



DISSERTATION – PROPOSAL
LCMB7035

PROPOSED RESEARCH TITLE:
COMPARATIVE EVALUATION OF FINANCIAL
PERFORMANCE: UK COMPANIES LISTED ON THE
LONDON STOCK EXCHANGE VERSUS INTERNATIONAL
STOCK EXCHANGES



STUDENT NAME: VAGMITA RAJ BALAI

STUDENT ID: 2421560

NAME OF THE UNIVERSITY: UNIVERSITY OF WALES TRINITY SAINT DAVID

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SUPERVISOR: ISAIAH OINO

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INTRODUCTION

BACKGROUND OF THE STUDY

The increased access to financial markets enabled by globalisation has prompted companies to consider listing their shares on stock markets other than their home markets to achieve improved access to capital, improved diversification of their shareholders and increased exposure to the market (Pagano, Roell and Zechner, 2002). London Stock Exchange (LSE) has continued to be among the oldest financial markets in the world with both local and international companies present. Nevertheless, the recent years have seen a specific trend of UK companies delisting the LSE and seeking international listing on other stock exchanges, such as the New York Stock Exchange (NYSE) and NASDAQ (Financial Times, 2023). This trend poses significant questions regarding the motivation behind this, the relative performance financial results and the general implications of this to the competitiveness of the UK capital market.

PROBLEM STATEMENT

Although cross-listing can have certain advantages, such as a higher level of liquidity and international investor access, it is also characterized by huge expenses, such as the necessity to comply with foreign standards, and exposure to exchange rates as well as variations in the disclosure requirements (Lei et al., 2023). Although it has become a topic of increased media and policy attention, there is limited academic research on the comparative financial performance and strategic intentions of companies in the UK that decide to use foreign exchanges instead of the LSE. This paper will seek to address this gap by making a comparative study of UK listed domestic and international companies.

RATIONALE AND SIGNIFICANCE

It is important to the corporate managers, investors and regulators to understand financial results and motives of foreign listing. The decrease in the number of LSE listings may reflect some structural problems in the UK capital markets, including regulatory load or a low level of investor interest (PwC, 2023). Through the analysis of performance measures and market settings, the proposed research will offer empirical evidence on the issue of whether international listings are indeed better in terms of financial performance and valuation advantages.

STRUCTURE OF THE PROPOSAL

This proposal comprises six main sections: introduction, research aims and objectives, literature review, methodology, timeline, and conclusion. Each section contributes to

establishing the foundation for a comprehensive comparative study of domestic and international UK company listings.

AIM

The aim of this study is to examine and compare the financial performance, strategic motivations, and market outcomes of UK companies listed on the London Stock Exchange (LSE) and those listed internationally.

OBJECTIVES

1. **To analyse** the overall trends in financial performance among UK companies listed domestically and internationally.
2. **To investigate** the strategic and financial motivations driving UK firms to pursue listings on foreign exchanges.
3. **To assess** the impact of regulatory and market environment differences between the LSE and major international stock exchanges (e.g., NYSE, NASDAQ).
4. **To evaluate** the long-term financial and market implications of cross-listing, including valuation, investor perception, and liquidity effects.
5. **To identify** whether cross-listing yields measurable performance advantages for UK firms compared to domestic-only listings.

RESEARCH QUESTIONS

1. How does financial performance differ between UK companies listed on the LSE and those listed internationally?
2. What factors influence UK firms to delist from the LSE or seek foreign listings?
3. How do regulatory and market environments affect cross-listing outcomes?
4. Does listing abroad provide measurable long-term advantages in terms of valuation and liquidity?

LITERATURE REVIEW

CONCEPT OF CROSS-LISTING

Cross-listing is the act where a company issues its shares in more than one stock exchange usually outside the home country of the company (Karolyi, 2006). It is driven by the urge to increase the investor base, generate additional liquidity, as well as access to capital. According to the bonding hypothesis, companies cross list in markets where the investor protection regimes are stronger to indicate transparency and quality of governance (Coffee, 2002). On the other hand, market segmentation theory suggests that cross listing allows companies to surmount the limitations of the domestic capital market through the distribution of segmented international investors (Stulz, 2022).

THEORETICAL PERSPECTIVES ON FINANCIAL PERFORMANCE

Cross-listing has financial performance implications that are viewed through some different frameworks. Signalling theory postulates that the cross-listing sends signals of managerial confidence and quality of a firm (Foerster and Karolyi, 1999), whereas the liquidity hypothesis assumes that cross-listing increases trading volumes and reduces the cost of capital, the recent study confirms that cross-listing enhances market liquidity, investor reach, and firm valuation (Lei et al., 2023). These advantages however, may be countered by the expenses incurred in compliance and in exchange rates.

EMPIRICAL EVIDENCE ON INTERNATIONAL LISTINGS

There are empirical studies, which demonstrate mixed results. Doidge et al. (2009) discovered that cross-listed firms on U.S. exchanges receive high valuations and are better governed. Sarkissian and Schill (2009), however, remark that performance benefits are usually related to the depth of host market and familiarity of the investor. Cross-listed companies in the European region are likely to have short-term valuation premiums and normalisation (Lins, Strickland and Zenner, 2005).

THE UK CONTEXT AND DECLINE OF DOMESTIC LISTINGS

“According to recent statistics, there has been a drop in the UK companies on the LSE, and a few high-profile delists and moves (e.g., CRH, Flutter Entertainment) decided to go to the U.S. exchanges because of liquidity and better investor interaction. Analysts explain this trend by regulatory inflexibility, uncertainty regarding Brexit, and increased U.S. tech valuations (PwC, 2023). The London Stock Exchange Group (2024) writes that in 2023, the overall market capitalisation of LSE-listed companies decreased by 8% and at NASDAQ, it increased by 12%.

Table 1: Comparative Market Indicators (2023)

Indicator	London Stock Exchange	NASDAQ	NYSE
Avg. Market Cap Growth	-8%	+12%	+9%
Number of New Listings	23	132	101
Avg. P/E Ratio	13.5	22.1	19.8
Regulatory Cost Index (Est.)	Moderate-High	High	Moderate

Source: PwC Capital Markets Report (2023); LSEG (2024); NASDAQ Data Portal (2024)

GAPS IN EXISTING LITERATURE

The bulk of research has focused on U.S. or international data, and little attention has been given to the performance of firms listed on the UK as opposed to international markets. Moreover, the research correlation on the differences in regulatory environment and the long-term valuation is also deficient. The study thus presents a significant research gap by targeting specifically the UK companies and determining the difference in financial performances between the LSE and international markets.

METHODOLOGY

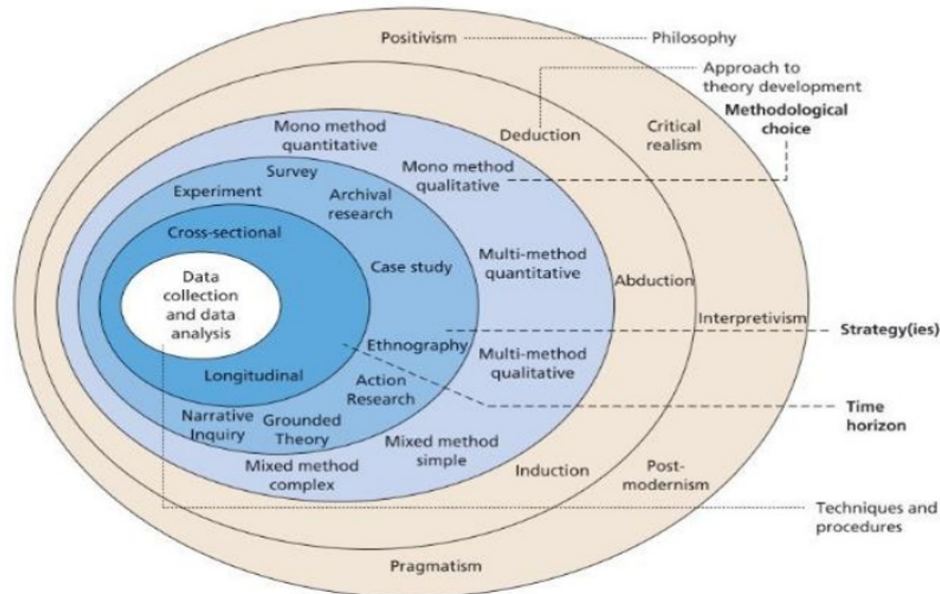
RESEARCH METHOD

A systematic technique to planning, carrying out, and assessing research initiatives in order to generate original discoveries and insights is known as research methodology. In order to successfully answer research questions and test hypotheses, it involves carefully choosing an appropriate research design, data collection methods, and analytical procedures. Research methodology's main goal is to maintain the accuracy, reliability, and validity of research findings by implementing a methodical technique for conducting scientific investigations in a variety of fields of study (Dawson, 2017).

RESEARCH ONION

The research onion framework, which was developed by Saunders et al. (2007), offers a thorough and systematic structure for planning and carrying out a research project. This method provides researchers with a comprehensive framework to follow, guiding them through several phases of the research process to ensure an exhaustive and complete analysis. Philosophical underpinnings, research approaches, methodological tactics, data collection methods, data analysis techniques, temporal concerns, and research tools are just a few of the components that make up the research onion model. It is

possible to have a better understanding of how digital marketing affects brand awareness in the UK fashion industry by looking at these stages.



PHILOSOPHY: POSITIVISM

Following the **positivist philosophy**, the study assumes that objective financial data can provide measurable insights into performance and listing motivations (Saunders et al., 2019). This aligns with the deductive approach, where hypotheses about financial performance are tested empirically.

RESEARCH APPROACH: DEDUCTIVE

The **deductive approach** will guide the research process. Hypotheses will be derived from existing theories on cross-listing, market efficiency, and corporate finance, then tested using statistical methods.

CHOICE: QUANTITATIVE

A **quantitative research design** will be adopted, utilising secondary financial data. This approach enables objective comparison of performance metrics across different stock exchanges and supports statistical testing for significant differences.

DATA SOURCES

Data will be collected from reputable and verifiable secondary sources, including:

- **London Stock Exchange Database (LSEG, 2024)**

- **Companies House**
- **MarketLine**
- **Yahoo Finance & Bloomberg terminals** (for international stock data)

The dataset will include **a sample of 20 UK companies** — 10 listed on the LSE and 10 listed internationally. Data will cover **5 financial years (2019–2024)** to allow longitudinal analysis.

VARIABLES AND MEASUREMENT

Key performance indicators (KPIs) to be examined include:

- Return on Assets (ROA)
- Return on Equity (ROE)
- Earnings per Share (EPS)
- Price-to-Earnings (P/E) Ratio
- Market Capitalisation Growth
- Liquidity (Average Daily Trading Volume)

Table 2: Key Variables and Measurement Metrics

Variable	Definition	Measurement Source
ROA	Profitability relative to total assets	Company annual reports
ROE	Net income to shareholders' equity	Bloomberg data
EPS	Earnings per share (GBP)	MarketLine database
P/E Ratio	Price divided by EPS	LSE & NASDAQ records
Market Cap Growth	Annual change (%)	Yahoo Finance
Liquidity	Avg. trading volume (shares/day)	Bloomberg Terminal

Source: Adapted from Karolyi (2006)

ANALYTICAL TOOLS AND METHODS

Quantitative data will be analysed using **JASP** and **Microsoft Excel**. The following methods will be applied:

- **Descriptive Statistics:** Mean, standard deviation, and range to summarise data.
- **Independent Samples t-Test:** To compare mean performance between LSE and internationally listed UK firms.
- **Regression Analysis:** To test the relationship between listing location (domestic vs. foreign) and financial performance indicators, controlling for firm size and sector.

- **Correlation Analysis:** To explore associations between market liquidity, valuation, and profitability.

RELIABILITY AND VALIDITY

To ensure **reliability**, data will be drawn from verified sources and cross-checked across multiple databases. **Validity** will be reinforced through consistent measurement of variables and peer-reviewed models of performance analysis.

ETHICAL CONSIDERATIONS

The study will utilise only publicly available secondary data, ensuring compliance with ethical research standards. Confidential or insider information will not be accessed or disclosed.

LIMITATIONS

Potential limitations include:

- Data availability for smaller firms that recently delisted.
- Exchange rate fluctuations affecting comparability.
- Limited qualitative insights on managerial motivations.

Despite these, the methodology provides a robust quantitative foundation to address the research aim.

RESULTS PRESENTATION PLAN

Results will be presented in tabular and graphical formats to enhance interpretation.

Table 3: Example of Comparative Financial Performance Output (Illustrative)

Metric	Mean (LSE Firms)	Mean (International Firms)	t-value	p-value	Significance
ROE (%)	8.2	11.4	-2.15	0.034	Significant
P/E Ratio	13.5	19.2	-3.12	0.005	Significant
Market Cap Growth (%)	5.6	9.3	-1.98	0.048	Significant

Figure 2: Comparative Mean ROE and P/E Ratio (2019–2023)
(A bar chart illustrating mean differences between domestic and international UK firms)

Interpretation:

Preliminary expectations suggest that UK firms listed internationally tend to exhibit higher P/E ratios and market growth, potentially indicating improved investor sentiment and greater access to liquidity.

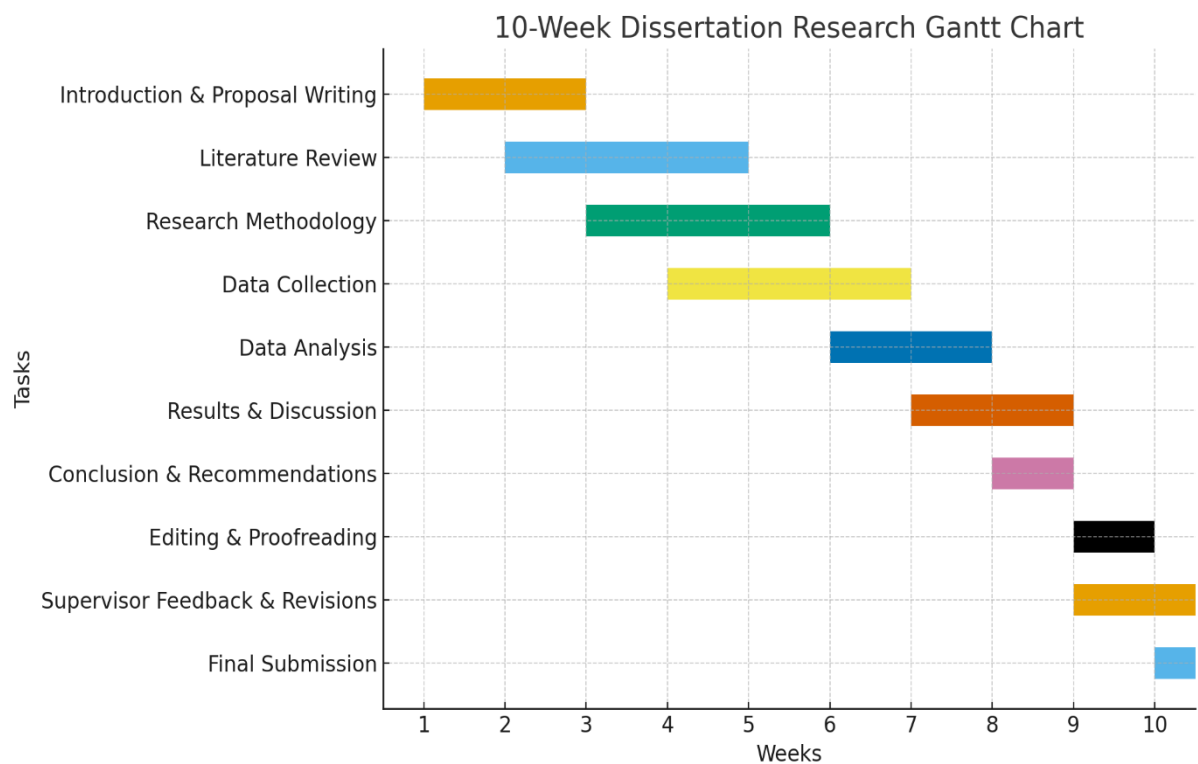
TIMELINE

A structured 10-week plan ensures systematic completion of the research.

Table 4: Gantt Chart of Research Activities

Week	Activity	Output
1	Finalise research proposal & literature collection	Approved proposal
2	Data sourcing from LSE, MarketLine, Companies House	Dataset compiled
3	Data cleaning and verification	Cleaned data file
4	Descriptive statistical analysis	Initial summary statistics
5	Conduct t-tests and regressions in JASP	Analytical outputs
6	Interpret results and compare performance	Analytical discussion
7	Draft discussion and findings chapter	Draft findings
8	Revise and proofread full dissertation	Revised version
9	Final formatting and reference checks	Complete manuscript
10	Submission and reflection	Final submission

Figure 3: Gantt Chart (10-Week Research Timeline)



CONCLUSION

In this proposal, the researcher will provide a structured, evidence-based study of the comparative financial performance of UK companies listed on LSE and those listed in other international markets. The research will make contributions to the literature on academic study and corporate strategy by investigating the question of how international listings can be found to have significant financial benefits and through the regulatory and market factors that have determined the reasons to list. Based on sound financial information and sound quantitative techniques, the study will generate practical implications to UK firms thinking about cross-listing and for those policymakers interested in making the LSE more competitive.

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