Università degli Studi di Napoli – Federico II

Dipartimento di Economia, Management, Istituzioni

Dottorato in Management

XXXIV ciclo

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FAMILY FIRMS GO PUBLIC:
exploring empirical and theoretical implications of an IPO in family businesses

Anno Accademico 2020-2021

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A mio padre Matteo.

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Introduction

This section aims to present the structure of the thesis. First, we briefly introduce the research motivations, the research gaps and research questions. Second, we sum up each chapter with its framework, research design and main findings.

1.1 Research field, motivations, and research questions

As an expression of company's success and contribution to economic development in terms of job and wealth creation (Davidsson & Wiklund, 2006), growth is undoubtedly considered one of the hardest challenges for any kind of firm. For family firms, the most pervasive form of business around the world (Sharma, 2004; Casillas & Acedo, 2007), growth stands as a bifurcate issue: while it allows them to reach business and family goals (e.g., improving firm's reputation), it also poses under financial pressure family liquidity (Hamelin, 2013) and might jeopardise family control and influence (Cirillo et al., 2020).

One of the most effective and controversial way to achieve growth is via Initial Public Offering (IPO, hereafter) (Mazzola & Marchisio, 2002), which takes place when firms move from private to public ownership by issuing liquid shares that are subsequently traded on a stock market. Generally speaking, the IPO poses, *per se*, many opportunities and threats. Considering the former, it offers access to considerable financial resources both to sustain company's growth and to rebalance the firm's financial structure (Pagano et al., 1998). Besides, it boosts firm visibility and legitimacy, it reduces the cost of capital, it helps to bring out firm's value, and it potentially increases the number of company's strategic opportunities (Certo et al., 2009). However, by navigating the stock market waters for the first time, IPO firms suffer from the so-called "liability of newness" (Certo, 2003) and are surrounded by uncertainty and information asymmetries. Therefore, they must deal with such concerns to legitimate themselves towards possible investors and stimulate shares demand (Certo et al., 2009). Moreover, the increasing financial and governance scrutiny often triggers firms to change their strategic plans to cope with investors' expectations (Certo, 2003).

The uniqueness of family firms, which arises from the interaction between the business entity, the family unit, and its individual members (Habbershon and Williams, 1999), exacerbates the IPO 's dual nature, by bringing out new nuances of the phenomenon. For such companies, indeed, IPO represents a double-edged sword. While it facilitates them to pursue long-lasting growth (Mazzola and Marchisio, 2002), it also implies a threat for family control and influence due to the entering of non-family shareholders. Moreover, overcoming the common issues, family firms going public must cope with the potential lack of professionalization and the potential inability to manage market complexity (Mazzola & Marchisio, 2002), the desire to ensure generational succession (Poutziouris & Wang, 2004), the willingness to protect both family and business reputation, but also to the coexistence of financial and emotional related goals (Leitterstorf & Rau, 2014).

Considering these arguments, it is not surprisingly that, despite the pervasiveness of family firms in the global context, only a small portion of them is listed on the capital market (Helwege & Packer, 2009) with a marked tendency to remain private even in presence of multiple normative interventions to foster listing process (e.g. see the EU "2007/36/EC" directive and the "Elite program" of Borsa Italiana in 2012). Indeed, many successful family firms navigate in the private context (e.g. Schwarz Group in Germany or Esselunga in Italy): the Global Family Business Index (GFBI) 2019 reported that around 40% of world's 500 largest family businesses are located in Europe, of these, over 60% are private.

At the same time, it is worth noting that family businesses continue to face the IPO process and its challenges to grow (Mazzola & Marchisio, 2002; Euronext, 2021), and they represent the majority of listed companies by significantly contributing to the economic development all around the world (Ernest & Young, 2019; 2021). In Italy, they represent 85% of all businesses and 60% of those listed (377 in 2020).

That is, investigating the IPO process in family firms appears timely in order to sustain and direct the access of family firms to capital markets and, in doing so, prompting family businesses' contribution to economic recovery. Indeed, not only the IPO substantially prompts the development of capital markets and related local economies (Finaldi Russo et al., 2020), but the resilience and agility demonstrated by family firms during the pandemic crisis have showed the potential to drive the economic recovery (Ernest & Young, 2021).

Despite the relevance of the topic, however, our knowledge is fragmented, and it is far from offering a holistic view of the listing process in family businesses. Not a minor issue rests in the fact that, up to now, the topic has been addressed mainly through the application of theories deriving from other research fields by employing purely quantitative methodologies that hamper our ability to move deeper into the phenomenon. Filling these research gaps appears important for both theory and practice. From a theoretical point of view, an ongoing debate in the family business field involves the extent to which the uniqueness of family firms hinders or promotes entrepreneurial behaviour (Habbershon and Pistrui, 2002). IPO represents undoubtedly an entrepreneurial setting (Lester et al., 2006) where studying the role of family may help to understand how its involvement affects entrepreneurship outcomes. Moreover, despite the fact that the uniqueness of family businesses has catalysed scholars' attention over the last decades of research, family business literature still calls for works to add new insights and better understand family firms' behaviours. From a practical point of view, an increase in the awareness of the actors involved in the IPO, about specific family businesses' needs, may help practitioners to provide family business the right support, regulators to set relevant normative interventions as well family leaders to consider the IPO as an opportunity rather than a threat.

Starting from these premises, this thesis aims to shed light on the peculiarities of the IPO process in family firms with a special focus on why and how family firms face the IPO.

Going one-step further, we address three group of research questions. In chapter one, we systematically review the existing literature on IPO and family businesses. The research questions are the following: "*How have studies to date conceptualized IPOs in family businesses in terms of theoretical frameworks, IPO phase, family focus, empirical approach and research insights?*" and "*What are the unexplored research questions and how should they be addressed to advance our understanding of the phenomenon?*". This chapter establishes fixed points of the research on the topic and constitutes the logical starting point for the development of the empirical part of the thesis. In chapter two, we focus on why and how family businesses go public via IPO with the aim to provide a complete representation of the IPO in family firms and create a bridge between motivations, process, and outcomes by relying on the socioemotional wealth (SEW hereafter) perspective. By using a qualitative approach, we address the following research questions: "*Why and how do family firms go public?*" and "*How do SEW dimensions shape family influence on the IPO and its outcomes?*". In the last chapter, we shift our attention on the IPO preparation phase, by investigating the factors influencing the CEO status choice, with a special focus on the role of the family founder. We ground on the signalling theory and employ a quantitative method. The associated research question is: "*What factors affect the CEO status choice at an IPO?*".

Such a structure allows us to offer a comprehensive representation of the IPO process in family businesses, by adopting an integrated theoretical framework which considers both the socioemotional wealth perspective and the signalling theory. In this sense, while the literature review aims to lay the foundations to enable a fruitful advancement of practical and academic knowledge, the other two chapters intends to exploit research gaps and to offer theoretical and practical contributions to the field.

To reach these aims, we investigate firms that went public on Milan Stock exchange in two different period, 2015-2020 and 2000-2020, according to the proposed method of analysis. Following previous similar studies (Ravasi & Marchisio, 2003), in the second chapter - in which we implement a multiple-case study - the choice of the period (2015-2020) arises from the need to interview family leaders who still remember impressions and thoughts about the IPO. Differently, for the quantitative inquiry in the last chapter, the choice to start from 2000 was dictated by two main reasons. First, the introduction of the Code of Corporate Governance, issued by the Italian Stock Exchange in 1999, profoundly influence board composition and manager nomination including family members. Second, by selecting this observation period, we avoid any potential bias due to the good stock market index trend and the increasing public incentives (e.g. tax benefit granted by the Tremonti law) in the period 1995-1999 (Bonardo et al., 2007). At the same time, it is worth noting that the choice to focus our research on Italian family businesses is meaningful for the purpose of the thesis. Since it is characterized by a large number of listed family firms (Cascino et al., 2010), the Italian capital market represents an ideal setting to scrutiny the influence of family involvement in strategic decision-making process such as the IPO. Like other countries with poor financial infrastructures, the control of a large fraction of the economy is allocated within well-established families (Pagano et al., 1998). Moreover, controlling families are usually very much involved in the activities of the firm as showed by the regular appointment of family members in apical positions (Prencipe et al., 2008; AIDAF, 2021).

1.2 Chapter 1: IPO and family business, a systematic literature review

The process of going public in family businesses has attracted scholars' attention as it is a complex event in the life cycle of these firms which provides governance, strategic and financial challenges and opportunities. Indeed, while the listing status makes family businesses more resilient and able to perform better during crises (Minichilli et al., 2016), there are several potential drawbacks connected to buying shares in a family firm via an IPO.

For these reasons, it is important to better understand IPO from a family business perspective moving away from the generic lenses used so far. However, while several literature reviews have considered different domains (e.g., management; Certo et al., 2009), by exploring motivations, process and outcomes of an IPO, a structured literature review analysing the IPO event from a family business perspective is still lacking.

That is, starting from the strategic relevance of IPOs for family businesses, we aim to conduct a systematic literature review to organize the existing knowledge on the topic. In particular, we move on three databases (ISI Web of Science, Scopus and EBSCO) and examine 41 articles published from 1995 to 2020. In doing so, we review the papers to organize the theoretical lenses used and the empirical insights reported into three different clusters (antecedents, process, and consequences), across four levels of analysis (firm, family, individual, and contextual levels). Moreover, we identify literature gaps and promising research paths by proposing how they should be addressed in terms of methodology and theory.

Following this process, our analysis reveals that literature on the topic polarized around the ending part of the IPO process and its consequences, leaving neglected the area of motivations. At the same time, studies on the topic mainly ignored the behaviours of family firms in the pre-IPO and process phases. Moreover, we highlight that most studies ground on theory belonging to IPO literature, failing to adopt a family perspective. Finally, our literature review clearly points out that the quantitative approach used previously is unable to provide a deeper understanding of the phenomenon.

1.3 Chapter 2: Why and how family businesses go public via IPO

Previous research efforts have mainly devoted attention to the consequences of IPO in the family business domain with a strong emphasis on the success of the listing (for example, outcome) in terms of short (Kotlar et al., 2018) and long-term performance (Jaskiewicz et al., 2005), or survivability (Cirillo et al., 2017). Among these studies, scholars provided interesting insights by relying on the SEW perspective by claiming that, even in the IPO context, to protect family endowment, family firms pursue non-financial goals (Jain & Shao, 2014). However, what remains mainly unexplored rests in the motivations that might push family businesses to go public via IPO and in the way those motivations might shape the IPO process and its outcomes.

Current research rests to the application, *sic et simpliciter*, of general motivations that foster the listing to the family business domain. However, the pervasiveness of family emotional orientation (Gómez-Mejía et al., 2007) suggests us to detach ourselves from the business perspective to embrace a family-specific one. Moreover, since different motivations can lead to different outcomes, the necessity to create a bridge between motivations, process, and outcomes, exists.

In response to the abovementioned literature gaps, we use the SEW perspective as a theoretical lens through which explore the IPO path in family businesses in order to specifically account for family particularism. Then, we draw on its multidimensional nature (Swab et al., 2020) and disentangle how SEW dimensions (and their interactions) shape family IPO decision as well how they influence decision making process of family IPO firms. We do this by drawing on a multiple-case study research design and analysing eight family IPOs that went public on the Italian market over the timeframe 2015-2020,

Our study indicates that family firms go public via IPO following three different paths (i.e., *shine*, *continue*, and *challenge*) which differ in motivations, process, and outcomes.

We also suggest that from different motivations may derive different IPO paths characterized by peculiarities about how the IPO is carried out as well as by different outcomes. We also point out that interactions between SEW dimensions exist (Swab et al., 2020) and that they may be associated with family businesses' heterogeneity.

1.4 Chapter 3: How family businesses prepare themselves for the IPO

A critical decision which faces the family firm preparing for an IPO is whether a family (founder) member should occupy the CEO position or if she/he should step down in favour of an external – professional – CEO, with experience in leading a public company. Indeed, the process of going public is characterized by a sense of uncertain (Certo, 2003) which issuing firms try to reduce by conveying signals of quality to potential investors. Among the signals that are usable to reduce uncertainty and express IPO quality, the CEO status has considerably grasped scholars' attention (Nelson, 2003). Indeed, the person who occupies the CEO position and her/his characteristics are factors that are under scrutiny by the markets, and which shape the perception of investors (Kotlar et al., 2018). Of particular importance is the role the founder CEO plays in the IPO context when using the lens of signalling theory. Indeed, the decision-making process, motivation, strategic choices, and performance of founder CEOs are significantly different from those of non-founder CEOs. That is, the CEO status (founder vs non-founder) choice at the time of presenting itself to potential investors and analysts is likely to be interpreted by the market as a potentially informative signal regarding the future strategic direction and performance of the firm (Jain & Taback, 2008). More intriguing, family IPOs must overcome the dichotomy between founder and non-founder (professional hired) CEOs, by including the founder's family descendant into the discussion.

Despite the relevance of the topic, previous research neglected to investigate factors affecting the CEO status choice in family firms at the IPO time. To address this critical gap, grounding on the signalling theory (Spence, 1973) and building on a sample of 148 Italian family IPOs, we examine how family overhang, defined as the quota of shares retained by the family over the quota of shares offered at IPO (Bradley & Jordan, 2002), impacts the choice made between founder family CEO, non-founder family CEO and non-family CEO at the IPO stage.

Our analyses reveal that family IPOs tend to mitigate the redundant signal of family overhang, by choosing to go public with a non-family CEO to convey an alternative nonfamily-related signal to the market. On the same line, in the presence of greater family generational involvement (associated with a higher risk of rent extraction), the need to go public with a non-family CEO is reinforced. Furthermore, when the choice is internal to the family (founder family CEO vs non-founder family CEO), family IPOs balance their family involvement signals by using the founder family status as a complementary signal of family overhang. Also in such circumstance, family generational involvement strengthens the likelihood of choosing a founder family CEO who is perceived as being more capable to handle family and market pressures.

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Chapter 1. IPO in family business: A systematic review and directions for future research[1]

Abstract

The transition from private to public ownership through the process of going public (i.e. initial public offering, or IPO) has attracted scholarly attention because of the governance, strategic and financial challenges and changes that firms face to achieve favourable valuations from equity markets. This is especially true for family companies, resulting in growing interest in the subject from family business scholars. This study systematically reviews existing research on IPOs in family businesses and assesses the state of the art in this field. It examines scholarly articles published in academic peer-reviewed journals from 1995 to 2020 and identifies research streams on the topic. It then systematizes the existing knowledge on IPOs in family firms through an input–process–output model that conceptually overlaps with IPO phases. This organizes the papers under investigation across four levels of analysis (firm, family, individual, and contextual levels). The article contributes to both research and practice by providing a useful theoretical driven model to guide future research efforts on IPOs in family businesses and suggesting specific policy interventions to support the listing process of family firms.

[1] Please note that a similar version of this chapter (with the same title) has been published on "Journal of Family Business Strategy" (ISSN: 1877-8585), DOI: 10.1016/j.jfbs.2021.100433, (2021). I am grateful to my co-authors, Prof. Alessandro Cirillo, Prof. Sara Saggese and Dr. Fabrizia Sarto, for their help. However, all the errors within the chapter are my own responsibility.

2.1. Introduction

Family firms are the most common form of business around the world. These companies dominate the global equity markets, and their presence is even more marked among privately-owned firms (E&Y, 2018). Family firms are profoundly different from non-family businesses and make a substantial contribution to world economic development (Casillas & Acedo, 2007). Scholars have devoted considerable attention to investigating the behaviours, strategies and performance of family firms. A growing body of knowledge has focused on the process of going public in family businesses. This is a complex event in the life cycle of these firms and provides governance, strategic and financial challenges and changes.

Overall, family business research has recognized that families have different goals, requirements and attitudes when their business is publicly traded from when it is privately owned. A listed family business is different from the same family business before listing (Mazzola & Marchisio, 2002). The listing status makes it more resilient and able to perform better during crises, and also prompts it to consider the long-term investment horizon (Minichilli et al., 2016). The anecdotal evidence supports these conclusions, with many successful cases of family firm IPOs. For example, when Hermès went public in 1993, the family retained 78% of shares and the company enjoyed an annual growth in net profits of 14.7%. Similarly, in 2009 the listing of the Hyatt Hotels Corporation, which went public in the middle of the financial crisis, was the largest IPO on the New York Stock Exchange. Finally, Ferragamo, an iconic Italian fashion house, was listed in July 2011 with an offer price of € 9 and raised its market value by up to 170% in the next three years.

However, there are a number of potential drawbacks connected to buying shares in a family firm via an IPO. Family firms may struggle to deal with market complexity (Cirillo et al., 2017) or might put family interests first, neglecting non-family shareholders (Leitterstorf & Rau, 2014). Having the firm traded on equity markets is a double-edged sword for the family: it helps new investments and fosters growth (Mazzola & Marchisio, 2002) but requires increased professionalization with more non-family members at apical positions as well as a dilution of family ownership (Kotlar et al., 2018). In this sense, it is important to better understand IPO from a family business perspective moving away from the generic lenses used previously. Indeed, using an analytic focus on family business theories is helpful to shed light on family motivations for going public and family logic across the entire IPO process. Moreover, shedding light on the IPO from a family business standpoint can be practically helpful for family firms to resolve the ambiguity surrounding the question of whether family traits constrain or favour both IPOs and firm permanence on stock markets.

While a number of literature reviews have considered the management (e.g. Certo et al., 2009), finance (e.g. Ritter & Welch, 2002) and governance (e.g. Cirillo et al., 2018) domains, and investigated motivations, process and consequences of IPOs, a structured literature review analysing the IPO event from a family business perspective is still lacking. Indeed, previous literature reviews have considered family business as a context rather than as a specific discipline and have therefore neglected family peculiarities (e.g. family composition, family governance) that give rise to contrasting results (e.g. IPO and post-IPO performance), making reconciliation necessary.

Stemming from this debate and the strategic relevance of IPOs for family businesses, we aimed to conduct a systematic literature review to organize the existing knowledge on the topic. In particular, two research questions are at the heart of our inquiry: *(1) how have studies to date conceptualized IPOs in family businesses in terms of theoretical frameworks, IPO phase, family focus, empirical approach and research insights? (2) what are the unexplored research questions and how should they be addressed to advance our understanding of the phenomenon?*

To answer the first research question, we drew on three databases (ISI Web of Science, Scopus and EBSCO) and analysed 41 academic studies published from 1995 to 2020. We reviewed the papers to organize the theoretical lenses used and the empirical insights reported into three different clusters (antecedents, process and consequences), across four levels of analysis (firm, family, individual, and contextual level). To answer the second research question, we identified the current gaps in the literature, proposed promising research paths and suggested how they should be addressed in terms of methodology and theory.

The article therefore makes several contributions to advance the academic debate on this issue. To the best of our knowledge, it is the first effort to systematize studies on IPOs in family businesses by providing a framework to identify the main study topics through an input–process–output model organized across four levels of analysis (firm, family, individual, and contextual level). More specifically, while the identification of the different levels of analysis (i.e. firm, family, individual, and contextual level) makes a contribution to family business field, the explanation of the phenomenon along the three IPO phases (i.e. antecedents, process, outcomes) offers a specific contribution to the literature on the IPO in family business. From a different standpoint, the paper provides a whole theoretical contribution to the literature as it builds a bridge between the research on family businesses and IPOs and provides a new perspective on the topic by highlighting why family firms go public, how they behave during the listing process, and the consequences of listing a family firm. In addition to this, the theoretical contribution also draws on the ability of the thematic map to offer a comprehensive framework to help researchers to understand the relationships among family business key variables in the IPO and the theories needed to interpret them. Building on this, the paper detects the main gaps and identifies several research avenues to be explored. These include improving understanding about the phenomenon by examining family motivations, family behaviours, market perceptions of family factors, and family strategy. Our findings have also practical implications, because the paper could be a good starting point for future policy interventions designed to identify the characteristics that can support family firms in the listing process.

The article is organized as follows. First, it provides an overview on the IPO process. Second, it explains the research methodology. Third, it presents the findings of the literature review and provides a conceptual model on IPOs in family businesses. Fourth, it discusses the results and suggests directions for future research on the topic. Finally, it concludes by providing contributions and implications for theory and practice.

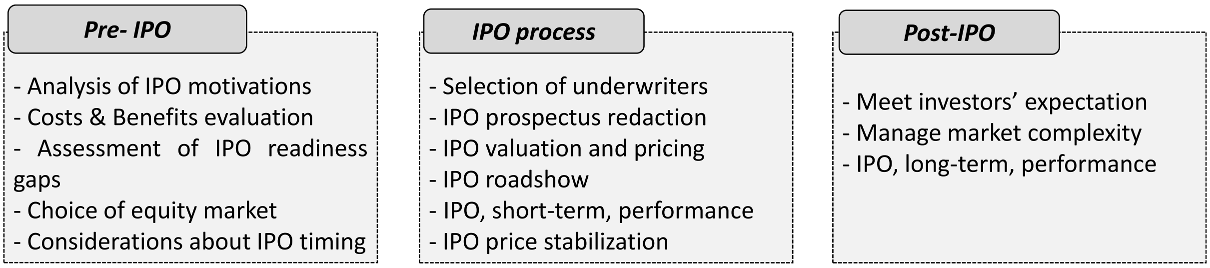
2.2. Going public: an overview of phases, actors, and strategies

This section provides an overview of the IPO phases, to enable the literature on the topic to be grouped appropriately.

As showed in Figure 1, the process of going public via IPO can be ideally divided into three macro-steps (Ritter & Welch, 2002). The first is strategic and considers the convenience of conducting an IPO. This step does not involve external parties (*pre-IPO*). The second step requires the participation of external advisors, who guide the firm to the equity market by producing a prospectus, marketing the issue to potential investors, and pricing and allocating the IPO (*IPO process*). Finally, the third phase includes the post-IPO period and disentangles the effects of the listing on the firms' characteristics (*post-IPO*).

The success of such a critical process depends on the contributions of different actors: the firm itself, its managers, its owners, the external advisors (e.g. banks, auditors and legal) and, finally, the market, considered as the parterre of potential shareholders.

Figure 1: Overview of IPO phases, actors and strategies



2.2.1 The pre-IPO phase

The first phase (*pre-IPO*) typically starts 24 to 36 months before the first trading day and includes all the antecedents of IPOs. This phase strategically explores the idea of going public by comparing this option, *vis a vis*, with other alternatives such as: sale to a strategic buyer through the mergers and acquisitions market; sale to a private equity or venture capital firm; sale to a family office and private placement (E&Y, 2018). Thus, firm must answer a crucial question: "why conduct an IPO?". Although the motivations underpinning the decision varies upon owners' identity, it can be fairly asserted that firms face IPO to fund innovation, growth, acquisitions, and internationalization. Deepening the question, from the institutional shareholders' perspective, the IPO would mean a profitable way to divest; from the family point of view, it could help generational succession; according to a state-ownership, it might be useful for turning the firm into a non-public one.

Once the decision to list the firm is made, the economic feasibility should be evaluated. Firms aiming to undertake IPO should consider both direct (associated with IPO preparation) and indirect (associated with the listing status) costs. The former are fees paid to auditors and legal, costs of conducting marketing and roadshows, the underwriting fees, expressed as a percentage of gross proceed, paid to an investment bank(s) (Jenkinson & Ljungqvist, 2001). The indirect costs relate to the increased transparency and disclosure requirements, the new corporate governance standards to meet, the greater pressure and scrutiny by the market and by the new shareholders, and reduced flexibility in the decision-making process. The benefits regard the possibility to access to different debt financing (e.g. bond; mezzanine; derivatives); higher visibility and reputation, increased attractivity for employees, reduced agency costs, and better liquidity position for existing shareholders.

If the benefits outweigh the costs, firms have additionally to evaluate their potential ability to manage market complexity and to cope with requirements by assessing potential gaps in terms of governance structure (board of directors, committees, CEO role and duties), executive team and reporting structures (compliance officer and investor relations). Moreover, IPO firms have to choose the equity market target – i.e., the market where the shares will be sold – and the IPO timing: a proper decision about market can increase the chances of maximizing the valuation of the company as well the right IPO time allows to leverage favourable market waves and avoid negative market sentiments. It is worth to note that, during the pre-IPO phase, important distinctions between family and non-family firms exist (Mazzola & Marchisio, 2002). Family firms should evaluate the decision to undertake an IPO not only from the duality of strategic and economic convenience but also considering emotional endowment and its implications for going public (e.g. the risk of jeopardizing family control, which may inhibit IPO, and the need to overcome family capital limitations, which may be a catalyst for IPO). To date, no systematization of family-specific motivations has been provided.

2.2.2 The IPO process phase

The second phase (*IPO process*) starts once the decision to go public has been made and involves external actors. This has three specific stages (E&Y, 2018). The first is *IPO preparation*, which includes the selection of external advisors (investment bank, underwriters, legal consultant and audit firm), IPO valuation, and IPO prospectus preparation (12 months before the first trading day). During the first stage, the firm starts the preparation of listing process by engaging the external IPO team. The milestone of professional advisors is the investment bank contracted to serve as a lead bank and perform underwriting functions (Certo et al., 2009). IPO firms choose the investment bank by relying on specific criteria such as reputation, distribution capability and prior experience. The lead bank is also in charge of forming the, underwriting, syndicate[2]: a pool of merchant banks and broker-dealers temporary allied with the scope of 1) producing information; 2) valuing the IPO and 3) pricing the IPO (Corwin & Schultz, 2005). Underwriters serve as “certifying agents”: their reputation conveys the quality of issuing firm to the market. Moreover, in the light of the great uncertainty surrounding the IPO process, they decrease information asymmetry between firm insiders and outsiders producing specific info that are collected in the IPO prospectus (Ritter & Welch, 2002). Underwrites have also the delicate task of quantifying the fair value, an ex-ante estimate of the market value, of the issuing firm. Despite such function is usually performed by

[2] Commonly, two types of underwriting agreement exist: firm commitment and best efforts. Within the first, underwriters acquire all the shares, or a fixed number, from the issuing firm and then sell them to public investors. Within the second, underwriters agree to do their best to allocate the shares directly to public investors without the obligation to buy the unsold ones.

employing multiples (Roosenboom, 2012), prior research suggested that peers selection is biased because underwriters tend to exclude comparable firms that would make IPO appear overpriced (Paleari et al., 2014). That is, underwriters intentionally set the IPO fair value by including a discount to stimulate investors' demand and expend less market effort (Roosenboom, 2012; Paleari et al., 2014). Underwrites normally comes up with a range of values where the fair market value of the IPO should reasonably be comprised. Focusing on IPO prospectus, it is a formal document that contains a set of compulsory information but might also comprise voluntarily disclosed info. It must be approved by market authorities since it has legal value and it is freely available to investors. It contains information about the firm, its past financial performance (last three audited balance sheet), its ownership and governance structure, risks related associated with buying IPO shares and the structure of the IPO (valuation, potential price, shares offered and allocation). However, literature revealed that investors tend to not rely upon the info included in the offering prospectus (Bhabra & Pettway, 2003) preferring signals that immediately convey the IPO quality such as prestigious board or underwrites as well as the presence of the founder (Certo et al., 2009).

The second stage is the IPO *transaction*, which includes the roadshows, book-building, and determination of the offer price (6 months before the first trading day).

One of the more crucial steps of the IPO process regards the presentation of the IPO firms to the potential investors. Since IPO suffers of "liability of market newness" (Certo, 2003), to stimulate interest and increases issuer's selling price, the management team is required to present the company to institutional investors throughout international roadshows that take place in two/three weeks with the help of underwriters. At this stage, once the quantification of IPO value ends (in the previous phase), the next phase, IPO pricing, takes place. The substantial difference in such case is the active role of potential shareholders: the IPO, offering, price is a function of the investors' interest in the company's shares while IPO value exclusively pertains to underwrites. The most common mechanism for price setting is the book-building: a process in which underwriters "build a book" (the order book) where bids (expressions of interest from institutional investors) are recorded. Such bids enclose the number of shares, as well as the relative price, that investors are willing to buy. By this way, underwriters can determine the demand curve that is useful to define the size, the allocation and the offering price of the IPO (Cornelli & Goldreich, 2001).

The final stage is IPO *performance* and covers performance on the first trading day and price stabilization (up to 3 weeks after the first trading day). When offering price is determined by underwriters, in accordance with management, after the book-building procedure occurred on

the primary market, the IPO is ready to be traded on the secondary market[3]. Underwriters tend to underprice the issuing firm by setting an offering price lower than the potential price that investors would be willing to pay to incentive the subscription (Roosenboom, 2012). Underpricing (i.e. the positive difference between the first days closing price and the offering price) is a short-term phenomenon: under the stock market efficiency assumption, market prices formed during the weeks following quotation should convey the true value of the firm and so stabilize the price (i.e. elimination of the deliberate discounted arranged by underwriters).
Within this phase, there are profound dissimilarities between family and non-family firms. Equity markets differently evaluate family control during the early trading days (Cirillo et al., 2015). Those differences are embedded in both the theoretical framework used by researchers and the aspects emphasized by markets (e.g. stability of family control over the long term vs. possibility of rent extraction by family owners), giving rise to conflicting findings. There has not yet been a systematic reflection aiming to reconcile those findings.

2.2.3 The post-IPO phase

The third phase (*post-IPO*) covers the period that starts approximately one month after the first trading day and lasts until a year after the IPO and includes most of the main consequences of going public. During this period, issuing firms are required to deal with equity market complexity for the first time, and must comply with governance and regulatory requirements, communicate effectively with investors, be strategic in their use of IPO proceedings, and be able to deliver long-term growth plans. The post-IPO phase is also crucial for evaluating performance, in a way that is not done in private companies. Market metrics (e.g. Tobin's Q, buy-and-hold abnormal return, analysts' recommendations, and survivability on capital markets) force firms to meet new shareholders' expectations (Certo et al. 2009; González et al., 2019).

Looking at this phase, distinctive family traits lead to different outcomes. For family firms, market complexity and shareholders' expectations affect not only firm governance but, most invasively, family governance (i.e. family council and family constitutions) (Jain & Shao, 2015). Previous studies have not explored this issue in depth.

From the conceptual standpoint, the three IPO phases (pre, process and post) can be regarded as the "*input*", the "*process*" and the "*output*" of the IPO decision. In fact, the pre-IPO phase

[3] "*The primary market constitutes the offering stage of IPOs, and it is here that IPO offering prices are established. The larger, more centrally accessible secondary market the bidding stage of IPOs, where IPOs and all "seasoned" assets publicly trade*". Mauer and Senbet, 1992, p.58

deals with the elements (behavioural and economic) that might catalyse or curb (i.e. antecedents or input of the IPO choice) the decision to go public. On the same notional line, the process phase encompasses all the elements that might impact on the way (i.e. market choice, timing of the process, price valuation) the firm goes public (i.e. the process of going public). Finally, the post-IPO phase embeds all the elements that might (i.e. consequences or output of the IPO choice) affect the firm, *latu sensu*, after the quotation.

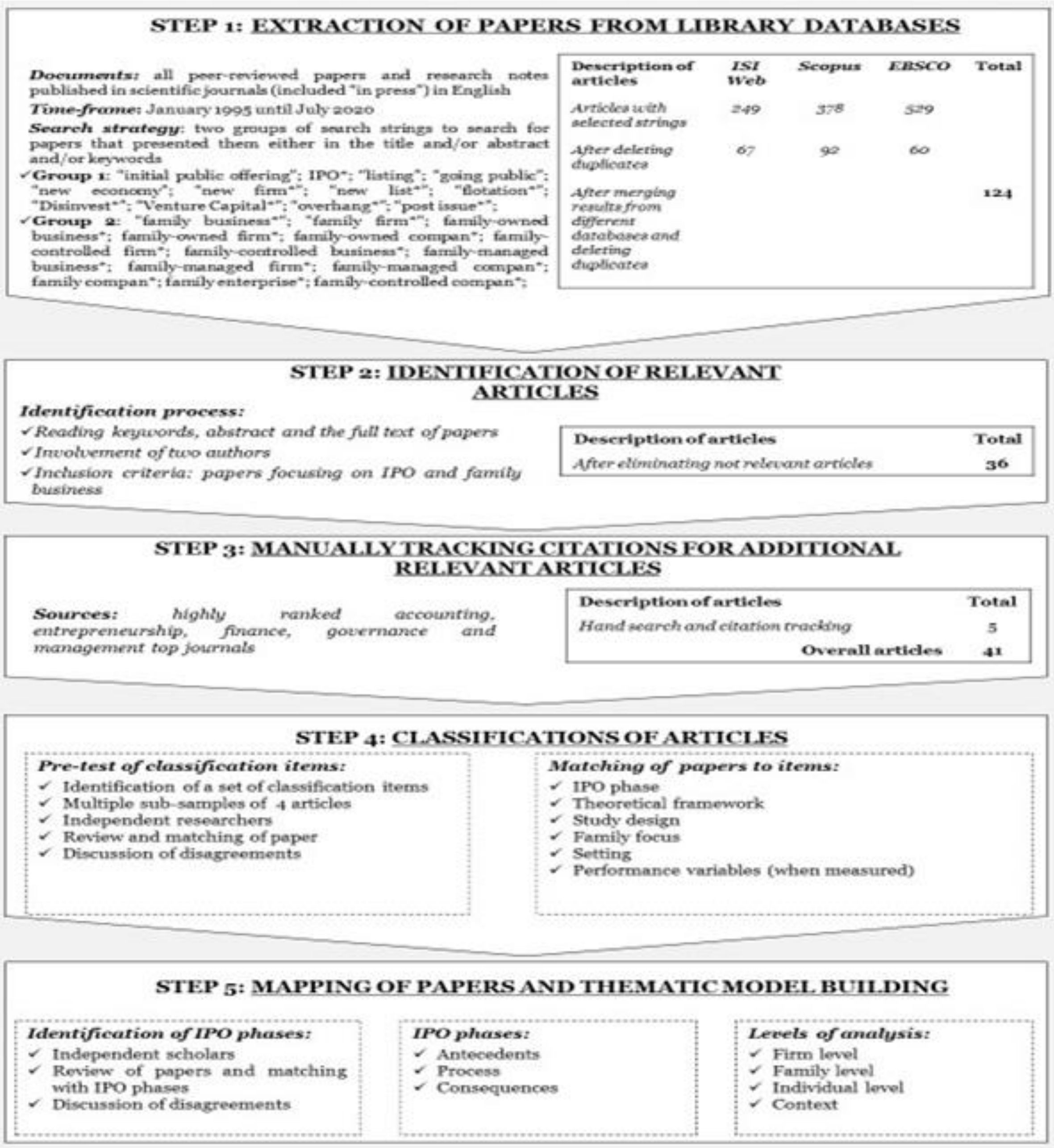
2.3. Methodology and analytical framework

Drawing on previous literature, our systematic review followed a narrative approach. This allowed us to remain faithful to the purpose of our work: to summarize and interpret the key research results by investigating studies on IPOs in family businesses (Baumeister & Leary, 1997).

2.3.1 Extraction of papers

In the first step, we combined the Social Science Citation Igndex (SSCI) database, incorporated in the ISI Web of Science internet library source, Scopus database and EBSCO Business Source Complete to identify eligible and relevant studies for our review. These sources were chosen as the most complete databases of academic articles (Torchia et al., 2015; Saggese et al., 2016; Calabrò et al., 2019). We examined peer-reviewed publications in scientific journals (including “in press” articles) up to December 2020, without imposing any time constraint, to gather all relevant articles in English. We focused on articles published in academic journals because the peer review process means that they are considered validated knowledge and are more likely to have a major impact on the field (Ordanini et al., 2008; Ramos-Rodríguez & Ruíz-Navarro, 2004). In line with previous studies, we collected both original articles and research notes appearing in academic outlets (Okumus et al., 2018; Köseoglu, et al., 2016). However, our research field is narrow, so we also followed previous systematic literature reviews (Cirillo et al., 2018; Saggese et al., 2016; Özbilgin et al., 2011; Campopiano et al., 2017) in considering all relevant articles from any journal, to avoid a loss of relevant papers on the topic.

Figure 2: Research steps



As shown in Figure 2, we used a combination of two groups of search strings to look for papers with relevant terms in the title and/or abstract and/or keywords. The first group covered the IPO realm and the second group covered family businesses. This research strategy returned a total of 1,156 items (249 from ISI Web, 378 from Scopus and 529 from EBSCO). We deleted all duplicated articles, providing 124 distinct papers.

2.3.2 Identification of relevant articles

In the second step, we refined the search by skimming the list of articles to assess their consistency with the review topic (Ordanini et al., 2008). A paper was included if it provided a conceptual advance in the understanding of the IPO event in family firms or empirically tested expectations about IPOs within a family business context. Using these criteria, two authors independently read the title, keywords, abstract and, when necessary, the full text of each publication. When there was any disagreement, a third scholar carried out a separate analysis of papers to resolve the issue. Following this strategy, we eliminated 88 articles that were not closely linked to the review topic, giving 36 relevant articles. The difference between the initial and final number of articles is because of the choice to use the second group of search strings without quotation marks, to catch all potentially-relevant papers, in line with previous systematic literature reviews (Saggese et al., 2016; Bakker, 2010).

In the third step, we completed our paper collection by hand-searching and citation-tracking additional papers across accounting, entrepreneurship, finance, governance and management top journals. Because the academic field was narrow, this research strategy only provided 5 additional articles, giving a final list of 41 papers published between 1995 and 2020.

2.3.3 Classification of articles

In the fourth step, following a standard practice in literature reviews (Calabrò et al., 2019; Dawson & Mussolino, 2014), we reviewed and categorized the articles using a set of classification items to develop a comprehensive picture of the research on the topic. More specifically, each author independently pre-tested a sub-sample of four articles to individuate the categorization items. In addition, we shared the coding scheme with another two scholars in the same research field, to discuss it and identify the final set of classification items (Calabrò et al., 2019). This process led to the following categories: *i)* IPO phase, *ii)* theoretical framework, *iii)* study design, *iv)* family focus, *v)* setting, and *vi)* performance variables (when measured). We independently reviewed and sorted the articles using these items. When differences in coding emerged, we discussed and reconciled disagreements by re-reading and recoding papers. If disagreement persisted, we involved an external rater to obtain a final interpretation (Cirillo et al., 2018).

For the IPO phases, we followed the system logic of the well-known *input–process–output* model (Lumpkin et al., 2011), which conceptually overlaps with the IPO phases. We independently categorized the articles into the following clusters: *i)* antecedents (i.e. pre-IPO), *ii)* process (i.e. IPO process), and *iii)* consequences (i.e. post-IPO). Using the classification described in section 2, we assigned papers to antecedents (pre-IPO) if the study's dependent variable concerned the decision to go public. If the dependent variable concerned the period from the decision to go public until IPO price stabilization (normally 3 weeks after the first trading day), the article was assigned to process. Finally, if the dependent variable concerned the period starting approximately one month after the first trading day, the article was assigned to consequences (post-IPO).

As for the theoretical framework, we also organized papers by approach (e.g. agency theory, signalling theory, socioemotional wealth theory and stewardship theory). For the study design, we focused on the sample size and the observation window. We also distinguished articles comparing IPOs in family and non-family business from those investigating family firms' heterogeneity. Regarding the setting, we discerned articles on the basis of their investigated context (e.g. Italy, Germany, multiple countries). As far as the performance items are concerned, when papers used a performance variable as the dependent variable in the empirical model, we categorized it as accounting (e.g. return on assets, ROE), market (e.g. buy-and-hold abnormal returns, BHAR) or mixed measure (e.g. survival or M/B). Going deeper, short-term performance measures (e.g. underpricing) were included in IPO process and long-term performance measures (e.g. excess returns) in IPO consequences.

2.3.4 Mapping papers and thematic map

Finally, in the last step of our analysis, we qualitatively systematized the literature. We read all the papers to identify the theoretical lenses used in each study, and deepened the theoretical rationales adopted for each phase to provide a clearer understanding of the phenomenon. In line with previous studies (Habbershon et al., 2003; Campopiano et al., 2017), we distinguished between four levels of analysis: *i)* firm, *ii)* family, *iii)* individual and *iv*) contextual levels. Firm level includes the factors that influence or are influenced by the company itself (Chua et al., 2012). These include elements such as firm goals, governance, and resources, which characterize companies going public irrespective of their family status. The second level (family) includes factors that may affect or be affected by the family involvement at any level (Chrisman et al., 2013). The third level (individual) embeds elements that influence or are influenced by individual characteristics. The choice to include these levels of analysis in the framework relies on the theoretical recognition of three sources of behaviours for family businesses (Habbershon et al., 2003). Decisions can be made in the interest of the company, the family and individuals, and these interests do not always overlap (Dawson, 2012). In line with previous studies (Campopiano et al., 2017; Wright et al., 2014), the fourth level (context) contextualizes our framework by including the institutional setting (i.e. economic, social, political, cultural, and legal) in which family firms are embedded.

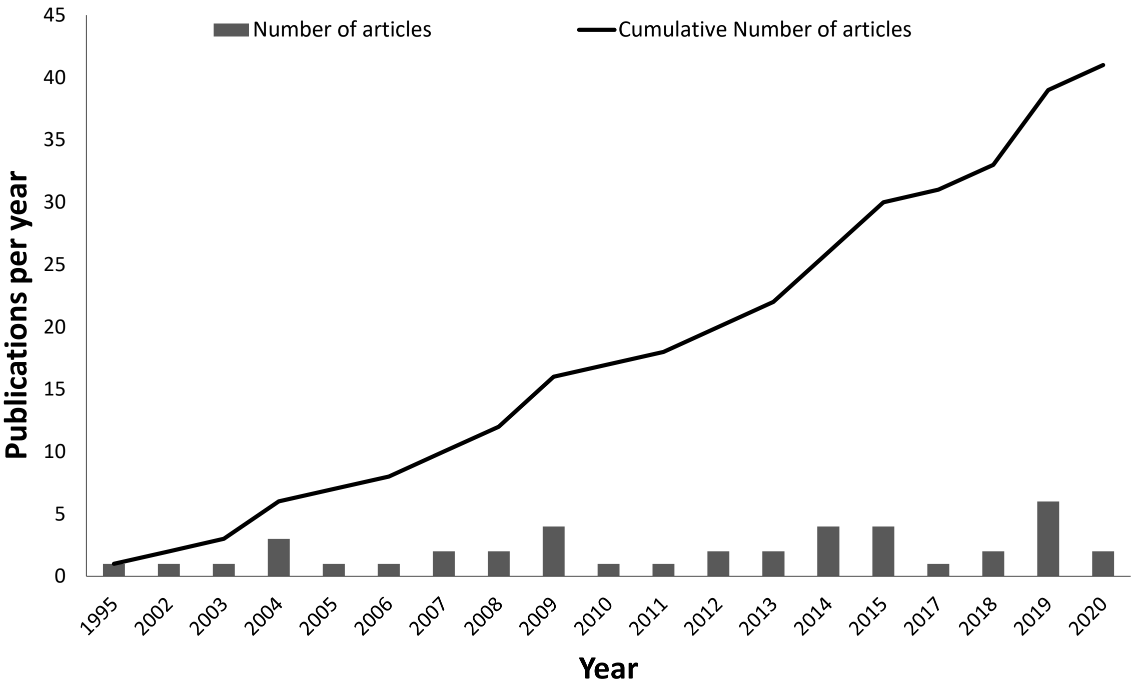
Once we had completed the review of the collected papers, we organized the selected articles into a thematic map by combining the IPO phases with the identified levels of analysis, to better interpret the findings of the studies in our dataset (Sarto & Veronesi, 2016; Ribau et al., 2018).

2.4. Findings

2.4.1 Descriptive information

Figure 3 shows the publication trend in the research field and the cumulative number of papers published between 1995 and 2020. The distribution of articles shows that the number of published papers per year increased over time, from 1 in the 1990s to 24 in the last decade. The trend increased steadily over our observation window, but it is worth noting that some years (e.g. 2004) were characterized by a stronger interest in the topic. The number of publications in the first few years after 2000 can be interpreted in the light of the dot-com bubble, which prompted scholars to examine the factors guiding the IPO decision. Interest in the topic was also boosted by policy-making interventions that regulated the financial markets and the protection of shareholder interests both in Europe and beyond (e.g. corporate governance codes, Sarbanes–Oxley Act). The stronger research interest in both 2009 and 2014 can be explained by the global financial crisis. Some scholars recognized that the post-crisis period was characterized by an increase in the level of scrutiny of new issues by both investors and regulators. This made the IPO process more difficult for issuers. This phenomenon encouraged many scholars to focus on both the IPO and the characteristics of firms involved (Henry & Gregoriou, 2013). The greater interest shown in 2019 can be attributed to policy-making interventions in Europe and beyond.

Figure 3. Research trend



Papers were published in 29 different journals[4]. The majority were on *family business* (9 papers), *management* (12 papers) and *governance* (7 papers), and the remaining papers could be grouped under the *finance* umbrella (11 papers) or others (2 papers). The most prolific outlet was *Family Business Review*, but the topic was analysed from many points of view, suggesting that it is relevant for scholars from different research fields. Papers in the family business and governance fields mainly investigated heterogeneity among family firms in terms of IPO. Papers published in finance journals were more likely to assess the difference between family and non-family firms.

The papers reviewed used different operationalizations of “family business”. The majority used a definition of family business that took into account both ownership - shareholders with family ties (through blood or marriage) owning a specific quota of equity - and managerial or board involvement - at least one family member on the board or qualified as a manager. The

[4] Academy of Management Journal; British Journal of Management; China Journal of Accounting Studies; Corporate Governance-an International Review (4 Papers); Corporate Ownership and Control (2 Papers); European Financial Management (2 Papers); European Management Journal; Family Business Review (6 Papers); International Business Review; International Entrepreneurship and Management Journal; International Journal of Entrepreneurial Behaviour & Research; International Research Journal of Finance And Economics; International Review of Financial Analysis; Journal of Business Economics And Management; Journal of Business Finance & Accounting; Journal of Enterprising Culture; Journal of Family Business Management; Journal of Family Business Strategy (2 Papers); Journal of Financial Intermediation (2 Papers); Journal of Management and Governance; Journal of Private Equity; Journal of Small Business Management; Management Decision; Management Science; Managerial and Decision Economics; Managerial Finance; Pacific-Basin Finance Journal; Research in International Business and Finance; Strategic Management Journal.

equity threshold varied with the context, ranging from 5% in China (Yang & Doty, 2020) up to 50% in Germany (Ehrhardt & Nowak, 2003) and the US (Jain & Shao, 2014). A minority of studies (e.g. Jaskiewicz et al., 2005) distinguished family businesses using the power subscale of the F-PEC, introduced by Astrachan et al. (2002). Lastly, a few studies used a self-reported definition, based on survey data (Poutziouris & Wang, 2004).

Tables 1, 2 and 3 show the findings of our literature analysis on selected articles. The classification shows that the topics of interest were not equally distributed among the three main phases of the IPO (i.e. antecedents, process, and consequences). Some papers were placed in more than one group (Mazzola & Marchisio, 2002; Cirillo et al., 2015a). Most studies focused on IPO consequences (44%) and process (44%), while less attention was devoted to antecedents (17%).

The next few sub-sections provide a detailed overview of the theoretical framework and content of each research cluster.

Table 1. *Review of articles on IPO "Antecedents"*

N.	Article	Theoretical framework/approach	Study Design	Family focus	Setting	Antecedent's level (Family, Firm, Individual)	Main Findings
1.	Helwege & Packer, 2009	Agency Theory	181 private firms (1996)	FB & NFB	US	Family level (private benefits of control)	FB tend to remain private to maintain private benefits of control.
2.	Masulis et al., 2020	Pecking Order Theory Control-retention concerns	12.793 IPOs of Business Groups (1997-2007)	FB and NFB	Multiple	Firm level (firm growth motivations) Family level (family control)	FB Groups raise new equity through IPO to avoid a loss of control in particular when they present a greater rate of internal capital accumulation
3.	Mazzola & Marchisio, 2002	Corporate Governance Life Cycle Perspective	37 IPOs (1995-1998)	FB and NFB	Italy	Firm level (private equity involvement)	Involving private equity in ownership fosters FB listing.

4.	Poutziouris & Wang, 2004	Pecking Order Theory	240 private SMEs (1999)	FB and NFB	UK	Firm level (financial motivations) Family level (generational succession)	FB go public for financial reasons (e.g. finance growth; finance an acquisition programme; create a liquidity 'way out' for shareholders). Family owners go public for facilitate generational succession.
5.	Rydqvist & Högholm, 1995	N.A.	166 IPOs (1970-1991)	FB	Sweden	Firm level (firm growth motivations) Family level (family portfolio rebalancing)	FB go public to finance long-term growth. Family members go public to rebalance their portfolio.
6.	Sonfield & Lussier, 2009	N.A.	593 IPOs	FB	Multiple	Firm level (non-family managers involvement)	Involving non-family managers fosters FB listing.

7.	Bancel & Mittoo, 2009	Agency Theory Pecking Order Theory	78 IPOs	FB and NFB	Europe	Firm level	FB go public to enhancing their power with creditors and reduce the cost of capital.

Table 2. *Review of articles on IPO "Process"*

N.	Article	Theoretical framework/ approach	Study Design	Family focus	Setting	Process' level (family, firm, individual)	Performance variables (accounting, market, mixed)	Main Findings
1.	Chandler et al., 2019	Signalling Theory	155 IPOs (2009-2012)	FB	US	Family level (family involvement signals) Context/Firm level (Industry influence)	Underpricing (market)	Disclosing family presence in the IPO prospectus positively affects Underpricing. This relationship is strengthened for high-tech FB.
2.	Chung et al., 2015	N.A.	1.201 CROSS-LISTINGs (1994-2008)	FB and NFB	Multiple	Context (private benefit of control)	N.A.	Private benefit of control pushes FB to cross-list in foreign markets characterized by less stringent regulations.
3.	Cirillo et al., 2015a	Stewardship Theory	113 IPOs (2000-2011)	FB and NFB	Italy	Family level	IPO Premium, MB (mixed)	FB exhibit higher IPO premium and MB than NFB.

						(Family involvement in TMT)		Family bonds among managers, directors and employees positively affect IPO premium and MB. Involvement generations positively affects IPO premium and MB. This effect is stronger in the first generation.
4.	Cirillo et al., 2015b	Stewardship Theory	77 IPOs (2000-2011)	FB	Italy	Individual level (CEO power)	IPO Premium, MB (mixed)	CEO power positively affects IPO premium and MB. If CEO is a family member, the relationship is strengthened.
5.	Daugherty & Jithendranathan, 2012	Agency Theory	236 IPOs (1996-2004)	FB and NFB	US	Firm level (corporate governance effectiveness) Family level (family status)	Underpricing (market)	Managerial ownership and firm age negatively affect Underpricing. FB exhibit a lower Underpricing than NFB.

6.	Ding & Pukthuanthong, 2009	Agency Theory Signalling Theory	98 IPOs (1997-2004)	FB	Taiwan	Firm level (corporate governance effectiveness)	Underpricing (market)	Board independence negatively affects Underpricing.
7.	Ding & Pukthuanthong, 2013	Signalling Theory	258 IPOs (1962-2005)	FB and NFB	Taiwan	Firm level/Context (corporate governance effectiveness, industry influence) Family level (family firms heterogeneity)	Underpricing (market)	Board independence, prestigious underwriter and family ownership retention negatively affect Underpricing. The effect of non family executive directors on Underpricing assumes an inverted U-shape. These relationship are weaker when FB operate in the technology-based industries.
8.	Gonzàlez et al., 2019	Agency Theory	193 IPOs prospectuses (2000-2014)	FB and NFB	Latin America	Family level (family status)	Underpricing (market)	FB exhibit lower Underpricing than NFB.
9.	Hearn, 2011	Agency Theory	63 IPOs	FB and NFB	North Africa	Firm level	Underpricing	Foreign TMT managers and Business Angels negatively affect Underpricing.

			(2000-2009)			(corporate governance effectiveness)	(market)	Large Board positively affects Underpricing.
10.	Holmén & Högfeldt, 2004	Private-benefits-of-control Theory Weak Minority Protectory Theory	229 IPOs (1979-1997)	FB and NFB	Sweden	Family level (family status)	N.A	FB use dual class of shares during the IPO to protect their control.
11.	Huang et al., 2019	Agency Theory Signalling Theory	506 IPOs (2007-2014)	FB and NFB	China	Family level (family status) Individual level (CEO characteristics) Context (legal environmental)	Underpricing (market)	FB exhibit lower Underpricing than NFB. This relationship is more pronounced in regions with a good legal environment. Family CEO negatively affects Underpricing in FB. The positive effect of a non-family CEO on Underpricing is mitigated by the increase in the percentage of family directors.

12.	Hulsbeck et al., 2019	Signalling Theory Resource Based View	446 IPOs (1995-2015)	FB and NFB	Germany	Family level (family status)	Tobin’s Q (market)	FB benefit from Board Value Protection more than NFB. The positive effect of BVP on Tobin’s Q in mature firms is stronger for FB than for NFB
13.	Kotlar et al., 2018	Socioemotiona l Wealth	1.807 IPOs (1995-2011)	FB and NFB	Europe	Family level (family status and family firms heterogeneity) Individual level (CEO characteristics)	Underpricing (market)	FB exhibit higher Underpricing than NFB. Family ownership retention positively affects Underpricing. Founder family CEO (CEO of a subsequent generation) negatively (positively) affects Underpricing.
14.	Leitterstorf & Rau, 2014	Socioemotiona l Wealth	153 IPOs (2004-2011)	FB and NFB	Germany	Family level (family status)	Underpricing (market)	FB exhibit higher Underpricing than NFB.
15.	Mahérault, 2004	Agency Theory	108 IPOs (1997-1999)	FB	France	Firm level (Family firm characteristics)	N.A.	Young fast-growing FB go public earlier than other FB.

16.	Nadeem, 2019	Resource Based View Agency Theory Critical Mass Theory	107 IPOs prospectuses (2009-2017)	FB and NFB	China	Family level (family status)	N.A.	The positive relationship between Board Gender Diversity–Intellectual Capital is less pronounced in FB than in NFB.
17.	Yang & Doty, 2020	Institutional Theory	577 IPOs (2004-2015)	FB and NFB	China	Family level (family status and family firms heterogeneity)	Underpricing (market)	FB exhibit lower Underpricing than NFB. Family members' political ties (state ownership) enhance (weaken) this relationship.
18.	Yu & Zheng, 2012	Agency Theory	151 IPOs (2002-2006)	FB	Honk Hong	Family level (family firms heterogeneity)	Underpricing (market)	Family directors and siblings' or cousins' involvement in management positively affect Underpricing.

Table 3. *Review of articles on IPO "Consequences"*

N.	Article	Theoretical framework/ approach	Study design	Family focus	Setting	Consequences' level (Family, Firm, Individual)	Performance variables (Accounting, Market, Mixed)	Main Findings
1.	Chahine, 2007	Alignment Theory Entrenchment theory	163 IPOs (1996-2000)	FB and NFB	France	Family level (family firms heterogeneity)	BHER; BHAR (market)	Family ownership is cubic related with BHAR /BHER.
2.	Cirillo et al., 2015a	Stewardship Theory	113 IPOs (2000-2011)	FB and NFB	Italy	Family level (family status)	ROA (accounting)	FB exhibit higher ROA than NFB.
3.	Cirillo et al., 2017	Socioemotional Wealth	77 IPOs (2000-2014)	FB	Italy	Family level (family firms heterogeneity) Individual level (family CEO and its characteristics)	Survival (mixed), MB (mixed)	Involving family in TMT negatively affects survival. Involving multiple generations in TMT negatively affects survival. Family CEO (especially when he/she has a high level of education

								and work experience) weakens these relationships.
4.	Ehrhardt & Nowak, 2003	N.A.	105 IPOs (1970-1990)	FB	German	Family level (family firms heterogeneity)	N.A.	Family ownership negatively affects capital dilution.
5.	Ferreira, 2008	Agency Theory	25 IPOs (1989-2004)	FB	Portugal	Family level (family firms heterogeneity) Individual level (CEO characteristics)	OI, ROS, Sales_Efficacy, Cap_Inv, Real_Sales, Employ, DivtoSales, Act_Level, Short_Eq, Cap_Struct (accounting)	Involving family in management, in board and in ownership positively affect performance and operational efficiency. Maintaining the same CEO that accompanied FB during the IPO process positively affects performance.
6.	Giovannini, 2010	Agency Theory Stewardship Theory	56 IPOs (1999-2005)	FB	Italy	Firm level/Family level (corporate governance	BHAR (market)	Involving venture capital in the ownership, the nomination and compensation committees presence

		Contingency Theory				effectiveness and family firms heterogeneity)		positively affect board independence. The executive committee negatively affects BHAR. Involving family in the board negatively affects board independence. Decreasing family ownership before and post IPO increases the likelihood to include outside directors.
7.	Hearn, 2013	Agency Theory	69 IPOs (2000-2010)	FB and NFB	North Africa	Firm level (corporate governance effectiveness) Family level (family firms heterogeneity)	N.A	Independent directors positively affect the level of directors' remuneration in family firms. Family ownership negatively affects the disclosure of CEO individual salaries.

8.	Huang et al., 2014	Alignement Theory Entrenchment theory	486 IPOs (2003-2008)	FB	China	Firm level (going public through IPO)	N.A.	FB going public via an IPO exhibit a lower earnings quality than FB going public via takeover. FB going public via an IPO take more bank loans and subsidies and have a lower tax rate than FB going public via takeover.
9.	Jain & Shao, 2014	Agency Theory Socioemotional Wealth	1.475 IPOs (1997-2004)	FB and NFB	US	Family level (family status and family firms heterogeneity) Individual level (CEO characteristics)	Excess_Return (market)	FB keep lower post-IPO cash holdings, are less likely to invest in total investment spending, R&D expenditures and acquisition spending, are more likely to commit to capital expenditure than NFB. Acquisition spending (R&D spending) positively (negatively) Excess return in FB, more than in NFB. Family ownership and control-enhancing mechanisms positively

								affect the dissipation of cash reserves. Involving two generations in management and governance positively affects the dissipation of cash reserves. Family CEO negatively affects the dissipation of cash reserves.
10.	Jain & Shao, 2015	Agency Theory Socioemotional Wealth	1.245 IPOs (1997-2008)	FB and NFB	US	Family level (family status and family firms heterogeneity) Individual level (CEO characteristics)	Profitability (mixed) MB (mixed)	FB raise less external capital, maintain higher leverage and longer debt maturity structure than NFB. FB investments are more sensitive to internal cash flows than those of NFB. FB exhibit higher profitability than NFB. Family status negatively affects MB.

								FB are more likely to survive than NFB. Involving multiple generations negatively affects the net financing. Family CEO positively affects the debt maturity structure.
11.	Jaskiewicz et al., 2005	Alignement Theory Entrenchment theory	196 IPOs (1990-2001)	FB and NFB	Germany Spain	Family level (family firms heterogeneity)	BHAR (market)	Involving family in management and in the board positively affect BHAR.
12.	Kriaa & Hamza, 2019	Private benefits of control theory Corporate Governance Life Cycle Perspective	184 IPOs (1999-2010)	FB and NFB	France	Family level (family status and family firms heterogeneity)	N.A.	FB are less likely to change control than NFB. This relationship is more pronounced with substantial voting rights and founder involved in control.

13.	Kuklinski & Schiereck, 2007	Agency Theory Rent Protection Theory	174 IPOs (1977-1998)	FB	Germany	Family level (family firms heterogeneity)	BHAR (market)	Family ownership negatively affects BHAR.
14.	Lien & Li, 2014	Corporate Governance Life Cycle Perspective	205 IPOs (2000-2009)	FB	Taiwan	Firm level (ownership and board structure) Family level (family firms heterogeneity) Individual level (CEO characteristics)	Tobin's Q (market)	The equity stakes held by domestic banks, involving non-family owners in the board and non-family CEO positively affect Tobin's Q. The effect of the controlling family on Tobin's Q assumes an inverted U-shape. The co-presence of block holders (non-family directors and domestic banks) negatively affects Tobin's Q.
15.	Liu et al., 2006	Agency Theory	159 IPOs (1985-1999)	FB	Taiwan	Firm level (going public)	N.A.	Going public negatively affects the probability of CEO duality and positively affects the likelihood to appoint a non-family related CEO.

16.	Mazzola & Marchisio, 2002	Corporate Governance Life Cycle Perspective	37 IPOs (1995-1998)	FB and NFB	Italy	Firm level (going public)	ROI (accounting)	Going public positively affects steady rates-growth, extraordinary transactions and internationalization.
17.	Nikolov & Wen, 2018	Resource Based View	2.000 IPOs (2000-2010)	FB and NFB	US	Family level (family status) Individual level (CEO characteristics)	ROA (accounting); Tobin's Q (market)	FB invest more than NFB in advertising. A higher level of investment in advertising in FB led to higher ROA and Tobin's Q. FB exhibit higher ROA than NFB. Family CEO positively affects ROA and Tobin's Q.
18.	Viviani et al., 2008	Agency Theory	143 IPOs (1995-2005)	FB and NFB	Italy	Firm level (ownership structure)	BHAR (market)	Involving institutional investors in the ownership do not always positively affects BHAR.

2.4.2 Theoretical perspective: an overview

We wanted to offer a finer understanding of the theoretical underpinnings of the topic, so we examined the different theoretical lenses used in the reviewed studies. Table 4 summarizes these approaches by discriminating theoretical rationales for each phase: antecedents, process and consequences.

Not surprisingly, the *agency theory* ranks as the most used theoretical perspective. This is because of the information asymmetries that permeate IPO. These asymmetries may occur among family, underwriters and investors. Limited information availability and subjectivity in their disclosure allow investment in family IPOs to be perceived as risky. External parties (underwriters and external investors) conceive the family as a self-interested “principal” who will always prefer its own economic interests over those of the business, making a concrete rent extraction risk (Holmén & Högfeldt, 2004). Looking at the process phase, this detrimental conceptualization leads to greater IPO underpricing, which can be reduced by increasing governance mechanisms: greater board monitoring or presence of institutional investors might reduce family opportunistic behaviours (Ding & Pukthuanthong, 2009). Studies using the agency theory suggest that family businesses strategically use IPO underpricing (promoting oversubscription) to favour the formation of dispersed ownership with the aim of maintaining control over the firm (Yu & Zheng, 2012). Considering IPO antecedents, agency theorists claim that family businesses have an incentive to stay private because of the greater potential to extract private benefits of control. Being listed implies monitoring by markets, regulators and external investors (Helwege & Packer, 2009). Using the same line of reasoning, in the long-run (IPO consequences), family IPOs exhibit lower market performance and a tendency towards underinvestment because of their inclination to deviate from maximization of shareholder wealth in favour of family economic well-being (Kuklinski & Schiereck, 2007). As a result, markets taking the agency theory perspective have a negative perception of family IPOs.

The context of information asymmetries is also the theoretical basis for the *signalling theory*, which has been the focus of considerable attention among family business scholars. The lack of information and the cost associated with gathering information mean that family businesses (senders) try to convey their value and future growth intentions to potential investors (receivers) by using observable signals (noticeable and recognizable by receiving parties). These signals are attributes or actions with the potential to provide usable information about unobservable characteristics of IPO (Spence, 1973). In this theoretical context, family firms are concerned with signalling their commitment towards business goals and long-term value creation. Family owners might therefore use their retention of shares during the IPO process as an informative tool to signal their long-term commitment and reduce the uncertainty that surrounds going public by lowering IPO underpricing (Ding & Pukthuanthong, 2013). However, family signals might also be negatively perceived (i.e. increasing IPO underpricing) by a market that interprets family involvement as a signal of lower risk-taking propensity and less aggressive financial behaviours (Chandler et al., 2019). These contrasting effects can be reconciled by considering the parties' different time horizons. A positive effect is expected when the longer-term interest is the reference for both family and potential investors. A negative effect is expected when there is a mismatch between investment time horizons: long-term (family) vs. short-term (potential investors).

The theoretical lens of *socioemotional wealth* (SEW) is rapidly gaining importance. This theory suggests that family IPOs are characterized by overwhelming attention to emotional goals that lead to the sacrifice of economic objectives if emotional endowment is threatened. Even during the listing process, families aim to perpetuate their dynasty and retain control over the business. To do so, family IPOs are willing to accept higher underpricing that reduces the capital available to enable the business to grow (Leitterstorf & Rau, 2014). Underpricing has also the merit, from the family's point of view, of increasing the shares' subscription, making the IPO more appealing for potential investors and lowering potential family damage from IPO failure. The theoretical insights of this theory (Kotler et al., 2018) predict that the focus on emotional-related goals will be more pronounced when the family's share retention is high. This will make the level of acceptable IPO underpricing even greater. Even post-IPO, family businesses tend to finance their investments with (long-term) debt capital instead of equity to avoid jeopardizing family control. This tendency is more severe when family members are involved (generations and CEO) in the business (Jain & Shao, 2015). Emphasizing SEW pushes family firms to invest post-IPO funds into projects that disproportionately benefit family owners (Jain & Shao, 2014). Another important issue rests in the risk-aversion propensity towards investments with uncertain payoffs: this prudent behaviour would increase survivability on capital markets for family IPOs, helping them to protect SEW.

Contrasting the tension between family (non-financial) and business (financial) goals, the *stewardship theory* predicts unity of intents with beneficial effects for the IPO process and the related consequences. Goal congruence means that family involvement is perceived as a protective shield against the so-called "liability of market newness" (Certo, 2003). In the IPO context, with extensive information asymmetry, the presence of family members could foster trust among potential outside investors and reduce uncertainty. This theoretical umbrella therefore suggests that family IPOs could exhibit superior performance in both the short- and long-run (Cirillo et al., 2015a).

2.4.3 Antecedents

Table 1 provides insights on the articles that focused on the antecedents of the IPO decision. Overall, our analysis shows that two articles investigated the heterogeneity of family firms (Rydqvist & Högholm, 1995; Sonfield & Lussier, 2009), and the remaining five compared family and non-family firms (Bancel & Mittoo, 2009; Helwege & Packer, 2009; Masulis et al., 2020; Mazzola & Marchisio, 2002; Poutziouris & Wang, 2004).

At the *firm level*, we identified two streams of research. A first line of inquiry explored the *business motivation* behind family firms' choice to go public using different theories (pecking order theory, agency theory). These studies highlighted the key role played by financial reasons such as financing growth (Rydqvist & Högholm, 1995; Masulis et al., 2020), financing acquisition programmes, creating a liquidity 'way out' for shareholders (Poutziouris & Wang, 2004) and reducing the cost of capital (Bancel & Mittoo, 2009). A second line of research investigated *the role of outsiders* through involvement of non-family managers (Sonfield & Lussier, 2009) and presence of venture capitalists in the ownership structure (Mazzola & Marchisio, 2002). The corporate governance life cycle perspective suggested that both act as a catalyst to help the business reach equity markets.

Shifting the focus to the *family level*, we found an important research stream on the *family motivation* behind the choice to go public. Following multiple theoretical approaches (particularly agency and pecking order theories), studies in this group suggest that the risk of losing family control (Masulis et al., 2020) and the desire to maintain the private benefits of control (Helwege & Packer, 2009) appear to be the most significant incentive for family firms to remain private. Differently, they report that the need to rebalance the family portfolio (Rydqvist & Högholm, 1995) and the opportunity to facilitate generational succession (Poutziouris & Wang, 2004) can support the decision to go public.

Finally, none of the papers on this topic considered the *individual* and *contextual levels*.

Table 4. *Overview of main theories on IPO in family business*

Theoretical lens	Rationale	Family business Conceptualization
Agency Theory	*Antecedents* - Private benefits of controls and transparency costs (less discretion) for push family firms to remain private. *Process* - Information asymmetries between family owners and outside parties (potential investors as well as underwriters) as well as family managerial entrenchment increase underpricing, considered as an agency cost. Governance mechanisms (e.g. independent corporate board, institutional ownership) and stronger legal environment reduces underpricing. Family IPOs uses underpricing to avoid outside blockholders and retain control. *Consequences* - Family pursues self-serving behaviour deviating from the value maximization principle in favour of rent extraction: this implies lower market performance and underinvestment in the long-run.	Family business as "principal" that prefers always family interests over business ones. Family business exhibit concentrated ownership, less formal governance mechanisms and greater separation of ownership and control. Family business is negatively perceived by the market.
Signalling Theory	*Process* - Family shares' retention as a signal to mitigate the principal-principal agency problem, conveys future firm value to potential investors and reduce uncertainty. Thus, family as a "signal" reduces underpricing.	Family business as long-term oriented. Family business can be perceived both positively (if investors are less concerned with short-term) and negatively (if investors are more concerned with short-term) from the

	Family involvement as a signal to inform investors about long-term orientation, risk-taking adversity and less aggressive behaviors.	market. Such perception is contingent upon the (mis)alignment of family and investor's goals.
Socio Emotional Wealth	*Process* - Family aims to retain control and perpetuate family dynasty: to do this it sacrifices economic gains accepting higher underpricing. Underpricing favor's ownership dispersion among non-family shareholders and increases the success of IPO lowering possible damage to the family reputation. Family is more willing to accept underpricing when ownership retention is high and thus greater focus on emotional endowment is expected. *Consequences* - Family is reluctant to raise capital from non-family shareholders: such propensity is linked to the family presence in the business (e.g. generations or family CEO) and makes family more prone to use long-term maturity debt. Family risk-aversion leads to avoid long-term investments since uncertain payoffs might jeopardize emotional endowment.	Family business as emotional endowment sentinel that tends to prioritize family objectives sacrificing financial goals with a detrimental effect for non-family investors. Family is less open to capital markets but, from the family perspective, being listed could also lead to emotional endowment increased protection.
Stewardship Theory	*Process* - Family exhibits superior levels of goal congruence between family itself and business, this enables family, and its involvement throughout the firm, to be perceived as a protective shield against the liability of newness in the transition from private to public ownership. *Consequences* - Family is long-term oriented and aims to create value for all shareholders. Family concern for subsequent generations increases stewardship orientation.	Family business as interests aligned: family owners and management are stewards with unity of intents, no tension between family and business goals. Family business is positively perceived by the market.

2.4.4 Process

Table 2 describes the characteristics of the studies on the IPO process in family business. Overall, most articles examined both family and non-family businesses by mainly focusing on short-term performance (i.e. market-based or mixed outcomes) dealing with IPO pricing and allocation as the final stage of the equity route.

At the *firm level*, our review showed that there were two main streams of research. The first one examined the *influence of managerial and ownership characteristics on IPO value and disclosure*. These studies interpreted the phenomenon through the lens of agency and signalling theory, and highlighted that governance mechanisms such as particular managerial ownership (Daugherty & Jithendranathan, 2012), board independence (Ding & Pukthuanthong, 2009; Gonzàlez et al., 2019), prestigious underwriters (Ding & Pukthuanthong, 2013), foreign managers and business angels' ownership (Hearn, 2011) tend to reduce underpricing. Another study used multiple theoretical approaches (i.e. resource based view, agency and critical mass theory) to explore the effects of board gender diversity on voluntary disclosure in the IPO prospectus. It suggested that family ownership limits the positive effect of board gender diversity on intellectual capital disclosure (Nadeem, 2019).

The second stream examined *how organizational traits of family firms* (especially firm age and profitability) *influence the IPO process* in terms of timing and value. Building on the agency theory, this research revealed that young fast-growing family businesses tend to go public earlier than their mature counterparts (Mahérault, 2004), but older family IPOs show a less severe level of underpricing because of their long-term orientation (Daugherty & Jithendranathan, 2012). Another study drew on signalling and resource-based motivations and showed that in mature family firms, the impact of board value protection on IPO value increases with age (Hülsbeck et al., 2019).

Moving to the *family level*, studies focused on the implications of family status for the IPO process, comparing family and non-family firms. We found two main research streams. The first one explored *how family owners strategically use IPO elements*. Following an SEW approach, it suggested that companies tend to use IPO underpricing to avoid emotional endowment losses (Kotlar et al., 2018; Leitterstorf & Rau, 2014). This line of inquiry interpreted IPO underpricing in family firms as an intentional tool to protect family non-financial endowment and combined the SEW approach with the agency theory. It therefore suggested that these companies tend to accept higher IPO underpricing to preserve socioemotional wealth, limit the risk of lawsuits, minimize the risk of IPO failure, and retain family control (Kotlar et al., 2018; Leitterstorf & Rau, 2014; Daugherty & Jithendranathan, 2012).

The second stream of research investigated *how investors value family involvement in apical positions, ownership, generations and business*. Studies on the *appointment of family members in apical positions* drew on both agency and stewardship theories to show that stronger family involvement at board level provides family IPOs with a value disadvantage (Yu & Zheng, 2012). However, family bonds among managers, directors and employees tend to increase cooperation and positively affect IPO short-term performance (Cirillo et al., 2015a). With regard to the *family ownership*, literature in this strand revealed that the proportion of shares retained by the family during the listing step is able to signal the owners' confidence in their own firms. It therefore helps to reduce investors' uncertainty, in line with the signalling theory (Ding & Pukthuanthong, 2013). One study in this area used multiple theoretical approaches (i.e. private-benefits-of-control and weak minority protectory theories) to suggest that families tend to use ownership mechanisms (i.e. dual class shares) to protect their equity control during the IPO (Holmén & Högfeldt, 2004). Studies on *family generations* built on the agency theory to emphasize the strategic use of IPO pricing. They suggested that the willingness to pass control to subsequent generations may lead to underpricing to avoid large blockholders and favour dispersed non-family ownership (Yu & Zheng, 2012). Other studies in this sub-stream followed a stewardship approach and found that the transgenerational intention of family owners is positively perceived by equity markets, although this effect tends to dissipate after the founding generation (Cirillo et al., 2015a). Finally, on the role of the *family involvement in the business*, studies drew on the signalling theory to focus on the relationship with IPO underpricing. In particular, academics recognized that increased disclosure of family presence in the business in the IPO prospectus leads to increased discounting of IPO value by investors, because future shareholders anticipate the misalignment of family and investor goals due to the prevalence of non-economic objectives over financial gains (Chandler et al., 2019). Using the institutional theory approach, research embedded in this stream underlined that family members with political ties enhance the negative relationship between family involvement and IPO underpricing (Yang & Doty, 2020).

Turning the attention to the *individual level*, we found a single research stream exploring the *role of CEOs' characteristics in the IPO process.* Studies used multiple theories (i.e. agency, signalling, SEW, and stewardship theories) to show that family (Huang et al., 2019) and founder status (Kotlar et al., 2018) of CEOs, as well as their overall power (Cirillo et al., 2015b), increase firm valuation and reduce underpricing.

Moving to the *contextual level*, we found that studies explored two main themes. The first sub-cluster mainly followed the signalling theory approach and investigated *how legal environment and industry influence the IPO value.* Many of these studies focused on the high-tech sector, because of the level of risk and uncertainty manifested through high levels of underpricing (Chandler et al., 2019; Ding & Pukthuanthong, 2013). Using both agency and signalling theories, scholars showed that the quality of legal environment decreases the level of underpricing for family IPOs (Huang et al., 2019). In the second sub-stream, academics explored *how private benefits of control affect decisions about cross-listing destination*, and pointed out that the choice to cross-list is contingent upon the opportunity to extract private benefits of control (Chung et al., 2015).

2.4.5 Consequences

Table 3 encompasses an overview of the articles on IPO consequences. Most studies compared family and non-family IPOs. The majority focused on the relationship between family business and performance (e.g. accounting, market, mixed) with a long-term perspective. The remaining papers investigated the IPO implications in terms of governance changes, financial and investment choices, growth opportunities and quality of reporting.

We found three main research sub-streams examining the *firm level*. The first one investigated the *implications of outsider owners* for IPO outcomes. These studies suggest that the presence of domestic banks (Lien & Li, 2014) and venture capital (Giovannini, 2010) have positive implications for family firms in terms of market performance and governance practices. However, the ownership involvement of institutional investors does not always positively influence family business performance (Viviani et al., 2008). These effects were interpreted by scholars using theories in both the finance (i.e. agency theory) and management (i.e. corporate governance life cycle perspective, stewardship theory) fields.

The second line of inquiry at firm level concerns the implications of governance effectiveness. These studies suggested that board composition and structure can influence outcomes and behaviour of family firms during the post-IPO period. Studies on board composition used both agency theory and the corporate governance life cycle perspective to demonstrate that in family firms, the appointment of independent (Hearn, 2013) and non-family (Lien & Li, 2014) directors has positive implications for both directors' remuneration level and long-term firm performance. As far as the board structure is at issue, research highlighted that the presence of executive, nomination and compensation committees (Giovannini, 2010) influences IPO long-term performance and corporate governance practices, in line with the contingency theory. Finally, the third sub-stream on the IPO consequences at firm level explored the implications of going public per se. Studies used multiple theories (i.e. corporate governance life cycle perspective, agency theory) to investigate how the IPO affects corporate governance effectiveness, disclosure quality and business growth of family firms. Studies recognized that going public through IPO increases firm growth (Mazzola & Marchisio, 2002) and reduces CEO duality (Liu et al., 2006), but has negative implications for the level of earnings quality (Huang et al., 2014).

Shifting the focus to the *family level*, we found a single research stream investigating *how both family status and family heterogeneity affect the IPO consequences.* A number of articles examined the differences between family and non-family firms (i.e. *family status*), and suggest that they shape IPO consequences in terms of financial and investment policies, as well as firm outcomes. Family status, according to the agency perspective, increases the level of leverage, reduces R&D investments and cash reserves (Jain & Shao, 2014; 2015), and limits the change of control (Kriaa & Hamza, 2019). However, following a resource-based view, family status can increase advertising expenditure (Nikolov & Wen, 2018).

With regard to firm outcomes, studies in this tradition enlightened that the family status improves long-run profitability (Cirillo et al., 2015a; Jain & Shao, 2015; Nikolov et al., 2018) at market (Tobin's Q), accounting (ROA) and mixed (M/B) level. They interpreted these results using multiple theoretical lenses (i.e. stewardship theory, agency theory, SEW approach, resource-based view).

Aside from studies focusing on the dichotomy between family and non-family firms, at *family level*, scholars explored the differences within family firms by looking at the family involvement in apical positions (board and top management team), ownership and generations. Some studies reported that family involvement in *apical positions* has negative implications in terms of board composition (i.e. independence) (Giovannini, 2010), in line with the agency theory. It also reduces likelihood of post-IPO survival (Cirillo et al., 2017), in line with the SEW approach. However, other scholars suggested that family involvement in the company management and on the board increases family firms' outcomes in terms of profitability, operational efficiency (Ferreira, 2008) and market performance, using the indicator of 'buy-and-hold abnormal returns' (Jaskiewicz et al., 2005). This suggests that family involvement solves the agency conflicts. Turning the attention to the degree of family involvement in company *ownership*, drawing on agency and SEW considerations, several studies investigated the financing behaviour implications of family firms. They suggested that a strong concentration of family ownership boosts family members' reluctance to see capital dilution

(Ehrhardt & Nowak, 2003) and leads to faster dissipation of post-IPO cash reserves (Jain & Shao, 2014). Building on the agency and stewardship theories, other studies documented the governance implications of family involvement in firm ownership. They reported that it positively affects board independence (Giovannini, 2010) but negatively influences the disclosure of individual CEO salaries (Hearn, 2013). Studies also investigated the effect of ownership structure on performance, but findings have been mixed. Using both market and accounting performance measures, and theories in both the finance (i.e. agency theory) and management (i.e. corporate governance life cycle perspective) traditions, scholars have found the existence of a cubic (Chahine, 2007), inverted U-shape (Lien & Li, 2014), negative (Kuklinski & Schiereck, 2007) and positive (Ferreira, 2008) relationship between family ownership and firm performance. Shifting the focus to the last dimension of the family heterogeneity, scholars investigated the effect of the involvement of multiple family *generations* using the agency and the SEW views. These studies showed that this factor has negative implications for the likelihood of post-IPO delisting (Cirillo et al., 2017), long term IPO underperformance (Jaskiewicz et al., 2005), post-IPO cash reserves dissipation (Jain & Shao, 2014) and net financing post-IPO (Jain & Shao, 2015).

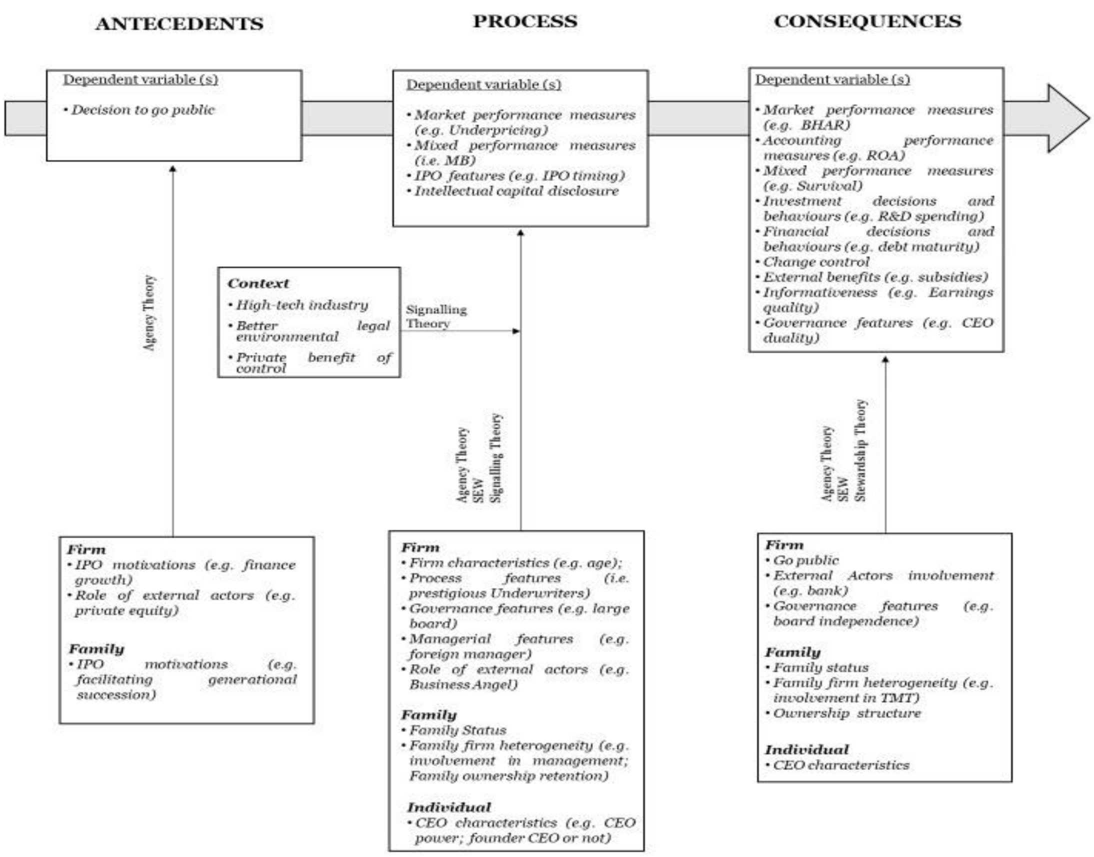
The studies on the IPO consequences at the individual level addressed one main question on *the role and characteristics of CEOs*. The academic debate polarized around the investigation of the consequences of appointing a family CEO by focusing on both long-term performance and financial behaviour. Scholars found that the existence of CEOs' familial ties positively affects long-term IPO performance (Nikolov et al., 2018; Cirillo et al., 2017), in line with the resource-based view. However, in emerging economies, a professional CEO increases the long-term post-IPO performance (Lien & Li, 2014), because of the SEW effect. If the CEO is a member of the controlling family, the post-IPO debt maturity & the amount of cash reserves rises (Jain & Shao, 2015), in line with both agency and SEW perspectives. At the same time, if the same CEO leads the firm through all the IPO phases, family firms tend to have stronger long-term performance (Ferreira, 2008), in line with the agency theory.

Finally, no studies examined consequences of IPOs in family firms at the contextual level.

2.5. Discussion

Figure 3 provides the thematic map of the literature on IPOs in family businesses and enables a fine-grained overview of the reviewed research. This theoretical model summarizes the main findings documented by the literature on the topic and provides a snapshot of the research field. The figure shows that, in family businesses, the decision to go public depends on several antecedents acting at two different levels (i.e. firm and family), which studies have mainly interpreted through the lens of the agency theory. The figure shows that as soon as the choice is made, the resulting IPO process (e.g. timing, underpricing and premium) is conditioned by a number of factors at firm, family and individual levels. These have been theoretically explained by the agency theory, SEW and the signalling theory. However, as shown in the thematic map, such relationships are moderated by some contextual variables whose implications can be interpreted in line with the signalling theory. Finally, once the IPO quotation has been achieved, it produces several effects on performance, governance and investments that depend on the characteristics of family businesses at firm, family and individual level. These can be explained in the light of SEW, stewardship and agency theories. Equity markets tend to financially appreciate IPOs of family businesses in the long-term. However, family owners are less willing to reduce their shareholding than non-family members.

Figure 3. Thematic map: conceptualization of IPO in family business



The combination of the results in Figure 4 enables us to analyse IPOs from the family business perspective. Using a comprehensive approach, it can be inferred that family firms face a trade-off between the need to go public to foster business growth, and obtain an infusion of new financial capital beyond that available from the family, and the willingness to stay private to perpetuate rent extractions, which would be limited by market pressure and the protection for investors that is guaranteed in listed firms. Growth is also necessary to foster family firm longevity (Cirillo et al., 2020), so this trade-off could be complemented by non-financial motivations embedded in a behavioural approach: undertaking an IPO means potentially jeopardizing somehow family control. However, previous studies show that family members tend to retain a significant proportion of ownership to discourage the formation of blockholders and avoid the potential loss or decrease of control, even if this action has a financial cost (greater level of underpricing). Family control may appear to be a liability, but it is an asset when underpricing is not strategically employed to preserve emotional endowment. Family IPOs tend to receive a higher market valuation *vis-a-vis* non-family counterparts in the light of family firms' long-term orientation. Family businesses face the issue of professionalization once they have gone public. Family managers seem to decrease survivability on the equity market because specific competences are required to deal with increased complexity. However, in the long-run, the right mix of family and hired managers lets family businesses obtain higher performance. The preservation of family control still guides company strategy because family IPOs tend to prefer debt capital, which does not risk family control by injecting equity capital. Despite the contribution provided by previous studies, our findings suggest that there is still a gap in understanding the motivations behind the IPO choice in family businesses.

2.6. Exploiting future research themes

To gain a finer understanding of IPO dynamics in family businesses, this section identifies the main research gaps and unexplored questions, with a view to advancing the family business literature. Table 5 provides an overview of research opportunities for future studies on IPO in family business.

Table 5. Overview of open questions and directions of future research

IPO phase	Research Gaps	Research questions	Method
Antecedents	Family Motivations	What are the non-financial motivations behind the choice to go public? [*family reputation; family relational capital; family branding; family emotional endowment*]	Case studies (interviews) Empirical analysis (survey)
		What are the family-specific factors that might shape the decision to go public? <u>[family composition</u>: *numerousness, gender and generations.* <u>family governance</u>: *presence of a family council, formal family constitution*]	Empirical analysis (secondary data)
	Family Behaviors	Are family firms more prone to engage in opaque behaviors or strategies during the pre-IPO period? [*earnings management; tax avoidance*]	Empirical analysis (secondary data)
Process	Market Perception	How does the market perceive family factors? [*eponymy, local embeddedness, psychological ownership*]	Empirical analysis (secondary data) Empirical analysis (survey)
Consequences	Family Strategy	Is the IPO a way to facilitate generational transitions or family exit after gone public?	Empirical analysis (secondary data) Case studies (interviews)

		How do non-financial motivations influence post-IPO performance and strategy? [*substitution effect between non-financial and financial wealth; long-run performance; M&A activities; permanence on stock market*]	Empirical analysis (secondary data) Empirical analysis (survey)

2.6.1 Open issues on antecedents

Our review clearly reveals that, to date, the pre-IPO phase remains largely unexplored (15% of papers in this phase). Given the paucity of research in this phase, two, potential, research gaps appear, namely "*family motivations*" and "*family behaviours*".

Studies suggested that growth intention is the principal financial driver of IPO, including in family firms (Mazzola & Marchisio, 2002). Future research efforts should aim to deepen understanding of non-financial motivation behind the decision to go public. These studies might explore the research question: *1*) *what are the non-financial motivations behind the choice to go public?* The tension between family (non-financial) and business (financial) goals, considered from the behavioural perspective, is now in the family scholars' agenda as a hot topic but it has not yet unpacked its potential within this research line. Family businesses should frame the decision to conduct an IPO by considering financial costs (e.g. fees paid to auditors and legal advisers, costs of marketing and roadshows, underwriting fees, increased transparency and disclosure requirements and new corporate governance standards) and benefits (e.g. access to different debt financing, higher visibility and reputation, increased attractiveness to potential employees and reduced agency costs), as well as non-financial (emotional) issues. SEW theory could be instructive here. Family firms are willing to accept financial losses (e.g. higher IPO underpricing) to safeguard emotional endowment (family control and dynasty) (Kotlar et al., 2018), so it remains crucial to take a step back and understand how families might balance the need for an infusion of new equity capital with the constraint of not jeopardizing family and non-financial value. Going public might be at odds with SEW protection in the light of the greater scrutiny and reduced discretion imposed by capital markets. However, despite this apparent contrast, family businesses continue to conduct IPOs. This might be because they perceive other non-financial benefits could arise. Being listed provides greater visibility that helps family firms to be recognized and promotes their image, with positive effects on family branding (Astrachan et al., 2018). To open this black box, qualitative methods should be used to structure explorative studies. Multiple case studies are recommended because family motivations should be captured by interviewing family members and hearing the family 'voice'. Surveys on a multi-country sample of family IPOs could be used to go further and increase the generalizability of findings.

Previous studies (e.g. Zingales, 1995; Maug, 2001) specified that ownership structure and owners' identity are crucial in the decision to take the firm public. Families as owners are a unique class of shareholders because family composition (Calabrò et al., 2018) and family governance (Astrachan, 2010) add complexity to the strategic decision-making process. With such premises in mind, the next research gap could fruitfully be explored to offer a finer understanding of family factors as antecedents of IPO decision. The specific research question proposed is: *2*) *what are the family-specific factors that might shape the decision to go public?* It might be interesting to look at the family composition in terms of numbers (i.e. number of sons, number of siblings and number of family branches), gender (i.e. is there gender diversity/equality in the family team?) and generations (i.e. generational stage and involvement). Information about family composition could enrich understanding of potential differences among family IPOs and their going public paths because it is a source of family heterogeneity as well as a crucial determinant of strategic outcomes. For example, Schjoedt et al. (2013) suggested that the ownership distribution among family generations could lead to dysfunctional conflicts that detrimentally influence the identification of opportunities and strategies. This confirms the need to consider family composition in strategic opportunities like IPOs. A complementary aspect is family governance, both in terms of bodies (i.e. presence of a family council, formal family constitution) and formal rules (i.e. family charter, family code of conduct, family agreements) that affect the decision-making process (Zellweger, 2017). Drawing upon a stewardship perspective, scholars could investigate how these factors affect the decision to go public. The stewardship governance has been linked to higher levels of corporate entrepreneurship (Eddleston et al., 2012) and strategic flexibility (Zahra et al., 2008) in family firms. In this sense, literature reported that, when the critical resources of family members meet the non-family members' contributions, family firms are able to identify and exploit entrepreneurial opportunities. It seems relevant highlighting these issues also in the going public decision as an entrepreneurial opportunity. Operatively, quantitative methods would be useful to address this research question and evidence from a large sample of family firm IPOs is needed. Family firms that have gone through IPOs could be matched with family firms that remain private using the matched-pair methodology (Jain & Kini, 1995), to understand if family composition and family governance affect the decision, using logit or multinomial logit models.

Our review also encourages scholars to undertake future research on family behaviours. Previous IPO studies showed that firms opportunistically manipulate earnings through accruals management before going public (Lee & Masulis, 2011). However, family business scholars suggested that family firms were disposed to use opaque accounting behaviours to protect their emotional endowment (Stockmans et al., 2010). We therefore propose the research question: *3*) *are family firms more prone to engage in opaque behaviours or strategies during the pre-IPO period?* Answering this question might shed light on the existing trade-off between the need to safeguard family interests (gaining non-financial benefits or protecting emotional endowment), even at risk of behaving in a non-transparent way, and the need to be appreciated by markets (gaining financial benefits), promoting transparent behaviours and complete disclosure to signal firm quality. Two themes are instructive here: tax avoidance and earnings management. From the family standpoint, engaging in tax avoidance prior to IPO could provide financial resources (through opaque tax savings) useful to enable the family to accept the greater levels of IPO underpricing necessary to safeguard family non-financial interests (Kotlar et al., 2018). Families could use abnormal accruals to increase current financial income and offer a better image of themselves to potential investors (i.e. more profitable IPO). This, in turn, would pose at risk transgenerational sustainability by reducing future cash-flows (Achleitner et al., 2014). Scholars pointed out that family-owners fear negative outcomes associated with aggressive tax avoidance that may diminish family's socioemotional wealth (Gómez-Mejía et al., 2011). Grounding on a socio-emotional perspective, thus, future research could disentangle which socioemotional wealth dimension drives the prevalence of one behaviour over another and which factors mostly affect this relationship. An empirical methodology therefore seems to be more appropriate to operatively answer this research question.

2.6.2 Open issues on process

Our review made clear that the IPO process has been explored by a substantial number of previous studies. This abundance of studies leaves one, possible, research gap about the *market perception of family factors*.

Recent studies showed that multiple family traits, previously unexplored, have the potential to affect performance or non-family investors’ sentiment. Therefore, three new research themes offer the way to fruitful advance current understanding, namely: eponymy, local embeddedness and psychological ownership. Leaving family characteristics out of the discussion may offer an incomplete representation of the IPO process in family firms. We suggest that a suitable research question would be: *4) how does the market perceive family factors?* Previous findings suggested that tying the family’s name to the firm serves as a valuable signal to the market of the family’s attachment to the business (Zellweger et al., 2010). The IPO process would therefore be the ideal scenario within which to investigate whether eponymous family firms outperform their competitors. Local embeddedness helps family firms to reach higher growth rate (Baù et al., 2019) and is perceived as a positive attribute by external investors, so we urge researchers to focus on this topic when dealing with family IPOs. Literature recently flourished on the concept of psychological ownership as a major distinguishing factor between family and non-family firms, but also within family firms (Goel et al., 2012). Psychological ownership (i.e. a family member's feeling of possessiveness regardless of legal ownership) was found to influence entrepreneurial behaviours (Pittino et al., 2018). Going public is an entrepreneurial activity, so it makes sense to test whether psychological ownership affects the short-term IPO performance or if there is a difference between formal and psychological ownership. This type of ownership would help researchers to consider heterogeneity more explicitly. However, this research question requires an empirical approach. Eponymy and local embeddedness could be measured using secondary data (i.e. available or hand-collected datasets), but psychological ownership needs a survey. From the theoretical point of view, eponymy and local embeddedness might be credible signals sent to outsiders to correctly assess the intrinsic value of family IPOs and overcome information asymmetry. Signalling theory is therefore a suitable lens. Looking at psychological ownership, however, external investors might interpret a psychologically attached family member as more prone to behave as a steward with a positive impact on IPO value, meaning that stewardship theory is more suitable.

2.6.3 Open issues on consequences

Our analysis suggests that the scholarly landscape of studies on IPO consequences is quite rich. However, there is a research gap about "*family strategy*", which could usefully be filled. Solid evidence exists about family willingness or wish to "stay in control" during IPO. Families tend to sell only a minority quota of equity capital, and remain the controlling shareholders. The IPO process is generally not a way to facilitate family exit from the firm. However, exit cannot be excluded as a consequence of IPO (i.e. in the long-run). Another crucial issue rests in the family's willingness during the IPO to sustain transgenerational value and perpetuate the family dynasty. Generational transitions have not yet been studied as an IPO consequence. These aspects result in the research question: *5) is the IPO a way to facilitate generational transitions or family exit after gone public?* So far, scholars have suggested that an IPO requires increased competencies at apical positions (Cirillo et al., 2017) and can therefore prompt the involvement of members of a new generation who are skilled and well-educated to consolidate formal company practices (Stewart & Hitt, 2012). However, passing the reins to the next generation may dissipate the stock market value (Bennedsen et al., 2015). Prioritizing business goals (i.e. market performance) over family goals (i.e. transgenerational perpetuation) may come at a cost, because of the effect on external investors and the market more generally (i.e. regulators and analysts). The issue of whether the IPO leads to a generational succession in the ownership therefore deserves more attention in the future. A complementary research domain consists of business exit that Chirico et al. (2019) claimed to be infused with SEW considerations. Echoing this view, Lee et al. (2008) revealed that a family's choice between selling the business directly or exit through an IPO is contingent upon the centrality of family objectives. It is therefore necessary to decipher whether the post-IPO phase shapes business exit, especially in the light of the rebalance between family and business focus that usually occurs post-IPO. The theoretical umbrella that underpins this research question could be SEW, and either interviews or case studies and empirical, longitudinal data (secondary data) could be helpful methodologically.

Borrowing findings from the finance research domain, the IPO literature suggests that the capital raised in the going public process is a fresh impulse for M&A activities to increase the market value available for all shareholders (Celikyurt et al., 2010). However, this may not always be true for family firms because of the coexistence of family and business goals. Aside the economic facet, same conjectures could be valid for the strategic side. For example, Kooli & Meknassi (2007), among others, found that underpricing increases the long-run likelihood of delisting. This is an interesting finding for family firms that are willing to accept higher IPO underpricing to preserve emotional endowment. It opens intriguing possibilities for research about the long-term effects related to SEW primacy, giving an overall research question: *6*) *how do non-financial motivations influence post-IPO performance and strategy?* To answer this question, empirical analyses are recommended, especially surveys based on large datasets that have the advantage of providing information from family members about the trade-off between business and family goals.

2.7. Conclusion

The paper systematizes the existing knowledge on IPOs in family businesses by reviewing studies on the topic to narrow the research gaps in this field. We systematically reviewed 41 academic studies published in scholarly journals between 1995 and 2020, and organized them through an input–process–output model that conceptually overlaps with the IPO phases. We also classified the literature across four levels of analysis (i.e. firm, family, individual, and contextual levels).

The article contributes to both theory and practice. Indeed, the paper provides a comprehensive overview of research trends on IPOs in family businesses in terms of investigated topics, theoretical frameworks, research settings, study design, family focus, and performance variables as it examines all publications appeared on the topic in the time-frame under investigation. By mapping the literature across IPO phases, it also offers a novel perspective on the topic because it sheds light on why family firms go public, how they behave during the listing process, and the consequences of listing a family firm. Going deeper, the review develops a theoretical model that provides a snapshot of IPOs in family businesses by summarizing the main findings from the literature. The thematic map of the literature also highlights a number of research gaps and provides scholars with a complete and challenging research agenda for future studies on IPOs in family firms, including both research questions and suggested methods. At the same time, our paper provides a detailed overview on the theoretical underpinnings used by family business literature to interpret IPO in family firms also in connection with the theoretical rationales adopted to explain each IPO phase (i.e. antecedents, process and consequences), thus offering a finer understanding of the phenomenon under investigation. Finally, the review extends knowledge on family businesses by prompting a stronger integration of the related theoretical approaches into IPO research.

The paper has also some practical implications for those involved in IPO events (i.e. family business owners, professional advisors, market investors, and policy makers). This would ideally be divided into antecedents, process and consequences. On antecedents, this study could be a good starting point for specific policy interventions to identify the characteristics that can support family entrepreneurs' decision to go public. On process, by highlighting that governance mechanisms in family firms can reduce IPO underpricing, the research findings could be helpful for family owners and their professional advisors in developing best practices to successfully move through the IPO process and be proactive in the post-listing phase. Considering consequences, the article reports that family firms show better long-term performance than their non-family counterparts, and suggests that market investors should feel more confident in relying on the information included in the IPO prospectus instead of using informal signals.

The study also makes some methodological contributions. The most important is to combine the IPO phases model and the firm–family–individual–context framework to develop a thematic map to systematize the knowledge on IPOs in family firms. The paper also identifies the unanswered questions in this research domain, and suggests which methodological approaches could be followed by future studies to appropriately explore the topic. Finally, it mixes qualitative approaches such as the classification and the thematic mapping of papers. The former provides a comprehensive objective picture of the research on the topic, and the latter offers a more critical understanding of the literature (Calabrò et al., 2019; Dawson &

Mussolino, 2014; Sarto & Veronesi, 2016). Future studies may enhance our understanding of the phenomenon by applying quantitative methodologies such as meta-analysis and bibliometric techniques.

However, our study presents some limitations as it focused solely on scholarly articles and research notes published in scientific journals, so there could be additional research potential in combining certified and uncertified knowledge (e.g. academic books, consultancy reports and practitioners' pamphlets) to further understand IPOs in family businesses. Moreover, the article only examined 41 papers while usual systematic literature reviews focus on a higher number of contributions. Notwithstanding this caveat, it is worth noting that studying IPO in family business is difficult, not only due to the restricted number of family firms undergoing IPO process compared to non-family ones, but also due to the reluctance of such businesses in sharing their information. In this regard, the complexity of exploring the phenomenon together with the advantage that our list of papers covered the entire population of articles published on the topic - according to our search strategy – allow our review to provide useful information for the future.

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Appendix. State of the art of the research field

	Antecedents ***(N. of papers)***	***Process*** ***(N. of papers)***	***Consequences*** ***(N. of papers)***	***N. Total***
Theories				
Agency Theory	1	8	8	**17**
Signalling Theory		5		**5**
Socio Emotional Wealth		2	3	**5**
Control-retention concerns	1			**1**
Corporate Governance Life Cycle Perspective	1		3	**4**
Stewardship Theory		2	2	**4**
Alignment Theory/Entrenchment theory			3	**3**
Resource Based View		2	1	**3**
Contingency Theory			1	**1**
Critical Mass Theory		1		**1**

Institutional Theory		1		**1**
Pecking Order Theory	2			**2**
Private-benefits-of-control theory/ Weak minority protectory Theory		1		**1**
Rent protection Theory			1	**1**
Performance measures				
Market		12	8	**20**
Accounting			4	**4**
Mixed		2	2	**4**
Level				
Family	4	13	14	**31**
Firm	6	5	7	**18**
Individual		3	5	**8**

Context		3		**3**
Setting				
Europe	4	7	11	**22**
Asia		6	3	**9**
US	1	2	3	**6**
Latin America		1	2	**3**
Africa		1	1	**2**
Multiple setting	2	1		**3**

Omissis (from page 77 to page 164)

Conclusions

The present thesis aims to explore the initial public offering in family businesses, by particularly focusing on why and how family firms face the IPO, in order to provide a family business perspective about this strategic challenge.

The first chapter consists of a structured literature review which has the twofold purpose of systematizing the existing scientific research and analysing the literature gaps in order to allow a fruitful advancement of practical and academic knowledge. In particular, we organize the existing literature on the topic on different levels of analysis (i.e. firm, family, individual, and contextual level) and along three different clusters (i.e. antecedents, process, outcomes), which overlap with the three IPO phases. Following this process, we offer a comprehensive framework to help researchers to understand the relationships among family business key variables in the IPO and the theories needed to interpret them. Moreover, we detect the main gaps and identifies several research avenues to be explored.

Our findings reveal that previous research principally focused on the IPO short-term performance and on the post-IPO consequences. It clearly emerges that the pre-IPO phase, as well the IPO process (except for its evaluation), remain largely unexplored and that several, potential, research gaps appear. In particular we concentrate our attention on two on them, namely "*family motivations*" and "*family behaviours*".

Considering the former, by overcoming the generic statement that growth intention is the principal driver of an IPO, including in family firms (Mazzola and Marchisio, 2002), future research efforts should try to deeply understand non-financial motivation behind the decision to go public. In this sense, SEW theory could be instructive here and qualitative methods should be used to structure explorative studies.

At the same time, understanding family business behaviours during the IPO process appears relevant, as they have the potential to affect post-IPO consequences as well the family business survivability. Again, grounding on a socio-emotional perspective, future research could disentangle which socioemotional wealth dimension drives the prevalence of one behaviour over another during and immediately before the quotation, and which factors mostly affect this relationship. An empirical methodology therefore seems to be more appropriate to operatively answer this research question.

The second chapter is devoted to offer a comprehensive picture of the IPO process in family firms, by approaching the issue from a socioemotional wealth perspective.

By relying on a multiple case study, we identify three different paths through which family firms face the IPO, namely *shine*, *continue*, and *challenge*. They differ in motivations, process and outcomes and are influenced, in different ways, by socioemotional wealth dimensions and their interactions.

In detail, alongside a general aim to prompt company visibility, family firms go public to acquire resources to grow without lose control over the company (i.e., *shine* path), to assure the survivability of the firm and its identity (i.e., *continue* path), and to give, *lato sensu*, new directions to the business (i.e., *challenge* path).

Considering the influence of SEW, measured by the *FIBER* scale, we find that, while the *I* and *R* dimensions play a role in shaping family behaviours and expectations for all investigated family IPOs, other dimensions are salient in relation to family's heterogeneity – captured by generational stage – as well as with respect to the interaction among the SEW dimensions themselves.

Finally, within the last chapter, we ground on the signaling theory to investigate the relationship between family overhang and the choice of the CEO status at the IPO time, also considering the moderating role of family generational involvement. We empirically test four hypotheses.

First, we verify that family IPOs use the non-family CEO status as a non-family related signal for the market, and that, in the choice between non-family and family CEOs, the former is preferred as she/he could be better perceived to manage market complexity due to her/his perceived professionalism.

Differently, in choosing between a founder family CEO and a non-founder family CEO at the IPO stage, the former is more likely to be selected as she/he adds to family positive traits those related with founder characteristics by reinforcing signals of superior family commitment, which is expressed by family overhang.

Finally, family generational involvement strengthens the above-mentioned relationships. Indeed, if the choice is between an external and an internal (family) CEO, generational involvement reinforces the need for family firms going public with a non-family CEO, to balance their family involvement signals and to convey an alternative signal to the market.

Differently, when the founder status enters the decision, founder characteristics push family IPOs to convey their value to investors by choosing to go public with a founder family CEO even in presence of multiple family generations.

Acknowledgement

The PhD path has been as challenging as it has been rewarding for me. Without the support of academics, colleagues, family and friends, this thesis, as well as this intense journey, would not have been possible. They therefore deserve to be thanked.

I am profoundly indebted to Prof. Riccardo Viganò, my supervisor: without his guidance and his trust, I would not have started this path. By believing in me from the first moment, he has been a precious leading figure for my professional growth, by encouraging me to do my best and supporting me in each step I took.

I would also like to thank Prof. Donata Mussolino: over the years, she has generously mentored me, always encouraging, and supporting me. She puts passion into everything, and this is a constant source of inspiration for me.

I would like to express my gratitude to Prof. Alessandro Cirillo, my co-author and constant point of reference over the years. My gratitude for the seriousness, patience, and attention with which he has guided me through these years. Many thanks for the advice and for the discussion around our paper and academic life.

A very special thanks goes out to my other co-authors Prof. Sara Saggese e Dr. Fabrizia Sarto: they taught me to "do research", their experience and lessons have deeply enriched my work as well my PhD path.

I would also like to thank Prof. Simona Catuogno and Prof. Claudia Arena for their trust, advice, and teachings over these years.

I must thank my co-author Prof. Giovanna Campopiano: the work of chapter two benefited from the joint work with her.

Thank also goes to Prof. Francesco Chirico for the help in improving the chapter three.

I am also grateful to Prof. Salvatore Sciascia: without his motivation and encouragement I would never have considered a plenty of opportunities.

A huge thanks goes out to all people who welcomed me to the CeFEO: thanks for making me feel at home. Further, thank to Prof. Massimo Baù and Prof. Timur Uman for having devoted their precious time to my research. I would also say thanks to Bryan Malki for the stimulating research conversations.

I would also like to extend my gratitude to those people that I have met over the course of my PhD. A particular mention goes to Dr. Daniela De Felice, with whom I shared this path and a true friendship: her continuous encouragement, as well research and non-research discussions have substantially helped me over the years.

A special thanks goes out to my colleague Maria Angela Manzi who has supported me in the last few years and without whom this splendid but difficult journey would have been even harder.

Thanks to Riccardo: being close to someone who undertake this path is not easy. He did it with patience, love, and a pinch of lightness, also reminding me to breathe.

Certainly, however, none of this would have been possible without the love and support of my parents and my whole family.

Thanks to my mother Giulia, from whom I have learned the constancy and tenacity, essential equipment of a PhD student. Thanks also for the strength and love with which she has supported me over the years.

Thanks to my father Matteo, who shared with me every single moment of this path with discretion and love. His pride in my successes has been and will always be my greatest incentive to improve. I thank him for teaching me courage and to dream bigger.