The majority of people turn to the performance of a country’s stock market as the best indicator of how well that economy is doing. Stock markets cover all industries across all sectors of the economy. This means they serve as a barometer of what cycle the economy is in and the hopes and fears of the population who generate growth and wealth.

Stocks still remain the most popular investment choice thanks to their potential for returns and their opportunity to invest directly in individual companies. Trading stocks let you own a part of a company’s present and future. Depending on your risk tolerance and timeframe, the benefits can be many and varied.

SMEs form the majority of the world’s economy and have a major role in employment and value creation in a country. In a context of difficulties in financing their development, the question of alternative methods of financing that should be favoured in order to support them is of great interest. The stock exchange is an alternative source of financing, supported by the public authorities, to enable small and mid-cap companies to benefit from the advantages of an Initial Public Offering, which affect the growth as well as the image, reputation and relations of the company. We will see the motivation of such an Initial Public Offering to businesses.

Without stock markets, businesses would largely resort to borrowing huge loans - which must be repaid with interest- from banks or individuals with well-oiled pockets. Fortunately, businesses in both the developed and developing world can issue share to the public, raising vast amounts of cash that doesn’t come along with a repayment burden (public companies are under no obligation to pay dividends, especially when they incur losses). When businesses have access to such capital, they can easily expand their operations and create more job opportunities.

when a company wants to raise capital without diluting its ownership or going to a bank, it usually uses the following method: the issue of bonds or preferred shares.

Stocks are important to businesses. Here’s why.

First of all, they can help the business to quickly gain a lot of capital. It can also raise its prestige from the public’s point of view, since the company is from then on listed on a stock exchange. But it can also benefit the initial investors of the shares who can then sell them and earn money on these investments. Indeed, when a company is still private, an initial meeting is hold, where the directors issue shares to initial shareholders in exchange for money or other investment in the start-up. Then, when it goes public – mainly in order to raise big amounts of money – basically everyone can buy the company’s shares.

A constraint for the companies when going public is that they have to open up their books for public review. They cannot remain confidential and their inner activities must be known.

The keyword for a listed company is transparency, especially with regard to the accounts. External investors and employees must therefore be provided with all the necessary information on the company's financial situation.

A company wishing to be listed on the stock exchange does not really have a choice: numerous rules govern the communication and keeping of the accounts of listed companies. A company wishing to be listed must inform the public about its financial situation. It must comply with regulatory requirements (before listing and throughout its presence on the markets, on pain of sanctions or even exclusion). In France, this regulatory role has been entrusted to the “Autorité des marchés financiers” (AMF) and in the United States to the Securities and Exchange Commission (SEC).

The reasons for going public identified in the literature review are of two kinds: financial reasons and reputational and commercial reasons.

In a study of 70 companies listed on Alternext between 2005 and 2009, the main reasons for listing on the Alternext stock exchange are stated in the listing prospectus, and the first reason cited is to finance growth. Indeed, listing allows companies to raise substantial funds at any time through capital increases and thus to finance growth opportunities throughout their life on the stock market

An IPO is advantageous in that it creates new securities that the company can use to acquire other companies (payment acquisition) or be acquired in an M&A transaction. From the point of view of the agency relationship between managers and shareholders, the IPO constitutes an additional means of control for managers, encouraging them to make more rigorous choices in order to achieve better performance. The translation of these different expected effects is manifested in the performance achieved after the IPO.

The IPO is also a means of diversifying the shareholder base and offering the original shareholders the opportunity to withdraw. Indeed, when the company decides to go public, it is preparing to sell some of its shares to new investors, which gives the original shareholders the opportunity to withdraw without compromising the company's future. The original shareholders thus bear less risk and free up some of their commitments to devote to other activities. The IPO as an exit for the original shareholders is a way to maximise their wealth by selling the shares at a higher value than their purchase price.

From a relational point of view, the reputation generated by the IPO strengthens the credibility of the company and the confidence of its various stakeholders (such as banks or suppliers), and consequently, the company's bargaining power vis-à-vis them, which translates into lower bank financing costs in the post-IPO period, through the obtaining of more advantageous borrowing rates

Listing is used as a means of advertising to both become competitive and attract the attention of potential investors. Studies indicate that raising awareness is the second most important reason for going public.

The effect of the IPO on the brand image of products can explain IPOs in foreign countries. An IPO provides visibility to the general public, to business, economic and financial partners, and to potential investors. It is a sign of a company's solidity, its openness to the outside world, and its ambitions and prospects for expansion. These qualities are often sought after by professionals in the business and financial communities. A listing is also a good way to raise the profile of a company in the eyes of foreign partners and to increase its market share abroad. The company that takes its first steps on the stock exchange increases its reputation not only among investors but also among new customers and partners. It is a step that enhances the brand, strengthens the perception of its image and solidifies its future. The company now exists in the eyes of the economic and financial press, it is a new stage in its development which is generally perceived in a very positive way.

Finally, even if the reason is not always clearly stated, going public is nevertheless an effective method of reducing debt. Some companies offer shares in order to initiate or accelerate their deleveraging. The new shareholders then take on the role of capital providers... instead of the banks!

To conclude, being a listed company boosts its image and undoubtedly strengthens its credibility with financial and public institutions. In particular, it allows access to more favourable borrowing conditions than "classic" companies.

In addition to providing a convenient way for companies to raise capital, the stock market helps increase the economic growth and prosperity of the business. We saw that the reasons for going public are of two kinds: financial reasons and reputational and commercial reasons. But results show that the Growth of SMEs and ETIs develops after the IPO at a slower rate than before the operation, and their operational performance deteriorates. SMEs and ISEs prepare for the IPO by getting listed at the time of their top performance. Results also show that the characteristics of SMEs and ISEs at the time of the IPO and those of their securities after have a significant effect on their success on the Stock Exchange. Hence going public and tradable on the Stock Markets does not mean success and exponential growth. These determining variables deserve to be taken into account to ensure that the Stock Exchange is adapted to the specific needs of SMEs wishing to go public.