
sServ	+	NA	+	-	NA	-	+	NA	+	-
Results*	Rej	Rej	Rej	Rej	Acc	Acc	Rej	Rej	Acc	Acc

∗Rej = Reject

The conclusion shows that firms which enter into capital market (IPO) in ASEAN region trend to have lower performance because they decrease revenues, fixed assets turnover, and gross profit margin; while increase operating expenses in order to serve various requirements such as rule and regulations as well as any other expectation from stakeholders (Jensen & Meckling, 1976 and Goergen et al., 2007). In line with Jensen & Meckling (1976), business owners who aim to IPO will incur significant cost for controlling management operation (agency cost) to protect themselves and other stakeholders in the best interest. As a result, net profit and the net profit margin decrease. In the light of the statement of financial position, total assets positively affect the operating results of the business because when the assets increase, the entity is likely to have more opportunity to have higher income, gross profit margin, net profit, and net profit margin despite operating expenses and financial cost will rise even higher. That business trends to have more business partners because IPO is one of the opportunity doors for business expansion such as merger and acquisition.

When comparing the performance of companies listed on the Stock Exchange of Thailand with other countries in Southeast Asia (ASEAN) including Indonesia, Malaysia, the Philippines, Singapore and Vietnam; evidence show that Thai listed companies are able to generate higher revenues, while gross margins and the net profit margin are lower because listed companies in Thailand have higher operating expenses in serve more regulations than other countries. Lastly, companies outside the financial industry such as manufacturing industry and service industry have higher income and gross profit; while companies in the financial industry have lower financial costs. However, companies outside the financial industry have significantly higher net profits.

This study can bridge and add more literature of the IPO study. It provides empirical evidence for consideration to whom aims to pursue IPO. The management can observe the results of this study to support their decision making about trend of the performance in future. This study also provides investors insight into performance consequences of IPO so that they can adopt the result of the study as one of the factors for their decision to reduce investment risk in future and can use the results as a guidance to analyze firm performance. In addition, regulators, especially for whom oversees a capital market, can recognize for an improvement in quality of detection and related rules to be more efficiency to prevent earnings manipulation and fraudulence which significantly affect potential of competitiveness in the market.

This study has some limitations that some samples which have negative profit are not included in the study. Moreover, the study can observe IPO from Refinitiv Datastream (Thomson Reuters) which may have some errors. This study provides only high view of the empirical evidence of IPO effect. Thus, it explores more opportunity in future research to deeply discover and study in each interesting issue of the empirical evidence such as why IPO companies in Thailand have higher income than others, why listed companies in the Philippines have higher gross profit margin than others, why listed companies in Indonesia have higher financial cost than others, why listed companies in Malaysia have higher net profit margin than others, and why listed companies in Singapore have higer operating expenses and net profit than others, while lower interst rate than others.

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