



Abstract

This study explores how stock market concentration influences IPO activity, introducing equity risk premium as a moderating variable. Prior research found that high concentration negatively impacts IPO waves by limiting market entry and increasing dominance of a few firms. Building on this, the study asks whether equity risk premium can help explain the mechanism behind this relationship. Using annual panel data from 24 countries for 2006 to 2022, the analysis shows that market concentration lowers equity risk premium in the short term but raises it in the long run due to systemic risk. Contrary to expectations, equity risk premium positively affects IPO activity in the short term, suggesting firms might go public when returns are still relatively favourable. These results refine the existing narrative by highlighting that equity risk premium moderates the concentration IPO link.