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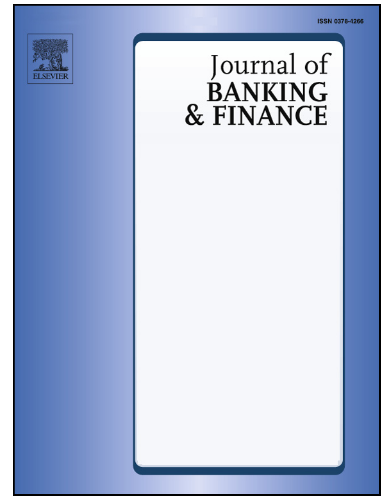

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IPOs, Growth, and the Impact of Relaxing Listing Requirements[†]

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Abstract

We investigate the impact of relaxing listing requirements on firms' growth around initial public offerings (IPOs). Japan experienced several deregulations of listing requirements in the late 1990s. We use a dataset that covers both public and private firms for more than 30 years, which enables us to compare the firms' operating growth around IPOs as well as to compare the growth under both strict and relaxed listing requirements. When comparing the matched firms, we find that IPO firms' excess growth in profitability and productivity diminished after their IPOs, while their excess growth in terms of size (measured by sales and number of employees) still increased in the post-IPO period. This finding indicates that relaxing listing requirements enables high-growth firms to go public but does not lead to subsequent growth in productivity and profitability, although it does enable firms to be larger more after going public.

***JEL Classification*:** G32, G38, L25
***Keywords**:* IPOs; Deregulation; Firm growth

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