

A white outline of a world map is centered on the page. The text 'GLOBAL BUSINESS & FINANCE REVIEW' is overlaid on the map in a bold, black, sans-serif font. The map shows the continents of North America, South America, Europe, Africa, Asia, and Australia.

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HORIZONTAL AND VERTICAL INTRA-INDUSTRY TRADE: IS THE EMPIRICAL CLASSIFICATION USABLE?

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On the basis of OECD trade statistics at SITC 5 digit level for the period 1961-1999 this paper shows the classification of international trade in (1) inter-industry trade; (2) horizontal intra-industry; and (3) vertical intra-industry trade used in the empirical trade literature to be unstable at the individual product level. This indicates that this type of statistical classification based on unit-values is probably not very useful. On the other hand, the paper also shows in accordance with the literature, that the aggregate distribution of trade into the three categories apparently is rather stable with vertical intra-industry trade (between Germany and France) making up 50-60%. The high level of vertical intra-industry trade probably cover-up many products shifting between e.g. vertical and horizontal intra-industry. The statement from the literature that the European integration process involves heavy adjustment costs because of the size of vertical intra-industry trade is therefore rather dubious.

U.S. DEMAND FOR EDIBLE FATS AND OILS: A DYNAMIC SYSTEM WITH ARMA ERRORS

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This study investigates the effects of prices and total expenditure on U.S. household consumption of edible fats and oils that are strictly used for salad and cooking. A flexible dynamic demand system which nests the Translog and Almost Ideal Demand Systems is estimated using annual time-series data in the U.S. Results suggest that correction for serial correlation is important. With dynamic specification and correction for serial correlation, the generalized model outperforms the two restrictive specifications in terms of simple model adequacy but generates similar demand elasticities. Demands for fats and oils are found to be price inelastic. We also find a mix of gross substitutes and complements among the products considered. Findings on the effects of prices are useful for private edible oil companies in formulating their pricing strategies and for policy makers in designing effective domestic and trade policies.

THE EVOLVING TURN-OF-THE-MONTH EFFECT: EVIDENCE FROM PACIFIC RIM COUNTRIES

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Using daily stock returns for the decade from 1988 to 1998, this paper finds a fading of turn-of-the-month (TOM) pattern in western countries and a newly emerging pattern in Asian countries. This newly emerging pattern conflicts with previous evidence of a reverse pattern in the Japanese and Singapore markets and is supported with both parametric and non-parametric tests. The study examines the traditional turn-of-the-month period and also examines three sub-periods for additional evidence of a monthly pattern in daily prices.

KEY FUNDAMENTAL FACTORS AND THE LONG RUN STOCK PRICE CHANGES

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This paper reports new findings on the joint effect six theory-suggested fundamental variables have on share price changes of industrial firms. The novelty in this paper is identifying the joint effect multiple factors exert in the long run on share prices. The highly significant joint factors are dividend yields, earnings, leverage and firm size, which are variables widely acknowledged in finance theories and in practice as price relevant factors. These four factors explain three-fifth of the variation in the US share prices. However, two theory-suggested factors namely asset growth and payout ratio appears to be insignificant in our tests. This is a preliminary study employing a limited sample of homogeneous firms to establish reliable findings using a new joint-effect model.

EXCHANGE RATE AND STOCK MARKET INTERACTIONS: EVIDENCE FROM AN EMERGING ECONOMY

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This study explores the causal link and its ramifications between the Greek stock market and two Greek exchange rates vis-à-vis the U.S. dollar and the German Mark. Preliminary statistical results show that the series are stationary in their first differences and that they are cointegrated. Hence, an error-correction model is appropriate for explaining the short- and long-term paths of adjustment to equilibrium simultaneously. The empirical results indicate that significant feedback relations between the dynamics of the stock market and each exchange rate exist. These findings have serious implications for Greece's stock market in light of its way of becoming more integrated with its European partners within the European Union.

PREDICTORS OF VARIATION IN STOCK RETURNS: EVIDENCE FROM MALAYSIAN COMPANY PANEL DATA

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We use Malaysian company panel data (1,729 firms/years observations) to examine the effects of beta, size, book-to-market value (BM) ratio, earnings-price (E/P) ratio, dividend yield, payout and leverage on the expected stock returns. Our results are based on the fixed effects regression models as these perform statistically better than the random effects and pooled OLS models. Results of the one-way fixed effects univariate regressions indicate that beta, size, book-to-market value (BM) ratio, earnings-price (E/P) ratio and dividend yield individually play a significant role in explaining variation in stock returns, and payout and leverage do not have statistically significant effect. The explanatory power of size (natural log of market capitalization) is the highest. The one-way fixed firm effects multivariate regression results show that size is persistently a significant dominant variable together with other variables in explaining stock returns. Beta has consistently a positive relation with stock returns by itself and together with other variables. But its explanatory power is less than size and other variables. Contrary to results of previous research, BM ratio is not persistently a significant variable; its significance disappears when we incorporate size and E/P ratio or dividend yield in regressions. The explanatory power of regressions increases considerably when we use the two-way fixed firm and time effects models for estimation. Further, size remains a dominant predictor of stock returns variation, leverage loses its significance and B/M ratio becomes statistically significant when we control for both the firm and time effects.

LINKING KEY SUCCESS FACTORS AND EMPLOYEE ATTITUDES TO PERFORMANCE OF CELLULAR MANUFACTURING SYSTEMS: AN EMPIRICAL STUDY

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The performance of cellular manufacturing (CM) systems has been rigorously investigated during the last two decades, but the extent of empirical research on CM is limited. The major objective of this study is to examine the relationship between critical success factors (infrastructure, organizational immersion, autonomous management, team-oriented organizational structure, and labor union), employee attitudes toward implementation, and performance of CM systems. Results from the analyses of the sample companies provide partial support for a positive relationship between key success factors and performance. The results also show that differences exist in performance of organizations grouped by the degree of employees' attitudes.