# ABSTRACTS

## 1. THE IMPACT OF INTELLECTUAL CAPITAL ON VALUE ADDED OR BRAZILIAN COMPANIES TRADED AT THE BMF-BOVESPA

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### ABSTRACT

*Given the findings that the market value of companies has been presenting some rea- sonable discrepancies when compared with its book value, mainly in the last two dec- ades, researchers have sought answers to the causes of those disparities. There is con- sensus that one of the reasons for the significant differences in the amounts of market value and book value is due to intangibles that are not included in the balance sheet of companies.One of the intangible assets deemed to be relevant is intellectual capital and the aim of this study was to test variations of Ohlson model for public companies operat- ing in Brazil. The sample for this study is compound by companies whose stocks are traded at the São Paulo Stock Exchange (BMF-BOVESPA). Information about the rele- vant variables has been researched for the years from 2003 up to 2007, and the main source has been the Economática data basis. Particularly the variable concerning the number of employees has been picked up from Bloomberg's data basis.Intellectual capi- tal is a construct (variable not observed directly) whose components are human capital, relational capital, and organizational capital. The variables chosen for the human capital were the number of employees (Func), sales per number of employees (V_Func), and the net profit per number of employees (LL_Func); for the relational capital, which has adapted to customer capital as it is clarified in the methodology, it was the sales growth rate (TCres); and, for the organizational capital, which has adapted to process capital as it is clarified in the methodology, they were the sales and administrative expenses by number of employees (DAV_Func), and the administrative expenses by number of em- ployees (DA_Func). The statistical procedures have been developed through five mod- els, in which the independent variable was the value added (VA): 1 – control variable: net profit (LL); 2 – human capital: (Func), (V_Func), (LL_Func); 3 – customer capital: (TCres); 4 – process capital: (DAV_Func), (DA_Func); 5 – human, customer and process capital: (LL), (Func), (V_Func), (LL_Func), (TCres), (DAV_Func), (DA_Func).The main results indicate that model 1 which evaluates the relationship be- tween the value added by the company and its net profit is corroborated. Model 2 which includes variables linked to human capital does not provide a substantially better result than the first model. Model 3 which evaluates whether the value creation can be ex- plained by a variable linked to customer capital was corroborated just for one year (2007). Model 4 which evaluates the impact of process capital variables on the value creation was corroborated just for one year (2006). Model 5, which embodies simulta- neously in the regression all the variables of human capital, customer capital, and process capital to explain value added, indicates a significant influence of several in- tangible variables on value creation.*

**Keywords:** *intellectual capital, value added, human capital, customer capital, process capital, relational capital, organizational capital, book value.*

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## 2. CAPITAL FLIGHT FROM CHINA: FURTHER EVIDENCE

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### ABSTRACT

Over the past three decades or so, China has experienced massive foreign capital inflow as well as capital flight. This paper explores the determinants of capital flight from China by applying the ARDL bounds test procedure to a small sample of annual data from 1992 to 2007. Due to the unavailability of bounds test critical values, this paper uses a simulation technique to obtain these values. We consider six potential determinants: real GDP growth, real interest rate differential, real exchange rate, short term debt, trade openness, and political risk. Empirical evidence indicates that openness has a significantly positive effect on capital flight from China. This result corresponds with Bhagwati et al.'s (1974) finding that trade misinvoicing is the main channel of capital flight. Using the error-correction version of the ARDL model, we estimate the long-run relationship and short-run dynamics between capital flight and trade openness in China. Our study has important policy implications, including the establishment of a more effective management system of international trade in China and the development of more effective governance mechanisms by the international community to reduce trade misinvoicing.

***Keywords***: *Capital flight, China, Bounds tests, ARDL, Openness*

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## 3. THE INFLUENCE OF ECONOMIC FACTORS ON THE PERFORMANCE OF THAILAND MAJOR STOCKS EQUITY MARKET BY MULTI-FACTOR MODEL

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### ABSTRACT

*This paper investigates the empirical evidence of the pricing of macroeconomic factors in the Thailand major stock market during 2001 to mid 2009 by Multi-factor model. We apply four steps to examine the influence of the economic factors on 50 major stocks of Thailand known as the Stock Exchange of Thailand 50 (SET 50). Three hundred and seventy-two economic variables were analyzed in order to uncover the factors explanatory of variations in SET 50 returns. This work undertook four tasks in the course of examining the putative influence of these economic factors on SET50 returns. First, the data were examined and the number of significant variables was optimized by using the technique of Stepwise Multiple Regression Analysis. Second, Factor Analysis was applied so as to group the variables that were determined to be highly correlated, thereby allowing the formulation of a new composite measure for a set of variables. Third, the final number of factors were optimized by an application of Stepwise Multiple Regression Analysis. Fourth, finally, the Auto-Regressive Integrated Moving Average (ARIMA) time series technique was applied in order to fine tune the results and improve the model. The results show the economic factors have a strong explanatory power in determining the variations of the SET50 return. The explanatory power of these factors is between 0.8 to 0.9.*

***Keywords:*** *Asset pricing; Stock returns, Factors, Model, Multi-factor, Predictability, Risk.*

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## 4. DO REAL ESTATE INVESTMENT TRUST FOUNDERS PERFORM BETTER?

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### ABSTRACT

*There is a growing body of evidence indicating that organizations owned and managed by the founder earn greater returns to their shareholders. Why family controlled and operated corporations do better include the managerial labor market hypothesis whereby the founder owner-manager will not be lured away by another firm. On the other hand, the founder-manager is entrenched and if inefficient causes an adverse agency relationship. This study examines U.S. real estate investment trust (REIT) founder's stockholder performance for the 1986-2006 period. The evidence presented shows some support for superior returns by REIT founders. However, the results vary when evaluating the complete time period, bull versus bear market, equity versus mortgage REIT, and the benchmark comparison of the Standard and Poor's 500, Russell 3000 market indexes, and a portfolio of non-founder controlled REITs.*

***Keywords:*** *Investments, Real Estate, Founders, Family Controlled*

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## 5. CHINA'S CURRENCY REGIME: 2005-2009

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### ABSTRACT

*The recent changes in the Chinese currency regime are examined by proposing, that due to a misunderstanding, the Chinese government was assumed to be adopting a currency basket, when their announced intention was really a period of "experimentation" that is intended to eventually lead to a managed float regime for the Yuan/renminbi (RMB), tempered by maintaining a certain purchasing power for the RMB. Using new structural breakpoint analysis developed by (Qu and Perron, 2007) , and robust regression analysis, confirms that there have been six distinct eras of currency policy for the RMB since July of 2005, including reference versus the US dollar, Japanese yen, and the euro that have featured flexible weightings over time. The true regime seems to be one of a currency policy that attempts to balance a more flexible currency with a need to maintain a certain degree of purchasing power and price stability.*

***Keywords:*** *Foreign Exchange, Currency Baskets, China, Breakpoint, Policy*

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## 6. THE DETERMINANTS OF AUSTRLAIN MANUFACTURING EXPORT PERFORMANCE

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### ABSTRACT

*This paper develops an empirical model to analyse the determinants of Australian manufacturing exports. The model is estimated using the dynamic panel regression technique. The paper finds that, in the short-run, while relative export price has a significant negative effect, labour productivity and effective rate of industry assistance have significant positive effects on Australian manufacturing exports. In the long run, whereas the relative export price has a significant negative effect, world aggregate demand, inward FDI, labour productivity and effective rate of industry assistance have significant positive effects on Australian manufacturing exports.*

**Keywords**: *Australia, manufacturing, exports, relative price, world aggregate demand, Inward FDI, labour productivity, effective rate of assistance, dynamic panel regression.*

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## 7. DOES STOCK MARKET DEVELOPMENT CAUSE ECONOMIC GROWTH? A TIME SERIES ANALYSIS FOR BANGLADESH ECONOMY

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### ABSTRACT

*One of the most important questions arise in the economies of Bangladesh is whether stock market development causes economic growth or whether it is consequences of increased economic activity. That is why, in this paper the principal purpose has been made to investigate the causal relationship between stock market development and economic growth in Bangladesh. To investigate long-run causal linkages between stock market development and economic growth the Engle-Granger causality and ML tests are applied. In this paper another attempt has been made to investigate the non-stationarity in the series of stock market development and economic growth by using modern econometric techniques. The co-integrated tests are applied to know whether this pair of variables shares the same stochastic trend or not. Here the variables per capita real GDP and real GDP growth rate are used as the proxies for economic growth and the stock market development is measured by the market capitalization and also by the ratio of market capitalization to real GDP. The data set covers annual time series data from 1976/77 to 2008/09. From our analysis it has been found that the stock market development strongly influences the economic growth in Bangladesh economy, but there is no causation from economic growth to stock market development. Thus unidirectional* *causality has prevailed between stock market development and economic growth in the Bangladesh economy. Also it has been found that all the variables are integrated of order 1, and both the variables stock market development and economic growth share the same stochastic trend in Bangladesh economy. Therefore they bear mutual dependence between stock market development and economic growth for the economic development in Bangladesh economy.*

***Keywords:*** *Stock Market Development, Real GDP Growth Rate, Causal Relationship, Non-stationarity, Unit Root Test, Co-integrated Tests*

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## 8. CENTRAL BANK INDEPENDENCE AND MACROECONOMIC PERFORMANCE: A SIMULTANEOUS EQUATIONS APPROACH

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### ABSTRACT

*This paper examines the relationship between central bank independence (CBI) and macroeconomic performance using simultaneous equation modeling. With the ratio of central bank claims on the government to GDP as the de facto indicator of independence, we determine the direction and degree of effect of CBI on inflation, exchange rate depreciation and output, and analyze whether this effect varies across different levels of economic development. The model is composed of three equations: inflation rate, nominal exchange rate depreciation and output, and is estimated for a sample of 37 countries for 1975 to 2005 using the Two Stage Least Squares technique. We find that in general, CBI reduces inflation without increasing depreciation or decreasing output, thus validating the free lunch hypothesis. However, this result is not robust when the remaining outliers are removed from the sample. Moreover, we find that the free lunch hypothesis holds true only for developed countries. In developing countries on the other hand, the inflation-reducing effect is lower, and higher CBI is now associated with higher output. In all regressions, there is no evidence of a statistically significant relationship between depreciation and CBI.*

***Keywords:*** *Central Bank Independence, Monetary Policy, Macroeconomic Performance, De Facto Indicators*

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## 9. MANAGERIAL MOTIVES, LAYOFF ANNOUNCEMENTS, AND FIRM PERFORMANCE

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### ABSTRACT

*I examine the relation between firm's performance and firm's stated layoff reason. In particular, I examine the difference of firm performance around layoff announcements between restructuring layoff announcements (with firm's stated reason of cost cutting and reorganization) and non-restructuring layoff announcements (with firm's stated reason of Increased competition, Slump in demand, or Sales drop).I find that firms announcing restructuring layoffs, on average, perform worse than firms announcing non-restructuring layoffs in the year prior to employee layoffs. It implies that firms, especially with poorer accounting performance, tend to announce restructuring layoffs to avoid conveying negative signal to market or to improve the value of executive stock-based compensation.*

***Keywords:*** *Layoff, Restructuring*

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## 10. GR GAAP vs IFRS: THE IMPACT OF IFRS 37 & IFRS 19 0N HELLENIC PRIVATE HOSPITAL'S FINANCIAL STATEMENTS

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### ABSTRACT

*The health sector is very important nowadays. The demand for reducing the expenditure on health is incumbent. The application of modern scientific management in the sector of health and especially in university hospitals may reduce the cost and increase its quantity and quality. Private sector's Hellenic hospitals can not be the exception to this rule. They have to increase their effectiveness in a time of radical changes. The role of accounting and control systems within processes of organizational learning and transformation has been widely debated in the literature. Various researchers have illustrated the potential of accounting and in order to be more precise the potential of IFRS for visualizing, analyzing and measuring the current state of a business, for questioning operational and managerial strategies, and for justifying new courses of action.*

***Keywords:*** Hellenic Health Sector, Accounting and Control Systems, IFRS, GR GAAP

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## 11. EFFECTS OF MACROECONOMIC FACTORS ON SHARE PRICES

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### ABSTRACT

*The objective of this paper is to examine the impact of macroeconomic variables on the industry stock returns in Australia. Monthly price indexes of stocks listed on the Australian Stock Exchange (ASX) and time series macroeconomic factors from March 2000 to 31December 2007 are used. According to the ASX200 classification, the index comprises eleven industry sectors: A-REITs, consumer discretionary, consumer staples, energy, financials, healthcare, materials, industrials, IT, telecommunication services and utilities. The macroeconomic variables used in the study include changes in the ASX P/E ratio, the exchange rates between the Australian, New Zealand and the United States dollars, the ASX bond index return, the dividend yield of ASX200, the ASX200 market return and capitalization, the official cash rate, interbank interest rate, treasury bill yield and the unemployment rate. Unit root tests are applied to the return and macro variables, and appropriately transformed to obtain stationarity of the data series. Time series regressions show that macroeconomic factors are important determinants of the ASX industry returns.*

***Keywords:*** *ASX industry returns, macroeconomic factors, unit root tests, stationarity*

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## 12. HIGH INTEREST RATE POLICY IN RESPONSE TO THAI BAHT CRISIS IN 1997

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### ABSTRACT

I analyze the high interest rate policy in Thailand as an emergent response to the 1997 Asian currency crisis. Specifically, I investigate whether the high interest rate policy contributes to the eventual recovery of the Thai Baht crisis. Both of my theoretical and empirical analyses reveal that high interest rate policy failed to prevent Thai Baht from depreciating. Adjusting interest rate appears to be an ineffective remedy for the crisis. At the very least, it may not function well in the short run. This result may carry important message for policymakers when dealing with the on-going worldwide financial crisis.

***Keywords:*** *Interest Rate, Thailand, Crisis*

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## 13. FAIR PRICING OF EMISSIONS PERMITS: NASH OR ROSEN?

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### ABSTRACT

*The aim of this paper is to derive a fair price of emissions permits using a game theoretic formalism and more precisely the egalitarian principle. We consider a two-player game and solve it under three different scenarios. In the baseline scenario countries play a Nash game and optimize their welfare free from any environmental constraint. In the autarky scenario, countries are assumed to be part of an international agreement but can not trade permits. We consider two sub-cases, a Nash game, where each country faces an individual environmental constraint, and a coupled constraint game denoted the Rosen game, where countries face a joint environmental constraint and implement Rosen's normalized equilibrium. In the last scenario, countries do have access to permits trading. Conditions are derived under which Nash and Rosen equilibria coincide and provide the same fair price.*

***Keywords:*** *Game Theory, Environmental Economics, Permits Trading, Egalitarian Principle, Normalized Equilibrium.*