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# Why are firms listed in one country and private in other countries? The role of industry structure, banking sector and legal System

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## Abstract

Why are some firms listed and other firms private? and why do some countries, therefore, have relatively more listed firms than other countries? In this paper, we argue that different industries have different propensities to list on stock exchanges making the industrial structure of the country a major determinant of the size of the stock exchange and the proportion of listed firms. The questions are analyzed using individual firm data on the likelihood of European firms being listed or private. In addition, we show that the likelihood of listing is greater in countries where banks are allowed to engage in investment banking. Finally, after controlling for industrial structure and financial sector characteristics, we show that firms are more likely to list under the Scandinavian legal system than in common law or civil law countries.

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