

Title: EVALUATION OF RECENT INITIAL PUBLIC OFFERS SUBSCRIPTION LEVELS IN THE NAIROBI SECURITIES EXCHANGE

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ABSTRACT

This study investigates the determinants of success for IPOs in the Nairobi Securities Exchange by making a comparative analysis of undersubscribed and oversubscribed IPOs. The population of the study consisted of all initial public offers of common stock at the NSE during the period 2001-2011. Six out of nine of the recent IPOs in Nairobi Stock Exchange have been highly oversubscribed while the remaining three IPOs had subscription levels of 60%, 80% and 60% respectively. In light of these subscriptions, this study investigates why some of the IPOs in Kenya were oversubscribed while others were undersubscribed, what factors were at play to contribute to these subscriptions and finally what does a firm need to do in order to have a successful IPO in the local market. This was aided by the use of questionnaires to collect data from the respondents. Non- parametric methods (Sign Test and Wilcoxon methods) were used to analyze the data obtained which led to the findings that a strong customer base, company expertise, the age of the company, access to a wide capital base, research and development in growth opportunities and business benchmarking go hand in hand with the success of the companies going public.