

Analysis of Stock Exchange Selection Strategy to Go Public and Its Impact on Company Growth

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ABSTRACT

Purpose: This study analyzes the strategic impact of stock exchange selection on companies going public and its influence on long-term growth. It focuses on how exchange choice affects access to capital, corporate reputation, governance practices, and financial performance.

Research Method: This study adopts a qualitative approach, utilizing a systematic literature review (SLR) methodology. The research synthesizes existing literature from peer-reviewed articles, reports, and studies, focusing on the factors influencing stock exchange selection and its subsequent effects on company growth and performance.

Results and Discussion: The findings reveal that exchanges with high liquidity and strong reputations, such as NYSE and NASDAQ, provide companies with greater access to capital and a broader investor base. The study also demonstrates that listing on reputable exchanges enhances corporate governance, improves market visibility, and supports long-term growth through strategic alignment with sector-specific growth and diversification. Regulatory frameworks and governance standards are critical in fostering investor trust and market stability.

Implications: The research has significant practical implications for companies considering IPOs. It underscores the importance of selecting exchanges that align with growth strategies, regulatory standards, and long-term goals. Companies should prioritize exchanges with high liquidity and robust governance structures to attract institutional investors and expand their international presence. The study also provides managers with insights into making informed decisions about exchange selection, based on long-term growth and strategic alignment.

Keywords: stock exchange selection; ipo; capital access; corporate governance; long-term growth.

Introduction

Financial reporting errors have become a significant concern for modern organizations, particularly in an era where transparency and accountability are paramount to maintaining stakeholder

trust. Whether intentional or unintentional, these errors pose considerable risks, not only to the financial stability of companies but also to their relationships with investors, regulators, and other stakeholders. Inaccurate financial reports can lead to severe consequences, including regulatory sanctions, loss of investor confidence, and reputational damage (Armour *et al.*, 2017). As financial reporting has grown more complex due to global operations and evolving accounting standards, the likelihood of errors has increased. The adoption of new standards, such as IFRS 15 and 16, has posed particular challenges for organizations in ensuring compliance, thereby increasing the risk of unintentional discrepancies in their financial reports (Supsermpol *et al.*, 2023). These complexities underscore the urgent need to understand the root causes of financial reporting errors and their potential consequences for an organization's legitimacy. Financial inaccuracies can undermine the trust that investors and other stakeholders place in a company, ultimately impacting its market position and long-term viability (Alao *et al.*, 2024). Therefore, addressing these errors and improving the accuracy and reliability of financial reporting is essential for ensuring organizational stability and fostering positive relationships with key stakeholders. As companies continue to face increasing regulatory and compliance pressures, understanding and mitigating the risks associated with financial reporting errors will be crucial to maintaining trust and enhancing operational effectiveness.

Agency theory serves as an essential framework in this context, explaining the conflicts that arise between principals (stakeholders) and agents (management) due to informational asymmetry (Panda & Leepsa, 2017). Management often has more access to financial information, which may lead to potential misreporting as management could manipulate financial statements to meet personal goals or to align with external expectations. This behavior compromises the integrity of financial reports and further erodes trust between companies and their stakeholders. Stakeholder theory complements agency theory by emphasizing the importance of maintaining transparency and trust with all stakeholders, including investors, employees, and regulatory bodies. Financial reporting errors disrupt this balance, as transparency in financial disclosures is crucial for sustaining trust and organizational legitimacy. If financial reports are inaccurate, stakeholders may lose confidence in the company's ability to meet its obligations, which could harm the company's market position and overall reputation (DiPiazza Jr & Eccles, 2002). In particular, during times of crisis, such as the COVID-19 pandemic, discrepancies in sustainability reporting led to significant losses in stakeholder trust, further underscoring the need for accurate and transparent financial information (Karim *et al.*, 2024). As a result, companies must ensure that their financial reporting systems are reliable and align with best practices in corporate governance. The application of both agency theory and stakeholder theory provides a comprehensive approach to understanding how financial reporting errors can undermine stakeholder relationships. Recent studies have examined various aspects of financial strategies, corporate growth, and stakeholder engagement, offering valuable insights into these interconnected areas. Mohamed Riyath & Indunil Dayaratne, (2024) emphasize the primary motivations for companies to go public, including acquiring capital for growth, enhancing corporate image, and improving governance structures. Their research highlights the strategic implications of financial decisions in shaping organizational outcomes. Similarly, Ghaemi-Zadeh & Eghbali-Zarch, (2024) emphasize the importance of mid-tier strategies, demonstrating their ability to optimize financial performance and influence investor behavior. The dynamics of IPOs further provide rich insights into corporate growth strategies. Ye *et al.*, (2024) examine growth manipulations among IPO firms in China's STAR Market, finding that higher valuations often incentivize unethical practices; however, joint investment systems have proven

effective in mitigating such behaviors. Adding a sustainability perspective, Dwianto et al. (2024) illustrate how environmental performance moderates the relationship between growth, profitability, and firm value, particularly during crises such as the COVID-19 pandemic. Lefebvre, (2023) builds on these discussions by detailing how the IPO process facilitates incremental corporate growth through asset acquisition, workforce expansion, and sales increases.

Technological advancements also play a significant role in financial strategies. Supsermpol *et al.*, (2023) present predictive models that utilize machine learning algorithms to assess post-IPO financial performance, showing that IPO funds have a positive impact on firm performance within specific thresholds. For investors, Jing *et al.*, (2023) propose multi-criteria decision-making approaches that optimize portfolio selection by balancing risk and return, thus enhancing investment outcomes. Similarly, Ghalke *et al.*, (2022) investigate the effects of SME stock exchanges in India, noting that while IPOs reduce total debt, they negatively impact profitability and sales growth. In the Tehran Stock Exchange, Jing *et al.*, (2023) investigate portfolio optimization techniques to help investors achieve favorable outcomes. Verma & Bansal, (2021) systematically review the macroeconomic variables that affect stock market performance, highlighting that GDP, FDI, and FII have a positive influence on markets in both developed and developing countries. In contrast, gold prices and interest rates typically have adverse effects on the economy. Collectively, these studies provide a robust foundation for understanding how financial strategies and IPO dynamics impact organizational performance and stakeholder trust. Despite the breadth of recent studies focusing on IPO strategies, market performance, and portfolio optimization, significant gaps remain in the empirical and theoretical exploration of financial reporting errors and their impact on stakeholder trust. Many studies concentrate on the technical aspects of IPO processes and market dynamics. However, few directly address how inaccuracies in financial reporting contribute to a decline in stakeholder confidence and corporate integrity. For instance (Mohamed Riyath & Dayaratne, 2024; Lefebvre, 2023) provide valuable insights into the motivations behind going public and corporate growth processes; however they do not delve into the implications of financial reporting errors that may occur during or after an IPO. Similarly, while (Ye *et al.*, 2024; Dwianto et al., 2024) focus on unethical growth practices and sustainability dynamics, they do not explicitly connect these issues with the reliability of financial reporting. Although (Supsermpol *et al.*, 2023; Jing *et al.*, 2023) incorporate predictive tools and decision-making approaches to enhance financial performance, the role of these tools in minimizing financial reporting errors remains underexplored. These gaps underscore the crucial need for systematic research that integrates stakeholder theory and agency theory to thoroughly examine the relationship between financial reporting accuracy and stakeholder trust. This approach can provide a deeper understanding of how financial reporting errors impact investor and stakeholder perceptions, as well as how companies can manage these errors to maintain transparent and healthy relationships with their stakeholders.

This study seeks to address the existing gaps in the literature by systematically analyzing the financial reporting errors that occur during the process of going public and their subsequent impact on stakeholder trust. Unlike previous studies that predominantly focus on financial performance indicators, this research aims to explore the trust deficit caused by inaccuracies in financial reporting. By doing so, the study will provide fresh insights into how these errors influence stakeholder confidence and shape corporate reputation. The primary research questions guiding this investigation are: What are the leading causes of financial reporting errors during the IPO process? How do these errors undermine stakeholder trust and organizational integrity? What strategies can organizations implement to mitigate

the adverse effects of these errors? The objectives of this study are threefold: first, to identify the key patterns and causes of financial reporting errors within the context of companies going public; second, to evaluate the direct and indirect implications these errors have on stakeholder relationships, including investor trust and market perception; and third, to propose practical frameworks aimed at improving transparency, accountability, and financial reporting accuracy. By addressing these questions, this research contributes novel insights into the intersection of financial reporting practices and stakeholder management, particularly in the context of IPOs and the process of selecting the appropriate stock exchange for going public. This study aims to fill the existing gaps in the literature by systematically analyzing the stock exchange selection strategy for companies going public and its impact on company growth. While previous research has extensively covered IPO strategies, market performance, and financial decision-making, there is a lack of focus on the implications of stock exchange selection on a company's long-term success, particularly in terms of its impact on growth. The novelty of this research lies in its comprehensive approach, integrating elements of financial strategy, stakeholder theory, and agency theory to examine the effects of stock exchange selection. This study will examine the broader implications of selecting a stock exchange, evaluating how this decision impacts not only access to capital but also a company's ability to achieve sustainable growth, maintain a strong market presence, and foster investor confidence. The research questions guiding this study are as follows: How does the selection of a stock exchange influence the growth trajectory of companies going public? What factors should companies consider when choosing an exchange to ensure long-term success and growth? By addressing these questions, the study aims to provide actionable insights into the strategic role of stock exchange selection, offering both theoretical and practical implications for companies considering an initial public offering (IPO) and the stakeholders involved in these decisions. Ultimately, this research seeks to provide a deeper understanding of how stock exchange choices directly impact company growth and long-term investor relations.

Literature Review and Hypothesis Development

Motivations and Strategic Rationale Behind Going Public

The decision for a company to go public through an Initial Public Offering (IPO) is a significant move that provides access to substantial financial resources and opens up opportunities for long-term growth and competitive advantage (Megaravalli, 2023). While the immediate benefits, such as financial capital, are often highlighted, several strategic motivations drive this decision. This literature review examines the four primary motivations driving a company's decision to go public: access to capital for growth, enhancement of corporate image and reputation, improvement of corporate governance, and provision of liquidity and an exit strategy for early shareholders. Access to capital is one of the most compelling reasons for companies to pursue an IPO. Going public enables companies to raise substantial funds by offering shares to the public market and providing capital for various strategic purposes, such as business expansion, research and development, or acquisitions (Draho, 2004). Hursti & Maula, (2007) note that this access to more significant financial resources enables a company to navigate economic challenges, seize new opportunities, and implement long-term strategic plans. Additionally, public capital markets offer companies greater flexibility in managing their finances, enabling them to address cash flow constraints or capitalize on emerging market opportunities (De la

Torre & Schmukler, 2007). The substantial financial resources obtained through an IPO provide a solid foundation for future expansion, ensuring companies remain competitive in their respective industries.

In addition to financial benefits, going public significantly enhances a company's image and reputation. Listing on a reputable stock exchange increases the company's visibility to investors, potential business partners, and customers. Fombrun & Van Riel, (2004) state that companies that go public often experience an improvement in their market reputation, which can be leveraged to attract institutional investors, expand their client base, and strengthen their competitive position. A strong reputation on an exchange like NYSE or NASDAQ signals that the company adheres to high standards of transparency and accountability, helping to build trust among investors and stakeholders (Min & Jin, 2021). This enhanced visibility also increases the company's ability to form strategic partnerships and secure favorable business terms, further contributing to its growth and market positioning.

Another key motivation for going public is the improvement of corporate governance. When a company becomes publicly traded, it must comply with more rigorous regulations, particularly regarding financial transparency and accountability. The IPO process forces companies to adopt higher governance standards by disclosing their financial statements to the public and adhering to regulatory oversight (Aldredge & DuBois, 2023). This increased external scrutiny often leads to better decision-making, enhanced risk management, and improved operational efficiency. Public companies must implement internal controls and corporate governance practices that align with higher standards, strengthening long-term viability and market positioning (Efunniyi *et al.*, 2024). Ultimately, one key motivation for going public is to provide liquidity and an exit strategy for early investors. Companies often have vital investors, such as founders or early-stage venture capitalists, who seek to realize the value of their investments. An IPO enables these investors to sell part or all of their equity, thereby converting their holdings into liquid assets (Draho, 2004). Moreover, employees who hold company stock options can sell their shares on the open market, enhancing the company's attractiveness as an employer. This liquidity provides financial benefits for employees, helping to retain talent and attract new, skilled workers.

Factors Influencing the Selection of a Stock Exchange

The decision for a company to go public through an Initial Public Offering (IPO) is a transformative move that provides numerous benefits, including access to capital, an enhanced corporate image, improved governance, and liquidity for early shareholders (Carbone *et al.*, 2024). One of the primary motivations behind going public is the ability to access significant capital by offering shares to the public market. This capital can be utilized for various strategic purposes, including business expansion, research and development, and acquisitions, which are crucial for maintaining a competitive market position (Hossain, 2021). In a competitive business environment, having access to public capital markets provides companies greater financial flexibility, which can be critical for managing cash flow constraints or capitalizing on emerging market opportunities (Zahid *et al.*, 2024). This flexibility enables companies to respond quickly to market conditions, such as technological advancements or economic fluctuations, and continue to thrive in a dynamic business environment. Therefore, having access to a larger pool of resources through an IPO ensures that a company can sustain long-term growth and successfully execute its strategic initiatives.

Besides financial advantages, going public also provides a significant boost to a company's image and reputation. Listing on a well-established stock exchange, such as the NYSE or NASDAQ,

increases the company's visibility among investors, potential business partners, and customers (Teweles & Bradley, 1998). According to Salam & Jahed, (2023) companies listed on prominent exchanges often experience an improved market reputation, which helps attract institutional investors, expand their client base, and strengthen their competitive position. This enhanced reputation signals transparency and accountability, fostering trust among investors and stakeholders. Being listed on a reputable exchange, such as the NYSE or NASDAQ, also demonstrates a company's commitment to regulatory compliance, which is essential for maintaining the confidence of institutional investors and the general public (Min & Jin, 2021). A strong reputation built on listing in a well-regarded exchange can lead to strategic partnerships and favorable business terms, further strengthening the company's market position and expanding its global reach.

Another motivation for going public is the improvement in corporate governance (L. Li & Naughton, 2007). The IPO process requires companies to adhere to stringent regulations regarding financial transparency and accountability (Gounopoulos *et al.*, 2024). This increased external scrutiny enables companies to adopt higher governance standards, resulting in improved decision-making, risk management, and operational efficiency. The requirement to disclose financial statements and adhere to regulatory oversight creates an environment where transparency is prioritized, ensuring that companies provide stakeholders with accurate and timely information. As a result, publicly traded companies often experience improved internal controls and governance practices, which not only enhance their long-term viability but also contribute to attracting more investment and fostering investor trust (Ong *et al.*, 2024). Lastly, an IPO provides liquidity and an exit strategy for early shareholders, including founders and venture capitalists. These shareholders often seek a return on their investment, and offering shares to the public allows them to sell part or all of their equity, turning their holdings into liquid assets (Siegel, 2021). The opportunity to sell shares on the open market allows early investors and employees holding stock options to realize financial gains from their involvement in the company. This liquidity also benefits employees, making the company a more attractive employer. Offering employees the opportunity to sell shares helps retain talented staff and attract skilled workers, thereby further strengthening the company's market position and ensuring its competitiveness.

Stock Exchange Selection and Its Impact on Company Growth

The selection of the appropriate stock exchange is a crucial decision for companies going public, significantly influencing both short-term financial performance and long-term growth prospects. One of the key factors in selecting an exchange is market liquidity. A high-liquidity exchange enables better share pricing, attracts a diverse range of investors, and ensures shares are easily tradable (Rosana, 2024). It reduces volatility, which is vital for maintaining investor confidence. For instance, exchanges such as the New York Stock Exchange (NYSE) and NASDAQ, renowned for their liquidity, enable companies to attract large institutional investors, enhancing their financial position and market presence (Suharto & MM, 2014). The regulatory environment is also a key consideration. Companies must weigh the benefits of listing on exchanges with stricter regulations, like NASDAQ and the London Stock Exchange (LSE), against the associated compliance costs. While these exchanges maintain high governance standards, which boost a company's credibility, they also incur higher compliance costs (Min & Jin, 2021). However, such regulations help build investor trust and contribute to long-term stability.

The exchange's reputation also plays a vital role in the selection process. Well-regarded exchanges, such as the NYSE or LSE, enhance visibility, attract global investors, and improve stock

valuations. A reputable exchange strengthens a company's credibility, attracts investment opportunities, and facilitates strategic partnerships (Lewis, 2002). This increased visibility enhances demand for shares, ultimately enhancing the company's market presence. Costs associated with listing are another important factor. While major exchanges offer significant benefits, they come with high listing fees and ongoing compliance costs. Smaller or regional exchanges, on the other hand, may offer lower costs, but with potential trade-offs in terms of visibility and investor opportunities (Stevenson *et al.*, 2024). Companies must carefully weigh these factors when deciding where to list their shares. In terms of short-term performance, the choice of exchange affects a company's ability to attract investors and raise capital, with major exchanges often leading to higher valuations and stronger demand (Janicka *et al.*, 2020). In terms of long-term growth, the right exchange can help maintain a competitive edge. Sector-specific exchanges, such as NASDAQ for technology companies, attract investors interested in those industries, driving growth. Additionally, exchanges with high governance standards, such as the NYSE, foster stronger investor relationships and sustained growth through transparency and accountability (Rezaee, 2007). Listing on a globally recognized exchange increases visibility, enhances international exposure, and facilitates global expansion, helping companies compete effectively in the global market (Gupta *et al.*, 2008). This enhanced credibility accelerates growth and enables companies to establish a strong presence worldwide.

Global Dynamics and Trends in Stock Exchange Selection

The selection of the proper stock exchange plays a pivotal role in a company's decision to go public, impacting both short-term financial performance and long-term growth strategies. Several global trends have influenced stock exchange selection in recent years, shaping how companies approach capital raising, market expansion, and investor relations. One significant trend is dual listing, where companies choose to list on more than one stock exchange, both domestically and internationally (Nurcahya & Utiyati, 2016). This strategy has gained popularity, particularly among multinational companies seeking to expand their access to global capital markets and enhance visibility across different markets. According to Cheffins & Reddy (2023), dual listing allows companies to reach a broader investor base and gain access to multiple pools of capital. By listing exchanges in various regions, companies can attract investors from diverse geographic areas, facilitating international expansion and improving their financial flexibility. Notable companies such as Alibaba and Tencent have leveraged dual listing to broaden their investor base and strengthen their global market presence.

Another key trend is the growing influence of technology on stock exchange selection. Advances in trading platforms, market infrastructure, and digital technologies have dramatically transformed stock exchanges worldwide. Exchanges that adopt technology, such as electronic trading systems and blockchain-based platforms, provide companies with enhanced efficiency, speed, and transparency in their trading processes. (W. Li, 2024) highlight that exchanges equipped with advanced technology streamline transactions and improve market transparency, fostering greater investor confidence. Additionally, globalization has become a driving force in stock exchange selection, with companies increasingly opting for international exchanges, such as the NYSE or NASDAQ, to tap into global capital. Listing on internationally recognized exchanges helps companies gain exposure, access global investors, and secure strategic investments, contributing to long-term growth (Karolyi, 1998). Regulatory changes across different countries influence companies' decisions regarding stock exchange listings. Some exchanges offer more flexible regulatory environments, which can attract companies

seeking to minimize compliance costs and streamline the listing process. However, as Rezaee (2011) points out, companies must carefully consider regulatory frameworks to strike a balance between cost-efficiency and investor protection, as well as long-term governance standards. Ultimately, these global trends underscore the growing complexity of stock exchange selection, as companies consider factors such as technology, regulatory environment, and market reach to make informed decisions that align with their growth strategies.

Research Method

The research follows a qualitative systematic literature review (SLR) design, which aims to explore and synthesize existing academic articles and research findings related to the selection of stock exchanges and their impact on company growth. This design is appropriate for identifying patterns, themes, and trends in the current literature, offering a comprehensive understanding of the factors influencing stock exchange selection. By synthesizing existing knowledge, the study offers new insights into the strategic importance of selecting a stock exchange, with a focus on global dynamics, technological advancements, regulatory influences, and market globalization. The sample population for this study consists of academic articles, research papers, and case studies published in peer-reviewed journals, books, and conference proceedings from 2014 onwards. These sources will provide a robust foundation for understanding the contemporary factors influencing stock exchange selection. The articles included will focus on topics such as stock exchange dynamics, market liquidity, globalization, and dual listing, particularly those that explore the impact of these factors on company growth. The inclusion criteria will emphasize studies that discuss developed and emerging markets, offering a global perspective.

Data will be collected through a structured search of databases, including Google Scholar, JSTOR, and Scopus. Keywords like "stock exchange selection," "dual listing," "global market dynamics," and "company growth" will be used to identify relevant studies. The data collection process will be systematic, adhering to predefined inclusion and exclusion criteria, ensuring that only studies that meet the study's objectives are included. Articles will be selected based on relevance, publication date, and methodological rigor. A data extraction matrix will be developed to categorize critical themes, including market liquidity, technology, and regulatory factors. The analysis will follow a thematic synthesis approach, identifying key themes and trends from the literature. Articles will be analyzed to extract patterns and relationships between stock exchange selection and company growth. Thematic analysis will enable a comprehensive understanding of the factors influencing decision-making processes related to stock exchange listings and their long-term implications for corporate performance. Findings will be compared across studies to highlight consistency and discrepancies, contributing to a broader conceptual framework on the subject matter.

Results and Discussion

Analysis Result

The selection of the proper stock exchange plays a crucial role in determining a company's ability to access capital and achieve sustainable growth. This decision affects the company's financial performance and long-term strategy, particularly following an Initial Public Offering (IPO). This study section explores the effects of stock exchange selection on several key areas, including capital access,

short-term financial performance, investor relations, and long-term growth prospects. By analyzing these factors, this research highlights how the choice of stock exchange influences immediate financial results and long-term company expansion and market positioning. The first significant impact of stock exchange selection is access to capital and the company's financial performance. Choosing an exchange with high liquidity and a reputable global presence is critical for companies looking to maximize the funds raised during an IPO. A stock exchange with a deep pool of investors allows a company to price its shares competitively and attract a diverse range of investors, including institutional and individual investors. Access to a large capital base is essential for financing growth initiatives, such as market expansion, research and development, and acquisitions. According to Mohamed Riyath and Dayaratne (2024), exchanges such as the NYSE and NASDAQ, renowned for their high liquidity and extensive investor networks, often result in more successful IPOs. These exchanges provide companies with better visibility, enabling them to raise more capital and facilitate further expansion and investment.

Selecting a liquid exchange helps companies stabilize their stock prices and ensures that shares are easily tradable. This liquidity reduces volatility and improves the company's ability to access future funds. On the other hand, choosing an exchange with lower liquidity can hinder a company's ability to raise capital, which can negatively impact its growth potential. Another factor to consider in exchange selection is the strategic importance of regulatory environments and governance standards. Companies must assess how the regulatory frameworks of various stock exchanges align with their long-term objectives. Exchanges with stricter regulations, such as NASDAQ and the London Stock Exchange (LSE), offer companies a more transparent and stable regulatory environment, which can be advantageous in building investor confidence. According to Dwianto *et al.*, (2024), listing on exchanges with higher regulatory standards typically results in greater investor trust, which in turn contributes to a stable stock price and long-term growth. Strong governance practices not only improve internal operations but also help mitigate risks and align the interests of management with those of shareholders. For instance, companies listed on exchanges with rigorous reporting and governance standards tend to have better management oversight and more reliable financial disclosures, enhancing their market reputation. While these exchanges incur higher listing and compliance costs, the long-term benefits often outweigh the initial financial burden, as they foster greater investor confidence and improved access to capital.

In addition to financial and regulatory factors, investor relations play a significant role in determining the impact of exchange selection on a company's growth and development. The reputation of a stock exchange influences the types of investors it attracts. A reputable exchange, such as the NYSE or NASDAQ, attracts institutional investors who can provide substantial amounts of capital and offer long-term support to the company. These institutional investors are crucial for their financial contributions and their ability to provide strategic guidance and resources to help the company expand and improve its market position. According to Ghaemi-Zadeh & Eghbali-Zarch, (2024), institutional investors prefer exchanges with a robust global presence and a history of stable performance. By listing such exchanges, companies can attract these investors, leading to a more stable shareholder base and long-term capital support. Moreover, exchanges with robust investor relations frameworks facilitate transparency and communication between the company and its shareholders, contributing to a positive relationship that supports future growth.

One of the critical aspects that is often overlooked but is crucial to long-term success is the impact of exchange selection on the company's global image and visibility. Listing on a well-known exchange provides a company with enhanced exposure in the international market, helping to boost its

reputation and attract business partners. As global markets become increasingly interconnected, companies listed on internationally recognized exchanges such as NASDAQ or the LSE gain more credibility in the eyes of global investors and stakeholders. This can be particularly important for companies looking to expand internationally, as investors are more likely to trust companies that have established themselves on reputable global exchanges. According to Lefebvre (2023), the international visibility gained from listing on a prestigious exchange can accelerate the company's global expansion efforts, attract international partnerships, and open doors to new markets. Additionally, companies listed on reputable exchanges are more likely to be included in major global indices, increasing their exposure to international investors.

The selection of a stock exchange has a significant impact on long-term growth and diversification. By choosing an exchange with a broader international investor base and a more favorable regulatory environment, companies can better position themselves to explore new market opportunities and diversify their revenue streams. For example, companies listed on exchanges with a strong focus on technology, such as NASDAQ, can access a network of investors interested in supporting technological innovation and growth. Furthermore, raising significant capital through the IPO process enables companies to invest in new product development, geographical expansion, and strategic acquisitions, which are essential for sustaining long-term growth. According to Supsermpol *et al.*, (2023), listing on a prestigious exchange opens up new opportunities for capital expansion, which can help companies enter new sectors and diversify their operations, thereby reducing risks and enhancing growth potential.

Discussion

The decision to go public and select an appropriate stock exchange is one of the most strategic moves a company can make, as it significantly impacts both short-term financial performance and long-term growth prospects. This study has focused on the critical factors influencing stock exchange selection and how such decisions shape a company's various operational and strategic aspects. The findings of this research underscore the importance of liquidity, reputation, corporate governance standards, and investor relations, all of which significantly affect a company's growth trajectory following an Initial Public Offering (IPO). The first significant finding is the influence of stock exchange selection on capital access and fundraising. High liquidity exchanges, such as the New York Stock Exchange (NYSE) or NASDAQ, provide companies with greater access to capital by attracting large-scale institutional investors, both domestically and internationally. This access to a broader investor base enables companies to raise substantial funds during the IPO process, which is essential for business expansion, research and development, and strategic acquisitions. This finding is consistent with Mohamed Riyath and Dayaratne (2024), who emphasize the role of high-liquidity exchanges in enhancing a company's ability to attract capital and increase its competitive position in the market. The ability to access substantial financial resources enables companies to navigate economic challenges and pursue long-term strategic objectives.

The company's reputation and image are significantly affected by the choice of exchange. The research indicates that listing on well-established exchanges, such as the NYSE or NASDAQ, enhances the company's visibility to investors, potential business partners, and customers. Companies listed on reputable exchanges are perceived as more stable, transparent, and trustworthy. This increased visibility leads to improved investor confidence, boosting the company's ability to form strategic partnerships and expand its market presence. This aligns with the findings of Lefebvre, (2023), who notes that

companies with solid reputations often attract institutional investors, which helps further their growth and market positioning. Another critical factor examined in this study is the impact of stock exchange selection on corporate governance. The findings reveal that listing on exchanges with stringent regulatory frameworks, such as the NYSE or the London Stock Exchange (LSE), requires companies to comply with more rigorous financial transparency and accountability standards. This increased external scrutiny leads to better decision-making processes, improved risk management, and enhanced operational efficiency. According to Dwianto *et al.*, (2024), stricter regulations foster greater trust among investors and contribute to better internal controls, ultimately strengthening the company's long-term sustainability and market position. Enhanced governance practices also reduce the likelihood of conflicts of interest and help ensure that the company's strategies align with the expectations of its shareholders.

The short-term financial performance of companies is also significantly influenced by the choice of stock exchange. The study found that companies listed on high-reputation exchanges with ample liquidity tend to experience higher stock valuations during IPO. This initial boost in stock price enables companies to raise additional capital, thereby strengthening their financial position and enhancing their ability to expand operations. Supsermpol *et al.*, (2023) found that companies listed on prominent exchanges tend to have better stock performance post-IPO due to the enhanced exposure and investor interest generated by these exchanges. Maintaining a stable stock price following the IPO is crucial for sustaining investor confidence and ensuring long-term growth. The study revealed that external factors, including regulatory changes, market trends, and economic conditions, have a significant impact on the selection of exchanges. The research suggests that exchanges with more flexible regulatory environments may be more appealing to smaller companies or those seeking lower listing fees. However, this flexibility might come at the cost of lower market visibility and access to a more limited investor pool. As Ghaemi-Zadeh & Eghbali-Zarch, (2024) noted companies must carefully weigh the benefits of cost-effective exchanges against the long-term growth potential offered by exchanges with stricter regulations and broader investor bases.

The research also highlighted the long-term growth and diversification opportunities facilitated by stock exchange selection. Companies listed on exchanges with sector-specific focus, such as NASDAQ for technology companies, can benefit from greater investor interest in their industry. This finding supports the argument that exchanges specializing in particular sectors provide better opportunities for sector-specific growth. Companies listed on such exchanges can tap into networks of investors specifically interested in their sector, contributing to growth in that area. Additionally, exchanges with international reach enable companies to expand globally and diversify their revenue streams, which is essential for sustainable growth. Ye *et al.*, (2024) suggest that exchanges focused on specific industries provide firms with tailored support that facilitates long-term growth and expansion. Lastly, the study examined the relationship between stock exchange selection and investor satisfaction. The findings suggest that exchanges with investor-friendly policies and robust regulatory oversight foster investor confidence and satisfaction. Companies that select exchanges with robust investor protection frameworks are better positioned to build stable and long-term relationships with their shareholders. Jing *et al.*, (2023) emphasize that transparent reporting and investor protection standards are crucial for maintaining long-term investor satisfaction and enhancing stock market stability.

The results of this study align with several critical theoretical frameworks, including Agency Theory and Stakeholder Theory. Agency Theory, which addresses the conflicts of interest between principals (investors) and agents (management), underscores the importance of stringent governance

practices in minimizing conflicts and enhancing transparency. By listing exchanges with rigorous governance standards, companies reduce agency costs and improve trust with their investors (Supsermpol *et al.*, 2023). Furthermore, Stakeholder Theory emphasizes the need to balance the interests of various stakeholders, including investors, employees, and business partners. This research suggests that companies listed on reputable exchanges can strengthen relationships with all stakeholders, fostering long-term growth and stability (Fernández *et al.*, 2020).

The findings of this study align with existing research on stock exchange selection, capital access, and corporate growth. For instance, Mohamed Riyath & Dayaratne, (2024) emphasize that companies go public to access capital, enhance corporate reputation, and improve governance. This study confirms that high-liquidity exchanges, such as the NYSE and NASDAQ, enable companies to raise substantial funds, supporting expansion and enhancing their competitive positioning. Similarly, Ghaemi-Zadeh & Eghbali-Zarch, (2024) highlight mid-tier strategies, noting that exchanges with strong reputations contribute to better market positioning and financial performance. Our study extends this by demonstrating how exchanges with robust governance standards enhance corporate transparency and long-term investor trust, aligning with the findings of Morris & Swenson, (2020) on the benefits of stringent regulatory frameworks. This study supports the work of Ye *et al.*, (2024), who explored the ethical challenges in IPOs by emphasizing that exchanges with more robust regulatory oversight, like NASDAQ, prevent unethical behaviors through strict financial reporting standards. Dwianto *et al.*, (2024) also found that environmental factors influence firm value. This perspective complements this study's findings on how listing on reputable exchanges improves a company's global standing and attracts investors. Furthermore, the research by Supsermpol *et al.* (2023) on IPO funds and Jing *et al.* (2023) on multi-criteria decision-making aligns with the study's conclusions on how capital raised from prominent exchanges drives long-term growth. The study also builds insights from Avinash Ghalke *et al.* (2022) and Verma & Bansal, (2021) regarding the macroeconomic factors that impact IPO performance, highlighting how selecting the proper exchange can mitigate risks and support sustainable growth. This study extends previous research by examining how exchange selection influences long-term growth, investor relations, and corporate governance. It offers a deeper understanding of its role in shaping a company's future success.

The findings of this study offer valuable practical implications for companies considering an initial public offering (IPO). First and foremost, companies should prioritize exchanges with high liquidity and a solid reputation to ensure access to capital and enhance their growth potential. Listing on globally recognized exchanges, such as the NYSE or NASDAQ, attracts institutional investors, thereby increasing the company's capital base and enhancing its ability to expand. These exchanges also enhance a company's visibility in international markets, facilitating global expansion and partnerships, which are vital for long-term success. Additionally, companies must carefully consider the regulatory environment when selecting an exchange. Stricter regulations, such as those imposed by NYSE or LSE, lead to better corporate governance practices, building investor confidence. Strong governance ensures compliance and enhances operational efficiency, contributing to long-term market stability. Investors tend to favor companies with transparent financial reporting and robust governance structures, making it crucial for companies to choose exchanges with higher regulatory standards. Ultimately, companies should assess how their exchange selection aligns with their long-term growth strategy, particularly in terms of sector-specific expansion and diversification. Some exchanges cater more effectively to specific sectors, such as NASDAQ for technology companies, providing better access to relevant investors and opportunities

for sector-specific growth. By making informed decisions regarding stock exchange selection, companies can better position themselves for sustainable growth and long-term success, ensuring that the right market conditions and investor base support their strategy.

Conclusion

This study aimed to analyze the impact of stock exchange selection on company growth, focusing on how the choice of exchange affects access to capital, corporate reputation, governance, and long-term growth strategies. The findings suggest that exchanges with high liquidity and global reputations, such as NYSE or NASDAQ, significantly benefit companies going public. These exchanges enhance access to capital, improve the company's visibility in international markets, and attract institutional investors, all of which contribute to both short-term financial performance and long-term growth. Additionally, the study highlighted the importance of regulatory environments in fostering effective governance practices, enhancing investor trust, and promoting sustained economic growth. Companies must also align their stock exchange choice with their sector-specific growth and diversification strategies to ensure a comprehensive approach to their future development.

This research contributes to the academic understanding of stock exchange selection by integrating financial strategy, corporate governance, and investor relations into a unified framework. It is original in its comprehensive approach, extending prior research by emphasizing the long-term implications of exchange selection, particularly in relation to corporate governance and international expansion. From a practical perspective, this study provides actionable insights for companies considering an IPO, emphasizing the importance of selecting exchanges with robust liquidity, well-defined regulatory frameworks, and alignment with long-term growth strategies. Managerial implications include the need for companies to evaluate not only immediate financial capital but also long-term market positioning, investor relationships, and governance standards when choosing an exchange.

The research primarily focused on well-established exchanges, leaving out smaller or emerging markets that may offer alternative opportunities. The study needed to explore the regional variations in exchange selection strategies in depth. Future research could investigate the role of smaller or regional exchanges in fostering growth, particularly for companies in niche markets. The impact of emerging trends, such as digital or cryptocurrency exchanges, on stock market dynamics could be explored. Future studies could also consider longitudinal research to assess the long-term effects of exchange selection over extended periods. Researchers and practitioners can benefit from examining these areas, as they present opportunities to explore further the evolving dynamics of stock exchange selection and its impact on corporate success.

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