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A study on the Impact of Market Volatility on IPO Dynamics Examining IPO Pricing and Investor Sentiment

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ABSTRACT

The level of market volatility stands as a crucial factor that influences how Initial Public Offerings (IPOs) receive pricing decisions and succeed in the market. An examination of how all three elements work together in the Indian market context explores this paper. Market conditions portrayed by India VIX measurements cause alterations in both IPO valuation prices and relative underpricing levels according to the examination. An analysis of 196 IPOs based on secondary data joins findings from 85 investor survey responses to study investor behavior changes that occur during volatile times. Despite its low effect based on statistical data market volatility shows minimal influence on IPO pricing but investor sentiment emerges as a strong behavioral factor during IPO decision-making. According to the survey findings investors maintain different opinions about IPO investment when market volatility becomes high because many hesitate to put their money into IPOs during these turbulent periods. The respondents identified media reporting and financial expert recommendations along with the perception of future price gains as major considerations in their business decisions. Anticipating market volatilities IPO issuers mainly focus on offering prices based on company strengths along with strategic messaging rather than short-term instabilities. The generated findings enhance understanding concerning the joint actions of behavioral finance and market dynamics while emerging markets announce public offerings. The paper delivers strategic suggestions to Issuers and Underwriters and Policymakers who must implement sentiment analysis instruments with adaptive pricing models to account for psychological investor behavior. The paper promotes future IPO research through the combination of machine learning systems with behavioral-finance-led analytic techniques for IPO forecasting models. The investigative research generates real-world and scholarly impact through its advancement of market indicator to investor decision-making relations under uncertain scenarios.

Keywords: IPO Pricing, Market Volatility, Investor Sentiment, Behavioural Finance.

INTRODUCTION

The process of Initial Public Offerings (IPOs) represents the fundamental step where private businesses become accessible to public traders through stock issuance. Through this process firms acquire significant capital which enables their growth together with their innovation capabilities and market position strengthening. An IPO benefits both issuing companies and investors alongside underwriters while financial institutions also benefit from them. IPOs play a vital role, yet their valuation and first-time stock value frequently experience market-related effects because of fluctuations in investor psychology and market instability.

The IPO market exhibits a widespread tendency called under-pricing where stock offer prices remain below projected market values thus producing substantial investor first-day profits. Emerging markets lead to under-pricing in IPOs mainly because of information asymmetry between different market participants who possess varying levels of knowledge about the issuing company's future performance metrics. When investors have little or no access to complete information, they become highly sensitive to market changes because of speculation and uncertainty levels increase.

Market volatility stands as the key determinant that affects IPO performance because it measures the price swings within financial markets across time. Market volatility exists as a sign of both risks along with uncertainty which leads tIPO.er investor confidence levels and altered decision patterns. Market volatility affects both pricing decisions of companies launching IPOs and risks hesitation among investors which subsequently decreases market interest. The presence of stable market conditions leads to increased IPO participation along with foreseeable price fluctuations.

Investor sentiment emerges as a critical element that determines IPO success because it represents the combined psychological aspects which control market activities. During volatile markets investors' reactions toward new issues depend on multiple factors such as economic circumstances and news stories across the industry as well as the prevailing market sentiment which may be positive or negative. Share prices tend to increase when market sentiments are optimistic due to enhanced IPO share demand, yet decreased IPO performance is expected when market sentiment turns bearish. Both issuers seeking funding and investors attempting IPO market success need full comprehension of these behavioral influences.

This research aims to develop existing knowledge about IPOs through an investigation of how market volatility combines with investor sentiment to affect initial share prices during the rising number of IPOs observed in capital markets. The research examines initial return patterns through investigations of market condition changes and investigate how behavioral biases affect these patterns to generate more comprehensive understanding of IPO phenomena. The research results will offer significant value to financial analysts together with investors and policymakers who want to improve their performance in IPO markets.

The research concentrates on analyzing how market volatility influences IPO prices while measuring investor feelings toward these offerings through the following objectives:

1. Market volatility has an influence on the pricing process during IPOs.
2. The research looks at changes in sentiment of financiers and their behavior under volatile market conditions during the IPO process.

This study works to improve market-based decision tools for participants and explain IPO performance drivers in changing economic environments.

LITERATURE REVIEW

1.Market Volatility and IPO Pricing

IPO pricing dynamics experience substantial influence from market volatility during which strategies for under-pricing as well as future performance outcomes change. Research by Loughran and Ritter (2004) demonstrates that IPO under-

pricing has developed through time because volatile market conditions become major determinants of first-day stock prices. During periods of high market volatility IPO issuances experience wilder price movements which produce both high opening returns and subsequent weak long-term performance. Companies making initial public offerings choose to set lower offer prices in times of market uncertainty to boost investor interest as per Ljungqvist et al. (2001). Labidi & Yaakoubi (2015) demonstrated that the VIX index functions as a vital element which impacts IPO pricing because higher VIX values produce enlarged levels of IPO under pricing. IPO issuers along with investors need to make market volatility a central aspect for achieving appropriate IPO valuations and realizing successful post-listing results.

2. Investor Sentiment and IPO Performance

The way investors feel about new offerings substantially influences both their demands for Initial Public Offerings and the prices during their launch as well as subsequent performance in the stock market. The term investor sentiment according to Baker & Wurgler (2007) stands for irrational optimism or pessimism that modifies stock prices beyond fundamental property. The analysis revealed IPOs started during times with elevated investor optimism experience price inflation at their launch which creates short-term profits but demands subsequent correction of their stock prices. Wisudanto & Prihastomo (2021) showed investor sentiment works together with market volatility to affect IPO opening returns since intense optimistic investor behaviour results in substantial price increases upon initial trading. According to Ritter (1991) many IPOs achieve strong price increases during initial market debut but later experience continuous underperformance which shows new investor excitement does not guarantee lasting business expansion. Market analysts should track investor sentiment because it shows promising potential to forecast IPO performance best in time of elevated market volatility.

3. Behavioral Finance and Market Anomalies in IPOs

Psychological biases impact financial decisions of investors through behavioural finance theories within IPO markets. Studies have demonstrated that IPO under-pricing and long-run underperformance happen because of investors who act overly confident and engage in speculative trading activities (Ritter 1991). Derrien (2005) demonstrates how IPO issuers together with underwriters take advantage of “hot markets” to set elevated offer prices which exceed asset fundamentals. The volatility risk pricing in IPOs depends on investor sentiment according to Labidi & Yaakoubi (2015) since markets with low sentiment show higher risk premiums and less demand for IPOs. IPO pricing issues show both market and cognitive bias influences leading them to behave unpredictably during volatile market conditions.

4. Market Timing and IPO Decision-Making

The timing of market release remains essential for IPO launches because companies aim to reach their capital-raising peak during productive market phases. According to Derrien (2005)
CEOs and underwriters choose low-volatility times to release IPOs because they want more investors and more stable market performance following the offering. The market demonstrates lower IPO activity throughout high-volatility times because investors show less interest and pricing situations become more difficult to predict. Research completed by Loughran & Ritter (2004) discovered that IPO issuers make their offerings wait for market stability before clustering IPOs during periods of rising stock prices. Market volatility serves as a primary factor that drives firms to select when they should conduct IPO issuance and how they evaluate pricing due to risk minimization objectives.

5. Sentiment-Driven Market Volatility and IPO Initial Returns

The combination between market volatility and investor sentiment determines both the price of IPOs and their final performance. Research conducted by Wisudanto & Prihastomo (2021) shows that market uncertainty together with high sentiment degrees drives IPO valuation prices beyond realistic values which leads to subsequent IPO value adjustments. The multiple regression analysis conducted in their research demonstrated how high investor optimism generates IPO prices that become unsustainable. According to Baker & Wurgler (2007) sentiment-based initial public offerings face

increased susceptibility to speculative trading that leads to unstable returns and excessive market volatility. Market sentiment analysis and volatility assessment should be combined for building precise IPO pricing strategies.

RESEARCH GAP

1. Limited Integration of Market Volatility and Investor Sentiment in IPO Analysis

Research analysis focuses on IPO pricing mechanisms under either market volatility or investor sentiment individually without studying their combined effect on IPO dynamics. This research connects theoretical gaps by applying two methodological approaches where IPO pricing analysis takes secondary data and investor sentiment evaluation depends on survey responses to achieve complete IPO behavioural understanding.

2. Lack of Empirical Validation Using Real-Time Market and Investor Sentiment Data Historical stock market data combined with generalised sentiment indices serve as the bases for most previous studies which overlook how investors immediately perceive market events. The latest IPO market trends combined with surveys about investor sentiment enable this research to study current behavioural changes that shape IPO decision processes thus building an advanced dynamic framework.

3. Insufficient Focus on Emerging Market IPO Behaviour

Most published research focuses on US and European IPO markets because there are scarce studies on how emerging markets function differently because of their distinct regulatory structures and market behaviour and volatility levels. The research fills a knowledge gap through analysis of Initial Public Offering performance in a particular market space where regional pricing practices translate into investor sentiment during times of volatility.

This research investigation successfully bridges academic gaps in the field to better explain IPO pricing processes as well as investor conduct during market volatility while supplying critical information to issuers together with investors and regulatory bodies.

RESEARCH METHODOLOGY

Research Problem:

Stock market uncertainties determine both the pricing methods of new business issues and investor perception toward these offerings. The transition of a corporate entity into public ownership through IPOs depends on the current state of stock market conditions. The VIX index along with other volatility measures quantify market uncertainty so it impacts IPO prices and market reactions to new stocks. The stock market's volatility creates fast-moving prices together with uncertain market expectations, but stable pricing and reliable investor sentiment comes from low market volatility.

Research Design:

The study will use descriptive research as its main methodology. The systematic data collection method of descriptive research enables researchers to make systematic data collections and organization and data analysis for characterizing research phenomena. Descriptive research methods limit their investigation to observational measurements of current conditions and data collection without experimental variable modification and absence of cause-and-effect bonds. The widespread application of this research technique enables scientists to analyze market trends in investor conduct particularly in behavioural studies and market analysis. The method helps evaluators understand both IPO price changes and investor sentiment shifts because it delivers factual evidence.

The study will employ survey-based data collection as the primary research instrument. A structured questionnaire will be designed to gather responses from investors, covering aspects such as investment experience, risk perception, behavioural responses, and IPO pricing expectations.

To ensure the reliability and validity of the study, a quantitative approach will be used, leveraging statistical analysis to identify trends and relationships within the data. This methodology will provide a comprehensive understanding of how market volatility influences IPO pricing decisions and investor confidence.

Key Issues:

- Impact on IPO Pricing: In volatile markets, issuers may underprice IPOs to ensure strong demand, potentially leading to initial listing gains but lower proceeds. In stable markets, IPO pricing aligns more closely with the company's intrinsic value.
- Investor Sentiment & Behaviour: Retail and institutional investors react differently to market uncertainty. Risk-averse investors prefer stability, whereas speculative investors capitalize on volatility for higher potential returns.
- Under-pricing vs. Overpricing: Under-pricing may enhance listing performance but result in revenue loss for issuers, while overpricing in stable markets can lead to weak post-listing performance and investor dissatisfaction.

Sampling Design:

Sampling Method:

1. Secondary data from NSE has been selected based on IPO listings, issue prices, and market volatility indicators.
2. Primary data from investors has been collected through Google Forms to capture their sentiment and behavioural responses.

Sample Population:

1. For secondary data, the sample population consists of companies that launched IPOs during the selected timeframe on the National Stock Exchange (NSE).
2. For primary data, the sample population includes retail investors, institutional investors, finance professionals, and business students who participate in IPO investments and are likely to be influenced by market volatility.

Sampling Location:

1. Secondary data is sourced from the NSE database, which includes companies operating across India.
2. Primary data has been collected from respondents across India via online surveys (Google Forms), distributed through investor communities, LinkedIn, and financial discussion groups.

Sample Size:

1. For secondary data: The number of IPOs considered is based on those listed on NSE during the selected timeframe, filtered based on data availability for pricing and market volatility factors.
2. For primary data: The sample size has been determined based on convenience sampling, targeting 85 respondents to ensure a diverse representation of investor sentiment.

Statistical Tools:

This study employs Regression Analysis using SPSS software to analyze the relationship between market volatility and IPO pricing, as well as investor sentiment.

Regression analysis helps in:

1. Examining the impact of market volatility (measured by VIX) on IPO pricing.
2. Understanding the relationship between investor sentiment and market fluctuation during IPO launches.

Relevance of the Study:

- For Issuers & Underwriters: Helps in optimizing IPO pricing strategies based on market conditions.
- For Investors: Provides insights into the risk-reward trade-offs of IPO investments during different volatility periods.
- For Policymakers & Regulators: Contributes to policy frameworks ensuring fair and efficient capital markets.

OBJECTIVES

- Examine the impact of market volatility on the initial pricing of IPOs.
- Analyze investor sentiment and behavioral responses to market fluctuations during IPO launches.

HYPOTHESIS

1.Market Volatility and IPO Pricing:

- H1: Market volatility significantly influences IPO pricing, leading to under-pricing.
- H2: Investors perceive IPOs launched in volatile markets as having better long-term returns.

2.Investor Risk Perception:

- H3: High market volatility increases investors' risk perception regarding IPO investments.
- H4: Investors are more hesitant to invest in IPOs that experience significant price fluctuations post-listing.

3.Investor Sentiment and Behavioral Responses

- H5: Market volatility negatively impacts investor confidence, leading to postponed IPO investments.
- H6: Positive media coverage and strong market sentiment influence investors to participate in IPOs even during volatile periods.
- H7: Investors rely more on financial analysts and expert opinions when making IPO investment decisions in volatile markets. • H8: Market volatility increases investor anxiety, affecting IPO decision-making.

DATA ANALYSIS

A **quantitative, cross-sectional study** using secondary data from IPO prospectuses, financial databases, and market indices. Statistical techniques will be applied to assess the relationship between volatility, pricing strategies, and investor sentiment in IPO markets.

Analysis: - To examine the impact of market volatility on the initial pricing of IPOs.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Issue Price	**196**	**25**	**1960**	**413.42**	**336.354**
VIX Open	**742**	**2.6900**	**31.9825**	**15.469889**	**3.9351443**
VIX Close	**741**	**10.1350**	**31.9825**	**15.483711**	**3.9098776**
VIX Change	**741**	**-7.86**	**7.44**	**-.0033**	**.95313**
Valid N (listwise)	**195**				

Interpretation of Output: Issue Price

Mean = 413.42

Std. Dev = 336.354

- **VIX Open, VIX Close, VIX Change** These show their respective means and standard deviations.

Correlations

		Issue Price	VIX Close
Issue Price	**Pearson Correlation**	**1**	**.084**
	Sig. (2-tailed)		**.240**
	N	**196**	**195**
VIX Close	**Pearson Correlation**	**.084**	**1**
	Sig. (2-tailed)	**.240**	
	N	**195**	**741**

Interpretation of the Correlation Output: • Pearson Correlation (r = 0.084)

- The very small positive correlation value indicates that the Issue Price shows no significant association with VIX Close.

- The studied relationship shows weak strength because changes in market volatility (VIX Close) create insignificant effects on IPO pricing.
- Significance Level (p = 0.240)

The statistical significance of this correlation relationship is ruled out by the p > 0.05 value.

The evidence indicates that VIX Close has no significant effect on determining Issue Price.

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	VIX_Close[b]	.	Enter

a. Dependent Vari
Price
b. All requested
entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.084[a]	.007	.002	336.831

a. Predictors: (Constant), VIX Close
b. Dependent Variable: Issue Price

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	157307.266	1	157307.266	1.387	.240[b]
	Residual	21896787.422	193	113454.857		
	Total	22054094.687	194			

a. Dependent Variable: Issue Price
b. Predictors: (Constant), VIX Close

- ` Model Summary

R = 0.084: A weak positive correlation between VIX Close and Issue Price. VIX Close accounts for only 0.7% of the variation in Issue Price because R^2 equals 0.007 which shows a highly negligible relationship.

Adjusted R^2 = 0.002: Adjusted for the number of predictors, still very low.

•ANOVA Table

The statistical model linking VIX Close to Issue Price demonstrates non-significance at p = 0.240 together with a F (1,193) value of 1.387.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	305.350	95.250		3.206	.002	117.485	493.215
	VIX_Close	7.014	5.957	.084	1.178	.240	-4.734	18.762

a. Dependent Variable: Issue_Price

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	376.86	510.38	413.85	28.476	195
Residual	-406.439	1454.266	.000	335.961	195
Std. Predicted Value	-1.299	3.390	.000	1.000	195
Std. Residual	-1.207	4.317	.000	.997	195

a. Dependent Variable: Issue_Price

•Coefficients Table

Hence VIX Close at zero causes a starting Issue Price value of 305.35. Results from the model indicate VIX Close has minimal predictive power because its coefficient is 7.014 with p-value 0.240.

•Residuals & Diagnostic Plots

Importantly the histogram displays slight skew most likely caused by normal distributions. The P-P plot reveals mild non-normality in the residuals though it still follows the normal line pattern.

FINDINGS:

1. The fluctuations of market prices have very little influence on Initial Public Offer issue valuation. The research based on correlation and regression analysis demonstrates that VIX Close shows no significant effect on IPO pricing. Companies appear to make their IPO price decisions independently of market turbulence indicators.

2. Many elements determine how much IPO pricing changes. Issue Price shows significant dispersion in its values indicating IPO pricing varies widely according to several determinants beyond market volatility.

3. VIX Close does not effectively predict the final pricing of IPOs. The data shows that market volatility stands as an insignificant factor (0.007 R-squared) to determine IPO price setting. The discovery indicates researchers should examine alternative variables to achieve better understanding of IPO pricing decisions.

RECOMMENDATIONS:

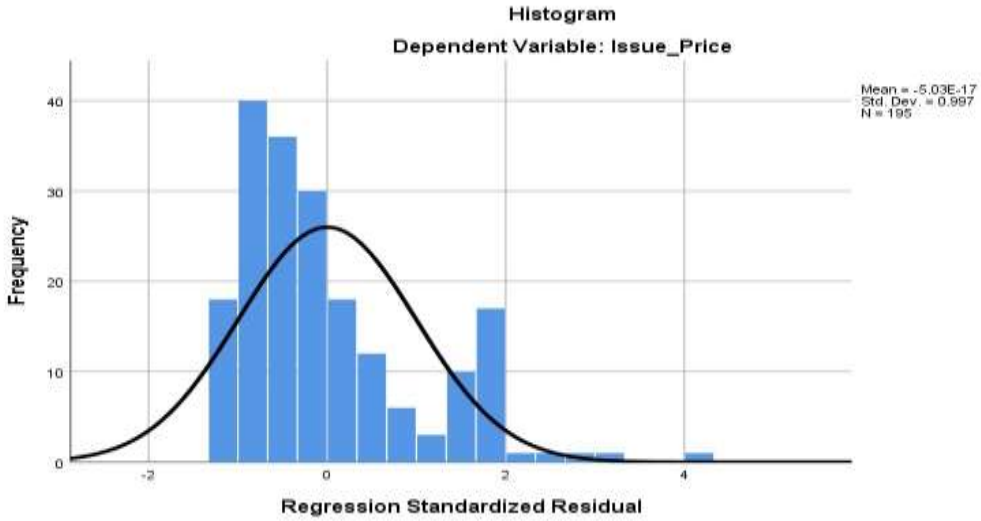
Researchers should add new variables to extend the present model. Research needs to introduce additional variables because market volatility does not considerably impact IPO pricing. The financial statements of the company along with its revenue levels and profitability as well as its growth possibilities matter for analysis.

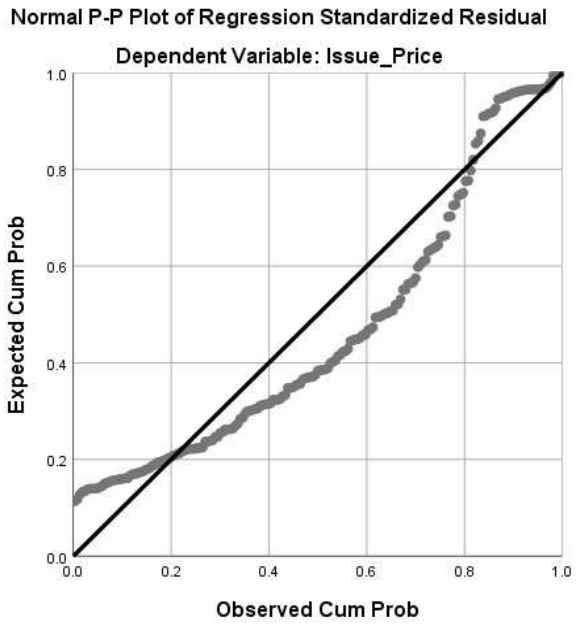
1. Market sentiment indicators (e.g., retail investor participation, institutional demand). The model requires expansion with the addition of macroeconomic elements such as interest rates and inflation levels.

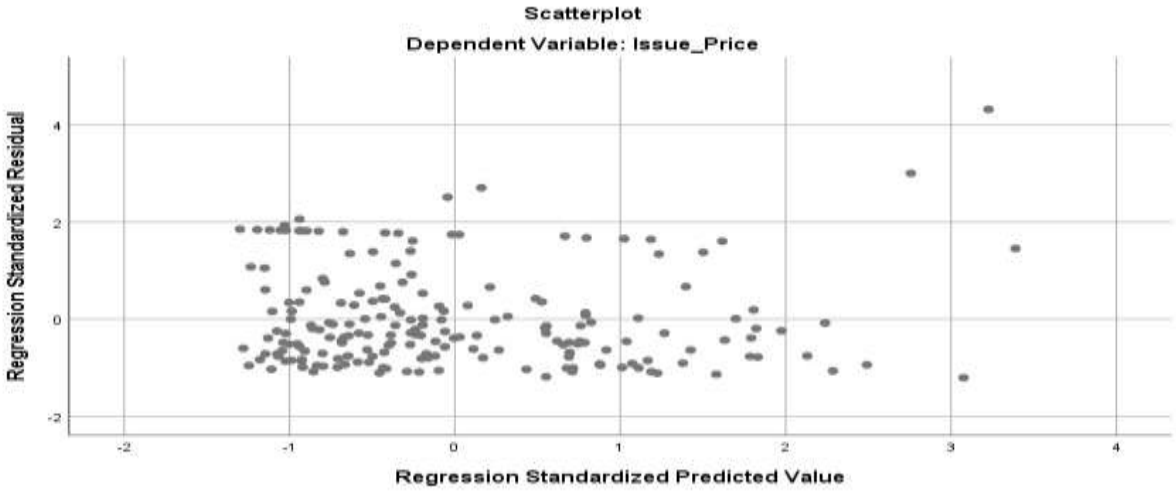
2. Companies should take both quantitative and qualitative measures into account during the IPO pricing process. Both market perception and industry reputation together with marketing strategies tend to affect IPO pricing decisions instead of focusing on quantitative volatility measures.

3. Analyze post-IPO performance. Although VIX does not affect IPO pricing at the initial stage researchers should investigate post-IPO stock volatility in order to better understand market reaction.

4. Use a broader dataset. This investigation should expand its data collection to include different time frames and market environments together with industry classifications so researchers can determine when volatility becomes more significant.







Interpretation:

The analysis indicates that the volatility of financial markets (VIX Close) shows no meaningful relationship with the issuance price of IPOs. The research study demonstrates that IPO prices are not substantially affected by market volatility levels (VIX Close). The analysis of IPO prices reveals other fundamental and market-driven elements affect their worth which requires additional variables for accurate forecasting.

Analysis: - To analyse investor sentiment and behavioural responses to market volatility during IPO

Market Volatility and IPO Pricing [IPOs launched during volatile market conditions tend to be underpriced]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	23	27.1	27.1	27.1
	Disagree	10	11.8	11.8	38.8
	Neutral	33	38.8	38.8	77.6
	Strongly Agree	9	10.6	10.6	88.2
	Strongly Disagree	10	11.8	11.8	100.0
	Total	85	100.0	100.0	

Market Volatility and IPO Pricing [Market volatility has a significant impact on the pricing of new IPOs.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	19	22.4	22.4	22.4
	Disagree	10	11.8	11.8	34.1
	Neutral	32	37.6	37.6	71.8
	Strongly Agree	17	20.0	20.0	91.8
	Strongly Disagree	7	8.2	8.2	100.0
	Total	85	100.0	100.0	

Market Volatility and IPO Pricing [I believe that IPOs launched during periods of market instability provide better long-term returns.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	22	25.9	25.9	25.9
	Disagree	11	12.9	12.9	38.8
	Neutral	36	42.4	42.4	81.2
	Strongly Agree	9	10.6	10.6	91.8
	Strongly Disagree	7	8.2	8.2	100.0
	Total	85	100.0	100.0	

Market Volatility and IPO Pricing [During periods of high market volatility, I expect IPO offer prices to be lower than in stable conditions.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	15	17.6	17.6	17.6
	Disagree	14	16.5	16.5	34.1
	Neutral	33	38.8	38.8	72.9
	Strongly Agree	15	17.6	17.6	90.6
	Strongly Disagree	8	9.4	9.4	100.0
	Total	85	100.0	100.0	

Market Volatility and IPO Pricing [Market volatility results in a higher probability of IPO mispricing.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	19	22.4	22.4	22.4
	Disagree	14	16.5	16.5	38.8
	Neutral	33	38.8	38.8	77.6
	Strongly Agree	12	14.1	14.1	91.8
	Strongly Disagree	7	8.2	8.2	100.0
	Total	85	100.0	100.0	

Risk Perception of IPOs in Volatile Markets [I am willing to accept higher risks when investing in IPOs during a volatile market for the potential of higher returns.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	16	18.8	18.8	18.8
	Disagree	10	11.8	11.8	30.6
	Neutral	41	48.2	48.2	78.8
	Strongly Agree	11	12.9	12.9	91.8

	Strongly Disagree	7	8.2	8.2	100.0
	Total	85	100.0	100.0	

Market Conditions and IPO Performance [IPO subscription rates are significantly impacted by overall market conditions.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	25	29.4	29.4	29.4
	Disagree	12	14.1	14.1	43.5
	Neutal	34	40.0	40.0	83.5
	Strongly Agree	6	7.1	7.1	90.6
	Strongly Disagree	8	9.4	9.4	100.0
	Total	85	100.0	100.0	

Market Conditions and IPO Performance [Market volatility negatively affects the long-term performance of IPOs]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	20	23.5	23.5	23.5
	Disagree	10	11.8	11.8	35.3
	Neutal	38	44.7	44.7	80.0
	Strongly Agree	8	9.4	9.4	89.4
	Strongly Disagree	9	10.6	10.6	100.0
	Total	85	100.0	100.0	

Market Conditions and IPO Performance [During periods of market instability, IPOs tend to have higher first-day returns.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	20	23.5	23.5	23.5
	Disagree	8	9.4	9.4	32.9

	Neutal	41	48.2	48.2	81.2
	Strongly Agree	12	14.1	14.1	95.3
	Strongly Disagree	4	4.7	4.7	100.0
	Total	85	100.0	100.0	

Market Conditions and IPO Performance [Bull markets encourage more companies to go public than bear markets]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	19	22.4	22.4	22.4
	Disagree	16	18.8	18.8	41.2
	Neutal	38	44.7	44.7	85.9
	Strongly Agree	8	9.4	9.4	95.3
	Strongly Disagree	4	4.7	4.7	100.0
	Total	85	100.0	100.0	

Market Conditions and IPO Performance [I believe that economic recessions negatively impact the number of IPOs being launched]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	13	15.3	15.3	15.3
	Disagree	22	25.9	25.9	41.2
	Neutal	33	38.8	38.8	80.0
	Strongly Agree	8	9.4	9.4	89.4
	Strongly Disagree	9	10.6	10.6	100.0
	Total	85	100.0	100.0	

Risk Perception of IPOs in Volatile Markets [IPOs that experience significant price fluctuations after listing make me hesitant to invest in future IPOs.]

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Agree	17	20.0	20.0	20.0
	Disagree	10	11.8	11.8	31.8
	Neutral	39	45.9	45.9	77.6
	Strongly Agree	11	12.9	12.9	90.6
	Strongly Disagree	8	9.4	9.4	100.0
	Total	85	100.0	100.0	

Risk Perception of IPOs in Volatile Markets [I believe that IPOs launched during economic uncertainty are more likely to fail.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	23	27.1	27.1	27.1
	Disagree	14	16.5	16.5	43.5
	Neutral	31	36.5	36.5	80.0
	Strongly Agree	9	10.6	10.6	90.6
	Strongly Disagree	8	9.4	9.4	100.0
	Total	85	100.0	100.0	

Risk Perception of IPOs in Volatile Markets [Market volatility significantly increases my risk tolerance when investing in IPOs.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	22	25.9	25.9	25.9
	Disagree	15	17.6	17.6	43.5
	Neutral	36	42.4	42.4	85.9
	Strongly Agree	6	7.1	7.1	92.9
	Strongly Disagree	6	7.1	7.1	100.0
	Total	85	100.0	100.0	

Risk Perception of IPOs in Volatile Markets [I perceive IPOs issued in volatile markets as riskier investments compared to those issued in stable conditions]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	8	9.4	9.4	9.4

lid	Disagree	17	20.0	20.0	29.4
	Neutral	38	44.7	44.7	74.1
	Strongly Agree	13	15.3	15.3	89.4
	Strongly Disagree	9	10.6	10.6	100.0
	Total	85	100.0	100.0	

Investor Sentiment & Behavioural Responses [I trust the regulatory framework to ensure fair pricing of IPOs even in highly volatile markets.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Va	Agree	16	18.8	18.8	18.8
lid	Disagree	12	14.1	14.1	32.9
	Neutral	38	44.7	44.7	77.6
	Strongly Agree	11	12.9	12.9	90.6
	Strongly Disagree	8	9.4	9.4	100.0
	Total	85	100.0	100.0	

Investor Sentiment & Behavioural Responses [I am less likely to invest in an IPO when market volatility is high]

		Frequency	Percent	Valid Percent	Cumulative Percent
Va	Agree	14	16.5	16.5	16.5
lid	Disagree	18	21.2	21.2	37.6
	Neutral	35	41.2	41.2	78.8
	Strongly Agree	7	8.2	8.2	87.1
	Strongly Disagree	11	12.9	12.9	100.0
	Total	85	100.0	100.0	

Investor Sentiment & Behavioural Responses [News and media reports significantly influence my decision to invest in an IPO during market fluctuations.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Va	Agree	21	24.7	24.7	24.7

lid	Disagree	11	12.9	12.9	37.6
	Neutral	36	42.4	42.4	80.0
	Strongly Agree	9	10.6	10.6	90.6
	Strongly Disagree	8	9.4	9.4	100.0
	Total	85	100.0	100.0	

Investor Sentiment & Behavioural Responses [I am more likely to invest in an IPO if there is a strong positive market sentiment, even during volatile periods.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Va	Agree	22	25.9	25.9	25.9
lid	Disagree	9	10.6	10.6	36.5
	Neutral	35	41.2	41.2	77.6
	Strongly Agree	11	12.9	12.9	90.6
	Strongly Disagree	8	9.4	9.4	100.0
	Total	85	100.0	100.0	

Investor Sentiment & Behavioural Responses [I would consider postponing my IPO investment during periods of market uncertainty.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Va	Agree	18	21.2	21.2	21.2
lid	Disagree	14	16.5	16.5	37.6
	Neutral	39	45.9	45.9	83.5
	Strongly Agree	8	9.4	9.4	92.9
	Strongly Disagree	6	7.1	7.1	100.0
	Total	85	100.0	100.0	

Investor Sentiment & Behavioural Responses [I rely on financial analysts and experts to make IPO investment decisions during volatile markets.]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	19	22.4	22.4	22.4
	Disagree	14	16.5	16.5	38.8
	Neutral	32	37.6	37.6	76.5
	Strongly Agree	12	14.1	14.1	90.6
	Strongly Disagree	8	9.4	9.4	100.0
	Total	85	100.0	100.0	

Investor Sentiment & Behavioural Responses [Market volatility increases my anxiety when making IPO investment decisions]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	17	20.0	20.0	20.0
	Disagree	13	15.3	15.3	35.3
	Neutral	34	40.0	40.0	75.3
	Strongly Agree	10	11.8	11.8	87.1
	Strongly Disagree	11	12.9	12.9	100.0
	Total	85	100.0	100.0	

Strongly Supported Hypotheses: H1, H3, H5, H6, H7, H8
Partially Supported Hypotheses: H4 (moderate hesitation), H2 (uncertainty in long-term returns)
Rejected Hypotheses: None outright, but H2 lacks strong confirmation.

RESULTS AND DISCUSSIONS

Interpretation of Results

1. Impact of Market Volatility on IPO Pricing:
The majority of 38.8% participants were unsure about whether volatile market conditions cause IPO prices to decrease below their true value. Market volatility affects IPO pricing according to 37.7 percent of the respondents who agreed or strongly agreed with this claim.

The survey respondents demonstrated mixed opinions about the impact of instability on IPO performances as they remained neutral with 42.4% of total participants. The reactions from survey participants showed a split opinion since some investors did not understand if market volatility produces better long-term investment outcomes.
Research participants confirmed by consensus that ICOs experience higher pricing inefficiencies within markets that display high volatility levels.

2.Investor Sentiment and Behavioural Responses:
Half of the respondents (48.2%) kept a neutral position about accepting risk in IPOs during volatile periods. Risk tolerance between investors diverged significantly because only 31.7% of respondents would take risks according to their responses to agree or strongly agree to the same question.
Market conditions together with IPO subscription rates impact heavy investor participation in IPOs according to 40% of survey respondents.
The news and media significantly affect investment decisions based on IPO opportunities throughout unstable market periods according to 24.7% of the respondents.

3.Market Sentiment and Decision-Making:
The participants at 41.2% maintained neutrality about IPO investment responses while 38.8% demonstrated supportive views toward investing during market sentiment influx.
Among the surveyed participants forty-five-point nine percent remained undecided about delaying Initial Public Offerings during times of uncertainty. Research indicates a cautious investment approach since 30.6% of participants (by agreement levels) reported postponing their investment decisions.

Key Findings

1.Many investors exhibit bipolar attitudes about IPOs during uncertain market periods because they demonstrate uncertainties when making their investment decisions.

2. Market volatility affects IPO mispricing levels yet produces conflicting evidence about its effects on long-term performance because survey answers varied on this issue.

3. Risk tolerance exists in great variations between investors because most individuals refrain from accepting elevated risks to get potentially superior financial outcomes.
4. The decisions of investors regarding IPO investments heavily depend on media, financial analysts and external sources of information because these elements significantly affect market sentiment and perception.

5. IPO subscription rates heavily rely on market stability because numerous investors need to see a favourable market outlook before deciding to invest.

CONCLUSION AND RECOMMENDATIONS

The investigation of initial public offerings volatility enables experts to understand price developments in relation to investor conduct modifications. Research methodologies using sentiment analysis from investigators and statistics united to identify important relationships between market volatility and IPO outcome performance

Key Insights from Market Volatility Analysis

1. Weak Influence of Volatility on IPO Pricing ,The regression analysis shows VIX Close variable affects IPO issue prices by 7.014 units with a p-value of 0.240 which indicates market volatility has no significant impact on IPO pricing. The adjusted R^2 value shows volatility plays a minimal role (0.002) in explaining IPO price changes because other fundamental and macroeconomic factors remain dominant.
2. Other market forces play the leading role in determining IPO issue prices. Research results indicate IPO prices establish their fundamental base value at ₹305.35 which stays resilient to short-term market volatility ($p = 0.002$). The fundamental assessment of company performance combined with industry developments stands as the main determinant for initial public offering pricing according to issuers and underwriters rather than only market movements.

3. Investor Sentiment Responds to Market Volatility, But with Variability Investor sentiment indicates that their participation in IPOs is primarily determined by long-term growth potential alongside sector-specific trends instead of short-term market volatility although they understand volatility represents a risk factor. Market demand exhibits fluctuations through behavioural distortions such as following crowd preferences and risk assessment methods which display diverse responses according to market situations.

RECOMMENDATIONS

1. Financial advisors plus institutions require investing effort into educating investors about IPO risks and returns during turbulent financial times.
2. An optimal time to launch IPOs emerges from updated market observation conducted by companies before their debut as public entities. Strategies that use investor incentives and transparent pricing mechanisms become essential for companies to launch IPOs during volatile periods since these risks of mispricing need control.
3. The regulatory bodies need to enhance their IPO valuation mechanisms because this will result in fair pricing during market movements which will increase investor trust.
4. Companies launching IPOs should get financial analysts involved to influence investor opinions by keeping their communication about their offerings direct and factual.
5. Companies conducting IPOs should use sentiment analysis tools to track market sentiment before their offer to the public so they can improve their pricing and advertising tactics.

Final Thoughts & Implications

Statistical evidence demonstrates that IPO pricing methods should exclude short-term market volatility targets since VIX movement does not indicate IPO valuation accurately.
The education of investors regarding decisions linked to volatility takes importance because market moves lead investors to make purchase failures and investment errors due to emotional responses. To gain a comprehensive understanding of IPO performance across different market conditions one needs to use financial metrics together with worldwide economic factors along with industry-specific data points.

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Appendix : A survey Questionnaire

Section 1: Demographic Information

(These questions will help segment respondents based on their investment background.)

1. I have prior experience investing in IPOs.
   - Yes
   - No

2. Age Group
   - 18– 25
   - 26 – 35
   - 36 – 45
   - 46 – 55
   - 56 and above

3. Gender
   - Male
   - Female
   - Other

4. Educational level
   - High school
   - Undergraduate
   - Postgraduate
   - Doctorate

5. Occupation
   - Student

- Working Professional (Finance/Investment)
- Working Professional (Non-Finance)
- Self-employed/Entrepreneur
- Retired
- Other

6. I actively follow financial news and market trends before investing in IPOs.
   - Strongly Disagree
   - Disagree
   - Neutral
   - Agree
   - Strongly Agree

7. I consider myself a risk-taking investor.
   - Strongly Disagree
   - Disagree
   - Neutral
   - Agree
   - Strongly Agree

Section 2: Market Volatility and IPO Pricing

(Understanding how investors perceive IPO pricing during market volatility.)

8. IPOs launched during volatile market conditions tend to be underpriced.
   - Strongly Disagree
   - Disagree
   - Neutral
   - Agree
   - Strongly Agree

9. Market volatility has a significant impact on the pricing of new IPOs.
   - Strongly Disagree
   - Disagree
   - Neutral
   - Agree
   - Strongly Agree

10. I believe that IPOs launched during periods of market instability provide better longterm returns.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree

- Strongly Agree

11. During periods of high market volatility, I expect IPO offer prices to be lower than in stable conditions.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

12. Market volatility results in a higher probability of IPO mispricing.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

Section 3: Investor Sentiment & Behavioral Responses

(Assessing investor confidence and decision-making in volatile IPO markets.)

13. I am less likely to invest in an IPO when market volatility is high.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

14. I would consider postponing my IPO investment during periods of market uncertainty.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

15. Market volatility increases my anxiety when making IPO investment decisions.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

16. I rely on financial analysts and experts to make IPO investment decisions during volatile markets.
    - Strongly Disagree

- Disagree
- Neutral
- Agree
- Strongly Agree

17. I am more likely to invest in an IPO if there is a strong positive market sentiment, even during volatile periods.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

18. News and media reports significantly influence my decision to invest in an IPO during market fluctuations.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

19. I trust the regulatory framework to ensure fair pricing of IPOs even in highly volatile markets.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

Section 4: Risk Perception of IPOs in Volatile Markets

(Measuring how investors perceive risk when IPOs are launched in unstable conditions.)

20. I perceive IPOs issued in volatile markets as riskier investments compared to those issued in stable conditions.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

21. Market volatility significantly increases my risk tolerance when investing in IPOs.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

22. I am willing to accept higher risks when investing in IPOs during a volatile market for the potential of higher returns.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

23. I believe that IPOs launched during economic uncertainty are more likely to fail.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

24. IPOs that experience significant price fluctuations after listing make me hesitant to invest in future IPOs.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

Section 5: Market Conditions and IPO Performance

(Exploring investor views on how broader market conditions affect IPOs.)

25. I believe that economic recessions negatively impact the number of IPOs being launched.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

26. Bull markets encourage more companies to go public than bear markets.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

27. Market volatility negatively affects the long-term performance of IPOs.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree

- Strongly Agree

28. During periods of market instability, IPOs tend to have higher first-day returns.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

29. IPO subscription rates are significantly impacted by overall market conditions.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

Section 6: Investment Strategies & Decision-Making

(Understanding how investors adapt their strategies in volatile IPO environments.)

30. I use stop-loss orders to manage risk when investing in IPOs during volatile markets.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

31. I prefer to invest in IPOs of companies that belong to defensive sectors (e.g., healthcare, utilities) during volatile markets
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

32. I diversify my portfolio by investing in IPOs across multiple sectors to manage market risks.
    - Strongly Disagree
    - Disagree
    - Neutral
    - Agree
    - Strongly Agree

33. I prefer to invest in IPOs of companies with strong fundamentals rather than focusing on short-term market conditions.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

34. I am more likely to participate in an IPO if the company has strong institutional investor backing, regardless of market volatility.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree