

The Roles of Investment Prospect, Trust and Confidence toward Investors' Willingness to Buy in Market Uncertainty

I Gede Nyoman Yetna, Firmanzah, Rizal Edy Halim,
Harris Turino Kurniawan

*Faculty of Economics and Business, University of Indonesia
igede.nyomanyetna@gmail.com*

ABSTRACT

Investors look for companies that demonstrates promising prospect and increasing growth, to ensure they can obtain a high return from their investments. This study aims to explore investors sentiment on Pre-IPO stage on uncertainty situation when they make investment decisions. The investors perceive the Pre-IPO company as an “investment package” with a promising growth profile. The lucrative potential for the firms will influence investors' decision-making process. Data gathered from institutional investors as respondents are analyzed by CB-SEM and processed by LISREL software. There are 6 hypotheses tested, which 5 of the hypotheses were accepted. The result of the study is the more prospective the company, the more it gains trust and confidence of investors to invest. Depending solely on Investors' Trust is not pretty strong to influence investors to participate, therefore it should be amplified by boosting their confidence. Hence, establishing trust and confidence simultaneously are essential on attracting investors willingness to buy.

JEL Classifications: E44, G24, G23, G41

Keywords: investment prospect, investors' trust and investors' confidence, investors' willingness to buy, Pre-IPO, market uncertainty

I. INTRODUCTION

The financial market as part of a financial system has demonstrated the essential role to the economy which can be seen from its contribution in providing funds to companies by issuing financial instruments such as stocks as part of equity instruments. When the company offers its share to the public for the first time, it asserted that the firm does Initial Public Offering or IPO (Drake and Fabozzi, 2010). Raising funds from capital market by conducting IPO is perceived as the most favorable source of funding for a firm, due to its flexibility and low cost of capital (Ernst and Young, 2014). The IPO event brings access for the company to gain abundant financial resources, thus a venture is able to finance growth or to fulfil its current obligations (Brau and Fawcett, 2006; Pagano et al., 1998). Acknowledging successful IPO is really crucial to fulfil companies need of growing, thus the IPO process should be successfully conducted.

On the context of IPO process, there are three stages such as: 1) Pre-IPO; 2) IPO and 3) Post IPO. It is recognized that certain firm will send its informative signals about company future prospect on the Pre-IPO stage especially when a firm and its underwriters conduct roadshow as part of marketing strategy to attract initial willingness of investors. Moreover, roadshow is the period which is known as “official launch” of IPO (Mandiri, 2017). The underwriter and management of company conduct roadshow in order to share and educate potential investors about prospect of company going forward. Moreover, the firm and underwriters will have feedback from market regarding the willingness to buy on certain Pre-IPO company (Benveniste and Spindt, 1989).

When investors process information about Pre-IPO firm, they attempt to get the signals whether the company has a bright future prospect as a potential investment opportunity (Connelly et al., 2011). This notion is amplified by other scholars who convey that potential investor assess quality the Pre-IPO companies depend on a subjective probability of assumption of future success. This valuation is affected by positive and negatives signals symbolized by firm and non-firm characteristics (Owen-Smith et al., 2015). Furthermore, consideration of the investment on the Pre-IPO companies lies on their prospect in the future. On the eyes of potential investors, Pre-IPO companies should offer a strong equity growth story which contains of their future prospect and potential growth (Ernst and Young, 2014). When the investors are investing on certain companies, they are ensuring whether their investments have a prospect in the future as an “investment package” which have lucrative probability growth profile (Price Waterhouse Coopers, 2016).

Furthermore, a crucial aspect on Pre-IPO stage is ultimately determined by how institutional investors make their decisions to participate by demonstrating their willingness to buy offered shares. Decision making on Pre-IPO is influenced by how institutional investors trust and feel confident to invest in the prospective company. Developing trust and confidence involve levels of subjectivity. There is subjective consideration obtained by evaluating evidence in the decision process (Uggirala et al., 2004). Moreover, trust and confidence are affected by several elements such as psychological, socio-cultural and institutional factors (Felici, 2012). The Psychology perspectives study the behavior, judgment and well-being of human. Trust and confidence are really pivotal on attracting investors to invest in Pre-IPO stage. Trust and confidence come from their belief of future prospect of the firm (Rabin, 1998).

Realizing the importance step of Pre-IPO process, there is a phenomenon that the

percentage of cancellation Pre-IPO in Indonesia is pretty high comparing to other countries. According to five years data (2014-2018), there is 15% ventures cancelled their step on Pre-IPO process. The figure of IPO withdrawal in Indonesia is higher than in Europe countries and Japan consecutively 11% and 3% (Fan and Yamada, 2018). Based on the literatures, the withdrawal is prompted by some factors relating to external environment and internal organization. Meanwhile the investigations to explore the effects of external environment and internal organization as signals for investors to value the companies prospect including its elements are still underdeveloped.

Starting from March 2020 when the investigation was conducted, Indonesia capital market was encountering uncertainty condition. On the period of investigation, the capital market in Indonesia plummet to the lowest level. The Jakarta Composite Index (JCI) on March 2020 became minus 37.4%. Moreover, until the end of 2020, institutional investor trading contribution on IDX decreased almost 10%, which was 63% in 2019 to 53% in 2020. The knowledgeable investors reduced their transactions on the capital market significantly since they were encountering market uncertainty. There were at least two paramount events on Indonesia capital market during the investigation such as: 1) mega-scandal of PT Jiwasraya (Persero) or Jiwasraya case relating to miss-management of investment of state-owned insurance company; 2) moreover, another study period was pandemic Covid-19. Both events disrupted investors sentiment on Indonesia capital market. The anxiousness of investors emerged considering: the first distrust related to settlement of Jiwasraya case and the progress the epidemiological evolution including how the government could handle it; the second an unpredictability of economic outlook going forward; the third the way investors reacted regarding these condition in term of their investment plan and policy (Benigno, Canovari and Bartolomeo, 2020); finally the fourth is about the volatility index on capital market which caused negative return on the investment.

This study aims to explore investors sentiment on Pre-IPO stage on uncertainty situation when they made investment decision. This study is crucial considering few reasons such as: 1) the research on the Pre-IPO stage is still underdeveloped, the previous research is related to the IPO and post-IPO stage (Certo et al., 2009). Literally, there is no successful IPO without successful Pre-IPO phase; 2) the effects of investment prospect to decision making process is understudied (Certo et al., 2009); 3) the pivotal elements of investment prospect, decision making process are still under further study. By realizing their behavior, it is expected to have insight to increase their participation on Pre-IPO process especially in unpredictable environment. Additionally, it will decrease the number of companies withdrawing their Pre-IPO process. Capturing the signalling of willingness to buy on Pre-IPO process is really pivotal to achieve successful IPO, since there is no successful IPO without successful Pre-IPO process. This research provides theoretical contribution beneficial for theoretical contribution, the findings are distinctive and provides managerial augmentation.

II. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

A. Pre-IPO Stage

The company will send informative signals about its future prospect on the Pre-IPO stage especially when a firm and its underwriter conduct roadshow and bookbuilding. The

underwriter and the company management conduct roadshow in order to present investment opportunity and to gain feedbacks from market regarding the willingness to buy on the Pre-IPO firm (Benveniste and Spindt, 1989). Company and underwriter have several options to conduct roadshow such as domestic, international roadshow or both of them in one public offering. In this event, the CEO of the company will present the most essential part of company prospectus such as: the history of company, educational background and experience of board of director & commissionaire, historical financial & operational performance, industrial prospect of the firm, firm's competitive advantage, IPO structure including use of IPO proceed, company strategy going forward and the future performance.

The road show will continue with its sequential event namely bookbuilding. Bookbuilding is part of marketing IPO (Sherman and Titman, 2002). Furthermore, Benveniste and Spindt (1989) and Benveniste and Wilhelm (1990) describe bookbuilding process into three sages: (1) first, the underwriter considers the potential investors to be invited; (2) the chosen investors evaluate and provide the underwriter with preliminary indications of their willingness to buy; finally (3) the underwriter with Pre-IPO company assess the issue by pricing and allocating the stocks to especially to potential investors who indicate higher appetite of demand. Moreover, the underwriter builds a book solicits non-binding interest during road has aim to provide information and finally determine the final offering price, allocation of shares based on demand indication (Jenkinson and Jones, 2008; Benveniste and Busaba, 1997).

B. Institutional Investors

Since there is no definite legal framework, the terminology of "Institutional Investors" perceived all entities with distinctive goals, professionally manage instruments of financial and real assets on behalf of a multi-investors (Devis and Steil, 2001). Additionally, Institutional Investors are categorized as group of "professional clients" who obtain experiences, knowledge and expertise to produce their investment decisions and accurately value the risks. Generally institutional investors are presented by assets' professional management on behalf of the heterogeneity of individuals such as: insurance institutions, pension funds, foundations and endowments, portfolio manager, collective investment vehicles (Basile and Ferrari, 2016). Institutional investors have a strategic position on modern economy, they mobilize fund to be invested on many varieties of instruments. It is admitted that institutional investors show the essential role to flow assets worldwide in conjunction with obtaining investment opportunities at home and overseas. Based on the type of institutional investor, we can differentiate their objective, risk appetite, time horizon of investment, financial profile and management constraints as described below (Clark and Monk, 2017).

Moreover, based on regulation on Indonesia capital market, there is also terminology of Investment Manager as the type of institutional investors. Investment Manager is defined as party who has a role to manage securities or collective investment portfolios for the clients' interest including the individual or group clients. Investment Manager should have and develop certain functions, thus they are allowed to do its daily operation such as: investment and research, trading, settlement, risk management, compliance.¹ In this study, the participation of Investment Manager is quite significant around 37% form total respondent. It shows Investment Manager has a crucial role on

successful Pre-IPO in Indonesia and they are also really active to manage their portfolio to achieve their investment goals by utilizing the instrument not only from existing listed companies but also from new listed companies.

Table 1
Investment Strategies Based on the Type of Investors

Type of Institutional Investor	Goal	Risk Appetite	Time Horizon	Financial Profile	Management Constraints
Collective of investment vehicle	Optimizing returns against a reference (if any) or competitors	It depends on the risk profile	Variable time period	Daily cash flows, commonly cannot be predicted	Stringent regulatory
Pension funds	Optimizing returns for a determined level of risk	Variable based on the level of coverage and agreement	Long term	Predictable liquidity requirements depend on members' working and age	Stringent regulatory
Insurance institutions	Investment of the premiums obtained at the beginning with the goal of generating financial capabilities to meet future policy-holders claims and advantages	Medium-low	Short, medium and long period	Predictable liquidity requirements	Stringent regulatory
Foundations and endowments	Maintaining the real value of investments while invest at an appropriate rate	Variable based on the characteristics of foundations/endowments	Long term	High liquidity requirement	Less stringent

C. Market Signaling on Pre-IPO

Signaling is signs, indications or impulses, its messages or information can be transmitted from sender (insider) to receiver (outsider). Signaling occurs in the market when a person has information that the others do not have it, which is called as an asymmetric information. The prominent scholar emphasizes that the heart of signaling theory is information asymmetry (Spence, 1973). Due to the information asymmetry, Pre-IPO companies look for ways to send signals concerning their future prospect to potential investors as a potential investment opportunity (Connelly et al., 2011). Moreover, signaling sent by sender or insider causes buying or selling behavior by the parties who do not have an information. Furthermore, the scholar (Spence, 1973) emphasizes the powerful of interpreting signals comprising of observable characteristics and attributes when we should make decision under uncertainty in a particular market in which signaling occurs.

On Pre-IPO circumstances, the investors obtain less information about the firms, consequently the investors are not able to observe the firm directly making it difficult to find company's information in public. As applied to the Pre-IPO context, signaling theory advice that Pre-IPO company has more information concerning its prospects for growth and profitability comparing to other parties at the market which is developing information

asymmetry (Anderson et al., 1995; Keasey and Short, 1997; Marshall, 1998). The challenge for the IPO firm is to effectively show its values to investors to be able to consider as signals from the company's future prospect and become a potential investment opportunity eventually.

D. Hypotheses Development

1. Investment Prospect

One favorable signal of Pre-IPO companies is their prospect for going forward. Investors tend to obtain the fruitful investment with less risk. On this study, Investment Prospect is a prospect company as an "investment package" which has potential growth in the future and able to manage its risks at the same time (Bromiley et al., 2014; Ernst and Young, 2009; Price Waterhouse Coopers, 2016). Investment Prospect on this investigation consists of two elements such as: 1) Prospective of Financial Performance, which relates to the future financial performance (Agle et al., 2006; Colbert et al., 2014; Ernst and Young, 2009; Price Waterhouse Coopers, 2016); and 2) Risk Management which is defined as coordinated activities to direct and control a company with regard to risk which affects its performance (Bromiley, et al., 2014; Ernst and Young, 2014; Price Waterhouse Coopers, 2016). Hence on this investigation, Pre-IPO companies are perceived to offer an investment package to investors. Investment package is beneficial for investors when it has growth opportunity in the future and the other side the growth will be supported by managing company risks.

The promising of investment prospect is pretty essential in the financial industry. Investors have a propensity to choose the profitable and well-managed risks of Pre-IPO companies. By achieving growth and managing risks at the same time, the companies can preserve their going concern, competitiveness in the future. The trust and confidence level of investors are potentially getting higher when the Pre-IPO companies have shown their achievement on maintaining financial performance (Ernst and Young, 2009; Titman and Wessels, 1988), managing business risks (Sobel and Reding, 2004) and litigation risk & reputation (Lowry and Shu, 2002; Skinner, 1994, 1997). Additionally, investors always demonstrate their willingness to obtain the Pre-IPO companies which have a bright prospect as a potential investment opportunity (Connelly et al., 2011). Moreover, Owen-Smith et al. (2015) convey that investors assess the value of an Pre-IPO company by its probable future performance from the positive and negative signals that the firm conveys. Another finding concludes that institutional investors are more likely to invest on companies that possibly perform better in the future, and they obtain higher return. Based on the explanation, the study hypothesizes the relationship between Investment Prospect and Investors' Trust, Investors' Willingness to Buy and Investors' Confidence.

H1: Investment Prospect has a positive correlation towards Investors' Trust.

H2: Investment Prospect has a positive impact towards Investors' Willingness to Buy.

H3: Investment Prospect has a positive influence towards Investors' Confidence.

2. Institutional Investor Decision Making

Institutional investors decision making on Pre-IPO relates to Behavioral Economics

which is a new theory in economics theory that joins Economics and Psychology together (Mullainathan and Thaler, 2000). Both of these theories, Economics and Psychology study about how the human-being behaves. The Behavioral Economics uses psychological explanation and analysis for increasing explanation of economics (Camerer and Loewenstein, 2004). Economics and Psychology similarly study about human behavior. The behavior of human affected by attitudes, culture, emotions and other factors. Psychology is one of the most affluent determinants in human behavior, thus making economic behaviors limited by determinants of psychology. In general, scholars are debating about the human behavior are over influenced by emotion and cognition that plays with the decision-making process (Schwarz, 2000).

3. Investors' Trust

On Pre-IPO stage, management of company especially the CEO endeavors to attract and convince investors to invest by presenting their plan to go forward. The CEO should be able to ensure that the investors' capital will be safe and grow eventually managed by the company. On this phase, investors have a less than perfect information about the quality of the company. The investors cannot directly observe the quality and the potential of the Pre-IPO company since the company is really new or the company which has no record in the public arena. Before the company enters the public, it has a liability of market newness (Certo, 2003). Thus, it appears asymmetric information between Pre-IPO companies and its affiliated in one side and investors on the other side.

Considering of the circumstances on Pre-IPO, it is essential to realize about trust on the relationship between investors and company on this step. Trust is a psychological state consisting of the intention to accept risks based upon positive assumptions of the motives or behavior of another (Rousseau et al., 1998). Furthermore, on the previous studies trust is defined as a belief of trustors that the trustee is honest, trustworthy, benevolence and the trustee will perform their commitment, hence the trustor will obtain a positive results in the future (Nielson, 1998; Crosby et al., 1990). Castoaldo (2002) investigates the definition of trust by exploring on the usage of this terminology. He summarizes the definition of trust lays on five inter-connected parts such as: 1) the construct: a belief (an attitude), expectation, willingness; 2) the trustee: someone or institution that is given responsibility for managing something through a trust; 3) actions or behaviors; 4) the outputs of behavior, trustee's actions are assumed to be positive for trustor; 5) The risk and uncertainty, the trustors have to admitt when they put into a situation of vulnerability. Concerning to the Pre-IPO phase, when the CEO delivers the public offering plan to investors on roadshow, thus the trust is defined as investors' belief and their positive expectation that the information delivered by Pre-IPO company is reliable and the company' CEO has a fit competencies. The elements of Investors' Trust on this research are similar with the notions from Macready et al. (2020), which concludes that trust in actor concerning actor's competence (skilled people), openness (sufficiently disclosure, providing relevant, reliable information, being honest) and care (listening to the feedbacks) (Macready et al., 2020).

Concerning the role of trust, it can be concluded that trust is a salient dimension to every single relation between parties and it determines virtually of economic exchange (Arrow, 1972). Based on research conducted in food chain it concludes consumer trust (trustworthiness of food chain actors) influences essentially to consumer confidence. The

way in which trust the actors influence confidence distinctive by actors and context (de Jonge et al., 2007). Moreover, there are few investigations relating to the financial activities, which conclude that trust facilitates companies' financing and merger and acquisition (Duarte et al., 2012; Ahern et al., 2015; Bottazzi et al., 2016), decreases firms' future cash risk (Li et al., 2017) and narrows companies' bank loan spreads (Hasan et al., 2017). Especially on the capital market, trust improves capital market willingness to participate (Guiso et al., 2004, 2008). The other study has shown that the people who are generally more trusting are more likely to participate on the stock market. In the investment industry, trust contributes more nuances than in other industries because of the uncertainty of markets (CFA Institute, 2020). According to the explanation above, the hypotheses of this investigation are:

H4: Investors' Trust has positive correlation to Investors' Confidence.

H5: Investors' Trust has positive impact to Investors' Willingness to Buy.

4. Investors' Confidence

The confidence is an internal feeling of a person about himself/herself as part of self-assurance that emerges from approval of his/her own skills, judgement and capabilities (Gill et al., 2018). Determinants of confidence in investors is rooted from their optimism, realistic expectation, enthusiasm and controllability. Moreover, confidence can be seen from the calibration or estimation of information precision. Thus, in a situation where there is uncertainty of information (information asymmetry), people with confidence generally believe that their knowledge contain more accuracy than the others (Baker and Ricciardi, 2014). Furthermore, confidence can be explained as having a superior skill and knowledge than other people. Confidence can be shown by optimistic expectation, and it can also be an outcome of illusion of control in which the decision maker trust that he or she can control the opportunity of an event (Baker, 2011). Afterwards, investor confidence is an optimistic belief that nothing bad will happen with their investment in the future. The presence of confidence makes them feel more safe because they are free from worries that their investment can go wrong (Julius et al., 2010).

Thus, making investors confidence as a critical economic and business cycle driver. When confidence is high, investors are willing to buy or invest at prevailing prices. However, when confidence is low, the confidence to take risk will fall at the same time. Finally, it leads to drop the willingness to invest (State Street Corporation, 2008). On the context of the research on Pre-IPO, Investors' Confidence is investors' belief on their skills, judgement and capabilities that companies will potentially become a profitable investment by ensuring several factors before making pre-IPO decision such as: the right market timing; the right price (valuation) and the suitable of the sizeable offering (Gill et al., 2018; Baker and Ricciardi, 2014; Baker, 2011; Julius et al., 2010; Nofsinger, 2001). Referring to the information above, the hypothesis of the research is:

H6: Investors' Confidence has positive influence to Investors' Willingness to Buy.

5. Investors' Willingness to Buy

Investors' Willingness to Buy on this context of investigation is defined as a initial

decision of institutional investors to participate or not on Pre-IPO firms. After conducting a comprehensive assessment during the Pre-IPO, this study assesses the initial level of interest of investors to invest on the Pre-IPO firms. It becomes the performance of firms which conduct Pre-IPO. It shows the early investors' appetite to the Pre-IPO companies' stocks (Loughran and Ritter, 2004). Acknowledging the signaling the willingness to buy on Pre-IPO process is pretty essential to achieve successful IPO eventually, since there is no a successful IPO without successful Pre-IPO.

III. METHOD

A. Analysis Method

The study applies Descriptive Analysis as analysis methods on this research to provide general description regarding certain issue which is being discussed. The purpose of this Descriptive Analysis is to describe the data obtained from the survey result regarding the profile of respondents (unit analysis). Moreover, this analysis is used to explain the general characteristic of the perception regarding variables employed on this study which relate to Investment Prospect and Willingness to Buy of institutional investors on Pre-IPO ambience in Indonesia capital market context.

The study also uses multivariate analysis as the application of statistical methods that simultaneously analyze multiple variables. The second-generation techniques referred to as Structural Equation Modelling (CB-SEM), which is really effective techniques to incorporate unobservable variables measured indirectly by indicator variables. They also facilitate accounting for measurement error in observed variables (Chin, 1998). Thus, this research used CB-SEM model developed based on previous research or literatures then combined into a comprehensive. This statistical method is often used by social scientists, it is called confirmatory when we are testing the hypotheses of existing theories, while we call exploratory when we are searching for latent patterns data in case there is no or only little prior knowledge on how the variables are related. Data were processed by utilizing SPSS and LISREL 8.80.

One of the issues is the determination of the sample size. Some of the studies below show various suggestions from scholars such as: 1) Bentler and Chow (1987) advice a minimum of 5 - 10 cases / observations for each estimated parameter in a research model, then for practical purpose it is simplified by Joreskog and Sorbom (1993) into a rule of thumb which is 5 - 10 cases for each indicator in a research model; 2) the minimum sample size for CB-SEM is 100 cases (Anderson and Gerbing, 1984), 150 cases (Anderson and Gerbing, 1988), or 200 cases (Bomsma, 1983); 3) through Monte Carlo simulation, explore small sample methods for evaluating overall data-model fit in structural equation modeling. They deduce that based on their findings it appears that practitioners with small to moderate sample sizes can effectively model their data and accurately assess global data-model fit using CB-SEM techniques. Even with severely non-normal data, some of the test statistics investigated here yielded strong performance with $n < 100$; some fit statistics even operated well with $n \leq 50$ subject; 4) Harrington et al. (2013) find that sample size requirements ranging from 30 (Simple CFA with four indicators and loadings around 80) up to 450 cases (mediation models) and 5) Sideridis et al. (2014) obtain that a sample size of 50-70 would be enough for a model of functional brain connectivity involving 4 latent variables.

Based on the suggestions above, it can be concluded that minimum sample size required for CB-SEM is in the range of as low as 30 cases and based on the rule of thumb is 5 – 10 cases for each indicator in the model. There are 4 latent variables in this research model, so the minimum sample size required is $10 \times 4 = 40$ units of analysis. Anticipating the response rate will be unfavorable, the author increases the sample size more than the minimum sample obtained as the formula above, thus samples which are picked 67 samples.

This research uses primary data that were gathered by conducting field survey from March to August 2020. Moreover, data collection used online questionnaire which is sent to respondents via their email addresses. Each respondent receives e-mail containing on-line questionnaire's link and also the guidance. Respondents who have already filled the questionnaires are recorded on cloud database, ensuring we can monitor directly the progress of accomplishment of survey on-time basis. In case, we find the respondents who do not fill the questionnaires completely, the respondents will directly be contacted by phone call or by sending email in order to fill the questionnaires properly. Furthermore, if it is needed, the respondents are allowed to ask to meet the researcher face-to-face in order to have clarification, afterwards the respondent is asked to fill the on-line survey. The questionnaires are disseminated to the respondents by using Limesurvey. Barcode and link are provided, thus the respondents could fill the questionnaire faster and the result could be processed straightaway.

B. Respondent and Sample Characteristics

The study is applied in Indonesia capital market context, especially on the Pre-IPO level. Survey is disseminated in five institution investors such as: Investment Manager, Pension Fund, Insurance, Brokerage Firms and Other (Private Equity, Property Corp). The author assumes the institutional investors are homogeneous on this observation. Moreover, the research analysis unit focuses on the managerial level of the Institutional Investors who have a role to recommend the investment decision on the Pre-IPO stage. There are several terminology of the one who has a role to propose investment recommendation on Pre-IPO context based on their organizational structure, such as: Fund Manager, Head of Analyst of Capital Market, Manager of Portfolio Investment.

Based on the preliminary survey, the one who has a duty to recommend the investment participation is mid-level managerial as the author mentions above and it is approved by Chief of Investment Officer (CIO). Thus, the unit analysis will be at least a manager level of Institutional Investor who has role to propose recommendation to the company to participate or not on the Pre-IPO. This study proposes at least mid-level-managerial to participate, since they are competent on their role as investment expert with related background and experiences to certain industry or investment field.

Each company will be represented by one representative. This study applies a non probability sampling that conforms to certain criteria which is called purposive sampling. Based on Sekaran and Bougie (2016), purposive sampling is confined to specific types of people who can provide the desired information, either because they are the only ones who have it, or they conform to some criteria set by the researcher.

C. Measurement

This study has 4 latent variables, 8 dimensions and 65 indicators. The four variables are: Investment Prospect, Investors' Trust, Investors' Confidence and Investors' Willingness to Buy. Every single variable is measured by its indicators as operationalization variables. In this study, Investment Prospect is measured by two dimensions and 20 indicators, which are adopted from few sources (Bromiley et al., 2014; Ernst and Young, 2009; Price Waterhouse Coopers, 2016; OJK rule no: 8/POJK.04/2017). The second variable, Investors' Trust is assessed by 2 attributes and 17 indicators which refer to some sources (Rousseau et al., 1998; Gambetta, 1988; Guiso et al., 2008; Rousseau et al., 1998; Oxford, 2012, Silva et al., 2012; Poortinga and Pidgeon, 2003; de Jonge et al., 2007).

Furthermore, the third variable is Investors' Confidence, which is measured by 3 attributes and 21 indicators based on several literatures (Gill et al., 2018; Baker and Ricciardi, 2014; Baker, 2011; Julius et al., 2010; Nofsinger, 2001). Finally, the fourth variable is Investors' Willingness to Buy, which is valued by 7 indicators (Loughran and Ritter, 2004 and modification by having feedbacks from experts). Based on the explanation above, on Figure 1 it is presented regarding the research model, additionally on Table 2 it is described concerning variables used, definition and its operationalization variables.

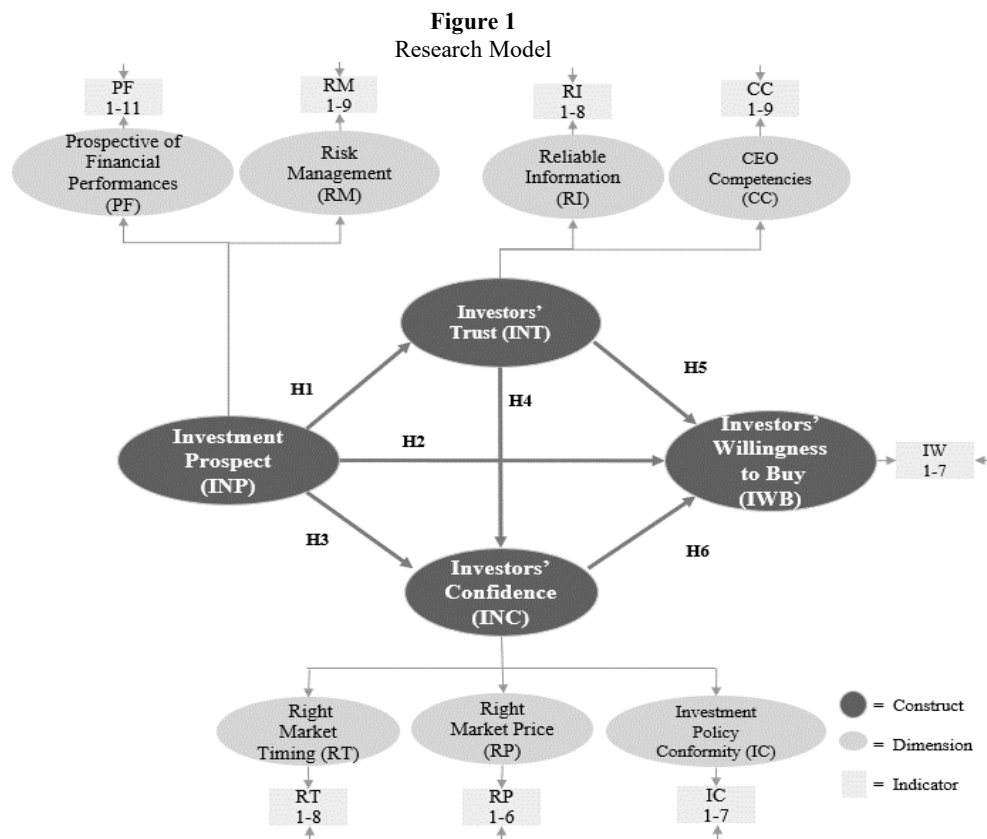


Table 2
Main Operational Variables

No	Variables	Definition	Operationalization	Reference
1	Investment Prospect	Prospect of company as an investment package which has potential growth in the future and able to manage risks	It contains of 2 dimensions and 20 indicators which values Investment Prospect which depicted from the Prospective of Financial Performance and its Risk Management	Bromiley et al., 2014; Ernst and Young, 2009; Price Waterhouse Coopers, 2016; OJK rule no: 8/POJK.04/2017
2	Investors' Trust	Investors' Trust is investors' belief and their positive expectation, that: - the information delivered by Pre-IPO company is reliable and - the Pre-IPO company CEO has fit competencies	It consists of 2 attributes and 17 indicators which measure investors' trust by using: Reliable Information and CEO Competencies	Rousseau et al., 1998; Gambetta, 1988; Guiso et al., 2008; Oxford, 2012, Silva et al., 2012; Poortinga and Pidgeon, 2003; de Jonge et al., 2007
3	Investors' Confidence	Investors' Confidence is investors' belief on their skills, judgement and capabilities that Pre-IPO companies will be a profitable investment in the future by ensuring several things before make pre-IPO decision such as: - the right market timing; - the right price (valuation) and - their investment policy such as: sizeable and liquid offering structure.	It consists of 3 attributes and 21 indicators which measure investors' confidence by using: Right Market Timing, Right Market Price and Investment Policy Conformity.	Gill et al., 2018; Baker and Ricciardi, 2014; Baker, 2011; Julius et al., 2010; Nofsinger, 2001
4	Investors' Willingness to Buy	Initial of investors participation on Pre-IPO process which shows the performance of Pre-IPO itself.	It consists of 7 indicators which assess early investors' appetite to the Pre-IPO companies' stocks.	Loughran and Ritter, 2004 and modification by having feedbacks from experts

IV. DATA ANALYSIS

There are 114 institutional investors involved, 67 institutional investors responded, hence the response rate is around 60%. The institutional investors are categorized based on the type of company such as: Other (Private Equity, Property Corp) 48%, Investment Manager 37%, Brokerage Firm and Insurance respectively 6% and Pension Funds 3%, as depicted on Figure 2. Based on their capital ownership, it describes on Figure 3 that 78% of them is majority owned by domestic (Indonesian) while the rest of them 22% is majority owned by foreigners. Moreover, the level of respondents are dominated by director level which is 56% and manager level which is 46%, as describes on Table 3 Position of Respondents. Additionally, 69% of them are bellow of 46 years, it means, the investigation is dominated by younger-productive respondents, as describes on Table 4 Ages of Respondents.

Figure 2
Type of Company

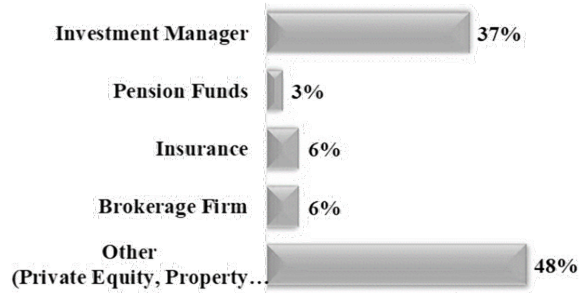


Figure 3
Capital Ownership

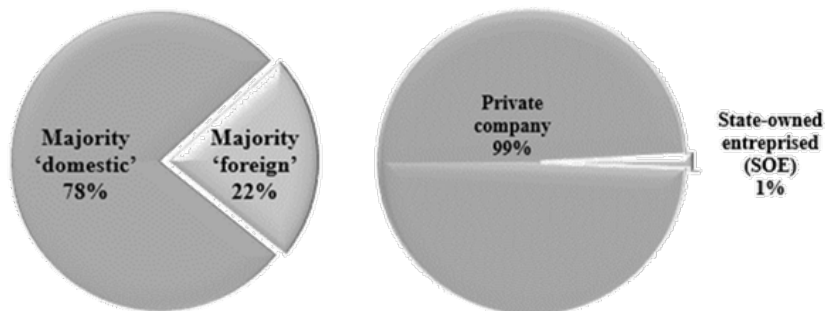


Table 3

Position of Respondents

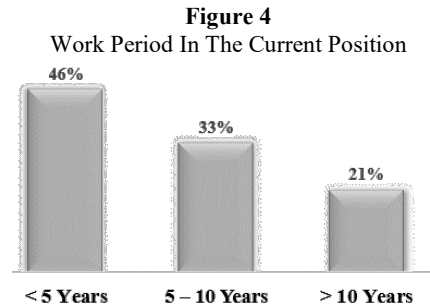
Position	Frequency	%
Director	36	56%
Manager (Head of Investment, Fund Manager, Portfolio Manager, Finance Manager)	31	46%

Table 4

Ages of Respondents

Ages	Frequency	%
25 – 35 Years Old	22	33%
36 – 45 Years Old	24	36%
46 – 55 Years Old	18	27%
≥ 55 Years Old	3	4%

On Figure 4, It shows that 21% of respondents have had working experience more than 10 years in the current position, while 33% has experience during 5-10 years and the rest is 46% of them have had experience in current position less than 5 years. We can conclude that almost 54% of respondents has had experience in current position more than 5 years, it is dominated the total respondents.



Regarding gender of respondents, we can see from Table 5 Gender of Respondents, that 87% of respondent is male and the rest of them which is 13% female. We may conclude that male dominates the respondents of the research. Education of Respondents are depicted on Table 6 Last Education of Respondents, which is the most of them are undergraduate students 64%, graduate student is 24%, diploma is 10% and the rest is post graduate 1%. We can conclude that all of the respondents is educated persons, who has sufficient education background to answer each of questions on the questionnaire. Moreover, concerning the respondents' education background, we can portray that Management background dominated the respondents which is 52%, and then Accounting, Engineering and Other consecutively 21%, 19% and 7% as we can see from Table 7 Educational Background, generally the educational background tend to influence their investment decision. The parties who have an Accounting background tend to be more conservative to make investment decision compare to others educational background. They are more interested on financial figures (historical and prospective financial performance).

Table 5
Gender of Respondents

Gender	Frequency	%
Male	58	87%
Female	9	13%

Table 6
Last Education of Respondents

Last Education	Frequency	%
Diploma 3/Associate Degree	7	10%
Undergraduate	43	64%
Graduate	16	24%
Post Graduate	1	1%

Table 7
Educational Background

Education Background	Frequency	%
Accounting	14	21%
Management	35	52%
Law	-	-
Engineering	13	19%
Other	5	7%

Table 8 Descriptive Statistic shows that Investors' Trust (INT) has the highest mean and the lowest standard deviation. It means that the respondents tend to trust the Pre-IPO companies, moreover the respondents have almost less discrepancy on scoring this latent variable. Latent variable Investors' Trust contains of 2 dimensions which are reliability of data & information and CEOs' Competencies. Contradictory, Investors' Willingness to Buy (IWB) has the lowest mean among latent variable and the highest standard deviation. The investors participation on Pre-IPO are low and relatively different for each respondents on scoring the initial decision to participate on Pre-IPO investment. All variable is positively related to each other, which has significant level at the 0.01 level. Investors' Willingness to Buy (IWB), as the variable focused on in this study, has a correlation coefficient more than 0.50 with all other variables. It means that IWB has strong correlation with all latent variables.

The validity of items in the first order measurement model can be considered good, due to 64 of 65 items having a standardized factor loading (SFL) larger or equal to 0.5 (Wijanto 2008), as shown in Table 11 The Result of 1st Order Measurement Model Analysis. One indicator had SFL < 0.5 which measured inability to run the Business Model offered optimally. Afterwards, the author removed the indicator and re-run test validity. The final result shows that all indicator has SFL > 0.5, which means that indicators have good validity. In the second order measurement model, all of 8 dimensions have an SFL larger than 0.5, and then are considered valid to represent the corresponding variables (see Table 9 The Result of 2nd Order Measurement Model Analysis).

Table 8
Descriptive Statistic

Latent Variable**	Mean	Std Deviation	Correlation*			
			INP	INT	INC	IWB
INP	4.730	0.915	1	0.915*	0.915*	0.842*
INT	4.847	0.883	0.915*	1	0.852*	0.811*
INC	4.470	1.040	0.915*	0.852*	1	0.915*
IWB	4.414	1.270	0.842*	0.811*	0.915*	1

**INP = Investment Prospect; INT = Investors' Trust; INC = Investors' Confidence; IWB = Investors' Willingness to Buy

Table 9
The Result of 2nd Order Measurement Model Analysis (Construct Level)

Latent Variable	Dimensions	SFL	CR VE	NCS P-Value RMSEA	GFI CFI RFI
Investment Prospect	Prospective of Financial Performances (PF)	0.93	0.97		
	Risk Management (RM)	1.00	0.93		
Investors' Trust	Reliable Information (RI)	0.96	0.94		
	CEO Competencies (CC)	0.93	0.89	0.00	0.92
Investors' Confidence	Right Market Timing (RT)	0.93	0.96	1.00	1.00
	Right Price (RP)	0.94	0.89	0.00	1.00
Investors' Willingness to Buy	Investment Policy Conformity (IC)	0.96			
	Investors' Willingness to Buy (IW)	1.00	1.00		

SFL = Standardized Factor Loading; CR = Construct Reliability; VE = Variance Extracted; NCS = normed chisquare; P Value = Sig. value in SPSS Output; RMSEA = Root Mean Square Error of Approximation; GFI = Goodness of Fit Index; CFI = Comparative Fit Index; RFI = Relative Fit Index

The reliability of measurement items and dimensions can also be considered good. In the first order measurement model, all groups of items have a construct reliability (CR) larger or equal to 0.7, and a variance extracted (VE) larger or equal to 0.5 (Wijanto 2008) as shown in Table 11. Similar results are found in the second order measurement model, as shown in Table 9.

Table 10
Comparison of Hypotheses Test Results

	Hypotheses	Path Coefficient	t-Value	Conclusion
H1	Investment Prospect → Investors' Trust	1.00	16.39	Accepted
H2	Investment Prospect → Investors' Willingness to Buy	0.26	2.48	Accepted
H3	Investment Prospect → Investors' Confidence	0.50	5.17	Accepted
H4	Investors' Trust → Investors' Confidence	0.50	5.43	Accepted
H5	Investors' Trust → Investors' Willingness to Buy	-0.10	-1.01	Rejected
H6	Investors' Confidence → Investors' Willingness to Buy	0.73	7.44	Accepted

Figure 5
Structural Model

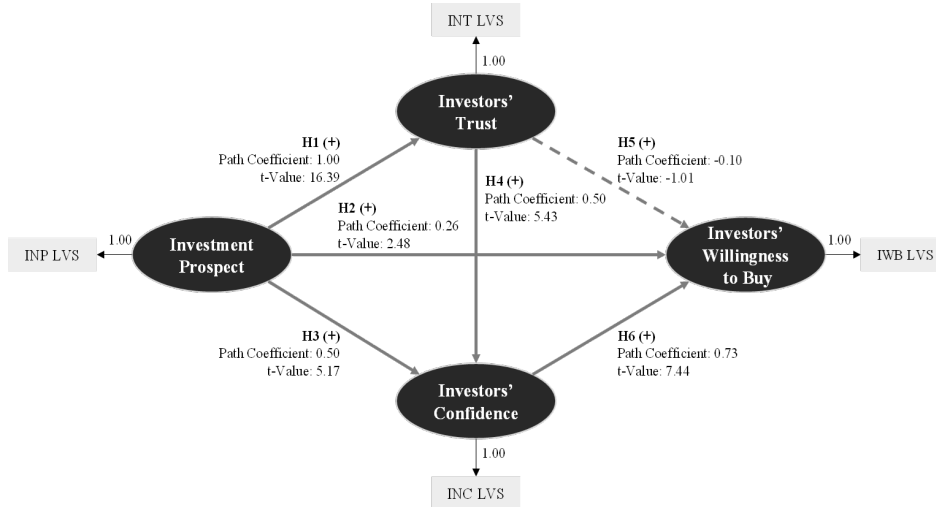


Table 11
The Result of 1st Order Measurement Model Analysis

Dimension	Measurement Item	SFL	CR	NCS	GFI
			VE	P-Value	CFI
Investment Prospect					
	Targeted dividend pay-out ratio	0.65			
	Debt to Equity Ratio (DER) targeted	0.83			
Prospective of Financial Performances (PF)	Targeted Cash and Cash Equivalents (future cash flow)	0.91			
	Earnings per Share (EPS) growth	0.90	0.98	0.00	0.63
	Growth of Sales	0.88	0.79	1.00	1.00
	Growth Earnings Before Interest and Tax (EBITDA)	0.88		0.00	1.00
	Return on Equity (ROE) growth	0.94			
	Return on Asset (ROA) growth	0.94			

Dimension	Measurement Item	SFL	CR VE	NCS P-Value RMSEA	GFI CFI RFI
	Return on Investment (ROI) growth	0.98			
	Income from Operation growth	0.93			
	Net Profit Growth	0.92			
	Currency exchange fluctuations	0.82			
	The amount and composition of healthy debt	0.86			
	Availability of Cash and Cash Equivalents	0.96			
	Legal aspects / law	0.90			
	Regulatory Changes	0.83	0.96	0.00	0.80
	Guaranteed availability / supply of raw materials	0.77	0.73	1.00	1.00
	Technological developments and advances that have an impact on Company Performance	0.81		0.00	1.00
	Guaranteed availability of qualified workforce	0.86			
	Fulfilment of applicable industry rules / regulations	0.88			
Investors' Trust					
	Consistency of data and information used	0.92			
	Accuracy of data and information used	0.92			
	Reference data used come from credible institutions	0.91			
	Data and information are presented in accordance with applicable Standards	0.93	0.97	0.00	0.83
	Updated data used	0.88	0.83	1.00	1.00
	Use reasonable assumptions	0.90		0.00	1.00
	Determination of achievable targets	0.90			
	Completeness of information disclosure	0.92			
	Comprehensive understanding of the company's operational activities	0.94			
	Understanding of the Industry / Sector in which the company carries out business activities	0.96			
	The ability to determine the company's policy direction going forward (visionary capability)	0.95	0.98	0.00	0.75
	Understanding the implementation of ESG (Environmental, Social, and Governance)	0.87	0.84	1.00	1.00
	Understanding of the Rules / Regulations in force	0.90		0.00	1.00
	An understanding of good risk management	0.88			
	Confidence when making a presentation (confident level)	0.90			
	The ability to convey arguments convincingly	0.92			
	Inability to run the Business Model offered optimally	0.13			
Investors' Confidence					
	Global macroeconomic conditions	0.90			
	Domestic economic conditions	0.90			
	Performance industry in which the company carries out business activities	0.87			
	Trend of stock price index movements in related regional exchanges	0.93	0.97	0.00	0.58
	Trend of stock price index (IHSG) movements on the Indonesia Stock Exchange	0.92	0.81	1.00	1.00
	The direction of the Company's investment policy	0.89		0.00	1.00
	Placement Policy / Investment portfolio allocation	0.91			

Dimension	Measurement Item	SFL	CR VE	NCS P-Value RMSEA	GFI CFI RFI
	Return on investment products in the Capital Market, especially stocks	0.88			
	Comparison of the price range of shares offered with the valuation results	0.92			
	Comparison between the price range of shares offered and the price of peer shares in the sector	0.93			
Right Price (RP)	The price range level is the "consensus" of other institutional investors	0.90	0.95 0.78	0.00 1.00	0.89 1.00
	The value of the percentage discount on the stock price compared to the fair value	0.90		0.00	1.00
	The initial participation of the anchor investors	0.77			
	The initial level of participation from other institutional investors, both foreign and local	0.86			
	Type of industry / sector in which the company carries out business activities	0.83			
	Amount of company assets owned	0.89			
Investment Policy Conformity (IC)	Parties who are controlling shareholders of the company (e.g., Government, Specific Entrepreneurs)	0.85	0.96 0.79	0.00 1.00	0.83 1.00
	Number of shares offered to the public (free float)	0.90		0.00	1.00
	The planned IPO proceed value is obtained	0.94			
	Size of market capitalization	0.93			
	Commitment to implementing Environmental, Social and Governance (ESG)	0.87			
Investors' Willingness to Buy					
	Early booking plan	0.89			
	The plan conveys the highest bid price of the offered price range	0.91			
Investors' Willingness to Buy (IW)	Place an order for the maximum number of shares of the Weighted Portfolio owned	0.94	0.97 0.82	0.00 1.00	0.77 1.00
	Make a stock order from the maximum placement allocation that is still available	0.95		0.00	1.00
	Recommend to other institutional investors to order	0.91			
	Place an order with your own funds as a retail investor	0.89			
	Recommend reservations to other retail investors	0.86			

SFL = Standardized Factor Loading; CR = Construct Reliability; VE = Variance Extracted; NCS = normed chisquare; P-Value = Sig. value in SPSS Output; RMSEA = Root Mean Square Error of Approximation; GFI = Goodness of Fit Index; CFI = Comparative Fit Index; RFI = Relative Fit Index

V. DISCUSSION

The aim of this study is to obtain insights to be able to achieve a successful Pre-IPO on uncertainty market. The distinctive of the study is the research conducted when mega scandal on Indonesia capital market and covid-19 pandemic depressed investor confidence, hence the results are pretty beneficial to portray investors sentiment on creating their investment decision on unfavorable condition. This findings are really valuable for both theoretical and also managerial implications.

In order to achieve a successful IPO, it needs to acknowledge the signals from

investors on Pre-IPO stage, the early stage of public offering process. On this study, a Willingness to Buy is the performance to define of successful Pre-IPO. The investigation on Pre-IPO stage is rarely found on the previous studies. Previous research studies are about IPO performance and Post-IPO performance (Certo et al., 2009) instead of Pre-IPO achievements. Pre-IPO stage is the most pivotal part compares to the other IPO stages. On this stage, a firm sends its signal to the investors in order to gain their willingness to participate on the offering. The responses of potential investors on the Pre-IPO will be as a consideration of a firm and its underwriter to make decision whether to continue the IPO process or postpone it based on the signal of investors' participation especially in uncertainty environment (Busaba et al., 2001). A successful IPO comes from a successful on the Pre-IPO stage.

This study finds that on uncertainty market, trust and confidence level of investors are essential to be preserved, by showing positive signals from Pre-IPO companies. Based on the result of the study, they tend to invest on the companies which have financial growth (Titman and Wessels, 1988; Ernst and Young, 2009; Connelly et al., 2011) and also have a strong risk management (Lowry and Shu, 2002; Skinner, 1994, 1997). The investors prefer the companies to be able to manage legal risk and liquidity risk than financial growth. Literally, investors pay more attention on the risk management over potential financial return on uncertainty circumstances when the possibility of legal and liquidity risk are getting higher on the business.

Considering that uncertainty market potentially triggers distrust of investors to the market stability, propensity of investors to sell their portfolios to the market, raising stock market volatility, hence the positive psychological effect of investors needs to improve. On this situation, investors require both prospective Pre-IPO companies and conducive psychological ambience of investors to enhance their willingness to invest. Relating to the psychological effect, the result of the study also shows that trust of investors is affected by competencies of CEO of Pre-IPO company and reliability of information presented. On ambiguity circumstances, actually the investors more trust the company which presents trusted information and led by the CEO who understands the industry in which the company carries out business activities, has an ability to determine the company's policy direction going forward, has the ability to convey arguments convincingly (Hambrick and Mason, 1984; D'Aveni and Kesner, 1993; Sherman, 2002; Macready et al., 2020).

Based on the the hypotheses test results (Table 10. Comparison of Hypotheses Test Results), the other finding of this study is that Investors' Trust does not directly improve Willingness to Buy. It means, the trust of investors of Pre-IPO companies should be amplified by their confidence before deciding the investment participation. On ambivalence situation, the investors need both their trust and confidence to strengthen their decision to invest on Pre-IPO companies.

Moreover, especially on the investors perception point of view, the investors feel more confident to invest when Pre-IPO companies offer: 1) sizeable Pre-IPO structure (market capitalization, proceed, public float), 2) right market price compares to its peer and 3) right market timing such as: trend stock price index domestic & regional, global & domestic of economy condition (Lowry and Shu, 2002; Ritter and Welch, 2002; Bukalaska and Golec, 2016; Lowry and Schwert, 2002). The most influential indicator that influences investors' confidence on uncertainty ambience is its offering structures, which is required a sizeable-offering structure in order to ensure their liquidity on the

market. The institutional investors which usually have long term investment horizon, literally they change their investment horizon become the myopic objective. They tend to invest on short period perspective, hence the sizeable offering structure will ensure the liquidity on the market. By considering this condition, institutional investors will have a flexibility to quit to the market quickly, anytime they need to do so.

From the perspective of managerial, it is really beneficial for management and owner of Pre-IPO companies to acknowledge regarding the expectation of investors to the Pre-IPO companies in order to boost Willingness to Buy investors (a successful Pre-IPO) especially on the uncertainty condition as the authors such as: 1) investors have a perception that Per-IPO investment is investment package, they need to obtain a prospective investment which have favorable growth eventually. A Prospective Investment shows from its financial growth opportunity and its capability to manage the risks both legal risks and liquidity risks; 2) Trust of investors is really essential, the companies are required to appoint a competent CEO who have: a visionary capability, a great understanding of its operation & industry in which the company carries out business and also the communication skills in order to convince the investors. Moreover, the companies should pay more attention to reliability of information presented in order to ensure the investors that the plan and the target are reasonable and achievable; 3) The other psychological ambience of investors that should be aware of the Investors Confidence. In order to boost investors confidence, the company should acknowledge the right timing of Pre-IPO, determine a right price and the most pivotal is about sizeable-offering structure to ensure the liquidity will be preserved.

The study has few limitation such as : 1) this research is conducted during the pandemic Covid-19 and mega scandal Jiwasraya happened on the capital market . The size of offering of companies at that time are relatively smaller than previous period in term of their proceed, market capitalization and also number of shares offered to the public. The size or scale of Pre-IPO companies which went to “public arena” are relatively decreasing significantly; 2) the second of limitation is limitation number of respondents involved. There are 67 respondents (institutional investors). The involvement of institutional investors on Pre-IPO process on the investigation were relatively decreasing essentially. Institutional investors tended to be “wait and see”, they were not highly engaging considering the market uncertainty. The engagement of institutional investors was lower than retail investors who dominated to participate on Pre-IPO process.

Regarding the future research, investigating institutional investors perspective concerning willingness to buy start-up companies and e-commerce which is emerging in Indonesia capital market nowadays. In this research the author studies decision making process of institutional investors depicted Pre-IPO companies from conventional sectors. Furthermore, exploring how institutional investors depict the quality of Pre-IPO companies from start-up companies and e-commerce is recommended for future research. The e-commerce companies have different business model using technology to create innovation for their business. Moreover, the start-up firms do not have a sufficient operation period compared to the conventional ones. Hence, the start-up companies do not have a sufficient historical performances including operational and financial achievement. It will be interesting to depict the investors’ perception about start-up and e-commerce companies when they are conducting Pre-IPO process. How they are considering the distinctiveness of these companies’ characteristics before they will make

pre-investment decision.

VI. CONCLUSION AND RECOMMENDATIONS

A. Practical Implications

The research successfully studied the key variables to be able to achieve a successful Pre-IPO especially on unpredictability ambience. Considering a few characteristics of uncertainty market, literally the knowledgeable investors pay attention on the quality of Pre-IPO companies as a lucrative Investment Prospect which has potential growth and well manage their risks. The investors prefer the Pre-IPO companies more focus on managing their legal and liquidity risk overgrowth of potential return of investment. Investors acknowledge that the possibility of legal risk on this special ambience is more frequent occurrence. Moreover, in order to boost the Willingness to Buy of investors on this unfavourable situation, psychological aspects of investors require to be maintained. Pre-IPO companies are expected to appoint a competent CEO who is able to be mastering of industry in which the company carries out business activities, visionary, ability to communicate and convince people. Moreover, Investors Confidence is also essential on this situation which can be enhanced by ensuring the right timing on conducting Pre-IPO, determining the right market price and the most important is sizeable-offering structure. Actually, on this situation, the investors prefer to choose the sizeable offering in order to ensure market liquidity hence they are able to exit from market easily. Variable of Investors' Trust has a positive connection to Investors Confidence in order to enhance Investors Willingness to Buy.

B. Measurement

The study has few limitations such as: 1) this research was conducted during the pandemic Covid-19. There was also a condition that on pandemic situation, size or scale of Pre-IPO companies which went to "public arena" were relatively decreasing significantly and they were relatively small compared to the previous period. Moreover, the average of Pre-IPO proceed of the companies on the same period was relatively smaller compares to the previous ones; 2) the second limitation is the fact there is a limitation number of respondents involved. There are 67 respondents from institutional investors.

Furthermore, concerning the future research, it is advised is to investigate institutional investors perspective concerning willingness to buy to start-up companies, e-commerce, and e-tech companies. In this research the author investigate decision making process of institutional investors depicted Pre-IPO companies from conventional sectors. The e-commerce and e-tech companies have more intangible assets than conventional firms. Moreover, the start-up firms have new business model by utilizing technology to create innovation. It will be interesting to depict the investors' perception about start-up, e-commerce, and e-tech companies when they are conducting Pre-IPO process. How they are assessing the prospect of Pre-IPO companies by depicting on their distinctive characteristics before they will make pre-investment decision.

ENDNOTES

¹ OJK rules number: 24/POJK.04/2014 concerning of: Guidelines for Implementing Investment Manager Functions

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APPENDIX

Questionnaire

Roadshow with the purpose of Pre-IPO (Pre-Initial Public Offering) by PT
Tbk held on: day / date

After the board of directors, commissioners and accompanied by the underwriter made a presentation with the material as contained in the initial prospectus and proceed with questions and answers, you are expected to provide responses to the following questions:

Investment Prospect

In your opinion, in general how attractive the **company's future financial performance** is, related to:

	Not Strongly Attractive			Strongly Attractive		
Targeted dividend pay-out ratio	1	2	3	4	5	6
Debt to Equity Ratio (DER) targeted	1	2	3	4	5	6
Targeted Cash and Cash Equivalents (future cash flow)	1	2	3	4	5	6
Earning per Share (EPS) growth	1	2	3	4	5	6
Growth of Sales	1	2	3	4	5	6
Growth Earnings Before Interest and Tax (EBITDA)	1	2	3	4	5	6
Return on Equity (ROE) growth	1	2	3	4	5	6
Return on Asset (ROA) growth	1	2	3	4	5	6
Return on Investment (ROI) growth	1	2	3	4	5	6
Income from Operation growth	1	2	3	4	5	6
Net Profit Growth	1	2	3	4	5	6

In general, what do you think about the **Ability of the Company** above in **Managing Risk** related to:

	Very Poor			Very Good		
Currency exchange fluctuations	1	2	3	4	5	6
The amount and composition of healthy debt	1	2	3	4	5	6
Availability of Cash and Cash Equivalents	1	2	3	4	5	6
Legal aspects / law	1	2	3	4	5	6
Regulatory Changes	1	2	3	4	5	6
Guaranteed availability / supply of raw materials	1	2	3	4	5	6
Technological developments and advances that have an impact on Company Performance	1	2	3	4	5	6
Guaranteed availability of qualified workforce	1	2	3	4	5	6
Fulfilment of applicable industry rules / regulations	1	2	3	4	5	6

Investors' Trust

How your **Confidence Level** relates to the **Reliability of Data and Information** submitted by the Company during the Pre-IPO Roadshow related to:

	Very Low			Very High		
Consistency of data and information used	1	2	3	4	5	6
Accuracy of data and information used	1	2	3	4	5	6
Reference data used come from credible institutions	1	2	3	4	5	6
Data and information are presented in accordance with applicable Standards	1	2	3	4	5	6
Updated data used	1	2	3	4	5	6
Use reasonable assumptions	1	2	3	4	5	6
Determination of achievable targets	1	2	3	4	5	6
Completeness of information disclosure	1	2	3	4	5	6

How is **your confidence level** related to the competency of the **President Director / President Director / CEO (CEO Competencies)** during the Pre-IPO Roadshow related to:

	Very Low			Very High		
Comprehensive understanding of the company's operational activities	1	2	3	4	5	6
Understanding of the Industry / Sector in which the company carries out business activities	1	2	3	4	5	6
The ability to determine the company's policy direction going forward (visionary capability)	1	2	3	4	5	6
Understanding the implementation of ESG (Environmental, Social, and Governance)	1	2	3	4	5	6
Understanding of the Rules / Regulations in force	1	2	3	4	5	6
An understanding of good risk management	1	2	3	4	5	6
Confidence when making a presentation (confident level)	1	2	3	4	5	6
The ability to convey arguments convincingly	1	2	3	4	5	6
Inability to run the Business Model offered optimally	1	2	3	4	5	6

Investors' Confidence

In your opinion, how confident are you in the level of conformity of the Pre-IPO Plan offered by the Company above with the Investment Policy and Direction in your Company regarding the following:

	Strongly Confident			Not Strongly Confident		
Type of industry / sector in which the company carries out business activities	1	2	3	4	5	6
Amount of company assets owned	1	2	3	4	5	6
Parties who are controlling shareholders of the company (e.g., Government, Specific Entrepreneurs)	1	2	3	4	5	6
Number of shares offered to the public (free float)	1	2	3	4	5	6
The planned IPO proceed value is obtained	1	2	3	4	5	6
Size of market capitalization	1	2	3	4	5	6
Commitment to implementing Environmental, Social and Governance (ESG)	1	2	3	4	5	6

In your opinion, how confident are you in the suitability of the Public Offering Pricing Plan for the shares offered by the Company above, in relation to the following matters:

	Strongly Confident			Not Strongly Confident		
Comparison of the price range of shares offered with the valuation results	1	2	3	4	5	6
Comparison between the price range of shares offered and the price of peer shares in the sector	1	2	3	4	5	6
The price range level is the "consensus" of other institutional investors	1	2	3	4	5	6
The value of the percentage discount on the stock price compared to the fair value	1	2	3	4	5	6
The initial participation of the anchor investors	1	2	3	4	5	6
The initial level of participation from other institutional investors, both foreign and local	1	2	3	4	5	6

In your opinion, how confident are you in Market Timing for the Pre-IPO implementation of the above companies regarding the following:

	Strongly Confident			Not Strongly Confident		
Global macroeconomic conditions	1	2	3	4	5	6
Domestic economic conditions	1	2	3	4	5	6
Performance industry in which the company carries out business activities	1	2	3	4	5	6
Trend of stock price index movements in related regional exchanges	1	2	3	4	5	6
Trend of stock price index (IHSG) movements on the Indonesia Stock Exchange	1	2	3	4	5	6
The direction of the Company's investment policy	1	2	3	4	5	6
Placement Policy / Investment portfolio allocation	1	2	3	4	5	6
Return on investment products in the Capital Market,	1	2	3	4	5	6

	Strongly Confident			Not Strongly Confident		
especially stocks						

Investors' *Willingness to Buy*

After conducting a comprehensive assessment during the Pre-IPO Roadshow, how did your **Initial Level of Interest** to apply for or invest in the Company above related to:

	Very Low			Very High		
	1	2	3	4	5	6
Early booking plan	1	2	3	4	5	6
The plan conveys the highest bid price of the offered price range	1	2	3	4	5	6
Place an order for the maximum number of shares of the Weighted Portfolio owned	1	2	3	4	5	6
Make a stock order from the maximum placement allocation that is still available	1	2	3	4	5	6
Recommend to other institutional investors to order	1	2	3	4	5	6
Place an order with your own funds as a retail investor	1	2	3	4	5	6
Recommend reservations to other retail investors	1	2	3	4	5	6