

---

**ABSTRACTS****1. THE ASYMMETRIC CYCLICAL EFFECTS OF BANK CAPITAL ON BANK LENDING: EVIDENCES FROM SIX CIS COUNTRIES**

Sang H. Lee, Bang College of Business, KIMEP, Almaty, Kazakhstan  
Mohammad Mujibul Haque, Bang College of Business, KIMEP, Almaty, Kazakhstan

**ABSTRACT**

*This paper investigates the cyclical effects of bank capital on bank lending growth during the period between July 2005 and September 2010 for the banking industries in six CIS countries including Kazakhstan, Russia, Belarus, Armenia, Ukraine, and Azerbaijan. We find that the bank capital has significant pro-cyclical effect (negative relationship) on lending only during economic downturn while no meaningful effect during economic upturn. The monthly observations of the growth rates on deposit, foreign borrowing, and capital are analyzed in the panel study framework to see if they have any impacts on lending growth. Also, the lending rate was included in the analysis to control possible credit rationing effect during liquidity squeeze period due to increased degree of the adverse selection problem in the market. We find that the growth rate of capital has significant negative impacts on the growth of bank lending during the period of international liquidity squeeze, exacerbating the financial turmoil that started in the second half of 2007 in Kazakhstan and the third quarter of 2008 or early 2009 for other countries. When the availability of international liquidity is growing or already abundant, however, the capital does not show significant impact on lending growth with mixed signs in lags. This asymmetry might reflect the excessive regulatory capital requirement and/or accumulation of capital buffer beyond optimum to prepare for the increased degree of liquidity and credit risks during the international liquidity dry-up period. This finding is consistent with the recent concern on the pro-cyclical of bank capital regulation on bank lending during economic downturn. However, we do not find the similar negative relationship between capital and lending during the period with relatively affluent international liquidity in the earlier period for these countries. In addition, deposit growth also exerted an asymmetric impact on lending growth, showing positive relationship during the period of affluent international liquidity while no relationship during the period of liquidity dry-up. Therefore, the pro-cyclical issue might have been more pronounced in the liquidity squeeze period than normal times in these countries.*

**Keywords:** Pro-cyclical, Bank Capital Regulation, Bank Capital on Bank Lending, CIS Countries, Banking Crisis

---

**2. DETERMINANTS OF CAPITAL STRUCTURE IN SELECTED IT FIRMS OF SINGAPORE**

Parvinder Kumar Arora, S. P. Jain Center of Management, Singapore  
Sandip Chakraborty, S. P. Jain Center of Management, Singapore

**ABSTRACT**

*Capital structure decisions are among the most essential and vital decisions for any company because of their impact on value and cost of the firm. The main intent of this study is to find out the determinants of the capital structure of IT firms in Singapore traded on the Singapore Stock Exchange (SGX). In addition, the study also attempts at finding the degree to which the determinants impact the financing decisions.*

*The sample data consists of 39 IT companies and covering a 9-year period, 2001–2009 has been taken for the purpose of study. In order to find the relationship between capital structure and its likely determinants from the list of the following independent variables: Tangibility, Size, Profitability, Growth Opportunities, Non Debt Tax Shield and Liquidity, Multi linear regression have been used. Multi linear regression resulted in autocorrelation of residuals. Thus, in order to factor in and eliminate the autocorrelation of residuals in the panel data considered, Vector Auto Regression (VAR) was used.*

*It has been found that the capital structure which is measured as debt to equity ratio (Leverage) is a function of past Leverage and past Growth Opportunity. Leverage is negatively related to Growth Opportunity and positively related to past Leverage. In addition, it can also be seen that size of a firm, profitability and Non Debt Tax Shield for a firm also has an indirect impact on the capital structure by affecting the growth opportunity, measured as 'price to book ratio per share', of a firm directly.*

**Keywords:** Capital Structure, Leverage, Tax Shield, Tangibility, Size, Profitability, Growth Opportunities, Non Debt Tax Shield, Liquidity

---

### **3. HOW THE BANKING CRISIS IN ICELAND AFFECTED THE IMAGE OF ITS BANKING SECTOR AND INDIVIDUAL BANKS**

Fridrik Eysteinnsson, School of Business, University of Iceland, Reykjavik, Iceland  
Thorhallur Gudlaugsson, School of Business, University of Iceland, Reykjavik, Iceland

#### **ABSTRACT**

*In October 2008 the three biggest retail banks in Iceland collapsed. The result was a systemic crisis, the first in any advanced economy. This paper focuses on one aspect of the banking crisis, namely its effect on the image of the banking sector and individual banks. The research question is, "What effect does a banking crisis have on the image of a banking sector and individual banks?" The research is based on two surveys done in April 2008 and April 2009. The main results are that the banking crisis seems to have damaged the image of the banking sector as a whole along with the image of individual banks. Corruption seems to be the attribute most associated with the Icelandic banking sector. When looking at individual banks the image of Landsbankinn seems to have deteriorated the most.*

**Keywords:** Image, Banking sector, Banking crisis, Perceptual maps.

---

### **4. CORPORATE INVESTMENT DECISIONS IN OIL AND GAS PRODUCTION AND GOVERNMENT PAYMENT SYSTEMS: A CASE OF PROSPECT THEORY**

Vivian O. Okere, Providence College, Providence, Rhode Island, USA

#### **ABSTRACT**

*This paper examines the impact of government payment system on investments in oil and gas production. It shows that the expected value of an investment in oil and gas depends on the expected rate of return and risk on oil production which is impacted by the government payment system. The results indicate that the investor will exhibit a less risk-averse behavior following an increase in the price per barrel of crude oil as expected gains will cushion any subsequent losses. Contrarily, the investor will exhibit a more risk-averse behavior after a decrease in the price per barrel of crude oil. The variation in risk aversion makes returns to be volatile and the extent of the volatility will depend both on the investor's prior gains or losses.*

**Keywords:** Risk aversion, Investments, Valuation, Prospect Theory

---

## 5. RELIGIOUS INVOLVEMENT AND THE SAVING BEHAVIOR OF IMMIGRANTS

Claudia Smith Kelly, Grand Valley State University, Grand Rapids, Michigan, USA  
Blen Solomon, Defiance College, Defiance, Ohio, USA

### ABSTRACT

*We use the Pilot for the New Immigrant Survey (NIS-P), a nationally representative sample of new legal immigrants to the United States, to investigate the relationship between church attendance and the saving behavior of immigrants. Attendance at religious services has been linked with economic performance. While this relationship has been examined using aggregate measures of church attendance, researchers have paid little or no attention to this relationship using individual data on church attendance. This paper fills that gap. Our estimation from Tobit models indicates that attending church regularly is a determinant of the saving behavior of immigrants. The results also indicate that immigrants from different religious affiliations do not differ in their saving behavior.*

**Keywords:** *Immigrants, Church Attendance, Saving Behavior*

---

## 6. ARE CANADIAN ENTREPRENEUR-LED COMPANIES BETTER?

Raymond A.K. Cox, University of Northern British Columbia, Prince George, Canada  
Joel M. Shulman, Babson College, Babson Park, Massachusetts, USA

### ABSTRACT

*We analyze the performance of Canadian entrepreneur-led companies using monthly stock returns over the time period January 1, 1998 through July 31, 2010. For the 27 firms that fit this category, with a minimum market capitalization of USD 200 million, as a portfolio earned 29.93 percent per annum for the entire time period. This compares to 3.63, 1.43 and 1.01 percent for the benchmarks MSCI World Index, Russell 3000 and Standard and Poor's 500 Price Index respectively.*

**Keywords:** *Entrepreneur, Family Control, Founder*

---

## 7. FUZZY ANP APPROACH TEST FOR EVALUATION OF INFORMATION TECHNOLOGY BASES ESTABLISHMENT BUDGETING: EVIDENCES FROM IRAN

Fraydoon Rahnamay Roodposhti, Islamic Azad University, science and research Branch, Iran  
Mohammadreza Motadel, Islamic Azad University, Central Branch, Iran  
Zahra Amirhosseini, Islamic Azad University, Shahr-e-Qods Branch, Iran  
Babak Nejadmobasher, Islamic Azad University, Central Branch, Iran

### ABSTRACT

*Most organizations, at present, are selecting and using budgeting methods and investment regarding the organizational objectives, size and scale of activities. The main important point in the budgeting is the architecture of expense and revenue elements of any organization. The current method of budgeting is in a way that the organizations, generally, budget regardless of performance result according to the past allocations model and management allocates the resources. The main objective of this paper is to present model for fuzzy network analysis decision making in information technology to select fuzzy approach in budgeting information technology of the organization. The results of the research show that capital budgeting methods, balanced point card and evaluation of investment risk are recognized as the selected methods for budgeting the information technology bases establishment.*

**Keywords:** *Information Technology, Budgeting, Decision Making, Fuzzy, Network Analysis Process (NAP)*

---

## 8. STOCK MARKET RETURNS AND THE TEMPERATURE EFFECT IN THAILAND: THE GENERALIZED EXTREME VALUE (GEV) AND THE GENERALIZED PARETO DISTRIBUTION (GPD) ESTIMATIONS

Moh'd M. Ajlouni, Arab Open University, Jordan  
Pisit Leeahtam, Chiang Mai University, Thailand  
Songsak Sriboonchitta, Chiang Mai University  
Jittaporn Sriboonjit, Thammasat University, Thailand  
Prasert Chaitip, Chiang Mai University  
Chukiat Chaiboonsri, Chiang Mai University

### ABSTRACT

*Empirical literature on the effect of temperatures on stock returns concludes that certain weather condition might affect stock returns. The purpose of this paper is two fold. First, it investigates whether stock market returns in Thailand are related to temperature and, second, it forecasts the direction of each of temperatures and stock returns for the next four years (2012-2015). The data used consists of the daily weather (average temperature of Thailand per day) and daily stock index returns during the period (January 1996 - February 2010). Employing AR(1)-GARCH(1,1) estimation, under different distributional assumptions, the result shows that the Set-Index Return of Thailand has been negatively affected by the raising temperature. That is, when the temperature of Thailand increases, the Set-Index returns of Thailand will be decreased. This result is consistent with related literature. On the other hand, Generalized Extreme Value (GEV) and the Generalized Pareto Distribution (GPD) estimation are used to separately forecast the temperatures and stock returns. The analysis, of both GEV and GPD, indicates that the temperature in Thailand will be higher in next four year (2012-2015). Extreme temperature of this kind is predicted to become more common as climate change accelerates with continuing warming. Similarly, Set-Index returns are expected to increase during the next four year, as well. The second result of the analysis (forecasting) presents a challenging view to the first result (relationship). However, such contradicting conclusion might be explained by the frequency of the data used in investigating the relationship, which is daily, while that in the forecasting is yearly. In addition, the temperature data is characterized by seasonality, while that of the Set-Index is not.*

**Keywords:** Stock Returns, Weather, Thailand, GEV, GPD

---

## 9. THEORETICAL AND EMPIRICAL ADVANCES CONCERNING INVESTOR CONFIDENCE

Nagy Balint Zsolt, Babes-Bolyai University, Cluj-Napoca, Romania

### ABSTRACT

*This paper discusses certain so-called behavioural factors such as investor sentiment and confidence, indicators which are difficult to define, interpret and measure rigorously, although they present themselves as real observable features of the everyday life of investors and traders. In this paper we present the most popular market-data inferred indicators but also measures derived from direct surveys. The theoretical and methodological issues concerning investor confidence are especially important in today's global financial-economic crisis. While factors such as monetary policy, loose regulation and moral hazard have been intensely debated in the literature, the knowledge that we have about behavioural factors is significantly smaller. At the end of the paper we also summarize a few of the empirical results that the author has contributed to.*

**Keywords:** investor confidence index, survey-based indicators, inverse statistics, gain-loss asymmetry

---

**10. IMPACT OF REGULATORY REFORMS REGARDING EURO ISSUES ON INDIAN COMPANIES**

Deepak R. Raste, Shree Shahjanand Vanijya Mahavidyalaya, Ambawadi, Ahmedabad, India  
Vijaylaxmi Chari, S.D. School, of Commerce, Gujarat University, Ahmedabad, India

**ABSTRACT**

*In July 1991, the Indian Government announced New Industrial Policy (NIP) and since then introduced several policy initiatives to increasingly liberalize the Indian economy. Consequently, in April 1992, Government permitted Indian companies to raise capital by issuing their euro issues programs in the international financial markets. During 1992 to 2009-2010, 625 issues have been floated by Indian companies and 3,21,339 crore of rupees have been raised from global capital markets through euro issues. The regulatory reforms brought phenomenal changes in capital structure of Indian companies. This paper assesses the impact of regulatory changes made by regulatory authorities regarding euro issues in Indian capital market on euro issue activities of Indian companies during 1992 to 2009-2010 under hypothesis that the regulatory and policy changes have no effect on the international equity and debt issue behavior of Indian companies. The descriptive analysis is made by assessing immediate and near time impact of regulatory changes on euro issues. Statistical analysis is made using linear regression model taking change in regulation as independent variable and amount of euro issue as a dependent variable. Both descriptive and statistical analysis rejected the null hypothesis. The paper also draws concern about limitations of euro issues emerged out of corporate governance issues.*

**Keywords:** Euro Issues, Regulatory Reforms, Corporate Governance, immediate and near time impact

---

**11. SYNTHESIS OF CREDIT RISK AND INSIGHTS FROM A ROMANIAN CASE STUDY**

Eugenia Ana Mătiș, Dimitrie Cantemir Christian University, Cluj-Napoca, Romania  
Carmen Giorgiana Bonaci, Babeș-Bolyai University, Cluj-Napoca, Romania

**ABSTRACT**

*Our paper contributes to the literature on risk management by particularly focusing on credit risk. We start our analysis by considering recent developments in the area of banking supervisory matters being enhanced through recent turbulent times. The main objective of the paper is to address credit risk from both a conceptual approach and a practical one. The perspective of the Romanian banking environment is reflected throughout the entire paper. After briefly discussing main principles governing credit activities, we develop a case study analyzing the rating algorithm being used by BCR-Erste. The structure of the paper allows us to conclude upon the approached topic by bringing suggestions for future developments and improvements.*

**Keywords:** credit institutions, risk management, credit risk, credit rating, Romanian credit institutions

---

**12. IS THERE A COMPANY TYPE THE FIVE TRADED FINANCIAL INVESTMENT COMPANIES PREFER TO INCLUDE IN THEIR PORTFOLIO?**

Cornelia Pop, Babes-Bolyai University, Cluj-Napoca, Romania  
Ramona Rachisan, Babes-Bolyai University, Cluj-Napoca, Romania  
Sorin Berinde, Babes-Bolyai University, Cluj-Napoca, Romania

**ABSTRACT:**

*The present paper will try to identify, if possible, what type of company (listed at Bucharest Stock Exchange) is preferred for their portfolios by the five traded financial investment companies. For the past*

11 years (starting with November 1999) these five financial investment companies had an influence on Bucharest Stock Exchange. This paper is the first of a more comprehensive study which tries to explain the causes of the above mentioned influence by trying to identify if there is a company profile preferred by the financial investment companies.

---

### 13. VOLATILITY SPILLOVERS BETWEEN FORECLOSURES AND HOUSING PRICES

Muhammad Mustafa, South Carolina State University, Orangeburg, SC, USA  
Emmanuel Anoruo, Coppin State University Baltimore, Maryland, USA

#### ABSTRACT

*This paper investigates the nature of volatility spillovers between foreclosures and housing prices for U.S. for the first quarter of 1987 through the fourth quarter of 2008 period. We use an EGARCH modeling which takes into account whether bad news has the same impact on volatility as good news. The results provide evidence of volatility spillover effect from housing prices to home foreclosures but not vice-versa. The findings of this study are expected to enhance our understanding of their inter-relations. An appreciation of macroeconomic dynamics of housing market and foreclosures can shed light on the markets' response to monetary policy, providing the Federal Reserve System, and fiscal policy.*

**Keywords:** *Subprime-Mortgage, Foreclosures, Housing Prices, E-GARCH, Volatility, Spillovers*

---

### 14. PORTFOLIO DIVERSIFICATION EFFECT IN THE CAPITAL MARKET OF KAZAKHSTAN: EMPIRICAL STUDY BASED ON THE KASE INDEX

Nurlan S. Orazalin, Kazakhstan Institute of Management, Economics, and Strategic Research, Almaty, Kazakhstan  
Sang Hoon Lee, Kazakhstan Institute of Management, Economics, and Strategic Research, Almaty, Kazakhstan

#### ABSTRACT

*Portfolio diversification is an important concept in finance as portfolio managers may achieve an optimal risk-return trade off from investment. Optimal portfolio selection and diversification strategies may substantially reduce industry and firm-specific risks among different securities and different industries. This paper examines the variance of stock returns of public companies that represent the Kazakhstan Stock Exchange index list (KASE), and investigate whether portfolio diversification may reduce diversifiable risks specific to the local environment according to portfolio compositions with different number of stocks that represent the KASE index list. Our findings indicate that the risk can be continuously reduced by increasing the number of securities in the specified periods. This study is unique in a sense that it represents a first effort in determining the existence of portfolio diversification effects in KASE based on stock returns of those companies that represent KASE index.*

**Keywords:** *Portfolio Diversification, Capital Market, Variance of Stock Returns, KASE Index*

---

**15. DO STOCK MARKET INVESTORS RESPOND TO BRAND EQUITY?**

Chaiyot Sumritsakun, Maejo University, Thailand

**ABSTRACT**

*This paper proposes a systematic explanation of how investors can perceive that change in brand equity contains information about future cash flow. The perfectly competitive market is used to generate the relationship between brand equity investment (advertising, R&D and HR expenditure) which acts as a proxy of brand equity and stock return. The multiple regression equation is used to examine a direct test of the proposition of whether brand equity has incremental information content. Contributions and suggestions for future research are also presented.*

**Keywords:** Brand Equity; Brand Equity Investment; Brand Asset; Incremental Information Content; Marketing Mix; Advertising Expenditure; R&D Expenditure; HR Expenditure

---

**16. CORPORATE PHILANTHROPY IN PORTUGAL: AN EMPIRICAL ANALYSIS**

Daniel Taborda, Polytechnic Institute of Coimbra, Oliveira do Hospital, Coimbra, Portugal  
António Martins, University of Coimbra, Coimbra, Portugal

**ABSTRACT**

*Corporate philanthropy, as corporate giving, has been studied for a long time in several countries. In this paper, using panel data methodology, an empirical model based on Portuguese companies' data is used to estimate the explanatory variables related to contributions. We find a significant role for tax policy in shaping company giving. The significant relation between tax variable and donations is consistent with a management utility maximisation model.*

**Keywords:** Corporate charitable giving, profit maximisation, management utility maximisation

---

**17. RELATIVE AND INCREMENTAL INFORMATION CONTENT OF EARNINGS AND CASH FLOWS IN NORMAL PERIODS AND IN THE PERIOD OF FINANCIAL CRISIS: EVIDENCE FROM INDONESIA**

Irina Nurhapsari, Universitas Indonesia  
Rafika Yuniasih, Universitas Indonesia

**ABSTRACT**

*This study was conducted with the purpose of finding whether earnings and cash flow from operation have relative and incremental information content to explain stock return, and whether after taking into account the period of financial crisis, earnings and cash flow from operation have relative and incremental information content to explain stock return. Sample of this study consists of 99 most liquid companies in the Indonesia Stock Exchange for the years 2007, 2008, 2009. This study uses multiple linear regressions with the year 2008 identified as period of financial crisis. This study provides evidence that cash flow from operation has higher relative information content compared to earnings in explaining stock returns. This study also provides evidence that both earnings and cash flow have incremental information content in explaining stock return. Furthermore, there are evidences that earnings and cash flow can better explain stock returns during normal period.*

**Keywords:** relative information content, incremental information content, stock return, financial crisis

---



## 18. STOCKS MARKET AND BUSINESS CYCLES IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

Viorica Chirila, University Alexandru Ioan Cuza, Iasi, Romania

### ABSTRACT

*In the countries with a great experience in the market economy certain macroeconomic variables can be used as indicators which anticipate the business cycle, which are synchronous with the business cycle or which are lagging in comparison to the business cycle. The evolution of prices in the stocks market represents one of the indicators which anticipate the evolution of a country's business cycle. Business cycles in countries from Central and Eastern Europe (CEE) are relatively poorly approached in research papers because these countries have adapted the market economy only after 1990. Moreover, these countries have been characterized by a financial liberalization especially based on banks, the stocks market having a less important role. Therefore, our study aims at identifying whether the evolution of the stocks market in these countries can anticipate the business cycle, on the one hand, and at deciding whether the stocks market fluctuations cause in Granger's sense the business cycles in countries from Central and Eastern Europe, on the other hand. The results obtained confirm that in most of the countries that we have analyzed the stocks market evolution anticipates the business cycle and also that the business cycle is caused in Granger's sense by the stocks market.*

**Keywords:** *business cycles, stock market, Granger-causality*

---