

A white outline of a world map is centered on the page. The map shows the continents of North America, South America, Europe, Africa, Asia, and Australia. The text is overlaid on the map.

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THE DECLINING MARKET REACTION TO ADR ISSUERS IN EMERGING MARKETS

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Current literature shows evidence of the gradual nature of international market integration. This would suggest, at the company level, a general pattern of a declining marginal cost of capital effect for each subsequent firm issuing American Depositary Receipts from the same market. This study finds that the marginal listing firm experiences a significantly smaller change in the cost of capital during listing than that of previous listing firms from the same market. A declining reaction found during the announcement period is not significant. The results are robust to changes in local and US market risks from period to period.

GLOBAL BOND MARKETS: DETERMINANTS OF GOVERNMENT BORROWING COSTS FOR DEVELOPED AND EMERGING MARKETS

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This study examines the determinants of government borrowing costs by investigating whether government bond yields in developed and in emerging markets are driven by domestic factors, global factors, or both. The study's contributions include: (1) a new methodology to determine the relative dominance of domestic and global factors, (2) inclusion of new variables which are significant determinants of yields, and (3) analysis of commonalities and differences within and between developed and emerging markets. The findings indicate that domestic factors are dominant in the Eastern European countries, global factors are dominant in the Western European countries, and domestic and global factors are roughly equivalent in the Asian countries.

MULTINATIONALITY, SIZE, AND THE MARKET PERFORMANCE

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This study provides empirical evidence regarding the market performance of US based Multinational Enterprises (MNEs) for the period 1992 to 1999. The results suggest that the excess returns on MNE portfolios, formed based on the degree of multinationality, do not follow a curvilinear pattern. The risk-adjusted performance of MNEs is also examined by using the Fama French Three Factor Model. It is found that most of the abnormal performance is concentrated among small and medium size MNEs.

THE DIMINISHING BENEFIT OF GLOBAL PORTFOLIO DIVERSIFICATION

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In this paper, we study the impact of the September 11, 2001 terrorist attacks in the U.S. and the ensuing war against terrorism during the post-September-11 period on the co-movements of the U.S., Japanese, Australian, U.K., and German stock markets. Our rolling correlation analysis results indicate that correlation between the U.S. stock market and the world's other major stock markets increased substantially, and therefore, the benefit of global portfolio diversification to U.S. investors with these markets decreased considerably after September 11, 2001. Our Granger causality test results indicate that there is a closer linkage between the U.S. stock market and the world's other major stock markets in the post-September-11 period than in the pre-September-11 period.

LINEAR VERSUS NON-LINEAR PREDICTABILITY OF EQUITY PRICES: AN EMPIRICAL INVESTIGATION

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The analysis of this study is twofold: 1) Using A non-linear test (the Hinich test), it provides evidence of non-linear dynamics in stock prices in the American market from January 1955 to December 2002. 2) Utilizing non-linear regression models, the Multiple Adaptive Regression Splines (MARS) and IT-Splines, the study examines the relationship between stock prices and their fundamentals. Non-linear results are compared with linear. The predictive ability of the non-linear models outperforms the linear. As a result, the study suggests that non-linear models should be considered for the analysis of stock prices.

CORPORATE LEVERAGE AND FUTURE GROWTH: EVIDENCE FROM INDONESIA'S EMERGING CAPITAL MARKET

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This study investigates the relationship between leverage and future corporate growth, using a ten-year sample of Indonesian firms. The leverage effect is found to be insignificant for the overall sample, unlike the earlier findings by Lang et al. (1996) for firms in a well-developed market such as the U.S. However, when firms are sorted by size and Tobin's q, only the small low-q firms indicate a statistically significant negative effect of leverage on future corporate growth. This is evidence consistent with the fact that the Indonesian economy has been dominated by large firms which have better access to capital markets, and also that small firms with high growth potential do not suffer from debt-overhang, although small firms with low growth potential do.

OWNERSHIP, INTRA-INDUSTRY TRADE AND FACTOR INTENSITIES: THE CASE OF POLAND 1993-2002¹

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This paper investigates the association between intra-industry trade (IIT) for foreign, private domestic and public domestic companies in Poland and the size of multinational activity measured by the stock of FDI. Using a unique database on imports and exports from companies in Poland 1993-2002 divided along three ownership types, the paper finds in a pooled regression model a positive association between the size of foreign presence and the level of IIT for foreign-owned companies, but no significant spill-over effects from foreign presence to the level and development of IIT for private and public domestic companies. A negative IIT growth for private and public companies and a small positive growth for foreign-owned companies in science-based industries indicate that advanced technological spill-over effects to the Polish economy are still in their infancy.