IPO UNDERWRITING COST IN ASIA-PACIFIC

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This paper investigates distributions of gross spread in terms of the selling concession, underwriting, and management fees within Asia-Pacific countries. This study also examines the factors that affect the underwriters’ incentive to conduct ‘successful’ initial public offerings (IPOs) measured by probability and the percentage of over-allotment option. The study finds that underwriters rarely exercise the over-allotment options; and 95.5% of IPOs have combined selling concession, underwriting, and management fees. The study does not find evidence that the gross spread affect the success of IPOs. However, when the components of gross spread stated as selling concession, underwriting, and management fees significantly affect the investment banks’ incentive to conduct successful IPOs. This finding implies that separating the gross spread into its three components of fees is important to increase the success of IPO underwriting.

CROSS-SECTIONAL CORRELATION: NEW EVIDENCE ON CHANGING CORRELATIONS AND CORRELATION BREAKDOWN IN EQUITY MARKETS

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As an alternative to the traditional time-series based correlation measure Solnik and Roulet (2000) suggests a different correlation measure based on the cross-sectional dispersion of asset returns. This paper focuses on this cross-sectional correlation and finds that the level of correlation in the European equity market has increased between 1970 and 2000. In addition, in the light of the increased country linkages since the October crash 1987, it is found that diversification along industry lines is a feasible alternative to international diversification. Finally, using simulations, it is shown that the cross-sectional correlation measure, just as the traditional sample correlation, faces the problem of a spurious correlation breakdown bias when the absolute average return is large. The size of the bias depends on how volatility is estimated, however, and the bias disappears when the volatility is approximated with the constant unconditional volatility.
THE JANUARY EFFECT ON THE MOVE: EVIDENCE FROM INTERNATIONAL STOCK MARKETS

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TeWhan Hahn University of Idaho

This study examines seasonality in value vs. growth portfolio returns for 15 stock markets. This study finds that seasonal effects tend to be decreasing over time and that seasonality in high book-to-market portfolios tends to correspond with seasonality in overall market returns. A turn-of-the-year effect is also documented in that the first and/or last month of the year plays a significant role in seasonality, and that the mean returns for those months are always positive. These results suggest that rallies surrounding the turn of the year are nearly ubiquitous in the presence of seasonal returns.

ATTITUDES TOWARDS BENEFITS AMONG SME OWNERS IN EASTERN EUROPE: A 30-MONTH STUDY

Shawn M. Carraher Cameron University

The dimensionality of a multi-dimensional questionnaire - the Attitudes Towards Benefits Scale (ATBS) - was examined using a principal components analysis with an orthogonal rotation for a sample of 377 owners of small to medium sized enterprises in Eastern Europe. Whereas previous research with employees had found support for a three-dimensional structure (Hart & Carraher, 1995; Carraher, Hart, & Carraher, 2003), in this sample of business owners only two dimensions was found. The two dimensions are then correlated with job performance, facets of job satisfaction, income, and intentions to close down.
BEHAVIOR OF EQUITY AND MONEY MARKETS DURING THE ASIAN CRISIS

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This paper analyzes the effect of the Asian crisis on the financial integration of capital and money markets across twelve countries from Asia, Europe and the Americas. Through a comparison of daily returns of equity and money markets from before and after the advent of the Asian crisis in July 1997, Granger causality and principal components analyses are used to explore the effect of the crisis on the co-movement of returns. Evidence points to an increased co-movement in the equity markets returns thus highlighting the adverse effect of global shocks on the effectiveness of international diversification strategies. For the money markets, the results show a reduction in interdependence following the crisis. Evidence of reduced co-movement in money markets could be explained by the increased dispersion of monetary policies during the Asian crisis.

THE CAPITAL STRUCTURE OF ASIAN FIRMS

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Although extensive empirical studies have been conducted on capital structure in the context of developed countries, few have been carried out on emerging markets using large pools of data with comprehensive modeling techniques. This paper examines the financial characteristics of Malaysian companies and their debt policies using data of 106 firms from 1992 to 1999. The results of pooled GLS regressions show that all types of debt (short-term, long-term, and total) are influenced by the variables for profitability, size, and tangibility—but not by growth, risk, and investment opportunity (market-to-book-value ratio). Thus, the latter results are contrary to evidence from developed markets. However, when the data are classified into two sub-periods, only in the first (1992-95) does the risk variable reveal the hypothesized positive influence on all debt ratios, reflecting Malaysia’s economic uncertainty in the throes of the Asian financial crisis and implementation during the second sub-period (1996-99) of the domestic capital control policy. Profitability has a persistent and consistent negative relationship with all types of debt ratios in both periods; this confirms the capital structure.
OCCUPATIONAL SAFETY AND HEALTH TRENDS IN THE FOUR "EAST ASIAN TIGERS"

Foster C. Rinefort  Foster C. Rinefort & Associates, Eastern Illinois University
Joseph A. Petrick  Wright State University

This empirical short-note paper provides information on occupational safety and health trends in the Four “East Asian Tigers,” discusses their economic impacts on the Tigers and China, and recommends widespread use of global resources and strengthened national infrastructures to improve human and economic sustainability.