THE ANTECEDENCES OF IPO FUNDRAISING SUCCESS: EVIDENCE FROM IPOS IN THAILAND

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ABSTRACT

A firm would able to create Maximizing wealth by the transformation of traditional business ownership into public as Initial Public Offering (IPO) fundraising process. Under IPOs strategy, it is a bridge of creating firm value into maximizes wealth both in short-run and in long-run. In short run, a firm value could be boosted up its market price over its intrinsic value. When a firm entry to IPO process, CFO would effort so hard to create overvaluation because of investors' attention. In long run, CFO would allocate funds from offering shares of IPOs to create growth in firm value. However, this research concentrates on how firm value is impacted both in long term and short term by the antecedences and affected the IPOs fundraising success at the end. This research applied the creation of firm value and IPO fundraising success literatures in term of return on assets, return on equity, and return on sales to examine the effect of the antecedences as good characteristic focus, unleveraged capital concentration, and capacity payout performance on firm value in short run as firm overvaluation and in long run as firm growth that not many researches have done on this concentration of this advantage. This research used questionnaires to conduct data and to measure the antecedences variables. Additionally, a financial secondary data of 340 IPO firms in Thailand from 2008 to 2019 is also used that have been recommended by Securities and Exchange Commission (SEC) for offering stock in SET and MAI to measure the firm value in short and long term and the IPO fundraising success. The result shows an evidence to support a positive relationship between good characteristic focus and long run of firm value as firm growth, also found that unleveraged capital concentration impacts firm value positively in long term as firm growth and negatively in short run as firm overvaluation. Additionally, a result also indicates the significantly negative effect of capacity payout performance on firm value in short term as firm overvaluation. Moreover, that the firm value impacts IPO fundraising success only in long run of firm value as firm growth based on return on assets and return on sale but not in short run as firm overvaluation.

Keywords: Good Characteristic Focus, Unleveraged Capital Concentration, Capacity Payout Performance, Firm Value, Firm Growth, Firm Overvaluation, IPO Fundraising Success, Return on Assets, Return on Equity, Return on Sales.

INTRODUCTION

One useful financial strategy to create firm's shareholder wealth is to offer firm share in the stock market, called IPO (Initial Public Offering). An evidence based in finance shows that investment banking activities helps to solve a firm's complex fundraising problems efficiency (Kaewmungkoon, 2020a; Kaewmungkoon, 2020b; Kaewmungkoon & Chatiwong, 2020) and becomes important strategy to lead a firm to maximize growth (Capizzi et al., 2010). Unfortunately, financial markets act as the intermediary center among buyers and sellers of financial products that buyers will be representing as people or intuitions which invest their

funds in the markets. On the other hand, a seller of financial products will serve firms' financial products in the markets as people or intuitions which require funding, called fundraising (Masoud, 2013). Additionally, the financial markets in the developing countries such as Thailand, it acts like bank-based system while in developed countries, they act as market-based system. Under bank-based system, investment banking services perform as subsidiary in banking service more than intermediary for completed investment banking services as market-based system (Dobjanschi, 2018). Evidence shows that the growth of financial markets effect significantly to country economic growth through GDP in each country (Goldsmith, 1969). Thus, a government in each country will work so hard to encourage a firm in its country to become maximize wealthy by supporting a firm's fundraising in all financial strategies. Therefore, by serving investment services as Initial Public Offering (IPO) strategy should become acceptable, useful, effective, and productive financial strategy that a government would be well support unfortunately. IPOs represents as a firm fundraising by selling its shares to public. In Thailand, IPOs would be recommended by Securities and Exchange Commission (SEC) that a firm which raises funds by selling its share in the stock market would require to be fit the SEC's regulations. Unfortunately, SEC's major task is to analyze a firm's potential that it must be a well enough to grow. Importantly, a firm would represent a growth in business and would not destroy stakeholders trust after fundraising process complete and so on in the future that it would further affect in country economic.

Today, innovation progresses in forward along with cyber technologies. There is no more necessary for funders and for investors to know each other personally to do their fundraising process. In contrast, lenders will interpret the trust through credit scoring, called *"credit scoring providence"*. With this regulation, a firm's CFO would need to find the best alternative to fairly show their well financial performance to lenders. Therefore, a successful firms' lending in IPO firms, a firm has to be attractiveness which is represented a good characteristic, a suitable capital structure, and a well performance of capacity to pay their funder in the past (Kaewmungkoon, 2020). Unfortunately, an exist firm will have different value depend on a firm's management that is measured on a firm's public information such as leverage, interest coverage ratios, profitability ratios, and any financial information on financial statement such as a firm's use of funds policies and 's source of funds policies (Kaplan & Urwitz, 1979; Ashbaugh-Skaife et al., 2006). Moreover, the firm value also varies because the difference of decision on firms' capital structure (Cosh et al., 1994) that it would affect firms' liquidity,'s assets management, 's leverage, and 's profitability. These financial factors are a good magnet for funders' attractiveness (Peel & Wilson, 1996) that it will lead a firm to be succeeded in fundraising. Reasonably, a firm attractiveness would be affected by a firm value that will lead it to a successful fundraising. However, there are many researches are maintaining on how to create firm value but not many have shown that it has also linked to the fundraising success. This research will explore and examine on these limitations.

Additionally, under IPOs, a firm would show its responsibility on investors' benefits that IPOs would differ in each financial market (Bajo et al., 2016). In the past two decades, it shows that IPOs process becomes very successful for financial strategy (Bahadir et al., 2015). It also shows that returns on IPOs related to economic growth but when comparing to IPO firm's profit that offer to investors is very little because return on IPOs profit is short-term. However, an investor would be allowance to earn other benefit from the gap price between the price of offering and the price on the first day of trading, called *"Underprice value"* (Bessler & Thies, 2007). There is evidence that the return rate on IPOs underprice value could be average of 15%

and worth up to $27 million for IPOs during 1990-1998 (Loughran & Ritter, 2000) and increased to $65 million for IPOs during 1999-2000 (Ritter & Welch, 2002). IPOs firms able to boost up a firm price, called over-valuation that indicates market price is over intrinsic price (Grossman & Stiglitz, 1980; Brau & Fawcett, 2006; Lowry et al., 2017). When a CFO firm makes decision to do IPOs, a market price should be increased because investors would see their ways to make money. Thus, the IPOs should be significant process to lead up the price of share when it reaches the opening stock trades Pagano et al. (1998) found that IPOs will push the market price over the book price because its signals to an investor that *"a IPOs firm would recommended by government that it has enough potential firm to grow in future".* However, this signal will allow an investor to respond only in short term but in long term, it would be slowed down and fluctuated regularly by the affection of markets environments' factors.

Additionally, as mentioned, the majority of financial management is to invest and to lead business to maximize wealth that IPOs action is the peak of maximize wealth of transformation from the traditional own wealth to the public own wealth. Furthermore, there are so many reasons that evidence in previous researchers found that firstly, to earn cash for operating and investment. Kim et al. (2004) found that cash from fundraising by IPO, a firm is able to create additional of 50% of the amount of fundraising. Additionally, by getting funds from rising, a firm would be able to make more investment and get additional cash of 40% after a firm finished its IPO process. As demand of by using IPO strategy, it allows a firm to sell its share to institutions as private placement that a firm will able to adjust its capital structure (Lowry et al., 2017). Moreover, a firm's CFO expects to increase a firm's liquidity when a firm gets into IPO process. When a traditional firm change into IPO firm, its share price per share would be cut into smaller price with higher share outstanding. As result, it would be easier to transfer the owner of each share because smaller price per share would let buyers and sellers to trade as many shares as they wanted (Chemmanur et al., 2009; Hsieh et al., 2011). A firm's CFO also anticipates diversifying a firm's risk. Many traditional business owners prefer to transfer their risk of holding a firm's shares to others through IPO business (Bodnaruk et al., 2008; Lowry et al., 2017). Lastly, to earn more market share. When a firm becomes IPO, the number of shares would become larger. As a result, public will become an owner by holding a firm share and loyally, they would support and consume a firm's products (Lowry et al., 2017). However, this transformation could be occurred only when a firm has a good financial positioning that it should be recommended by SEC to allow a firm to do IPO and attracted in high visibility by investors to be trust and to give fund to a firm as its purpose. Then, CFO in a firm will be able to manage its business as his vision by using fund and become the success of IPO fundraising. Thus, both in short run and long run, IPO fundraising success will also be affected from a firm high value as well.

In this research, the population and sample of this research will be 340 IPOs firms in Thailand during 2008 and 2019 on the Securities Exchange of Thailand that the financial secondary data will be gathered and used to measure the variables in this research from https://www.set.or.th/en/company/ipo/stat_ipo_p1.html. Based on these IPOs firms. All firms were recommended by SEC that SEC have been analyzed its performance. Even through IPOs process are only short period for fundraising from private but to get attention from investors, an IPO firm has to have a very strong financial positioning from history (Andrews & Welbourne, 2000). Unfortunately, CFO would be the one who make all financial decisions that fit to his vision and to firm's direction (Stone et al., 1998). Thus, to success in fundraising performance, CFO would work so hard to represent the high visibility of his firm value to public for getting

attention of fundraising performance in IPOs process. As the result of fundraising performance, it would be affected from firm value because CFO will have adequate funds for creating wealthy for firms as his vision and fit to a firm's target. Thus, fundraising performance in IPOs firms could be suitably used to examine the effect of a firm value and its antecedences.

Theories and Hypotheses

Signaling strategies through firm value in IPO fundraising success

Whenever a firm sell its share in the market, it would take a while that a firm would have a record of stock prices and operational history. Thus, for a new entrant firm, it would be creating uncertainty for funders to know firms well (Nelson, 2003). However, the researchers used the academic theories to explain the phenomena of IPOs and related processes. One of useful theories is signaling theory (Zimmerman, 2008). Signaling theory is particularly used broadly to study the issue of information asymmetry that could lead to the variation of fundraising during the IPO process (Certo, 2003). Because of the information asymmetry, it creates the level of trust differently. Thus, signaling theory is used to depict behavior when two parties (individuals or organizations) have access to different information that, one party, the sender, must choose whether and how to communicate (or signal) that information, and the other party, the receiver, must choose how to interpret the signal (Connelly et al., 2011). To reduce information asymmetry and funder uncertainty, a firm could signal their specific characteristics as legitimacy (Certo, 2003; Williams et al., 2010). Many firms could use signals of credit rating grade to communicate between firms and potential funders that it may be seen as a firm's strategy (Kaewmungkoon, 2020a; Kaewmungkoon, 2020b; Kaewmungkoon & Chatiwong, 2020).

Credit rating grade is an important symbol to attract an investor to be funder a firm because the high grade would represent the high level of the responsibility of a firm to manage stockholders' benefits that includes the interest for debts or bonds and the dividend for preferred or common stocks (Lieli & White, 2010). Credit rating grade will reflect how a firm able to manage a risk of losing investors' funds or benefits that the credit rating could be graded differently depends on the credit rating agencies' models. However, all relevant credit rating agencies' models are usually representing the rating grade based on the measurement of a firm's profitability (Ali & Smith, 2006; Hand, 2009). The measurement of a firm's profitability is profits as result of the assets management (Finlay et al., 2010). Additionally, a credit rating also relates to how a firm's cash management (Dodge et al., 1994) and how well a firm manages its capital structure (Walker & Petty, 1978; Cosh et al., 1994). Therefore, a credit rating grade is related to how CFO able to manage a firm's investment in assets profitably and to repay its cost of debt and capital effectively which is called credit management (Peel et al., 2000). Thus, a firm will get higher credit rating grade that it depends on of a firm's profitability (Ali & Smith, 2006; Hand, 2009), a result of firm's assets management (Finlay et al., 2010), a result of firm's cash management (Dodge et al., 1994), as well as a firm's management its capital structure (Walker & Petty, 1978; Cosh et al., 1994). Unfortunately, a credit rating grade will be high visibility when a firm has high value that it would come from a firm portfolio.

Thus, an IPO firm value has to be attractiveness to investors by targeting its good credit grade as credit rating providence (Kaewmungkoon, 2020a; Kaewmungkoon, 2020b; Kaewmungkoon & Chatiwong, 2020) that include; (1) a good characteristic which represents how well a management team able to manage a firm's assets, to allocate a firm's investment portfolios, and to lead a firm getting its peak profit target. The credit rating grade will be shown

based on the evaluation of the allocation of a firm's investment portfolios (Hovakimian et al., 2009); (2) an optimal capital structure represents the trust of being a real owner of a firm's capital. Normally, the credit rating grade is an important key to measure the suitable portion of a firm's source of funds (Kisgen, 2006; 2009); and (3) a capacity of repayment which represents the responsibilities of a firm's funders benefits on time. The credit rating is used to represent how well a firm able to repay benefits to a funder, called a capacitive repayment (Kisgen & Straha, 2010). The literature reviews show that a model to measure a credit rating used by giant rating agencies as Moddy's, S & P, and Fitch is based on a firm's investments on assets, a firm's funders on debt and equity, and a firm's profitability (Qi & Ming-Xia, 2014). The investors will use the credit rating grade to forecast the level of default risk. Thus, the credit rating is significantly related to an investor's decision in funding which is high grade would represent a lower default risk on investment. Which is; the grade would be based on a firm value and lead to a fundraising success at the final end. This study aims to examine the antecedence of firm value that it continuously affects on the fundraising success for IPOs in Thailand. Thus, to rise high value, a firm would have to prepare for all antecedents that will push up the higher credit rating grade which is including; a good characteristic focus, a capital structure control, and a capacitive repayment concentration (Kaewmungkoon, 2020).

Currently, a credit rating agency which grading a firm's creditworthiness is very important character in financial markets that will lead a growth of capital markets, credit derivative markets, and globalization of capital markets that take advantage by using a credit grade to signal an investor's funding (Ryan et al., 2012). However, previous research shows that only three agencies are acceptance which is Moody's, S&P, and Fitch (Cantor, 2001). The credit rating agencies' targets are to provide a firm's information about investment and to evaluate a firm's performance for funders. Also, a credit rating agency helps a firm to get into the financial market and an investor to estimate the expected loss by funding (Cantor, 2001). For IPOs, a firm would need a credit rating agency to confirm that a firm is ready to get into the market for fundraising. However, the gap between funders firms is the necessity of both positive and negative useful information while an IPO firm would like to discloser only positive information for its fundraising success. Thus, in Thailand, the SEC will come between them to protect funders' and IPOs firms' benefit through a credit rating agency. A credit rating agency will transform an IPO firm value trust into a form of grade that funders will understand the level of risk they can take before they are funding. By doing so, an IPO firm will provide or show its good characteristic focus, its capital structure control, and its capacitive repayment concentration that it will affect the credit rating of firm.

Credit rating score is an important symbol to attract a lender to be funder for a borrower because the high score would represent the high level of the responsibility of a firm to manage funders' benefits that includes the interest for debts or its boundary's (Lieli & White, 2010). Credit score will reflect how a firm able to manage a risk of losing lenders' funds or benefits that the credit could be scored standardly depends on the credit rating companies' models. Many models are based on the measurement of firm's profitability (Ali & Smith, 2006; Hand, 2009). Finlay et al. (2010) explains that firm's profitability is simply determined from the capacity to make a profit, and a profit is a result of the assets management. Eventually, a credit score also relates to how a firm's cash management (Dodge et al., 1994) and how well a firm manages its capital structure (Cosh et al., 2012). In other word, credit score related significantly to how a firm's CFO successful management of a firm's investment in assets and to how much firms

arrange to repay back investors' funds and additional benefits, called credit management (Peel et al., 2000).

Thus, an IPO firm has to be attractiveness and high wealth to lenders by representing its good credit score that include; (1) a good characteristic which represents the abilities of management team to allocate a firm's investment portfolios and to lead a firm getting onto its peak profit target. The credit score will be shown depended on the evaluation in an allocation of a firm's investment assets (Hovakimian et al., 2009); (2) Unleveraged capital structure between debt and equity represents the trust on a real capital owner. Credit score is also an important key word to measure the suitability in a firm's capital structure (Kisgen, 2006; 2009); and, (3) Capacity payout performance which represents the responsibilities of a firm's funders benefits on time. The credit score is used to represent how well a firm able to repay benefits to a funder, called a capacitive repayment (Kisgen & Straha, 2010). The literature reviews show that a model to measure a credit rating used by giant rating agencies as Moddy's, S & P, and Fitch is based on a firm's investments on assets, a firm's funders on debt and equity, and a firm's profitability (Qi & Ming-Xia, 2014) which all representations of creation in firm wealth. The lenders will estimate the level of default risk by looking at a firm's credit score as the result of a firm portfolio. Thus, firm value is significantly related to a lender's decision in funding which based on high credit rating grade would represent a lower default risk on investment. Which is; the grade would be from the result of a firm value and lead to a fundraising success at the final end.

The effect of firm value through good characteristic focus

Good Characteristic Focus represents the good character of firm that will lead it to success (Islam et al., 2011). With the firm character, it will be including (1) Demographic Characteristic such as firm age that previous research shows that older firms have opportunities to be success more than newer firms (Mazzarol et al., 1999); a firm's manager sex that its shows on previous research that male manager is more successful than female manager (Kolvereid, 1996). (2) Individual characteristic such as a manager's age, 's education, 's experience, and 's skill that previous research indicates that these characters support the research and development in new products (Van der Sluis et al., 2008). (3) Personal traits that this character will increase an effort and an attention in administration for success (Glancey et al., 1998; Stutts et al., 1998). These personal traits include Self-decisiveness and Diligence. (4) Entrepreneurial orientation that related to the trend of entrepreneur's personalities which includes Autonomy, Innovativeness, Risk taking, Proactiveness, and Competitive aggressiveness. The previous researches show that these characters help a firm to become success (Shepherd & Wiklund, 2008). (5) Entrepreneurial readiness that includes; Self-efficacy that is capability to reach success (Bandura, 1977). The hypothesis can be stated as follows:

H_1 The Unleveraged Capital Concentration impacts Firm Value in long run as (a) firm growth and in short run as (b) firm overvaluation.

The effect of credit scoring providence through unleveraged capital concentration

Capital is a firm's important component in development and growth. The growth may in the form of branches expansions or of new products additions. With all these growths, a firm would need capital that a firm will require it from funder either debt or equity (Coleman, 2000). However, the portion between debt and equity, called capital leverage in finance, that it will let a firm has a different leverage as well as its risky. By reviewing literatures, the factors that affect the capital structure are; (1) Firm size that bigger firm will have riskier, (2) Tangibility assets that more tangibility assets are riskier, (3) Profit that a higher profit will has a lower risky, and

(4) Expected Inflation which an increasing in expected inflation will also increase a risky in a firm (Frank & Goyal, 2009). Thus, all these factors are indicating the measurement how well a firm's capital structure. In reality, a firm will provide its capital structure differently that will reflect its risky and profitability. With these differences, it would differ in a firm's credit rating that it could be explained by two theories which are; Trade off theory that it is used to explain the difference between firms' debt in capital structure due to tax and cost of bankruptcy (Stulz, 1990; Morellec, 2004) while Packing order theory that provide the important order of leverage on capital structure including retain earning, debt, and equity (Myers, 1984). Thus, the relationship between unleveraged capital concentration and firm value could be stated as this following hypothesis.

H_2 The Unleveraged Capital Concentration influences Firm Value in long run as (a) firm growth and in short run as (b) firm overvaluation.

The effect of firm value through capacity payout performance

The literature review shows that a firm's capacity depends on expenditure choice that it occurs because a firm invests on assets differently and causes an uncertainty on investments. The uncertainty of investment on assets is the result of the decision made by funders that will cause the loss in other alternatives, called opportunity cost. This opportunity cost has possibility in value creation in future (Lieberman et al., 2018). Therefore, a firm should be able to cover the uncertainty of funding and to pay for the opportunity cost that a funder does not invest in other alternatives. The literatures show that this capacity should be double in the present value of direct cost (Brennan & Schwartz, 1985). And, the relationship between capacity payout performance and firm value could be state as hypothesis 3.

H_3 The Unleveraged Capital Concentration affects Firm Value in long run as (a) firm growth and in short run as (b) firm overvaluation.

The effect of IPO fundraising success through credit scoring providence

The Attractiveness relates to the happiness in entrance of boundary because of good quality. Therefore, a firm value could be referred that good quality that a firm has and pull a lender to be bounded into funder. A firm's good quality is value creation that the value can be created by function and transferred from one to one (Walter & Ritter, 2003). The function can be classified into two kinds, direct function and indirect function. The value that can be creates by direct function is the result from a firm competition while the development in new products and the result from marketing create value by indirect function (Anderson et al., 1994). Additionally, a firm good quality also refers to interaction process that it will build trust and commitment. This trust and commitment are a useful key to make a relationship between funder and a firm (Kollmann et al., 2014) and make an exchange happened at the end (Cook, 1978). Therefore, fundraising can be success depends on many factors that affect to a quantity of money in economic systems. These factors will support the success in fundraising because of demand and supply that demand is the desideration of CFO to take fund to a firm while supply is the desideration of funder to invest fund to a firm (Poterba, 1989). The literatures show that the fundraising success will depend on pension funds that a higher return interest rate will push more investment and it shows that bigger firm and older firm will attract more funds than smaller and younger firms. Additionally, a capital gain tax rates is related to fundraising success because tax will be decrease in funders' benefit. In other word, interest rate with lower tax rate will attract more funders to do the lending. As well as economic growth and research and development

expenditure, it will allow a firm to spending fund (Gompers & Lerner, 1998). The hypothesis can be stated as following;

H_4 *The Firm Value in long run as (a) firm growth influences the IPO fundraising success as (a) return on assets, (b) return on equity, and (c) return on sale.*

H_5 *The Firm Value in shorth run as (a) firm overvaluation influences the IPO fundraising success as (a) return on assets, (b) return on equity, and (c) return on sale.*

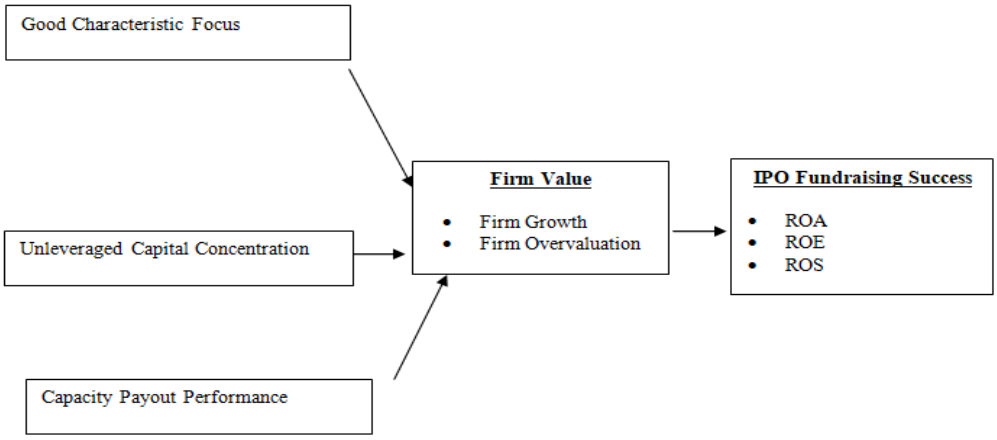

FIGURE 1
THE CONCEPTUAL MODEL ON RELATIONSHIP OF IPO FUNDRAISING SUCCESS AND ITS ANTECEDENTS

METHODS

Sample Selection and Data Collection Procedures

In this research, researcher collected data from the sample of 340 IPOs firms in Thailand during 2008 and 2019 on the Securities Exchange of Thailand. The data collected by using questionnaires and financial secondary data that is gathered and used to measure the variables in this research. I selected the IPO during this period because the population should be large enough to represent the result. Also, 2019 should be a year for the sample period ends because I want to ensure that there was at least one year of post-IPO stock performance data for each examined firm. However, two IPO firms have to be cut off because of in completed data. The available IPO firms will have left off 338 firms for research. Based on these IPOs firms. All firms were recommended by SEC that SEC have been analyzed its performance. Even through IPOs process are only short period for fundraising from private but to get attention from investors, an IPO firm has to have a very strong financial positioning from history (Andrews & Welbourne, 2000). Unfortunately, CFO would be the one who make all financial decisions that fit to his vision and to firm's direction (Stone et al., 1998). Thus, to success in fundraising performance, CFO would work so hard to represent the high visibility of his firm to public for getting attention of fundraising performance in IPOs process. To be success in fundraising performance, it would be caused firm value because CFO will have adequate funds for creating wealthy for firms as his vision and fit to a firm's target. Thus, fundraising performance in IPOs firms could be suitably used to examine the affection from a firm value.

Additionally, questionnaire was also used for data collection because the questionnaire is an appropriate instrument and acceptable method for data collection in business research. Additionally, it is representative sample that it could be representative the selected population in

a variety of locations at low cost. With the questionnaire process, all selected IPO firms during 2008 and 2019 are used as respondents. The key informant is the CFO of each of the IPO firms in Thailand. The CFOs are selected as the key informant because these positions have a major responsibility of financial function of organization. Additionally, the key informants design and make decision on a firm's financial policy and strategy. They can also provide the information with true understanding in their business. Thus, this information from these key informants is greater validity. In data collecting processes, firstly the questionnaires were directly sent out to the CFO in IPO firms in Thailand by mail survey. The population for these IPO firms is 340 firms. However, two IPO firms have to be cut off because of in completed data. Therefore, the questionnaire sent by mail all 338 firms. Then, the completed questionnaires were come back directly within four to six weeks to researcher about 76 firms. Further collected financial secondary data of these 76 IPO firms from https://www.set.or.th/en/company/ipo/stat_ipo_p1.html. Thus, the response rates of 76 per 338 mails are 22.49%. Generally, the poor response rates resulting in an attitude within the construction management community that rates of 20-25% are deemed acceptable (Root & Blismas, 2003). Additionally, the t-test was done by comparing demographics' information between two groups of firms such as business type, numbers of services, and firm capital, for measuring bias among respondents to protect possibly response bias problems among respondents. Armstrong & Overton (1977) explains that the results of the t-test have no significant difference between two groups; it implies that these returned questionnaires have no non-response bias problem.

Variables Measurements

This research employed a questionnaire within data collection procedures. The CFOs were asked to indicate on a five-point scale (1= not important; 5= very important) in questionnaire. All constructs in the model contained the variables that the details of each variable were provided as follows:

Good Characteristic Focus (GCF)

This variable based on firm age that previous research shows that older firm able to build a good relationship than younger firm (Akoten et al., 2006; Oliner & Rudebusch, 1992). Also, firm age shows older is more sustainability to take risk than younger firm (Myer, 1984). Additionally, Beck (2007) also indicates that the geographic location provides difference in relationship. Nearby firms could build good relationship on financing more than farther firms. Finally, a manager's age and experience shows a good understanding and a well managing of business (Nguyen & Luu, 2013)

Unleveraged Capital Concentration (UCC)

For capital structure control, it could be measured by the level of working capital arrangement (Deloof, 2003) and the literature shows that a good level of arrangement will let a firm to increasing sales and the suitable arrangement with a firm business will affect a firm growth and level of a firm's tax (Titman & Wessels, 1988).

Capacity Payout Performance (CPP)

The capacitive repayment concentration will be measured on the cost of investment and the opportunity cost that it could be an on time of return payment that should be too soon or too late in payment. If it is too soon, it shows that a firm may not take any advantage from this fund,

while it is too late will cause the cost of capital (Long et al., 1993). By on time payment, the investment in technology also affect how a firm repayment, a good technology deceases a bad debt (Hu & Ansell, 2007).

IPO Fundraising Success

In the existing literature on performance of IPOs, many studies are generally focused on examining the accounting performance (also known as operating performance) of IPOs by considering accounting-based measures and determining the effects of performance measures with respect to post-IPO periods. These researches are potentially related to measurement and evaluation the accounting performance of IPOs by using statistical tests or econometric models to discover whether there is a change in operating performance following IPOs. The accounting performance of the post-IPO has been measured by ROA, cash flow/total assets (CF/TA), sales, asset turnover and capital expenditures (Jain & Kini, 1994; Mikkelson et al., 1997; Alanazi & Liu, 2013).

When considering the studies associated with measuring performance of IPOs in the post-IPO periods, three traditional ABP measures, namely, return on assets (ROA), return on sales (ROS) and return on equity (ROE), are the most commonly employed measures (Jain & Kini, 1994; Megginson et al., 1994; Mikkelson et al., 1997; Wang, 2005). These three traditional ABP measures are also used herein to evaluate ABP of IPOs in post-IPO periods. Therefore, I apply the measurement of the IPO fundraising performance as follows

$$ROA = \frac{EBITDA}{Total \quad Assets}$$

ROA refers how profitable a company is relative to its total assets. This ratio shows the number of cents earned on each dollar of assets. If the return is higher, the management will be more efficient in utilizing its asset base, because the firm is earning more money on its assets (Khanna & Palepu, 2000) while EBITDA is earnings before interest, taxes, depreciation, and amortization.

$$ROE = \frac{Net \quad Income}{Stockholders' \quad Equity}$$

$$Firm\ growth = \frac{(total\ asset1 - total\ asset0)}{(total\ asset0)}$$

ROE explains the amount of the company's return produced for its shareholders' investments into the firm. ROE, referred to be one of the most crucial financial ratios, is very sensitive to change in financial gearing (Chacko & Evans, 2014).

$$ROS = \frac{EBITDA}{Total \quad Sales}$$

ROS indicates how much the management is able to operate the business with adequate success. Success in this context refers to recover the cost of the merchandise or services, the expenses of operating the business (including depreciation), and the cost of borrowed funds. The ratio substantially reflects the total cost/price effectiveness of the operation (Helfert & Helfert, 2001).

Firm Value

Firm Value as Firm Overvaluation in short run, this research provides large-sample empirical evidence on the role of overvaluation in IPOs. Rhodes-Kropf & Viswanathan (2004) propose a theoretical model in which the target underestimates (overestimates) market wide overvaluation (undervaluation) when the market is overvalued (undervalued). In theory, there are only two cases in which IPOs would experience an abnormally high initial return: the offer price of the IPO is too low, indicating that there is underpricing in the primary market, or the first-day closing price is too high, indicating that there is over-valuation in the secondary market (Han and Wu, 2007). Ljungqvist et al. (2006); Der-rien (2005); and Dorn (2009) show that an overvalued first day closing price is a result of irrational investor sentiment. Additionally, for the method of comparable firms, following Purnanandam & Swaminathan (2004), The IPO firm's industry peers' PEs and the IPO firm's EPS to measure the firm's intrinsic value. Therefore, the IPO overvaluation could be calculated as following formula.

$$IPO\ firm\ overvaluation = \frac{first-day\ closing\ price - intrinsic\ value}{Offering\ price}$$

For measuring the intrinsic value, Song et al. (2014) suggest that compared with this method of selecting comparable firms, using analyst forecasts may have some advantages in predicting an IPO firm's intrinsic value. First, given that analysts are experts in their industry, they may be able to choose more appropriate comparable firms (most of the analysts use comparable firms' PEs to estimate an IPO firm's P/E). Additionally, analysts generally adjust the estimated P/E of IPO firms according to firm-specific information, such as the extent of industry competition and growth potential, so their estimation of an IPO firm's P/E ratio may more accurate. Thus, intrinsic value could be calculated as this following formula.

$$Intrinsic\ Value = EPS\ x\ (P/E + 2*Growth\ rate)$$

Reasonably, intrinsic value should be related to the valuation of growth stock that it should be twice of the expected annual growth return (Fama, 1990). In long run, a firm value should be represented by firm growth. Growth is a process, and *"growth"* is the differential outcome between (at least) two points in time (Delmar et al., 2003; Penrose, 1959). The Difference time periods are used, with many of the most common ones being 1-, 3-, or 5-year periods (Delmar et al., 2003). Many different measures of growth have been used, including sales levels, profitability, number of employees, and market share (Gilbert et al., 2006; Shepherd & Wiklund, 2009; Storey, 1994). However, there is some discussion that the use of sales growth is the most effective growth variable as it translates easily across countries and industry contexts, and apparently also is the metric of choice for entrepreneurs (Delmar et al. 2003; Hoy et al., 1992). Also, Shepherd & Wiklund (2009) find that employment growth seems to be the metric that shows best concurrent validity. Further, they suggest that this finding helps to bring the accumulation of knowledge forward inasmuch as it points to the need to better pinpoint the particular aspect of growth that needs to be measured.

Penrose's (1959) The Theory of the Growth of the Firm specifically focuses on growth rates concerning the expansion of assets and employment (*"human and other resources"*) in the context of industrial firms. In any case, there are relatively few studies examining the growth process. Two recent quantitative studies attempt to unpack the complicated nature of the potential relationships while employing theory. In one study, Chandler et al. (2009) use Transaction Cost Economics reasoning to see when firms experiencing sales growth will add

employees. They find that there are two very diverging paths taken by these firms depending on the munificence of the environment. Thus, they suggest that the decisions going into growing the firm in terms of employees are very different depending on environmental characteristics. In the other study, the authors use the Resource-Based View to examine the relationship between profit and sales growth and find that growth can actually have very negative consequences for profitability (Davidsson et al., 2009). Together, the studies show that the *"how"* are not an entirely predictable process and that firm can grow in many different ways. The ability of the firm to grow is thanks to its productive opportunity set. This set is determined by the myriad ways in which the firm can carry out any usage of its resources.

Thus, the measurement for firm growth variables that is affected by IPOs fundraising performance should be more based on Resources-Based view. In this research, I employed total assets data in financial statement and calculated the growth in two points of time which I follow common role for one year since IPOs process has been given short term result. The formula for measurement of the firm growth should be state as follows.

$$Firm\ growth = \frac{(total\ asset1 - total\ asset0)}{(total\ asset0)}$$

Reliability and Validity

By testing reliability and validity of a questionnaire as qualities of a good instrument, in this research, researcher was conducted from the pilot test of thirty CFO Managers in startup business firms in Thailand. This research employs evaluating reliability of measurement, and measuring credit rating providence reliability by procuring value of Cronbach's Alpha coefficient. It recommended that its value should be equal or larger than 0.70 for acceptance (Hair et al., 2012). Table 1 shows Cronbach's Alpha coefficient value is running around and close to 0.70 indicating reliability and validity.

Additionally, this research also is examined content validity and constructs validity of questionnaire. This research requested two academic experts who have an experience in this area to review the instrument to ensure that the questionnaires used appropriate wordings. Thus, constructs validity of questionnaire in this research are confirmatively sufficient to cover all contents of variables. Furthermore, researcher also used factor analysis as static tool to test the construct validity of data in the questionnaire. As shown in Table 1, the factor loading score is ranged from 0.311 to 0.819 and it is acceptance based on the acceptable minimum cut-off score is 0.30 (Shevlin & Miles, 1998). Thus, this questionnaire is validity and reliability for collecting data.

Statistic Techniques

This research is employed several statistic techniques such as factor analysis, correlation analysis, and simple regression analysis. The models of the relationships are depicted as follows (Table 1).

$$Eq.\ 1:\ FG = \alpha_1 + \beta_1 GCF + \beta_2 UCC + \beta_3 CPP + \varepsilon$$
$$Eq.\ 2:\ FO = \alpha_2 + \beta_4 GCF + \beta_5 UCC + \beta_6 CPP + \varepsilon$$
$$Eq.\ 3:\ ROA = \alpha 3 + \beta 7FG + \beta 8FO + \varepsilon$$
$$Eq.\ 4:\ ROA = \alpha 4 + \beta 9FG + \beta 10FO + \varepsilon$$
$$Eq.\ 5:\ ROA = \alpha 5 + \beta 11FG + \beta 12FO + \varepsilon$$

Table 1 SHOWN FACTOR LOADINGS AND CRONBACH'S ALPHA VALUES		
Variables	**Factor loadings value**	**Value of Cronbach's alpha**
Good Character Focus (GCF)	0.311-0.778	0.665
Unleveraged Capital Concentration (UCC)	0.466-0.699	0.680
Capacity Payout Performance (CPP)	0.691-0.819	0.846

RESULTS

Descriptive Statistics and Correlations Matrix

Descriptive statistics and correlation among variables are shown in Table 2. The results indicate that there might not be the potential problems relating to multicollinearity the intercorrelation between explanatory variables less than 0.80 (Berry et al., 1985). However, this study, employed simple regression analysis to run statistic results, therefore, the multicollinearity should not be a problematic. Based on my model equation, the correlation matrix reveals significantly relationship among dependent and independent variables that good characteristic focus ($r=0.608$, $p<0.01$), unleveraged capital concentration ($r=0.954$, $p<0.01$), and capacity payment performance ($r=0.561$, $p<0.01$), correlated with firm value in short run as firm overvaluation. Additionally, unleveraged capital concentration (r=-0.559, p<0.01) correlated significantly with firm value in long run as firm growth, while good characteristic and capacity payment performance did not correlate significantly with firm value in long run as firm growth. Furthermore, it also shows that firm growth highly correlated with IPO fundraising success as ROA ($r=0.272$, $p<0.05$), ROE ($r=0.261$, $p<0.05$) ROS ($r=0.241$, $p<0.05$). Lastly, Table 2 indicates that firm overvaluation significantly correlated to ROE ($r=0.240$, $p<0.05$), but insignificantly to ROA and ROS.

Simple Regression Analysis

As mention earlier, researcher employed the simple regression analyses to test the hypotheses. Firstly, a simple regression analyses is conducted by comparing firm value both firm growth and firm overvaluation with good characteristic focus, unleveraged capital concentration, and capacity payout performance as shown in Table 3. Regard to Model 1, the regression result shows that firm growth's standardized coefficient is significantly positive with good characteristic focus ($\beta_1=5.982$, $p<0.01$) but significantly negative with unleveraged capital concentration ($\beta_2=-4.987$, $p<0.01$). The results offer an exhibition that a firm which has good characteristic focus positively influences on firm growth as *Hypotheses 1a* and negatively impacts to unleveraged capital concentration as *Hypotheses 2a*, but not supported *Hypotheses 3a*. To further test the hypotheses that effect of the three antecedences to firm value, researcher replace firm growth with firm overvaluation as Model 2. The results of the regressions present that unleveraged capital concentration also significantly positive related to firm valuation ($\beta_5=5.974$, $p<0.01$), while it is negative influenced with capacity payout performance (β_6=-4.987, p<0 .01) which it provides evidence in support of *Hypothesis 2b* and *3b* but not *Hypothesis 1b*.

Additionally, the regression as shown in Table 3 also reveals that firm value in long as firm growth has significantly positive relationship with ROA ($\beta_7=0.018$, $p<0.10$) and ROS ($\beta_8=0.103$, $p<0.05$) but not with ROE, which it supports *Hypothesis 4a* and *4c* but not supported *Hypothesis 4b*. In addition, researcher also found the insignificant interaction of IPO fundraising success with firm value both in short run as firm overvaluation and in long run as firm growth. This finding is not supported *Hypotheses* 5a, 5b, and 5c. The model manifest high R-squared

value of 1.000 which indicate the high percentage of variance in IPO fundraising success that could be explained by the predictors.

Table 2
CORRELATIONS

		GCF	UCC	CPP	FG	FO	ROA	ROE	ROS
Mean		0.1218	0.0574	0.1155	0.4422	-0.2336	0.0908	0.1178	0.1920
S.D.		0.1764	0.2544	0.1104	0.8062	1.1454	0.0496	0.0640	0.2241
GCF	Good Characteristic Focus	1							
	Sig. (2-tailed)								
UCC	Unleveraged Capital Concentration	0.774**	1						
	Sig. (2-tailed)	0.000							
CPP	Capacity Payout Performance	0.881**	0.782**	1					
	Sig. (2-tailed)	0.000	0.000						
FG	Firm Growth	0.092	-0.559**	-0.075	1				
	Sig. (2-tailed)	0.430	0.000	0.520					
FO	Firm Overvaluation	0.608**	0.954**	0.561**	-0.705**	1			
	Sig. (2-tailed)	0.000	0.000	0.000	0.000				
ROA	Return on Assets	0.201	-0.006	0.359**	0.272*	-0.179	1		
	Sig. (2-tailed)	0.081	0.959	0.001	0.018	0.122			
ROE	Return on Equity	0.139	-0.050	0.361**	0.261*	-0.240*	0.881**	1	
	Sig. (2-tailed)	0.230	0.665	0.001	0.023	0.037	0.000		
ROS	Return on Sales	0.413**	0.192	0.692**	0.241*	-0.077	0.257*	0.356**	1
	Sig. (2-tailed)	0.000	0.096	0.000	0.036	0.508	0.025	0.002	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 3
THE STANDARDIZATION OF COEFFICIENT VALUE FROM SIMPLE REGRESSION ANALYSIS OF IPO FUNDRAISING SUCCESS

	Firm Growth FG	Firm Overvaluation FO	Return on Assets ROA	Return on Equity ROE	Return on Sale ROS
	Model 1.	**Model 2.**	**Model 3.**	**Model 4.**	**Model 5.**
Constant	-0.002	-0.004	0.083	0.110	0.155
Good Characteristic Focus: GCF	5.982**	0.028	-	-	-
	0.000	0.415	-	-	-
Unleveraged Capital Concentration: UCC	-4.987**	5.974**	-	-	-
	0.000	0.000	-	-	-
Capacity Payout Performance: CPP	0.016	-4.987**	-	-	-
	0.764	0.000	-	-	-
Firm Growth: FG	-	-	0.018*	0.014	0.103**
	-	-	0.072	0.255	0.022
Firm Overvaluation: FO	-	-	0.001	-0.006	0.036
	-	-	0.874	0.486	0.250
R-Squared	1.000	1.000	0.157	0.202	0.274
N	76	76	76	76	76

DISCUSSION AND LIMITATIONS

In this research is represented to develop the understanding of how a firm can apply the antecedences in the IPO processes that we find that; Firstly, the good characteristic focus would positive effect a firm value in long term as firm growth that a firm growth depends on of a firm's profitability (Ali & Smith, 2006; Hand, 2009), a result of firm's assets management (Finlay et al., 2010), a result of firm's cash management (Dodge et al., 1994). This research does not support the relationship between the good characteristic focus and firm value in short run as firm overvaluation. The result supports that good characteristic focus is variable that it based on firm age that previous research shows that older firm able to build a good relationship than younger firm (Akoten et al., 2006; Oliner & Rudebusch, 1992). Also, firm age shows older is more sustainability to take risk than younger firm (Le, 2012; Myer, 2001). Thus, these findings are also corresponding to prior studies that have disclosed that the relative impact of obtaining firm value in short run as firm overvaluation, it may require sometimes to create its value.

Additionally, a firm growth also is a result of how a firm manages its capital structure (Cosh et al., 1994) that the capital structure includes two sources of funds which are debts and equity. However, each source has given both advantage and disadvantage that is; firms that were very profitable prior to the issue were more likely to increase their use of debt financing and those that accumulated loses tended to issue equity. While some results also confirm previous findings that firms are most likely to issue equity after experiencing a rise in their share price, in contrast, this result appears to be inconsistent with the hypothesis that firms select their capital structures by trading off tax and other advantages of debt financing with financial distress and other costs associated with debt (Opler & Titman, 1994). Thus, the unleveraged capital concentration should be supported to create firm value only short run as firm overvaluation. But, it in long run as firm growth, it may damage because the advantage of debt financing as mentioned (Miller, 1977; Gordon, 2010).

Moreover, this research proposes that capacity payout performance should influence firm value in long run as firm growth and in short run as firm overvaluation. The result shows that this variable does not influence to firm growth but negatively impact firm overvaluation. As mentioned that the returns on IPOs related to economic growth but when comparing to IPO firm's profit that offer to investors is very little because return on IPOs profit is short-term that investors may earn other benefit from the gap price between the price of offering and the price on the first day of trading, called *"Underprice value"* (Bessler & Thies, 2007). Therefore, the investors could look at the return on firm overvaluation more than firm growth in long term. However, the relationship of capacity payout performance could be negatively in IPO firms because of the asymmetric information result, (Ritter & Welch, 2002), result of the relationship to its industry peer (Purnanandam & Swaminathan, 2004), a result of irrational investor sentiment (Ljungqvist et al., 2006); Derrien, 2005; and Dorn, 2009).

Lastly, the research result indicates that firm value in long run as firm growth influences IPO fundraising success as return on assets and return on sale but not return on equity. This result could be explained because there is no clear direction which one is better between debts and equity since both of then are giving both positive and negative result (Opler & Titman, 1994; Miller, 1977; Gordon, 2010). Therefore, it could be not clarified in this research that firm value in long term as firm growth could influence an IPO fundraising success based on return on equity. Additionally, IPO fundraising success is a process the it should be measured in the differential outcome between (at least) two points in time (Delmar et al., 2003; Penrose, 1959) that these two points of times should be with many of the most common ones being 1-, 3-, or 5-

year periods (Delmar et al., 2003). Thus, these findings are a corresponding to prior studies that have disclosed that the relative impact of obtaining firm value only in long run as firm growth but not in short run as firm overvaluation that it may require sometimes to create its profitability.

CONCLUSION

In summary, financial fundraising during IPO period could be critical procedure to a firm's sustainability and performance. This research offers knowledge regarding the relationship between the antecedences of firm value and IPO fundraising success. This finding suggests that IPO firms' CFO require understanding the creativity of good characteristic and of optimal capital structure to create firm value in long run. CFO also affords his best knowledge to the concentration of optimal capital structure and of capacity payout to create firm value in short run. As result, a firm would earn return on assets and on sale as the effect of firm value in long run as firm growth. Hopefully, this manuscript will be benefit and offer to an ongoing discussion on utilizing new way of the antecedents of firm value before and during a firm's IPO processes.

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