

## Factors Influencing IPO's the Organization

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**Annotation:** The article examines the factors influencing the results of trading during IPO's. As a result of the research, these factors were brought into one system, and based on the experience of foreign countries, scientific proposals and practical recommendations were developed to improve the efficiency of organizing an IPO in the capital market of Uzbekistan.

**Keywords:** IPO, capital market, financial resource, issuer, dividend policy, Raod show, investor, preference, protectionism.

### Introduction.

Today, the trend of attracting financial resources through IPOs in the world is much higher. In particular, according to S&P Global market data, in 2022, 1671 piece and 179.73 bln. US dollar IPOs were held[5]. These figures further increase the need to use the IPO mechanism for Uzbekistan, where corporate structures are still meeting their needs for financial resources based on bank credits.

Before studying the factors that have a negative impact on the organization of IPOs, we decided to short stop on what IPOs are. The definition of "Primary public offering IPO - placement of additional shares by joint-stock companies for unlimited investors in the stock market" is cited in the legislation of Uzbekistan. That's why the initial sale and initial offer of shares among unlimited persons. The main purpose of the IPO is to attract capital from a wide range of investors for the development of the enterprise.

In addition, the establishment of IPOs also shows its positive impact on the economic processes in the country. That is, companies are forced to be accountable and transparent to their current and future investors.. Therefore, they reform their accounting systems and use modern technologies and international standards. In addition, the strengthening of the competitive environment between financial market segments has a positive effect on the balancing of the distribution of resources between the banking sector and stock exchanges. Also, the IPO is used as an instrument for attracting surplus funds in the hands of the population for the development of the country's economy.

### Analysis and results

Taking into account the above, the correct and effective organization of IPOs in the country is evaluated by its positive effects on the economy and society.

The question of how effective is the organization of IPOs in Uzbekistan, what factors can have a negative impact on the organization of IPOs in international practice is on the agenda today. Because, UzAvto Motors' IPO procedures held in February 2023 (shares were sold at the lower limit, 0.29% of shares were sold instead of 5% offer) can be a clear example of this.

In the table below, we consider the factors that can affect the organization of IPOs and thereby try to evaluate our national IPOs.

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**Table 1. Factors affecting IPO <sup>2</sup>**

<b>Grouping of factors</b>	<b>Types</b>
Factors related to the issuer	<ol style="list-style-type: none"> <li>1. Purpose of IPO;</li> <li>2. Amount of need for resources;</li> <li>3. Financial efficiency indicators of the issuer;</li> <li>4. Issuer's image;</li> <li>5. Composition of persons related to the issuer;</li> <li>6. Capitalization level of the issuer;</li> <li>7. Issuer's dividend policy;</li> <li>8. Issuer's type of activity;</li> <li>9. Financial efficiency of the instrument;</li> <li>10. Purpose of directing financial resources;</li> <li>11. Issuer's age;</li> <li>12. Issuer's nationality (is the issuer for the people or the people for the issuer);</li> <li>13. Quality of the Issuer's products;</li> </ol>
Factors related to IPO organization	<ol style="list-style-type: none"> <li>14. Amount of IPO;</li> <li>15. High or low pricing;</li> <li>16. Proper organization of the road show;</li> </ol>
Factors related to the external environment	<ol style="list-style-type: none"> <li>17. Trends in the world market;</li> <li>18. Geopolitical situations;</li> <li>19. Network efficiency;</li> <li>20. Profitability level of other segments of the financial market;</li> <li>21. Privilege, preference and protectionism;</li> </ol>
Factors related to investors	<ol style="list-style-type: none"> <li>22. Financial capabilities of investors;</li> <li>23. Investors' confidence in the issuer;</li> <li>24. Level of providing investors with information;</li> <li>25. Protection of investors' rights.</li> <li>26. Level of financial literacy of investors in the region.</li> </ol>

If we pay attention to the information in the above table, the positive or negative results of IPOs depend on many factors. Therefore, below we will try to analyze the "negative result of the IPO"[6] of UzAvto Motors, calculated from the last IPOs organized in Uzbekistan. For this purpose, we express the influencing factors in the order of their numbers in the table using parentheses.

**According to the factors of the first group.** The main purpose of conducting an IPO of a company is to fulfill a legal obligation, in fact, IPOs are organized to meet the need for financial resources. (1); the reports on the actual financial condition of the company are not disclosed (2,3,24) and a legitimate question arises as to whether this company needs additional resources; Due to the lack of competitive environment, today we have witnessed many times the violation of standards of product quality. (13), which has a negative impact on the image of the company (4); The financial results of the company are good, but it is not possible to assess positively whether it gives dividends to shareholders (9); Use of benefits and subsidies (12,21).

**According to the factors of the second group.** The amount of the IPO is 5% of the company, i.e. it is intended for the minority shareholding, (14) "Jakor" investors are mainly interested in the management package of the companies; The fact that only "29%"[7] of the offer is satisfied, and that it is distributed at the lowest limit, is evidence of "Agio" that the price range is set high (15).

**According to the factors of the third group.** Not only UzAvto Motors, but also because there is no open competitive environment in the automotive industry, it is impossible to predict how the industry will operate with profit or loss (19), because the automotive industry in Uzbekistan is a monopolistic

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industry and due to the high tariffs imposed on car imports the network is protected (21); The company could not compete with other segments of the financial market in terms of profitability, taking into account that it "did not pay dividends on shares"[4] in most cases (20).

**According to the factors of the fourth group.** According to macroeconomic indicators, the population of Uzbekistan does not have a high-income property, that is, a large part of the population "does not have excess financial resources for investment"[8] (22); Despite the promises made by the company's management[9], the constant increase in the price of the product, waiting for the paid product for months and even years, has extinguished the trust in the company (23); Absence of a separate legal document protecting the interests of individual investors in Uzbekistan (25); "In the majority of the population of Uzbekistan, the skills of buying securities and earning from them are not yet well formed" (26).[3]

### Conclusions and suggestions

In conclusion, we can say that based on the above analysis, we can witness that the factors listed in Table 1 had a negative impact on the IPO conducted by UzAvto Motors. That is, since the main goal in organizing an IPO is to satisfy the need for resources, setting the goal correctly allows to achieve a half result. In addition, it makes no sense to hold an IPO in the conditions where companies can meet the need for resources in other directions (concessional loans, subsidies, subsidies, etc.). Of course, it is natural that every subject wants to make a profit in the market, to own useful resources for himself on favorable terms, UzAvto Motors cannot be blamed for this, because this company also seeks a way to get maximum profit for itself and operates on this basis. It is natural to conduct. However, as special privileges and "opportunities" for monopolistic enterprises in any country increase, the manufacturer (owner of privileges) of this country ceases to be competitive. Therefore, it is necessary to organize IPOs in the country based on real market mechanisms. A law is not only for ensuring the execution of a document.

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