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CONTAGION EFFECTS OF THE ASIAN FINANCIAL CRISIS: REGIONAL OR GLOBAL IN SCOPE?

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This paper examines the time-dependence of stock market return correlations. The increased frequency of financial crises (currency, banking, equity markets) and the experience of regional waves (ERM, Latin America, Asian) in such crises has focused attention on the phenomenon of contagion, whereby a crisis in one country leads to crises in other, geographically connected countries. Correlations represent one of the ways to determine the degree of linkage across national equity markets. This paper examines the characteristics of the Asian financial crisis from the behavior of stock prices in eight countries. Patterns in the comovements of stock prices are examined before, during and after the period of financial turmoil in eight Asian economies. The findings based on correlation and vector autoregression analyses are consistent with contagion effects among the selected equity markets. A measure of market integration calculated over the pre-crisis, crisis, and post-crisis periods suggests that five of the eight equity markets became more integrated in the global financial market context notwithstanding the turmoil surrounding the Asian financial crisis.

DETERMINANTS OF CAPITAL STRUCTURE, DIVIDEND POLICY, AND INSIDER OWNERSHIP IN JAPANESE CORPORATIONS

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The relationship between a firm's operational characteristics on one hand and its managerial ownership, debt, and dividend policies on the other has received considerable attention in finance literature. The determinants of each policy are generally studied independently. However, the firm's managerial ownership, debt, and dividend levels are related not only to the firm's operational characteristics but also directly to each other. In this study, we use a three-stage least squares (3SLS) simultaneous equations model to study the interaction between the financial leverage, dividend policy, insider ownership decisions in Japanese non-financial corporations. We find that dividend policy, business risk and profitability are significant determinant of financial leverage; financial leverage, business risk, and profitability are significant determinants of dividend policy; and, institutional ownership and business risk are significant determinants of insider ownership in Japanese non-financial corporations. These findings are generally in line with earlier findings for U.S. non-financial corporations. However, there are some important differences.

THE PRICE REACTION OF RIVAL ADR FIRMS TO ACQUISITION ANNOUNCEMENTS FOR U.S. FIRMS

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This study examines the intra-industry effect of acquisition announcements from 1980-1999 and finds that the effect on rival ADRs is different than previously found for U.S. firms. The cumulative abnormal return (CAR) for the two-day announcement window (-1, 0) is a statistically significant -0.54% while U.S. firms generally have positive abnormal announcement returns. Cross-sectional regression analysis shows that subsequent acquisition announcements in the same industry have a positive stock-price impact for ADR rivals and that European firms have a greater positive response than non-European firms do.

SIZE EFFECT IN THE RELATIONSHIP BETWEEN EQUITY OWNERSHIP STRUCTURE AND CORPORATE PERFORMANCE

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This paper investigates the relationship between firm performance and different kinds of corporate equity ownership—insider ownership, institutional ownership, and blockholder ownership—for a sample of 2,822 publicly listed companies in the United States in 1998. There are significant differences between small and large firms in the relationship between ownership structure and firm performance. Specifically, for small firms, institutional ownership has a significant positive effect on firm performance, while blockholding has a negative but insignificant effect. In contrast, for large firms, blockholding has a significant negative effect on firm performance, and institutional ownership has a positive but insignificant effect. It appears that the roles played by these large shareholders are different for small firms vs. large firms. Insider ownership has no significant effect on firm performance, indicating that, on average, firms have endogenously-determined optimal degrees of insider holding.

ACCURATE PREDICTION OF ANALYST FORECAST REVISIONS AND STOCK RETURNS IN THE EMERGING MALAYSIAN MARKET: EPS VERSUS NON-EPS VARIABLES

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This paper examines the impact of accurate prediction of analyst forecast revisions of EPS and non-EPS variables on Malaysian stock prices. Investors who are able to predict accurately upward revision in forecast of P/E ratio could reap the largest cumulative abnormal return of 18.34 percent per annum. The findings also support the superiority of accurate prediction of upward revisions in forecasts of P/E and cash flow per share over EPS. In contrast, investors who can predict accurately downward revision in EPS forecasts seem to outperform those who predict accurately similar revisions in non-EPS forecasts.

IS THERE A WEEKEND EFFECT IN EUROPE? AN ANALYSIS OF DAILY RETURNS, NON-TRADING RETURNS, AND TRADING RETURNS

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This paper examines the stock markets of eight European countries for recent evidence of a weekend effect where Monday's return is significantly less than the rest of the week. We further decompose daily returns into non-trading periods (close-to-open) and trading periods (open-to-close) and test those return series using both parametric and non-parametric tests to address methodological problems identified in earlier studies. While we are unable to find a weekend effect in European stock markets. While one major study uncovered a unique twist to the weekend effect in non-trading returns in the U.S. stock market, we find no such unique twist in the European stock markets.

IS INTRA-INDUSTRY TRADE IN REALITY TWO-WAY TRADE?

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With a view toward thoroughly understanding the character of the foreign trade, it is necessary to make a well-defined delimitation between the concepts of intra- and inter-industry trade. The share of intra-industry trade is smaller by a bilateral estimation than by a multilateral estimation. Correspondingly, the share of intra-industry trade is smaller by a regional estimation in relation to a national estimation. Furthermore, there is not any reason to adjust the Grubel and Lloyd index for a trade imbalance. If foreign trade is related to that part of a product category which includes foreign trade in quality varieties between countries with identical factor endowments, the intra-industry trade becomes much more substantial. Therefore, intra-industry trade makes up a far smaller share of total foreign trade than normally assumed, and the Heckscher-Ohlin model is still the essential incentive in the explanation of foreign trade.

EMPLOYEES' CONTRIBUTIONS TO QUALITY: AN EXAMINATION OF THE SERVICE ORIENTATION INDEX WITHIN GLOBAL ENTREPRENEURIAL ORGANIZATIONS

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Hogan, Hogan and Busch (1984) define service-orientation as "the disposition to be helpful, thoughtful, considerate, and cooperative" (p. 167). To measure this construct they developed the Service Orientation Index (SOI), an 87-item true-false questionnaire. Since that time they have altered the SOI so that it now contains 14 items. The purpose of the present study was to explore the dimensionality of the SOI and its predictive validity as a measure of service orientation. Given the importance of service quality on a firm's profitability, implications of this research for management practice are detailed.