March - April 2020
ISSN: 0193-4120 Page No. 9161 - 9174

The Effect of Credit Rating Providence and Firm Attractiveness on Fundraising Success: An Evidence From IPOS In Thailand

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Article Info
Volume 83
Page Number: 9161 - 9174
Publication Issue:
March - April 2020

Article History
Article Received*: 24 July 2019*
Revised*: 12 September 2019*
Accepted*: 15 February 2020*
Publication*: 09 April 2020*

Abstract

The main objective of the financial management in companies is to create a "Maximize Wealth" to its stakeholders. One of successful alternative is to put their shares into stock market as the initial public offerings (IPOs). Under this IPOs option, companies could take various advantages before and during the entering processes into the stock market. However, not many research has concentrated on these firms' advantage that this research applies the signaling theory and the credit rating literature to explore this concentration. Additionally, this research also used financial data of 438 firms that have put their stocks to public in Thailand from 2008 to 2018. As result, a researcher shows an evidence to support a positive relationship between credit rating providence and its IPO firm attractiveness and also find that the effectiveness of firms' fundraising is positive supported by firm attractiveness.

Keywords: *Credit rating providence; Initial public offering; Fundraising success; Signaling theory; Firm attractiveness*

I. INTRODUCTION

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, companies will put their share into the stock market as the initial public offerings (IPOs) and represent their trust through credit rating, called "credit rating providence". However, step by step for doing this way, a firm's CFO will try so hard to build their trust for a firm's stakeholders. Regarding to Thai's regulation, a firm should be at least shown its potential performance under the Securities and Exchange Commission's (SEC) agreement. With this regulation, a firm's CFO would need to find the best alternative to fairly show their well financial performance to public. Therefore, a successful firms' fundraising in IPOs, 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 (Thomas, 2000). Nowadays, an acceptable credit rating agencies like 'Moody's', 'Standard and Poor', and 'Fitch' will evaluate a firm's performance and transform it into a form of credit rating grade that it will be signaling a level of a firm's trust to stakeholders (Cantor, 2001). Furthermore, the grade of credit rating will be showing a standardizations of firm's credit quality that it will reflect a stakeholder's confidence of trust in investment is a firm effectively (Frost, 2007).

Previous researches show that credit rating will reflect a firm's creditworthiness to stakeholders (Demirtas and Cornaggia, 2013) and yield to bond that the credit rating will be evaluated base on some period of financial information (Ederington and Goh, 1998). Unfortunately, a credit rating in exist firms will differ depend on a firm's management that is measured on a firm's public information such as leverage, interest coverage ratios, profitability

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ratios, and any financial information on financial statement such as a firm's use of funds policies and 's source of funds policies (Kaplan and Urwitz, 1979; Ashbaugh-Skaife et al., 2006). Moreover, the credit rating grade also varies because the difference of decision on firms' capital structure (Cosh, Fu, and Hughes, 1994) that it would affect firms' liquidity, 's assets management, 's leverage, and 's profitability. These financial factors are a good magnet for investors' attractiveness (Peel and Wilson, 1996) that it will lead a firm to be succeed in fundraising. Reasonably, a firm attractiveness would be affected by a firm's credit rating grade that will lead it to a successful fundraising.

This research, the sample will be selected from the 438 IPOs firms which would like to put their share and to sell their stock to public in central Thai securities market as the Stock Exchange of Thailand (SET) and Market for Alternative Investment (MAI) during 2008 and 2018. However, under IPOs' regulation in Thailand, a firm needs to be shown high financial performance that at least fit the Securities and Exchange Commission (SEC)'s requirements. A previous research clearly indicates that a CFO in an IPO firm has a full power to make decision of leading a firm to get to a firm's goal (Stone, Baron-Cohen, and Knight, 1998). Not only the IPO process is the beginning point of firms' fundraising that require a short run period, but the IPO process also has a high risky of unsuccess because the success of fundraising come form a firm's performance in long last years (Andrews and Welbourne, 2000). For becoming a success firm fundraising, it would require a CFO to work hard to represent to public how well a firms' performance that the officer of the securities and exchange commission (SEC) will expect a firm to do a road show to public (Fraser, 1999). Under this process, a CFO will try so hard to build the trust to an investor and attract an investor to become funder at the final end. Thus, IPOs firms would be suitable sample to indicate the effect of credit rating providence by building trust on firm attractiveness and also on fundraising success. This research will study on how credit rating affects on firm attractiveness and how firm attractiveness affects on firms' fundraising success.

II. THEORIES AND HYPOTHESIES

A. Signaling strategies through credit rating providence in IPOs

IPO firm is a new entrance firm that has no record of stock prices and operational history unlike exist public firms. Therefore, IPOs firm will face a riskier because of its privacy that may contain an uncertainty for funders (Nelson, 2003). However, many theoretical practices as agency theory, resource theory, including signaling theory have been used to understand the phenomenon of IPOs and of its relationship in IPOs processes (Zinmmerman, 2008). Especially, when there is the information asymmetry occurring in some situations like IPOs, the signaling theory could be specific used to explain the issues of this information asymmetry that could lead to the difference of fundraising during the IPO processes (Certo, 2003). Definitely, signaling theory is well used for explaining behavior when two sides have entry to information asymmetry between sender who must find way how to signal that information and receiver who must have mode how to interpret the signs of that information. (Connelly et al., 2011). Additionally, because the information asymmetry could create an uncertainty that funder prefer to reduce it as much as they can and a firm would signal its specific characteristics to receive faultless (Williams et al., 2010). Unfortunately, many firm characteristics able to take advantage of credit rating grade to inform the signal from firms to potential funders as a firm's strategy (Mumi et al., 2018).

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

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and the dividend for preferred or common stocks (Lieli and 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 depend on the credit rating companies' models. Many models are based on the measurement of firm's profitability (Ali and 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 rating also relates to how a firm's cash management (Dodge, Pettit, and Bates, 1994) and how well a firm manages its capital structure (Cosh, Fu, and Hughes, 1994). In other word, credit rating grade 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, Wilson, and Howorth, 2000).

Thus, an IPO firm has to be attractiveness to investors by representing its good credit grade as credit rating providence 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 rating grade will be shown depended on the evaluation in an allocation of a firm's investment portfolios (Hovakimian, Kayhan, and Titman, 2009); (2) an optimum portion of capital structure between debt and equity represents the trust on a real capital owner. Credit rating grade is also an important key word to measure the suitability in a firm's capital structure (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 and 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 and Ming-Xia, 2014). The investors will estimate the level of default risk by looking at a firm's credit rating grade. Thus, 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 affect a firm attractiveness and lead to a fundraising success at the final end. The objectives of this research is to investigate on the providence in credit rating and to examine the effect of the fundraising success before and during IPOs processes in Thailand through the firm attractiveness. The credit rating providence is including; a good characteristic focus, a capital structure control, and a capacitive repayment concentration.

Currently, a credit rating agency which grading a firm's creditworthiness, playing important character in the financial markets. Especially, a three acceptable credit rating agency as 'Moody's', 'Standard and Poor', and 'Fitch' (Cantor, 2001) are transforming a firm's trust into credit rating symbols, leading the confidence to stakeholders, and making the growth in capital and credit derivative markets that a company in financial markets also take advantage by using a credit symbol to signal an investor's funding (Ryan et al., 2012). Unfortunately, a majority on the objective of credit rating agencies are to provide 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

Published by: The Mattingley Publishing Co., Inc.

March - April 2020
ISSN: 0193-4120 Page No. 9161 - 9174

credit rating agency. Credit rating agency will transform an IPO firm's trust into a form of grade that funders will understand the level of risk they can take before they are funding. Unfortunately, for IPOs firms' CFO, they will try so hard to get a good grade on credit rating, called credit rating providence. 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 to firm attractiveness.

B. The effect of firm attractiveness 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, Greig, and Pettigrew, 1998; Stutts, Stewart, and Martell, 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 helps a firm to become success (Wiklund and Shepherd, 2008). (5) Entrepreneurial readiness that includes; Self-efficacy that is capability to reach success (Bandura, 1977). The hypothesis can be stated as follows:

H1a: The higher Good Characteristic Focus is that firm will be greater Firm Attractiveness

C. The effect of firm attractiveness through capital structure control

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 structure, 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 and 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 dur 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 (Meyers, 1984). Thus, the relationship between Capital Structure Control and Firm Attractiveness could be stated as this following hypothesis.

H1b: The higher Capital Structure Control is that firm will be greater Firm Attractiveness

D. The effect of firm attractiveness through capacitive repayment concentration

The literature review shows that a firm's capacity depends on expenditure choice that it occurs because

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March - April 2020
ISSN: 0193-4120 Page No. 9161 - 9174

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, Balasubramanian, and Garcia-Castro, 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 and Schwartz, 1985). And, the relationship between capacitive repayment concentration and firm attractiveness could be state as hypothesis 2c.

H1c: The higher Capacitive Repayment Concentration is that firm will be greater Firm Attractiveness

E. The effect of fundraising success through firm attractiveness

The Attractiveness relates to the happiness in entrance of boundary because of good quality. Therefore, a firm's attractiveness could be referred that good quality that a firm has and pull an investor 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 et al., 2001). 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, Fornell, and Lehmann, 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, Kuckertz, and Middelberg, 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 a pension funds that a higher return 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. Therefore, lower tax rate will attract more funders to do investment. As well as economic growth and research and development expenditure, it will allow a firm to spending fund (Gompers and Lerner, 1998). The hypothesis can be stated as following;

H2: The higher Firm Attractiveness is that firm will be greater Fundraising Success

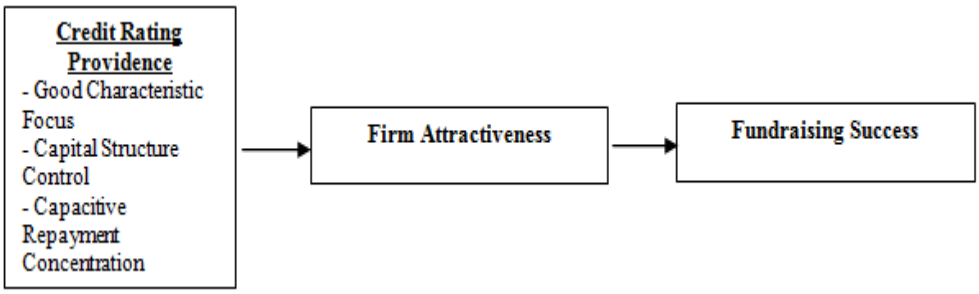

Figure 1. The conceptual model on relationship of credit rating providence and its effects

Published by: The Mattingley Publishing Co., Inc.

March - April 2020
ISSN: 0193-4120 Page No. 9161 - 9174

III. METHODS

A. Sample Selection and Data Collection Procedures

In this research, researcher collected data from the sample of the 438 IPOs firms which would like to trade their stocks in central security market as the "Stock Exchange of Thailand (SET)" and "Market for Alternative Investment (MAI)" during 2008 and 2018. However, under IPOs' regulation in Thailand, a firm is required to be shown high financial performance that at least fit the office of the Securities and Exchange Commission's requirement. Previous research clearly indicates that a CFO in an IPO firm has a full power to make decision of leading a firm to get to a firm's goal (Stone, Baron-Cohen, and Knight, 1998). Not only the IPO process is the beginning point of firms' fundraising that require a short run period, but the IPO process also has a high risk of unsuccess because the success of fundraising come from a firm's performance in long last years (Andrews and Welbourne, 2000). For becoming a success firm fundraising, it would require a CFO to work hard to represent to public how a firms' well performance that the officer of the securities and exchange commission (SEC) will expect a firm to do a road show to public (Fraser, 1999). Under this process, a CFO will try so hard to build the trust to an investor and attract an investor to become funder at the final end. Therefore, IPOs firms would be a suitable sample that represent the effect of credit rating providence by building trust on firm attractiveness and on fundraising success. The sample of this research is the 438 IPOs firms in Thailand, which is drawn from the lists of IPOs firms during 2008 and 2018, on August 30th, 2018.

In this research, questionnaire was 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 IPOs firms during 2008 and 2018 are used as respondents. The key informant is the CFO of each of the IPOs 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 IPOs firms in Thailand by mail survey. Then, the completed questionnaires were come back directly within four to six weeks to researcher. For the undelivered mail, firms which are no longer in business were eliminated. Finally, the total number of questionnaires was sent 438 packages that mailed on September 11th, 2018. At the end of data collecting process, 6 questionnaires were undeliverable because some businesses had closed down. Thus, by taking the undeliverable mail out from 438 mails, the valid mailing was down to 432. After two months, useable questionnaires were 118 that gives the effective response rate approximately 27.31 percent. In general, the poor response rates resulting in an attitude business research is that rates between 20% and 25% (Root and Blismas, 2003). Therefore, it exceeds the poor level that it should be deemed acceptable.

Additionally, a researcher also tests the t-test 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 and 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. As result, it shows insignificant difference indicating that there is no problem bias among respondents in this research.

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B. 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, Sawada, and Otsuka, 2006; Oliner and Rudebusch, 1992). Also, firm age shows older is more sustainability to take risk than younger firm (le, 2012; Myer, 1984). Additionally, Beck (2007) also indicate 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 's experience shows a good understanding and a well managing of business (Nguyen and Luu, 2013)

Capital Structure Control (CSC)

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 and Wessels, 1988).

Capacitive Repayment Concentration (CRC)

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, Malitz, and Ravid, 1993). By on time payment, the investment in technology also affect how a firm repayment, a good technology deceases a bad debt (Hu and Ansell, 2007).

Firm Attractiveness (FA)

The firm attractiveness can be measures from a firm's imagination. The literatures show that a good imagination will attract a value stakeholder to a firm including man and capital (Ewing et al., 2002). Also, the continuous in product research and development helps firms to treat exist customers and to add new customers into firms' market. With an exist and new customers together, firm markets could be growing and become a larger market share. However, as result of the rapid growth in market expansion, competitors may find that it is harder for them to supply enough quality and reliability at levels of the customer demands. Thus, at the end, it will leave this wealthy market niches available for others as new entrants. In the other word, the market expansion could also be stimulating the new entrants which have more abilities to produce a higher quality product or which have more new capabilities to serve a higher reliability at the of customers' demands. In many cases, these innovative approaches are offered by new entrants trying to gain stabilities in market. (Zirger and Maidique, 1990).

Fundraising Success (FS)

The fundraising success is measuring on the result of from performance that literature shows that a good performance is the result of sufficient (Sirri and Tufano, 1998) and an older firm and bigger frim normally get more fund that a younger and smaller firm (Gompers and Lerner, 1999).

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 IPOs firms in Thailand. This research employs evaluating reliability of measurement, and measuring credit rating

Published by: The Mattingley Publishing Co., Inc.

March - April 2020
ISSN: 0193-4120 Page No. 9161 - 9174

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 0.70 indicating reliability and validity.

Additionally, this research also be 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 0.448 to 0.924 and it is acceptance based on the acceptable minimum cut-off score is 0.30 (Shevlin and 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.

$$Eq.\ 1: FA = \alpha_1 + \beta_1 GCF + \varepsilon$$

$$Eq.\ 2: FA = \alpha_2 + \beta_2 CSC + \varepsilon$$

$$Eq.\ 3: FA = \alpha_3 + \beta_3 CRC + \varepsilon$$

$$Eq.\ 3: FS = \alpha_4 + \beta_4 FA + \varepsilon$$

Table 1. Shown factor loadings and Cronbach'salpha values

Variables	Factor loadings value	Value of Cronbach's alpha
Good Characteristic Focus (GCF)	.448-.808	.741
Capital Structure Control (CSC)	.607-.785	.691
Capacitive Repayment Concentration (CRC)	.492-.876	.694
Firm Attractiveness (FA)	.712-.906	.684
Fundraising Success (FS)	.772-.924	.728

IV. 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 and Feldman, 1985). However, this study, a researcher 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 ($r = .212$, $p < .05$), capital structure controls ($r = .296$, $p < .01$), and capacitive repayment concentration ($r = .334$, $p < .01$) correlated with firm attractiveness. Furthermore, it also shows that firm attractiveness highly correlated with fundraising success ($r = .772$, $p < .01$).

Table 2. Summary Statistics

	GCF	CSC	CRC	FA	FS
Mean	4.200	4.092	3.919	3.924	4.038
S.D.	.967	.532	.591	.570	.577
Good Characteristic Focus GCF	1	.475**	.392**	.212*	.203*
		.000	.000	.021	.028
Capital Structure Controls	.475**	1	.702**	.296**	.186*

Published by: The Mattingley Publishing Co., Inc.

March - April 2020
ISSN: 0193-4120 Page No. 9161 - 9174

CSC	.000		.000	.001	.044
Capacitive Repayment Concentration CRC	.392** .000	.702** .000	1	.334** .000	.212* .021
Firm Attractiveness FA	.212* .021	.296** .001	.334** .000	1	.772** .000
Fundraising Success FS	.203* .028	.186* .044	.212* .021	.772** .000	1

Simple Regression Analysis

As mention earlier, researcher employed the simple regression analyses to test the hypotheses. Firstly, a researcher conducted simple regression analyses by comparing firm attractiveness with good characteristic focus as shown in Table 3. Regard to Model 1, the regression result shows that firm attractiveness's standardized coefficient is significant and positive ($\beta 1 = .212$, $p < .05$). The results offer an exhibition that a firm which has good characteristic focus positively influences firm attractiveness as Hypotheses 1a. To further test the hypotheses two, researcher replace good characteristic focus with capital structure controls as Model 2. The results of the regressions present that capital structure controls also positively related to firm attractiveness ($\beta 2 = .296$, $p < .01$), which it provides evidence in support of Hypothesis 1b. Additionally, the regression as shown by Model 3 in Table 3 also reveals that capacitive repayment concentration has significantly positive relationship with firm attractiveness ($\beta 3 = .334$, $p < .01$) which support Hypothesis 1c.

In addition, researcher found the significant interaction of fundraising success with firm attractiveness ($\beta 4 = .772$, $p < .01$) as shown by Model 4 in Table 3, this finding support Hypotheses 2. The model manifest high R-squared value of .596 which indicate the high percentage of variance in fundraising success that explained by the predictors.

Table 3. The standardization of coefficient value from simple regression analysis of fundraising success

	Good Characteristic Focus: GCF	**Capital Structure Controls: CSC**	**Capacitive Repayment Concentration: CRC**	**Firm Attractiveness: FA**
	Model 1.	**Model 2.**	**Model 3.**	**Model 4.**
Constant	3.592	3.007	2.561	0.843
Firm attractiveness: FA	.212 .021*	.296 .001*	0.334 0.000*	- -
Fundraising Success: FS	- -	- -	- -	0.772 0.000*
R-Squared **N**	.045 118	.080 118	.112 118	.596 118

V. DISCUSSION

In this research, a researcher represented to develop the understanding of how a firm can apply credit rating providence in the critical IPO processes. Even though the SEC allows a firm to prepare their strong financial position only a few years under the IPO process, however, a firm would have to provide its strong financial history for long time before getting into IPO markets. These findings are also corresponding to prior studies that have disclosed that the relative impact of credit rating providence obtaining other financial resources (Deb and

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Marisetty, 2010). Although the past studies have relied either the relationships of credit rating, this research have actually been able to link a credit rating providence to firm fundraising success through firm attractiveness. As expected, a researcher found that a good characteristic of team management, a suitable portion of capital structure, and an on-time benefit of capacitive repayment could positively influence financial capital encouragement before and during IPOs processes. This finding implies that a firm's fundraising success should have strong characteristic management team, strong leverage of capital structure, and strong of responsibility and capacity in repayment for funder's benefits. Finally, the application of signaling theory into the phenomena of credit rating providence (Vismara, 2016), this research offers evidence in supporting of the signaling function through credit rating grade that could yield significant benefits for businesses and add value into the emerging literature in various use of credit rating grade that has concentrated on trust and funder relationship management.

VI. CONCLUSION

In summary, financial fundraising during IPO processes could be critical procedure to a firm's sustainability and performance. This research, a researcher offers knowledge regarding the relationship between credit rating providence and fundraising success. This finding suggests that IPOs firms' managers require to understand the creativity of good characteristic in leader team management to earn a higher credit rating grade that it will signal an investor's attraction to funding a firm. Furthermore, we also found that a suitability of capital structure also influences a firm's fundraising through firm attractiveness as well as a capacitive repayment of a funder's benefits. All these factors will reflect a firm's trust through a credit rating grade that it will finally cause the success in fundraising in IPOs process. Hopefully, this manuscript will be benefit and offer to an ongoing discussion on utilizing new way of credit rating creation before and during a firm's IPO processes.

ACKNOWLEDGMENT

A researcher would like to express myself and thankful to those who have given a helping hand to the accomplishment of my research. Many thanks go to the executives of IPOs company in Thailand who kindly provided the primary data and to the administrator of Mahasarakham Business School, Mahasarakham University, for the financial support throughout the period of my research. I also would like to express my deepest gratitude and thanks to my parents, Mr.Vittaya and Mrs.DommaKaewmungkoon who have always seen the importance of education and research. My parents have supported me to become a good and highly educated person, and also have inspired and generated the opportunities for my research.

Importantly, I am deeply indebted to family, especially my father, who always dedicates his life to encourage me to become better and better researcher; my mother, my brother, and my sister who always show support, concern, and care; and hearten me when I feel weary and discouraged. They lent their hands to deal with my obstacles until I had finished this research. All in all, I hope my research will be available for many reasons.

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March - April 2020
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