ABSTRACTS

1. HERDING BEHAVIOR OF INVESTORS AFTER THE DISCLOSURE OF INDIVIDUAL SHORT POSITIONS: EVIDENCE FROM THE JAPANESE STOCK MARKET

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ABSTRACT

During the recent financial crisis several regulators have introduced a disclosure obligation for individual short positions. Based on data from the Tokyo Stock Exchange we analyze how the market reacts to these publications and find significant price declines after the disclosure of short position increases. This effect becomes even more evident for publications of Asian investors. Overall, the results imply that disclosures of short positions lead to a herding-like behavior among investors and accelerate rather than absorb price declines. Up until now regulators considering a permanent adoption of these measures could only borrow results from research on insider trading disclosures and majority shareholder notifications.

Keywords: *Herding Behavior, Short Selling, Short sale ban, Market quality, Stock returns*

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2. ON THE MEASUREMENT OF NOVELTY OF INNOVATIONS

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ABSTRACT

The assumption of this paper is that the absence of convergence in the results regarding the degrees of novelty of innovations and their determinants is due to the fact that most studies tend to rely on their own particular measures of the degrees of novelty of innovations. These different ways to measure the degrees of novelty of innovations may result from differences in the data sets that are used. This paper aims to advance knowledge by confronting different measures of the degrees of novelty of innovations with a large data set, in order to detect convergences or divergences in both the innovative performances of firms and in the determinants of the different degrees of novelty of innovations. More specifically, it addresses the following question: Do different measures of the degrees of novelty of innovations lead to different explanations which, in turn lead to different implications for the management of innovation?

Keywords**:** *innovation; degree of novelty; determinants; manufacturing firms; regressions*

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3. PETRO RETAIL MIX ELEMENTS: A STUDY OF INDIAN MARKET

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ABSTRACT

With the entry of private and foreign players, the scenario of petro-retailing in India has been changing considerably. India's public sector Oil Marketing Companies (OMCs) are undertaking massive image improvement programmes and differentiating delivery of their products and services. Earlier petrol retail outlets were simply used for filling the fuel, but now public sector OMCs are aggressively marketing their *products to cope up with the competition from private sector OMCs. We have carried out the survey of customers and retail outlet owners / company representatives to understand their preferences of Petro Retail Mix Elements. Analysis identifies that there is a significant difference in the preferences for retail mix elements among customers and OMCs. The paper also identifies the gap between current petro-retailing practices of OMCs and customer preferences and its implications to the OMCs. Qualitative analysis presents additional insight into retail mix elements. This paper also compares the retail mix elements of various OMCs operating in Indian market.*

Keywords: *Petro-Retailing, Retail Mix Elements, Preferences for Retail Mix Elements, Customers preferences and Oil Marketing Companies Preferences*

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4. FINANCIAL INDICATORS OF BUSINESS FAILURES FOR CHINESE COMPANIES

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ABSTRACT

This paper is intended to identify the internal factors, especially the financial measures that are associated with business failures of public companies in China. We use the occurrence of special treatment as a proxy for business failures, because bankruptcy usually doesn't follow business failures in China and thus is not an appropriate measure of business failures for Chinese firms. First, we identified 26 potential financial measures that are likely associated with business failures based on theories and anecdotal evidence. Then, we selected 16 of them that are potentially correlated with the occurrence of business failures based on a sample of firms. After a factor analysis, the group of financial factors was further downsized to six. They are profitability, liquidity condition, operation efficiency, expense structure, growth condition and profit structure. In the logistic regression, only the factors of profitability, liquidity, growth and profit structure are significantly associated with the likelihood of business failures for sampled public companies. Using the four factors, we construct a prediction model for business failures. The overall accuracy of the model is over 80%.

Keywords: *Business Failures, Special Treatment, Financial Measures*

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5. SERVE WITH DISTINCTION: STRATEGIES AND PRINCIPLES OF PREMIER SOCIALLY RESPONSIBLE COMPANIES

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ABSTRACT

Many business organizations view corporate social responsibility (CSR) from a traditional standpoint – that it is a pure cost to the organization in terms of both capital expenditures and time investments. This paper develops a model that explains the planned development of CSR initiatives as a strategic management tool aimed at achieving sustainability in a changing social environment. CSR is analyzed for its strategic components and the relationship between CSR and market performance is posited in a manner that is both theoretically sound and practical.

Keywords: *Corporate Social Responsibility, Strategic Management, Sustainability*

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6. FACTORS INFLUENCING THE EXTENT OF CORPORATE COMPLIANCE WITH IFRS: EVIDENCE FROM COMPANIES LISTED IN BAHRAIN STOCK EXCHANGE

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ABSTRACT

This research examine empirically the level of compliance with mandatory IFRSs disclosure requirements for companies listed on Bahrain Stock Exchange, and the association between the level of disclosure and five corporate characteristics, namely; corporate size, leverage, profitability, company age, and size of audit firm. A disclosure checklist developed to assess the level of disclosure in the 2010 annual reports of 41 Bahraini companies. The results show that the compliance levels range from 61% to 94%, with an average of 80.7%. Multiple regression analysis demonstrated that company size and audit firm size had a significant positive relationship with the level of compliance with mandatory IFRSs disclosure requirements. The remaining variables (i. e. leverage, profitability, and company age) were found to be insignificant in explaining the level of compliance with IFRSs disclosure.

Keywords: *IFRS, compliance, disclosure, annual report, corporate characteristics, Bahrain*

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7. HOW DOES INTERNAL CONTROL EFFECTIVENESS CREATE RELIABILITY OF FINANCIAL REPORTING? AN EMPIRICAL RESEARCH OF THAI LISTED FIRMS

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ABSTRACT

This paper aims to examine how internal control effectiveness creates reliability of financial reporting of the Thai-listed firms so as to contribute the internal control literature. More specifically, this research attempts to examine the effects of internal control effectiveness on reliability of financial reporting and also the relationships between antecedent variables (risk management efficiency, quality of compliance, potential of intra communication, and continuous monitoring adequacy) and internal control effectiveness. In addition, the latter were considered as potential moderators affecting of antecedent variables (risk management efficiency, quality of compliance, potential of intra communication, and continuous monitoring adequacy) on internal control effectiveness and internal control effectiveness and reliability of financial reporting. One hundred and twenty four questionnaires completed by Chief Audit Executives (CAEs) of Thai-listed firms were received by data collection mail survey. The statistics used to analysis data were Ordinary Least Square (OLS) regression. The results showed that internal control effectiveness significantly positively affects reliability of financial reporting. Besides, risk management efficiency, quality of compliance, potential of intra communication, and continuous monitoring adequacy are significantly positively affect internal control effectiveness. This research, on the other hand, also found that an ethical culture significantly moderates those among risk management efficiency, compliance quality, potential of intra organization communication, and continuous monitoring adequacy and internal control effectiveness, and those between internal control effectiveness and reliability of financial reporting relationship respectively. All our Hypotheses are supported an potential discussion is effectively implemented in the study. Further implications of theoretical and managerial contribution are explicitly provided. Conclusion, limitations, and suggestions for future research are also highlighted.

Keywords: *Reliability of Financial Reporting, Internal Control Effectiveness, Risk Management Efficiency, Compliance Quality, Potential of Intra Organization Communication, Continuous Monitoring Adequacy, Ethical Culture*

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8. FINANCIAL REPORTING PRACTICES IN EMERGING ECONOMY: DETERMINANTS OF CASH FLOW REPORTING METHODS IN KAZAKHSTAN

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ABSTRACT

The aim of this study is to examine the patterns of cash flow reporting practices in Kazakhstan and investigate the determinants of reporting preferences by public companies listed on the Kazakhstan Stock Exchange, hereafter KASE, regarding the choice of direct method vs. indirect method of the statement of cash flow. In particular, we study mandatory disclosures of non-financial public companies in the primary market of KASE over the periods 2003-2005 (early adoption of International Financial Reporting Standards, hereafter IFRS) and 2008-2010 (post-adoption of IFRS). Our results suggest that the likelihood of using the direct method decreases with the selection of Big4 auditors and firm size. We also find that partial support for our demand driven hypotheses: more actively traded companies prefer the direct method; ownership concentration decreases the use of the direct method. However, we do not find supporting evidence that cross listing or IFRS adoption affects the reporting choice. This is the first study to examine financial reporting preferences in Kazakhstan, an emerging economy with unique institutional settings. Our study contributes to the existing financial reporting literature and can help both policy makers, academicians as well as practitioners in future decision making.

Keywords: *Cash flow statement, Direct method, Indirect method, IFRS, Kazakhstan, KASE*

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9. IMPACT OF EXPORT ON THE GROWTH OF DOMESTIC PRODUCTS IN INDIA

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ABSTRACT

Empirical evidence supporting the export-led-growth hypothesis has been mixed and inconclusive. Many previous studies may have been miss-specified since they tested the ELG hypothesis using bivariate models. The proliferation of trade is in the interest of many countries around the world as a source of economic growth. The economic argument is that export expansion or export-led-growth leads to efficient allocation of resources resulting from foreign competition and to some extent poverty reduction. Export expansion in less developed countries can be used as an instrument of job creation and poverty reduction by increasing the production of goods and services. The study attempts to examine the role of exports of commodities belonging to five selected product groups to eight countries on India's growth process through the growth of the domestic product groups. The study uses econometric model of Fixed Effect Panel Regression Model to run the analysis and spans the period from 1992 to 2011. Dummy variables are introduced to examine the exports volume bias among the selected products. The study suggests that exports of selected five product groups play a significant role for growth of the domestic products.

Keywords: *Dummy Variables, Panel Data, Fixed Effect Model, LM Test, Hausman Test*

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10. DEMAND FOR LIQUIDITY

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ABSTRACT

In the 2008-2011 time period, the Federal Reserve injected approximately $2 trillion in new reserves into the U.S. banking system. Monetarist theory suggests this should have resulted in a significant increase in nominal GDP and/or the price level. The failure of nominal GDP and/or prices to respond as predicted is an anomaly. Our paper provides explanations for why GDP and the price level have failed to increase.

Keywords: *Monetary Base, Excess Reserves, Equation of Exchange, Multiplier, Velocity, Liquidity Demand*

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11. THE IMPACT OF THE 2007 POST ELECTION VIOLENCE ON THE MARKET RETURNS IN KENYA

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ABSTRACT

In 2007, a hard-fought election opposed the incumbent President Mwai Kibaki (Party of National Unity) to the current Prime Minister Raila Odinga (Orange Democratic Movement). Mwai Kibaki was declared the “winner” and hastily sworn in as President. Raila Odinga called for mass protests that turned violent after police shot protestors. The political violence lasted until the signature of the National Peace Accord on February 28th 2008. Several research studies showed the negative impact of political violence on the economic activity. This study attempted to analyze the impact of the political violence on the market returns in Kenya by using a standard event methodology. The results showed the political violence had a significant negative impact on the Kenyan market returns.

Keywords: *Political Violence, Equity Returns, Kenya*

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12. INTANGIBLES AND HOST COUNTRY EFFECTS OF FOREIGN DIRECT INVESTMENT

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ABSTRACT

This paper analyzes the relationship between inward foreign direct investment (FDI), intangible resources and host country’s productivity using industry-level data from ten developed economies in 1987-2003. I question the focus on technology of existing studies on host country effects of FDI. My theoretical discussion suggests that the productivity effects of FDI are influenced not only by R&D, but also other intangibles such as marketing competencies. I find that FDI drives OECD productivity growth, but mostly in industries that rely strongly on intangible resources for their competitive advantage. However, contrary to a number of past studies, R&D in itself or interacted with FDI do not explain OECD industry productivity growth. My findings imply that some industries can benefit from FDI by investing in intangibles other than R&D.

Keywords: *Host Country Effects of FDI, Intangibles, Knowledge and Productivity Spillovers.*
