

**STOCK MARKET LISTING INFLUENCE ON CORPORATE PERFORMANCE:
DEFINITIONS AND ASSESSMENT TOOLS**

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Abstract

Corporate performance and the impact of stock listing on corporate performance are among large discussions in the global scale. This article reviews definitions, advantages and disadvantages of a stock market listing, differences in corporate performance between pre and post stock listing and between listed and non listed companies and the impact of stock market listing on corporate performance. Assessment tools is also reviewed as a part of each section. While there are only few studies assessing totally the effect of being quoted on performance of listed companies, many others analyze the impact in term of some specific aspects and lead to different findings on the related issue.

Key words: *corporate performance, stock market listing, impact, assessment tools.*

1. Introduction:

While general advantages and disadvantages of being listed on a stock exchange may be clear to understand, the impact of stock listing on corporate performance is among large discussions, even in the global scale. There are different approaches to determine the impact of stock listing on corporate performance and lead to different conclusions. That depends firstly on the concept of corporate performance. There is also a various range concepts of corporate performance. Different methodologies (qualitative, descriptive statistics, pool regressions or TFP model, etc.) are used to examine the impact and show that a stock listing may have diverse impacts on corporate performance.

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In this article, we firstly review the corporate performance measuring and factors affecting corporate performance in the section 2.1, followed by literature review on advantages and disadvantages of a stock market listing in the section 2.2, literature review on differences in corporate performance between pre and post stock listing and between listed and non listed companies in the section 2.3, literature review on the impact of stock market listing on corporate performance in the section 2.4. Finally, the conclusion summarizes all our literature review and research gaps.

2. Definitions of corporate performance:

2.1. Definitions of corporate performance

There is a large range of definitions and literature on corporate performance. Of which, according to Murphy (1996), corporate performance measurement is based on the aspect of finance and institution. Financial performance is to maximize profit, maximize the returns on assets and maximize shareholder value. Operational performance is mainly measured by revenue growth and market share.

In another point of view, Andre Dwijanto Witjaksono, (2012) divided the performance into two groups, namely hard performance (more easily measured and is associated with cost, consists of: unit production costs, fast delivery, flexibility, cycle time), and soft performance (more difficult to measure, and is associated with quality, consist of manufacturing quality, design quality, customers satisfaction, market share, employees satisfaction).

In this thesis, the authors focus on quantitative measurement of corporate performance as stated by Murphy (1996). These indicators are described in the Table 1.

Table 1. Summary of quantitative indicators and meanings

Proxy	Abbreviation	Meanings
Return on Capital	ROC	The return on capital employed (ROC) ratio, expressed as a percentage, complements the return on equity (ROE) ratio by adding a company's debt liabilities, or funded debt, to equity to reflect a company's total "capital employed". This measure narrows the focus to gain a better understanding of a company's ability to

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Proxy	Abbreviation	Meanings
		generate returns from its available capital base
Return on Equity	ROE	(Net Profit/Net Worth): This ratio indicates how profitable a company is by comparing its net income to its average shareholders' equity. The return on equity ratio (ROE) measures how much the shareholders earned for their investment in the company. The higher the ratio percentage, the more efficient management is in utilizing its equity base and the better the return is to investors.
Return on Asset	ROA	(Net Profit/Net Worth) This ratio indicates how profitable a company is relative to its total assets. The return on assets (ROA) ratio illustrates how well management is employing the company's total assets to make a profit. The higher the return, the more efficient management is in utilizing its asset base. The ROA ratio is calculated by comparing operating profit (EBIT) to average total assets, and is expressed as a percentage
Earnings Per Share	EPS	Net Income / Number of shares outstanding Earnings per share serve as an indicator of a company's profitability. It is the portion of a company's profit allocated to each outstanding share of common stock.
Operating Margin	OM	(Operating profit/net sales): Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of production such as wages, raw materials, etc. A good operating margin is required for a company to be able to pay for its fixed costs, such as interest on debt. The higher the margin, the better.
Added value	VA	Value added is defined as total sale less production costs

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Performance measurement systems could play an important role in supporting managerial development of companies (Garengo, P et al, 2005). There are many measures of firm performance including revenue, profitability, stock price, and production efficiency. (World Bank, 2013). In fact, literature on corporate performance and performance measurement is various and contain infinitive debates. This topic attracted numerous practitioners and researchers in business and financial sector. Since 1980s, there have been many studies measuring and comparing the performances of different firms from different approaches (in term of operations, finance, human resource management, market development) and for different purposes.

The literature on corporate performance shows a debate on measurements and how these measurement should be combined and to performance of different firms operating in different sector. In 1980s, traditional performance measurements based mainly on tangible financial indicators. Then from the year of 1990, people recognized limitations of traditional measurements in a globalized, highly dynamic, market focused and stakeholder driven economy and they added intangible measures including public image, reputation, customer satisfaction, employee satisfaction and attrition, skills levels, innovations in products, etc. (Maskell, 1991, Francisco et al., Flynn et al., 1994, Kasul and Motwani 1995; Ahire et al., 1996; Atkinson et al., 1997; Forslund 2007; McAdam and Hazlett, 2008; Fullerton and Wempe, 2009).

Nowadays, there is a general consensus that the old financial measures are still valid but it is necessary to add more intangible measures. According to Richard et al. (2009), performance measurement is a multi-disciplinary issue (such as finance, marketing, operations and human resources), and researchers working in their own disciplines using functional performance measures (such as market share in marketing, schedule adherence in operations and so on) need to link their discipline focused performance measures to overall organizational performance.

The literature also suggests that there should be a balance between financial and non-financial indicators and between lagging and leading indicators (Bitici et al, 2010). Lagging indicators are highlighted as relevant to measure performance. It is meaningful to examine firms' performances based on results achieved over the preceding years rather than to predicting the potential future performances of these firms (Richard et al., 2009).

In addition to performance measures, factors affecting corporate performance are also discussed in several studies. Patrizia Garengo (2005) when reviewing the recognized an evolution in PMS models over time; in particular, the models developed in the last 20 years are more horizontal, process-oriented and focus on stakeholder need. The literature also suggests that the performance of firms should be compared over a period of time and be sensitive to contextual factors, such as sectorial and operational differences (Biciti et al, 2010). Known factors stated in many research include ownership structure, firm size, firm age, and tangible assets (Alfredo Koltar, Campopiano and Cassia 2013) or emerging determinants including leader and top management team; strategic focus; trust in the future; and resources support (Fernando Ribeiro Serra, Manuel Portugal Ferreira, 2010).

Among studies on determinants of corporate performance, the research of Nickell et al (1997) on factors making firm performing well created a premise for a series of studies on the link between productivity and firm performance. Schoubeen et al (2006) used also the Total factor productivity (TFP) model for assessing the impact of stock listing on main determinants of firm performance, viz. product market competition, financial pressure and owner identity (family versus non-family controlled firm).

In conclusion there is a large range of definition and measurement of corporate performance, depending on the research approach. We should consider financial and non-financial measures, hard and soft indicators, current and lagging indicators of corporate performance for different purposes of study.

2.2. Advantages and disadvantages of a stock market listing

The advantages and disadvantages of being a public firm are discussed extensively in the literature on the initial public offering (IPO) and corporate governance. (Frederiek Schoubben et al, 2006).

According to many guide books on listing on the stock exchange (The Stock Exchange of Thailand 2008, the Bursa Malaysia Bhd 2011, Len McDowall 2007), there are different advantages of stock listing including: (1) Access to Capital (2) Facilitate Growth (3) Enhance Credibility (4) Enhance Profile and Visibility (5) Incentive for Employees (6) Widen Shareholder/Investor Base.

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World bank (2000) argue that stock market listing providing a way for growing companies to raise capital at lower costs these companies do not have to rely as much on internal financing, they are able to grow faster. Stock markets also have advantages over other financing sources. Companies in countries with developed equity markets are less dependent on bank financing, which can reduce the risk of a credit crunch. Equity markets also allow companies to rely more on equity and less on debt, creating a less risky financial structure in the event of an economic downturn. Finally, stock markets can increase the efficiency of corporations' investment and management by enhancing their governance.

Beside advantages, listed companies face also new challenges and disadvantages of being quoted. Len McDowall (2007) cited some main disadvantages of stock listing as follows: (1) more affected by the market (2) cost of floatation (3) affected by shareholders 'interest which may differ from the company's objectives (4) Give up some management control (5) Public companies have to meet a range of requirement and standards (6) risk of be acquired.

In fact, there have been a number of quoted firms delist from stock markets. Eilnaz Kashefi Pour and Meziane Lasfer (2013) study why do companies delist voluntarily from the stock market. Their research sample include all newly-listed and delisted firms between 1995 and 2009 from the London Stock Exchange (LSE) website (380 delisted firms split into 155 that went private, 29 that transferred to the Main market, 81 takeovers, and 115 delisted due market regulations). They use a matched logit model to predict the factors that affect the delisting decision, and the Cox's Proportional hazard model to investigate the factors that contribute to the delisting decision. Finally, they use the standard event study methodology to assess the market reaction to the delisting announcement. They find out that these companies are likely to have come to the market to rebalance their leverage rather than to finance their growth opportunities. According to these authors, the reason for stock delisting is that leverage remained very high while profitability, growth opportunities, and trading volume declined substantially after stock listing. Particularly, firms that could not raise further equity capital are more likely to opt for voluntary delisting.

In summary, stock market listing have both advantage and disadvantage. It supports corporate mainly in term of capital access, reputation, incentives for employees, efficiency of investment and management. Main disadvantage of stock market listing consists in high risk to

be acquired by investors in the stock market, impact from public shareholders and fluctuations in the market.

2.3. Literature review on differences in corporate performance between pre and post stock listing and between listed and non listed companies

Some studies document the improvement in corporate performance after being quoted in the stock exchange, while some others show the opposite picture.

Marco Pagano, Fabio Panetta, Luigi Zingales (1995) empirically analyzes the determinants of an initial public offering (IPO) and the consequences of being quoted on the stock exchange on a company's investment and financial policy. By comparing both the ex-ante and the ex-post characteristics of IPOs with those of a large sample of privately held companies of similar size, they find out that (i) the likelihood of an IPO is positively related to the market-to-book ratio prevailing in the relevant industrial sector and to a company's size, (ii) IPOs are followed by an abnormal reduction in profitability, (iii) the new equity capital raised upon listing is not used to finance subsequent investment and growth, but to reduce leverage, (iv) going public reduces the cost of bank credit; (v) it is often associated by equity sales by controlling shareholders.

The results vary across different companies and periods, depending on the managerial ownership, the age and the size of the firm (Kenji Kutsuna et al 2002; Agustinus, Prasetyantok and Rachmadi, Parmono (2008), different conditions of stock markets, the economies, sectors and corporate governance of quoted companies (Agustinus, Prasetyantok and Rachmadi, Parmono, 2008)

Agustinus, Prasetyantok and Rachmadi, Parmono (2008) examine the factors determining corporate performance of listed companies in Indonesia, especially due to the 1997 financial crisis. Working on a panel data of 238 listed companies in Jakarta Stock Exchange (JSX) in the period 1994 – 2004, they employ ordinary Least Square (OLS) for the estimation procedure. They find out that (i) firm size is positively related to firm profitability, but it is not related to market capitalization. It means that firm size is matter on the fundamental value of the firms, but it should not be important variable for market value of the firms (ii) macro factors are more important variables inducing firm performance, rather than firm-specific factors. It could be due

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to the 1997 great crisis. (iii) Ownership factor matters on firm performance by the evidence that firms with majority foreign ownership have much higher performance in both measurements namely return on asset (ROA) and market capitalization growth than domestically-owned firms

Investigating the performance of entrepreneurial companies post-listing on the New Zealand Stock Exchange, Stuart M. Locke & Kartick Gupta (2007) find out that the produce counter-intuitive results in that the returns on the portfolio of entrepreneurial companies appear to be less than those for other small companies and for the market overall. Further, initial public offerings of entrepreneurial companies appear to be overpriced and suffer a price decline post-listing that takes approximately a year and a half to recover. Various government’ policies are directed towards achieving sustainable economic growth through the smaller business sector and encouraging these businesses to expand and list on the stock exchange. The overpricing of IPOs and lower returns are not likely to encourage investor support for the entrepreneurial companies, making it difficult for these policies to succeed.

Ian Alexander, Colin Mayer (1991) examines the influence of stock markets on corporate performance by comparing the performance of compares large private and publicly listed companies in the UK. They finds out that quoted firms invest more and grow more rapidly than unquoted firms. They have more power and size in the industry and therefore, earn higher profits and pay out a higher proportion of their earnings as dividends and raise more equity finance but use this to purchase equity in other companies. In contrast, private companies are concentrated in low technology industries. The authors conclude that there is therefore no evidence of adverse effects of stock markets on corporate performance.

Chemmanur, Thomas J., S. He, and D. Nandy (2006, 2009) find the answers for questions when companies should it go public and what are the implications of a firm going public on its post-IPO operating and product market performance. By conducting a large sample study of the going-public decisions of U.S. firms in the literature and using the Longitudinal Research Database (LRD) of the U.S. Census Bureau, which covers the entire universe of private and public U.S. manufacturing firms, the authors find out that the probability of going public of a private firm is significantly affected by its product market characteristics (total factor productivity, size, sales growth, market share, industry competitiveness, capital intensity, and cash flow riskiness). Private firms facing less information asymmetry and those are difficult to

access to private capital (venture capital or bank loans). Firms make decision to IPOs occur at the peak of their productivity cycle where “the dynamics of TFP and sales growth exhibit an inverted U-shaped pattern, both in our univariate analysis and in our multivariate analysis using firms that remained private throughout as a benchmark”. According to the authors, sales, capital expenditures, and other performance variables increase consistently over the years before and after the IPO. And finally, they conclude that of the corporate performance post-IPO is not good, that is due to the real investment effects of going public rather than being due to earnings management immediately prior to the IPO.

2.4. Literature review on the impact of stock market listing on corporate performance:

A stock market listing may have diverse impacts on corporate performance. While there are only few studies assessing totally the effect of being quoted on performance of listed companies, many others analyze the impact in term of some specific aspects and lead to different findings on the related issues.

In the study on the impact of a stock listing on the determinants of firm performance, Schoubben and Cynthia Van Hulle et al (2006) test on a sample of Belgian firms whether performance drivers behave differently in a non quoted environment as compared to a quoted one. They use the total factor productivity (TFP) model and the “quoted” dummy. The authors find out that determinants of firm performance (market competition, financial pressure and ownership) depend upon whether the firm is quoted or not. According to them, “the driver functioning explains the better performance of quoted firm vis-à-vis their private peers”.

Main approaches of literature review on impact of being listed on corporate performance can be reviewed as follows:

2.4.1. Stock listing and capital raising and employed

Capital raising may be initial equity capital raising (through the IPOs) and/or secondary equity capital raising. Thanks to the ability of to raise equity capital in the virtual absence of alternative debt issuance or bank funding, many companies can reduce debt exposure and shore up balance sheets. The ability of companies to rapidly and flexibly public equity capital markets (largely from institutional funding sources) during the worst of the Gulf Financial Crisis, when

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equity values were sharply reducing, also played an important role, particularly for large companies in some of the most vulnerable sectors. (The Australian Securities Exchange- ASX 2010). According to (ASX, 2010), each company has its own choice for raising capital from the stock market, depending on the size and urgency of the funding required, the market conditions at the time of the raising, the overall cost of capital associated with the option chosen, the costs and availability of alternate sources of funding, the availability of underwriting support, and the interests of all existing and potential shareholders. Companies can choose between a traditional renounceable rights issue, made on equal terms to all shareholders, which is considered the ‘fairest’ option and the placement (particularly where there was no offer to retail investors) clearly raises issues of shareholder dilution. In the first choice, the avenue of capital raising often needs to be balanced against the length of time it can take to complete such an offer, with the consequence that shareholders are exposed to greater costs and execution risks. In contrast, the second usually be completed more quickly and at a lower cost.

According to Schoubben and Cynthia Van Hulle (2006) in the more transparent public market, quoted firms are less hampered by capital constraints and they have more opportunities to develop an effective response to competitor.

Jing Chi, Carol Padgett (2002) used the data for 340 and 409 new issues on the Shanghai and Shenzhen Stock Exchanges respectively, from 1 January 1996 through 31 December 1997, with the cross-sectional analysis to explain the long-run supernormal performance of Chinese IPO. The authors examine the relationships between the long-run performance and the further capital-raising of listed companies. According to the authors, besides the improvement of the corporate governance of state owned enterprises (SOEs), the other purpose for the Chinese government to develop the securities market is to raise capital for SOEs. Therefore looking at the relationship between a company’s long-run performance and its further capital raising is useful to understand the role of the stock market. They conclude that there are the following reasoning and understanding of their relationships. (1) When a company enjoys efficient management and high growth, it would be reflected in an increase of its share price. At the same time, good management would bring more development opportunities to a company, so it needs further capital to invest. Therefore, the long-run performance of a listed company would be positively related to its further capital raising. (2) in China, sometimes an increase in the share price results from manipulation by

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institutional investors rather because of efficient management, and the company does not have good projects in which to invest. For many companies, a stock issue is made simply in order to get money from the investors, rather than for investment in good projects or the implementation of corporate governance practices. In this case, when share prices rise, it is the ‘right’ time for companies to get more money from the stock market, since with higher prices; issuing the same number of shares can raise more money. The variable defined for this case is Seasoned Equity Offerings (SEO) times, which counts the number of SEOs that a listed company makes within three years after its IPO. Following the reasoning of the both situations, the SEO times variable is expected to be positively related to the long-run performance of IPOs. In terms of the relationship between the long-term performance and further capital raising, results indicate that the number of SEOs within three years after IPOs and their long-run returns are significantly positively related to each other. For either the government or the issuers, to raise money from the securities markets are very valuable. Any positive information about companies or the share price movements will be used as indicators that this is a good time to raise capital.

Joseph Gerakos, Mark Lang, Mark Maffett (2012) investigate the post-listing experience of companies raising capital on the London Stock Exchange’s Alternative Investment Market (AIM). They regressed post-listing returns for 12-, 18-, and 24- months on a control for size and an indicator for whether or not an AIM firm raised capital. They find out that: (i) The coefficient on whether the firm raised capital is negative and significant in all three specifications. (ii) The coefficient on both the AIM indicator and the interaction between AIM and capital raising are significantly negative over all three return windows, suggesting that capital raising firms on the AIM perform worse than capital raising firms on other exchanges. The capital raising indicator itself is insignificant, suggesting that the underperformance of capital raising firms on the AIM is not evidence of a more general phenomenon. In terms of economic magnitude, firms that raised capital on AIM underperformed similar firms on AIM that did not raise capital by between 10 and 16 percentage points, while firms that raised capital on AIM incrementally (relative to the general underperformance of firms on the AIM) underperformed the other capital and non-capital raising firms by between 10 and 12 percentage points. These findings are consistent with the argument that incentives to inflate share price are particularly pronounced for firms raising capital on the AIM. The authors find out also that AIM firms significantly underperform firms on

regulated exchanges in terms of post-listing returns and failure rates. The underperformance is similar to that of firms listing on the OTC Bulletin Board prior to SEC regulation. Underperformance is associated with abnormally high pre-listing accruals and post-listing reversals, and is more pronounced for firms raising capital. The choice of a “high quality” auditor or Nomad partially mitigates underperformance, suggesting that AIM firms have a limited ability to bond through commitments to more stringent oversight. Negative returns are particularly pronounced for firms with high proportions of retail investors.

In sum, capital raising may be initial equity capital raising (through the IPOs) and/or secondary equity capital raising. But not all listed companies can raise capital and use it efficiently. That depends on a range of factors including the conditions of the stock market, size and management of companies.

2.4.2. Stock listing, market competition and corporate performance

The relationship between stock listing and market competition pre and before the decision to go public then to be listed in the stock market of companies are among discussions in the financial literature. Previous studies on impact of market competition on corporate performance led to different conclusion.

The effect depends on whether the market is perfectly competitive or imperfectly competitive (Joel Peress, 2010). Joel Peress (2010) studies how competition in firms’ product markets influences their behavior in equity markets through rational expectations model in which firms operate under monopolistic competition while their shares trade in perfectly competitive markets. The author finds out that firms use their market power to pass on risks to customers in order to assure their profits. He argues also that if more productive firms raise more capital in a more efficient equity market, they will enjoy more market power. But the effect of market competition on signal precision is unclear and the decision to be listed in the stock market depends on the joint impact of the informational and competitive environments on firms’ incentives to go public.

Competition may have negative effect on performance. Firms in less competitive industries earn higher asset returns while those in more competitive industries have operating profits more sensitive to shocks. This is one of conclusions of M. Cecilia Bustamante and Andrés

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Donangelo (2014) when using five alternative measures of imperfect product market competition to measure the effects of product market competition on a firm’s exposure to systematic risk. Two of these measures are collected on U.S. Census data and are restricted to manufacturing industries. For the case of non-manufacturing industries, the author construct an additional measure of industry concentration based on Compustat data and adjusted for the sample selection bias of public listing. The author find out that product market competition reduces the value of growth options, which in turns reduces the loadings on systematic risk. Firms in competitive industries have higher earnings-to-price and book-to-market ratios. Competition reduces operating profits, which increases operating leverage. Firms in more competitive industries have operating profits that are more sensitive to shocks and firms in less competitive industries earn higher asset returns.

The conclusion of M. Cecilia Bustamante and Andrés Donangelo (2014) is not in line with the finding of Silke I. Januszewski et al. (1999) who conclude that in an intensive competitive product market, firms have higher rates of productivity growth. Their study is based on a unique panel data set with detailed information on almost 400 manufacturing firms over the 1986-94 period and come from the argument that lack of product market competition and poor corporate governance are two of the main reasons for the slow productivity growth in many continental European countries over the last few decades of the 20 th century. This positive impact can be seen also in the study of Manoranjan Pattanayak and Manoj Pant (2010). The authors investigate the interaction effect of product market competition on firm performance and see that competition has in reality become a noticeable force in developing economies. Using the econometric modeling, they find out that there is a strong positive interaction effect with competition variables. They explain also that product market competition is an important external governance mechanism and limit managerial discretion. Competition forces prices to equal marginal cost. Competition in the product market ensures that well-performing firms in the industry survive and develop. In a sufficiently competitive product market, management will be pushed to act in accordance with shareholders ‘interests and reform.

From the above literature review, we can see that the effects of product market competition on firm performance are not clear and consistent in many cases. Business environment may be one of major reasons for these different conclusions. Competition has a

positive impact on total factor productivity in stock listed companies, but outside public stock market, its effect becomes significantly negative. In the more transparent public market with its information production properties, the information on innovation opportunities offered by competition remains useful for managers and owners, while the threat of being driven out of the market, gives managers an incentive to work harder. (Schoubben and Cynthia Van Hulle, 2006). This finding contributes also to the literature on the impact of stock listing on corporate performance through the market competition's influence.

2.4.3. Stock listing, financial pressure and corporate performance

Before the discussion on the relationship of stock listing and financial pressure and corporate performance, impact of financial pressure on corporate performance was examined in many studies. Nickell, Stephen and Nicolitsas, Daphne (1995) study how does financial pressure affect firms, by using panel data on a large number of UK companies. The authors aim to shift this focus somewhat and to concentrate on the impact of financial pressure on other aspects of company behavior. Then in 1999, Nickel and Nicolitsas examine the impact of financial pressure on company behavior. By using data from the U.K, they try to measure the ratio of interest payments to cash flow. They find out that an increase in this measure has a large negative effect on employment (fixing current and expected wages) and demand but it has a small positive effect on productivity.

Elisabetta Bertero and Laura Rondi (2000) study the financial pressure and the behaviour of public enterprises by using a panel of Italian state-owned manufacturing firms and find out that these companies do respond to financial pressure by increasing productivity and reducing employment in a hard budget constraint environment. The study provides an empirical evidence of a change in behavior of public enterprises between soft and hard budget constraint regimes in the late 1980s.

The study of Schoubben and Cynthia Van Hulle (2006) shows that listed firms benefit from financial pressure (the proxy is the leverage rate-LEV) while unlisted firms suffered from it. Debt is effective in reducing conflicts of interest created by the presence of shareholders from the public at large. This findings is consistent with the conclusion of Ruland and Zhou (2005), who find a negative impact of leverage on the value of low agency cost companies while it is

reversed in case of high agency cost firms, leading to a positive relationship between leverage and value in these latter companies.

2.4.4. Change in ownership structure and corporate performance of listed companies:

Change in ownership structure and its effect on corporate performance is among most popular approaches to assess impact of stock listing on performance of listed companies, but this relationship varies across countries, sectors and companies. The review by sequential time leads to some studies and findings as follows:

Operating performance varies according to managerial ownership in addition to the age and size of the firm (Kenji Kutsuna et al, 2002). Basing on a data sample of 247 IPO firms in JASDAQ in 1995 (137 firms) and 1996 (110 firms), the authors use descriptive statistics methods to compare of the operating performance before and after IPO and Wilcoxon Matched-Pairs Signed-Ranks Test to determine the impact of ownership structure of JASDAQ firms before and after IPO, and Cross-sectional OLS regressions to analyze the relationships between operating performance before and after IPO on ownership structure and firm characteristics, they find out that operating performance varies according to managerial ownership in addition to the age and size of the firm.

Emma Welch (2003) examines the relationship between ownership structure and corporate performance in Australian listed companies. The sample utilized in this study comprises data for 114 public companies listed on the Australian Stock Exchange. The author applies the models advanced by Demsetz and Villalonga (2001), examining the relationship between ownership and performance when ownership is modeled as a multi-dimensional endogenously determined variable. OLS results suggest that ownership is significant in explaining performance. However, when endogeneity is taken into account, ownership is not statistically dependent on the performance measure. The authors use a generalized nonlinear model that nests models advanced previously. The study concludes that limited evidence of a nonlinear relationship between managerial share ownership and firm performance.

Changyun Wang et al (2004) examine changes in operating performance of Chinese listed companies around their initial public offerings, and focus on the effect of ownership and ownership concentration on IPO performance changes. The authors use the descriptive statistics on the data of

all listed companies that conducted initial public offerings on the SHSE and SZSE over the 1994–1999 interval to know the change of operating performance of IPO firms; Regression model to examine the relationships, ownership and changes in operating performance; ownership concentration and changes in operating performance; robustness; changes in operating performance and IPO under-pricing. The study shows a sharp decline in post-issue operating performance of IPO firms. They also find that neither state ownership nor concentration of ownership is associated with performance changes, but there is a curvilinear relation between legal-entity ownership and performance changes and between concentration of non-state ownership and performance changes. These findings suggest that agency conflicts, management entrenchment, and large shareholders’ expropriation co-exist to influence Chinese IPO performance, and the beneficial and detrimental effects of state shareholdings tend to offset each other.

Arturo Capasso et al (2005) compare the performances of companies that differ under a relevant aspect of their ownership after the stock market listing, on a data sample of adopting a paired observations methodology on a sample of 30 listed companies and 30 unlisted companies. The primary source of data is the 2004 version of AMADEUS Database (Analyze Major Database from European Sources) by Bureau Van Dijck, which provides financial data of about 240.000 European companies. The finding of this study is that listed companies tend to grow faster, use less financial leverage, invest less in tangible assets and experience a lower return on equity compared to unlisted ones. Companies who decide to remain private prefer to develop their activity at a slower pace, presumably through internal growth rather than via acquisitions. They are more dependent on debt financing than public companies.

A study on “relationship between ownership structure and operation performance of China agricultural listed-companies” by S.C Rui (2006), introduces linear regression to make a deep research on the relationship between operation performance and ownership structures of the agricultural listed-companies based on the calculated synthesized performance values. For agricultural listed-companies, the result suggests there is no strong relationship between performance and state-owned stocks ratio or corporation stocks ratio, but a significant negative linear relationship between performance and circulation stocks ratio, and a significant positive linear relationship between performance and the stocks-holding ratio of top five biggest owners.

ALEN DŽANIĆ (2011) examines the relationship between ownership structure and firm performance, basing on a sample of firms listed on the Zagreb Stock Exchange in period 2003-2009. The results obtained show a significant negative relationship between the existence of a block holder owning more than 30 percent of the equity and the value of the firm's Tobin's Q. However, if there is a family-type second block holder, the effect does not exist.

2.4.5. Market stock listing, labor employed and corporate performance

Neil Conway, Simon Deakin, Suzanne J. Konzelmann and Héloïse Petit (2008) investigate the influence of stock market listing on human resource management in France and Britain and find out that in both countries, listing is positively associated with teamworking and performance-related pay. But while in France, it is also linked to worker autonomy and training, this relationship does not exist in Britain. There is a slightly stronger tendency for listing to be associated with high-performance workplace practices in France. There is no evidence to conclude that a stock market listing operates as a constraint on the capacity of managers to implement high performance HRM practices.

The importance of labor employed to corporate performance is studied by Alex Edmans et al (2010), who conclude that higher levels of job satisfaction among employees can support returns for a firm's shareholders. But while the effect is clearer in countries that have flexible labor policies than in heavily regulated economies. When investigating publicly traded firms on the best-companies list, they see that companies with high worker satisfaction generally produced alphas, or above-average stock returns, compared to their peers.

2.4.6. Contribution of stock market listing to corporate value:

Nazik Fadil (2009) seek to know if listing contributes to the creation of value in the SMEs, taking into account their specificities in a longitudinal study, over seven years (three years before listing, the year of listing, and three years afterwards). A sample of 65 listed SMEs with 455 observations (pool data) is used for the study. It was carried out in two stages. The first one concerns the dynamic performance we use a method which describes explicitly the temporal dynamics. It is a question of measuring the rates of performance increase by company regarding

especially to time and listing variables. The second model attempts to explain the mechanisms through which the stock exchange listing influence performance by using strategic, organizational and governance variables of which shareholder is a component. Performance of SMEs is negatively affected after the IPOs and shareholders structure has no impact on the performance of listed SMEs. The interest of this work is academic and managerial. It tries to answer important questions that SMEs should consider before their IPO. This kind of study is rare in SME's case. In that sense, it presents a contribution in research in SMEs through an original methodology.

Charles W. Calomiris, Fred Hu (2007) study the effect of stock market listing on the financial performance of Chinese firms. Using descriptive statistics to compare some criteria such as ROA, ROE, they find out that a combination of factor explain how IPOs contribute to improvements in firm's performance: (i) privatization changes the ownership structure of the firm and give managers greater control and stronger incentives to improve performance, (ii) important restructuring occurs, which push the firm to cut cost, clean up balance sheets and then to boost the performance of the firm relative to the past (iii) Chinese firms that are listed on international market have to adapt to strict standards and the discipline of the market which further encourages good performance.

Conclusion

Some studies document the improvement in corporate performance after being listed in the stock exchange (Schoubben 2006, Ian Alexander, Colin Mayer 1991)), while some others show the opposite picture (Changyun Wang et al 2004, Marco Pagano et al 1995). The results also vary between different companies and period depending on the managerial ownership, the age and the size of the firm (Kenji Kutsuna et al 2002; Agustinus, Prasetyantok and Rachmadi, Parmono (2008), different conditions of stock markets, the economies, sectors and corporate governance of quoted companies (Agustinus, Prasetyantok and Rachmadi, Parmono, 2008)

While there are only few studies assessing totally the effect of being quoted on performance of listed companies, many others analyze the impact in term of some specific aspects and lead to different findings on the related issue. In term of capital raising from the stock market and firm performance, the impact may be positive (Jing Chi, Carol Padgett 2002) or negative (Joseph Gerakos, Mark Lang, Mark Maffett 2012), but in general raise equity capital in the virtual

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absence of alternative debt issuance or bank funding help many companies to reduce debt exposure and shore up balance sheets (The Australian Securities Exchange- ASX 2010). Beside the impact of capital raising, change in ownership structure and effect on corporate performance is among most popular approaches to assess impact of stock listing on performance of listed companies. The relationships may be insignificant (Changyun Wang et al, 2004); or significant (Emma Welch 2003); positive (Arturo Capasso et al 2005); or depends on type of ownership structure including state-owned stocks ratio versus corporation stocks ratio; circulation stocks ratio; stocks-holding ratio of top five biggest owners (S.C Rui, 2006); or varies according to managerial ownership in addition to the age and size of the firm (Kenji Kutsuna et al 2002). Other approaches including examining listing contribution to value (Nazik Fadil 2009; W. Calomiris and Fred Hu 2007) and influence of stock markets on corporate performance (Alexander, Ian Mayer, Colin 1991) leads also to different conclusions on impact of stock listing on corporate performance.

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