ABSTRACTS

1. OWNERSHIP STRUCTURES AND DISCLOSURES: THE CASE OF THAI FINANCIAL INSTITUTIONS

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ABSTRACT

The purpose of this study is to examine the relationship between ownership structure and corporate disclosures of Thai financial institutions. Using multiple regression analysis, this study finds that ownership concentration has negative association with corporate disclosures (TDS) while institutional ownership has positive association. For controlled variables, firm size, firm leverage, and firm financial performance are positively associated to TDS. These results suggest that Thai financial institutions with highly dispersed ownership and high institutional ownership will disclose more.

Keywords: Ownership structure, Disclosure, Thai financial institutions

2. PERCEPTION OF MARKETING EXECUTIVES ON THE USE OF CO-CREATION AS A TOOL TO BREAK PARADIGMS IN THE AUTOMOBILE INDUSTRY: FIAT MIO CASE STUDY

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ABSTRACT

Among the various approaches that the literature offers regarding the process of co-creation, a common element is value creation. In this diverse landscape, the proposal more suitable to apply in this study was developed by Prahalad and Ramaswamy (2004), a model called “D.A.R.T.” (Dialogue, Access, Risk and Transparency). In the co-creation Dialogue establishes a relationship of complicity, uniting the parties to a common goal. The Access is the engagement platform. The Transparency is the maximum degree of trust established to maintain the relationship between company and the client and the Risk is reflected by the little control that the company has when interacting with customers while exchanging of experiences (the market from the perspective of co-creation). This article aims to analyze and demonstrate, through a case study, how co-creation helps to break paradigms established in the market (more specifically, the confidentiality in the automotive industry), how a company can innovate the relationship with its customers, and how it should structure the information/process flow. The company takes out that co-create it is necessary to plan, to take the risks of open exposure and collaboration, and fully support from the board.

Keywords: Co-creation, Dialogue, Transparency, Engagement, Confidentiality and Automotive Industry
3. THE STORY OF A PUERTO RICAN MUNICIPAL BOND MUTUAL FUND

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ABSTRACT

This paper evaluates one fund which specializes in bonds issued by US Protectorates, the largest of which is Puerto Rico. Therefore this fund invests mainly in bond issued by the Puerto Rican government. Although this fund does not show evidence of risk adjusted outperformance relative to other municipal bond funds in the industry, neither does it underperform the industry. Given the tax benefits this fund has for investors in many states and Puerto Rico being at par with the rest of the municipal bond fund market makes should make this fund attractive to investors.

Keywords: Puerto Rico, Municipal Bonds, Mutual Funds, Tax Exemptions

4. SKILLS NEEDED FOR A GLOBAL ECONOMY: CHALLENGES AND OPPORTUNITIES FOR REBUILDING BUSINESS CURRICULUM

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ABSTRACT

Future trends, distortions, and threats in the hyper-connected global economy offer new opportunities and challenges for business schools to build the 21st century business curriculum to equip their graduates with professional skills (both hard and soft) that are required to be successful. Examples from a number of business schools that have come up with leading edge innovations were furnished along with key imperatives, challenges and opportunities for business schools.

Keywords: Global economy, Business curriculum, Hard and soft skills

5. SURPRISE LEAVE ANNOUNCEMENTS: CORPORATE GOVERNANCE AND MONITORING BOARD PERFORMANCE

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ABSTRACT

This study examines the ethical disparity between immediate and delayed reaction to Surprise Leave Announcements (SLAs) by a corporate officer. Two announcement dates result when comparing initial newswire and later print media release. We document an immediate 4.9% drop (104 firms) and a 6.1% drop (31 firms) attributed primarily to Institutional Investors on the initial newswire release date. An additional 9.8% loss occurs for the 31 firms with a delayed print media release date. We further classify the SLA content as Fraud, Medical, Personal, or Unclear. Our results have implications for recommending a more proactive corporate governance policy and indicate a need for greater transparency.

Keywords: Finance, Board, Executive Leave, Corporate Governance, Market Transparency
6. THE “PRESIDENTIAL-ELECTION CYCLE” IN THE STOCK MARKET: THE END OF AN ANOMALY?

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ABSTRACT

This study provides evidence, consistent with previous research, supporting the existence of a four-year cycle in the U.S. stock market between the years 1961 and 1980. In a new finding, however, we find evidence indicating that this cycle disappeared after 1980. These results represent an important contribution to the literature towards determining whether this cycle is indeed caused by presidential elections and point the direction for further research on the subject. Also, they constitute the first finding in the literature of the disappearance, or change of form, of this empirical stock market anomaly.

Keywords: Stock Returns; Stock Prices; Market Efficiency; Presidential-Election Cycle.

7. MONDAY EFFECT DURING DIFFERENT MARKET STATES: THE INTERNATIONAL EVIDENCE

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ABSTRACT

Monday effect, also known as the weekend effect, occurs when stocks display significantly lower returns on Monday. In this study, we investigate the influence of bull and bear market conditions on the Monday effect in nine major equity markets, namely, Australia, Canada, France, Germany, Hong Kong, Japan, Switzerland, United Kingdom, and United States. We analyze the daily returns of stock market indices of nine developed equity markets of the world. We employ regression model with indicator variables to test our hypotheses. Additionally, we use chi-square statistics based on heteroskedasticity consistent covariance estimates to test the significance of our hypotheses. We report four major findings. First, we find that Monday returns are negative and significant, that is the Monday effect exists, only during the bear market conditions. Interestingly, our second finding suggests that Monday effect does not exist during advancing market. In fact, our results show that Monday returns are positive and significant during the bull market. Third, we find that even if these anomalies exist, large standard deviation of daily returns may not provide any arbitrage opportunities. Finally, we provide evidence suggesting volatility of Monday returns is higher than that of non-Monday daily returns. This pattern is consistent for both, bear and bull, markets.

Keywords: Monday effect, bear market, bull market

8. EXCHANGE RATE VOLATILITY AND EXPORTS: EVIDENCE FROM A SMALL OPEN ECONOMY

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ABSTRACT

The study investigates the impact of exchange rate volatility on Mauritian total exports as well as exports directed to major trading partners for the period 1975-2011. Given that not all the variables in the model were stationary to the same level, the ARDL approach was used to estimate the effect of exchange rate uncertainty on exports. Bilateral real exchange rate,
exchange rate volatility, relative price, and foreign economic activity affect total exports in short run as well as the long run. A negative relationship between volatility and level of exports was observed in the long run and the short run. The analysis was then extended by considering the case of a panel consisting of the major trading partners. The fixed effect model estimated a negative but insignificant relationship between exchange rate volatility and exports.

9. INFORMATION ASYMMETRY, INFORMATION PRODUCTION, TYPES OF EXTERNAL FINANCING, AND POST-ISSUE PERFORMANCE

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ABSTRACT

We examine whether equity and debt financing will have different impact on information production and whether such difference will affect firms’ types of external financing and the post-issue stock market performance. We use financial analyst overage and changes in the number of analysts following firms prior to and after security issues to measure information asymmetry and information production, respectively. Our results indicate that information asymmetry reduces the probability that firms issue equity. However, such impact depends on its interaction with expected information production, and equity issues encourage more information production than debt issues. We provide the first empirical evidence that firms might choose to issue equity rather than debt when information production is endogenous. In addition, our results show that the post-issue buy and hold abnormal return is positively related to extent of information production and this association is more significant in equity offerings than in debt offerings.

Keywords: Information Asymmetry, Information Production, debt-equity choice, Analyst Coverage, External Financing, Post-issue Performance

10. DETERMINANTS OF RETURN VOLATILITY: EVIDENCE FROM INDIAN COMMODITY FUTURES MARKET

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ABSTRACT

We estimate realized volatility using intraday interval data on two precious metals: gold and silver, two basic metals: copper and zinc, one energy: crude oil and two agricultural: mentha oil and cardamom futures trading at MCX, a leading commodities exchange in India for more than five years from year 2005 to 2010. Our volatility measure is sum of squared realized returns. We investigate determinants of realized volatility for those futures contracts after controlling for appropriate seasonality effects. Our findings from OLS model strongly support an extended state variable hypothesis that postulates a relation between futures and spot volatility. Other determinants of volatility include appropriate seasonality, time to maturity, net order flow, trading volume, spread. Net order flows, and spread indicate market microstructure effects on realized volatility in futures market.

Keywords: Intraday, Maturity Hypothesis, State Variable Hypothesis, Commodity Futures
11. OVERCONFIDENCE IN INDIVIDUAL AND GROUP INVESTMENT DECISIONS

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ABSTRACT

This study analyzes group influence on investment decisions in an attempt to determine the correlation between two financial behavior tendencies: overconfidence and herding behavior. An experiment was carried out with 92 students from the Universidade Católica de Brasília. The results indicated that acting in a group tended to diminish overconfidence and that women presented more overconfidence than men, even though this effect was not highly significant. It was also verified that the performance of the two genders acting together was more rational than when they acted separately.

Keywords: Behavioral finance, Overconfidence, Herding behavior.

12. WHEN A MISMATCH IS REALLY A MATCH?: THE EFFECT OF INCONGRUITY ON ADVERTISING EFFECTIVENESS

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ABSTRACT

The advertising literature mostly examines the effects of specific ad elements, (e.g., humor or the use of a celebrity presenter) but surprisingly shows relatively less interest in the advertising effectiveness and ad processing from consumers’ cognitive structure of brands, products and ads. Hence, the studies on consumer expectations as a way of relating advertising effectiveness to consumer perceptions of products are rather scarce. Based on Foote Cone & Belding (FCB), and the Rossiter-Percy (RP) models, this study provides more insights into the effects of ads that are incongruent with consumer expectations of advertising.

Keywords: Advertising Effectiveness; Incongruity with Consumer Expectations; Cognitive Models
13. IMPACT OF U.S. FINANCIAL SHOCKS UPON THE CANADIAN ECONOMY

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ABSTRACT

Using methods that allow for variation in the impact of U.S. financial shocks’ spillovers on to Canadian real GDP growth depending upon the level of U.S. financial stress at the time of the new shock, we find differential impacts from U.S. financial shocks. When the U.S. is in a low stress environment a rise in U.S. financial stress has a slight positive impact upon Canadian real GDP growth, but when U.S. financial stress begins in a high stress environment any further increase in U.S. financial stress reduces Canadian real GDP growth. The identified high stress U.S. financial environment occurs in approximately the highest 25% of the monthly U.S. financial stress index values from 1981 onward.

Keywords: Canadian real GDP, financial stress spillovers, asymmetric impacts

14. PRODUCTIVITY AND EFFICIENCY OF MICRO ENTERPRISES IN BANGLADESH: RELATIVE IMPORTANCE OF THE CONSTRAINTS

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ABSTRACT

The study attempts to analyze the effects of primary constraints on the productivity and efficiency of the microenterprises in Bangladesh to identify the relative importance of each constraint. An expanded form of stochastic production frontier model has been developed to address both productivity and efficiency issues simultaneously. Household Income and Expenditure Survey (2005) data, collected by Bangladesh Bureau of Statistics are used in the estimation. The results clearly reveal that of the four primary constraints faced by microenterprises in Bangladesh, credit and utility have the highest detrimental effects on both productivity and efficiency. Between credit and utility, the adverse effect of utility constraint is found to be more than that of credit suggesting that policy makers need to address the utility constraint first to improve the productivity and efficiency of the microenterprises in Bangladesh. The output elasticity is estimated to be the highest for capital, which indicates that there is under-investment in microenterprises. Firm’s specific efficiency score vary significantly from 0.34 to 0.94 with a mean of 0.69. The study demonstrates clear policy suggestions about what to be done to improve productivity and efficiency of the microenterprises in Bangladesh.

Keywords: Microenterprises, productivity, efficiency, constraints, Bangladesh

15. THE RELATIONSHIP BETWEEN CULTURAL INTELLIGENCE AND ADJUSTMENT AMONG NORDIC EXPATRIATES IN THE USA

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ABSTRACT

This study investigates the relationship between the four factors of cultural intelligence (meta-cognitive, cognitive, motivation and behavior) and the dimensions of sociocultural adjustment (general, interaction and work). The findings of this study reveal a positive relation between all facets of cultural intelligence towards general and interaction adjustment as well as between the meta-cognitive facets to general and interaction. A positive relation was also found between and
the motivational facet of cultural intelligence and general and interaction adjustment. However, no significant relation was found between the meta-cognitive facet and motivational facets to work adjustment. This study further provides an empirical support for the cultural intelligence scale using a Nordic sample from Denmark, Finland, Iceland, Norway, and Sweden. Participants were expatriates working and living in the U.S.

Keywords: Cultural Intelligence; Cross-Cultural Adjustment, Expatriate, Nordic Expatriates

16. POSITIVE FINANCIAL IMPACT OF THE DREAM ACT

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ABSTRACT

The Dream Act represents the first step in the process of integration of a very large minority group into mainstream American Society. However recent literature shows skepticism or a downright negative perception of the financial impact of the Dream Act. There are abundant misperceptions and miscalculations that support such a negative view. Using basic data, this paper explores the positive financial impact of the Dream Act beneficiaries. Documented immigrants contribute to the economic progress of the USA via house acquisition, which includes mortgage, real estate taxes, insurance, utilities, etc. Tracking of income taxes by undocumented immigrants is cumbersome; therefore the calculation of income tax contribution becomes more transparent for documented immigrants. This paper highlights the economic importance of the Dream Act generation.

Keywords: Economic Development, Financial Independence, Dream Act

17. DOES GLOBALIZATION INCREASE BANK EFFICIENCY AS MEASURED BY NET INTEREST MARGIN?

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ABSTRACT

This study examines how the level of globalization as well as the incremental globalization of each country is associated with bank efficiency, which is measured by banks’ net interest margin (NIM). Using a panel of 35,501 observations in 141 countries over the period of 1987–2008, we find that there exists an inverse relationship between NIM and change in globalization of each country, which implies that globalization reduces banks’ NIM and improves the efficiency of banking system. However, this relationship only holds for bigger banks, but not for smaller banks.

Keywords: Globalization, Bank Efficiency, Net Interest Margin
18. DIVERSITY AND FIRM PERFORMANCE: AN ANALYSIS OF DIFFERENT LEVEL OF MANAGEMENT COMPOSITION

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ABSTRACT

Using unique data for a ten-year period, this article examines the impact of diversity on firm performance based on eight different levels of management composition. The demographic variables include total minorities, female minorities, minority managers, female managers, minority professionals, female professionals, minority sales workers, and female sales workers. The results of this research show that diversity strategy is successful at the macro level. However, weak support on the importance of workforce diversity is presented at the micro level.

Keywords: Firm Performance, Tobin’s q, Diversity, Demographic Variables