

## **Market reaction to international listing: Case of African companies listed on the London Stock Exchange**

### **Réaction du marché à la cotation internationale : Cas des entreprises africaines cotées à London Stock Exchange**

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### **Abstract:**

This article examines the market reaction to dual stock listing. Little attention is given to African companies listed on international markets, which are the subject of our study. The sample consists of only twelve (12) African companies from five different countries that are simultaneously listed on their home stock exchanges and the "main market" of the London Stock Exchange. Using an event study methodology, which involves estimating the so-called "normal" profitability and abnormal profitability, the study assesses a market model for each company in our sample using daily returns and a market-capitalization-weighted index for each country's market. The market model parameters are initially estimated for the period before the event, ranging from -240 days to -30 days with an estimation window of 61 days (-30 days, +30 days) around the IPO date, including the event day ( $j_0$ ). The effect of foreign listing on the home market remains positive and significant, explained by a legal framework offering better protection and a broader shareholder base. Simultaneously, foreign listing is considered a positive initiative for the selected companies and their shareholders overall. In conclusion, the stock price reaction is linked to the choice of the stock exchange and the economic situation of the host country.

**Keywords:** foreign listing, emerging market, market reaction, stock prices, stock profitability, abnormal profitability.

**JEL Classification:** M13, M15, O32

**Type of article:** Empirical Research

### **Résumé :**

Cet article examine la réaction du marché à la double cotation boursière. En effet, peu d'attention est accordée aux entreprises africaines cotées sur les marchés internationaux qui font l'objet de notre étude. L'échantillon se compose des seules douze (12) entreprises africaines de cinq pays différents qui sont cotées simultanément à leur Bourses d'origine et au « marché principal » de la bourse Britannique. L'échantillon est identifié à partir de la base des données Bloomberg. À l'aide de la méthodologie d'étude d'événement qui consiste à estimer la rentabilité dite « normale » et la rentabilité anormale, l'étude estime un modèle de marché pour chaque entreprise de notre échantillon en utilisant des rendements journaliers et un indice pondéré par la capitalisation boursière pour le marché de chaque pays. Les paramètres du modèle de marché sont d'abord estimés pour la période avant l'événement et allant de -240 jours à -30 jours avec une fenêtre d'estimation de 61 jours (-30j, +30j) autour de la date d'introduction en bourse incluant le jour de l'événement  $j_0$ . L'effet de la cotation étrangère sur le marché d'origine reste positif et significatif, expliqué par un cadre juridique offrant une meilleure protection et une base d'actionnaire plus large. Parallèlement, la cotation étrangère est considérée comme une bonne initiative pour les sociétés sélectionnées et leurs actionnaires en général. Pour conclure, la réaction du cours des actions est liée au choix de la bourse et à la situation économique du pays d'accueil.

**Mots clés :** cotation étrangère, marché émergent, cours boursiers, modèle de marché, rentabilité anormale.

**Classification JEL :** M13, M15, O32

**Type de l'article :** Etude empirique

## 1. Introduction

The integration of Africa into the modernity of financial markets has taken time but is now well established, notably after the implementation in 2015 of an interconnection platform called the African Exchange Linkage Project (AELP). This project involves fourteen African stock exchanges, namely: the Johannesburg Stock Exchange (JSE), Nigeria's (NSE), Egypt's (EGX), Casablanca's (CSE), Nairobi's (NSE), Mauritius', and the BRVM - which comprises 7 West African countries. This initiative presents an opportunity for African investors as its primary objective is to make the African financial market more competitive while enhancing its liquidity.

Simultaneously, this African integration extends beyond the continent. International financial markets now host hundreds of African companies, notably the London Stock Exchange, which embodies this reality the most.

Indeed, the British market is considered one of the pillars of the third millennium's economy. The close financial ties between African countries (Commonwealth members) and the United Kingdom are explained, to a large extent, by a post-colonial deterministic postulate that remains one of the reasons for listing on the British stock market.

From 2014 to 2020, several cooperation agreements supporting dual listing in the United Kingdom came to fruition. This step explains the metropolis's determined willingness to establish itself in the African market to share the existing natural wealth within its territory.

"London establishes itself as the financial capital of Africa. According to the latest report from the London Stock Exchange Group's 'Companies to Inspire Africa,' over 110 African companies operating in three major sectors such as consumer services, industry, and agriculture represent more than 50% of the listed companies. Financial services together represent over 25% of the companies, while the healthcare, education, and renewable energy sectors also hold significant positions, with a market capitalization of nearly \$175 billion. Over the past decade, they have raised over \$19.5 billion in equity capital in London markets." In this article, we focus solely on companies dually listed on the London Stock Exchange, which amounts to twelve.

This observation leads us, to pose two important questions: *Why this influx towards the London Stock Exchange? What is the impact of these listings on the company's value?*

The answer to these questions leads us to demystify the determinants of the choice of the listing location. Indeed, during the 1990s, there was a concurrent growth in theoretical and empirical studies in the fields of economics, finance, and accounting, aiming to understand the motivations of decision-makers to list abroad. These studies emphasized the importance of lower cost of capital. Lambert et al., (2007), expanded shareholder base, higher liquidity Karoyli, (1998), improved visibility. Backet et al., (2002), as well as enhancement of informational environment. The decision to list abroad can also be motivated by a certification effect, Coffee, (2002).

These points could clarify the reason behind the positive abnormal returns usually linked to the declaration of a foreign listing Doukas and Switzer, (2000). These responses align with managers' optimistic views regarding foreign listings. Houston and Jones, (1999, 2002).

Indeed, the literature neglects an important criterion, namely, that the motivations for listing abroad come solely from decision-makers. However, this reality cannot hold because one cannot deny the role played by stock exchange intermediaries in terms of competitiveness. This will be detailed in the literature review.

The main purpose of our study is to demonstrate the effect of foreign listing on the value of African companies listed on the London Stock Exchange by analyzing the market reaction around the announcement date.

Our article unfolds as follows: a literature review in the first section, followed by the second section explaining the methodology used, the sample, and the studied model. Finally, the third section is dedicated to the results and their discussions.

## **2. Literature Review**

This section provides a brief overview of the determinants of the choice of foreign listing location and its effect on the company's profitability through previous theoretical and empirical research.

### **2.1 Choice of listing location**

In general, the choice of listing location by companies is influenced by management needs (increased value, transparency, reputation, cost reduction), as well as by financial markets' requirements. Thus, the cultural and historical ties between the home country and the host country impact the choice of the listing location Sarkissian, Schill, (2016), "as is the case with Africa and Great Britain." These ties are explained by trade flows such as exports and the geographical distance between the two countries, Ghadhabh, Hellara, (2016).

#### **- African Context**

The integration of Africa into globalization has largely been through the exportation of raw materials. However, the continent doesn't hold substantial weight in the global trade of natural resources. Nevertheless, between 2000 and 2014, Africa projected an image of being rich in resources. The objective here is to understand why numerous external actors are interested in African natural resources.

Africa is rich in natural resources that might be lacking elsewhere. The African continent is often associated with a particular abundance of diverse natural resources: hydrocarbons, minerals, timber, water, and fisheries. This wealth is symbolized by a phrase used by geologist Jules Cornet, who in 1892 referred to Kango as a geopolitical scandal due to the extraordinary abundance and diversity of mineral resources perceived during exploratory work.

It's essential to note that the 2000s were marked by a context of a global surge in agricultural product prices, peaking in July 2008. This increase is linked to the rise in oil prices, which encouraged investments in hydrocarbons, thereby exerting pressure on available land for food production. In such a context, discourses from institutions like the World Bank, FAO, or international consulting firms accredited the idea that vast arable lands in Africa remained untapped, waiting only for capital and technology to be developed. Africa would be the region with the most land reserves, representing potential for agriculture. There would be almost as much agricultural land available in Africa as in the rest of the world combined. If the resources are not as proportionally significant or readily available as presumed, what then drives the continent's attractiveness for investors?

The first reason is that African resources hold geopolitical advantages. For instance, African oil export routes traverse the vast Atlantic Ocean towards Europe and the United States, and the Indian Ocean towards China and Asia, without navigating through geopolitical straits prone to Middle East tensions such as the Suez Canal or the Strait of Hormuz. The circulation of African oil is relatively secure, which is considered an interesting guarantee by major powers during periods of international tension.

### **2.2 Effects of foreign listing on profitability**

In financial literature, two lines of thought regarding foreign listing can be found. One focuses on the differences among international stock exchanges, examining which one

outperforms the others - determining the best option in terms of growth, liquidity, shareholder protection, reputation, information cost, and listing. The other line reveals the contributions of multi-listing.

Li and Wang, (2014) concluded in a study that listing in the American market is more advantageous compared to the Chinese market in terms of informational environment. This allows for a reduction in information asymmetry, thus improving liquidity. Eng et al., (2008) observed increased liquidity for foreign companies from emerging markets listed on the American market. However, liquidity measurement depends on various factors that can vary from one company to another; for example, listing in a different time zone can extend trading hours, Wojcik et al., (2005).

Yang and Lau, (2006) assert in their studies that information disclosure is a strong factor in multi-listing and state that companies from developing countries are more likely to seek cross-listing due to their greater information availability.

Dodd and Louca, (2012) analyzed the wealth of shareholders in companies listed in the United States, UK, and Europe and concluded that the created wealth is linked to the economy of each country and its GDP, noting declines in the United States and London.

Indeed, since the 2000s, intense rivalry has emerged among major stock exchanges to attract maximum capital flows. However, it has become evident that to attract companies from around the world, a role of certification is required while maintaining a certain regulatory flexibility. This was the case with London. The country has adopted several measures to become more attractive compared to its competitors, such as the United States.

The implementation of the Sarbanes-Oxley Act in 2002 arose following the stock market crash experienced by the U.S. economy, aiming to improve the quality of financial information through the establishment of an internal control system, governance standards, accounting norms, and reinforced penalties for financial wrongdoing. However, Article 404 of this legislation was criticized for the costs it imposed, leading to a capital flight from around the world towards Europe. Thus, the Dodd-Frank Act adopted in 2010 after the subprime crisis, aimed at the financial stability of the United States by strengthening regulation and modifying the powers of the Securities and Exchange Commission (SEC) to enhance financial transparency. However, several studies clarify that the restrictions of this law hindered the overall improvement of the financial system.

Most researchers studying international listings suggest that a major advantage is the reduction in the cost of capital due to easy access to foreign investors who previously found it less advantageous to invest due to obstacles related to international scale, Dodd, (2014).

According to the "Bonding Hypothesis," cross-listing offers better governance through high regulation and laws imposed by host countries, Stulz, (1999) and Coffee, (2002). Minority shareholders benefit significantly from the severity of laws applied to foreign companies, as private benefits will no longer be distributed as before, including the voting premium, Makni Zouari, Nekhili, (2010). This action enables companies to better capitalize on growth opportunities.

Kadlec, GB, & McConnell, JJ., (1994) provide empirical evidence regarding the valuation of companies listed on Anglo-Saxon stock exchanges, contrary to earlier study results indicating an insignificant short-term reaction of American securities listed on the London, Tokyo, Toronto, or Continental European stock exchanges.

Prior empirical studies on the effect of international listing on firm value show value creation for foreign companies dually listed in the United States. However, the extent of value creation remains random and primarily depends on the listing location. For instance, Miller, (1999) found a positive abnormal return of 1.15% for an event window (-1, +1) around the announcement in the United States.

In a study involving 24,000 firms listed in the United States, Doidge et al., (2004) compared Tobin's Q ratio of foreign-listed and non-listed firms. They observed that this ratio increased for internationally listed firms, along with their value. Indeed, the enhanced valuation of internationally listed firms is attributed to the strengthening of transparency rules associated with information disclosure, thereby leading to a better reflection of reality in stock prices, Ghadhabh, Hellara, (2016).

Miller, (1999) suggests that the surge in value originates from heightened liquidity and a broader shareholder base post-international listing. Concurrently, Lee, (2003) observed considerable abnormal returns linked to the event in the United States. Foerster and Karolyi, (1999) corroborate the occurrence of a positive cumulative abnormal return (CAR) surrounding the event, leading to subsequent losses for companies in the year after their listing in the United States. Bris et al., (2007) discovered a positive average daily abnormal return for a sample of 20 companies dual-listed in the United States.

Research by Doukas and Switzer, (2000) supports the findings of Miller, (1999) over sixty days before the announcement of listing in the United States, concluding that the cumulative abnormal return results from heightened investor interest. Mittoo, (2003) similarly indicates a positive impact on stock prices over a 7-day event window (-3, +3 days) surrounding the listing in the United States. Serra, (1999) investigates the influence of foreign listings in America and Great Britain on firm value, revealing significant positive abnormal returns before the listing event and a notable decrease in returns during the initial five weeks following the foreign listing.

Roosenboom and Van Dijk, (2009) investigated 526 foreign listings across eight major stock exchanges and identified significant cumulative abnormal returns of 1.3% for listings on American exchanges, 1.1% on the London Stock Exchange, 0.6% on Continental European exchanges, and 0.5% on the Tokyo Stock Exchange. Sarkissian and Schill, (2009) conducted an analysis of monthly abnormal returns over an event window of (-120, +120) for 1676 listings across 25 foreign markets. Their research confirmed that foreign listing generates value, demonstrating a positive price reaction before the event but a considerable decrease in returns following the foreign listing. They also highlighted that value creation is valid only for the initial foreign listing, as subsequent foreign listings result in a negative impact. In line with this, Mugumisi, (2015) concluded, based on a study of eight foreign-listed companies on the Zimbabwe Stock Exchange, that the market responds positively to the announcement of international listing, potentially leading to long-term value creation.

Mittoo, (2003) analyzed 71 Canadian firms listed in the United States from 1991 to 1998 and observed a significant abnormal return of -28.45% to -13% over the three years following the foreign listing.

### **2.3 Hypotheses**

**H1:** Foreign listing increases the value of the company.

**H2:** The market reacts either positively or negatively to the announcement of a foreign listing.

## **3. Methodology**

In this section, we describe the methodology employed, the model used, and significance tests to evaluate the effect of foreign listing on firm value.

### **3.1 Event Study**

We employ the event study methodology to analyze market reactions following an international listing and to evaluate its impact on the company's value during the event

period. This approach operates on the premise that capital markets exhibit efficiency, whereby the consequences of an event promptly manifest in the stock's price.

The primary objective of this methodology is to scrutinize how the market responds to the announcement of a foreign listing. This event introduces a spectrum of information that may reshape expectations concerning forthcoming cash flows. Moreover, disseminating this data can reshape investors' predictions regarding dividend allocations, potentially leading to fluctuations in the current stock price. The event study methodology is employed specifically to gauge effects on the individual firm level rather than across the entire market. Market-level effects are susceptible to distortion due to simultaneous coinciding events. In this study, the event study methodology follows the approach described by Mackinlay, which includes the following steps:

- Define the event and identify the event window;
- Select the sample of countries, stock markets, and companies to include
- Select the non-event window to measure normal returns
- Estimate abnormal returns
- Test if the abnormal return is statistically significant.

In finance, there are several models used to calculate abnormal returns: the mean-adjusted return model, the market-adjusted model, the Capital Asset Pricing Model (CAPM), and the market model, among others.

This study adopts the market model, which provides a linear specification of stock returns linked to market returns. This model is chosen because it reduces the variance of abnormal returns by eliminating the part of stock returns that is related to market return variations. The market model is presented as follows :

$$R_{it} = a_i + b_i R_{mt} + \varepsilon_{it} \quad \text{pour } t \in [-240; -30] \quad (1)$$

Where  $R_{it}$  and  $R_{mt}$  represent the returns of the company  $i$  at time  $t$  and the market return, respectively, and  $\varepsilon_{it}$  is the error term. Company returns are calculated using daily stock prices, while market returns are derived from market indices. The parameters of the model  $a_i$  and  $b_i$  are calculated over the estimation period for each stock in our sample. Subsequently, we compute the estimated return over the estimation window.

Abnormal returns are calculated as follows:

$$AR_{it} = R_{it} - (\hat{a}_i + \hat{b}_i R_{mt}) \quad \text{pour } t \in [-30; +30] \quad (2)$$

Abnormal returns are the error term of the market model calculated out-of-sample. Abnormal returns constitute the average of observations for period  $t$  for all  $N$  securities by using:

$$\overline{AR}_t = \frac{1}{N} \sum_{i=1}^N AR_{it} \quad (3)$$

To assess the effect of foreign listing on firm value, we compute the cumulative abnormal return over a 240-day period with an estimation window of 61 days (-30, +30) around the IPO date, including the event day ( $j_0$ ).

The Cumulative Abnormal Return (CAR) is the sum of abnormal returns over the event window (-30, +30) as follows:

$$CAR_i(t_1 t_2) = \sum_{t=t_1}^{t_2} \overline{AR}_T \quad \text{Avec } -30 \leq T_1 < T_2 \leq +30 \quad (4)$$

The study is conducted using a non-parametric test for cumulative abnormal returns with an independent sample across different securities under the null hypothesis, which is stated as follows:

H0:  $P \leq 0,05$  and H1:  $P \geq 0,05$  with  $P = (AR \geq 0,0)$

$$T_{RAMC} = \sqrt{N} * \frac{RAMC_{(t1,t2)}}{STD_{RAC_{(t1,t2)}}} \quad (5)$$

$$T - statistics_{RAMC} = \frac{RAMC}{SD} * (nbre\ de\ jours\ de\ la\ fen\^etre)1/2 \quad (6)$$

### 3.2 Data

Our sample consists of 12 companies from various African countries listed on their home markets and on the London Stock Exchange. Each company has two variables namely the daily stock price and the price index and we have 1115 observations for each variable. The sample includes ordinary shares listed on the main market of the London Stock Exchange. We measured stock price reactions around the IPO date instead of the announcement date due to data limitations. Stock market data was obtained from platforms such as the World Federation Exchange, Bloomberg, and the official website of the LSE<sup>1</sup>.

## 4. Results and Discussion

Applying the event study methodology, we investigated the influence of foreign listings on a company's valuation, particularly focusing on the effect surrounding the listing event. The equations encompassing the event study methodology, from 1 to 6, have been implemented using stock market data of the dually-listed corporations. Our dataset was compiled from information gathered from the official website of the British Stock Exchange. We collected stock market data from 240 days before the listing date up to 30 days post-listing.

The computation of daily total returns for each underlying stock utilized daily closing price data, while market returns were calculated based on price indices. Owing to the absence of announcement dates for the majority of companies, our study utilized the direct listing data obtained from the respective stock exchanges or their official websites. To ascertain abnormal returns, our study estimated a market model for each company by employing daily returns and a market capitalization-weighted index about the respective stock market in each country. The parameters of the market model were initially computed for the pre-event period, ranging from -240 days to -30 days, using ordinary least squares regression. Subsequently, abnormal returns were calculated by determining the prediction errors of the market model (as denoted in equation 2). The estimations derived from the pre-event model parameters were then utilized to compute abnormal returns for a 61-day window (-30, +30).

This table summarizes the results of various significance tests on CARs over the estimation period (-240 to -30). The tested null hypothesis is:  $CAR = 0$ . The statistical test used is the Student's t-test. The standard deviation of CARs over an interval was estimated as follows:

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<sup>1</sup> See table n° 1 in appendix.



**Table 2: Significance Test of CARs**

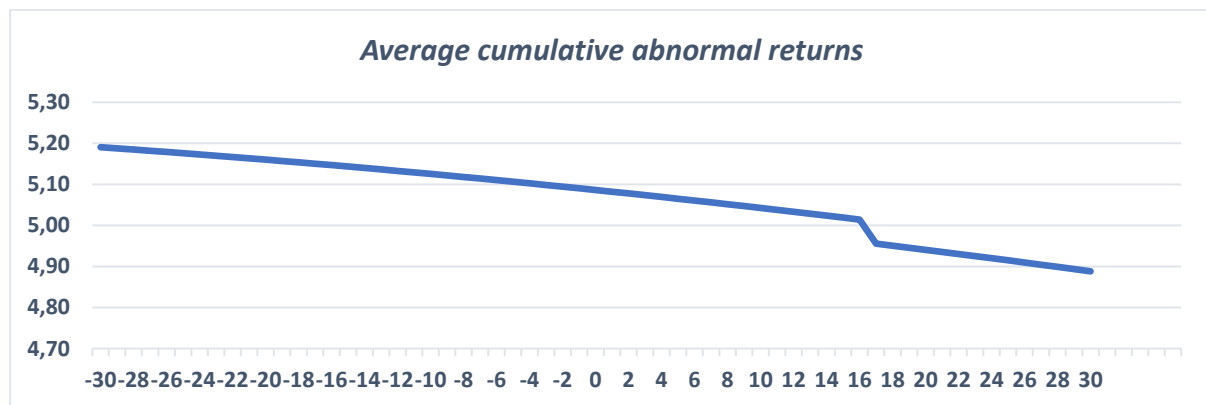
Intervalle	RAMC	Ecart-type	T-test of RAMC
<b>(-30, +30)</b>	309,0871	966,0965	2,4987 ***
<b>(-15, +15)</b>	157,6192	491,0936	2,5067***
<b>(-10, +10)</b>	106,7946	332,7096	2,5069***
<b>(-5, +5)</b>	55,9466	174,2872	2,5071 ***
<b>(-1, +1)</b>	15,2587	47,5339	2,5071***
<b>(-1, 0)</b>	10,1766	31,6976	2,5075***
<b>(-1,-10)</b>	51,0822	158,8946	2,5108***
<b>(-1,-15)</b>	76,7641	238,6338	2,5124***
<b>(-1,-30)</b>	154,3053	478,9156	2,5164***
<b>(-1, +30)</b>	159,8722	503,0855	2,4819***
<b>(-1, +5)</b>	35,5446	110,7932	2,5056***
<b>(-1, +10)</b>	60,8028	189,6697	2,5037***
<b>(-1, +20)</b>	110,7518	346,807	2,4941***
<b>(-1, +4)</b>	30,4796	94,9914	2,5060***
<b>(-1, +3)</b>	25,4103	79,1808	2,5064***
<b>(-1, +2)</b>	25,3027	78,9653	2,5026***

\* Indicates significance at the 10% level, \*\* at the 5% level, and \*\*\* at the 1% level.

Source : Authors

The results show a positive reaction around the event date and before it, indicating that the market is aware of the event before its occurrence. However, due to the lack of a visa acquisition date, we cannot draw conclusive findings. Nevertheless, the cumulative average abnormal returns' results are highly significant for the entire window (-30, +30).

**Table 3: Evolution of the cumulative average abnormal returns**



Source: Author

The above graph depicts the evolution of the abnormal returns over the period of (-30, +30). It shows a strong concentration between the period (0 and -30), approximately 5%. However, this concentration starts to decrease from the sixteenth day after the listing.

**Table 4: Significance Test of AR**

	BARLOWOLD LD	GRIT REAL ESTATE	KAKUZI	SEPLAT PETROLEUM	TONGAT HULET	ZCCM INVESTMENT	OLD MUTUAL	STILFONTEIN	TUNGELA	MEIKLES	NMBZ	HWAGE
-30	0,20056	-0,45433	0,56053	55,30375	-0,38225	0,15825	0,39426	-0,39638	-0,10094	-2,60961	9,80771	-0,19475
-29	0,20656	-0,45978	0,57423	55,27710	-0,39101	0,15550	0,40043	-0,39749	-0,10327	-2,62775	9,81795	-0,19958
-28	0,21261	-0,46524	0,58794	55,25018	-0,39984	0,15269	0,40663	-0,39862	-0,10562	-2,64593	9,82807	-0,20445
-27	0,21870	-0,47070	0,60167	55,22299	-0,40874	0,14983	0,41286	-0,39976	-0,10799	-2,66416	9,83807	-0,20936
-26	0,22485	-0,47617	0,61542	55,19554	-0,41771	0,14692	0,41913	-0,40093	-0,11038	-2,68244	9,84794	-0,21431
-25	0,23104	-0,48164	0,62918	55,16782	-0,42675	0,14395	0,42543	-0,40211	-0,11279	-2,70077	9,85770	-0,21929
-24	0,23728	-0,48711	0,64297	55,13984	-0,43586	0,14094	0,43177	-0,40331	-0,11522	-2,71914	9,86732	-0,22432
-23	0,24357	-0,49259	0,65677	55,11158	-0,44503	0,13788	0,43814	-0,40453	-0,11766	-2,73756	9,87683	-0,22939
-22	0,24990	-0,49807	0,67059	55,08306	-0,45428	0,13477	0,44454	-0,40577	-0,12012	-2,75603	9,88622	-0,23450
-21	0,25629	-0,50355	0,68443	55,05427	-0,46360	0,13161	0,45098	-0,40702	-0,12261	-2,77454	9,89548	-0,23964
-20	0,26272	-0,50904	0,69828	55,02522	-0,47298	0,12839	0,45745	-0,40830	-0,12511	-2,79310	9,90462	-0,24483
-19	0,26920	-0,51453	0,71216	54,99589	-0,48244	0,12513	0,46396	-0,40959	-0,12762	-2,81171	9,91363	-0,25006
-18	0,27573	-0,52003	0,72605	54,96630	-0,49196	0,12181	0,47050	-0,41090	-0,13016	-2,83037	9,92253	-0,25532
-17	0,28231	-0,52553	0,73996	54,93644	-0,50155	0,11845	0,47707	-0,41223	-0,13272	-2,84907	9,93130	-0,26063
-16	0,28894	-0,53103	0,75389	54,90632	-0,51122	0,11503	0,48368	-0,41357	-0,13529	-2,86782	9,93995	-0,26598
-15	0,29561	-0,53654	0,76783	54,87592	-0,52095	0,11157	0,49032	-0,41494	-0,13789	-2,88662	9,94848	-0,27136
-14	0,30234	-0,54205	0,78180	54,84526	-0,53075	0,10805	0,49700	-0,41632	-0,14050	-2,90546	9,95688	-0,27679
-13	0,30911	-0,54756	0,79578	54,81434	-0,54062	0,10449	0,50371	-0,41772	-0,14313	-2,92435	9,96516	-0,28226
-12	0,31593	-0,55308	0,80978	54,78314	-0,55056	0,10087	0,51046	-0,41914	-0,14578	-2,94329	9,97332	-0,28776
-11	0,32280	-0,55860	0,82380	54,75168	-0,56057	0,09720	0,51723	-0,42057	-0,14844	-2,96227	9,98135	-0,29331
-10	0,32972	-0,56413	0,83784	54,71995	-0,57065	0,09348	0,52405	-0,42203	-0,15113	-2,98131	9,98927	-0,29889

-9	0,33668	-0,56966	0,85189	54,68795	-0,58079	0,08971	0,53090	-0,42350	-0,15383	-3,00039	9,99706	-0,30452
-8	0,34370	-0,57519	0,86596	54,65569	-0,59101	0,08589	0,53778	-0,42499	-0,15656	-3,01951	10,00473	-0,31018
-7	0,35076	-0,58073	0,88005	54,62316	-0,60130	0,08202	0,54469	-0,42650	-0,15930	-3,03868	10,01227	-0,31589
-6	0,35787	-0,58627	0,89416	54,59036	-0,61165	0,07810	0,55164	-0,42802	-0,16206	-3,05790	10,01969	-0,32163
-5	0,36503	-0,59182	0,90829	54,55729	-0,62208	0,07413	0,55863	-0,42957	-0,16484	-3,07717	10,02699	-0,32742
-4	0,37223	-0,59737	0,92243	54,52396	-0,63257	0,07011	0,56564	-0,43113	-0,16763	-3,09649	10,03417	-0,33324
-3	0,37949	-0,60292	0,93659	54,49036	-0,64313	0,06604	0,57270	-0,43271	-0,17045	-3,11585	10,04123	-0,33910
-2	0,38679	-0,60848	0,95077	54,45649	-0,65377	0,06192	0,57978	-0,43431	-0,17328	-3,13526	10,04816	-0,34501
-1	0,39415	-0,61404	0,96497	54,42236	-0,66447	0,05775	0,58690	-0,43593	-0,17614	-3,15471	10,05497	-0,35095
0	0,40155	-0,61960	0,97919	54,38796	-0,67524	0,05352	0,59406	-0,43756	-0,17901	-3,17422	10,06165	-0,35693
1	0,40900	-0,62517	0,99342	54,35329	-0,68608	0,04925	0,60125	-0,43921	-0,18190	-3,19376	10,06822	-0,36296
2	0,41649	-0,63074	1,00768	54,31835	-0,69699	0,04493	0,60847	-0,44089	-0,18481	-3,21336	10,07466	-0,36902
3	0,42404	-0,63632	1,02195	54,28314	-0,70797	0,04055	0,61573	-0,44257	-0,18773	-3,23301	10,08098	-0,37512
4	0,43163	-0,64190	1,03624	54,24767	-0,71902	0,03613	0,62302	-0,44428	-0,19068	-3,25270	10,08718	-0,38127
5	0,43928	-0,64748	1,05054	54,21193	-0,73014	0,03165	0,63034	-0,44601	-0,19364	-3,27243	10,09325	-0,38745
6	0,44697	-0,65307	1,06487	54,17593	-0,74132	0,02713	0,63770	-0,44775	-0,19662	-3,29222	10,09920	-0,39367
7	0,45471	-0,65866	1,07921	54,13965	-0,75258	0,02255	0,64510	-0,44951	-0,19963	-3,31205	10,10503	-0,39993
8	0,46249	-0,66425	1,09357	54,10311	-0,76390	0,01792	0,65252	-0,45129	-0,20265	-3,33193	10,11074	-0,40624
9	0,47033	-0,66985	1,10795	54,06630	-0,77530	0,01324	0,65998	-0,45309	-0,20568	-3,35186	10,11632	-0,41258
10	0,47821	-0,67545	1,12235	54,02923	-0,78676	0,00852	0,66748	-0,45491	-0,20874	-3,37183	10,12178	-0,41896
11	0,48615	-0,68106	1,13676	53,99188	-0,79830	0,00374	0,67501	-0,45674	-0,21182	-3,39185	10,12712	-0,42538
12	0,49413	-0,68667	1,15119	53,95427	-0,80990	-0,00109	0,68257	-0,45859	-0,21491	-3,41192	10,13233	-0,43184
13	0,50216	-0,69228	1,16564	53,91639	-0,82157	-0,00597	0,69017	-0,46046	-0,21802	-3,43203	10,13743	-0,43834
14	0,51023	-0,69790	1,18011	53,87825	-0,83331	-0,01090	0,69780	-0,46235	-0,22115	-3,45220	10,14240	-0,44489

15	0,51836	-0,70352	1,19460	53,83984	-0,84512	-0,01588	0,70547	-0,46425	-0,22430	-3,47240	10,14724	-0,45147
16	0,52653	-0,70915	1,20910	53,80116	-0,85700	-0,02091	0,71317	-0,46618	-0,22747	-3,49266	10,15197	-0,45809
17	0,53476	-0,71478	1,22363	53,76221	-0,86895	-0,67245	0,72091	-0,46812	-0,23066	-3,51296	10,15657	-0,46475
18	0,54303	-0,72041	1,23817	53,72300	-0,88097	-0,67756	0,72867	-0,47008	-0,23386	-3,53331	10,16105	-0,47145
19	0,55135	-0,72605	1,25273	53,68351	-0,89306	-0,68269	0,73648	-0,47206	-0,23708	-3,55371	10,16541	-0,47819
20	0,55972	-0,73169	1,26730	53,64376	-0,90521	-0,68785	0,74431	-0,47406	-0,24033	-3,57415	10,16964	-0,48497
21	0,56813	-0,73733	1,28190	53,60375	-0,91744	-0,69303	0,75219	-0,47607	-0,24359	-3,59464	10,17375	-0,49179
22	0,57660	-0,74298	1,29651	53,56346	-0,92974	-0,69822	0,76009	-0,47810	-0,24687	-3,61518	10,17774	-0,49865
23	0,58511	-0,74863	1,31114	53,52291	-0,94210	-0,70344	0,76803	-0,48015	-0,25016	-3,63577	10,18161	-0,50555
24	0,59367	-0,75429	1,32579	53,48210	-0,95454	-0,70868	0,77600	-0,48222	-0,25348	-3,65640	10,18535	-0,51249
25	0,60228	-0,75995	1,34046	53,44101	-0,96704	-0,71395	0,78401	-0,48431	-0,25682	-3,67708	10,18898	-0,51947
26	0,61094	-0,76561	1,35514	53,39966	-0,97961	-0,71923	0,79205	-0,48641	-0,26017	-3,69781	10,19247	-0,52648
27	0,61965	-0,77128	1,36985	53,35804	-0,99225	-0,72454	0,80013	-0,48854	-0,26354	-3,71858	10,19585	-0,53354
28	0,62840	-0,77695	1,38457	53,31615	-1,00497	-0,72986	0,80824	-0,49068	-0,26693	-3,73940	10,19910	-0,54064
29	0,63720	-0,78263	1,39931	53,27399	-1,01775	-0,73521	0,81638	-0,49284	-0,27034	-3,76027	10,20223	-0,54778
30	0,64606	-0,78830	1,41406	53,23157	-1,03060	-0,74058	0,82456	-0,49501	-0,27377	-3,78118	10,20524	-0,55496

Source: Author

To validate the significance of the findings, Table 4 displays the outcomes of the analysis concerning the market response to the foreign listing of stocks, categorized both by company and country. The observed abnormal returns within the 61-day timeframe encompassing the listing dates demonstrate positivity and statistical significance across all scrutinized stocks, meeting the 1% threshold. This suggests that foreign listings within countries fostering transparent environments tend to augment the overall value of the respective companies. However, abnormal returns varied across companies and stock markets in the sample countries. Alongside empirical studies which have worked on the same problem M., Maajirt S., Abdullah (2014) and O., Adelegan S., and Kal Wajid (2009), the abnormal returns achieved are positive for all the companies in the sample. All are statistically significant around the event window. Indeed, the company Barloworld LD listed on the Johannesburg Stock Exchange and the London Stock Exchange specializing in distribution and industrial transformation and services which focuses on two main areas: industrial equipment and services and consumer industries (solutions Food and Ingredients) achieved positive and statistically significant abnormal returns for the 61 days around the listing date. For Day-1, we find an abnormal return (AR) of 39 percent, for the listing date an abnormal return (AR) of 40 percent and for Day+30 an abnormal return of 65 percent. For Old Mutual Investment Group (OML) a premium African financial services group offering a wide range of financial solutions to individuals and businesses in key markets in 14 countries listed on the Stock Exchange of South Africa and The London Stock Exchange achieved statistically significant positive abnormal returns for the 61 days around the listing date. For Day-30, we find an abnormal return of 39 percent, for listing date Day 0, an abnormal return of 66 percent and for Day+30 an abnormal return of 82 percent.

## 5. Conclusion

The study presents evidence of the impact of dual listing on the stock prices of African companies on the LSE. The results for the entire sample are intriguing due to their large size, indicating that foreign listing increases the value of the company. However, three companies in our sample decided to delist from the LSE, namely Barloworld LD delisted on 01/10/2021 at its request, stating in a press release that the benefits brought by the London listing were very limited and it contented itself with secondary listings in Johannesburg and Nimbai. Stilfontein Gold Mining delisted on 08/10/2021 at its request, and ZCCM investment, whose listing was suspended in 2018. In conclusion, the advantages of dual stock exchange listings are linked to the economic situation of the host country, its GDP, and its political stability. However, the delisting dates of the aforementioned three companies coincided with the period of Brexit experienced by Great Britain, a period of economic destabilization. Thus, the choice of the listing location is crucial and necessary for foreign listing to yield profits.

Moreover, to encourage an upsurge in listings on global markets, enterprises should enhance their corporate governance practices, mitigate information disparities, and synchronize accounting and reporting standards with international protocols. Furthermore, companies must advocate the advantages of international listing to domestic shareholders, especially considering limited access to information and varying literacy levels.

Recognizing the pivotal role of stock market development in economic progress, policymakers should consider implementing essential measures to further integrate stock markets. Policymakers in developing nations require effective policy instruments to conceptualize, facilitate, and steer corporate efforts toward international listings. Through

coordinated endeavors, policymakers can lay the groundwork for foreign listings and harness the multifaceted benefits they yield.

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## Appendix

*Table 1: List of Companies Listed on LSE*

Issuer Name	Instrument Name	ISIN	MiFIR Identifier Code	ICB Industry	ICB Super-Sector Name	Start Date	Country of Incorporation	Trading Currency	LSE Market	FCA Listing Category
BARLOWORLD LD	ORD R0.05	ZAE000026639	SHRS	Industrial s	Industrial Goods & Services	27/09/2004	South Africa	GBX	MAIN MARKET	Standard Shares
GRIT REAL ESTATE INCOME GROUP LIMITED	ORD NPV (DI)	MU0473N00036	SHRS	Financials	Real Estate	31/07/2018	Mauritius	USD	MAIN MARKET	Standard Shares
KAKUZI LD	ORD STK KES5	KE0000000281	SHRS	Consumer Goods	Food & Beverage	16/03/2006	Kenya	GBX	MAIN MARKET	Standard Shares
OLD MUTUAL LIMITED	ORD NPV (DI)	ZAE000255360	SHRS	Financials	Insurance	26/06/2018	South Africa	GBX	MAIN MARKET	Standard Shares
SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC	ORD NGN0.50 (DI)	NGSEPLAT0008	SHRS	Oil & Gas	Oil & Gas	09/04/2014	Nigeria	GBX	MAIN MARKET	Standard Shares
STILFONTEIN GOLD MINING CO LD	ORD R0.50	ZAE00007118	SHRS			27/09/2004	South Africa	GBX	MAIN MARKET	Standard Shares
TONGAAT HULETT LIMITED	ORD ORD R1	ZAE000096541	SHRS	Consumer Goods	Food & Beverage	02/07/2007	South Africa	GBX	MAIN MARKET	Standard Shares
ZCCM INVESTMENTS HOLDINGS PLC	'B' ORD ZMK10	ZM0000000037	SHRS	Basic Materials	Basic Resources	27/09/2004	Zambia	USD	MAIN MARKET	Standard Shares
THUNGELA RESSOURCES LIMITED	TGA ORD NPV (DI)	ZAE000296554	SHRS	Energie	Pétrole-gaz et charbon	07/06/2021	South Africa	GBX	MAIN MARKET	Standard Shares
HWANGE COLLIERY COMPANY LIMITED	ORDZWD1	ZW0009011934	SHRS	Basic Materials	Basic Materials	11/08/2005	Zimbabwe	USD	MAIN MARKET	Standard Shares
MEIKLES LIMITED	ORDZWR 0.1	ZW0009012114	SHRS			21/03/2011	Zimbabwe	USD	MAIN MARKET	Standard Shares

*Source : London Stock Exchange.*