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Determinants of Reluctance to Initial Public Offering in Cameroonian Financial Market

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Abstract

The main objective of this study was to identify the specific characteristics of companies in Cameroon and to highlight the factors that explain their reluctance to be listed on the stock market. Thus, in order to build the state of the art appropriate to this objective, we had to follow three lines of investigation: the theories related to the listing of firms on the stock market, their specific characteristics, and the cross-fertilization of these two fields. On the basis of the literature, four explanatory hypotheses were deduced: they are related to the shareholding structure of firms, to the financial characteristics, to the size of the firm and to the socio-demographic characteristics of the managers. To test these hypotheses, a survey was conducted among 40 SAs in the city of Douala. The data was processed with the SPSS 20 software and we used flat sorting, cross-sorting, pearson correlation test as well as linear regression. This methodology allowed us to obtain the results according to which the family and filial character and the size of the company are mainly the factors of reluctance of the listing on the stock exchange on the one hand, and the behavioral factors of the company managers, in particular the level of education and the experience on the other hand.

Keywords: *Initial public offering; Financial market; Linear regression; Limited company*

JEL Classifications: *G17; G21*

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Introduction

In the first half of the 2000s and during the 1990s, liberalization and privatization were seen as strategic axes for development in Africa. During the same period, African countries considered stock markets as a precondition for the introduction of market economies in the context of the propagation of structural adjustment programs by international institutions (the International Monetary Fund, the World Bank) and as a weapon to facilitate the privatization of public enterprises (Zogning, 2009). The latter seem to have perceived the importance of financial markets in the development process of their economies.

The emergence of stock exchanges in various African countries over the past several years is evidence of this central role in financing the economy in general and businesses in particular (Feudjo and Djeukui, 2016). Indeed, the financial market has several economic and strategic functions: it provides essential links between economic agents seeking to invest their savings (households, individual or institutional investors) and those seeking financing. Indeed, a country can only develop to the extent that it has sufficient capital and allocates it appropriately (N'dri and Aderomou, 2011). The magnitude of the economy's capital needs presupposes a financing system adapted to the requirements of a new context. Faced with a situation characterized by a decline in household savings, an inadequate financial structure of companies and an imbalance in public finances, the need for a modern stock market that is the meeting place of a long-term supply of capital and a solvent demand appears more than ever (N'dri and Aderomou, 2011). The presence of an active and liquid market is a direct development factor for developing countries. A brief retrospective on the stock market in France should convince us of the usefulness of its function in supporting innovation and economic development (Goyeau et Tarazi, 2007). This market allows for the improvement of corporate transparency, the development of insurance companies and the financial sector, and the improvement of corporate financing (Pagano et al. 1998). According to these authors, the main advantage of the IPO is access to external sources of financing that are less costly and less restrictive than traditional financing channels (Campbell, 1979). At the same time, it favors the diversification of financing possibilities, increases the mobility of capital (Rajan, 1992; Pagano et al. 1998) and the notoriety of the firm (Merton, 1987).

Unfortunately, however, firms in Cameroon have little interest in the financial market, which offers clear advantages in terms of mobilizing savings and financing the economy. Since the beginning of its activities in 2001, the Cameroon Stock Exchange has only listed three (03) companies in its assets, more precisely in the share compartment. Yet more than 93,000 companies are active in Cameroon (INS, 2016). Traditional sources of financing are very common in the African context, notably through the heads of companies in Cameroon. They prefer various means such as self-financing of the company; the original shareholders whose main contributions are equity, and occasionally debts; inter-company credits; the bank which intervenes in the financing of companies by offering credits and services; leasing institutions; venture capital, etc. Notwithstanding the availability of this multitude of sources of financing, companies in Cameroon still suffer from a real difficulty of financing: the coverage of medium and long term needs, Missoka (2013). There is a strong reluctance to grant credit to businesses by the banking sector (Fansi, 2010). The main reason given is the counterparty risk, also known as the risk of non-repayment. Given the economic context and the reluctance of banks to grant loans, recourse to an IPO therefore appears to be an effective tool for raising funds and increasing equity capital. But the observation is quite striking in the Cameroonian context where companies facing these various financing problems are still reluctant to go towards an offer yet real and available, allowing the financing of the company without however weighing down its financial structure. It is also a solution to overcome the shortcomings of traditional modes of financing, considered as a major asset for access to new sources of financing, confirmed internationally by the studies of Kim and Weisbach (2005) and especially a banking system still cautious. More than 70% of Cameroon's businesses operate in the informal sector, the corollary of which is the lack of transparency and asymmetric information between them and financial institutions. More than 80% of them are family-owned (INS, 2016) and do not have a culture of openness to external investments outside the family (Feudjo et al, 2016). Consequently, they make no effort to go to the stock market.

According to the General Census of Enterprises (RGE) of the National Institute of Statistics (INS) in 2009, only 13% of enterprises publish reliable data. Under these conditions, there is a weakness in the traceability of financial information (Djeukui and Feudjo, 2016). This contradicts the requirements of the stock exchange. In addition to this failure in the production of information, it should be noted with Djongoué (2007) that business leaders in Africa in general and in Cameroon in particular, indulge in a culture of confidentiality, while they evolve in an economy increasingly open and characterized by globalization, globalization and

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partnership. This attitude could not only affect access to listing but also the dynamism of the Cameroonian financial market (Djeukui and Feudjo, 2016).

Having not yet overcome the problem of financing companies, particularly through public offerings through the Cameroonian financial market, where we can see an average of 0.1875 listings per year since its birth (Feudjo et al, 2016), this reluctance to go towards a supply, although real and available, reflects the existence of the strains of obstacles that slow down or prevent the meeting between supply and demand on the financial market. So what are the identifiers of companies in Cameroon that explain their reluctance to go public? This question can be broken down into four subsidiary questions: what are the financial characteristics that slow down their choice to be listed on the stock market? What are the elements of the shareholding structure that hamper the stock market listing in Cameroun? What are the factors related to the size of company that prevent them from going public? What are the behavioral factors of business leaders that delay listing? To answer these questions we have set ourselves some objectives the main characteristics of companies in Cameroon that can constitute obstacles for their IPO.

This article is organized around four axes. The first presents a summary of the literature on the reluctance to go public. The second presents the operationalization of the empirical research and the third the results of the study. We will conclude with a conclusion.

Literature Review

Financial markets are important in the development of a country's economic activity. According to the OECD (1993) report, they play an important role in the allocation of resources, both as a direct source of funds and as a determinant of a firm's value and borrowing capacity. In the Cameroonian context where only three (03) companies are listed on the stock exchange, we want to highlight their specific characteristics that are likely to influence the listing on the stock exchange. These elements are among others the shareholding structure of the companies, their financial characteristics, the size of the company and the profile of the company managers.

Hypothesis development based on literature findings

-The shareholding structure of companies in Cameroon

The shareholding structure corresponds to the distribution of voting rights in a company. It allows company managers to develop their strategy and takes into account the objectives of the different shareholders. By shareholding structure, we consider two characteristics of shareholding, namely: the concentration of capital and the nature of the main shareholders. We take into account the case of family-owned firms and the case of firms belonging to a group or subsidiary of a national multinational group. Family-owned firms are a type of firm with a high concentration, a strong presence of the family in the shareholding. The objectives of the shareholders, and their involvement in the governance of the company, will also depend on their nature. For example, family shareholders will certainly favour a long-term horizon, and may wish to intervene in the orientations and control of the firm (Marsat et al, 2008). This form of enterprise often has a historical significance and represents a family project. Family managers are strongly committed and sustainability takes precedence over short-term results. This sense of duration allows family businesses to better resist in crises (Bloch et al, 2012). Three main criteria can be used to identify them: the level of control of the capital by the family; the degree of involvement of the family in management; and the willingness to pass the business on to the next generation. More than 80% of businesses in Cameroon are family-owned (INS 2009) and decision-making is the responsibility of the owner-managers, who prefer not to have any source of financing other than the family. They are mostly owners, and do not develop a long-term strategic vision. They are preoccupied with proximity management, to the detriment of setting up a planning and control system within their company (Kasereka, 2009). The work of Feudjo and Tchankam (2012) shows that 71% of the managers in their sample are owners or co-owners of their companies. These studies report that they hold an average of 90% of the capital in 93.5% of firms. In this form of organization, we observe a strong aversion on the part of managers who are both owners and especially from the family, to opening up the capital. To quote Bouba (2010), we observe that this type of company shows a great reluctance to open their capital to the public, unlike companies with a diversified Board of Directors. For him, introducing an external shareholder into the company would divert them from the objectives of sustainability and confidentiality, especially since the investors are imbued with a logic of credibility to guarantee their security.

We know from Yosha (1995) that stock exchange authorities require listed companies to publish permanent information on the one hand and periodic information on the other (Djeukui and Feudjo, 2016). In addition, informational obligation requires transparent management in accordance with the regulations in force (Levasseur, 1997; Chemmanur and Fulghieri, 1999; Astudillo et al, 2011). However, in Cameroon, studies by Djeukui and Feudjo (2016) show that only 42.9% of Cameroonian firms keep written accounts, compared to 57.1% that do not keep any. Of the firms that keep written accounts, only 31.1% have formal accounts.

Very often, the ownership structure of a company is not neutral when it belongs to a group or subsidiary of a multinational group. This is the level of dependence of the subsidiaries of a group or multinational in relation to their countries of origin or parent companies. Remember that a subsidiary company, also called a "daughter" company, is a company controlled by another company called a "parent" company. The term "control" means that the parent company holds sufficient voting rights in the general meeting of shareholders to impose its decisions. The characteristics of the host country as well as those of the country of origin would influence the choice of practices of multinational enterprises, thus contributing to their diversity (Almond et al, 2005). In other words, multinational enterprises are literally impregnated with the characteristics of the country in which they were born, and these characteristics are literally part of their DNA, thus affecting the practices they implement in their foreign subsidiaries (Berger, 2006). A strong argument to be taken into account is that subsidiaries or shell companies can sometimes be used to hide unethical operations that shareholders do not want, illegal operations, tax avoidance, money laundering, etc. However, their interests can be in contradiction with the interests of the shareholders. However, its interests may be in conflict with those of some or all of its subsidiaries, or possibly in conflict with the law of a country where a subsidiary's headquarters are located (Roumeliotis, 1977). Although foreign subsidiaries are legal entities in their own right, decisions about their strategic, financial and investment decisions cannot be left to the company with the largest number of voting rights. This degree of dependence is therefore an obstacle for these types of firms that can benefit from being listed on the stock market. In this regard, Amelon et al (2012) show that subsidiaries have the same financial structure as the parent company. This is transposable to the Cameroonian context dominated by unlisted subsidiaries. The 2009 INS report shows that public limited companies (SA) and limited liability companies (SARL) are mostly owned by expatriates, including French, other European nationals, and Americans. These companies would have as their main decision-making center, notably the decision to finance the parent company, given their absence on the Cameroonian financial market. However, they are present in certain areas of Africa. There is also the case of subsidiaries of several multinationals based in Cameroon, which are nevertheless listed on the coast in several African financial markets, but which are wary or underestimate the DSX, despite the availability of financial resources (Djeukui and Feudjo, 2016). Furthermore, the work of Boisselier et al (2007) contradicts this view when they state that the mere fact of being a subsidiary of a large group is not a determining factor for candidate firms. They illustrate that an independent company will be more inclined to go public if it has invested heavily, if its business activity has generated abnormally high earnings, and if it can reduce its debt ratio in this way. These elements cannot be without effect on access to the Cameroonian financial market. Hence the following hypothesis:

H1: The shareholding structure of firms in Cameroon significantly influences reluctance to go public.

-The financial policy of companies in Cameroon

We consider a firm's financial policy or financial characteristics to be the way in which it adjusts the sources of financing available to meet its financing needs. This controversy has been the subject of a great deal of research, in particular the optimal financial structure. These include studies first developed by Modigliani and Miller in the late 1950s and in the first half of the 1980s by Myers and Majluf (1984). The latter set out a hierarchy of funding sources based on a pre-established order, or ordered pecking order. In the Cameroonian context, which is marked by the predominance of family businesses, we can envisage a particularity with regard to their financial characteristics.

With regard to family businesses, it appears that family businesses are characterized by less recourse to debt (Agrawal and Nagarajan, 1990; Allouche and Amann, 1995; Gallo and Vilaseca, 1996; Mishra and McConaughy, 1999; Gallo, Tapies and Cappuyns, 2000; McConaughy, Matthew and Fialko, 2001; Zellweger and Fueglistaller, 2005). This is for two main reasons, namely: in the representation of its family shareholders, the firm is an asset to be passed on to future generations, which can encourage the implementation of an optimal investment policy over the long term but also induce a strong aversion to strategic and financial decisions that carry risk (Allouche, 2007). Then, according to the same author, they are characterized by a

lesser diversification of the portfolio of assets held by the shareholders, because the family shareholder does not only seek to maximize the expected profitability in the mathematical sense of the term of his shares, but he also seeks to protect himself against the risk of a substantial reduction in his wealth. Several studies (including Gallo and Vilaseca, 1998; Poutziouris, 2001 and 2011; Allouche et al, 2007) thus confirm that the principle of prioritization of financing preferences applies strongly to the case of family businesses, which is a special case in the Cameroonian context. This can be explained by the fact that self-financing is the primary source of financing in Cameroon (Avom et al, 2017). Access to external sources of financing, more specifically access to the stock market is thus limited, since the latter is a natural consequence of the Pecking Order Theory (POT) (Myers and Majluf, 1984). This principle stipulates that firms will initially favor self-financing since it represents a non-expensive source of financing: the firm uses its own excess cash flow and therefore does not have recourse to market valuation. Subsequently, the firm will resort to bank debt, which is less costly in terms of information since banks have an informational advantage. If this is not enough, a bond debt will be contracted and the firm will then be forced to have the market evaluate its probability of bankruptcy. Finally, if all of the above sources of financing are insufficient, firms will be forced to issue equity and subject the firm to an evaluation of its operating and investment flows (Myers and Majluf, 1984). The reason generally put forward is the availability of resources, their use without any restrictive conditions and, above all, for the manager of the company no external interference in the management of the company or obligation to reveal information on the financial situation of the company. The alternative theory of capital explanation, the hierarchical financing theory (Myers, 1984; Myers and Majluf, 1984) has nevertheless shown that in the absence of default costs, managers prefer long-term financial debt to the detriment of issuing capital in order to avoid revealing privileged information to the market. These repercussions can be envisaged in the case of debt financing, but especially when the company is required to open its capital to non-family investors, notably in the context of an IPO. It should be noted, however, that companies that are part of a group's subsidiaries or multinationals tend to use the same financing methods as the parent company or companies in their country of origin. They are on the bangs of the latter and have a dependency in terms of their financial policy. We are referring to subsidiaries and multinationals listed on other stock exchanges in Africa and absent from the Cameroonian financial market. This is the case of NESTLE, BICI, SG, TOTAL listed on the Bourse Régionale des Valeurs Mobilières (BRVM). For example, we have the situation of ECOBANK which, in 2006, undertook a simultaneous multiple listing of its shares on three stock exchanges in West Africa (Ekpe, 2010). Yet, it is also present on the Cameroonian territory but, remained unlisted there until today (Avom et al, 2017). Based on this development, we formulate the following hypothesis:

H2: The financial policy of firms in Cameroon negatively influences the reluctance to go public.

-Firm size in Cameroon

The results of Pagano et al (1998) show that firm size is positively correlated with the probability of listing. They find that transaction costs negatively affect the IPO decision. Furthermore, they state that Italian firms that go public compared to their American counterparts are eight times larger than the latter. According to the same authors, the liquidity of shares is an increasing function of the volume of transactions and this liquidity militates more for large companies. In other words, the larger the company, the more likely it is to sell its shares on the market. Another element that supports this positive relationship between size and the probability of going public is the listing costs mentioned by Ritter (1987). The most important costs are the direct financial costs incurred by the listing operation. They include the fees paid to the introducing banks, the legal and accounting fees and the printing fees linked to the prospectus as well as the variable costs. The latter are around 14% of the value of the capital raised for American companies (Ritter, 1987). He also estimates these costs in absolute figures at $250,000 in the United States. Pagano et al (1998) estimate them at 3.5% of the capital raised in Italy. Jacquillat (1994) estimates it at about 1% of the market capitalization in France. These direct costs of the IPO do not take into account the size of the firm. In other words, large firms are more likely to go public. This may discourage smaller firms from taking advantage of the stock market. Feri and Jones (1979) note that large firms have more access to capital markets and can borrow on better terms. Only large firms are most able to bear these high costs. According to Ritter (1987), these firms are therefore more likely to go public. Boisselier et al (2007), in an extension of the work of Pagano, Panetta and Zingales (1998), have highlighted two main reasons for going public, the second being the size of the firm. The larger the company, the greater its chances of going to market. In Morocco, for example, the proportion of SMEs that can go public on the BVC (Casablanca Stock Exchange) for 10 million Dirham remains low (Maache, 2015). It also shows that large firms are the only ones to benefit from IPOs due to the inability of SMEs and SMIs to comply with the BVC requirements (in terms of communication,

size). Studies by St. Pierre et al (1995) also show that funds are not available to SMEs, or some sources of financing are available, but at costs much higher than those offered to large firms. As a result, SMEs have access to only a limited amount of financing. Levratto (1992), in his financial statistics studies on SMEs published by the Banque de France, showed that SMEs use short-term bank credit more than large firms and are subject to less favorable debit conditions than their large counterparts. Moreover, since bank credit is the main means of "external" financing for family businesses, its scarcity following the 1980 crisis and the tightening of credit conditions has led to a search for other financing methods (Blondel, 2012).

In Cameroon, the eligibility requirements for accessing the exchange are legally and financially significant, and therefore could be unfavorable for candidate companies. In addition, companies in Cameroon are informal and mostly family-owned SMEs. The Cameroonian financial market had taken this phenomenon into account by reserving one compartment for large companies and the other for small and medium-sized enterprises, which is not functional. Consequently, this market remains unfavorable for the latter, which do not have the characteristics required to access the first compartment. Large groups have increased their recourse to the bond market, but this mode of financing is not very accessible to medium and small family businesses in Cameroon. However, a landmark study found that they represent about one-third of the largest listed companies in the United States (Anderson et al., 2003). The IPO is therefore unbridled by the size relative to the characteristics of firms in Cameroon. Thus, it is easy to formulate the following hypothesis:

H3: the size of firms in Cameroon significantly influences the reluctance to go public.

-The profile of the manager

We consider as a profile of the manager: the level of education and his professional experience.

A well-educated manager will aim for high growth rates. To achieve their growth objectives, St Pierre et al (2002) note in their study that university graduates are more willing to open up to external financing. While when they have little or no education, they consider external financing as a means of financing reserved for exceptional people where they cannot have consideration (Nguena, 2013). The entrepreneurs who run the companies are for the most part short of diplomas. A perfect illustration is that of the INS (2009) which shows that 70% of employees belong to the same family or tribe of the leaders while 9.2% of these employees have a university degree, while 29.3% have completed the second cycle and 34.38% the first cycle of secondary school. The work of Nguena (2013) shows that when these leaders have the opportunity or courage to access financing through the market, the long administrative procedures and many others quickly lead them to change their minds. In this case they have no choice but to turn to self-financing or informal sources of financing (tontines, friends, family), which are even more constraining due to the usurious rate charged (Avom et al, 2017).

According to the survey conducted by the ILO (International Labor Office) in collaboration with CAPME and covering 360 Cameroonian businesses, 94% of owner-managers who set up businesses were salaried workers who had had various experiences: apprentices for several years in low-skilled manual labor; civil servant jobs; and small traders. Studies on the failure of small and medium-sized enterprises report that the inexperience of the manager is one of the main causes of this failure (Baldwin et al, 1997; Gaskill et al, 1993; St-Pierre, 1999). From this idea, one can understand the attitude of potential capital providers towards inexperienced managers. Young, inexperienced managers therefore find themselves prejudiced by external financing partners. They will turn to informal sources of financing which are unfortunately for the most part short term and inadequate for financing investments. Their lack of professionalism, expertise and resources (capable of mastering the operation, management of the company and understanding the financial market), which characterizes Africa in general, and Cameroon in particular, constitutes a non-negligible obstacle to IPOs. Their educational background has rarely been compatible with the management task they are called upon to perform. In general, Cameroonian owner-managers are both "self-made men" and the "new wave entrepreneur" class. They have a poor command of management techniques. Based on these ideas, we can put forward the following hypothesis:

H4: The profile of the managers of companies in Cameroon negatively influences the reluctance to go public.

Research and Methodology

The objective of this work (to describe the characteristics specific to Cameroonian companies zhich prevent them from the advantages of the stock exchange listing) forces us to work with unlisted companies and more specifically public limited companies. So with a questionnaire the data were collected in Douala, Cameroon. To this end, we administered 70 questionnaires and 40 were recovered, all of which were deemed usable.

In order to highlight the measurement indicators that capture the variables of this study, we retained the following variables:

Table 1 below illustrates the operationalization of the dependent variable of reluctance to go public (RETINTRO).

Table 1: Presentation of the dependent variables

Dependent variable	Indicators	Measures	Authors
Reluctance to IPO	Knowledge of the financial market	1=yes 2=no	Pagano (1993) ; Rajan (1992) ; Holmström et Tirole (1993) ; Pagano et Röel (1998) ; Bayala (2002) ; Feudjo et Djeukui (2016).
	Idea of eventually listing the company on the Cameroon stock exchange	1=All 2=Possible 3=Not at all	
	Seek financing through a public offering	1=All 2=Possible 3=Not at all	
	Importance of the Cameroon Stock Exchange	1=Very important 2=Somewhat important 3=Not at all important	

Table 2 below is the operationalization of firm characteristics that influence the IPO decision.

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Table 2: Presentation of explanatory variables

Explanatory variables	Indicators	Measures	Authors
Shareholder structure	1-Presence of family members of the owner in positions of responsibility	1=Yes 2=No	Allouche et al (2007), Maache (2007) ; Eyinga (2008).
	2-Percentage of capital held by family members	1-]0-25%] 2-] 25-50%] 3-] 50-70%] 4- Plus de 70%	
	3-The number of family members on the board of directors	1-] 0-3] 2-] 3-5] 3-] 5-8] 4-] 8-10] 5-over 10	
	1-Is the business part of a group subsidiary or multinational?	1- Yes 2- No	Almond et al (2012)
	2--Center of decision making	1-Parent company 2-General management 3-Board of Directors 4-Principal shareholder	
Financial characteristics	1-Major elements for financing the company's needs	1-Equity 2-Debt	McConaughy (1999) ; Burger et Udell (1998) ; Myers et Majluf (1984).
Size of the company	1-sales result	1-] 0-500millions] 2-] 500millions-1billion] 3-] 1 billion -1,5 billion] 4-] 1,5 billion -2 billion] 5 – over 2 billion	Mintzberg (1980) ; Jacquillat (1994) ; Feri et Jones (1979) ; Pagano et al (1998) ; Ritter (1994) ; Titman et Wessels (1998)
	2-Employees	1-] 0-50] 2-] 50-100] 3-] 100-150] 4-] 150-200] 5-over 200	
Profile of the manager	1-Level of education	1-Primary 2-Secondary 3-Superior undergraduate 4-Superior graduate	St Pierre (2002) ; Adjoua (2003) ; Kasereka (2009) ; Nguena (2013) ; Djongoué (2007) ; Atangana (1986) ; Wabo (2012)
	2- Experience	1-] 0-2ans] 2-] 2-5ans] 3-] 5-8ans] 4-] 8-8ans] 5- over 10ans	

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Thus, the econometric model is presented as follow:

$$RETINTRO = \beta_0 + \sum \beta_i X_i + \mu_i \quad (1) \qquad i = 1, 2, \ldots\ldots\ldots 11$$

Where:
RETINTRO is the dependent variable;
β_0 is constant parameter ;
β_i is the parameter of independent variable of the model ;
X_i is the set of independent variable of the model;
μ_i is the error term.

For the analysis of the collected data, descriptive analyses and the mean comparison test were used. These are the univariate analysis (flat sorting), the explanatory analyses (bi-variate and multi-variate).

The flat sort was used for the univariate analysis, which is a descriptive and systematic analysis of the answers given to each question using statistical indices. Bivariate analysis consists of studying the relationships between two or more variables. More specifically, it is an explanatory study of the relationships between two variables. For the multi-variate analysis, linear regression was used. Multiple linear regression makes it possible to explain a dependent variable of a metric nature as a function of several other so-called explanatory variables.

Findings

Descriptive statistics of the study

This subsection presents the characteristics of the respondent and the characteristics of the companies surveyed.

Respondent characteristics

The descriptive statistics reveal that only 5% of the respondents hold the position of general manager, 10% the position of deputy general manager and 85% the position of accounting and financial manager. Regarding seniority in the position, 20% have less than 2 years of experience in the position, 40% between 2 and 5 years of experience in the position, 20% have between 5 and 8 years of experience in the position and 20% also have more than 8 years of experience in the position. 72.5% of these respondents are men. With regard to the age pyramid, 27.5% are under 30 years of age, 10% are between 30 and 35 years of age, 35% are between 35 and 40 years of age, 5% are between 40 and 45 years of age and 22.5% are over 45 years of age. 57.5% of these respondents have a second cycle of higher education, 37.5% have a first cycle of higher education and 5% have a secondary education.

Characteristics of the companies surveyed

We note that 70% of the 40 companies surveyed have the legal form of a public limited company with a board of directors, as opposed to 30% that have the legal status of a public limited company without a board of directors. Regarding the sector of activity, 35% are in the trade sector, 7.5% in industry and 57.5% in the service sector. As for the turnover, 22.5% have less than 500 million, 10% between 500 million and 1 billion, 17.5% between 1 billion and 1.5 billion, 10% between 1.5 billion and 2 billion against 40% who have more than 2 billion. We also note that 17.5% of companies employ less than 50

In this study, the following variables are examined: the number of employees, 42.5% between 50 and 100 employees, 10% between 100 and 150 employees, 5% between 150 and 200 employees, and 25% employing more than 200 employees.

Thus, the purpose of this part of the study is to examine the various relationships between the dependent variable and the independent variables and to detect the existence of multi-collinearity problems between the independent variables. Thus, Table 3 below presents the correlation matrices between the different variables (explanatory and to be explained). The correlation analyses are established according to the Pearson method.

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Table 3: Pearson correlation test

	RESPONS	PROPMAN	FAM_CA	FAM_MAN	FILIALE	_DECISION	PO_FCIERE	SALES	NBRE_EMPLOYE	EXPERIENCE	LEV_STUD	RE_INTRO
RESPONS	1	-,656**	-,383*	-,681**	-,638**	-,371*	-,107	,085	-,205	-,104	,387*	-,136
PROPMAN		1	,466**	,689**	,495**	,280	,187	,223	,269	,209	-,222	,215
FAM_ CA			1	,566**	,107	-,178	-,106	,125	,077	,126	-,130	,068
FAM_ MAN				1	,392*	,088	,264	,239	,526**	,279	-,297	,167
FILIALE					1	,237	-,032	-,306	,149	,000	-,464**	,000
DECISION						1	-,121	-,035	-,118	,035	-,117	,079
PO_FCIERE							1	-,065	,095	,305	-,263	,075
SALES								1	,546**	,156	,518**	-,147
NBRE _EMPLOYE									1	,169	,253	,116
EXPERIENCE										1	-,424**	-,398*
LEV _STUDSTU											1	,000
RETI_INTRO												1

**. Correlation is significant at the 0.01 level (two-tailed).
*. Correlation is significant at the 0.05 level (two-tailed).

In reading Table 3, we note several significant relationships between the explanatory variables and the variable to be explained. First, we note that the IPO is negatively and significantly associated at the 5% level with the experience of the manager. This result means that the IPO decreases when the manager is less experienced.

Second, we notice that there are significant and positive correlations at the 1% and 5% threshold between the different explanatory variables. Although these correlations are significant, no severe problem of multi-collinearity between these variables has been detected insofar as the correlation coefficients are relatively low (below 0.8). We can therefore estimate the parameters of our variables. Thus, the results of the econometric regression using the Ordinary Least Squares (OLS) method are presented in Table 4 below:

Table 4: Estimation of the parameters

Model	Non-standardized coefficients		Standardized coefficients	T	Sig.
	B	Standard Error	Bêta		
(Constante)	5,841***	1,830		3,191	0,003
RESPONS	0,133	0,349	0,089	0,380	0,707
PROPMAN	0,380***	0,135	0,642	2,806	0,009
FAM_ CA	0,004	0,108	0,008	0,039	0,969
FAM_ MAN	-0,065	0,185	-0,107	-0,352	0,727
FILIALE	-1,212***	0,382	-0,708	-3,173	0,004
DECISION	0,124	0,149	0,142	0,829	0,414
PO_FCIERE	-0,003	0,281	-0,002	-0,012	0,991
SALES	-0,227**	0,100	-0,491	-2,267	0,031
NBRE _EMPLOYE	0,327***	0,117	0,643	2,803	0,009
EXPERIENCE	-0,394***	0,095	-0,721	-4,126	0,000
LEV _STUDSTU	-0,564*	0,301	-0,449	-1,875	0,071
	R-deux=0,553	R-deux ajusté=0,378			
	F=3,150***	P=0,007			

***, **, *: Significant at the 1%, 5% and 10% threshold, respectively.

The results of the estimation of this model reveal a positive and significant value for the variable representing the unspecified factors (Constant). Moreover, the FISHER statistic is significant at the 1% level with an R^2 = 0.553. We also note six significant variables at the 1%, 5% and 10% thresholds respectively. We conclude

that the variables taken into account in our model to explain the characteristics of the firms explain 55.3% of the reluctance to list on the stock market of the firms in the sample.

Table 4 below shows that there is a positive relationship at the 1% threshold between managerial ownership and reluctance to go public. This result means that reluctance to list a firm increases when the manager and his family have shares in the capital. This result is in line with the work of Allouche (2007) for whom family-owned firms are characterized by less recourse to external financing means, more particularly stock market listing, for reasons of the durability of the firm's activities and family control on the one hand, and the lesser diversification of the asset portfolio on the other.

There is a negative relationship at the 1% threshold between the subsidiary and the reluctance to go public. This result means that the reluctance of a firm to list its shares on the stock market decreases when it is a subsidiary of a group or multinational. This result is in line with the work of Boisselier et al (2007), for whom an independent company opens its capital according to its needs and is independent of the parent company. We also find in Table 4 a negative relationship at the 5% threshold between turnover and reluctance to go public. This result means that the firm is reluctant to go public once its turnover is low. As turnover is one of the characteristic elements of firm size in Cameroon, previous studies show that the smaller the firm, the less likely it is to go public given the costs it has to bear. Thus, Maache (2015) stated in the context of the listing of Moroccan companies that large companies are the only ones to benefit from IPOs because of the inability of SMEs and SMIs to meet the requirements of the listing.

There is a positive relationship at the 1% threshold between the number of employees and the reluctance to go public. This means that the higher the number of employees, the more favorable the IPO. The size of the workforce is a very important element in determining the size of a company. However, we can note at the end of our study that the more the number of employees is high in an entity, the more it has chances to go to list its shares on the stock exchange. This result is in line with the work of Pagano et al (1998) in that the size of the firm is relatively correlated with the listing of its shares on the stock exchange.

There is a negative relationship between the experience of the manager and the reluctance to go public. This result means that firms are reluctant to go public when their managers are less experienced. This result is consistent with the work of Wabo (2012) when he states that the young leader with no experience is found to be ineligible by external financing partners.

We also find that there is a negative relationship between the manager's level of education and reluctance to go public. More clearly, the less educated the manager is, the less favorable the firm is to the stock market. This is in line with the work of St Pierre et al (2002), according to which university graduates are more willing to open up to external financing.

We can therefore conclude from this study that managerial ownership, the independence of the firm, the level of turnover, the number of employees, the experience, and the level of education of the manager are the factors of reluctance to the IPO in Cameroon.

Conclusions

This study consisted in identifying the characteristics of Cameroonian companies that prevent them from listing their shares on the stock market. Indeed, the number of companies listed on the DSX reflects the low interest of companies in this source of financing. However, the DSX was created with the aim of supplementing the banks in the financing of the economy; a function that it has fulfilled well if we rely on its obligation compartment. In this perspective, a theoretical reflection through the financial literature has allowed us to note that the decision to go public taken by a manager is dependent on a trade-off between the various advantages and constraints that are attached to it. Thus, the results obtained in this study show that certain characteristics related to the shareholder structure, the size of the firm and the profile of the manager are the main factors of reluctance to list on the stock exchange in Cameroon. These are managerial ownership, the subsidiary nature of the firm, turnover, the number of employees, the level of education and the experience of the manager. All these characteristics have a significant influence on the reluctance to go public in Cameroon.

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