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Incorporated Companies' Tendency to Going Public, the Problems Encountered during going Public and a review toward Resolution of these Problems: the Gaziantep Sample

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Abstract: Public offering is a direct financing method that incorporated companies refer to in order to meet the increasing capital needs. It appears a significant event to us since such a financing method can be used for smaller companies as well as larger ones. It's the most concrete example is the Emerging Companies Market (ECM) that sets the stage for those companies, incorporated in Istanbul Stock Exchange (ISE) and having the potential to develop and grow, to obtain fund from capital markets. The objective of this study is to investigate the tendency of incorporated companies functioning in the field of production in the province of Gaziantep, which is one of the most important industrial city in Turkey, to going public; the problems encountered by companies that want to go public and to make a general evaluation toward the resolutions of these problems. In the scope of this study, 99 incorporated companies were surveyed, the findings achieved as a result of these evaluations demonstrated that the companies within the scope of study had insufficient information about going public and consequently remained abstained concerning going public.

Keywords: *Incorporated Company, Going Public, Financing, Istanbul Stock Exchange, Emerging Companies Market*

1. Introduction

The fact that rapid development in information technologies, along with globalization world, has eliminated the physical borders between countries, it also changed countries' socio-economic conditions radically. However, the dense technology usage brought by industrialization, compelled enterprises to make some changes in their strategies by leading a rapid displacement between work and capital. These changes will be able to provide some advantages for the enterprises that want to maintain their existence, such as to be superior in competition, to develop, to be recognized and creditability in the market where inter-enterprise competition is getting increasingly intense today. However, sometimes enterprises do not utilize these advantages and the capital shortage is seen as the greatest handicap before it. Enterprises can assess many alternatives to enable an increase in capital. Among these alternatives, although the capital needed cannot be satisfied by limited resources of partners, financial organizations' applications (such as high interest, credit limits) urge enterprises to find different alternatives. One of these alternatives is enterprises' decision to go public. The decision to go public will not only cause enterprises to finance the capital need but also provide the advantages mentioned above. When the worldwide applications are reviewed, developed and developing countries' tendencies related to go public vary and these differences are associated with reasons such as the structure of the company, developmental level of the market, company executives' perspectives about going public and states' politics encouraging going public.

Turkey, in the context of developing countries, has made a great progress in terms of going public in years and an increase of 40 % was observed in the number of enterprises did go public between 2002 and 2012. Important developments such as global competition, incentive policies applied by the state at the point of going public, the innovations brought to companies by new Turkish Trade Law (number 6102) and Emerging Companies Market (ECM) established within Istanbul Stock Exchange (BIST) to enable those enterprises not transferred their quotation criteria to stock market in order to obtain fund from capital markets, have played an important role. In the context of the descriptions made above, a firm's decision to go public is one of the most important decisions in the life cycle of an enterprise (Jong et al., 2012). Although going public indicates a firm's need for an additional resource in order to grow and develop, it provides opportunity of liquidity and cash for founders and other top management of the firm as well as company's existing investors (Latham&Braun, 2010). So, enterprises obtain the resources they need by attracting a very large potential investor base (Dalziel et al., 2011). Chemmanur & Fulghieri (1999) mentioned about the three basic differences between a firm closed to public and a firm. These are;

- **More dispersed share ownership**: In the case of public firms, the required capital is usually obtained by selling common stocks to investors, whereas with private firms, much of the external financing is provided by one large investor (often a venture capitalist) or a smallgroup of large investors ("angels"). This situation brings about two consequences. First, in publicly-held firms the presence of so many stakeholders (each one owns smaller equity share) provides much better diversity than private firms. Second, since firms closed to public have stronger share than the publicly-held firms and having a number of smaller investors, a larger or smaller investor group possesses a stronger bargaining power against the entrepreneur.
- **The need to convince a much larger group of investors that its projects are worth investing in:** A direct consequence of the fact that a public firm raises its capital from a much larger number of investors than a private firm is that a much larger group of investors must be convinced about the qualityof the firm's projects.
- **Publicly observable share price**: When a firm has gone to public, since the common price of an equity sold, can be clearly observed by all foreign investors, many inexperienced investors can reduce the total costs to a certain point while evaluating the project of the firm.

Capital Markets Board of Turkey (CMB) defined the concept of "going public" as selling the shares to many and previously unknown investors through announcement and advertisement (CMB, 2012). In other words, going public expresses announcing the sales of stock market tools through all types of means, inviting public to take part in the partnership or to become founder of an incorporated company, continuous processing of common stocks in stock market or other organized markets, sales of common stocks by incorporated partnerships go public due to capital increase (Yılmaz, 2003). The first answer given to questions related to why firms go public, describes the desire to increase stockholders' equity and to create a public market where founders and other stakeholders can transfer some of their assets into cash in the future. Non-financial reasons such as fame play an insignificant role in most of the firms.Thus, when Ritter and Welch reviewed the theories put forward related to going to public they suggested two main theories attempting to explain why firms go public (Ritter & Welch, 2002). The first one can be described as the firm's life cycle theory and the second one as market-timing theory. According to life cycle theory, firms prefer the cheapest finance resource (including opportunity cost). The more expensive finance is obtained only when the cheapest resource is consumed. The market timing theory suggests that firms decide to go to public partially depending on market conditions. The four articles written on this topic claim that firms schedule the going public in order to maximize their firm's values (Brau et al., 2006). In the following table, the predominant theories related to why firms go public were addressed by various researchers.

Table 1: The predominant theories related to why firms go to public (Brau et al., 2006).

Article	
Panel A: Life cycletheories	
Scott (1976), Modiglianiand Miller (1963)	IPOs facilitate optimal capital structure.
MyersandMajluf (1984), Myers (1984)	IPO sare a natural consequence of the pecking order theory
Zingales (1995)	Firms get a higher acquisition price after an IPO.
MelloandParsons (1998)	IPOs create a public market for increased founder liquidity.
Dhillon, Raman, andRamirez (1999), Brau, Li, andShi (2005)	IPOs may allow principals to immediately cashout.
ChemmanurandFulghieri (1999)	IPOs allow for optimal dispersion of ownership.
MaksimovicandPichler (2001)	IPOs give first mover/reputation advantage.
Bradley, Jordan, andRitter (2003)	IPOs allow for the creation of an analyst following.
Panel B: Market-timingtheories	
Lucasand McDonald (1990)	Firms postpone IPOs if founders feel they are undervalued.
Choe, Masulis, andNanda (1993)	Firms avoid IPOs when few other good firms are issuing
LoughranandRitter (1995)	IPOs occur during windows of opportunity.
RitterandWelch (2002)	IPOs are more likely after public market valuations

When a firm goes to public, the majority of the new shares as well as most of the existing shares transferred to new owners are sold and finally the company's ownership structure is shaped up and firm's value is influenced (Mello & Parsons, 1998). In addition, Mello and Parsonsassume that liquidity is an important subject in making decision about going public and state that increasing liquidity of common stocks reduces the cost of capital (Çelikyurt et al., 2010).

In addition to these advantages brought by going public, the Borsa Istanbul (former name Istanbul Stock Exchange) listed the main advantages of going public as follows;

- **Financing:** Companies obtain a long-term resource with reduced cost according to alternative finance methods by offering their shares to public at a premium price, those publicly-held companies and whose shares started processing in stock market may meet the financial needs through using credit and exporting certificate of debt by showing these shares as warranty.
- **Liquidity.** At the prices constituted according to market offers and demands of the shares offered to public in an organized market at the desired time, to be able to buy and sell in a transparent manner provides present partners with a significant liquidity.
- **Recognition:** Various information about the companies whose shares are being processed in the stock market, are constantly conveyed to domestic and foreign investors within the frame of transparency principle of the stock marketthrough Public Illumination Form (PIF), data broadcasting organizations, press and other visual broadcasting organizations.
- **Institutionalization:** After it offered to public, in the process where the firm activities' dependence on the presence of individuals has freed gradually and its own organizational culture has formed, the responsibilities and liabilities brought by going public make an important contribution to institutionalization.
- **Credibility**: Companies shares being processed in stock market increase their credibility in terms of money market and banking and enable them to find cheaper and easier credit.
- **Globalization**: Along with companies shares started being processed in stock market, companies can export securities to foreign countries much easier and enable their securities are processed in those countries by quoting them. Thus, foreign markets can be reached.

However, despite the advantages of public offer mentioned above, there are a number of concerns it can create in companies. These are (CMB, 2012);

- It enters the control and supervision of the new authority (board),
- The fear of losing credibility in case there is insufficient demand for share offered to public,
- The thought that the price to be formed in stock market for company shares might be unrealistic,
- After the public offer, the requirement for expected transparent management raises concern in managers.
- The thought that public offer might increase costs.

The Kocaeli Chamber of Commerce, in a report published in 2010, in parallel with the concerns mentioned above, listed the reasons why firms not going public present in the results of a survey applied to the first 1.000 companies by Istanbul Chamber of Commerce in 2009, as follows;

- Lack of tax incentives in public companies,
- Fear to lose company's control/management,
- Independent surveillance liability,
- The worry that public illumination liabilities might affect competition power negatively,
- Off the record activities,
- The costs of public offer,
- Bureaucratic transactions,
- Fund offer flexibility (domestic-abroad)

Pagano & Panetta (1998) along with the concerns mentioned above, have suggested three factors as the potential costs of going public. These are;

- **Adverse Selection:** Generally, investors are less knowledgeable about the real value of the publicly-held firms than companies issuing equities. This asymmetric information problem adversely affects the average quality of companies looking for a new quotation.
- **Administrative Expenses and Fees:** Along with reduced pricing at the first public offer, there are very important direct costs such as going to public, capital exportation expenses, registration fees,

annual audit plans, record and distribution of financial account information, stock market registration fees, etc.

- **Loss of Confidentiality:** The public illumination principles of the stock market, may urge companies to express their very important secret information in terms of competitive edge of companies, such as proceeding research-development projects or future marketing strategies.

However, despite all the concerns mentioned above the relevant organizations in Turkey proposed various incentives to facilitate the entrance of firms into this market. These incentives can be described as easing the registration and quotation criteria required in normal going public and reducing the responsibilities resulting from capital market rules which those firms transacting in Stock market will subject to (CMB, 2012). In this respect, BIST aimed to create Emerging Companies Market (ECM) established within itself, as a transparent and orderly environment where the securities to be exported by the firms having the potential to develop and grow can be processed.

According to Istanbul Stock Exchange the advantages offered by Emerging Companies Market (ECM) can be summarized as follows;

- In ECM, only those companies with the incorporated company status can trade and any numerical condition such as profitability, length of activity, magnitude of capital or market value will not be asked for during admission of company shares into ECM list.
- Capital Markets Board of Turkey, Istanbul Stock Exchange and Central Securities Depository Institution, to provide ECM with cost advantage, reduced the fees they charged to 1/10 levels according to shares being processed at other Istanbul Stock Exchange markets. Besides, while the companies trading in equity markets are priced by Istanbul Stock Exchange according to the sum of total capital, the Istanbul Stock Exchange ECM fee is charged only according to company's amount of share present ECM list.
- In public offers, to fill out registration statement and circular note is mandatory; however, capital increase and allotted sales of exported shares is possible in ECM and according to CMB regulations to fill out registration statement and circular note is not mandatory in allotted sales.
- In public offers out of ECM, the CMB and Istanbul Stock Exchange request independent surveillance reports related to annual financial reports of the last 3 years and according to public offer date, special independent surveillance reports belonging to 6 or 9-month interim period financial reports. From the companies applied to trade in ECM, if the ninth month of the year has passed, from on the last end of year and exportation date only 6-month interim period surveillance reports are requested.

In the light of the information explained above, the aim of this study is to determine incorporated companies' behaviors related to going public operating in Gaziantep (an important industrial town in Turkey) and to measure the effects of these behaviors on their tendency to go public. In this context, the most important one of the contributions to be made to literature is to identify the factors affecting decisions on going public consistent with the regulations and applications in Turkey and to measure company executives' attitudes concerning this issue.

2. Literature Review

When the studies carried out either in Turkey or abroad related to firms' decisions to go public and their tendencies are reviewed. (Carpenter & Rondi, 2006) observed that in America the managers of the firms gone to public considered obtaining fund for rapidly increasing firm scale as a primary target whereas the owners or the managers of the Italian firms were more apathetic against development projects. Öndeş & Çatal (2007) as a result of the study they carried out to determine SMEs' (operating in manufacturing industry of Eastern Anatolia Region) ability to take advantage of capital markets and the reasons to hesitate to go public, reported that financial shortage was the most important problem in SMEs and the most ideal choice for resolution of this problem was to turn toward capital markets. Bancel & Mittoo (2009) to identify decisions to go public, performed a survey with the managers of the firms gone public between 1994 and 2004 in 12 European countries and reported that most of the managers saw increased visibility and finance as the greatest benefit provided by going public but other features provided by going public differ in terms of firms, countries and legal system. Researchers obtained rigorous findings concerning that the financial and strategic characteristics (increased reputation and credibility and financial flexibility) of the first theories related to going public are a great advantage provided by the first going public and they also found other findings slightly supporting those theories related to exit strategy, power-equilibrium with creditors, external monitoring, merger and buying requests. On the other hand,

researchers suggested that the decision to go public was complex and it could not be explained by only one theory because firms have seen many benefits in going public. Therefore, they stated that these factors were influenced by the firm's ownership structure, magnitude and age factors as well as by institutional and regulatory environment of the main country.

Chemmanur et al. (2010) as a result of the research where they investigated the characteristics of a firm operating in manufacturing sector and its possibility to go public, they analyzed all the enterprises that did or did not go public between 1972 and 2000 and summarized the findings in three stages. First, the firms using larger scale, greater sales, total factor efficiency, market share, capital intensity and advanced technology are more likely to go public. Second, the firms operating in industries where there are risky cash flows, less competition and denser capital are more likely to go public. Third, the firms having cheaper projects, compared to other firms, are more likely to go public. Saraç & Bozkurt (2011) in a research carried out in a sample site within a region to measure the tendencies of SMEs to go public, found that SMEs had insufficient information related to going public but they may be willing to go public when sufficient information was provided. Besides, they indicated that the factors such as reducing the costs of going public, stretching the necessary numerical conditions in order to transact in Istanbul Stock Exchange and expending the interval between independent surveillance reports, have influenced the tendency of SMEs to go public positively. Boubaker & Mezhoud (2012) have analyzed the factors affecting French companies' decision to go public and stated that French companies are not likely to go public because they were rather younger, had relatively higher cost of debt and decreased information asymmetry.

Jong et al. (2012) as a result of the research where they investigated the decision to go public in a sample comprised of British firms in a 1994 – 2006 period, suggested that British firms were more willing to go public in more profitable industries where restrictions to enter market are lesser. These firms are more eager to go public in order to improve their positions in product market and to prevent new participations into market. However, they determined that these firms were less eager to go public since they had smaller market share in more competitive industries. For these firms, the value of secret information caught by rivals overweighs its benefits. Mayur & Kumar (2013) investigated the factors affecting Indian firms' decisions to go public and revealed that those firms gone to public were younger, more risky, more transparent and more profitable, had more sales experience and were larger scale firms, compared to firms closed to public. Furthermore, they demonstrated that the possibility to go to public increases if a firm is operating in retail sales sector. In the second analysis, they compared the outcomes of the initial going public on the firm with the situation prior to first initial going public and concluded that Indian firms have gone public to diversify the risks, to rebalance the structure of capital and to decrease debt rates.

3. Methodology

In this part of the research, research's primary aim, scope, data collection method, data analysis method and hypotheses used in research are explained.

The Aim and Scope of Research: The main aim of this research is to measure the tendency of incorporated companies located in Gaziantep to go to public, to determine the problems encountered by enterprises while going public and making a general evaluation about the resolution of these problems. Therefore, incorporated companies functioning in Gaziantep Organized Industrial Zone (GOIZ) in 2013 were included in the scope of evaluation, regardless of sector. The reason for selecting the GOIZ as an application area is because Gaziantep is one of the important industrial centers of Turkey. There are two publicly-held incorporated companies in Gaziantep since 2013. One of them; Sanko Marketing Inc. which is affiliated with Sanko Holding and marketing Sanko group's products in Turkey-wide, offered 25 % of its shares(12.5 as common sales and 12.5 % as emission premium sales) to public in 2000. Royal Inc. affiliated with Naksan Holding has been the first manufacturing firm that offered 25 % of its capital to public in Gaziantep in 2013. Hundred incorporated companies functioning in Gaziantep were selected as the sample mass of the study. However, as a result of application, since one company has gone public, the sample mass reduced to 99 and analyses was performed on this sample mass. The survey questions were prepared by inspiring Sarac & Bozkurt's (2011) research called "SMEs Tendency to Go Public and the Effects of Emerging Companies Market on the SMEs Desired to Go public; A Sample of Çankırı-Kastamonu-Sinop Region".

The first part of the survey comprised of the questions asked to be used in descriptive statistics. The second part comprised of the questions intended to measure enterprises' views about the benefits of having an institutional structure. In the third part, enterprises' views related to the reasons for going public were asked and in the fourth part the effects of Emerging Companies Market on public offer and the factors encouraging enterprises to go public were measured. The questionnaires were applied to firms within the scope of research using face-to-face interview.

Analysis and Evaluation of Research Data: Data were analyzed by transferring them to SPSS 20 package program. Since the questions related to the benefits brought by the enterprises having an institutional structure, enterprises' reasons for going public and the factors encouraging enterprises to go public were not within the scope of research, the validity and reliability analyses were not performed. Comparisons were made by evaluating each statement like a question. For data, the Kolmogorov-Smirnov normality test was used. Since normality could not be obtained at the end of test, non-parametric tests were used in analyses. Thus, when evaluating the data of study during making comparisons between the benefits brought by enterprises having an organizational structure, enterprises' reasons for going public and the factors encouraging enterprises to go publicas well as frequency distribution non-parametric tests were utilized. Whether there was any difference between two groups was evaluated with Mann-Whitney U test and whether there was any difference between a few independent groups was evaluated with Kruskal-Wallis test. Chi-square was used to determine whether there was any relationship between two independent categorical variables. Results were evaluated within 95 % confidence interval.

Hypotheses of the Research: The hypotheses scrutinized in the scope of research were;
Hypothesis-1: There is not any significant difference between desire to go public and the benefits of having an organizational structure.
Hypothesis-2: There is not any significant difference between the importance of institutionalism, transparency and record of every transaction for enterprises and the benefits of having an organizational structure.
Hypothesis-3: There is not any significant difference between desire to go public and the incentives regarding going public.
Hypothesis-4: There is not any significant relationship between desire to go public and activity periods of enterprises.
Hypothesis-5: There is not any significant relationship between desire to go public and financial problems of enterprises.

4. Result and Data Analysis

As seen in Table 2, of the companies participated in research 15.2% are company owners, 14.1% are general managers, 38.4 % are board members and 32.3 % are other functionaries. Therefore, the total mass rate comprised of company owners, general managers and board members (67 %) is important in terms of reliability of the data obtained.

Table 2: Duty Distribution in Enterprise

Duty	Number of Individuals	Percentage
Company owner	15	15,2
General Manager	14	14,1
Board Member	38	38,4
Others	32	32,3
Total	99	100,0

As seen in Table-3, of the companies participated in research 4% have been sustained their activities less than 1 year, 12.1% between 1 and 5 years, 15.2% between 5 and 10 years and 68.7% more than 10 year. Therefore, it may be assumed that vast majority of enterprises have reached a certain maturity, adapted market conditions and gained experience.

Table 3: Distribution of Enterprises According to Years of Activity

Year Interval	Number of Individuals	Percentage
Less than 1 year	4	4,0
1 – 5 years	12	12,1
5 – 10 years	15	15,2
More than 10 years	68	68,7
Total	99	100,0

As seen in Table-4, vast majority of the companies participated in research 35.4% are functioning in textile sector, 5.1% in construction, 3% in automotive, 26.3% in food, 14.1% in plastic, 8.1% in chemistry and 8.1% in other sectors.

Table 4: Distribution of Enterprises According to the Sector

Duty	Number of Individuals	Percentage
Textile	35	35,4
Construction	5	5,1
Automotive	3	3,0
Food	26	26,3
Plastic	14	14,1
Chemistry	8	8,1
Others	8	8,1
Total	99	100,0

As it can be seen in Table-5, about 1 to 9 employees are working in 9.1% of the companies included in research, about 10 to 49 employees in 25.3%, 50 to 250 employees in 27.3% and more than 250 employees in 38.4%.

Table 5: Distribution of Enterprises According to Number of Employees

Number of Employees	Number of Individuals	Percentage
1 to 9	9	9,1
10 to 49	25	25,3
50 to 250	27	27,3
More than 250	38	38,4
Total	99	100,0

When Table 6 examined it is observed that financial activities are carried out by the owners in 27.3% of enterprises, by accountants or accounting managers in 33.3%, by enterprise owners together with professional financial managers in 29.3% and by only professional financial managers in 10.1%.

Table 6: Distribution According to Individuals Performing Financial Activities in Enterprises

Individual/Individual Performing Financial Activities	Number of Individuals	Percentage
Company Owner	27	27,3
Accountant – Accounting Manager	33	33,3
Company Owner Together with a Professional Financial Manager	29	29,3
A Professional Financial Manager	10	10,1
Total	99	100,0

The enterprises included in the scope of research were asked to specify the most important problem they must resolve. While there were no problems in 48.5%, 2% had a manager and management problem, 10.1% had a finance problem, 16.2% had a marketing problem, 8.1 % a production problem, 8.1 % had a supply problem and 7.1% had an exportation related problem. Another question asked to enterprises was what methods were used to overcome the financial problems encountered. Answers obtain are shown in Table-7. According to this table, while 69.7% of the companies marked the bank credits option as a financial method, 1% the selling shares, 5.1% the factoring, 11% the supplier credit and 6.1% others option which had an open-ended answer (by owning to company partners, by using shareholders equity and check).

Table 7: Distribution According Financial Methods Used

Financial Method Used	Number of Individuals	Percentage
Bank Credits	69	69,7
Selling Shares	1	1,0
Leasing	5	5,1
Factoring	7	7,1
Supplier Credit	11	11,1
Others	6	6,1
Total	99	100,0

While 52.5% of the enterprises included in research had sufficient information about the public offer, 47.5% had not. The vast majority (53.8%) of the enterprises stated they had sufficient information about this issue and had obtained this information from the organizations, such as the Commerce of Trade and Industry, 23.1% from other resourced such as books, TV, Internet etc., by their own, 21.2% from the introduction activities carried out by Capital Markets Board and Istanbul Stock Exchange and 1.9% from the activities (such as conferences, meetings etc.) performed by universities. 8.1% of the companies included in research are planning to go to public as soon as possible, 23.2% in a medium term, and 33.3% in a long term whereas 35.4% never think. In addition, as it can be seen in Table-8, the institutionalism, transparency and record of every transaction was extremely important for 69.7% of companies included in the research, it was important for 28.3% and unimportant for 2%.

Table 8: Distribution According to the Importance of Institutionalism, Transparency and Record of Every Transaction

How Much Important Is the Institutionalism, Transparency and Record of EveryTransaction for Your Enterprise?	Number of Individuals	Percentage
Extremely Important	69	69,7
Important	28	28,3
Not Important	2	2,0
Total	99	100,0

Table 9: The Reasons For Companies (never think going public) Not Go Public

Statements		Certainly agree	Agree	Not sure	I don't agree	Certainly not agree
It was Not Needed Up to Now	Number	18	11	3	2	1
	%	51,4	31,4	8,6	5,7	2,9
Lack of Information About This Subject	Number	4	14	8	2	7
	%	11,4	40,0	22,9	5,7	20,0
Distrust Against Financial Markets	Number	7	10	10	3	5
	%	20,0	28,6	28,6	8,6	14,3
Costliness of Going Public	Number	4	11	8	6	6
	%	11,4	31,4	22,9	17,1	17,1
Absence of Tax Incentive For Publicly-held Companies	Number	5	7	15	2	6
	%	14,3	20,0	42,9	5,7	17,1
Independent Surveillance Liability	Number	3	14	6	6	6
	%	8,6	40,0	17,1	17,1	17,1
Likely to Increase Tax Burden	Number	4	11	10	4	6
	%	11,4	31,4	28,6	11,4	17,1
Likely to Increase Bureaucratic Transactions	Number	4	15	5	3	8
	%	11,4	42,9	14,3	8,6	22,9
Anxiety to Lose Enterprise's Control	Number	5	14	6	2	8
	%	14,3	40,0	17,1	5,7	22,9
Possibility of liability to illuminate public to affect competition negatively	Number	5	14	8	2	6
	%	14,3	40,0	22,9	5,7	17,1

As it can be seen in Table 9, when the reasons for the section of 35.4 % (never thought to go to public) not going public were investigated, it was observed that almost all of these groups (82.8 %) stated that they agreed on the statement "it was not needed up to now" as the leading reason for not going public. Other reasons for companies not to go to public were "lack of information about this issue", "anxiety to lose control of enterprise", "possibility of liability to illuminate public to affect competition negatively", "distrust in financial markets" and "the increase in bureaucratic transactions". As it can be seen in Table-10, when reasons for the section of 64.6% (planning on going public) to go public (in the short, medium and long term) are investigated, like other enterprises that never think going public, approximately 72 % of this group stated that they agreed on the statement "it was not needed up to now" as the leading reason for not going public.Besides, the uncertain reply given to the statement the costliness of public offer, absence of tax incentive in public offer and likely to increase tax burden by average 40 % of the subject group, points out the lack of information.

Table 10: The Reasons for Companies (thinking going public) Not Go Public in Short, Medium and Long term.

Statements		Certainly agree	Agree	Not sure	I don't agree	Certainly not agree
It was Not Needed Up to Now	Number	18	28	14	2	2
	%	28,1	43,8	21,9	3,1	3,1
Lack of Information About This Subject	Number	7	14	10	15	18
	%	10,9	21,9	15,6	23,4	28,1
Distrust Against Financial Markets	Number	6	26	19	5	8
	%	9,4	40,6	29,7	7,8	12,5
Costliness of Going Public	Number	3	13	26	10	12
	%	4,7	20,3	40,6	15,6	18,8
Absence of Tax Incentive For Publicly-held Companies	Number	4	10	29	16	5
	%	6,3	15,6	45,3	25,0	7,8
Independent Surveillance Liability	Number	4	25	16	14	5
	%	6,3	39,1	25,0	21,9	7,8
Likely to Increase Tax Burden	Number	2	13	28	13	8
	%	3,1	20,3	43,8	20,3	12,5
Likely to Increase Bureaucratic Transactions	Number	7	21	14	14	8
	%	10,9	32,8	21,9	21,9	12,5
Anxiety to Lose Enterprise's Control	Number	9	21	15	11	8
	%	14,1	32,8	23,4	17,2	12,5
Possibility of liability to illuminate public to affect competition negatively	Number	8	21	14	15	6
	%	12,5	32,8	21,9	23,4	9,4

The question measuring the status of being aware of ECM related arrangements replied by 53.5% of the companies as "Yes" and by 46.5% as "No". This rate has demonstrated parallelism to the answers given to the question "Does Company Management Have Enough Information About Public Offer?" Thus, relevant organizations failure to inform the target mass related to this subject comprises a significant problem. The open-ended question "Do You Think Going Public After These Arrangements?" was asked to those companies answered "yes" to the question measuring the status of being aware of ECM related arrangements and 58.5% answered "yes" and 41.5% answered "no".

Testing the Research Hypotheses: In the first hypothesis it was suggested that there was no significant difference between companies' desire to go public and the benefits of having an organization structure. As a result of Kruskal-Wallis H Test, corresponding to the nonparametric data in One-Way ANOVA, there is a significant difference in the statement "decisions are not made by one person but by professional persons related to subject" with 95 % confidence interval (H=9,392, SD=3 p=0,025, p<0,05). According to this, the agreement levels of the companies thinking going public at the shortest time to the statement "decisions are not made by one person but by professional persons related to subject" were significantly higher in the medium and long term than those not thinking (see Table-11).

Table 11: Analyzing Whether There isAny Difference Between "Desire to Go Public and the Benefits of Having an Organizational Structure"

Statements	Desire to Go Public	Median (Min-Max)	Kruskal Wallis	p
Decisions are not made by one person but by professional persons related to subject	At the shortest term	1 (1-1)		
	At the medium term	1 (1-2)		
	At the long term	1 (1-2)	9,392	0,025*
	I Never think	1 (1-4)		
Company works more orderly and systematic, independent of others	At the shortest term	2 (1-2)		
	At the medium term	2 (1-4)		
	At the long term	1 (1-5)	0,495	0,092
	I Never think	1 (1-4)		
Authorities and responsibilities of all employees are specified (written)	At the shortest term	2 (1-2)		
	At the medium term	2 (1-2)		
	At the long term	1 (1-2)	4,334	0,228
	I Never think	1 (1-5)		
A Disciplined Planning, Work and Control is Enabled	At the shortest term	1,5 (1-2)		
	At the medium term	1 (1-3)		
	At the long term	1 (1-2)	3,906	0,272
	I Never think	1 (1-4)		
Error Rate Reduces, Productivity Increases	At the shortest term	2 (1-2)		
	At the medium term	1 (1-3)		
	At the long term	1 (1-3)	2,418	0,490
	I Never think	1 (1-3)		
All the Transactions are Recorded	At the shortest term	2 (1-2)		
	At the medium term	1 (1-2)		
	At the long term	1 (1-2)	4,963	0,175
	I Never think	1 (1-3)		
Employees' Full Social Privileges are Provided	At the shortest term	1 (1-3)		
	At the medium term	1 (1-3)		
	At the long term	1 (1-3)	0,053	0,997
	I Never think	1 (1-5)		
Activity Reports are Issued to Inform Public	At the shortest term	2 (1-3)		
	At the medium term	2 (1-3)		
	At the long term	2 (1-3)	0,969	0,809
	I Never think	1 (1-4)		
Enterprise's Politics Related to Future are Publicized	At the shortest term	2 (1-2)		
	At the medium term	2 (1-3)		
	At the long term	2 (1-4)	2,655	0,448
	I Never think	2 (1-4)		
It Increases Trust Toward Company since It Will Make Company More Transparent	At the shortest term	1,5 (1-3)		
	At the medium term	1 (1-4)		
	At the long term	1 (1-3)	0,596	0,897
	I Never think	1 (1-3)		

*Statistically significant at the 5%

The second hypothesis suggests that there is not a significant difference between the importance of institutionalism, transparency and record of every transaction and the benefits of having organizational structure. As a result of Mann-Whitney U Test applied there is a significant difference (with 95 % CI) between the importance of institutionalism, transparency and record of every transaction in terms of "Employees' Full Social Privileges are Provided" (U:731,000, p=0,035, p<0,05). According to this, the agreement level of those companies that consider institutionalism, transparency and record of every transaction extremely important, to the statement ""Employees' Full Social Privileges are Provided" were significantly higher than those thinking it merely important (See Table-12).

Table 12: Analyzing Whether There Is Any Significant Difference Between the Importance of Institutionalism, Transparency and Record of Every Transaction and Having An Organizational Structure

Statements	Desire to Go Public	Median (Min-Max)	Kruskal Wallis	p
Decisions are not made by one person but by professional persons related to subject	Extremely Important	1 (1-3)		
	Important	1 (1-3)	827,500	0,188
Company works more orderly and systematic, independent of others	Extremely Important	1 (1-5)		
	Important	2 (1-4)	887,000	0,485
Authorities and responsibilities of all employees are determined (written)	Extremely Important	1 (1-5)		
	Important	1 (1-3)	843,500	0,252
A Disciplined Planning, Work and Control is Enabled	Extremely Important	1 (1-3)		
	Important	1 (1-3)	909,000	0,594
Error Rate Reduces, Productivity Increases	Extremely Important	1 (1-3)		
	Important	1 (1-3)	920,000	0,673
All the Transactions are Recorded	Extremely Important	1 (1-2)		
	Important	1 (1-3)	801,000	0,113
Employees' Full Social Privileges are Provided	Extremely Important	1 (1-5)		
	Important	1 (1-3)	731,000	0,035*
Activity Reports are Issued to Inform Public	Extremely Important	2 (1-4)		
	Important	1 (1-3)	779,000	0,106
Enterprise's Politics Related to Future are Publicized	Extremely Important	2 (1-4)		
	Important	2 (1-4)	831,500	0,250
It Increases Trust Toward Company since It Will Make Company More Transparent	Extremely Important	1 (1-4)		
	Important	1 (1-3)	893,000	0,512

*Statistically significant at the 5%

In the third hypothesis the statement of "there is not any significant difference between the desire to go public and the incentives related to going public" was put forth. As a result of Kruskal-Wallis H Test applied, it was observed that there was no significant difference companies' desire to go public in terms of incentive statement related to going public (95 % IC) (See Table-13, p>0.05).

In the fourth hypothesis, the statement "There is not a significant relationship between desire to go public and companies' length of activity" was put forth. Among the companies with length of activity less than 5 years, the rate of those thinking to go public is 43.8 % whereas non-thinkers' is 56.3 %. In the companies with length of activity between 5 and 10 years, the rate of those thinking to go public is 73.3 %, but of those never think is 26.7 %. In the companies with length of activity more than 10 years, the rate of those thinking to go public is 67, 6 %, but of those never think is 32.4 %. As a result of the Chi-Square test used, a significant relationship could not be found between desire to go public and length of activity (95 % CI) (Chi-square:3,820, p>0, 05). In the fifth hypothesis, the statement of "There is not a significant relationship between desire to go public and financial problems of enterprises" was utilized. Among the companies not having any problems, the rate of those thinking to go public is 72.9 %, whereas non-thinkers' is 27.1 %. Among the companies with problems, the rate of those thinking to go public is 56.9 %, whereas non-thinkers' is 43.1 %. As a result of the Chi-Square test used, a significant relationship could not be found between those having and not having problems related to going public (95 % CI) (Chi-square:2.788, p>0,05).

Table 13: Analyzing Whether There Is Any Significant Difference Between Desire to Go Public and the Incentives Related to Going Public

Statements	Desire to Go Public	Median (Min-Max)	Kruskal Wallis	p
Reducing the expenses to be made in order to go to public	At the shortest term	1,5 (1-4)		
	At the medium term	1 (1-3)		
	At the long term	1 (1-4)	0,974	0,080
	I Never think	1 (1-4)		
Making numerical conditions (such as sums of capital and profitability) required to trade in Istanbul Stock Exchange more flexible	At the shortest term	1,5 (1-3)		
	At the medium term	2 (1-3)		
	At the long term	2 (1-3)	2,001	0,57
	I Never think	2(1-4)		
Reducing the request intervals of independent surveillance reports	At the shortest term	2,5 (1-3)		
	At the medium term	2 (1-3)		
	At the long term	2 (1-3)	7,666	0,05
	I Never think	3 (1-4)		
Investment incentive	At the shortest term	2,5 (1-2)		
	At the medium term	1 (1-3)		
	At the long term	2 (1-2)	2,627	0,45
	I Never think	2 (1-4)		
Tax incentive	At the shortest term	2,5 (1-3)		
	At the medium term	1 (1-3)		
	At the long term	2 (1-5)	2,291	0,51
	I Never think	2 (1-4)		
Making necessary announcement about going public and providing advisory services	At the shortest term	2,5 (1-3)		
	At the medium term	1 (1-2)		
	At the long term	1 (1-3)	7,411	0,06
	I Never think	2 (1-5)		

5. Conclusion and Suggestions

The most important factor affecting this study, which measures the tendency to go public in the incorporated companies functioning in Gaziantep, is lack of sufficient information related to going public in the companies included in the scope of research. In fact, Saraç&Bozkurt (2012) reached the same results in their research. The rate of companies accepting this lack of information was in the range of 32.8 % for those companies planning to go public in the short, medium and long terms, whereas this rate was about 51.4 % for those never thinking to go public. This lack of information was also present in being informed of arrangements in Emerging Companies Market and it was observed that 46.5 % of all companies included in research were unaware of these arrangements. On the other hand, very small part of the companies (1.9 %) that claimed to have information about going public stated that they had obtained this information from the activities in universities, such conference, panel, etc. In that respect in the upcoming years extensive activities to be provided by universities related to going public will be very important for a significant mass (47.5%) that lacks sufficient information, in terms of encouraging them. In those companies never consider going public, the primary reason for not going public is "it was needed up to now"; other reasons according to agreement level are "lack of information about this topic", "fear to lose the control of enterprise", "possibility that public illumination liabilities might affect competition power negatively", "distrust against financial markets" and "possibility to increase bureaucratic transactions". Especially in Gaziantep, "fear to lose the control of enterprise", enterprises organized in a manner of family companies and as it's natural outcome, the certain rights to be obtained by enterprise partners with going public (taking share from profit, having voice in management of enterprise) make enterprises hesitate at this point.

Although some companies that claim they have no information about going public do not plan on going public in a short time, it was observed that the vast majority of these companies (51 %) never considered going public. This situation may be associated with insufficient information mentioned above and willing to organize as a family company. 70 % of the companies included in the scope of research have found institutionalism, transparency and record of every transaction extremely important. However, the

relationship between having an organizational structure and the benefits to be brought by institutionalization was significant only with the statement of "employee' full privileges are provided". Therefore, other privileges brought by public offer seeming nonsense (such as error rate reduces, productivity increases, decisions are not made by one person but by professional persons related to subject) indicate that individuals answered to questionnaire had no information related to going public. Another interesting result inferred from survey was that company managers had remained indifferent to the incentives such as "reducing the expenses to be made while going public, stretching the necessary conditions in order to trade in Istanbul Stock Exchange and providing required information related to investment incentives, tax incentives and going public". Thus, rate of companies planning to go public in a short time remained 8 % and as a result of analysis performed by Kruskal-Wallis test for the third hypothesis of the study a significant difference could not be found between desire to go public and the incentives related to going public.

It was stated in the study that the vast majority of enterprises have reached certain maturity, adapted to market conditions and gained experience. However, the fourth hypothesis that claims "there was not a significant relationship between desire to go public and companies' length of activity" was not found meaningful. In other words, the experience in companies has not influenced tendency to go public positively. Similarly, as a result of fifth hypothesis that suggests "there was not a significant between desire to go public and enterprise's financial problems", a significant relationship could not found between companies with and without problem in terms of desire to go public. Consequently, insufficient information that companies participated in this research carried out in Gaziantep have and their desire to keep the characteristic to organize as a family company are seen as the greatest handicap before institutionalization. However, various activities to be arranged by relevant organizations in Gaziantep (University, Chamber of Commerce, Chamber of Industry) will be effective in changing this thought.On the other hand, one of the important restrictions of this research is especially related to generalization of the findings. This research carried out in Gaziantep province can be performed Turkey-wide. Besides, sectoral differences were not considered in this research. In further investigations, discrimination made in sectoral basis and preparation of survey questions according to relevant sector may provide healthier results.

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