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Presentations

Schedule:

Time	December 20th:
9:00am	**DIVERSIFICATION AS SUCCESS FACTOR FOR SMES** Mario Situm *University of Applied Sciences Kufstein*
9:15am	**Impact of Cross-Currency Basis Swap on Japanese Government Bonds under Non-Traditional Monetary Policy** Takayasu Ito *Meiji University, Japan*
9:30am	**The hedging role of USD and gold against stock: Evidence from Asian emerging markets** Xiyong Dong and Seong-Min Yoon *Pusan National University, South Korea*
9:45am	**The Volatility Information Implied in the Term Structure of VIX** Yaw-Huei Wang *National Taiwan University, Taiwan*
10:00am	**Who is a recipient or transmitter in the CDS markets** Sanghoon Kang and Seong-Min Yoon *Pusan National University/ Department of Business Administration, South Korea*
10:15am	**Societal Responsibility of the Foreign Direct Investment Companies in the Arabian Legislations (Comparative Study)** Walaa- Eldeen Mohamed Ahmed Ibrahim *Zayed university/ UAE*

10:30am	**Reflection of Greek reality concerning taxation from the point of view of both tax payers and tax officials** Dimitris Paschaloudis *Technological Educational Institute of Central Macedonia, Greece*
10:45am	**Earnings quality and the cost of debt: evidence from the Tunisian stock market** Asma Houcine *Emirates College of Technology, Abu Dhabi, UAE* .
11:00am	**Waqf Halal Tourism: Indonesia Inequality Earnings Solutions** Fatturroyhan *University of Darussalam Gontor*
11:15am	**Volatility spillover and hedging strategies between Islamic and conventional stocks in the presence of asymmetry and long memory** Imen Khanchel El Mehdi *ESC Tunis* .
11:30am	**The impact of multiple minimum tick reductions on market liquidity: Evidence from the Singapore Exchange** Qin Zhang *Macquarie University, Australia* .
11:45am	**Information Leakage on Analyst Recommendations: Does it Exists?** Jeff Wong *Macquarie University, Australia* .
12noon	**SOCIAL MEDIA POLICIES OF ORGANIZATIONS** Lale Dundar *Baskent University, Turkey*

E-session

Time	December 21st: E-session
ES1	**European citizenship as a unifying factor** ULVIN VEIZAJ *ISMAIL QEMALI UNIVERSITY OF VLORA*
ES2	**IFRS adoption – The progress of implementation process in Albania** Elda Hoxhaj *University of Tirana, Faculty of Economy*
ES3	**LEASING TAX ADVANTAGES, HOW WELL DOES ALBANIAN LAW RECOGNIZE AND ENCOURAGE THE USE OF FINANCIAL LEASING AGREEMENT?** Uarda Roshi *University of Tirana*

Abstracts

DIVERSIFICATION AS SUCCESS FACTOR FOR SMES

Mario Situm
University of Applied Sciences Kufstein

Diversification is defined as a concept, where companies can reduce their unsystematic (unrewarded) risk and therefore decrease the volatility of returns. The effect of diversification on corporate performance reveals controversial results leading from the potential to improve performance to the risk of performance reduction. The aim of this study was to explain the effect of diversification on profitability (measured with EBITDA) for small and medium-sized firms separately and to test some research hypotheses based on prior research. For this study 1,095 observations for small- and medium-sized firms over a three-year period were analyzed. The resource-based-view has been chosen as theoretical framework, because it provides a plausible scope to explain the strategic decisions for diversification. The results show that medium-sized companies are not significantly more profitable than small companies. Though, small firms are exposed to a higher risk than medium-sized firms. Against the theoretical assumptions of the resource-based view, related diversification does not contribute to a better corporate performance; however, the results identified a positive impact of unrelated diversification on a firm's profitability. In general, young firms do not diversify their product portfolio; older firms engage more in unrelated diversification, whereas the oldest firms in this study engaged in related diversification. The most important variables to explain profitability of small firms are size and leverage. Here, a negative non-linear behavior for size was observed, which means that small firms, whose growth exceeds a certain threshold, significantly loose profitability, compared to small firms below that threshold. For medium-sized firms leverage was the most important explanatory variable for profitability. The results indicate that older medium-sized firms are more profitable than younger ones, but there is significant negative non-linear behavior indicating that at a certain age the profitability decreases again.

Impact of Cross-Currency Basis Swap on Japanese Government Bonds under Non-Traditional Monetary Policy

Takayasu Ito
Meiji University, Japan

The five-, 10-, and 20-year yields of Japanese government bonds (JGBs) co-move with the six- and 12-month basis swap rates under the quantitative and qualitative easing policy regime introduced by the Bank of Japan (BOJ). The 10- and 20-year JGB yields are in a one-to-one relationship with the six- and 12-month basis swap rates. A cheaper yen gives foreign investors strong incentives to buy 10- and 20-year JGBs under the quantitative and qualitative easing policy regime. A cheaper yen also gives foreign investors some incentives to buy 5-year JGBs under the same regime. On the other hand, JGB yield does not co-move with basis swap rate under the negative interest rate policy regime. After the BOJ introduced the negative interest rate policy, the trend observed under the quantitative and qualitative easing policy regime changed.

The hedging role of USD and gold against stock: Evidence from Asian emerging markets

Xiyong Dong and Seong-Min Yoon
Pusan National University, South Korea

According to the Markowitz (1952) Portfolio Theory, creating a diversified portfolio of uncorrelated assets can reduce risk. Regarding uncorrelated assets, Baur and McDermott (2010) indicate that a strong (weak) hedge and safe haven is an asset that is negatively correlated (uncorrelated) with another asset under regular and extreme market conditions, respectively. If we analyse the hedge and safe haven property of USD and gold against stocks, and then construct a time-varying optimally weighted portfolio comprised of these three assets, will we obtain higher returns and lower risk? In our study, we investigate the hedging role and portfolio design among stocks, exchange rates, and gold in Asian emerging markets for the period from 4 January 2000 to 30 November 2016. Using the trivariate AR-DCC-FIAPARCH and quantile regression models, our results suggest that the hedging role of the USD and gold against stocks differs under regular and extreme market conditions. Moreover, we find that adding the USD and gold to portfolios improves their hedging effectiveness and that time-varying optimally weighted portfolios offer risk-return advantages. These findings have several important implications for portfolio risk managers and international investors.

The Volatility Information Implied in the Term Structure of VIX

Yaw-Huei Wang
National Taiwan University, Taiwan

This study examines whether the volatility information implied in the term structure of VIX can improve the prediction of realized volatility. We first propose several approaches to compile maturity independent proxies of volatility from the VIX term structure and then investigate the information content of these proxies for future realized volatility. The empirical results on the S&P 500 index show that in terms of both in-sample estimation and out-of-sample forecasting, the proxies representing the information on the VIX term structure are more informative than the single VIX with a particular time to maturity. Our empirical results are robust to alternative model specifications and various forms of volatility.

Who is a recipient or transmitter in the CDS markets

Sanghoon Kang and Seong-Min Yoon
Pusan National University/ Department of Business Administration, South Korea

We examine return and volatility spillover of credit risk across nine emerging sovereign credit default swap (CDS) markets using the spillover index model of Diebold and Yilmaz. Using weekly data from 2005 to 2016, we measure spillover index of sovereign default risk in nine CDS markets and find strong contagion effects among these CDS markets. In addition, we also find the pairwise directional spillover across these CDS markets. The net pairwise directional spillover identifies that China, Indonesia, Korea, Malaysia and Philippines are identified as the net transmitter, while remaining other markets (including Brazil, Russia, S.Africa and Thailand) are net receivers of spillovers. Therefore, our findings shed a new light on understanding the channels of risk transmission, which can be a useful to determine superior investment decisions and to create trading strategies for portfolio investors.

Societal Responsibility of the Foreign Direct Investment Companies in the Arabian Legislations (Comparative Study)

Walaa- Eldeen Mohamed Ahmed Ibrahim
Zayed university/ UAE

Abstract: Societal Corporate responsibility is a new term in Arabian region, it appeared once globalization arises in the region and the private sector began to lead the economic development and the public sector felt back, therefore the importance of SCR increased particularly after direct investment flowed in the region. The study concern by clarifies the interaction between both dimensions the FDI companies and the societal corporate responsibility.
Introduction: Society is the corner element in the formation of any country; it means a group of people live together on a land. They interact between each other and develop social relations organized in groups, tribes, communities. In the same time, this entity (society) interacts with territory, specifically its environment, whether it may be a Desert, Coastal, Agriculture … or elsewhere. This whole interaction develops a unique cultural frame work, represents the social identity of the society and its members. It clarifies their traditions, customs, Religion, economic activities… and determines their own life style. Societies struggle for its sustainability, in the light of its culture, it develop policies in different fields and activities internally and externally. These policies may vary from society to another but the final goal is same. Foreign direct investment is one of the main policies that most countries, developing or developed, rely on it. Both of them are seeking for the best ways to attract and encourage it's access to develop and flourish it's economies. They compete and scramble to fish foreign investors, in order to invest in their societies. Each country endeavor in constructing a well infrastructure, give more incentives; by granting a grace period free from taxes,

transferring profits to their home countries…etc. Herein the problem research arises, in this previous scope, what is the benefit of society from this opening of its market to the foreign direct investment, and is there a way to enforce and oblige the later to benefice the society and its members? Corporate social responsibility concept looms to be the way for the answer. Questions: 1- What is the meaning of foreign direct investment and its benefits? 2- What are the forms of foreign direct investment companies? 3- What is the meaning of foreign corporate social responsibility? 4- What are the nature of foreign corporate social responsibility in Arab legislations?

Reflection of Greek reality concerning taxation from the point of view of both tax payers and tax officials

Dimitris Paschaloudis
Technological Educational Institute of Central Macedonia, Greece

One of the biggest social and financial problems faced by Greek society is the illegal tax evasion. This research intends to capture Greek reality concerning fiscal measures both tax payers and tax officials wise. An effort will be made to a) define tax payers point of view, concerning the existence of tax evasion, b) to highlight the main reasons, according to the opinion of both tax payers and tax officials, that lead to tax evasion, c) to define the opinion of tax officials relatively to the necessity of taking extra measures and d) to propose alternative ways based on the tax officials experience. The results of the research revealed that a) according to the opinion of tax officials, the main reason that leads to tax evasion is the political system of the country b) most citizens believe in the necessity o seizure accounts c) the majority of the sample believes that tax payers do not pay due to financial weakness.

***Earnings quality and the cost of debt: evidence from the Tunisian stock market**

Asma Houcine
Emirates College of Technology, Abu Dhabi, UAE

This study examines the effect of reporting negative earnings on the cost of debt, for a sample of Tunisian firms from 2002 to 2015. Negative net income is seen as a low earnings quality, thus the change from positive to negative earnings represents a decrease in earnings quality and an increase in the firm's information risk. Firms that report negative earnings will support an increase in the information risk that has the expected effect on the lender's decisions by increasing the borrower‘s cost of debt. The results obtained confirm the research hypothesis formulated, showing that firms that observe a change from positive to negative earnings in the two years following the report of a negative net income, support an increase in the cost of debt. The findings of this study can be of interest for academics and banks, by providing evidence about the consequences of negative earnings on the cost of debt which in turn could be an explanation for earnings management practices intended to avoid losses.

Waqf Halal Tourism: Indonesia Inequality Earnings Solutions

Fatturroyhan
University of Darussalam Gontor

Late last February talks about economic imbalances in Indonesia re-emerged. This time the Oxfam report stated that the wealth of the 4 richest people in Indonesia is equivalent to the wealth of the 100 million poorest people in Indonesia becoming the mastermind. In fact, inequality is not a new issue of the country in this country. The government has tried hard to overcome it, either through financial inclusion, People's Business Credit or Village Fund. However, this republic is too low to depend only on its government. A mechanism that can involve the hands of every citizen, who is moved to change this condition, is an urgent need. This study purpose to Apply a fintech tourism waqf mechanism to address Inequality of Indonesian Income in the digital era. This research used a descriptive research with qualitative approach. The type of data used in this study is secondary data. Data collection technique in this research by using study of library and documentary. The results of this study provide an proposing waqf financing mechanism directed to finance of tourism Indonesia activities in the form of an online fintech platform called Waqf Halal Tourism. In practice, Waqf Halal Tourism fintech functions like an intermediate linking the owner of the waqif with the mauquf ala'ih through the crowdfunding mechanism.

*Volatility spillover and hedging strategies between Islamic and conventional stocks in the presence of asymmetry and long memory

Imen Khanchel El Mehdi
ESC Tunis

In this paper we study the dynamic relationship between Islamic and conventional stock markets. We use six Dow Jones Islamic indices and their conventional counterparts. We adopt both univariate and multivariate GARCH type models for the period 2000–2014. The findings show that the DCC-FIAPARCH is the best to model conditional heteroskedsticity among three multivariate GARCH specifications. The results point to strong evidence of asymmetry and long memory in the conditional variances of all the series. In addition, it is more profitable to hold DJUSI and DJEMGI Islamic indices than their conventional counterparts in the portfolio. Finally, a diversified portfolio consisting of Islamic and conventional indices increases the risk-adjusted performance of the resulting portfolio. The results provide crucial implications for investors' portfolio choices during the phases of the subprime crisis.

The impact of multiple minimum tick reductions on market liquidity: Evidence from the Singapore Exchange

Qin Zhang
Macquarie University, Australia

This paper examines how multiple reductions in the minimum tick size affects market quality over time. In particular, this study utilize the 2 minimum tick reductions that Singapore Exchange has implemented in 2007 and 2011 and analyse if minimum tick sizes that are too narrow reduce market participation. Using traditional proxies like bid-ask spreads, depth and trading volume, this study considers the continuous long term impact on market liquidity from tick reductions.

***Information Leakage on Analyst Recommendations: Does it Exists?**

Jeff Wong
Macquarie University, Australia

Using a proprietary data set containing brokers ID, this study examines trading activities of the recommending broker before and after the release of their analyst reports to monitor if information leakage exists. Results show that information leakage occurs but predominantly in mid and smaller capitalization stocks that have less analyst coverage and trades. There is a direct relationship between levels of recommendation changes and volume (i.e. stronger upgrades/downgrades increase volume more). It is possible that analyst reports provide new information to the market in these stocks. Price impact asymmetry is also observed after analyst recommendation upgrades and downgrades, implying higher execution costs in accordance with the recommendations released. Anonymity in broker ID produce lower market impact costs for the recommending financial institutions.

SOCIAL MEDIA POLICIES OF ORGANIZATIONS

Lale Dundar
Baskent University, Turkey

Social media has become one of the most important tools for organizations in their communication strategies. Although social media platforms can be essential communication tools for effectively managing a crisis, they can also make a crisis worse than ever if they are not used strategically. In order to identify potential crises, and manage them effectively to minimize the damage to brands; most of the organizations are crafting social media policies that limit what employees can say in online platforms. While the organizations are creating and implementing social media regulations for their employees, these practices create international debates in terms of human rights and the free speech right of employees. This study focuses on the latest examples of social media policies of well-known institutions and asks the questions: “where to draw the line between free speech and accountability”, “Is there a way to both protect the image of the organization and not restrict the employees right of free speech?”

E-session

European citizenship as a unifying factor

ULVIN VEIZAJ
ISMAIL QEMALI UNIVERSITY OF VLORA

The attribution of European citizenship has resulted from a process of expanding the field of beneficiaries from the right of free movement and residence in the territory of the Member States. This preceded the process of determining and enriching the status of European citizens, and making it the fundamental status of citizens of the Member States and the basis for a more direct relationship with the European Union. European citizenship presumes, of course, that a citizen of a Member State has a citizenship, but with the acquisition of European citizenship it is subject to subordination to the community domains. In this way, it is more important to claim that the status of a European citizen is destined to become the fundamental status of the citizens of the Member States because of the fact that it provides the position of European citizens to their state even in cases that appear to fall within the competence exclusive of this state. The notion of European citizenship as a legal concept has long been linked to how the European Court of Justice has interpreted the provisions of the Treaties governing freedom of movement and non-discrimination of persons. Also, this evolution is linked to the pretext of this Court to expand the categories of persons protected by community norms, including in these even individuals beyond the traditional groups protected by the Treaties. With the Maastricht Treaty, such a status becomes a legal concept.

IFRS adoption – The progress of implementation process in Albania

Elda Hoxhaj
University of Tirana, Faculty of Economy

IFRS standards developed as an indispensable need to enhance the public confidence and accountability in an era when markets and financial transactions were increasingly overpassing the borders. With the mission to bring uniformity, transparency and effectiveness, these global standards are more and more worldwide required. This paper aims to highlight the importance of International Financial Reporting Standards (IFRSs) providing a follow-up analysis of adopting IFRS dynamics globally and in particular way for the adoption process in Albania. It summarizes the main findings and limitations of the harmonization process and identifies possible improvements in regard.

LEASING TAX ADVANTAGES, HOW WELL DOES ALBANIAN LAW RECOGNIZE AND ENCOURAGE THE USE OF FINANCIAL LEASING AGREEMENT?

Uarda Roshi
University of Tirana

The tax advantage of financial leasing transaction embody one of the essential reason for business and privates often preferring leasing instead of a conventional loan for financing asset acquisition. It is not surprising that the volumes of financial leasing agreement has grown steadily over the last decades, and especially in the developing countries. Meanwhile we cannot say the same thing for Albania where although its potentials are high, its growing rate are very low. In this article we aim to analyze the Albanian legal framework, the practical aspects of this effective financial techniques, by simply answering the question: How well does Albanian law recognize and encourage the use of financial leasing both nationally and internationally? A special attention is devoted also to the fiscal treatment of financial leasing contract. This study analysis the current situation, and future trends and developments of the leasing market in Albania
Key word: tax, financial leasing, contract, leasing market.