

The determinants of voluntary disclosure in IPO prospectuses: a systematic literature review

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Abstract:

The objective of this paper is to examine the factors influencing voluntary disclosures during the Initial Public Offering (IPO) process. Through a systematic review of the literature, the paper identifies and analyses the theoretical frameworks that underpin disclosure practices, including the constraints that may limit such disclosures. Based on an examination of 330 research papers obtained from the Scopus database, the findings indicate that the dominant theoretical perspectives in this field are the signalling theory and the proprietary costs theory. By integrating insights from competing theoretical frameworks, this review offers a comprehensive understanding of the determinants driving the decision-making process undertaken by management to reveal private information in IPO prospectuses.

Klíčová slova: Information; Accounting; IPO; Methodology; Theoretical framework; Signalling theory; Proprietary cost; Voluntary disclosure.

JEL klasifikace: M40, M41, M42, M48.

1 Introduction

The decision to go public through an initial public offering (IPO) represents a important moment for any firm, as it signals the transition to greater public scrutiny and the demands of shareholder accountability. The IPO process includes several phases that critically determine the ultimate success. One of the most challenging issues is to determine the optimal level of voluntary disclosure in the IPO prospectus. The IPO prospectus is a document that serves as the firm's primary communication tool with potential investors. The content of the prospectus is regulated, but it may also contain additional information beyond the required minimum.

While mandatory disclosures aim to meet regulatory requirements, voluntary disclosures can offer insights into the firm's strategy, risk profile, and long-term value creation potential in a more detail and from the management perspective, having private information about true financial performance of the company.

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However, the decision to disclose additional information is far from straightforward, as it involves a delicate balance between attracting investors, maintaining competitive advantage by reducing the information asymmetry, and mitigating litigation risks (Hughes & Thakor, 1992; Hensler, 1995) and proprietary costs (Guo et al., 2004; Boone et al., 2016).

The main purpose of this paper is to systematically review literature focusing on the determinants of voluntary disclosures in IPO prospectuses. Given the complexity of managerial decision-making regarding whether and to what extent private information should be disclosed voluntarily—and the resulting mixed empirical findings (Verrecchia, 1990; Leuz & Verrecchia, 2000; Bertomeu et al., 2021)—this paper aims to systematically examine the theoretical frameworks and methodologies predominantly applied in the context of IPO disclosures.

To achieve this objective, this paper systematically reviews 330 prior studies (retrieved from the Scopus database). This paper contributes to literature by categorizing the theoretical frameworks and their power in explaining variations in voluntary disclosure practices around the IPOs. The knowledge of different theoretical frameworks applied by prior studies may help not only to explain (partially) conflicting empirical results, but it may also contribute to developing more robust framework underpinning future research in this area. The paper is organised as follows: In the subsequent chapter, an exposition of the initial public offering (IPO) process, along with an exploration of the function of the prospectus and various regulatory frameworks, is provided. The third chapter delineates the methodologies and the data employed in the research, offering a comprehensive account of the analytical techniques utilized to evaluate the practices of voluntary disclosure. Chapter four will elucidate the research findings, emphasizing data synthesis and the foundational theoretical framework present in the examined literature. An appendix containing a table summarizing the results (author, year, theoretical framework, overview, methods employed) is appended in a separate document. Additionally, section four encompasses the methodological approaches utilized in the analyzed literature. The conclusion will encapsulate the principal insights derived from the research and propose prospective avenues for further investigation in this domain.

2 Background of IPO process, the role of prospectus and regulation approaches

The Initial Public Offering (IPO) process is a complex and multifaceted journey that transforms a private company into a publicly traded entity. This process involves several critical steps, each requiring careful planning and execution.

One of the first and most crucial decisions is the selection of underwriters, typically investment banks, who will guide the company through the IPO process and help

market the shares to potential investors. These underwriters play a pivotal role in determining the initial offering price and structuring the deal. Following the selection of underwriters, a comprehensive due diligence process is undertaken.

This involves a thorough examination of the company's financial records, business operations, management team, and market position. The due diligence process serves to verify the company's claims and identify any potential risks or issues that may affect the IPO's success.

Determining the offering price is another critical step in the IPO process. This involves a delicate balance between maximizing the capital raised for the company and ensuring an attractive entry point for investors. Factors such as market conditions, company valuation, and investor demand all play a role in setting the final offering price.

The prospectus, a comprehensive document filed with regulatory authorities, is a cornerstone of the IPO process. This document provides potential investors with detailed information about the company, including its business model, financial statements, growth strategies, and potential risks.

The prospectus serves as a crucial tool for investors to make informed decisions about participating in the IPO. Regulatory approaches to IPOs can vary significantly between countries, reflecting differences in financial markets, legal systems, and investor protection philosophies.

However, most regulatory frameworks share common elements, such as strict disclosure requirements and oversight by financial authorities. These measures are designed to protect investors by ensuring transparency and maintaining the integrity of financial markets.

In many jurisdictions, companies are required to file extensive documentation with regulatory bodies, such as the Securities and Exchange Commission (SEC) in the United States. These filings are subject to rigorous review and may require multiple rounds of revisions before approval is granted.

The regulatory process also typically includes a "quiet period" during which the company's promotional activities are restricted to prevent undue influence on potential investors.

During the initial public offering (IPO) process, organizations encounter a complex array of legal, financial, and regulatory challenges. Addressing these issues typically necessitates the specialized expertise of various professionals, including legal counsel, accountants, and financial advisors, collaborating with underwriters.

The collective efforts of these specialists are instrumental in ensuring compliance with regulatory requirements and maximizing the probability of a successful transition to public trading.

The initial public offering (IPO) is a significant milestone that demands careful preparation, professional advice, and compliance with legal standards. Successfully completing this process can enable businesses to tap into capital markets and explore new avenues for expansion, while simultaneously providing investors with the opportunity to share in the company's potential future achievements.

Voluntary disclosure in the context of Initial Public Offerings (IPOs) is a critical area of study, intersecting with theories such as information asymmetry, signaling, proprietary cost, and disclosure theory. These theories help explain the strategic decisions firms make regarding the information they disclose to potential investors. The selected papers provide insights into these theories and their application in the IPO process.

The primary concepts discussed in the chosen studies on voluntary disclosure in Initial Public Offerings (IPOs) include:

1. **Information Asymmetry Theory:** This theory examines the gap in information between company insiders and outside investors. It suggests that firms might choose to share more information to reduce this gap and thus attract investors.
2. **Signaling Theory:** According to this theory, companies use voluntary disclosures as signals to convey positive information about their quality or value. It helps differentiate high-quality firms from those perceived as lower quality by potential investors.
3. **Proprietary Cost Theory:** This theory evaluates the costs involved in disclosing sensitive or competitive information. It argues that companies consider the benefits of disclosure against the potential costs of exposing proprietary information to competitors.
4. **Disclosure Theory:** This theory looks into the reasons, methods, and effects of voluntary information disclosure. It examines how companies decide what information to disclose and how these disclosures affect investor perceptions and market results. Together, these theories explain why companies choose to voluntarily disclose certain information during the IPO process, considering the possible advantages and disadvantages of such disclosures.

3 Methodology

3.1 Method

This paper applies a systematic literature review approach to address the main goal of the paper.

The objective of this systematic literature review is to synthesize insights regarding the theoretical frameworks and methodologies employed in the existing literature pertaining to Initial Public Offerings (IPOs) and their connection to voluntary disclosure.

The structured methodological strategy that was carefully implemented for the exhaustive collection of relevant literature mandated the accurate input of the defined keywords “ipo AND disclosure” into the widely consulted Scopus database, a process which, unencumbered by any supplementary limitations or restrictions, culminated in the acquisition of a noteworthy total of 330 scholarly articles.

Following this initial retrieval, I systematically established a set of rigorous criteria that would govern the inclusion and exclusion of articles, ensuring that only the most relevant materials would be considered. To streamline this process, I systematically organized a specific set of six keywords, which functioned as guiding parameters for the selection of articles considered relevant to my research focus. In conjunction with this, I concurrently delineated a separate set of seven keywords that were specifically designed to inform the exclusion of articles, thus ensuring that only the most relevant studies remained in consideration.

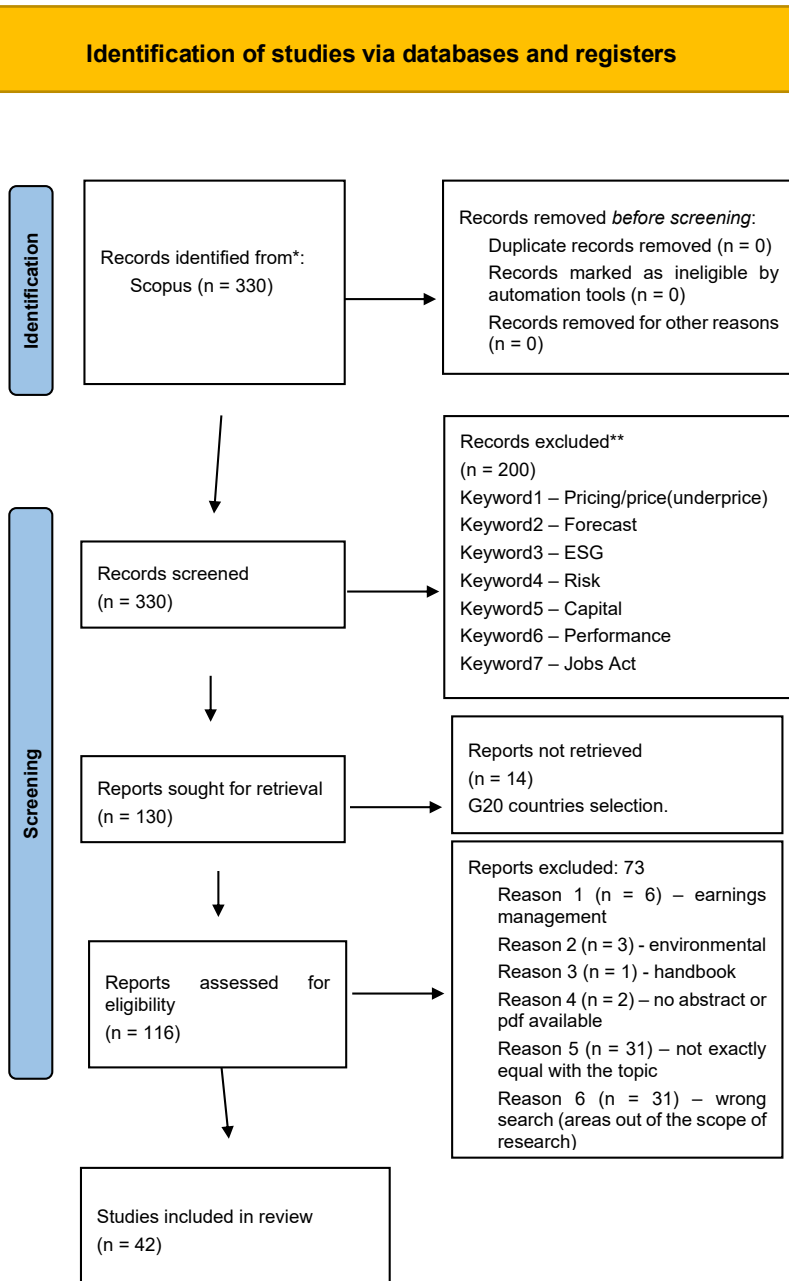
In the event that these exclusionary keywords were identified within the abstracts of the articles that had initially met the inclusion criteria, those articles were subsequently excluded from any further consideration in the analysis.

The exclusion methodology that I diligently applied was then extended to encompass the remaining articles that had not been excluded in the initial phase, with particular attention being paid to the geographical focus of the articles, ultimately resulting in the exclusion of any articles that did not pertain specifically to the G20 nations.

This meticulous process culminated in a final selection of 116 articles, from which I proceeded to execute further exclusions based on a clearly defined set of specific criteria—these criteria included, but were not limited to, the categorization of earnings management, the presence of an environmental emphasis, the classification of the work as a handbook, the absence of either an abstract or a PDF version, misalignment with the overall focus of my research paper, or the coverage of topics that were entirely outside the purview of the intended research objectives.

Upon the completion of these exclusions, I successfully arrived at a final dataset comprising 42 articles, for which I undertook an in-depth analysis of the various theoretical frameworks and methodologies that were employed across the selected studies. The theoretical frameworks and methodologies showcased considerable variability throughout the articles; however, it is noteworthy that signaling and proprietary cost theories consistently emerged as the predominant framework underpinning the majority of the research findings.

Fig. 1 PRISMA 2020 flow diagram for new systematic reviews which included searches of databases and registers only



Source: Page MJ, et al., BMJ 2021;372:n71. doi: 10.1136/bmj.n71.

3.2 Data

The systematic literature review methodology employed in this article emphasizes transparency, reproducibility, and a structured approach to synthesizing research.

This methodology mitigates bias by explicitly stating the values and assumptions underlying a review, thereby enhancing the legitimacy and authority of the resultant evidence.

The process involves developing a comprehensive search strategy that incorporates keywords and search terms derived from a scoping study, literature, and discussions within the review team.

The search strategy is sufficiently detailed, and the article draws from diverse studies across the world to ensure replicability.

The Prisma protocol is adapted to the nature of the study, documenting all steps taken in the data-extraction process, potentially utilizing double extraction processes for accuracy, and including details such as the information source, study characteristics, and methodological quality.

4 Results and discussion

4.1 Data synthesis

The ambitious undertaking of condensing and synthesizing a total of 42 research-oriented articles, each of which is not to be disregarded or excluded from thorough consideration due to their relevance, necessitates the establishment of a meticulously articulated delineation of the theoretical framework upon which the present academic paper is fundamentally constructed, in conjunction with an exhaustive elucidation of the diverse methodologies that were systematically employed throughout the entirety of the research process; moreover, this comprehensive and detailed summary will also provide a holistic overview of the significant and pertinent details that are encapsulated within the document itself, thereby facilitating a more nuanced and profound understanding of the intricate subject matter that is presented within the confines of this scholarly work.

Below is a table containing the individual theories that appear in the sample of 42 papers and how many times. It cannot be said that each article is primarily based on one theory, rather the opposite, the articles are usually written in such a way that they draw on and use several different theories simultaneously.

Tab. 1 Number of theory occurrences in the selected papers

Theoretical framework concept	Number of occurrences
Disclosure and Information Asymmetry Theory	6
Disclosure and Transparency Theory	1
disclosure theory	3
dynamic timing game theory	1
efficient market hypothesis	1
entrepreneurial identity	1
information asymmetry	5
information dispersal	1
investor sentiment	1
legitimacy theory	1
proprietary cost theory	2
Prospect theory, Disclosure and Information Asymmetry Theory	1
signaling theory	6
theory of corporate social responsibility	1
various theoretical perspectives	1
business model concept, proprietary cost theory	1
Disclosure and Information Asymmetry Theory, Proprietary cost theory	4
Litigation risk and signaling theory, proprietary cost theory	1
theory of relative bargaining power, proprietary cost theory	1
Disclosure and Signaling Theory	1
signaling theory, proprietary cost theory	1
trade-off theory, proprietary cost theory	1
Number of articles	42

The table relating to the following section (as appendix) offers a thorough overview, encapsulating the theoretical frameworks and diverse methodologies that have been utilized across a carefully curated selection of forty-two scholarly articles, each of which effectively summarizes and synthesizes the existing body of knowledge evident within the literature intricately related to the phenomenon of voluntary disclosure in the context of initial public offerings (IPOs).

4.2 Underlying theoretical frameworks in analysed literature

The paper of Allee et al. (2021) discusses how early guidance can alleviate information asymmetry, aligning with signaling theory principles. Firms that provide early guidance enhance their reputation as “policy guiders,” signaling reliability to investors. The credibility of initial guidance is crucial, as it influences future guidance decisions, reflecting signaling dynamics. Early guidance initiation may signal a commitment to transparency, affecting future disclosure behavior.

Alidarous (2024) asserts that the adoption of International Financial Reporting Standards (IFRS) enhances transparency, thereby reducing information asymmetry and signaling financial health to investors. The study demonstrates that IFRS adoption significantly decreases initial public offering (IPO) withdrawal rates,

indicating stronger market conditions. In terms of reducing information asymmetry, Blankespoor et al. (2023) emphasize that a primary function of disclosure during IPO roadshows is to mitigate information asymmetry between managers and potential investors. By presenting summaries of firm performance and investment opportunities, managers aim to provide investors with a clearer understanding of the firm's prospects, which is essential for informed investment decisions. According to Cotter et al. (2011), managers furnish additional information to investors to assist them in making investment decisions. Signaling theory posits that managers who anticipate a high level of future growth communicate this to investors. Studies such as Kanagaretnam et al. (2007) or J. Mitchell et al. (2006) corroborate the predictions of signaling theory, suggesting that a high-quality firm will not hesitate to inform the market about its quality.

On the one hand, it may seem that a manager's desire is to disclose as much quality information as possible so that the company's prospectus will influence investors' decision making, but some managers may think in terms of “the less I disclose, the less competitors will know”.

Roadshow is a prerequisite of IPO filing and is broadly connected to press releases during the pre-IPO process. Dambra et al. (2024) examine voluntary pre-prospectus disclosures and their impact on investor awareness prior to IPO filings. It identifies three measures of voluntary disclosure: press releases, product/service announcements, and conference attendance. The research shows that while direct associations between pre-prospectus voluntary disclosures and IPO pricing are limited, there are significant indirect effects through filing-period information acquisition by prospective investors and media coverage. This finding is consistent with the theoretical framework that emphasizes the role of investor awareness in influencing firm valuation.

Alon & Elango (2018) add that signaling theory examines factors influencing franchisors' decisions to go public, emphasizing observable signals of success. Effective signaling requires companies to afford the costs associated with the signals they emit. Manzi et al. (2024) say that effective signals must be observable, costly to imitate, and relevant to decision-making.

Kumar et al. (2016) discuss the cost of acquiring information, which relates to proprietary cost theory in IPO contexts. High information acquisition costs lead to less disclosure by IPO firms. The model predicts a negative relation between IPO underpricing and the cost of acquiring information. Managers disclose more when the cost of information acquisition is lower, impacting investment efficiency. According to Cotter et al. (2011) proprietary cost theory is one of the theories connected with voluntary disclosure. Proprietary costs provide an incentive for managers not to disclose some information voluntarily (Healy & Palepu, 2001). This

theory argues that managers may be reluctant to disclose more information if they believe it contain proprietary information which can be harmful to their firm (Dye, 1985; Verrecchia, 1983, 1990). Cheng et al. (2025) adds that proprietary costs significantly influence firms' disclosure decisions, particularly in competitive industries. Firms may limit voluntary disclosures due to the high costs associated with public communication. Proprietary costs can reduce firms' incentives to disclose information, especially under competitive pressures.

A pressure on money exists. The pressure is influencing all parties co-operating on the issuance of the prospectus. How much cost am I willing to give stands in a position against How big competitive advantage am I willing to offer to my competitors?

Loughran & Ritter (2002) in their research focused on a prospect theory model that focuses on the covariance of the money left on the table and wealth changes and explain the effect by saying that most IPOs leave relatively little money on the table. The IPOs where a lot of money is left on the table are generally those where the offer price and market price are higher than had originally been anticipated. Thus the minority of issuers losing wealth via leaving large amounts of money on the table are generally simultaneously discovering they are wealthier than they expected to be. By integrating the loss with the gain, they are left happy, even though they have just been victimized. They say that leaving money on the table is an indirect form of underwriter compensation, because investors are willing to offer *quid pro quo*s to underwriters to gain favourable allocations on hot deals.

In their previous research analysing role of agency problems and information asymmetry between management and investors in explaining IPOs long-run underperformance, Loughran & Ritter (1997) argue, that through the level and type of information disclosed to investors, the managers influence investor's expectations about future performance. From the perspective of litigation risk and proprietary cost, Yost (2023) suggests that litigation-related disclosures may impose proprietary costs, influencing public listing decisions and his paper indicates that litigation risk is a relevant factor in the context of public firm disclosures.

The paper of Bochkay et al. (2018) studies voluntary management disclosures of going concern uncertainties by IPO issuers in their prospectuses. It finds that 6.4% of prospectuses mention "going concern" uncertainties. The presence of disclosures correlates with risk factors and agency motivations

Study of Kaplan et al. (2020) refers to decreasing of litigation risk by adding appropriate going concern disclosure and investigates how audit reports impact information uncertainty and litigation risks for financially stressed IPO firms. Auditors may reduce litigation risks by issuing going concern audit reports (GCARs) for IPO firms. Hartnett (2006) implies that litigation risk could be a factor

that affects how auditors and managers approach financial disclosures, particularly in the context of initial public offerings (IPOs).

In the area of accounting disclosures, such as audited financial statements, prospectuses, or even for non-financial disclosures, much research (Amir & Lev, 1996; Black, 1998; Brown et al., 1999; Collins et al., 1997; Hand, 2005) has been devoted to refuting and confirming hypotheses in the area of measuring the usefulness of financial reporting – so-called value relevance. As a result, these quantitative studies examine how the market price of a stock responds to certain disclosed information about companies.

IPO firms with higher litigation risk are more likely to disclose internal control weaknesses (ICWs) and remediation plans. The study finds a significant association between litigation risk and proactive disclosure of ICWs at $p < 0.01$. Firms with greater litigation risk are more likely to have disclosures compared to those without such risk. The research indicates that litigation risk influences the decision-making of IPO firms regarding ICW disclosures (Basu et al., 2018).

Esmer et al. (2023) identifies nonshareholder litigation risk as a specific proprietary disclosure cost related to IPO registration filings. It suggests that proprietary disclosure costs can vary over time, impacting firms' disclosure decisions. His research extends existing literature by demonstrating how disclosure delays can benefit firms facing time-varying proprietary costs. Ertimur et al. (2014) adds that the effect of delayed disclosures is stronger in firms with high uncertainty and low litigation risk.

Pre-IPO shareholders tend to underreport the number of pre-IPO shares to be sold in the original prospectus. Instead, they communicate the true number of shares in subsequent, less visible prospectus amendments. This suggests that the omission is not voluntary but rather a strategic decision to delay full disclosure (Jones & Wallace, 2005).

Firms face high potential costs of disclosing proprietary information to rivals, impacting their IPO strategies. The results of Boone et al. (2016) study suggest that proprietary information provides competitive advantages, influencing firms' disclosure decisions and capital raising strategies.

The process of going public is demanding and expensive (Kooli & Suret, 2003) and all the parties involved are certainly aware of this, but at the end of the day there is only one most important document – the prospectus. The perception of the decision making of the various entities, the shooting arguments as to why something is more or less important and whether or not it should be included, or if it must be included, is sometimes almost humorous to watch.

Khan & bin Zakaria (2020) comment that by analyzing the standard of disclosure required in IPO prospectuses, the study contributes to the theory that adequate

disclosure is crucial for investor decision-making. It suggests that when investors have access to relevant information, they can better anticipate corporate strategies and outcomes, thereby enhancing market efficiency.

Cazavan-Jeny & Jeanjean (2007) suggest that lower litigation risks could lead to a high level of disclosure in IPO prospectuses.

In general, there are motivations for voluntary disclosures, e.g., to reduce information asymmetry and agency/bonding costs, or to signal above-average performance (signalling theory). On the other hand, there are proprietary costs, which reduce these motivations, and thus in practice it is about finding an optimum (but which tends to be suboptimal, i.e. not the best solution but the second best solution), and also litigation costs, which refer to voluntary disclosure of something that subsequently turns out to be false.

Cho et al. (2024) indicate that additional information in prospectuses can positively influence investor demand. The study highlights a trade-off between the costs and benefits of longer corporate reports, suggesting potential advantages of voluntary disclosures.

The literature provides insights on how management decides on disclosing the issue motive, forecasts, use-of-proceeds, and the intellectual capital information. The motives play a role. Singh & Van der Zahn (2008) say in their study that deficient and inconsistent intellectual capital reporting is escalating information asymmetry between informed and uninformed investors. During the IPO informed investors due to this asymmetry extract higher abnormal returns. In their study they investigate the association between intellectual capital disclosure levels in prospectuses of 444 IPOs listing on the Singapore Stock Exchange between 1997 and 2006, three potential explanatory determinants (motives) exist: 1) ownership retention; 2) proprietary costs; 3) corporate governance structure.

How management makes decisions in the area of the disclosure prospectus when entering the stock exchange? What types of information have they decided to disclose through the prospectus and whether they are useful, e.g. which signals do they send?

It's revealing the role of individual determinants and factors such as proprietary costs or the role played by the government, regulatory authorities or market's role itself. Lowry et al. (2020) say that the regulator's role is crucial in reducing information asymmetry, aligning with signaling theory principles. His findings suggest that SEC interventions can mitigate biased disclosures, supporting the signaling theory framework. Overall, the SEC's active involvement signals the importance of transparency in the IPO process.

Chen et al. (2022) suggest that regulatory actions, such as the disclosure of outstanding comments by the CSRC, can influence the information available to

investors. These comments are not voluntarily disclosed by the companies but are instead mandated by the regulatory body, indicating that regulation plays a significant role in shaping the information landscape for IPOs.

Hand (2005) in his study on the venture capital market, examines the value relevance of financial statement data and nonfinancial statement information within and across the pre-IPO venture capital and post-IPO public equity markets. His results show that financial statements are, on average, value-relevant in the venture capital market, despite the fact, that such markets are different from the public market in numerous economically significant ways. It says that as firms mature, the value relevance of their financial statements reliably increases, while the value relevance of nonfinancial statement data reliably decreases. He provides evidence that this divergence occurs because as firms mature, the importance of assets-in-place increases relative to that of investment opportunities, and financial statement data are better than nonfinancial information at reflecting the value stemming from assets-in-place. The only exception to these patterns occurs at the IPO, where the value relevance of financial statement data and nonfinancial statement information reverse in importance. This "sawtooth" in the maturity trends in value relevance appears to occur because the marginal investor in an IPO is markedly less sophisticated than either venture capital investors in the pre-IPO venture capital market, or investors in seasoned post-IPO firms.

Value relevance is undoubtedly an important indicator that influences quantitative research not only in the area of IPO disclosure. But from my perspective, the answer that such quantitative research gives us is "on average". If we advise a company owner at the time of going public that disclosure of certain information has, according to research, an "on average" chance of increasing the market value of the stock, he will be as hesitant as he was before the question of whether or not to disclose the information. Beside the reliability of the financial statements, De Franco points out another factor – comparability. Based on his study, investors, regulators, academics, and researchers all emphasize the importance of financial statement comparability. However, an empirical construct of comparability is typically not specified. In addition, little evidence exists on the benefits of comparability to users. His study attempts to fill these gaps by developing a measure of financial statement comparability. Empirically, this measure is positively related to analyst following and forecast accuracy, and negatively related to analysts' dispersion in earnings forecasts. The results suggest that financial statement comparability lowers the cost of acquiring information, and increases the overall quantity and quality of information available to analysts about the firm (De Franco et al., 2011).

Raykov underlines the importance of the individual financial statements and the accounting information as a whole hoping that these highlights would assist the

future understanding of the need for the accounting records and their development and structuring taking into account the needs of key management personnel. In his research he tries to draw attention to the need for accounting (financial reporting) in light of the objective requirement to acknowledge it as part of the general business management of an entity. In recent years, views on financial reporting are only limited to its significance for tax purposes and its statutory application taking into account the fact that entities are required to keep accounting records regardless of whether they are aware of the opportunity to generate analytical data on their financial position without any additional costs for understanding the statements (Raykov, 2019).

There is little room for movement here. If we go public, we have to publish a prospectus. The prospectus must contain certain mandatory information. The prospectus is the exit document by which companies prove the fact that they deserve to go public. But what about the information that we, as a company management, do not have to include in the prospectus but can? What is the role of voluntary disclosures? Why do firms voluntarily disclose? What are the incentives of the people who decide what to disclose? Which are relevant voluntary disclosure information to be revealed in the prospectus when entering the IPO? And finally which information is useful to be included in the prospectus?

Hope (2003) highlights that not all forms of disclosure are equally valuable to analysts. It emphasizes that note disclosures, which include detailed information beyond the basic financial statements, are more positively associated with analyst following than the comprehensiveness of the basic financial statements. Voluntary disclosures can lower the cost of information acquisition for analysts, potentially increasing the supply of analyst services. However, they can also level the playing field among analysts, reducing any one analyst's competitive advantage and possibly lessening incentives to cover the firm.

Voluntary disclosure, while beneficial in many ways, also comes with several limitations, particularly in the context of intangibles and IPO prospectuses as discussed in the paper of Cordazzo (2007). The paper highlights that IPO disclosures might not be exhaustive of the intangibles disclosure provided by Italian companies. This is because such disclosures are produced on a voluntary basis, which means companies may choose not to disclose all relevant information.

Based on a claim of Kothari et al. (2009), managers of firms with poor performance have incentives not to report their bad news.

Depoers & Jeanjean (2012) investigate the frequency of financial disclosure behaviour. They find that competitor's concentration and behaviour is able to explain the disclosure and non-disclosure of financial information. Suijs (2005) shows theoretically that a firm's propensity to disclose bad news is increasing if it finds that the proprietary costs are higher than the disclosure costs. Proprietary costs

can be divided into two types internal costs which include the costs of preparing and disclosing information; and external costs result from a consequence of competitor's action to use the information disclosed for their own advantage (Prencipe, 2004). Hence, firms have an incentive to voluntarily disclose certain information if: a) they seek some benefits from this disclosure such as reduction in the cost of equity capital (Botosan, 1997; Botosan & Plumlee, 2002) or debt capital (Sengupta, 1998), and the benefits of this disclosure exceeds its costs; or b) the disclosure of this information does not harm the firm's share value, and in turn can facilitate a reduction in information asymmetry problems.

Cotter et al. (2011) add that incentives to disclose, or not to disclose, emanate from the costs and benefits associated with both signalling and proprietary costs theories and not only with these. The potential for undervaluation provides an incentive to signal good news to investors, while potential legal and reputation costs provide incentives not to withhold bad news from this group.

The manager prefers to take the route of informing the potential investors and thereby giving them a kind of signal that it is transparent and not hiding anything from them, but from my point of view this signal is more likely to be given to the advisers and auditors with whom the information in the prospectus is consulted before publication. The bank also has an important say, because as the provider of the debt it can certainly have conditions on what information should be included in the prospectus. The signal that the company may be exposed to certain reputational or legal risks is therefore very important, as non-disclosure could have an impact not only on the bank's financing but also on the movement of market value. The relationship between rule of law and regulatory quality with IPO prospectus length is consistently strong. This indicates that firms in countries with higher rule of law and regulatory quality tend to provide more detailed disclosures in their IPO documents (Hearn, 2013).

On the other hand, based on (Cotter et al., 2011) research of costs and benefits of proprietary costs theory, it aims to economic consequences of disclosing information that is commercially sensitive.

Commercially sensitive information is linked to the issue of a company's reputation. Managers of a company going public must keep this warning beacon on at all times. However, a good manager sees this positively and should strive to make the prospectus so "sexy" that positive information about the company goes "viral." On the other hand, some managers may perceive the economic consequences with a degree of fear and therefore fear media publicity because of the effect it may have on the loss of employees or the decrease in revenue from the loss of business partners. Cotter et al. (2011) say that in all cases, these costs will be borne by company management either directly or indirectly, this providing an incentive to disclose.

Regardless of whether to choose to disclose negative information, we are still sending signals about a certain quality of the company because we are building more trust in the readers who read the prospectus and make decisions based on this information. By increasing this quality through disclosure, we are also telling to our competitors, our employees and our business partners how fair, transparent and therefore valuable a company we are if we judge value on the basis of these indicators.

4.3 Methodology approaches in analysed literature

The approach of Meluzín et al. (2018) offers the advantage of obtaining specific insights directly from the target group, providing a more nuanced understanding of the factors influencing companies' decisions to stay private. However, a limitation of using surveys is that they measure beliefs rather than actual actions by managers, which can lead to discrepancies between reported intentions and real-world behavior.

The methodology of Aghamolla & Guttman (2021) captures the strategic interactions between firms, allowing for the emergence of pioneer firms and the observation of sequential clustering and IPO droughts. One advantage of this approach is its ability to provide novel insights into the timing and volume of IPOs. Several studies also investigate how different financial mechanisms and regulatory environments affect investor decisions and market behavior. This includes examining the effects of disclosure on investor information and the implications of underpricing in IPOs (Pawliczek et al., 2024; Shi et al., 2013). Wyatt, (2014) comments that the findings on underpricing may not apply universally across different firm sizes. Westfall & Myring (2022) add that underwriters do not view voluntary internal control weakness disclosures negatively, which can influence IPO pricing strategies.

Both case study methodology and content analysis involve qualitative analysis of data. These approaches are used to gain deeper insights into specific phenomena, such as disclosure practices and corporate social responsibility language, by examining textual data and specific cases (Meluzin et al., 2018; Qiu et al., 2023).

Across the methodologies, there is a reliance on statistical methods to analyze data, whether it be through regression analysis or the statistical examination of survey data. This ensures that the findings are robust and grounded in empirical evidence (Pencle & Mălăescu, 2016; Wang & Iqbal, 2006). To ensure the robustness of the findings of Yost (2023) and Yu et al. (2024), the studies utilize the bootstrap method. This statistical technique allows for estimating the distribution of a statistic by resampling with replacement, providing more reliable inference.

The studies of Hanley & Hoberg (2010), Pawliczek et al. (2024), Pencle & Mălăescu, (2016) or Yu et al. (2024) use a word content analysis. It can be used to

decompose IPO prospectus information into standard and informative components. Hanley & Hoberg (2010) point as a limit of using this method that document similarity cannot separate standard and informative content types for deeper analysis. A specific type of methodology approach employs the paper of Boulton & Shank (2024) where they use an empirical approach to analyze IPOs, identifying company, country, and IPO year through specific subscripts. The research utilizes regression models to assess the interaction of democracy measures with the Global Terrorism Index (GTI).

The authors like BC & Liu (2022) used a manual collection of data on non-gaap measures disclosures from the final registration statements of high-tech IPOs filed with the SEC. This manual collection process is labor-intensive and ensures accuracy in identifying NGMs, which adds originality to the methodology.

Studies of Hickman (2020) and McGuinness (2014) consider the role of information asymmetry in influencing corporate behavior, particularly in the context of CSR reporting. This involves examining how differences in information availability between private and public firms affect their disclosure practices.

The research paper of Tranfield et al. (2003) discusses the importance of qualitative research methods, including interviews, in exploring subjective meanings that individuals attribute to their experiences and interventions. It emphasizes that qualitative studies often rely on in-depth interviews to gather substantive themes from participants' perspectives. It is noted that the data analyzed in qualitative research is likely to be derived from findings of studies, which may include insights gained from interviews. The paper highlights the role of theory in informing the interpretation of data collected through interviews, suggesting that interviews can provide rich qualitative insights that contribute to the overall understanding of the research topic.

There might be some limitations for the outputs of used methodological method, but every method's usage has its benefits and limits. In terms of using a small sample or "it's too subjective" because it relies too much on the researcher's often unsystematic views about what is significant and important, and also upon the close personal relationships that the researcher frequently strikes up with the people studied. The answer for that is that, although we can not make empirical generalizations about entire populations from a single case study, this is not the purpose of qualitative case study research (Bell et al., 2019).

By this research, aspects of the literature theories in the process of the IPO and its findings might help in generalization in the upcoming research.

The findings of qualitative research are used to make theoretical generalizations. It is 'the cogency of the theoretical reasoning' (J. C. Mitchell, 1983), rather than statistical criteria, that is decisive in considering the generalizability of the findings of qualitative research (Bell et al., 2019).

The combination of different methods is not less naturalistic and accepts the study from different perspectives which helps its transparency. One of the disadvantages of interviews is a certain “reactive effect”, which they write about (Bell et al., 2019). They say that the deliberately constructed nature of the qualitative interview means that the language participants use is likely influenced by their awareness of being studied and it may cause them a self-censor their language use and produce accounts that they think are likely to be more acceptable to outsiders, including the researcher. In this research interviews I do not emphasize on the importance of the research to prevent this self-censorship.

Qualitative interview may of course provide limited insights into social interactions and behaviours, but comparing with quantitative studies, it's the main advantage to be able to observe the sample's behaviour when answering. Counting the possibilities of today's world of abilities to record and transcribe the answers, it prevents this possible disadvantage from arising. Bell et al. (2019) say that this structure disadvantage may discourage the interviewer from exploring issues that arise unexpectedly. Ditton (1977) in his research illustrates the importance of flexibility.

Positive aspects of interviews performed are the longitudinal effects. These effects can contribute to later researchers to build a study with a solid base having in the interviews performed. As Bell et al. (2019) write, while other qualitative methods such as participant observation are inherently longitudinal in character, because the observer is present in a social setting for a period of time, there are often limits to the amount of time that researchers can spend doing fieldwork away from their normal routines. Following up interviewees on several occasions is likely to be easier than returning to research site on a regular basis.

Interview method also enables to be less constrained in a sample selection process of the people interviewed because as my intentions are to firstly select a prospectus (as a sample), secondly to ask the person responsible for the prospectus to be interviewed. By this process it's easier to forego the bias that the selection of specific people could bring.

Howard et al. (2021) comment the use of interviews was integral to the research methodology, providing valuable qualitative data to support the study's conclusions. Bagnoli & Redigolo (2016) used a method that was combined with quantitative content analysis to assess the level of business model disclosure, highlighting the significance of the interview method in understanding the companies' strategies.

One of the main benefits of this methodological aspect used is the fact that this form brings the knowledge of specific people who directly participated in the process of entering the stock market and the primary subscription of shares. This is not a form of quantitative study that explains various forms of association, statistical

regression, etc., but the conclusions of this qualitative study just open the door for the implementation of these quantitative studies.

Pettigrew (1985) highlights the “real-time” data collection in his research conducted on Imperial Chemical Industries between 1975–1983. Adding of a form of a retrospective interview enriches his research.

In the interviews it's important to focus on whether these determinants play a role in the disclosure decisions and analysing the answers in the level to confirm these literature review findings. The determinants are related with the level of information disclosed in the prospectus in terms of proprietary costs' role. If the company does not provide information, is it caused by the proprietary costs or are there any threads the management sees in litigation costs?

By conducting this literature review, it contributes to a better knowledge of the relevant theories connected with the IPO process and provide a starting point for upcoming research.

Additionally, the research incorporates analysis of relevant contemporary literature in economics, management and accounting.

5 Conclusions

The article systematically reviews literature to explore the determinants of voluntary disclosures in IPO prospectuses, focusing on several key theoretical frameworks. These frameworks provide insights into the motivations and strategies behind disclosure practices during the IPO process.

Signaling theory posits that Initial Public Offering (IPO) disclosures, particularly voluntary forward-looking information, function as signals to reduce ex-ante uncertainty and mitigate underpricing. This encompasses both quantitative and qualitative components, such as management discussion.

Agency theory proposes that disclosures mediate conflicts of interest between issuers and investors by revealing private information, thereby influencing pricing dynamics and strategic adjustments.

Proprietary cost theory: This theory is also highlighted as a dominant framework in the literature, emphasizing the balance companies must strike between transparency and protecting sensitive information that could be advantageous to competitors

Litigation risk theory, another crucial perspective, is examined to understand how the threat of legal action shapes disclosure practices. This theory posits that companies may engage in more comprehensive voluntary disclosures to mitigate the risk of future lawsuits from investors who might claim they were inadequately informed about material information at the time of the IPO.

These theories highlight the complex interplay between information asymmetry, strategic decision-making, and legal considerations in the IPO process. The

disclosure strategies adopted by firms not only aim to bridge the information gap between issuers and investors but also serve as a protective mechanism against potential legal challenges. This dual purpose of disclosure underscores the delicate balance that companies must strike between transparency and risk management during the IPO journey.

This systematic literature review focuses on articles addressing IPO prospectuses and provides insights into voluntary disclosure in relation to individual theories and methodologies and its application during IPO prospectus disclosure.

The methodologies used in the literature review include a systematic analysis of 330 articles from the Scopus database. This comprehensive approach categorizes the literature into individual groups, providing a strong basis for understanding the application of these theoretical frameworks in the IPO disclosure process.

The objective of the intended follow-up research to this literature review is to elucidate how management determines which information to include voluntarily in IPO prospectuses and to identify the motivations, incentives, and decision-making processes underlying voluntary information disclosures.

This comprehensive literature review examines the complex domain of voluntary disclosure in Initial Public Offering (IPO) prospectuses, offering a thorough analysis of the factors that influence companies' disclosure practices during this critical phase of going public.

The review explores and analyzes several key theoretical frameworks, with a particular emphasis on Signaling theory, Proprietary cost theory, Agency Theory and Litigation Risk Theory, to elucidate the underlying mechanisms driving voluntary disclosure decisions. The literature review also explores other relevant theories and empirical studies that contribute to our understanding of voluntary disclosure in IPO contexts.

By synthesizing findings from various studies and theoretical frameworks, this review aims to provide a nuanced understanding of the complex decision-making process that management undergoes when determining the extent and nature of voluntary disclosures in IPO prospectuses. It examines the various motivations and incentives that drive these decisions, including the desire to reduce information asymmetry, build investor confidence, comply with regulatory expectations, and manage litigation risks.

Furthermore, the review explores how these disclosure practices may vary across different IPO environments.

The review not only consolidates existing knowledge but also identifies gaps in the current understanding of voluntary disclosure in IPO contexts. It sets the stage for future research directions, potentially including empirical studies to test the relative importance of different factors in disclosure decisions, cross-cultural comparisons,

or investigations into the long-term impacts of IPO disclosure strategies on company performance and investor relations.

In conclusion, this literature review provides a solid foundation for researchers, practitioners, and policymakers interested in understanding the complex dynamics of voluntary disclosure in IPO prospectuses. It offers valuable insights into the theoretical underpinnings, practical considerations, and potential implications of disclosure practices, paving the way for further advancements in this important area of corporate finance and information transparency.

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APPENDIX 1:

Title	Overview	Methods Used	Theoretical framework
Stock exchange oversight and investor quotes: Evidence from initial public offering comment letters in China	<ul style="list-style-type: none"> - The paper investigates the role of comment letters in the IPO process on China's STAR Market, focusing on their impact on regulatory oversight and information disclosure. - It categorizes comment letter questions into two types: those related to regulatory oversight pressure and those aimed at improving factual disclosure. - The study finds that increased comment letter questions enhance the quality of information disclosed by firms, which in turn influences institutional investors' willingness to participate in IPOs. - The findings support the notion that effective comment letters can reduce information asymmetry and promote market confidence. 	<ul style="list-style-type: none"> - The study employs a two-stage regression model to address endogeneity concerns in the analysis of IPO review intensity and investor behavior . - It utilizes instrumental variable approaches to mitigate biases from unobserved variables affecting the regression results . - The research classifies comment letters by function and content using latent Dirichlet allocation (LDA) to analyze their impact on investor decision-making . - Data is manually collected from issuance announcements and sourced from the WIND or Choice database for empirical analysis . - The study investigates the relationship between IPO review intensity and institutional investors' quotes through statistical analysis of comment letter data . 	The theoretical foundation of the article revolves around the role of comment letters in improving information disclosure and exerting regulatory oversight, which in turn influences institutional investor behavior during the IPO process.
Do tax-based proprietary costs discourage public listing?	<ul style="list-style-type: none"> - The paper investigates the impact of tax-related disclosures, specifically FIN 48, on firms' decisions to go public or private, focusing on tax aggressive firms. - It finds that the enactment of FIN 48 led to increased scrutiny from the IRS, which firms anticipated would affect their public listing decisions. - The study utilizes an extended sample of IPO filings from 2004Q3 to 2012Q2 to analyze the relationship between tax aggressiveness and IPO activity. - The findings suggest that tax-based proprietary 	<ul style="list-style-type: none"> - The paper employs entropy balancing to reweight control firms to match treatment firms, as detailed in Table OA1. - It analyzes the impact of FIN 48 disclosures on tax-aggressive firms' propensity to go private. - Control variables include firm size, book-to-market value, return on assets, leverage, liquidity, and more. - The study investigates the influence of tax-based proprietary costs on public firms' decisions to go private. - The research utilizes a comparative analysis of 	The theoretical framework used in this paper is based on the idea that public disclosures can give rise to tax-based proprietary costs, where the tax authority uses the information to determine where to allocate enforcement resources and/or aid in negotiations with taxpayers.

Title	Overview	Methods Used	Theoretical framework
	costs discourage public listings, particularly for firms with substantial foreign operations.	mean values before and after applying entropy balancing.	
Is there useful information in the 'use of proceeds' disclosures in IPO prospectuses?	<ul style="list-style-type: none"> - The study investigates the relevance of 'use of proceeds' disclosures in IPO prospectuses, categorizing them by purpose (growth, production, financing) and amount committed. - It finds that these disclosures provide incremental information for predicting IPO underpricing, firm survival, and investors' evaluations of prospects and risks. - The research highlights that firm size and growth objectives at the listing date influence early operating performance, with varying impacts across different disclosure categories over time. - Overall, the findings suggest that detailed 'use of proceeds' disclosures enhance the understanding of IPO outcomes. 	<ul style="list-style-type: none"> - The paper employs a binary Gompit regression to analyze IPO survival based on 'use of proceeds' disclosures. - It develops a classification of 'use of proceeds' disclosures to capture information on purpose and asset commitment. - The study examines correlations between 'use of proceeds' categories and independent variables, including firm age and offer amount. - Regression diagnostics and influence statistics are used to identify and remove outliers from the data. - The analysis tests the incremental information provided by 'use of proceeds' disclosures relative to other available information. 	The theoretical framework used in this paper is based on information asymmetry and the signaling role of the "use of proceeds" disclosure in IPO prospectuses.

Title	Overview	Methods Used	Theoretical framework
<p>Are voluntary internal control weakness disclosures in initial public offerings associated with managerial ability and subsequent financial reporting quality?</p>	<p>- The study investigates the determinants and implications of voluntary internal control weakness (ICW) disclosures by initial public offering (IPO) registrants. - It finds that such disclosures are linked to increased management credibility, particularly when a new CEO is hired, leading to higher IPO offer prices. - However, registrants that disclose ICWs may face adverse SOX 404 auditor opinions and negative market reactions if subsequent material weaknesses arise. - Overall, the research highlights the complex relationship between voluntary disclosures, financial reporting quality, and investor perceptions in the IPO context.</p>	<p>- The paper employs seemingly unrelated estimation (SUEST) to analyze three groups of financial reporting quality. - SUEST allows for cross-testing hypotheses without assuming equal residual variance among groups. - The analysis includes testing the significance of control variables across multiple degrading financial reporting quality groups. - Descriptive statistics are used to assess the relationship between various factors and IPO offer prices. - The paper also discusses voluntary internal control weaknesses (ICW) disclosures and their implications for financial reporting.</p>	<p>The theoretical framework used in this paper is based on disclosure credibility and management's incentives to build credibility with investors and underwriters. The paper draws on theories and concepts from prior literature on disclosure credibility, information asymmetry, and agency costs to explain IPO management's incentives to voluntarily disclose internal control weaknesses.</p>

Title	Overview	Methods Used	Theoretical framework
Auditor choice, retained ownership, and earnings disclosure for IPO firms: Further evidence	<ul style="list-style-type: none"> - The research investigates the signaling mechanisms in Initial Public Offerings (IPOs), focusing on retained ownership, auditor choice, and earnings forecasts, using a less restrictive sample and additional empirical tests. - It finds that auditor reputation and retained ownership are not substitutes; as firm risk increases, entrepreneurs tend to retain higher ownership to signal firm value. - The study concludes that positive earnings disclosure before an IPO does not significantly relate to retained ownership. - The findings are particularly relevant for firms planning to go public, emphasizing the evaluation of information systems for signaling firm value. 	<ul style="list-style-type: none"> - The study employs single equations as the baseline approach for estimating three models related to IPO signaling mechanisms. - Rank regression is utilized to analyze the influences of firm risks on auditor choice, audit fee, and retained ownership. - General least squares regressions are run on ranked variables to test the impact of firm risk. - Simultaneous equations are applied to examine the joint determination of retained ownership, audit fee, and auditor demand. - The research relaxes sample restrictions to include firms with one year of pre-IPO earnings data for broader representation. - The study also incorporates a larger sample of IPOs from 1998 to 2004 to enhance generalizability. 	<p>The key theoretical framework used in this paper is the signaling theory of information asymmetry in the IPO market, as outlined in the work of Leland and Pyle (1977), Hughes (1986), and Datar et al. (1991). The article is based on the theory that IPO signaling mechanisms, such as retained ownership, auditor choice, and earnings disclosure, are jointly determined and not isolated. This means that these signals are interrelated and collectively provide information about a firm's risk and value in a way that minimizes the overall cost of signaling.</p>

Title	Overview	Methods Used	Theoretical framework
Does disclosure regulation work? Evidence from international ipo markets	<ul style="list-style-type: none"> - The study investigates the relationship between mandatory disclosure regulation and IPO underpricing using a sample of 6,025 IPOs from 34 countries between 1995 and 2002. - It finds a significant negative association, indicating that stricter disclosure requirements reduce information asymmetry and consequently lower IPO underpricing. - The effect of disclosure regulation is moderated by the level of capital market integration, with less pronounced impacts in more integrated markets. - The findings highlight the importance of mandatory disclosure as a corporate governance mechanism in primary markets. 	<ul style="list-style-type: none"> - The paper employs a two-stage least squares regression to control for endogenous listing decisions . - It uses weighted least squares regression to address unbalanced sample distribution across countries . - The study categorizes bookbuilding IPOs based on underwriter engagement and investor targeting . - A multinomial logit regression is utilized for analyzing firm choices among pricing methods . - Sensitivity checks are conducted to ensure robustness against omitted variable bias and model specifications . - The analysis includes a unique international IPO sample from 34 countries over a period from 1995 to 2002 . 	<p>The article is based on theories related to information asymmetry in IPO markets. It posits that the degree of underpricing in IPOs is positively associated with the extent of information asymmetry. This means that when there is more uncertainty or lack of information about a company, the initial offering price tends to be lower to attract investors.</p>
Competitive threat and strategic disclosure during the IPO quiet period	<ul style="list-style-type: none"> - The study examines rival firms' disclosure behavior during an IPO candidate's quiet period, revealing strategic communication to preempt competition . - Identified rivals disclose more positive information during the quiet period, reversing their tone afterward . - This behavior is driven by concerns over product market competition, impacting the IPO candidate negatively while benefiting rivals . - The findings suggest that quiet period regulations can be exploited by rivals to influence market dynamics . - The research contributes to understanding how rivals strategically adjust disclosures in response to IPOs . 	<ul style="list-style-type: none"> - The study examines press releases issued by identified rivals to assess voluntary disclosure behavior during the IPO quiet period . - It analyzes the tone of disclosures, focusing on positive information released by rivals . - The research employs a regression model to analyze changes in disclosure tone related to industry competition and macroeconomic factors . - Descriptive statistics are provided for disclosure variables, aggregating article-level measures at the firm-day level . - The study utilizes data from the Hoberg-Phillips Data Library to measure product market fluidity . 	<p>The theoretical framework used in this paper is the strategic disclosure literature, which examines how firms alter their disclosure behavior to gain strategic benefits and negatively affect their competitors.</p>

Title	Overview	Methods Used	Theoretical framework
<p>What's in the words? Development and validation of a multidimensional dictionary for csr and application using prospectuses</p>	<ul style="list-style-type: none"> - The paper develops a content analytic dictionary for corporate social responsibility (CSR) using computer-aided text analysis (CATA) - It validates the dictionary in the context of U.S. IPOs from 2011 to 2013 - The research identifies four dimensions of CSR that predict IPO size and underpricing - It emphasizes the importance of CSR disclosures for stakeholders and corporate performance - The findings contribute to understanding CSR's role in financial contexts and corporate reporting 	<ul style="list-style-type: none"> - The paper develops a content analytic dictionary using computer-aided text analysis (CATA) to measure CSR dimensions - CAT Scanner software is utilized for content analysis, allowing customization of dictionaries - The methodology includes generating inductive wordlists and cleaning text files for better data validity - The CSR dictionary is applied to IPO prospectuses over three years to predict IPO pricing components - The research validates the dictionary in the context of U.S. IPOs from 2011 to 2013 	<p>The research is informed by stakeholder theory, which suggests that firms disclose CSR information to meet the expectations of various stakeholders, thereby enhancing their legitimacy and reputation in the market</p>
<p>Signing Blank Checks: The Roles of Disclosure and Reputation in the Face of Limited Information</p>	<ul style="list-style-type: none"> - The paper examines how disclosure and manager reputation influence capital raised in SPACs with no commercial substance - It finds that disclosure remains valuable to investors despite high uncertainty - Manager reputation, particularly celebrity status, positively impacts capital raised - The study highlights the limited nature of S-1 disclosures in SPACs compared to traditional IPOs - Overall, the findings suggest that both disclosure and reputation are crucial for investment decisions in SPACs 	<ul style="list-style-type: none"> - The paper employs textual analysis to capture underlying content in SPAC disclosures - It examines SPAC IPOs from 2019 to 2021, analyzing 414 parseable S-1s - The study assesses the specificity of disclosures, measuring named entities in S-1 filings - It compares SPAC and traditional IPO S-1s to identify differences in disclosure practices - The research investigates the influence of manager reputation on capital raised in SPACs 	<p>The paper does not appear to use a specific theoretical framework, but rather takes an empirical approach to examining the role of disclosure and manager reputation in SPAC IPOs, which are a unique setting compared to traditional IPOs.</p>

Title	Overview	Methods Used	Theoretical framework
<p>Why Do Companies Stay Private? Determinants for IPO Candidates to Consider in Poland and the Czech Republic</p>	<p>- The paper surveys CFOs in the Czech Republic and Poland regarding their reluctance to pursue IPOs .- Key reasons against IPOs include information disclosure and loss of control .- Czech CFOs prioritize IPO-related time and costs as major obstacles .- Polish CFOs are more opportunistic about IPO timing compared to their Czech counterparts .- Internal financing is preferred over external equity due to satisfaction with available funds .</p>	<p>- The study employs a comparative analysis of scientific literature and primary data collection through an original survey . - Primary data was gathered via a survey targeting CFOs in the Czech Republic and Poland . - Statistical methods were utilized to analyze the collected data . - Surveys measure beliefs of managers, although they may not reflect actual actions . - The sample consisted of 65 completed surveys from CFOs at nonpublic companies . - The research methodology is grounded in corporate finance-oriented academic literature .</p>	<p>One of the key theoretical frameworks discussed is the trade-off theory. This theory suggests that going public is a strategic tool to achieve an optimal capital structure and lower the cost of capital when a company reaches a certain point in its life cycle</p>
<p>IPO firm value and its connection with cornerstone and wider signalling effects</p>	<p>- The study investigates cornerstone investor agreements in Hong Kong IPOs and their impact on initial IPO value . - Cornerstone investments are linked to higher market-to-book and Tobin's Q multiples during the first 30 days of listing . - Stronger post-listing earnings growth is observed in cornerstone-invested entities . - The research highlights the dual-tranche structure of IPOs and its effects on retail investor allocations . - Findings suggest that cornerstone agreements serve as significant signals of IPO value .</p>	<p>- The study employs Least Squares regression to analyze market-to-book and Tobin's Q multiples based on IPO pricing . - It examines cornerstone investor agreements and their impact on IPO value in the Hong Kong market . - The research investigates the dual-tranche allocation mechanism mandated by HKEx for IPOs . - The paper assesses the relationship between retail investor allocations and valuation multiples . - It analyzes the effects of international investor participation and voluntary secondary offers on firm value .</p>	<p>The paper is based on signaling theory, which posits that cornerstone investor agreements serve as important signals of IPO value, influencing perceptions of the issuer's intrinsic value in the market.</p>

Title	Overview	Methods Used	Theoretical framework
<p>What use of proceeds do family IPOs signal? The influence of family generational stage and family CEO</p>	<ul style="list-style-type: none"> - The study investigates the relationship between family generational stage and IPO proceeds disclosure in family businesses (FBs) . - It highlights the moderating role of the family CEO in this relationship . - Findings indicate that later generational stages positively influence investment disclosures while negatively affecting recapitalization and general corporate purposes . - The research contributes to understanding FBs' signaling strategies during IPO preparations . - It provides practical insights for family entrepreneurs on effective communication strategies for IPOs . 	<ul style="list-style-type: none"> - The study analyzed family IPOs on the Milan Stock Exchange from 2000-2020, using a hand-collected dataset from IPO prospectuses . - Data retrieval focused on the intended use of IPO proceeds, financial, and governance information from 380 firms . - The sample was narrowed to 288 IPOs after excluding financial firms and those with missing data . - Family businesses were classified based on family ownership and board involvement criteria . - The intended use of IPO proceeds was categorized into general corporate purposes, investment, and debt repayment . - Logit regression was employed to test the hypotheses regarding the intended use of IPO proceeds . 	<p>The article is primarily based on signalling theory. This theory is used to explore how family businesses (FBs) communicate their intentions and characteristics to the market, particularly during the Initial Public Offering (IPO) process</p>
<p>Information revealed through the regulatory process: Interactions between the sec and companies ahead of their IPO</p>	<ul style="list-style-type: none"> - The paper analyzes SEC communications with firms before IPOs using LDA and KL divergence techniques . - It finds that SEC concerns align with their mandate, prompting increased prospectus disclosures . - Revenue recognition emerges as the primary concern, linked to negative post-IPO outcomes . - The regulator's role enhances transparency but causes delays in the IPO process . - The study contributes to the literature on regulatory impact and information disclosure . 	<ul style="list-style-type: none"> - The paper employs machine learning algorithms to identify topics and their economic meanings . - It utilizes two distinct sets of LDA analyses combined with Kullback-Leibler divergence . - The methodology ensures objectivity in categorizing SEC letters without human input . - The analysis focuses on the SEC's stated mandate regarding prospectus disclosures . - The approach is applicable to various financial documents with standard structures . 	<p>The key theoretical elements are theories of information asymmetry and uncertainty in IPOs, the article is based on the theory that regulatory intervention, particularly by the SEC, plays a crucial role in the information production process during a company's IPO. This theory suggests that more regulatory intervention leads to more accurate and less biased information being disclosed by firms,</p>

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			countering the tendency of companies to present an overly positive picture in the absence of external monitoring.
Voluntary Disclosure with Informed Trading in the IPO Market	<ul style="list-style-type: none"> - The paper examines voluntary disclosure and capital investment in IPOs with informed and uninformed investors . - Disclosure is more forthcoming when a greater fraction of investors is informed . - Managers disclose more information when the likelihood of information events is higher . - The study highlights a tradeoff between strategic nondisclosure and higher issue prices . - Investment efficiency is lower when more investors are informed . - The findings contribute to understanding the dynamics of corporate disclosures and market behavior . 	<ul style="list-style-type: none"> - The paper develops a disclosure equilibrium model considering both informed and uninformed investors in IPOs . - It analyzes the tradeoff between voluntary disclosures and strategic non-disclosure by managers . - The study examines how the mass of informed investors affects disclosure and investment efficiency . - The model allows for both exogenous and endogenous determination of informed investors through costly information acquisition . - The paper utilizes theoretical frameworks to explore the implications of information asymmetry in IPO settings . 	The article is based on theories related to voluntary disclosure and informed trading in the context of Initial Public Offerings (IPOs). It explores how informed managers and investors interact in the IPO market, particularly focusing on the effects of voluntary disclosure by managers who have private information about their firms' economic prospects

Title	Overview	Methods Used	Theoretical framework
<p>An analysis on the legal framework for disclosure in prospectus and the standard of disclosure in determining takeovers and mergers activities post IPO</p>	<ul style="list-style-type: none"> - The paper investigates the information needed by investors to predict takeovers and mergers post-initial public offering (IPO) . - It analyzes the legal framework and disclosure requirements in Malaysia's capital market . - The study emphasizes the importance of adequate disclosure for informed investment decisions . - It concludes that current regulations provide certainty for investors regarding future takeovers and mergers . 	<ul style="list-style-type: none"> - The paper analyzes the Malaysian capital market laws and regulations regarding disclosure requirements for IPOs . - It investigates the relevant information needed for predicting takeovers and mergers post-IPO . - The study evaluates the standard of disclosure required in IPO prospectuses . - It examines the capital market regulations to ensure investor protection and informed decision-making . - The research discusses the guidelines for electronic prospectus offerings and investor safeguards . 	<p>The article is grounded in the theory that effective disclosure in IPO prospectuses is essential for market transparency and investor decision-making, particularly concerning future corporate activities like takeovers and mergers.</p>
<p>The effects of the type and content of audit reports for financially stressed initial public offerings on information uncertainty</p>	<ul style="list-style-type: none"> - The paper investigates the informativeness of audit reports for financially stressed firms, focusing on different report types and disclosures . - It finds that hybrid audit reports and going concern audit reports reduce information uncertainty in the market . - The authors argue that current audit opinions may lack sufficient variation to convey useful information . - The study highlights the significance of explanatory language in audit reports and its impact on financial statement restatements . - Overall, the research emphasizes the need for more informative audit reports to better serve financial statement users . 	<ul style="list-style-type: none"> - The paper employs propensity score matching (PSM) to create a subsample of firms for analysis . - Robustness checks were conducted by altering the sample and redefining variables . - The study examines the association between audit report types and information uncertainty in distressed IPOs . - The sample selection includes distressed IPOs from the 2014-2017 period, highlighting trends in audit reports . 	<p>The article is grounded in the theory that audit report types and their content play a crucial role in shaping market perceptions and reducing information uncertainty for financially stressed IPO firms.</p>

Title	Overview	Methods Used	Theoretical framework
Existing Disclosure Challenges of IPO Allocations: A Research Report	<ul style="list-style-type: none"> - The paper examines disclosure practices related to preferential share allocations during IPOs, particularly "friends and family shares" . - It highlights the lack of transparency in current disclosure practices regarding IPO allocations . - The research indicates that existing regulations do not adequately reveal the extent of preferential allocations . - The study suggests that political visibility and privacy concerns hinder full disclosure practices . 	<ul style="list-style-type: none"> - The paper investigates disclosure practices related to preferential share allocations during IPOs through systematic inquiry and analysis of existing regulations . - It explores the transparency of "friends and family shares" using public information and regulatory frameworks . - The research examines the nature of conflicts of interest in IPO share allotments through newspaper accounts and legal allegations . - The study suggests potential improvements in disclosure practices and regulatory policies to enhance transparency in IPO allocations . 	<p>The article is primarily based on the theory of disclosure and transparency in financial markets. It investigates whether current disclosure practices make the IPO process, particularly involving "friends and family shares," transparent. This theoretical framework is crucial for understanding how information asymmetry can affect market fairness and investor trust</p>
Length of IPO Prospectus and Individual Investors' Demand for IPO Shares	<ul style="list-style-type: none"> - The study examines the impact of IPO prospectus length on individual investors' demand for stocks . - It highlights a regulatory change requiring additional disclosures in prospectuses . - Findings suggest longer prospectuses can increase investor demand by providing more information . - The research indicates a trade-off between the costs and benefits of lengthy reports . - Overall, longer reports may enhance investor participation rather than discourage it . 	<ul style="list-style-type: none"> - The study analyzes IPO prospectuses filed in the Data Analysis, Retrieval, and Transfer System (DART) and the DataGuide database . - It disaggregates prospectus length into subsections to assess regulatory changes' effects . - The research employs cross-sectional tests to evaluate the impact on hard-to-value firms . - Oversubscription rates serve as a proxy for individual investors' demand for IPO stocks . - The study compares descriptive statistics of variables across preregulation and postregulation periods . - The analysis includes a review of the regulatory change requiring additional disclosures in IPO prospectuses . 	<p>The article is based on the theory that lengthy corporate reports, while often considered difficult to process, can actually be beneficial if they contain additional valuable information. This is particularly relevant in the context of IPO prospectuses, where the scarcity of other public information sources makes the prospectus a critical document for investors</p>

Title	Overview	Methods Used	Theoretical framework
The role of equity underwriters in shaping corporate disclosure	<ul style="list-style-type: none"> - The paper examines the impact of Lehman Brothers' collapse on client disclosures and market liquidity . - Increased voluntary disclosures by Lehman clients mitigated adverse liquidity effects post-collapse . - Clients with stronger ties to Lehman showed more significant disclosure increases . - The study highlights the informational role of equity underwriters beyond the IPO period . 	<ul style="list-style-type: none"> - The paper employs an entropy balancing method to ensure similar firm characteristics between Lehman and non-Lehman clients. - It utilizes fixed effects to control for unobserved firm characteristics and time effects. - The study generates indicator variables to analyze clients' abnormal returns following Lehman's collapse. - Regression models are applied using weights from the entropy balancing procedure. - The research examines the relationship strength between client firms and Lehman using various proxies. - The paper analyzes voluntary disclosures of Lehman clients relative to other underwriters. 	The article is based on the theory that equity underwriters play a significant informational role in shaping corporate disclosures.
Do the outstanding comments of regulatory reviewers for approved IPOs serve as a valuation signal for investors?	<ul style="list-style-type: none"> - The paper examines the impact of outstanding comments on IPO companies' long-term stock performance, revealing negative valuation signals .- Approved IPO companies with outstanding comments perform significantly worse than those without, both pre- and post-listing .- Investors, especially institutions, react negatively to outstanding comments around the listing date .- The study suggests improved IPO disclosures by regulators to enhance investor protection and information transparency . 	<ul style="list-style-type: none"> - The paper employs an empirical model to analyze insider trading and excess returns from IPOs . - It uses the natural logarithm of patent applications to measure post-IPO innovation performance . - The study examines the impact of outstanding comments on post-IPO performance through regression analysis . - Data collection includes hand-collected hearing questions and outstanding comments from the CSRC website . - The research also analyzes the proportion of shares sold by executives post-IPO . 	The article explores the theory that outstanding comments from regulatory reviewers on approved IPOs may serve as valuation signals for investors.

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<p>Entrepreneurial identity and strategic disclosure: Founder CEOs and new venture media strategy</p>	<ul style="list-style-type: none"> - The paper explores the impact of founder CEOs on firm media strategy and IPO outcomes. - It utilizes natural language processing to analyze 76,883 press releases from 2,276 firms. - Findings indicate that positive media messaging by founder CEOs enhances IPO likelihood. - The research contributes to understanding the role of leadership in strategic communication. 	<ul style="list-style-type: none"> - The paper employs natural language processing and textual analysis on 76,883 press releases from 2,276 US VC-backed firms . - Generalized linear models with a negative binomial distribution were used to predict press releases and positive terms . - Instrumental variable analysis was conducted using the "ivreg2" command in Stata for efficient coefficient estimates . - The study utilized survival analysis in combination with panel data to model the effects of founder CEOs on media strategy . - Control variables included negative terms, cumulative patents, and cumulative forward citations to account for firm characteristics . 	<p>The article builds on the concepts of entrepreneurial identity and strategic disclosure. It explores how founder CEOs influence media strategy and how this impacts the likelihood of a new venture achieving an IPO. The paper addresses the challenge of information asymmetry faced by entrepreneurial firms. It discusses various strategies to resolve this asymmetry, such as aligning with prominent venture capital investors, having prestigious board members, and leveraging the legitimacy of the top management team.</p>

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Analyst following and the influence of disclosure components, IPOs and ownership concentration	<ul style="list-style-type: none"> - The paper investigates factors influencing analyst following using an international sample, highlighting the importance of firm disclosure . - Analyst following is more strongly associated with note disclosure than basic financial statements . - The study finds greater analyst following in active IPO markets, indicating potential for future revenues . - It also reveals a negative relationship between analyst following and firm ownership concentration, altering the agency problem dynamics . - Overall, the research emphasizes the varying significance of different disclosure types for analysts . 	<ul style="list-style-type: none"> - The paper employs a multi-country sample to analyze variations in analyst following . - It utilizes simultaneous estimation of analyst following and disclosure levels using 3SLS . - The study tests hypotheses through benchmark tests, including various models . - The research includes control variables such as firm size and industry membership . - Empirical results are presented in sections dedicated to the analysis of the data . - The paper discusses the economic significance of results while acknowledging the endogenous nature of disclosures . - The methodology includes one-sided and two-sided p-values for statistical testing . - The study reviews prior research to contextualize its findings on analyst following . 	The article is based on the theory of information dispersal, which suggests that firms with wider analyst following are more valuable because investors rely on brokers to learn about investment options.
Information asymmetry in CSR reporting: publicly-traded versus privately-held firms	<ul style="list-style-type: none"> - The paper investigates motivations behind CSR report publication, focusing on information asymmetry between firms and owners .- Public firms are more likely to publish CSR reports than private firms, indicating a significant difference in reporting behavior .- The study finds that public firms follow GRI guidelines more frequently, enhancing report quality for investors .- Private firms facing greater information asymmetry behave similarly to public firms in CSR reporting .- The findings are relevant for private firm managers considering IPOs, highlighting CSR's role in investor communication . 	<ul style="list-style-type: none"> - The study uses a natural experiment contrasting CSR reporting of private and public firms to assess information asymmetry's impact . - Logistic regression models the likelihood of firms publishing CSR reports based on various influencing characteristics . - Firms were matched based on SIC codes, with revenues as a secondary criterion for matching . - The analysis includes controls for customer importance, employee importance, and environmental sensitivity . - Firm visibility and size are also included as variables in the regression analysis . - The dependent variable indicates whether a firm published a CSR report during 2013-2014 . - The study examines report quality through adherence to GRI guidelines . 	The article discusses how legitimacy theory is used to understand the motivations behind CSR reporting. Stakeholder theory is also a significant part of the article's framework. It posits that firms engage in CSR reporting to address the interests and expectations of various stakeholder groups, including employees, communities, and environmental stakeholders.

Title	Overview	Methods Used	Theoretical framework
<p>The institutional determinants of IPO firm prospectus length in a developing context: A research note</p>	<ul style="list-style-type: none"> - The study examines the impact of institutional quality on IPO firm disclosure using World Bank Governance indices . - It finds that regulatory quality and rule of law enhance disclosure in IPO prospectuses . - Founder-led firms and those in extractive and technology sectors disclose more information . - Conversely, firms with significant foreign partnerships tend to disclose less, indicating apathy towards domestic investors . 	<ul style="list-style-type: none"> - The study employs cross-sectional pooled ordinary least squares regression using an unbalanced dataset to analyze IPO prospectus length . - Seven regression models are tested, starting with controls and adding World Bank Governance measures sequentially . - Fixed effects are applied to account for latent country differences, omitting Mauritius and Mozambique from the sample . - The final model relates IPO prospectus length to the natural logarithm of its length, including industry controls . - Economic determinants include firm age, revenues, and return on assets, while ownership controls consider pre-IPO shareholding percentages . - The use of pooled cross-section data mitigates specification bias from dummy variable selection . - The study focuses on the impact of institutional quality on IPO disclosure using World Bank Governance indices . 	<p>The article integrates various theoretical perspectives from cultural, institutional, and comparative accounting literature to analyze the determinants of IPO firm prospectus length in a developing context.</p>

Title	Overview	Methods Used	Theoretical framework
Management disclosure bias and audit services	<ul style="list-style-type: none"> - The paper examines bias in management disclosures of earnings forecasts and historic earnings data in Australian prospectuses . - It analyzes the association between forecast bias and audit services, focusing on audit firm size and engagement level . - Findings indicate no overall overestimation bias, but underestimation was noted in management and naïve forecasts . - A significant association was found between forecast bias and audit firm size across all forecast models . - The study suggests that lower auditor expertise correlates with more extreme forecast overestimation and error size . 	<ul style="list-style-type: none"> - The study employs multiple regression analyses to examine determinants of disclosure biases in management forecasts and historic data . - Four hypotheses are formulated regarding management earnings forecasts and normalised historic data in IPO prospectuses . - The research analyzes the association between forecast bias and audit firm size . - Various control variables are included to enhance the regression analyses . - The paper contrasts its findings with existing literature to assess generalizability . 	<p>The article is based on the theory that auditing can limit positive bias in management reporting. This theory suggests that auditing adds credibility to management's assertions and can mitigate the bias in management disclosures</p>
The information content of IPO prospectuses	<ul style="list-style-type: none"> - The paper analyzes IPO prospectus content, distinguishing between standard and informative components . - Greater informative content leads to more accurate offer prices and reduced underpricing . - High-reputation underwriters enhance prospectus informativeness, substituting for costly bookbuilding . - The study explores the trade-off between premarket analysis and bookbuilding information gathering . - Unique underwriter content improves pricing accuracy, particularly for reputable underwriters . 	<ul style="list-style-type: none"> - The paper employs a word content analysis to decompose IPO prospectus information into standard and informative components . - A three-pronged approach is used for sample and word vector construction, ensuring high accuracy . - The algorithm for reading prospectuses is developed using PERL and APL, focusing on the main document . - The study restricts the sample to IPOs issued after August 1, 1996, for data estimation . - Dummy variables are included to assess content similarity between concurrent IPOs in the same industry . 	<p>The article utilizes the "theory of relative bargaining power," which suggests that more powerful issuers can successfully persuade underwriters to expend more effort in the premarket, even if the underwriting fees are not sufficient to compensate them</p>

Title	Overview	Methods Used	Theoretical framework
Disclosure and Lawsuits Ahead of Initial Public Offerings	<ul style="list-style-type: none"> - The study examines IPO registration disclosures and their impact on nonshareholder litigation risk . - Confidential filings under the JOBS Act significantly reduce litigation risk compared to public filings . - Firms filing confidentially do not experience increased litigation risk during the registration period . - The findings suggest unintended benefits of confidential filings, particularly against business-initiated and potentially meritless lawsuits . 	<ul style="list-style-type: none"> - The paper employs a difference-in-differences analysis to control for economic conditions across treatment and control groups . - It includes various control variables such as Size, Ln(Age), and ROA to mitigate imbalances . - The study uses hand-collected data on lawsuits initiated against IPO firms to assess litigation risk . - Robustness checks are conducted by matching firms based on their IPO filing conditions before and after the JOBS Act . - The analysis examines the impact of the JOBS Act provisions, including confidential filing and testing-the-waters, on litigation risk . - The methodology includes statistical tests to confirm the significance of findings related to litigation risk . 	<p>The paper examines the relationship between IPO registration disclosures and nonshareholder litigation risk. It theorizes that public disclosure of registration statements can increase litigation risk, as it exposes firms to potential lawsuits from nonshareholders, such as business competitors or partners</p>
Large shareholders and disclosure strategies: Evidence from IPO lockup expirations	<ul style="list-style-type: none"> - The paper examines how large shareholders' selling incentives influence voluntary disclosures by managers . - Managers tend to delay bad news disclosures to benefit influential shareholders . - The effect of selling incentives is stronger in firms with high uncertainty and low litigation risk . - The findings suggest that managers do not gain from delaying bad news disclosures . - The study contributes to understanding selective disclosure policies favoring pre-IPO shareholders . 	<ul style="list-style-type: none"> - The paper studies voluntary disclosures around IPO lockup expirations to analyze large shareholders' selling incentives. - It compares stock returns of firms with and without forecasts during the lockup expiration quarter. - The research identifies how disclosure strategies are influenced by the incentives of influential shareholders. - The study examines the effects of information asymmetry on disclosure choices in newly-public firms. - It utilizes findings from previous literature to complement its analysis of disclosure mechanisms. 	<p>The article builds on the theory that large shareholders' short-term selling incentives can shape firms' disclosure strategies, particularly in the context of IPO lockup expirations, to align with their financial interests.</p>

Title	Overview	Methods Used	Theoretical framework
Creating visibility: voluntary disclosure by private firms pursuing an initial public offering	<ul style="list-style-type: none"> - The paper investigates voluntary disclosures by private firms before IPOs and their impact on investor awareness and visibility . - It finds that pre-prospectus disclosures enhance information acquisition via the SEC's EDGAR website and media coverage . - The study highlights the 2005 Securities Offering Reform's role in liberalizing disclosure regulations, amplifying firms' visibility . - Results indicate significant indirect effects of disclosures on IPO pricing through increased investor awareness . - Overall, the findings suggest that voluntary disclosures benefit issuers by improving firm valuations without creating hype . 	<ul style="list-style-type: none"> - The paper employs ordinary least squares (OLS) regression to analyze pre-prospectus voluntary disclosure activities . - It measures proprietary costs using indicators for redacted sections in S-1 prospectuses . - Media coverage is quantified through the natural log of articles during the IPO filing period . - The study utilizes entropy balancing to equalize means between disclosing and non-disclosing firms . - It includes control variables such as venture capital backing and auditor type in the regression models . - The research examines the impact of the JOBS Act on voluntary disclosures and IPO pricing . 	<p>The article is based on the theoretical framework developed by Merton in "The Journal of Finance" (1987). Merton's theory suggests that for investors to process substantive information about a firm and its value, they must first be aware of the firm's existence. This awareness is crucial for investors to decide whether to incur the costs of acquiring and processing detailed information about the firm</p>
Levels of voluntary disclosure in IPO prospectuses: An empirical analysis	<ul style="list-style-type: none"> - The paper examines how forecast information is disclosed in IPO prospectuses in France, focusing on detail levels and their implications . - It finds a negative association between forecast error and the level of detail in disclosures, suggesting more detail leads to smaller errors . - The research highlights the importance of detailed forecasts in reducing information asymmetry and improving market efficiency . - Limitations include potential omitted variables affecting forecast errors and the self-selection bias in firms disclosing detailed forecasts . 	<ul style="list-style-type: none"> - The paper investigates the determinants and consequences of varying levels of detail in forecast disclosures using a sample of 82 IPOs on Euronext Paris . - Methodology includes a probit model to explain the choice of forecast detail based on firm age and forecast horizon . - A Heckman two-stage self-selection procedure is employed to test for reverse causality . - The study also conducts robustness checks to validate the findings regarding forecast errors and disclosure detail . - The research discusses omitted variables that may influence forecast errors and disclosure levels . 	<p>The article is primarily based on agency and signaling theories. These theories are used to explore the determinants of the level of detail in forecast disclosures in IPO prospectuses. Signaling theory suggests that older firms, which have more control over their market, are in a better position to provide reliable forecasts. This leads them to supply more detailed forecasts to differentiate themselves</p>

Title	Overview	Methods Used	Theoretical framework
			from other firms entering the stock market.
<p>Terror threat and investor sentiment: International evidence</p>	<ul style="list-style-type: none"> - The paper examines terrorism's impact on initial public offerings (IPOs) and investor sentiment globally . - It finds that higher Global Terrorism Index scores correlate with lower first-day returns . - Strong democratic principles and high-quality governance can mitigate terrorism's negative effects on investor sentiment . - The research emphasizes the need for transparent disclosures to support capital markets amid terrorism threats . 	<ul style="list-style-type: none"> - The paper employs an empirical approach to analyze IPOs, identifying company, country, and IPO year through specific subsamples . - An instrumental variable analysis is conducted to establish a causal relationship between terror threat and underpricing . - The study examines the impact of democracy and governance on investor sentiment and IPO returns . - The research utilizes regression models to assess the interaction of democracy measures with the Global Terrorism Index (GTI) . - The paper also addresses endogeneity concerns through instrumental variable analysis . - The abstract highlights the examination of terrorism's impact on IPOs, emphasizing investor sentiment . 	<p>The article does not explicitly name a specific theory but is based on the broader theoretical framework that terrorism impacts investor sentiment, which in turn affects financial market behaviors such as IPO underpricing.</p>

Title	Overview	Methods Used	Theoretical framework
<p>Redacting proprietary information at the initial public offering</p>	<ul style="list-style-type: none"> - Nearly 40% of IPO firms redact information to shield proprietary data from competitors . - Redacting firms experience greater underpricing but mitigate wealth transfers by selling less at IPO . - These firms raise more equity in later offerings and delay insider selling . - The information environment reflects more private data initially, but differences lessen by the fourth year . - The study highlights tradeoffs between protecting proprietary information and meeting capital and liquidity needs . 	<ul style="list-style-type: none"> - The paper employs a probit regression model to examine the determinants of redaction decisions at IPOs . - Treatment regressions are used to control for self-selection of redaction in tests of underpricing and equity financing . - A bias-corrected nearest-neighbor matching approach is utilized as a robustness check . - The study specifies the decision to redact as an endogenous treatment variable and estimates its effect on underpricing . - The analysis includes year and industry fixed effects to account for variations in the data . - The paper also discusses the challenges of endogeneity in modeling IPO decisions . - The authors match redacting and non-redacting firms based on observed underpricing . 	<p>The article is based on the theory that proprietary information can enhance a firm's value by creating competitive advantages. This is achieved through increased cash flows, either by generating greater revenues or reducing expenses. The theory suggests that firms with valuable proprietary information are more likely to redact information at the IPO to maintain these advantages. The paper discusses the theory that redacting proprietary information at the IPO leads to greater information asymmetries. This asymmetry can result in significant underpricing of the IPO, as investors have less information to accurately price the securities. The theory posits that firms are willing to accept this underpricing to protect valuable information from competitors.</p>

Title	Overview	Methods Used	Theoretical framework
Management disclosures of going concern uncertainties: The case of initial public offerings	<ul style="list-style-type: none"> - The paper studies voluntary management disclosures of going concern (GC) uncertainties by IPO issuers .- It finds that GC disclosures are associated with downward IPO price revisions and lower initial returns .- The presence of GC disclosures relates negatively to financial incentives to withhold bad news .- The study highlights the importance of agency and risk motivations in disclosure decisions . 	<ul style="list-style-type: none"> - The paper employs propensity score matching (PSM) to control for observable differences between issuers with and without GC disclosures . - It utilizes regression analysis to estimate pricing effects associated with the GCDisclosure variable . - The study conducts a Regression Equation Specification Error Test (RESET) to check for omitted variables in the regression models . - Fixed effects for industry and IPO year are specified in the estimations to account for variability . - The analysis includes structural equation modeling using ordinary least squares (OLS) regressions . - The paper examines the relationship between management GC disclosures and IPO price formation through various statistical methods . 	<p>The article is based on the theory that voluntary management disclosures of going concern (GC) uncertainties have significant information content, particularly in the context of initial public offerings (IPOs). This theory suggests that such disclosures can influence the pricing of IPOs by affecting the price revision and initial returns</p>
The Pitch: Managers' Disclosure Choice during Initial Public Offerings Roadshows	<ul style="list-style-type: none"> - The paper examines firm disclosure choices during IPO roadshow presentations to assess their informativeness for attracting investors . - It highlights the contrast between mandated SEC filings and voluntary management summaries in roadshows . - Findings indicate that roadshow language predicts future accounting performance, unlike the language used in SEC filings . - The study contributes to understanding how managers select and present information in flexible disclosure settings . 	<ul style="list-style-type: none"> - The paper examines firm disclosure choices during IPO roadshow presentations to assess informativeness . - Machine learning is utilized to classify roadshow sentences into five major topics . - The study compares language used in roadshows versus SEC filings, noting significant differences . - Statistical analysis is performed to evaluate the predictive ability of roadshow language on future accounting performance . 	<p>These theoretical underpinnings provide a framework for understanding the strategic choices managers make during IPO roadshows and the potential impact of these choices on investor perceptions and firm valuation.</p>

Title	Overview	Methods Used	Theoretical framework
<p>Non-GAAP measure disclosure and insider trading incentives in high-tech IPO firms</p>	<ul style="list-style-type: none"> - The paper investigates NGM disclosures by high-tech IPO firms and their impact on insider trading and stock performance before lock-up expiration . - Findings indicate that executives with NGM disclosures are more likely to sell shares at lock-up expiration . - The study highlights the negative association between NGM disclosures and post-lockup stock performance, suggesting managerial optimism may not materialize . - It emphasizes the need for investors to approach NGM disclosures cautiously due to potential misleading signals . 	<ul style="list-style-type: none"> - The authors perform ordinary least squares and logit regressions using financial statement data and hand-collected data on NGM disclosures . - They manually collect information on NGM disclosures from SEC filings, specifically S-1/A filings . - The study controls for various variables affecting NGM reporting, including special items and financial performance metrics . - Year and industry fixed effects are included in the model to account for variations in NGM disclosures . - The dependent variable, SELL, indicates insider selling activity post-lock-up expiration . 	<p>The article posits that high-tech firms have greater information asymmetry between principals (investors) and agents (managers). This asymmetry can lead to opportunistic behavior by managers, who might use NGM reporting to manipulate investors' perceptions of firm value for personal gain, such as meeting analyst forecasts before selling their shares. The paper also touches on signaling theory, where managers of high-tech IPO firms might use NGMs in their prospectus as a signal to future shareholders.</p>

Title	Overview	Methods Used	Theoretical framework
<p>Economic determinants and consequences of the proactive disclosure of internal control weaknesses and remediation progress in IPOs</p>	<p>- The study investigates why some IPO firms disclose internal control weaknesses (ICWs) despite being exempt from certain regulations .- It finds that proactive disclosure of ICWs is associated with lower IPO underpricing .- The research suggests that such disclosures reduce information asymmetry between informed and uninformed investors .- Additionally, the paper highlights that proactive disclosures can increase IPO proceeds and reduce the cost of capital .- The findings indicate that early compliance with ICW disclosure requirements benefits IPO firms economically .</p>	<p>- The paper employs the Heckman two-stage method to control for selectivity bias in its analysis . - Propensity Score Matching (PSM) is also utilized to estimate propensity scores for disclosures . - A logit model is used to estimate the probability of internal control weaknesses (ICWs) . - The study analyzes a sample of 826 IPO firms, focusing on proactive disclosures of ICWs . - Regression analysis is conducted to assess the impact of ICWs on IPO underpricing . - The research includes a subset of firms that reported ineffective internal controls post-IPO .</p>	<p>The theoretical framework used in this paper is based on the literature on voluntary disclosure and the role of litigation risk in disclosure decisions. The paper draws on theories and concepts related to how firms may voluntarily disclose information, such as internal control weaknesses, in order to reduce potential litigation risk, especially in the context of IPOs where firms face higher litigation exposure</p>
<p>Business model in IPO prospectuses: insights from Italian Innovation Companies</p>	<p>- The paper examines voluntary disclosure choices of three Italian manufacturing companies in IPO prospectuses related to their business models . - It explores how innovation types influence disclosure levels and the associated proprietary costs . - A content analysis using T-LAB software measures the level of disclosure and identifies strategic concepts . - The study finds that technology-push and design-driven innovations correlate with lower disclosure of intangible resources . - Methodological limitations are noted, suggesting future research should include a broader sample for generalization .</p>	<p>- The paper employs an interview-based method, conducting 30 interviews with top management to understand business models and disclosure choices . - Content analysis is utilized to assess the level of disclosure in IPO prospectuses using T-LAB software for text analysis . - The interviews are recorded, transcribed, and analyzed for depth and detail, allowing for subjective interpretations . - The study combines qualitative insights from interviews with quantitative data from content analysis to explore disclosure strategies .</p>	<p>The theoretical framework used in this paper is based on the concept of the "business model" and how different types of innovation (market-pull, design-driven, and technology-push) underlying a company's business model can influence the voluntary disclosure choices made in an IPO prospectus.</p>

Title	Overview	Methods Used	Theoretical framework
Franchising and initial public offering: a signaling perspective	<ul style="list-style-type: none"> - The paper examines factors influencing franchisors' decisions to go public using signaling theory . - Key factors include time to franchise, international operations, and franchise association affiliation . - The study analyzes a sample of 2,134 franchisors from the US . - Findings suggest that signaling theory enhances understanding of franchising success . - The research highlights the importance of voluntary disclosures for public listing . 	<ul style="list-style-type: none"> - The study utilized binomial logistic regression models to analyze the data . - Control variables included Number of Units, Royalty Rate, Franchise Fee, and Total Investment . - Year dummy variables were created to account for year-to-year variations . - The sample consisted of 2,134 franchisors from a survey by Entrepreneur magazine . - The research focused on franchisors' signals through voluntary disclosures affecting public listing . 	<p>The article is primarily based on signaling theory. This theory is used to examine the factors associated with franchisors going public. It suggests that listing on the stock market serves as a signal that the business concept has reached a certain level of acceptance and success</p>
The genesis of voluntary disclosure: An analysis of firms' first earnings guidance	<ul style="list-style-type: none"> - The paper investigates firms' decisions to initiate earnings guidance post-IPO, termed "early guidance" . - Almost 60% of firms provide early guidance within the first year . - Liquidity incentives from venture capital or private equity influence early guidance decisions . - Higher IPO information quality correlates with a greater likelihood of providing early guidance . - Early guidance significantly impacts future disclosure choices and regular guidance policies . - Initial guidance credibility is lower than subsequent guidance, influenced by guidance history and accuracy . 	<ul style="list-style-type: none"> - The paper manually examines public press releases to identify firms' first earnings guidance disclosures post-IPO . - It collects earnings guidance observations to ensure accuracy, aggregating data from various financial databases . - The sample selection includes IPO firms from January 2001 to December 2010, focusing on those listed on major US stock exchanges . - The study analyzes the market response to first guidance disclosures using market-adjusted returns as the dependent variable . - It verifies initial guidance instances through Factiva and CIG databases, ensuring comprehensive data collection . - The research assesses the relationship between IPO information quality and the likelihood of providing early guidance . 	<p>The article is based on the theory that managers' decisions to provide early earnings guidance after an IPO are influenced by cost-benefit trade-offs. This decision is crucial for reducing information asymmetry between the firm and its investors. For the guidance to be effective, investors must trust that the information accurately reflects the managers' beliefs</p>

Title	Overview	Methods Used	Theoretical framework
What effect does the mandatory adoption of IFRS have on the decision to withdraw an IPO?	<ul style="list-style-type: none"> - The paper examines how mandating IFRS affects IPO withdrawal rates globally from 1995 to 2019, analyzing over 33,000 IPOs . - It finds that IFRS adoption reduces information asymmetry, enhancing transparency and investor trust, which lowers IPO withdrawal risks . - The research contributes to understanding the intersection of IFRS and IPO literature, providing insights for investors and policymakers . - The findings suggest that improved financial reporting quality under IFRS positively impacts market efficiency and IPO decisions . - Overall, the study highlights the significant implications of IFRS for capital markets and economic growth . 	<ul style="list-style-type: none"> - The study employs a probit regression analysis to assess the impact of IFRS on IPO withdrawal rates . - A dataset of over 33,000 IPOs from 1995 to 2019 is analyzed . - The research includes various criteria such as accounting ratios and market-specific characteristics . - A dummy variable is incorporated into the econometric model to estimate probabilities . - The study excludes certain financial instruments like mutual funds and real estate investment trusts . - Data sources include stock exchanges, Bloomberg, and Thomson Reuters . - The research builds on previous studies regarding IPOs and IFRS mandates . - The methodology addresses information asymmetry and enhances investor trust . 	<p>The article is primarily based on the Efficient Market Hypothesis (EMH). The EMH suggests that markets are efficient and incorporate all relevant information, which is a key consideration in the study of IPO withdrawals in the context of IFRS adoption.</p>
Strategic timing of IPOs and disclosure: A dynamic model of multiple firms	<ul style="list-style-type: none"> - The paper studies a dynamic timing game among firms deciding when to go public amid information externalities . - It characterizes a unique symmetric threshold equilibrium for IPO timing based on firms' idiosyncratic types . - The findings reveal implications for IPO timing variation, clustering, and volume fluctuations over time . - The analysis highlights how industry characteristics and investor sentiment uncertainty affect IPO decisions . 	<ul style="list-style-type: none"> - The paper studies a dynamic timing game among firms regarding IPO decisions influenced by information externalities . - It characterizes a unique symmetric threshold equilibrium for IPO timing . - The analysis includes the effect of investor sentiment on IPO pricing, modeled as a stochastic, mean-reverting process . - The paper employs comparative statics to explore the relationship between mean-reversion rates and IPO thresholds . - It utilizes proofs and lemmas to establish properties of the real option value related to IPO delays . 	<p>The article is based on a dynamic timing game theory involving multiple firms. This theory examines how firms decide when to go public, considering the presence of information externalities. Each firm's decision is influenced by its privately observed idiosyncratic type and the level of investor sentiment, which follows a stochastic, mean-reverting process</p>

Šimek, D.: *The determinants of voluntary disclosure in IPO prospectuses: a systematic literature review.*

Title	Overview	Methods Used	Theoretical framework
Intangibles and Italian IPO prospectuses: A disclosure analysis	<ul style="list-style-type: none"> - The paper investigates intangibles disclosure in Italian IPO prospectuses and its correlation with firm-specific variables . - It finds that intangibles information is increasing in Italian IPOs . - Firm size and pre-IPO managerial ownership are associated with intangibles disclosure . - The study highlights the importance of intangibles disclosure in capital markets assessment of firm value . - The research indicates that IPO disclosure may not be exhaustive due to its voluntary nature . 	<ul style="list-style-type: none"> - The paper employs an empirical analysis to investigate intangibles disclosure in Italian IPO prospectuses . - A regression model is used to examine the association between intangibles disclosure and firm-specific variables . - The methodology is detailed in Section 3 of the paper . - The analysis focuses on IPO prospectuses issued in Italy from 1999 to 2002 . - The study ranks companies based on two frameworks for content analysis . 	The article is grounded in theories related to financial disclosure, the role of intangibles in modern economies, and the impact of firm-specific characteristics on disclosure practices.