



The International Journal of Applied Economics & Finance

ISSN 1991-0886

science
alert

ANSI*net*
an open access publisher
<http://ansinet.com>

Statutory Regulations and Companies' Capital Structure: EU Based Empirical Study

Aaro Hazak

This study presents an empirical analysis of the impact of statutory minimum share capital and equity requirements, dividend restrictions and thin capitalization rules on companies' capital structure. The study is based on the information available from the Amadeus database in respect of a sample of companies of the EU countries. The results of the study give support to the hypothesis that companies operating in the conditions of statutory maximum dividend restrictions tend to have a lower demand for debt. The existence of thin capitalisation rules appears to decrease companies' debt utilization. Requirements concerning minimum share capital and equity levels do not seem to have a significant impact on companies' capital structure. Further econometric analysis of the above issues with the incorporation of various micro and macro level control variables would be needed to substantiate these preliminary results. (*The International Journal of Applied Economics and Finance* 3 (1): 1-11, 2009; doi: 10.3923/ajar.2009.1.11)

Valuing Ecotourism and Conservation Benefits in Marine Parks: The Case of Redang Island, Malaysia

M.R. Yacob, A. Radam and S.B. Rawi

The purpose of this study is to estimate the visitors preferences of ecotourism attributes in Redang Island Marine Park. This study employs the Choice Experiments (CE), the Conditional Logit (CL) to investigate the visitors' preferences of the ecotourism attributes. The personal interview has been made with a total of 298 representative respondents. The respondents has been asked to select the best among the alternatives of ecotourism attributes. The ecotourism attributes which have been investigated are ecological management, recreational activity congestion, provision of employment opportunity to local people and conservation charge. Results of the study found that the visitors preferred the highest changed in ecological management attribute levels compared to recreational activity congestion and provision to local employment attributes levels. Results of this study are very important in assists policy maker in management and development plan for ecotourism in marine parks. (*The International Journal of Applied Economics and Finance* 3 (1): 12-21, 2009; doi: 10.3923/ajar.2009.12.21)

Eliminating Health Disparities Call to Action in Iran

Hamid Sepehrdoust

The main objective of the present study is to find out healthcare disparities in different states of Iran with reference to the relevant public health indicators and also extract those principal factors which are responsible for unequal distribution of healthcare facilities in Iran. Statistical analyses have been applied to the data collected for the year 2006, in order to find out ranking positions of the states and their comparative developmental status with respect to the degree of accessibility to the health care indicators. Factor analysis is applied as a structure detection method with the goal of discovering that how many different factors are needed to explain the pattern of relationships among the variables including both component analysis and common factor analysis. The analysis presented in the study concludes that four components i.e., child mortality rate, number of rural public health centers, number of rehabilitation centers and number of para-physicians, could describe nearly about 76% of total variance explained for regional disparities and thereby any considerable policy action implemented by the government effectively changes the environment of health and health care facilities distribution among the states specially deprived regions in Iran. (*The International Journal of Applied Economics and Finance* 3 (2): 22-34, 2009; doi: 10.3923/ajar.2009.22.34)

Capital Adequacy, Cost Income Ratio and the Performance of Commercial Banks: The Kenyan Scenario

D.M. Mathuva

This study provides evidence that supports the Central Bank of Kenya's move to gradually raise bank capital levels by 2012 and to tightly monitor the operations of banks so as to ensure that Kenyan banks are more efficient in their operations while at the same time being profitable. With the present global credit crunch, capital adequacy and the cost-income ratio being critical for banks, the present study examines the relationship between these variables and profitability. Using the return on assets and the return on equity as proxies for bank profitability for the period 1998 to 2007, the study finds that bank profitability is positively related to the core capital ratio and the tier 1 risk-based capital ratio. This implies that an increase in capital may raise expected earnings by reducing the expected costs of financial distress, including bankruptcy. The study also establishes that there exists negative relationship between the equity capital ratio and profitability. The study

also finds out that Kenyan banks are not competitive enough globally in terms of their efficiency as measured by the Cost-Income Ratio (CIR). The study reveals that the CIR is inversely related to both bank profitability measures. The study also reveals that the CIRs of Kenyan banks are higher than those of developed countries. This means that Kenyan banks should strive to keep their CIR to a minimum level, if possible below the 50% threshold for them to be more efficient so as to be globally competitive. (*The International Journal of Applied Economics and Finance* 3 (2): 35-47, 2009; **doi:** 10.3923/ajar.2009.35.47)

Behavioural Patterns in German and Spanish Equity Funds: A Comparative Study

Luis Ferruz, José L. Sarto and Laura Andreu

This study tries to detect certain differences in the German and Spanish investment fund markets during the period 1995-2004. Specifically, the study compares the trends detected in both industries in two interesting financial topics such as performance persistence and the analysis of the impact of past returns on new money flows by using contingency table methodology. Present results provide evidence of higher performance persistence in the Spanish market, indicating that this market is less developed than German industry and its returns are more dependent. In trend reversal periods, negative persistence is found, probably because of its youth. In contrast, the relationship between past returns and new money flows is stronger in German funds in spite of the fact that the persistence phenomenon is weaker. (*The International Journal of Applied Economics and Finance* 2 (1): 1-12, 2008; **doi:** 10.3923/ajar.2008.1.12)

The Impact of Tourism on Economic Performance: The Case of Turkey

Muhittin Kaplan and Tuncay Çelik

This study examines the relationship between tourism expansion and economic performance in Turkey over the period of 1963-2006. Empirical analysis carried out employing the VAR procedure indicates the presence of one cointegrating vector among real output, real tourism receipts and real effective exchange rate and tourism has a long-run effect on output. In addition, test results show the presence of one-directional causality indicating that tourism and exchange rate causes output. (*The International Journal of Applied Economics and Finance* 2 (1): 13-18, 2008; **doi:** 10.3923/ajar.2008.1.12)

Rates of Return on Investment in Common Stocks in Nigeria

P.O. Eriki and Igbinomwanhia Osaro Rawlings

The purpose of this study is to examine equity investors' rate of return on common stocks in Nigeria. Data were obtained for ten years from the twenty most capitalised firms in the capital market. We found that the rates of return in common stock in the form of dividend for the firms studied varies significantly. For the entire market, we found that the rate of return on common stock as dividend was 4.323%. The dividend payout ratio for the market was 57.546%. On the relationship between Fixed Assets and dividend per share, it is not ascertain whether or not fixed assets significantly determine dividend per share, because results from the empirical analysis showed that while for ten companies, fixed assets tend to determine dividend per share, results for the other ten showed otherwise. (*The International Journal of Applied Economics and Finance* 2 (1): 19-27, 2008; **doi**: 10.3923/ajar.2008.19.27)

Rates of Return on Investment in Common Stocks in Nigeria

P.O. Eriki and Igbinomwanhia Osaro Rawlings

The purpose of this study is to examine equity investors' rate of return on common stocks in Nigeria. Data were obtained for ten years from the twenty most capitalised firms in the capital market. We found that the rates of return in common stock in the form of dividend for the firms studied varies significantly. For the entire market, we found that the rate of return on common stock as dividend was 4.323%. The dividend payout ratio for the market was 57.546%. On the relationship between Fixed Assets and dividend per share, it is not ascertain whether or not fixed assets significantly determine dividend per share, because results from the empirical analysis showed that while for ten companies, fixed assets tend to determine dividend per share, results for the other ten showed otherwise. (*The International Journal of Applied Economics and Finance* 2 (1): 19-27, 2008; **doi**: 10.3923/ajar.2008.19.27)

Wage Earnings of Chinese Immigrants: A Semi-Parametric Analysis

Alan T.K. Wan

This research analyzes the wage distributions of mainland Chinese immigrants in Hong Kong using a semi-parametric method that estimates the distributions of

wages that would prevail if the immigrants were paid according to the local wage schedule. The semi-parametric scheme adopted is based on a simple re-weighting of the distribution of wages of the natives. Present results reveal that medium-waged Chinese immigrants are disproportionately likely to experience labour market discrimination. Newer immigrants also appear to face more obstacles in achieving higher salaries than old immigrants. (*The International Journal of Applied Economics and Finance* 2 (1): 28-35, 2008; doi: 10.3923/ajar.2008.28.35)

Rural Migrants' Job Preference in Urban Iran and its Determinantes

M.A. Molaei, A.S. Santhapparaj and C.A. Malarvizhi

This study aims to investigate factors which are determining to get job in urban formal sector by a migrant from rural areas. The study is based on data collected from 400 sample migrants in urban Iran. The results revealed that human characteristics such as age has negative impact, indicates that the odds of getting job in formal sector declines significantly with increasing age and both secondary and degree education also influence on getting job in formal sector significantly. Whereas urban based contacts of the migrants do have significant impact on getting job in formal sector. It indicates that the personal skill and formal education play a significant role in job determination of the migrants. (*The International Journal of Applied Economics and Finance* 2 (1): 36-43, 2008; doi: 10.3923/ajar.2008.36.43)

The Effect of Working Capital Management on Firm Profitability: Evidence from Turkey

F. Şamiloğlu and K. Demirgünes

The aim of this study is to analyze the effect of working capital management on firm profitability. In accordance with this aim, to consider statistically significant relationships between firm profitability and the components of cash conversion cycle at length, a sample consisting of Istanbul Stock Exchange (ISE) listed manufacturing firms for the period of 1998-2007 has been analysed under a multiple regression model. Empirical findings of the study show that accounts receivables period, inventory period and leverage affect firm profitability negatively; while growth (in sales) affects firm profitability positively. (*The International Journal of Applied Economics and Finance* 2 (1): 44-50, 2008; doi: 10.3923/ajar.2008.44.50)

An Evaluation Study on the Turkish Manufacturing Enterprises Applying Target Costing

M. Kocsoy, K. Gurdal and M.E. Karabayir

The purpose of this study is to determine whether target costing is used by the Turkish manufacturing companies and whether those companies using the technique apply the principles of the target costing application process in their customer expectation, profit margin, cost and price determination, cost reduction and management operations. The empirical study conducted in this study about target costing is a descriptive research covering the years 2007 and 2008. The companies within this study are selected from the top 500 manufacturing companies listed in ISO (Istanbul Chamber of Commerce) 2006 index. The aim of the study is to reveal the basic differences between those companies which apply target costing, in terms of application level and to analyze applicability of the technique. (*The International Journal of Applied Economics and Finance* 2 (2): 51-69, 2008; doi: 10.3923/ajar.2008.51.69)

Political Contributions for Trade Policy and National Public Finance

Katsuzo Yamamoto

This study explores the relation between economic openness and government spending through a political contribution approach. This conclusion is that there exists a positive correlation between the degree of trade liberalization in organized industries and the government size, whereas a negative correlation in unorganized industries. In addition, we show that it is more difficult for the countries where a large part of industries are organized to carry out trade liberalization, as the share of national income accruing to the organized sectors decreases. (*The International Journal of Applied Economics and Finance* 2 (2): 70-83, 2008; doi: 10.3923/ajar.2008.70.83)

Managing Behind the Scenes: Employee Empowerment

H. Ongori and J.P.W. Shunda

The main objective of this study was to find out the strategies for success of employee empowerment in organisation to reduce employee turnover. In addition, the study focuses on benefits and criticism of employee empowerment in organisations. Nowadays empowerment has occupied a central point in many

organisations in the 21st century. In this era of globalization, there is need for employee's empowerment in order to enable the organisation to respond quickly to any changes in macro-environment. The methodology adopted in this study is quantitative approach, whereby a convenience sample of one hundred employees was selected for the study. The data was analyzed by using descriptive statistics. This study will contribute greatly to existing literature specifically in inspiring managers to develop appropriate strategies to nurture employee empowerment in organisations. The outcome from the findings shows that employee empowerment is essential to assist organisations to respond quickly to any environmental changes and reduce employee turnover. (*The International Journal of Applied Economics and Finance* 2 (2): 84-94, 2008; **doi:** 10.3923/ajar.2008.84.94)