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The factors influencing the decision to list on Abu Dhabi securities exchange

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Abstract

The Abu Dhabi Securities Exchange is established to fund corporates, investments and economic growth. However, many companies operating in Abu Dhabi do not take the opportunity and list in the market. In this paper we survey a sample 145 chief executive officers and deputies of the CEO's in order to explain why firms refrain from going public and float their equity in the market. Our findings indicate that the poor quality of the Abu Dhabi equity market in terms of its inefficiency and inadequate liquidity plays a crucial role in discouraging firms to list in the market. Moreover, management do not list in order to avoid dilution of ownership as well as to retain control of the company. Finally, we find that knowledgeable managers in big companies are more likely to list in the market particularly when they operate in a competitive industry.

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