A strategic decision for growth, financing and survival of Small and Medium Family Businesses: Going Public in an Alternative Stock Market (MAB)

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INTRODUCTION

The emergence of an Alternative Stock Exchange Market to trade shares is very recent in Spain. In March 2008 the "Comisión Nacional del Mercado de Valores (CNMV)" (Spanish Securities and Investments Board) authorized "Bolsas y Mercados (BME)" to operate the third segment of an alternative market for SMEs and growing companies (MAB). The Spanish MAB is "a stock market dedicated to growing firms with low market capitalization, with a legal framework specifically designed for them, with costs and processes planned to match with their needs". This is a clearly differentiated Stock Market (Olivares Blanco, 2008). The pioneer and largest alternative market is the AIM (Alternative Investment Market), being part of the London Stock Exchange, that was born in 1995, with more than 1,500 listed companies. The following European market founded was Alternext, belonging to NYSE-Euronext, which was born in 2005, having 126 public companies. MAB is an attractive market for young and growing companies, as well as for guaranteeing the survival of older firms. However, the MAB has not achieved broad acceptance in the case of Spanish firms. There are many reasons, firstly, the financial crisis that has affected financial markets, and secondly, due to a poor financial culture of small and medium family firms, in which the resistance to change and the risk of losing the control of the company occurred, but also for the lack of knowledge and a perception of complexity and difficulty to access to an unknown market. In a recent study, carried out by FUNCAS (2007), was emphasized the resistance of Spanish SME's to innovate using new alternative funding mechanisms.

Traditionally, the Stock Exchange Market is a financing source for new projects, for growth, for diversifying risks, to increase the visibility, prestige and reputation of the company, for professionalization of management, to obtain an objective assessment of the company and to provide liquidity of shares (Pagano and Röell 1998; Wieland, 2001; Gill and Pope, 2004). Besides, there are also costs associated to the decision of going public such as, losing of shareholder control, high reporting requirements, lack of resources and resistance to change (Becchetti and Trovato, 2002; Berggren et al. 2000; Gompers et al. 2004). Additionally, in the case of family firms, going public has additionally other particular connotations, because this decision gives access to equity to investors from outside the family, and could be a strategic decision to overcome the succession problem assuring the survival of the firm (Mazzola and Marchisio, 2003; Jaskiewicz et al., 2005).

In this context, it is relevant to know the degree of knowledge of the Spanish Alternative Stock Exchange Market (MAB), researching on the main barriers and the advantages of going public, and establishing a comparison between small and medium-sized family and non-family firms. In this sense, the following research questions have been outlined: Which are the main barriers and advantages of going public for family firms?. Are there significant differences regarding those barriers and advantages between the family vs non-family firms?

In accordance with our proposal, we have structured the research as follows: in the first place, we carry out a theoretical approach and the revision of the previous literature and results, analyzing the family firms' research on the decision of going public. We explain the sample and data source, the variables, the questionnaire and the methodology of the empirical study. We carry out the analysis of the results and finally we include the main conclusions.

ADVANTAGES AND BARRIERS OF GOING PUBLIC

Advantages of Going Public

According to previous literature, we have summarized the main reasons of going public in accordance of the nature of these reasons. Concretely, we identified (1) Financial reasons, due to going public is a way to get access to a financing source, that will fund the growth of the company or a specific investment project; (2) Reputation and status motives, going public lets increasing the visibility, prestige and reputation for stakeholders of the company, compelling the company to a higher disclosure regime in their actions and in its financial statements, to enable monitoring and control by investors; (3) Survival, institutionalizing the company by professionalizing the management function, in order to avoid problems in the succession processes of family SMEs, facilitating the exit of small shareholders after the generational transition without having takeovers which require to buy or to sell; (4) Valuation, liquidity and trading of shares, obtaining an objective assessment of the company, having a daily market price for shares; (5) Diversification of risks, by financing through rising capital and not debt, improving the ratio of debt, broaden the equity, since incoming new business shareholders.

Financing

According to financial growth cycle, growing firms gain access to external funding on the equity side (venture capital), as well as on the debt side (banks, financial institutions, etc.). Additionally, if the firms remain alive and continue growing, they may gain access to public equity (Stock Exchange) and debt markets (Berger and Udell, 1998). This way the possibility to access to Stock Exchange Markets is traditionally linked to the size of the firm. Thus, once the firm overcomes problems associated to information asymmetry and got enough capitalized, can diversify their business activity and presenting a lower risk (Rajan and Zingales, 1995). In this sense, some of the advantages for SME's when accessing to the Stock Exchange Market relay on the fact that this facilitates obtaining capital for growth and diversification of new business projects. Gill and Pope (2004) analyzed the reasons for SME's to go public in the UK stock market, being the need for external financial resources the underlying reason for the IPO's. In the German case, Fischer (2000) studied a sample of listed companies in the "Neuer Market", identifying factors that caused the companies going public, being the sales growth one of the most significant reasons. In this sense, Lee and Lee (2008) pointed out that IPO's are the most important decision for start-ups to obtain resources and legitimacy.

Reputation and status

Sacristán (2001) and Claver and Gomez (1987) observed as much the reputation of the company as its name are intrinsic in the share price. When the company has a public price for its shares the company gains a brand name, new capital funding and increasing access to external financing. Thus, Beatty and Ritter (1986) established that once the firm has improved the corporate value, it will be easier accessing to capital markets. Sirgy (2002) analyzed how business success, in terms of long-term survival and growth, depends on the quality of the relationship among all stakeholders, both internal and external, as well as on the goodwill of the company. In his research, he found, over a sample of firms traded on the AIM (UK), that they offered voluntary disclosure to attract stakeholders and showing a good reputation. AIM listed companies pursuing growth and expanding their corporate values will tend to keep their stakeholders satisfied and, essentially, retaining their corporate reputation (Suchman, 1995; Wieland, 2001; Fombrun and Shanley, 1990; Godfrey, 2005, Houston, 2003). In this sense, Nouzille (1985) and Berger and Gaudry (1987) developed the idea that increasing the advertising and promotion of the firm for free, both nationally and internationally, would have a positive effect on the trading value of shares

Survival and Succession

In the literature, there is broad consensus in relation to the small percentage of family businesses that reached the third generation. In this context, the IPO of a family business would be a possible solution to the family succession process, increasing shareholder diversification and financing the future growth of the company (Mazzola and Marchisio, 2003). According to Bessler and Bittelmeyer (2008), equity financing through the public offer of shares is essential to guarantee the long-term success of businesses. Therefore, the decision of going public and trading on the stock market is also a survival strategy for the long run of the company.

Trade and valuation

IPO's provides liquidity to the shares of the company. Although liquidity depends not just on the decision of trading on the stock exchange market but also on the trading volume. Generally, the probability of going public increases according to firm size, and this fact also have an effect on the liquidity of shares (Pagano et al., 1998). The liquidity effect of the decision of going public is traditionally assumed as one of the main reason for IPO's (Brau et al. 2003). Zingales (1995) and Field (1998) discussed how the fact of being the company in a due diligence process, for the purpose of selling the business, could encourage SME's to go public. This implies that the IPO will also be understood as a strategy to obtain an objective, a reliable and comparable value of the company.

Diversification of risks

For those companies that have had periods of intense investment and growth, the IPO has the advantage of allowing a rebalancing of the liabilities, reducing debt and raising equity as explained by Pagano et al. (1998) and Rydqvist and Högholm (1995), since going public supposes advantages of diversification of capital (Benninga et al. 2005). Other motive for quoting is the possibility of broaden the equity with new investors. IPO originates, usually, a significant increase in the dispersion of ownership, affecting the shareholders incentives to exercise control over managers (Jensen and Meckling, 1976). Pagano and Röell (1998) pointed out that private companies with high ownership concentration are over controlled by shareholders. Thus the IPO will be a mechanism to disperse ownership among a large number of minority shareholders. According to Harjoto and Garen (2005), going public enables shareholders to reach a more diversified portfolio, as well as to get additional funds for new investments. Results from previous empirical studies have found that the cost of borrowing funds can decrease in the case the SMEs going public. In that sense, Pagano et al. (1996) obtained consistent evidence of the reduction of financial constraints when the firm carried out the IPO, because the cost of short-term loans decreased due to the increasing number of credit institutions willing to lend resources. Similarly, IPO's provide more information about the company, so credit institutions reduce the costs of obtaining external information. Rajan (1992) supported the hypothesis that the stock market offers companies an external financing alternative that diminishes the bargaining power of financial institutions. Holmstron and Tirole

(1993) concluded that the IPO provides a substitutive financing source from bank's financing with a lower cost.

Barriers to Go Public

According to previous literature, we also grouped the main barriers and problems associated with the decision of going public. Those are regarding: (1) External factors, such as complex formalities, high reporting requirements, ignorance of the stock market, loss of firm's value (underpricing), (2) Control motives, due to loss of shareholder control, (3) Resistance to change of owner-managers and CEO's, (4) Lack of specialized resources, due to firm's size, specific activity sector, etc.

External Factors

Some of the main barriers that firms faced when evaluating the possibility of going public are referred to external factors, including the complex procedures to quote that requires high information disclosures and transparency. Firms also face an uncertain framework with very unique characteristics. In this sense, MORI (2000) stated as the most important barrier of going public is the cost associated to a high disclosure of information. Ritter (1987) indicated that the IPO's involve substantial fixed costs for the firm. This means that only large companies or those that pursue resources really assess the decision of going public, being more difficult for SME's.
In occasions when firms go public, the initial offered price of shares is less than the shares closing price that implies a loss of firm´s value that entrepreneurs fail to retain. This effect is known by researchers in finance as IPO's "underpricing" (Certo et al. 2001). Besides, underpricing can be higher hi-tech firms due to special information asymmetries (Guo et al. 2005). Some authors identified the cause of underpricing because of the incentive of insiders to let the decline of firm's valuation after the IPO's, because management attains just a part of the benefits generated by an efficient management (Harjoto and Garen, 2005).

Loss of Control

In most of the cases but specially in the case of family firms, once the firm gains access to Stock Exchange, family members are reluctant to raise capital ought to they lose the control of the business, when shares are traded by externals (Cooley and Edwards, 1983; Cressy and Oloffson, 1997; Jordan et al. 1998; Giudici and Paleari, 2000; Berggren et al. 2000, Benninga et al. 2005). In a manner, the fact of losing the control of the firm can involve not just the loss of expanding and consolidating opportunities, but besides avoiding the loss of control can suppose a lower value creation on the part of the family firm (Claessens et al. 2002; Lins, 2003; Gompers et al. 2004).

Resistance to change

Another reason that may stop the decision of going public is the resistance to change of the owners and managers, which are not able to adapt and overcoming the change that involves the decision of quoting at the stock market. This resistance to change is in many cases due to the loss of confidentiality caused by reporting requirements and the required transparency of regulators (Yosha, 1995, Maksimovic and Pichler, 2001). The adverse selection costs imply a handicap on the decision of going public. Chemmanur and Fulghieri (1999) found that the adverse selection cost is the most important obstacle, particularly when the company is young and smaller, due to its poor visibility.

Lack of Resources

According to Brau et al. (2003), the firm's size is a factor that indicates the private firm's ability to compete with success as publicly traded company. In that sense, small firms lack of resources is a initial limitation to really successful IPO's decisions. In this sense, according to the results of a survey conducted by the Department of Trade and Industry (2002), some of the most common barriers of accessing to the stock market are the long time of IPO's process and the resources needed to implement the operation. Some authors have identified that going public is not similar depending on the activity sector, being specially problematic for entrepreneurs of high-tech companies (Lee and Lee, 2008). Chaddad and Reuer (2009) found that investment normally declines in the period subsequent to the firms go public, so there is not a continuance of growth due to financial constrains maintains after IPO's. The European Central Bank (2009) carried out a survey about the sources of financing for SME's in the European region, being the size of the business the main problem when accessing to the stock market. In the survey, 77% of SME's admit having a small size for quoting. However, they affirm the loss of shareholder control is not an obstacle so important, since it is just a real barrier for 2% of surveyed. In relation to reporting requirements, only 1% of SME's believe they are too high.

DATA AND METHODOLOGY

Sample

In order to determine the sample, we consider the official requirements for accessing the Alternative Stock Market (MAB). These include: shares must be issued by Public Companies, Spanish or foreigner, the equity must be fully paid, securities must be free from restrictions on transferability and represented by record entries. Additionally, we have included in the sample firms reporting financial statements with the large standard format. The sample also contains growing firms, in terms of sales volume. We discarded some activity sectors, concretely: electrical energy, education, insurance, banking, firms owed by governmental institutions and companies already listed. We reached a target population of 18,789 businesses. The population was obtained from the Central Business Directory of the National Statistics Institute (INE) and the SABI database. Once the population was defined, we established the sample according to the principles of stratified sampling in finite populations. The population of firms has been segmented according to the activity sector being determined on the basis of the following classification: Industry, Construction and Services. The number of firms in each of the stratum has been obtained from the Central Business Directory of the National Statistics Institute (INE). The sample was formed by 102 companies. This implies a sampling error of 9.7% for a confidence level of 95%. The technique for gathering the information was through a telephone survey addressed to the manager of the company, as well as by using the e-mail. We conducted a control test during the process of completing the survey. Field work began on April 25th, ending by the 8th of June 2009.

Variables

The questionnaire was made based on the findings of previous literature review regarding the advantages and disadvantages of the IPO's. Especially considering matters related to family small and medium companies. Additionally, in order to validate the reliability of the questionnaire, was developed a panel of advisers specialized in IPO's. We also performed a pre-test with the intention of verifying the adequacy of the questions. The variables were measured using a Likert's scale ranged from 1 to 5. Table 1 summarizes the main advantages of the IPO's along with the items of the survey that have been used to measure the main reasons for going public. Additionally, we show attached different previous empirical research that have identified the reasons encouraging firms to trade on stock markets.

Insert Table 1 about here

Table 2 summarizes the main barriers and disadvantages associated to IPO's, along with the items of the survey that were used to measure such barriers. Additionally, we also show attached different previous empirical studies that have identified the reasons for companies to avoid going public.

Insert Table 2 about here

Definition of Family Firm

There are diverse empirical studies that establish different definitions on the concept of family firm (Villalonga and Amit, 2006; Miller *et al.*, 2007). All of them, considers whether ownership and control of the company relays on hands of the family group, as well as whether most of management positions are handled by the members of the family group (Sharma *et al.*, 1997; Westhead and Cowling, 1998; Upton *et al.*, 2000; Chua *et al.*, 2004). We tend to agree with Basu (2004) that in Family Firm research there is no consensus on the exact definition of a family business. Nonetheless, since 2009 the European Group of Owner Managed and Family Enterprises (GEEF) and the Family Business Network (FBN) established a new criterion.

RESULTS

In this section, we analyze the results of the surveys in relation to the access to the Alternative Stock Exchange Market (MAB). Firstly, we explain the degree of knowledge on the MAB and the interest of firms in using this alternative possibility in their future financial planning. Then, we analyzed the main reasons or conditions for accessing to the MAB, as well as the main barriers that stop the intention to trade in this alternative financial market.

Degree of knowledge and interest on the MAB

Table 3 shows that 38.2% of surveyed companies express they are aware of the existence and functioning of the MAB. Moreover, 5.9% of firms affirm that they will consider the MAB as an outlet in their future financial planning. If we extrapolate these results to the estimated population of 18,879 companies, we can deduce that about 1,125 companies would be interested in joining the MAB.

Insert Table 3 about here

Determinants for accessing to the MAB

In Table 4, we indicate the main determinants that persuading companies to access to the MAB. We classify the answers according to their importance in the following order: financial factors (2.84), reputation (2.71), continuity (2.67), liquidity for shareholders (2.44) and finally, in order to diversify risks (2.33). Considering the individual items, not the factors, we obtain that the most important are financing the growth and assuring the survival of the company. By the contrary, the less important items are increasing investment in R & D and innovation, and reach an objective assessment of the company.

Insert Table 4 about here

If we analyze in greater detail the behavioral differences depending on the nature of ownership, the results show that family firms concede more importance, according to the scale, to most of items. We discuss the most relevant differences between family and non-family firms, according to the significance level (95%). Thus, we see how family businesses consider that overcoming credit rationing is a more important reason for going public than non-family firms. These significant differences reiterate in relation to the items measuring the need to professionalize the management and the liquidity of shares. In the context of the family business, is interesting to analyze whether there are differences in terms of the generation currently working at the company (Table 5). Although no statistically significant differences arise, it is worth highlighting some of the differences: (1) the financing factor is more valued by companies that are at the first and second generation, and (2) the need to professionalize management and ensuring the business continuity are more important by the businesses run by the second generation.

Insert Table 5 about here

Barriers for accessing to the MAB

For all the respondents, the barriers constraining the development of the MAB by order of importance are (Table 6): resistance to change (internal factor) (3.35), control factors (3.15), external factors (3.06) and internal factors in relation to the lack of resources (2.63). Considering the individual items, we observe that the most important barriers are: resistance to change of owners, the loss of control and resistance to change of managers. By the contrary, the less important barriers include inadequate management control systems and lack of skilled personnel.

Results show (table 6), in the case of family businesses the greatest barriers to access to a market such as the MAB are: resistance to change of owners (3.76), loss of control (3.53), resistance to change among managers (3.50), and the turbulence associated with the stock markets (3.41). Table 6 illustrates that the risk aversion and conservatism that prevails in the case of family business would condition the entrance to the alternative stock market (MAB). An aspect widely demonstrated in the family businesses research literature is the limitation imposed, over the most rational decisions, by the loss of the control of the company, which can suppose owner-managers preferring to limit the growth of the business or the entrance of outside capital, such as the going public decisions, so as not to lose the control of the family business. In this case, owner-managers forget that those measures could ensure the growth and survival of the company and do not necessarily involve the loss of control, although allowing externals to the family becoming new shareholders.

Insert Table 6 about here

Comparing the performance of family businesses in opposition to the non-family firms, significant differences are found for all items (Table 6). As a result, family firms show significantly higher values than non-family firms, so they found deeper reasons to elude going public. While family businesses maintain an explicit value of 3.36 regarding to external factors, the non-family firms showed a value of 2.62. In the case of internal control factors family businesses show a value of 3.38 compared to 2.75 for non-family firms. Regarding the internal factor, resistance to change, family firms obtained an average of 3.63 faced to 2.90 in the other case. Finally, again, family businesses place more importance than non-family firms to internal factors related to the lack of resources.

Classifying the differences according to the generation that is currently managing the family business (Table 7), although not statistically significant differences arise, it is worth analyzing some of them: (1) first-generation firms perceive the complexity of the requirements and the lack of skilled personnel, as the most important barriers for companies of second and third generation, and (2) resistance to change, from both owners and managers, it is perceived to be more important by companies which are managed by the third generation.

Insert Table 7 about here

CONCLUSIONS

This paper discusses the advantages and barriers perceived by managers of unlisted small and medium sized companies to access to an Alternative Stock Market (MAB). With this aim we have performed an empirical study based on data obtained from a survey of 102 Spanish companies. The MAB has a short experience in Spain and few companies have agreed to participate. The reasons for such low participation are due, primarily, to the current turbulence of financial markets, but also for reasons related to the lack of an innovative financial culture and, in many cases, because of the ignorance of the advantages this market offers. The success of MAB will depend on the number of companies really going public, as well as the existence of public policies to support new funding options to make possible business expansion. The certain fact is, at the moment, a very small number of companies have accessed to the MAB.

In the Spanish context, there is not empirical evidence on this topic; consequently this research contributes to fill a gap in the literature. The results are relevant showing that the main reasons why companies would agree to join the MAB are: financing the growth and ensuring the survival of the company. At the same time factors such as the diversification of risk and obtaining a market value of the company are not so important. In general, family firms are more aware than non-family firms of the advantages associated with the need of professionalizing the management, overcoming financial constraints and reaching a higher liquidity for the shareholders. Regarding the barriers or restrictions to join the MAB, the results confirm that resistance to change of owners, the loss of control, and the resistance to change of managers, are the most important barriers identified by the research. By contrary, the less important barriers include inadequate management control systems and the lack of skilled personnel. Family firms perceive more problems for going public at the Alternative Stock Market than non-family firms. Particularly, there is a higher resistance to change, from both owners and managers, and are more concerned about the loss of control and confidentiality.

The results of the study may be useful for both governments and family firms. The findings can be used to the development of public policies with the aim of facilitating Spanish firms to join the MAB. Currently, there is not a consistent public policy to promote the MAB, and there also are strong regional disparities in terms of financial aids and tax advantages, in order to analyze the viability of joining the MAB. The results may also provide insights into the MAB to be consider for managers as an outlet for financial planning. Additionally, the evidence of the study can be useful for credit institutions and advisors to match the particular needs of family businesses.

This study has some limitations that suggest future research avenues. First, the sample used is small, so there is a limitation to extrapolate the results to the whole population. The financial crisis could also have some influence on the responses of corporate managers as a limiting factor to go public. Therefore, a survey with a larger number of firms in another economic context may also help us to a better understanding of the process and motives of joining the MAB. Another limitation is due to the lack of consideration regarding financial issues in the characterization of the companies, such as level of debt and the capital structure which could explain a different behavior. In future research, the next step will consider those financial variables to look for other causes related to financial and accounting information.

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Table 1.
Items to measure the Advantages of Going Public

Advantages	Variables	Previous Literature
Financing Resources	Growth of the firm Avoid Credit Rationing	Gill and Pope (2004), Fischer (2000), Mazzola and Marchisio (2003), Pagano et al. (1996), Rajan (1992), Holmstron and Tirole (1993), Jain and Kini (1999), Marchisio and Ravasi (2000), Lee and Lee (2008).
Reputation and status	Reputation for the firm Professionalization of management	Nouzille (1985), Berger and Gaudry (1987), Sirgy (2002), Suchman (1995), Wieland (2001), Marchisio and Ravasi (2000), Langemann (2000), Liua, et al. (2006).
Survival and Succession	Overcome the succession process Guarantee the survival	Langemann (2000), Ward (2001), Maug (2001), Mazzola and Marchisio (2003), Sirgy (2002), Jaskiewicz et al. (2005), Bessler and Bittelmeyer (2008).
Trade and valuation	Liquidity of shares Obtain the value of the firm	Pagano et al. (1998), Zingales (1995), Field (1998), Brau et al. (2003), Jaskiewicz, et al. (2005).
Diversification of risks	Diversifying business risk Increasing R&D and innovation	Rajan and Zingales (1995), Pagano et al. (1998), Rydqvist and Högholm (1995), Mazzola and Marchisio (2003), Benninga et al. (2005), Harjoto and Garen (2005).

Table 2.
Items to measure the Barriers of Going Public

Barriers	Variables	Previous Studies
External Factors	Complexity of requirements High disclosure Turbulence of Stock Market Lack of information on the MAB	Ritter (1987); Mori (2000), Certo et al. (2001), Guo et al. (2005); Harjoto and Garen (2005).
Internal Factors (Control)	Loss of the control of the firm Loss of confidential information	Cooley and Edwards (1983), Cressy and Oloffson (1997), Jordan et al. (1998), Giuidici and Paleari (2000), Berggren et al. 2000), Classens et al. (2002), Lins (2003), Gompers et al. (2004).
Internal Factors (Resistance to Change)	Resistance to change of owners Resistance to change of managers	Yosha (1995); Maksimovic and Pichler (2001);
Internal Factors (Lack of Resources)	Lack of management control systems Lack of skilled personnel	Brau et al. (2003); Lee and Lee (2008); Chaddad and Reuer (2009).

Table 3.
Degree of knowledge and interest on the MAB

	%
Firms are aware of the existence of the MAB	38,20%
Firms will consider the MAB as an outlet in their financial planning	5,90%

Table 4. Reasons to go public
Panel of firms according to ownership

	Family Business	Non-Family Business	Mean
FINANCIAL	**3,02****	**2,56****	**2,84**
Financing business growth	3,18*	2,71*	2,99
Overcome credit rationing	2,8**	2,24**	2,58
REPUTATION	**2,93***	**2,40***	**2,71**
Reputation of the firm	2,8	2,56	2,7
Professionalize the management	2,83**	2,24**	2,59
SURVIVAL	**2,79**	**2,50**	**2,67**
Avoid problems in relation to succession	2,53	2,17	2,38
Assuring the survival of the business	3,06	2,73	2,93
LIQUIDITY	**2,72*****	**2,04*****	**2,44**
Liquidity of shares	2,78**	2,05**	2,48
Obtain a value for the firm	2,56**	2**	2,34
DIVERSIFYING	**2,51***	**2,03***	**2,33**
Diversifying business risk	2,57**	2,03**	2,35
Increasing the R&D and innovation investments	2,48*	2,03*	2,30

Statistically significant differences: Test Anova (*): p<0,1; (**): p<0,05; (***): p<0,01.
Likert's scale: ranging from 1 low importance to 5 high importance.
RANK: Financial Factors (Most important factor), statistically significant differences in relation to survival, liquidity and diversifying; non-significant differences regarding reputation (t test for related samples).

Table 5. Reasons to go public
Panel of firms according to generation

	First Generation	Second Generation	Third Generation
FINANCIAL	**2,95**	**3,20**	**2,50**
Financing business growth	3,18	3,37	2,55
Overcome credit rationing	2,73	2,91	2,44
REPUTATION	**2,70**	**3,08**	**2,75**
Reputation of the firm	2,82	2,89	2,75
Professionalize the management	2,70	3,10	2,22
SURVIVAL	**2,54**	**2,88**	**2,60**
Avoid problems in relation to succession	2,45	2,52	2,67
Assuring the survival of the business	2,64	3,26	2,50
LIQUIDITY	**2,40**	**2,92**	**2,55**
Liquidity of shares	2,45	2,91	2,78
Obtain a value for the firm	2,36	2,79	2,20
DIVERSIFYING	**2,50**	**2,70**	**1,95**
Diversifying business risk	2,45	2,73	2,10
Increasing the R&D and innovation investments	2,55	2,68	1,80

Statistically significant differences: Test Anova (*): p<0,1; (**): p<0,05; (***): p<0,01.
Likert's scale: ranging from 1 low important to 5 high important.

Table 6. Reasons not to go public

Panel of firms according to ownership

	Family Business	**Non-Family Business**	**Mean**
EXTERNAL FACTORS	**3,36*** **	**2,62*** **	**3,06**
Complexity of requirements	3,3***	2,61***	3,01
High disclosure	3,3**	2,68**	3,04
Turbulence of Stock Market	3,41**	2,61**	3,1
Lack of information on the MAB	3,32***	2,58***	3,02
INTERNAL FACTORS (CONTROL)	**3,38*** **	**2,75*** **	**3,15**
Loss of the control of the firm	3,53**	2,87*	3,28
Loss of confidential information	3,24**	2,63**	3
INTERNAL FACTORS (RESISTANCE TO CHANGE)	**3,63*** **	**2,90*** **	**3,35**
Resistance to change of owners	3,76***	2,93***	3,42
Resistance to change of managers	3,5**	2,8**	3,23
INTERNAL FACTORS (LACK OF RESOURCES)	**2,96*** **	**2,16*** **	**2,63**
Lack of management control systems	2,72*	2,18*	2,5
Lack of skilled personnel	3,06***	2,19***	2,71

Statistically significant differences: Test Anova (*): p<0,1; (**): p<0,05; (***): p<0,01.
Likert's scale: ranging from 1 low importance to 5 high importance.
RANK: Internal Factors, resistance to change (Most important factor), statistically significant differences in relation to lack of resources; non-significant differences regarding external factors and internal factors, control, (t test for related samples).

Table 7. Reasons not to go public

Panel of firms according to generation

	First Generation	**Second Generation**	**Third Generation**
EXTERNAL FACTORS	**3,66**	**3,37**	**2,95**
Complexity of requirements	3,73	3,22	3,00
High disclosure	3,36	3,29	3,22
Turbulence of Stock Market	3,44	3,53	3,11
Lack of information on the MAB	3,36	3,42	2,90
INTERNAL FACTORS (CONTROL)	**3,40**	**3,34**	**3,56**
Loss of the control of the firm	3,36	3,58	3,55
Loss of confidential information	3,45	3,14	3,38
INTERNAL FACTORS (RESISTANCE TO CHANGE)	**3,31**	**3,67**	**3,95**
Resistance to change of owners	3,36	3,81	4,10
Resistance to change of managers	3,27	3,51	3,80
INTERNAL FACTORS (LACK OF RESOURCES)	**3,25**	**2,91**	**2,66**
Lack of management control systems	2,90	2,68	2,57
Lack of skilled personnel	3,60	3,00	2,50

Statistically significant differences: Test Anova (*): p<0,1; (**): p<0,05; (***): p<0,01.
Likert's scale: ranging from 1 low important to 5 high important.