Academic International Conference on Business, Marketing and Management
AICBMM 2016 (Oxford) Conference Proceedings
14th-16th November 2016

General Editor: Dr. Ramandeep Kaur Chhina

Associate Editor(s): Prof. Dr. Abdul Ghafur Hamid, Dr Avnita Lakhani, Dr Monika WIECZOREK-KOSMALA, Dr. Indianna Minto-Coy, Dr. Nitin Upadhyay, Dr. Poomintr Sooksripaisarnkit, Dr. Rajesh Sharma, Dr. Zhixiong Liao, Dr. Zinatul Zainol, Ms. Florence Simbiri-Jaoko, Ms. Mercy Khaute, Prof. Tshepo Herbert Mongalo, Dr. Joanna Błach, Miss. Kate Masih

Copyright © 2016 FLE Learning Ltd  All rights reserved. No part of this publication may be reproduced or transmitted in any form, or by any means, or stored in any retrieval system of any nature without the prior permission of the publishers.

Permitted fair dealing under the Copyright, Designs and Patents Act 1988, or in accordance with the terms of a licence issued by the Copyright Licensing Agency in respect of photocopying and/or reprographic reproduction is excepted.

Any application for permission for other use of copyright material including permission to reproduce extracts in other published works must be made to the publishers and in the event of such permission being granted full acknowledgement of author, publisher and source must be given.

Disclaimer
Whilst every effort has been made to ensure that the information contained in this publication is correct, neither the editors and contributors nor FLE Learning accept any responsibility for any errors or omissions, quality, accuracy and currency of the information, nor any consequences that may result. FLE Learning takes no responsibility for the accuracy of URLs of external websites given in this publication nor for the accuracy or relevance of their content. The opinions, advices and information contained in this publication do not necessarily reflect the views or policies of the FLE Learning.

Format for citing papers

AICBMM © 2016 FLE Learning Ltd
ISBN: 978-1-911185-18-5 (Online)
These proceedings have been published by the FLE Learning Ltd trading as FLE Learning.
T: 0044 131 463 7007  F: 0044 131 608 0239  E: submit@flelearning.co.uk  W: www.flelearning.co.uk
TABEL OF CONTENTS

A STUDY OF EXTREME VALUES FOR RICE CROP INSURANCE IN THAILAND USING THE AREA-YIELD INDEX APPROACH ............................................................................................................. 6
Dr. Krittiya Duangmanee and Martine Van Wouwe² .................................................................................................................. 6

MAXIMIZING CUSTOMER SATISFACTION IN THE CONTEXT OF GLOBAL THINKING ... 19
Dr. Ma. Pagasa Nanette Rotairo AND Vera Niel Lizardo .................................................................................................... 19

INSIDER TRADING: A LOOK AT THE THAI STOCK MARKET ................................................................. 27
Dr. Duangporn Arbhasil .................................................................................................................................................. 27

CORPORATE EARNINGS AND DIVIDENDS SMOOTHING IN AN ERA OF UNCLAIMED DIVIDENDS IN NIGERIA: A PANEL DATA ANALYSIS .................................................................................. 38
Prof. Apedza Emmanuel Kighir, JOSEPH SAMUEL and MAMMAN SALISU ......................................................... 38

MICROBREWRIES BOOM: CAUSE OR EFFECT OF CUSTOMERS’ REQUIREMENTS CHANGE ........................................................................................................................ 49
Mr. Stanislav Tripes .................................................................................................................................................. 49

THE FUTURE OF GDSS SUPPORTED MEETINGS: PERCEIVING THE VALUE AND THE NEED FOR COMPETITIVE STRATEGIES ............................................................................................................. 49
Dr. Amer Al shishany .................................................................................................................................................. 49

CORPORATE GOVERNANCE, TAX IMPUTATION SYSTEM AND DIVIDEND REINVESTMENT PLANS : EVIDENCE FROM AUSTRALIA .................................................................................. 50
Mr. Hussein Abedi Shamsabadi .................................................................................................................................................. 50

THE INFLUENCE OF INFORMATION PRIVACY ON B2C E-COMMERCE ON CLIENTS BEHAVIOUR IN SAUDI ARABIA .......................................................................................................................... 50
Dr. Haya Alshehri .................................................................................................................................................. 50

RAPID UPSWING OF PATANJALI AYURVED. ................................................................................................. 51
Ms. Riddhi Shah .................................................................................................................................................. 51
TESTING THE RANDOM WALK AND EFFICIENCY OF THE SAUDI STOCK MARKET (SSM) ........................................................................................................................................................................... 51
Mr. Yazeed Bin Ateeq ........................................................................................................................................................................................................ 51

CONSUMER’S ATTITUDE AND BEHAVIOUR TO FRUIT CONSUMPTION IN OWERRI MUNICIPAL, IMO STATE, NIGERIA ............................................................................................................................................................................... 52
Dr. Nneka Chidiebere-Mark ........................................................................................................................................................................................................ 52

BUSINESS ETHICS IN SAUDI LISTED BANKS ........................................................................................................................................................................... 53
Dr. Ibraheem Alshekmubarak .................................................................................................................................................................................................... 53

MIGRATION OF MILLENIALS FROM FACEBOOK TO OTHER SOCIAL NETWORKS: NEW ADVERTISING STRATEGIES IN DIGITAL MEDIA ........................................................................................................................................................................... 53
Mrs. Ximena Ferro ........................................................................................................................................................................................................... 53

COULD M&A STRATEGY LEAD TO INTEGRATION SUCCESS IN CROSS-BORDER M&AS? THE ROLE OF THE PRE-M&A PERFORMANCES ........................................................................................................................................................................... 53
Dr. Ziva Rozen-Bakher ........................................................................................................................................................................................................... 53

THE INFORMATION CONTENT OF CASH FLOWS COMPONENTS AND ACCOUNTING EARNINGS FOR EXPLAINING STOCK MARKET ACTIVITY: EMPIRICAL EVIDENCE FROM THE BANKING SECTOR IN EGYPT ........................................................................................................................................................................... 54
Dr. Osama Abouelela ........................................................................................................................................................................................................... 54

‘LINKING DESTINATION BRAND PERSONALITY, SELF CONGRUITY AND TOURISM BEHAVIOR: SPA RESORT CASE’ ........................................................................................................................................................................... 54
Dr. Rimante Hopeniene ........................................................................................................................................................................................................... 54

THE IMPACT OF SOCIAL MEDIA MARKETING ON CONSUMERS OF LUXURIOUS CAR MARKET IN INDIA’ ........................................................................................................................................................................... 55
Mr. Mishank Hassanandani ........................................................................................................................................................................................................... 55

DEVELOPMENT OF CSR STRUCTURE: WHAT IS IMPORTANT TO CONSUMERS? ........................................................................................................................................................................... 56
Dr. Agnė Gadeikienė ........................................................................................................................................................................................................... 56
AN ANALYTICAL STUDY ON SOCIO DEMOGRAPHIC VARIABLES AFFECTING THE INVESTMENT PREFERENCES TOWARDS VARIOUS INVESTMENT AVENUES: WITH SPECIAL REFERENCE TO DEHRADUN CITY, INDIA.............................................................57

Ms. Anugrah Rohini Lall ........................................................................................................................................57

COMMUNICATION- A TOOL TO REDUCE DEPRESSION, ANXIETY AND ALIENATION AMONG THE ADOLESCENTS........................................................................................................57

Dr. Kiran Mamgain ........................................................................................................................................... 57

ROLE OF COMMERCIAL TELEVISION CHANNELS IN REVIVING TRADITIONAL SPORTS VIEWERSHIP, WITH REFERENCE TO KABADDI AND HOCKEY IN INDIA........................................58

Ms. Upasana Purohit ......................................................................................................................................... 58

TODAY’S SUPERCONSUMER: BRAND INFIDELITY................................................................. 58

Mrs. Ximena Ferro .............................................................................................................................................. 58
A STUDY OF EXTREME VALUES FOR RICE CROP INSURANCE IN THAILAND USING THE AREA-YIELD INDEX APPROACH

DR. KRITTIYA DUANGMANEE¹ AND MARTINE VAN WOUWE²

ABSTRACT

As is well known, rice forms an integral part of Thais' staple diet. Besides, Thailand is the country with the fifth largest harvested area of rice in the world, yet - due to various factors, including the occurrence of natural disasters - its yields are lower than a number of nations whose crop area is considerably smaller. This paper, highlighting risk mitigation, addresses area-yield index insurance, a relatively new crop-insurance type there. Six northeastern provinces are analysed for 1995-2011. This study and previous investigations clearly show climate factors including rainfall and rainy days affect rice yields. Further examining extreme values emerging here and calculating anticipated premium rates reveal five outliers for one province. Consequently, premium rates are established with and without extreme values: a highly satisfactory outcome, especially for the five remaining provinces, indicating this premium-calculation approach's robustness since the outliers do not overly influence the results without outliers.

Key Words: Area-Yield Approach, Crop Insurance, Extreme Values, Premium Rates, Thailand

INTRODUCTION

The fifth strategy that is laid down in Thailand's 11th National Economic and Social Development Plan 2012–2016 is the "Strategy to Strengthen Food and Energy Security and the Agricultural Sector" (Office of the National Economic and Social Development Board (NESDB), 2012). This plan highlights the key role of the agricultural sector in improving the production base and securing the domestic food supply, and also the income it has provided for agricultural households, the sector's promotion of value creation for goods and services, and its contribution to the generation of renewable energy. One of the means put forward to achieve the objectives of, first, empowering the agricultural sector and, second, enhancing the quality of life, job security and income of those working in it is crop insurance. The number of farmers who use the crop-insurance system, which provides them with wide-ranging assistance, is an indicator of the success of this plan.

It is common knowledge that rice forms part of Thais' staple diet. On top of this, Thailand was among the world's top five countries for harvested area of rice in 2013, with 12,373,163 ha (Food and Agriculture Organization of the United Nations (FAO), 2013), yet its yields are lower than those of a number of nations whose crop area is considerably smaller. This is due to several factors, including the occurrence of natural disasters, the number of which appears to have been rising year by year, substantially affecting the situation of Thai farmers.

According to Liese and others (2014), the Northeast is the region of Thailand with the highest level of rice production (having a share of 49.1% of the nationwide total), outstripping the country's three other main regions: the North, the Centre and the South. However, Duangmanee (2015) found that the estimated yields for the six provinces studied in that region differed from one province to the next, and suggested that another factor distinguishing Loei from all the other provinces was its geography (e.g. its mountainous landscape combined with water from the Mekong, the area's main river), thereby resulting in a substantial difference in yield between these provinces despite them belonging to the same region.

1 Dr. Krittiya Duangmanee, Lecturer, Prince of Songkla University.
This study discusses in more detail the area-based approach examined by Duangmanee (2015). This approach was first put forward by Halcrow (1949), and was adopted and further developed by Miranda (1991). Duangmanee (2015) reveals that climate-related factors such as rainfall and rainy days have an influence on rice yields in the six provinces investigated in the northeastern part of Thailand and identifies various extreme yield values. An in-depth investigation of the outliers will be presented in this paper as well as the results for the corresponding anticipated premium rates for crop insurance. Finally, a comparison between the premiums estimated with outliers and without outliers will show the robustness of the application of the considered method for the Thai crop insurance market.

THAI CROP RICE DATA ANALYSIS

This paper describes further research on the wide range of issues broached in a previous work by one of the authors, Duangmanee (2015). The research is conducted on the basis of historical data covering the years 1995-2011 for crop rice from six provinces in the northeast of Thailand: Loei, Nakhonphanom, Nongbualamphu, Nongkhai, Sakonnakhon and Udonthani (Office of Agricultural Economics (OAE), 2012). The statistical programming language R will form a constant thread running through this study.

The outliers in question will be addressed with a view to investigating the influence on premium rates. Second, linear regression analysis (Kutner, Nachtsheim, Neter and Li, 2005) will be applied to estimate the forecasted area yield for each province based on the significant variables, namely Rainfall and Rainy_Days. Lastly, the premium rates for this area will be established, and the results compared with the results obtained by Duangmanee (2015).

In a bid to devise suitable anticipated premium rates for particular areas affected by area-yield crop policies for major rice, the method applied in Duangmanee (2015) and proposed by Skees, Black and Barnett (1997) will be adopted. The coverage levels applied are 80%, 85%, 90% and 95%, and the protection levels are set at 100% and 150%. In addition, the set premium rates could be regarded as the indemnity rates (in other words, the payments that will be made to farmers or policyholders if losses occur).

The next section sets out the results of the study: the extreme values for the harvested yield, the premium rates based on the regression model containing Rainfall and Rainy_Days (Duangmanee, 2015), and the premium rates based on the regression model containing Rainfall (Duangmanee, 2015) for these provinces.

DETECTING AND SMOOTHING EXTREME VALUES

Detecting outliers

The boxplot analysis (based on Chase and Bown, 2000; Larson and Farber, 2000; Sheskin, 2004; Hair, Black, Babin and Anderson 2010; Tukey, 1977 in Dawson, 2011; and Moore, McCabe, Craig and Passer, 2014) shows the important features, or the distribution, of the data set. In this analysis, using a boxplot of the dependent variable Harvested_Yield, five values with irregular distances from the others emerge, i.e. 26,626 hg/ha, 28,902 hg/ha, 27,871 hg/ha, 33,527 hg/ha and 25,458 hg/ha (see Figure 1). These values can be divided into two groups: outliers and suspected outliers, and thus four suspected outliers and one dominant outlier are presented here. Particular attention needs to be paid to the latter group (33,527 hg/ha), which will be mentioned again later. Figure 1 shows the boxplot for Harvested_Yield as outlined in Appendix 1.
We notice that all five of the anomalous values relate to the province of Loei. In light of this conspicuous finding, the second stage involves grouping the six provinces in this area, after which linear regression analysis with smoothed outliers will be performed. The linear regression analysis and the premium rates for this area will be presented in the following sections.

Moreover, given the status of rainfall and number of days when rain fell in a year as the main dependent variables, we will look at bagplots (or bivariate boxplots) ranging, first, Rainfall against Harvested Yield (Figure 2) and, second, Rainy_Days against Harvested Yield (Figure 3). The bag in these plots features half of their observations and there is a fence that separates the inliers from the outliers, along with a loop comprising observations that do not fall within the bag but are encompassed by the fence (Rousseeuw, Ruts and Tukey, 1999). A Harvested_Yield of 19,559.084 hg/ha and a Rainfall of 1,571.478 ml form the centre point of the first bagplot. The eighth observation is an outlier at the top of the plot: Province: Loei; Year: 2002; Harvested_Area: 50,137 ha; Harvested_Yield: 33,527 hg/ha; Rainfall: 1,590 ml; Rainy_Days: 211 days; Min_Temp: 18 degrees Celsius; and Max_Temp: 36.1 degrees Celsius.

In the case of the second bagplot, the centre point of the bagplot turns out to be a Harvested_Yield of 19,505.155 hg/ha and a Rainy_Days value of 170 days. As in the previous plot, the eighth observation relates to an outlier that appears at the top of the plot.
Smoothing the outliers

As indicated earlier, applying boxplot analysis, five extreme values emerge with irregular distances from the others for the province of Loei, namely four suspected outliers and one dominant outlier. In addition, one outlier is observed using bagplot analysis. Apparently, this outlier which is found in all the relevant methods corresponds to the eighth observation: Province: Loei; Year: 2002; Harvested_Area: 50,137 ha; Harvested_Yield: 33,527 hg/ha; Rainfall: 1,590 ml; Rainy_Days: 211 days; Min_Temp: 18 degrees Celsius; and Max_Temp: 36.1 degrees Celsius. Consequently, the independent value (Harvested_Yield) for this observation is replaced by the value for the third quartile (that is, 21,137 hg/ha) and is subject to the rate-making process. The next section presents the expected premium rates for the selected coverage and protection levels.

**ESTIMATED PREMIUM RATES WITH SMOOTHED EXTREME VALUES**

**Estimated premium rates based on a model with Rainfall and Rainy_Days**

The linear regression analyses based on the two independent variables which were included in the model used in Duangmanee (2015), namely Rainfall and Rainy_Days, indicate that this model clearly generates an adjusted R-squared value of 0.5755 (see Appendix 2). The relevant equations (where Rainfall is denoted by $R$ and Rainy_Days by $RD$) are as follows:

\[
\begin{align*}
\text{Harvested}_\text{yield}_{\text{Loei}} &= 26,947.09 + 2.6R - 33.13RD \\
\text{Harvested}_\text{yield}_{\text{Nakhonphanom}} &= 20,028.88 + 2.6R - 33.13RD \\
\text{Harvested}_\text{yield}_{\text{Nongbualamphu}} &= 20,713.23 + 2.6R - 33.13RD \\
\text{Harvested}_\text{yield}_{\text{Nongkhai}} &= 19,919.72 + 2.6R - 33.13RD \\
\text{Harvested}_\text{yield}_{\text{Sakonnakhon}} &= 21,055.56 + 2.6R - 33.13RD \\
\text{Harvested}_\text{yield}_{\text{Udonthani}} &= 20,612.99 + 2.6R - 33.13RD
\end{align*}
\]

The anticipated premium rates at the different protection and coverage levels, as determined by means of linear regression analysis with Rainfall and Rainy_Days, are shown in Table 1. The details of the relevant premium rates, including their confidence intervals, are illustrated in Appendix 3 (with these only being shown for Loei).
Table 1: Estimated premium rates (based on 100 hg/ha) for the different protection and coverage levels by means of linear regression analysis with Rainfall and Rainy_Days

<table>
<thead>
<tr>
<th>Protection Level</th>
<th>Province</th>
<th>Coverage Level</th>
<th>80%</th>
<th>85%</th>
<th>90%</th>
<th>95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>Loei</td>
<td>100%</td>
<td>0.000</td>
<td>0.000</td>
<td>0.670</td>
<td>4.400</td>
</tr>
<tr>
<td>100%</td>
<td>Nakhonphanom</td>
<td>100%</td>
<td>0.000</td>
<td>0.000</td>
<td>0.170</td>
<td>1.840</td>
</tr>
<tr>
<td>100%</td>
<td>Nongbualamphu</td>
<td>100%</td>
<td>0.000</td>
<td>0.000</td>
<td>0.086</td>
<td>1.840</td>
</tr>
<tr>
<td>100%</td>
<td>Nongkhai</td>
<td>100%</td>
<td>0.000</td>
<td>0.000</td>
<td>0.055</td>
<td>1.210</td>
</tr>
<tr>
<td>100%</td>
<td>Sakonnakhon</td>
<td>100%</td>
<td>0.000</td>
<td>0.200</td>
<td>1.700</td>
<td>3.410</td>
</tr>
<tr>
<td>100%</td>
<td>Udonthani</td>
<td>100%</td>
<td>0.000</td>
<td>0.000</td>
<td>0.270</td>
<td>1.920</td>
</tr>
<tr>
<td>150%</td>
<td>Loei</td>
<td>150%</td>
<td>0.000</td>
<td>0.000</td>
<td>1.000</td>
<td>6.600</td>
</tr>
<tr>
<td>150%</td>
<td>Nakhonphanom</td>
<td>150%</td>
<td>0.000</td>
<td>0.000</td>
<td>0.260</td>
<td>2.760</td>
</tr>
<tr>
<td>150%</td>
<td>Nongbualamphu</td>
<td>150%</td>
<td>0.000</td>
<td>0.000</td>
<td>0.130</td>
<td>2.770</td>
</tr>
<tr>
<td>150%</td>
<td>Nongkhai</td>
<td>150%</td>
<td>0.000</td>
<td>0.000</td>
<td>0.082</td>
<td>1.820</td>
</tr>
<tr>
<td>150%</td>
<td>Sakonnakhon</td>
<td>150%</td>
<td>0.000</td>
<td>0.300</td>
<td>2.520</td>
<td>5.120</td>
</tr>
<tr>
<td>150%</td>
<td>Udonthani</td>
<td>150%</td>
<td>0.000</td>
<td>0.000</td>
<td>0.400</td>
<td>2.890</td>
</tr>
</tbody>
</table>

From Table 1 we can draw the conclusion that the highest premium rates are observed for Loei (4.4000 hg/ha and 6.6000 hg/ha at the protection levels of 100% and 150%, respectively), whereas the lowest premium rates are found for Nongkhai (0.0550 hg/ha and 0.0820 hg/ha at the protection levels of 100% and 150%, respectively, with a coverage level of 90%).

Among the results produced by this model in Duangmanee (2015) is the finding that the premium rates observed for Loei, Nakhonphanom, Nongbualamphu, Nongkhai, Sakonnakhon and Udonthani at the protection level of 100% with a coverage level of 95% are 6.2427 hg/ha, 1.7670 hg/ha, 1.8124 hg/ha, 1.2069 hg/ha, 3.1683 hg/ha and 1.8000 hg/ha, respectively. From the data here it can be seen that there are only slight differences between the premium rates for the five provinces apart from Loei.

**Estimated premium rates based on a model with Rainfall**

Linear regression analysis based on the independent variable Rainfall gives an adjusted R-squared value of 0.4986 (see Appendix 4). The relevant equations (where Rainfall is denoted by $R$) are as follows:

- $Harvested\_Yield_{Loei} = 21,750.00 + 1.62R$ [7]
- $Harvested\_Yield_{Nakhonphanom} = 15,793.05 + 1.62R$ [8]
- $Harvested\_Yield_{Nongbualamphu} = 17,261.74 + 1.62R$ [9]
- $Harvested\_Yield_{Nongkhai} = 16,685.71 + 1.62R$ [10]
- $Harvested\_Yield_{Sakonnakhon} = 16,673.64 + 1.62R$ [11]
- $Harvested\_Yield_{Udonthani} = 16,881.88 + 1.62R$ [12]

The resulting expected premium rates at the different protection and coverage levels, as determined by means of linear regression analysis with Rainfall, are shown in Table 2. The details of the relevant premium rates, including their confidence intervals, are presented in Appendix 5 (with these only being shown for Loei).
Table 2 shows that Loei has the highest premium rates (3.8900 hg/ha and 5.8300 hg/ha at the protection levels of 100% and 150%, respectively), while Nongkhai appears to have the lowest such rates (0.1900 hg/ha and 0.2900 hg/ha at the protection levels of 100% and 150%, respectively, with a coverage level of 90%).

Clearly, there is a slight difference in the premium rates (specifically, for the five provinces apart from Loei) arising from this model compared with the previous work, since the premium rates for Loei, Nakhonphanom, Nongbualamphu, Nongkhai, Sakonnakhon and Udonthani at the protection level of 100% and a coverage level of 95% are 6.1282 hg/ha, 1.9611 hg/ha, 1.8822 hg/ha, 1.8727 hg/ha, 2.3015 hg/ha and 2.3236 hg/ha, respectively (Duangmanee, 2015).

**COMPARISON BETWEEN THE ESTIMATED PREMIUM RATES WITH AND WITHOUT OUTLIERS**

This part will compare the estimated premium rates based on the model with Rainfall obtained in Table 1 and the estimated premium rates on the basis of the model with Rainfall established in Table 2 (selecting only the 100% protection level and the 95% coverage level).

The comparative table below (Table 3) illustrates the robustness of the method because in both circumstances (where Rainfall and Rainy_Days are taken as the independent variables, and where only Rainfall is considered as the independent variable) the results for the anticipated premium rates remain very similar for the five provinces with no extreme values.
Table 3: A comparison between the estimated premium rates

<table>
<thead>
<tr>
<th>Protection Level</th>
<th>Province</th>
<th>95% Coverage Level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Model with Rainfall and Rainy_Days</td>
</tr>
<tr>
<td>100%</td>
<td>Loei</td>
<td>4.4000</td>
</tr>
<tr>
<td>100%</td>
<td>Nakhonphanom</td>
<td>1.8400</td>
</tr>
<tr>
<td>100%</td>
<td>Nongbualamphu</td>
<td>1.8400</td>
</tr>
<tr>
<td>100%</td>
<td>Nongkhai</td>
<td>1.2100</td>
</tr>
<tr>
<td>100%</td>
<td>Sakonnakhon</td>
<td>3.4100</td>
</tr>
<tr>
<td>100%</td>
<td>Udonthani</td>
<td>1.9200</td>
</tr>
<tr>
<td>150%</td>
<td>Loei</td>
<td>6.6000</td>
</tr>
<tr>
<td>150%</td>
<td>Nakhonphanom</td>
<td>2.7600</td>
</tr>
<tr>
<td>150%</td>
<td>Nongbualamphu</td>
<td>2.7700</td>
</tr>
<tr>
<td>150%</td>
<td>Nongkhai</td>
<td>1.8200</td>
</tr>
<tr>
<td>150%</td>
<td>Sakonnakhon</td>
<td>5.1200</td>
</tr>
<tr>
<td>150%</td>
<td>Udonthani</td>
<td>2.8900</td>
</tr>
</tbody>
</table>

CONCLUSION
This study, focusing on risk management and mitigation for rice growing in Thailand, studies a crop insurance approach that has historically not had a foothold there, called area-yield index insurance. The current investigation concentrates on the outliers found in a previous work, Duangmanee (2015), and subsequently establishes the premium rates corresponding to different protection and coverage levels.

The results indicate that there are five highly conspicuous values, all of them relating to the province of Loei. One of these appears to be a particularly extreme outlier influencing the results and is therefore replaced by the third quartile. As a consequence, the premium rates required range from 0.0550 hg/ha to 6.6000 hg/ha for the two protection levels (100% and 150%) in cases where Rainfall and Rainy_Days are the independent variables. Meanwhile, the premium rates go from 0.1900 hg/ha to 5.8300 hg/ha in instances where Rainfall is an independent variable.

All in all, the premium-rate results for this area are very similar to the results produced by the previous study. This represents a highly satisfactory outcome since it implies that the adopted premium-calculation approach can be considered a robust method, given that the presence of outliers does not overly influence the results without outliers, in particular in the case of the five provinces apart from Loei. The results could also be interpreted adopting a comparative perspective, i.e. looking at them in relation to each other. We can take one outcome as a benchmark and calculate the ratio between the other results and this one, given that they remain stable with or without extreme values.

REFERENCES

www.flepublications.com


Appendix 1: Selected output of boxplot for Harvested_Yield

```r
$stats
  [,1]
[1,] 15928.0
[2,] 18280.0
[3,] 19504.5
[4,] 21137.0
[5,] 25131.0
attr(,"class")
1 "integer"
$n
[1] 102
$conf
```
Appendix 2: Selected output for the regression model containing two independent variables (Rainfall and Rainy_Days)

Call:
lm(formula = Harvested_Yield ~ factor(Province) + Rainfall + Rainy_Days, data = data)

Residuals:
  Min      1Q  Median      3Q     Max
-3221.2 -1013.2    -74.0   978.3  5213.6

Coefficients:
                         Estimate Std. Error t value Pr(>|t|)
(Intercept)               26947.0933  1374.4961  19.605  < 2e-16 ***
factor(Province)NAKHONPHANOM -6918.2098   654.3180 -10.573  < 2e-16 ***
factor(Province)NONGBUALAMPHU -6233.8619   711.1364 -8.766 7.71e-14 ***
factor(Province)NONGKHAI -7027.3700   765.4513 -9.181 1.02e-14 ***
factor(Province)SAKONNAKHON -5891.5326   613.0840 -9.610 1.24e-15 ***
factor(Province)UDONTHANI -6334.1016   683.1514 -9.272 6.50e-15 ***
Rainfall                    2.5954     0.4463   5.815 8.30e-08 ***
Rainy_Days                 -33.1267     7.7603  -4.269 4.69e-05 ***
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 . ‘.’ 0.1 ‘ ’ 1

Residual standard error: 1693 on 94 degrees of freedom
Multiple R-squared: 0.6049,   Adjusted R-squared: 0.5755
F-statistic: 20.56 on 7 and 94 DF,  p-value: < 2.2e-16

Appendix 3: Premium rates for Loei (based on 100 hg/ha) estimated by means of linear regression analysis with Rainfall and Rainy_Days (100% and 150% protection levels for a range of coverage levels from 0.7 to 0.95, with the latter rising in increments of 0.01), including their confidence intervals

<table>
<thead>
<tr>
<th>Protection</th>
<th>Coverage</th>
<th>Premium</th>
<th>Prem.: lwr</th>
<th>Prem.: upr</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>0.7</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>1.0</td>
<td>0.71</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.0</td>
<td>0.72</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.0</td>
<td>0.73</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.0</td>
<td>0.74</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.0</td>
<td>0.75</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.0</td>
<td>0.76</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

www.flepublications.com
<table>
<thead>
<tr>
<th>Protection</th>
<th>Coverage</th>
<th>Premium</th>
<th>Prem.: lwr</th>
<th>Prem.: upr</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.00</td>
<td>0.76</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.77</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.78</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.79</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.81</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.82</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.83</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.84</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.85</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.86</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.87</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.88</td>
<td>0.038</td>
<td>0.000</td>
<td>1.523</td>
</tr>
<tr>
<td>1.00</td>
<td>0.89</td>
<td>0.34</td>
<td>0.00</td>
<td>2.253</td>
</tr>
<tr>
<td>1.00</td>
<td>0.91</td>
<td>1.02</td>
<td>0.00</td>
<td>4.263</td>
</tr>
<tr>
<td>1.00</td>
<td>0.92</td>
<td>1.53</td>
<td>0.15</td>
<td>5.343</td>
</tr>
<tr>
<td>1.00</td>
<td>0.93</td>
<td>2.39</td>
<td>0.29</td>
<td>6.463</td>
</tr>
<tr>
<td>1.00</td>
<td>0.94</td>
<td>3.39</td>
<td>0.55</td>
<td>7.653</td>
</tr>
<tr>
<td>1.00</td>
<td>0.95</td>
<td>4.40</td>
<td>0.87</td>
<td>9.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.71</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.72</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.73</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.74</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.75</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.76</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.77</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.78</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.79</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.81</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.82</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.83</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.84</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.85</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>
Appendix 4: Selected output for the regression model containing one independent variable (Rainfall)

Call:
  lm(formula = Harvested_Yield ~ factor(Province) + Rainfall, data = data)

Residuals:
  Min 1Q Median 3Q Max
-3190.6 -1264.6 -336.0 780.4 5298.6

Coefficients:
  Estimate Std. Error t value Pr(>|t|)
(Intercept)        21745.7421   691.2843  31.457  < 2e-16 ***
factor(Province)NAKHONPHANOM -5956.9530   667.7150  -8.921 3.34e-14 ***
factor(Province)NONGBUALAMPHU -4488.2571   632.3398  -7.098 2.27e-10 ***
factor(Province)NONGKHAI -5064.2930   665.0620  -7.615 1.93e-11 ***
factor(Province)SAKONNAKHON -5076.3618   633.1927  -8.017 2.77e-12 ***
factor(Province)UDONTHANI -4868.1198   641.8554  -7.584 2.24e-11 ***
Rainfall             1.6238     0.4173   3.891 0.000185 ***

---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

Residual standard error: 1840 on 95 degrees of freedom
Multiple R-squared: 0.5284, Adjusted R-squared: 0.4986
F-statistic: 17.74 on 6 and 95 DF,  p-value: 1.09e-13

Appendix 5: Premium rates for Loei (based on 100 hg/ha) estimated by means of linear regression analysis with Rainfall (100% and 150% protection levels for a range of coverage levels from 0.7 to 0.95, with the latter rising in increments of 0.01), including their confidence intervals

<table>
<thead>
<tr>
<th>Protection</th>
<th>Coverage</th>
<th>Premium</th>
<th>Prem.: lwr</th>
<th>Prem.: upr</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.50</td>
<td>0.86</td>
<td>0.00</td>
<td>0.00</td>
<td>1.01</td>
</tr>
<tr>
<td>1.50</td>
<td>0.87</td>
<td>0.00</td>
<td>0.00</td>
<td>1.54</td>
</tr>
<tr>
<td>1.50</td>
<td>0.880</td>
<td>0.057</td>
<td>0.00</td>
<td>2.284</td>
</tr>
<tr>
<td>1.50</td>
<td>0.89</td>
<td>0.50</td>
<td>0.00</td>
<td>3.38</td>
</tr>
<tr>
<td>1.50</td>
<td>0.87</td>
<td>0.00</td>
<td>0.00</td>
<td>4.8</td>
</tr>
<tr>
<td>1.50</td>
<td>0.91</td>
<td>1.53</td>
<td>0.00</td>
<td>6.39</td>
</tr>
<tr>
<td>1.50</td>
<td>0.92</td>
<td>2.30</td>
<td>0.22</td>
<td>8.01</td>
</tr>
<tr>
<td>1.50</td>
<td>0.93</td>
<td>3.58</td>
<td>0.44</td>
<td>9.69</td>
</tr>
<tr>
<td>1.50</td>
<td>0.94</td>
<td>5.08</td>
<td>0.82</td>
<td>11.47</td>
</tr>
<tr>
<td>1.50</td>
<td>0.95</td>
<td>6.60</td>
<td>1.30</td>
<td>13.50</td>
</tr>
<tr>
<td>Protection</td>
<td>Coverage</td>
<td>Premium</td>
<td>Prem.: lwr</td>
<td>Prem.: upr</td>
</tr>
<tr>
<td>------------</td>
<td>----------</td>
<td>---------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>1.00</td>
<td>0.74</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.75</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.76</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.77</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.78</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.79</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.8</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>1.00</td>
<td>0.81</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.82</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.83</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.00</td>
<td>0.84</td>
<td>0.00</td>
<td>0.00</td>
<td>0.05</td>
</tr>
<tr>
<td>1.00</td>
<td>0.85</td>
<td>0.00</td>
<td>0.00</td>
<td>0.23</td>
</tr>
<tr>
<td>1.00</td>
<td>0.86</td>
<td>0.00</td>
<td>0.00</td>
<td>0.51</td>
</tr>
<tr>
<td>1.00</td>
<td>0.87</td>
<td>0.01</td>
<td>0.00</td>
<td>0.84</td>
</tr>
<tr>
<td>1.00</td>
<td>0.88</td>
<td>0.0</td>
<td>0.00</td>
<td>1.18</td>
</tr>
<tr>
<td>1.00</td>
<td>0.89</td>
<td>0.37</td>
<td>0.00</td>
<td>1.61</td>
</tr>
<tr>
<td>1.00</td>
<td>0.9</td>
<td>0.69</td>
<td>0.00</td>
<td>2.36</td>
</tr>
<tr>
<td>1.00</td>
<td>0.91</td>
<td>1.00</td>
<td>0.10</td>
<td>3.55</td>
</tr>
<tr>
<td>1.00</td>
<td>0.92</td>
<td>1.35</td>
<td>0.25</td>
<td>4.77</td>
</tr>
<tr>
<td>1.00</td>
<td>0.93</td>
<td>1.80</td>
<td>0.47</td>
<td>6.04</td>
</tr>
<tr>
<td>1.00</td>
<td>0.94</td>
<td>2.74</td>
<td>0.76</td>
<td>7.53</td>
</tr>
<tr>
<td>1.00</td>
<td>0.95</td>
<td>3.89</td>
<td>1.04</td>
<td>9.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.7</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>1.50</td>
<td>0.71</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.72</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.73</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.74</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.75</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.76</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.77</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.78</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.79</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.8</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>1.50</td>
<td>0.81</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.82</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1.50</td>
<td>0.83</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Protection</td>
<td>Coverage</td>
<td>Premium</td>
<td>Prem.: lwr</td>
<td>Prem.: upr</td>
</tr>
<tr>
<td>------------</td>
<td>----------</td>
<td>---------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>1.50</td>
<td>0.84</td>
<td>0.00</td>
<td>0.00</td>
<td>0.08</td>
</tr>
<tr>
<td>1.50</td>
<td>0.85</td>
<td>0.00</td>
<td>0.00</td>
<td>0.34</td>
</tr>
<tr>
<td>1.50</td>
<td>0.86</td>
<td>0.00</td>
<td>0.00</td>
<td>0.76</td>
</tr>
<tr>
<td>1.500</td>
<td>0.870</td>
<td>0.028</td>
<td>0.000</td>
<td>1.270</td>
</tr>
<tr>
<td>1.50</td>
<td>0.88</td>
<td>0.27</td>
<td>0.00</td>
<td>1.77</td>
</tr>
<tr>
<td>1.50</td>
<td>0.89</td>
<td>0.56</td>
<td>0.00</td>
<td>2.42</td>
</tr>
<tr>
<td>1.5</td>
<td>0.9</td>
<td>1.0</td>
<td>0.0</td>
<td>3.5</td>
</tr>
<tr>
<td>1.50</td>
<td>0.91</td>
<td>1.50</td>
<td>0.15</td>
<td>5.32</td>
</tr>
<tr>
<td>1.50</td>
<td>0.92</td>
<td>2.03</td>
<td>0.38</td>
<td>7.16</td>
</tr>
<tr>
<td>1.50</td>
<td>0.93</td>
<td>2.70</td>
<td>0.70</td>
<td>9.06</td>
</tr>
<tr>
<td>1.50</td>
<td>0.94</td>
<td>4.10</td>
<td>1.13</td>
<td>11.30</td>
</tr>
<tr>
<td>1.50</td>
<td>0.95</td>
<td>5.83</td>
<td>1.56</td>
<td>13.50</td>
</tr>
</tbody>
</table>
MAXIMIZING CUSTOMER SATISFACTION IN THE CONTEXT OF GLOBAL THINKING

DR. MA. PAGASA NANETTE ROTAIRO¹ AND VERA NIEL LIZARDO²

ABSTRACT

The condition for development invites us to consider the ecological theatre to further businesses. These developments should be in line with that challenges climate change gives us. This study aims to develop the potential of the Hospitality Industry through maximising customer satisfaction without compromising aspirations for a sustainable development. Using the theory of Dresner on sustainable development, this study aims to highlight the environmental factors that threaten Hospitality Industry into formulating groundwork for a green and sustainable business which still inclined in furthering customer satisfaction. This study finds out that environmental issues are major threats on the future of Hospitality Industry. It also found, however, that it is possible to leverage this opportunity for an efficient customer-friendly service through a green revolution in business while not compromising profit. This study concludes that the Hospitality Industry’s future can be secured through green and sustainable schemes that secure customer satisfaction while maximising profits.

Keywords: sustainable development, global thinking, hospitality industry, Philippines

INTRODUCTION

Changes in the international business theater invite us to respond with proposals to keep the marketplace a sustainable aspect for collective development. This presupposes that business has to cope with the changes the present environment is offering. With the on-going climate conditions happening nowadays, academics need to render a review on how we can better living conditions without falling into environmental compromise. The implications of these occurrences call us for global thinking. As Dubos (1978) would argue, we should think globally, and act locally. This global thinking, however, should go in par with acting locally—in being active in our localities in managing resources well while providing a strong groundwork for sustainable consumption in order to not hurt the environment and significant figures and personalities in the corporate world (Shapiro, 2010).

The Problem

The Philippines is geographically an archipelago. A country situated at the cradle of the Pacific Ocean, it is home to gorgeous beaches, beautiful coral reefs and various nature’s spectacles making it a significant contender in the international tourism and hospitality industry. Its natural beauty has attracted numerous nationalities even from the old times—a thing which survived up to date evident in the growing number of international tourists visiting the country (Henderson, 2011). The Hospitality Industry in the Philippines is significantly reliant to its natural resources and to the vast sceneries that never failed to attract tourists and investors as well, both from local and abroad. Without these conserved, decline in profits is highly plausible. The success of businesses is aligned with how it copes with its immediate environment (Ajala, 2005). This gives an insight

¹ Assistant Professor, College of Arts and Sciences, University of the East, Manila.
² Assistant Professor, College of Arts and Sciences, University of the East, Manila.
on the problem that affects Tourism and Hospitality businesses in the Philippines. As environmental conditions get worse on a daily basis, the condition for maintaining a positive flow of profit becomes more challenging. This calls for a more vivid take in dealing with the environment where a business is situated, internally and externally (Adi, 2006). Tourism and Hospitality Industry in the Philippines are two inseparable business lines. The aforementioned are interdependent and complementary at the same time. While responding to the call for Global Thinking, a significant inquiry arises: how can businesses in line with Tourism and Hospitality Industry keep its pace on coping with the demands of the changing environment while conserving what is left without compromising customer satisfaction? This study intends to establish a groundwork to maximise customer satisfaction; however, in the context of Global Thinking.

**Research Parameters**

This narrative will expose the existing environmental problems that afflict Tourism and Hospitality Industry, but is not limited to the assessment of the prevailing schemes utilized by hotels and related businesses to help mitigate environmental factors that affect profit flow. This research is inclined to:

1. Identify the environmental factors and conditions that jeopardize Tourism and Hospitality Industry in the Philippines.
2. Examine the existing relationships between the business and its environment that can be utilized to leverage customer satisfaction.
3. Point out how environmental problems can endanger the corporate life of Tourism and Hospitality businesses.
4. Find opportunities in which a business can operate in an environmental-friendly manner while not compromising customer satisfaction.
5. Provide a scholarly context in which businesses not limited to Tourism and Hospitality Industry can operate in the context of Global Thinking.

This study needs to find out how hotels ensure customer satisfaction while uncompromising environmental conservation commitments. Guiding questions will be rendered to leverage the framework of this research:

1. What are the environmental conditions that jeopardize Tourism and Hospitality Industry in the Philippines?
2. How can hotels survive these environmental challenges while providing quality customer service without compromising the environment?
3. How can existing environmental problem endanger the perpetuation of Tourism and Hospitality Industry’s corporate operation?
4. What are the opportunities open in order for these businesses operate in an environmental-friendly manner without compromising customer satisfaction?
5. How can this narrative be an effective academic input to kindle change in the course of Tourism and Hospitality Industry operations?

This is to sort out things that are to be perpetuated and objectives that should go away. In line with the problem, this study will reflect on the findings in order to discuss them fluently in the context of Global Thinking. This will provide a scholarly insight in the existing problem with the environment that affects Tourism and Hospitality Industry that will elicit opportunities on how to reverse the harmful conditions of the environment for the aforementioned industry’s perpetual success.
LOOKING AT THE NARRATIVES
The Environment and Hotels
Hotels in the Philippines operate almost along the shoreline. This is to showcase the beauty of its beaches and vast expanse of beautiful natural sceneries which keeps people coming back. Key tourist destinations in the Philippines where largest players in the Hospitality Industry operate mostly in Boracay, the famous Amanpulo, Samal Island, and Tagaytay up North (Virola, 2006). The country as gifted with natural ecological spectacles, it has become a fertile ground for the thriving of Tourism and Hospitality Industry. Long stretches of sandy beaches on the West Philippine Sea and the Pacific Coastline in the Eastern seaboard has been a developing area for this business (DOT, 2009). The mountains and other terrestrial spectacles also amounted to the former to be one of the fast growing contenders in Tourism and Hospitality theater. One of the best known assets of hotels specifically in Puerto Princesa, Palawan, is the Underground River which is listed as a cultural World Heritage Site (UNESCO, 2009). This clearly shows a remarkable idea from Duncan (1972) that corporate activity is highly influenced to where it is situated—its immediate environment. This complements the study of Adebayo et al (2005) which contends that business operations are driven by the conditions of its environment, both internal and external. It is where the distribution of goods, service, etc. can be made possible. This elicits a fact that an escalation of the profit figures is reposed to the environment in which a business operates.

Business Adjustments with Environmental Challenges
Businesses as man-made institution have no choice but to adapt with how the environment situates them. There is no point of investing in hotels especially when the physical assets of the business are exposed to environmental threats. ZipMatch (2013), in complementing this assumption, states that there’s no money without ecology. Rampant use of land reserves for ecological purposes is ravaged by developers which resulted to unwanted results. A lot of investments were put to waste (GDRC, 2001a). Most of investors and developers are now moving outside the metro for profit ventures. Tagaytay is one of the numerous spots in which Tourism and Hospitality Industry are hopefully seen as thriving spots, since a large number of tourists storm the area annually. It is surprising that contributing to the high number of tourists availing hospitality service in these thriving tourist destinations were from the metro. The reason is clear: the air [in Metro Manila] is not healthy for breathing (Uy, 2015). Business adjustments can be seen on how the corporate body behaves in Tourism and Hospitality Industry. When a place becomes almost inhabitable, investments decrease and they eventually move to other areas where operations and customer satisfaction can still be ensured. Lysakowska (2015) on her trip to Boracay contends that what destroys Tourism and Hospitality Industry is unjustified consumerism. She points out adjustments done by the businesses situated therein and the local government [such as the place adjusting to the crowd] but are found to even worsening the condition of the place. Adjustments are simply not sustainable, thus compromises customer satisfaction. Dirty beaches present a surprisingly remarkable threat to young businesses inclined to Tourism and Hospitality Industry (PlasticRubbish, 2007; Reilly, 2014). The Industry is suffering huge relative losses due to the environmental conditions perpetuated by humanity (GDRC, 2001b).
Global Thinking and Coping with the Environment

The present condition of the environment calls corporate bodies for Global Thinking. Global Thinking is concise but precise; in the language of Dubos (1990), it is to think globally and to act locally. The implication to think for collective good in the global perspective is tantamount to what we do on our yards (Quintana, 2006). In another light following Dresner (2002), Global Thinking is to think in the context of sustainable development. This contends to think on what is left, no more about ‘who’ or what is right. Essentially, looking for what is left begs us to postulate what is right. This has led to looking at the significant problems available in the environment which affected Tourism and Hospitality Industry in a large scale. A study conducted by GDRC (2015c) verifies that oil companies which are found guilty for the release of petrol in the seas has contributed to the worsening condition of the marine aquatic resources and marine life. This resulted to the slow down to closure of some businesses situated along coastal areas of which various hotels operate (Kasim and Scarlat, 2007). What is at stake with these conditions is the satisfaction of customers availing hospitality service. Being aware that our customers needed to have a place to stay and relax, and to ease oneself from stress, the environment should not be contributing factors to amplify our client’s stress. Maximising customer satisfaction in the face of environmental problems is definitely a challenge. There must be an intelligent design to draw the picture of sustainability in this matter (Thomas, 2008). Sustainability however indicates that hotels need to revise their corporate operations to better condition in favor with the environment and the customer as well (Bruns-Smith et al, 2015).

RESEARCH TRACK

This study will utilise various research instruments in furthering its success. It will also assess the customer satisfaction from five randomly selected hotels in the Philippines. A survey will be conducted about their perception of these hotels’ quality of customer service, quality of location, and condition of the location’s environment. A random interview for one person availing or have availed the hotel’s service will also be conducted. Twenty people will be randomly selected availing service from each of the five hotels namely;

1. Manila Hotel, City of Manila
2. Fort Ilocandia Hotel, Laoag City
3. Taal Vista Hotel, Tagaytay City
4. Azalea Hotels and Residences, Baguio City
5. Microtel Inn & Suites by Wyndham Boracay, Boracay

Survey

The survey will be answered in a Likert scale format. The results will be statistically processed to arrive into a figure that would reflect the perception of customers regarding their hotel experience. This will provide a concise qualitative research resource that will help elicit tendencies and conditions which may weaken the quality of customer service provided by hoteliers.

Interview

One person from the five hotels mentioned on the introduction of this portion would be requested to participate for the interview. The purpose of this activity is to gain a deeper understanding pertaining to the result of the survey. This will aid the research to provide a normative yet informative detail of how customers look at hotel service they had and what they can recommend to make the service better, if applicable.
Theoretical Framework
This study utilizes sustainable development concepts from Dresner (2002) which acknowledges that sustainability is the best way for all sectors of human survival to adjust with the changing conditions of the global climate in an effort to sustain our aspirations for a collective and shared success. Using this theory, this study will look on the sustainability of the participating hotels’ services through the perception of their customers. In the language of Dresner, sustainability holds account to itself a check and a rectifying concept which draws out existing problems which usual business operations cannot see into formulating solutions which serves as contending concepts to counter existing problems. This implies sustainability and development in one picture (Spagenberg, 2001; Walker, 2006). The quality of customer service, quality of location, and condition of the location’s environment will be given a qualitative treatment based on the theory of Dresner.

Basically, customers avail hotel service for comfort. Theoretically, the operating environment must be a comforting place at the first place. It is the first spectacle to be seen before entering the hotel. The presumption is, primary perception of the hotel will be judged accordingly by customers on where it is situated. It affects the experience of the customer. Sustainable development has three pillars; (1) environment, (2) economy, and (3) society (Ekins, c.f. Baker, 2006). These three pillars operate interdependently with each other. If anyone of these is compromised, sustainable development crumbles down and it will drag everything down. These concepts must be held as a foreground for interpreting the retrieved data from the respondents in providing a sound and practical judgment. Sustainable development in a sense will be utilized as a utilitarian principle (Bell and Morse, 2003; Luke, 2005; Chapman and Gant, 2007) to calculate customer satisfaction [like in J. S. Mill’s Hedonistic Calculus], yet in this research, in the fashion of Dresner’s theoretical take on sustainable development. This is to ensure that the study is conforming to the standards of a sound and practical judgment seen by most intellectuals in the field of research as a criteria for veracity. The framework, serving as the skeleton for this study, intends to provide groundwork to further the study.

PRESENTATION AND INTERPRETATION OF DATA
In an effort to respond for the call of Global Thinking, particularly in the language of sustainable development, this research will render the presentation and interpretation of data in a narrative form to save paper. However, it is ensured that the data presented herein are to be easily understood even without the aid of tables; hence, sustainable. The results are as follows.

Survey Results
Survey category number one measuring customer’s perception on the quality of customer service is the following:

- Manila Hotel: 60% good; 10% bad; 30% neutral
- Fort Ilocandia Hotel: 70% good; 20% bad; 10% neutral
- Taal Vista Hotel: 80% good; 0% bad; 20% neutral
- Azalea Hotels and Residences: 50% good; 20% bad; 30% neutral
- Microtel Inn & Suites: 60% good; 20% bad; 20% neutral

For customer’s perception on the quality of location:

- Manila Hotel: 30% good; 50% bad; 20% neutral
- Fort Ilocandia Hotel: 50% good; 10% bad; 40% neutral
- Taal Vista Hotel: 80% good; 10% bad; 10% neutral
- Azalea Hotels and Residences: 40% good; 20% bad; 40% neutral
- Microtel Inn & Suites: 40% good; 40% bad; 20% neutral
For customer’s perception on the condition of the location’s environment:

- Manila Hotel: 10% good; 80% bad; 10% neutral
- Fort Ilocandia Hotel: 80% good; 0% bad; 20% neutral
- Taal Vista Hotel: 90% good; 10% bad; 0% neutral
- Azalea Hotels and Residences: 50% good; 40% bad; 10% neutral
- Microtel Inn & Suites: 30% good; 60% bad; 10% neutral

**Interview Results**

One person from each destination is interviewed. In this narrative are the extracted highlights of the interview which catches the call for sustainable development. Identities of these people are not disclosed pursuant to Republic Act No. 10173 also known as the Data Privacy Act of 2012.

**Manila Hotel:**

The stench of the Manila Bay sometimes reaches the hotel rooms if you are lucky enough to be situated facing the bay. The bay is crowded with ships, and you can see the undesirable floating tons of garbage there. On the other view, you can see the smelly river and the slums which I think is a big eyesore. Looking at these is just stressful. I will not return there again.

**Fort Ilocandia Hotel:**

I have been to this place many times already. What I like the most in this place is that everytime I come here, it gets greener and greener. I am happy to see trees that give shade on lawns. It is fascinating to see that a lot of Pine trees are growing along this sandbar, it is just awesome. How can they grow trees on sand? They are also operating on green energy. Just wow.

**Taal Vista Hotel:**

This place is lovely and cold, giving us tourists a cozy temperature to spend it. There are just times when ill-mannered people don’t know how to keep their trash on trash bins and it upsets me. I appreciate how the people work hard to keep this place a good one to stay during vacations. I just don’t like it when a lot of people mass up. It means two things—a lot of garbage and stress. I cannot enjoy my vacation that way.

**Azalea Hotels and Residences:**

Baguio is a good and cozy place, cold indeed, especially at night. The service here is good, and the locals are friendly. The sight from the hotel room, however, does not please me. Houses that mass up the mountains look like scattered garbage and I don’t like it. Baguio is overpopulated. The hotel’s location also should be improved.

**Microtel Inn & Suites:**

Boracay is one of the tourist destinations we Filipinos can be proud of. There is just something I am not proud of. It’s the attitude of other tourists that hurt Mother Nature so bad. A lot of garbage can mass up anywhere in Boracay, any time of the day. Trash bins are often full, people will just throw their trash anywhere. The location is nice, it’s just the people who are not, I think. Their service is good, but going out of the hotel can be stressful especially if you’re not used to seeing dirty surroundings. It’s also hard to relax when you want to because of the loud music you can hear from anywhere.
Interpretation of Data

The survey for the quality of customer service reflects how customers appreciate the kind of service they are enjoying. The results indicate that majority of them are pleased with the service. The quality of location, however, gave the customers an opportunity to score down the hotels. Following with their perception on the condition of the location’s environment, the customers gave their dissent for an undesirable environment. Stress is the common reflection they gain from seeing the environmental condition they see around. Surprisingly, the Fort Ilocandia Hotel, a five-star hotel situated in Ilocos Norte reflected no bad reputation for its environment. This shows that the aforementioned hotel is operating sustainably. Since the whole province also runs on green electricity generated from its solar power fields and windmills, it is given that the hotel is running on green electricity. Manila Hotel was rendered notorious pertaining to environmental concerns, given that it is situated on one of the most polluted cities in Asia, the City of Manila. It reflects that Manila Hotel’s service is unsustainable due to its environment.

FINDINGS, CONCLUSION, AND RECOMMENDATIONS

Looking closely at the results using the lens of Dresner pertaining to sustainable development, this study renders a clear view of what is happening in the Tourism and Hospitality Industry in the Philippines that might also be happening with hotels around the world. The data implies that the environment of a hotel and the condition where it is situated affects the satisfaction of a customer. This study finds out that the environmental situation of a hotel can be beneficial or harmful for the business itself. The data also shows that customers can be stressed looking at undesirable environmental spectacle. This contributes to the lessening of customers availing hotel service. Areas located around vicinity where the environment is stricken bad, it is highly probable that hotel patronage can be in jeopardy. On the contrary, hotels which improve environmental conditions around their area of operation is without a doubt thriving towards its success.

REFERENCES


INSIDER TRADING: A LOOK AT THE THAI STOCK MARKET

DR. DUANGPORN ARBHASIL

ABSTRACT
The study aimed to explore illegal insider trading cases in the Thai stock market in various aspects based on data/documents from the Securities of Exchange and Commission (SEC) and other sources. The scope was settled cases and cases filed for complaint during the last ten years and last six years, respectively. The findings were: (1) Unfairness was key ground for criminal sanction of Thai insider trading. (2) Most cases involved corporate management as insiders. (3) The number of cases with positive inside information was 1.5 times of those with negative information. (4) The settled cases largely outnumbered the cases being filed for criminal complaint. (5) The investigation process up until case settlement ranged from 1.5 to 5.5 years. (6) The criminal proceeding up until the case deemed final was up to 10 years. Tougher penalization and efficient enforcement are implicated.

Key Words: Insider trading, Thai stock market, Criminal sanction

INTRODUCTION
Thailand is an emerging economy and while the size of the Thai stock market is small compared to the advanced economy such as that of the United States (U.S.) (Mitchell, 2014), the market shares similar types of offenses. These offenses include illegal insider trading in which the Thai Securities of Exchange and Commission (SEC) exercises criminal sanctions against wrongdoers. The SEC’s duty in criminal justice administration is in the preliminary stage whereby it gathers evidence and investigates the matter and refers the case with sufficient evidence to inquiry officer for further investigation. Insider trading can also be criminally fined and if the fine is fully received within the specified period, the matter is considered settled (SEC, 2016).

Insider trading in the Thai stock market, formally known as the Stock Exchange of Thailand (SET), has recently obtained growing interests due to the incident of several high-profiled cases. In particular, around year end 2015, the SEC had announced the settlement of the case where four top executives of the flagship company of one of Thailand and the world’s large conglomerates paid fines around USD 1.0 million. These executives used inside information to buy shares of MAKRO, which was targeted for major share purchase by their company. The case announcement had aroused negative and widespread reaction (Nguyen, 2016). The public then called for more stringent penalization to insider trading (Fernquest, 2015).

Although there has been a surging interest in insider trading in the SET, previous studies were scant and there was a lack of study to show the big picture of insider trading in the market. The purpose of this study is to examine insider trading in the SET in various aspects: ground for criminal sanction, insiders, inside information, settled case and cases filed for criminal complaints, investigation process, and criminal proceeding. The study hopes to generate more understandings about Thai insider trading in these aspects, which cover insiders’ behaviors and enforcement procedure.

The study’s scope is settled cases (28 cases) during the last ten years (year 2007-July 31 2016) and the cases filed for complaint (4 cases) during the last six years (year 2011-July 31,
2016). The study starts with the meaning of insider trading and the description of the Thai stock market. Insider trading cases are then analyzed and the findings and discussion are presented.

**Insider Trading**

Though the term ‘insider trading’ is mostly associated with an illegal conduct, the term actually includes legal and illegal conduct (U.S. SEC, 2013). Legal insider trading is when corporate insiders trade their own securities. Illegal insider trading is when insiders by virtue of their position use inside information to buy/ sell securities. This study uses ‘insider trading’ in the meaning of ‘illegal insider trading’.

‘Insider trading’ incorporates insiders and inside information. The term gradually extended its scope from corporate insiders to include others who obtain inside information (Engelen and Liedekerke, 2007). ‘Corporate insiders’ are those who are in privileged positions with respect to the valuable information of the corporates such as directors, chief executive, or high-level managers. ‘Inside information’ is the information held by those in privileged position that is available to them solely due to their role inside the organization. Persons other than corporate insiders who obtain inside information include temporary insiders (people who are temporarily inside the company such as an outside consultant), tippees (people who get information from corporate insiders), or people who happen to stumble upon crucial information (the innocent passer-by who picks up a fax) (Mcgee, 2008).

With regard to the Thai stock market, insider trading is regulated by the Securities and Exchange Act (the SEC Act) B.E.2535 (A.D.1992). Section 241 of this Act defines ‘insider trading’ as the purchase or sale of listed (or over-the-counter) securities, directly or indirectly, by any person in such a way as to take advantage of other persons by using information material to changes in the prices of securities which has not yet been disclosed to the public and to which information the person has access by virtue of his/ her office or position. The section also states that whether or not such act is done for the person’s own benefit or another person’s benefit, or to disclose such information so that the person will receive consideration from the other(s) who engages in the aforesaid acts.

As for the meaning of ‘insider’, Section 241 of the SEC Act (1992) states that the term ‘any person’ includes any:

1. director, manager, person responsible for the operation or auditor of a listed company;
2. securities holder who holds securities in any listed company, the par value of which exceeds five percent of the registered capital of that company;
3. state agency personnel, or director, manager, or officer of any exchange who is in an office or position with access to information which is material to changes in the price of securities;
4. any person involved in securities and/or the trading of securities in any exchange.

It can be said that Section 241(1) and 241(2) of the SEC Act (1992) covers ‘corporate insider’ while non-corporate insider’ is addressed in Section 241(3) and 241(4) of the Act.

The SET describes ‘insider trading’ as ‘buying or selling of securities using company information that has not been disclosed to the public and could affect prices of the given security’ (SET, n.d.). According to SET’s disclosure guideline, ‘insiders’ means all persons who come into possession of material inside information before its public release (SET, 2007, p. 14). Insiders are such persons as controlling shareholders, directors, officers/ employees, outside attorneys, auditors, consultants, etc. and also include spouse, parents, child, siblings, those under the control
of and those induced by insiders. Insiders shall not trade on the basis of material information which is not known to the public (SET, 2007, p. 8).

**The Thai stock market**

The Stock Exchange of Thailand is a juristic entity incorporated in Thailand under the Securities Exchange of Thailand Act B.E. 2517 (1974). The SET officially commenced trading of securities on April 30, 1975 and presently operates under the SEC Act (1992). Following the SEC’s approval of initial public offering, securities that are granted approval by the SET may be traded in the SET (SET, n.d.).

The SET’s main operations include securities listing, supervision of listed companies and information disclosure, trading, market surveillance and member supervision, information dissemination and investor education. The SET has under its group the Market for Alternative Investment (MAI) and a few other entities. The SET (and MAI) has 713 listed companies as of August 22, 2016 (SET, n.d.). Based on 2015 annual report of the SET (2016, p.15 & 17), the average daily trading value of the SET (and MAI) for year 2015 was THB (Thai Baht) 44,302 billion (USD 1.23 billion), the highest trading value in ASEAN for three consecutive years. Market capitalization for the year (2015) was THB 12.6 trillion (USD 350 billion).

**THEORETICAL ARGUMENTS FOR AND AGAINST INSIDER TRADING**

Arguments for insider trading mainly focus on ‘market efficiency’, ‘compensation’, and ‘market liquidity’. Insider trading is argued by some (e.g. Manne, 1985) as helping the market act more efficiently; it will shift stock prices in the correct direction. Manne (1985) argues that insider trading does provide one possibility for appropriate entrepreneurial compensation. In addition, some (e.g. Holden and Subrahmanyam, 1992) suggest [positive] impact of insider trading on market liquidity.

Arguments against insider trading mainly focus on issues of ‘fairness’, ‘fiduciary duty’, ‘property rights’ and ‘market morality’. Insider trading is banned based on its unfair nature. Werhane (1991, p. 729) refers to the lack of a level playing field as a reason for banning insider trading because ‘it gives the outsider an unfair comparative disadvantage that skews competition.’ Regarding fiduciary duty, officers and directors have a fiduciary duty to shareholders and the company should be run to maximize shareholders’ wealth (O’Hara, 2001). Material non-public information is also viewed as some kind of corporate property. ‘Insider trading is wrong because it involves a violation of property rights’ (Moore, 1990, p. 175). Finally, insider trading is argued to be connected to greed culture that undermine market morality, and ‘if it takes the upper hand, destroys the market itself’ (Engelen and Liederkerke, 2007, p. 504).

This study opines that insider trading is an unfair practice of insiders towards other investors. Market morality is effected judging from negative reaction to insider trading in markets including Thailand (e.g. Snook, 2016). Management already have compensation package and have fiduciary duty to corporation and stakeholders. Besides, the [positive] effects of insider trading on firm value and socioeconomic welfare had been without conclusive results (Ma and Sun, 1998, p. 72).

**Previous Empirical Findings**

Previous studies on Thai insider trading had been scant. Budsaratragoon, Hillier and Lhaopadchan (2012) investigate whether insider trading regulation is effective in emerging market environment (Thailand). The Thai insider trading regulation, which mimicked developed market rules, was found to fail on all three measures of success. Insiders traded with impunity during a regulated
trading ban. Insiders’ trading outperformed other investors at all times, and they continued to exploit their privileged position with respect to information flow. Plausible reasons for ineffective insider trading regulation in emerging market include: (1) a lack of effective enforcement that can lead corporate insiders to trade with impunity, (2) regulatory surveillance mechanisms tend to be rudimentary and incapable of detecting suspicious trading patterns, (3) corporate insiders lack the requisite skills to engage in profitable legal insider trading. Another study on insider trading in the Thai stock market was conducted by Boonyawat, Jumreornvong and Limphaphayom (2004). The study which focused on the profitability of legal insider trading found that Thai corporate insiders could earn abnormal profits from stock purchase transactions but not sales transactions.

Huang (2007) analyzed the features of insider trading activity in China’s stock market. The study revealed only 11 insider trading cases in China during 1994 to June, 2004. Nine cases were dealt with by the China Securities Regulatory Commission (CSRC) and involved only administrative liabilities; the remaining two were criminal insider trading cases where the offenders were sentenced to years of imprisonment and a fine. Five cases involved entity insiders and all of them were state-owned corporations. As to natural person insiders, most of them were directors and senior management officers of state-owned corporations. Government officials and staff members of securities regulatory authority were also found in reported cases. Insider trading was of classical type, i.e., insiders used inside information accessed by virtue of their positions. All inside information was positive. Huang (2007) opined that although the reported cases were serious in nature, the insiders received rather light punishment.

The focus of the previous two studies in the Thai stock market on regulation effectiveness and profitability of insider trading differs somewhat from this study which focuses on insiders’ behaviors and enforcement procedure. Huang’s study is mentioned since its focus is on another emerging market (China) which can be used for comparison in some aspects.

DATA AND METHODOLOGY
This study is a documentary research. The data relating to insider trading cases and regulation is collected from the SEC’s source as well as from other relevant sources such as the SET, academic articles, books, newspapers, etc.

Insider Trading Cases in the SET
Based on the SEC’s information on ‘Criminal Sanction-Annual Statistics’ (SEC, 2016), Table 1 shows 32 insider trading cases being prosecuted during year 2007 to July 31, 2016 and out of these, 28 cases are settled and 4 cases are filed for criminal complaint.

Table 1: Number of Insider Trading Cases being Prosecuted during Year 2007 to 2016*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>7</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: SEC; * up to July 31, 2016

Table 2 shows details of 28 cases being settled during year 2007 to July 31, 2016 (SEC, 2016). The number of offenders, the fines paid for each year, and stock symbol of the cases are shown.

www.flepublications.com
Table 2: Insider Trading – Settled Cases during Year 2007 to 2016*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of cases</td>
<td>5</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>28</td>
</tr>
<tr>
<td>No. of Offender(s)</td>
<td>10</td>
<td>10</td>
<td>13</td>
<td>10</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>-</td>
<td>2</td>
<td>58</td>
</tr>
<tr>
<td>Fine in THB Mil**</td>
<td>35.44 (USD Mil 1.02)</td>
<td>48.77 (USD Mil 1.40)</td>
<td>31.05 (USD Mil 0.89)</td>
<td>41.11 (USD Mil 1.18)</td>
<td>0.05 (USD Mil 0.001)</td>
<td>11.40 (USD Mil 0.033)</td>
<td>1.33 (USD Mil 0.038)</td>
<td>8.05 (USD Mil 0.23)</td>
<td>-</td>
<td>32.10 (USD Mil 0.92)</td>
<td></td>
</tr>
<tr>
<td>Case (Stock Symbol)</td>
<td>TIP, BSEC, PAP, GLOBAL, BKI</td>
<td>MAKRO, ESTAR, EMC, CMO, CMO,*** IT</td>
<td>SPSU, RPC, TUC, MLINK, RPC</td>
<td>BGH, PLE, LVT, STPI</td>
<td>SOLAR</td>
<td>UMS, SLC</td>
<td>PRO, PHA</td>
<td>GRAND, ASCON</td>
<td>-</td>
<td>MATI</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s based on SEC’s data; * up to July 31, 2016; ** Exchange rate as of September 20, 2016: USD 1.00 =THB 34.83; *** Insider trading of CMO occurred twice with different inside information and time periods.

Table 3 shows details of 4 insider trading cases being filed for criminal complaint during year 2011 to July 31, 2016. Three cases are still with the special case inquiry official and one case was deemed final (SEC, 2016).

Table 3: Insider Trading Cases- Criminal Complaint Filed during Year 2011 to 2016*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of cases</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>No. of Offenders</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Status</td>
<td>In the inquiry process**</td>
<td>In the inquiry process**</td>
<td>-</td>
<td>In the inquiry process**</td>
<td>-</td>
<td>Only one offender was sentenced and fined by the Court. The case was deemed final.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case (Stock symbol)</td>
<td>GLOBAL</td>
<td>TUCC</td>
<td>-</td>
<td>LVT</td>
<td>-</td>
<td>KARAT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s based on SEC’s information; * up to July 31, 2016; ** Inquiry is by the special case inquiry official.

FINDINGS AND DISCUSSION

Unfairness was key ground for criminal sanction.

Based on the SEC’s summarized facts on prosecuted cases, Section 241 of the SEC Act (1992) has been violated as follows:

1. the person takes (an unfair) advantage of other persons in trading (buying/ selling) own securities, or the person solicits the other person to trade securities,
2. by using (negative/ positive) material non-public information;
3. such information is obtained by virtue of the person’s positions before the information becomes publicly known.
Discussion

Upon the analysis of related Thai law/regulation, insider trading was banned due to its nature of unfairness. That is, insiders took unfair advantage over others by virtue of their position to obtain direct/indirect benefits. The notion of unfairness indicates unequitable treatment of shareholders which is one core area of the Organization for Economic Co-operation and Development (OECD)’s principles of corporate governance (CG). The principles states that ‘Insider trading and abusive self-dealing should be prohibited’ (OECD, 2004, p. 20). Such practices can be seen as constituting a breach of good corporate governance inasmuch as they violate the principle of equitable treatment of shareholders.

Developed economies such as the U.S. treated the detection and prosecution of insider trading violations as one of its enforcement priorities because insider trading undermines investor confidence in the fairness and integrity of the securities markets (U.S. SEC, 2013). Developing economies tend to follow the lead of the developed economies such as OECD member states (McGee, 2009) and this includes Thailand. Thailand has adopted the international standards on corporate governance from the OECD Principles of CG and that CG principles are specified in related Thai laws and regulations (SEC, 2015). The SEC prohibits and penalizes insider trading since it is unfair while the SET refrains insider trading since it contradicts the principle of equitable treatment to shareholders.

Most insider trading cases involves corporate insiders.

The finding revealed that most insider trading cases were of classical type where corporate insiders traded corporate securities on the basis of material, non-public information by virtue of their position. 30 out of the 32 prosecuted cases involved corporate insiders and only 2 cases involved non-corporate insiders.

Corporate insiders consisted mostly top management such as Chairman and/or Chief Executive Officer (e.g. MAKRO case, 2015), director (e.g. LVT case, 2013), independent director (e.g. PAP case, 2016) as well as major shareholder (TIP case, 2016). Some corporate insiders were tippers (e.g. BKI case, 2016). Non-corporate insiders in the two cases (GRAND, 2009; KARAT, 2011) were outside legal consultants.

Discussion

While SEC’s prohibition and SET’s restraint of insider trading are well documented, insiders ignore the regulation/the governance principles. Insiders tend to have excuses of not knowing the law. Ironically, they knew how to find aiders to help them violate the law. Besides, some insiders are lawyers or independent directors of the company. The cases indicate no difference of persons in terms of self-gain seeking despite their positions and duties.

The number of cases with positive inside information was 1.5 times of those with negative inside information.

Among 32 prosecuted cases, 18 and 12 cases have positive and negative inside information respectively while the 2 remaining cases (KARAT case, 2011; MATI case, 2007) seemed to involve positive and negative inside information. Cases with positive or negative inside information tended to be related with the respective purchase or sale of securities. Few cases involve both purchase and sale of securities (e.g. PRO case, 2010; MATI case, 2007).

The ‘inside information’ in these cases had a few features: it was said to be material to changes in securities’ price; it had not yet been disclosed to the public; insider had access to this
information by virtue of his/ her office or position. Examples of positive information are the joint venture agreement with other larger company (e.g. GLOBAL case, 2016); the merger with other company (e.g. BGH case, 2013), the significant increase in net profit from the previous period (e.g. PLE case, 2013). Examples of negative information include the share sale of major shareholder and the change in shareholder structure (SLC case, 2011) and the significant drop of profit/ operating performance from the previous period (e.g. MLINK case, 2014).

**Discussion**

Positive inside information signifies growth of company as indicated by: joint venture/ merger agreement with another company, project launch, increased profit/ dividends for the latest period, etc. On the contrary, negative inside information signifies company’s decline as indicated by losses or drop in profit and/or dividend paid and this may result from weak economy, increased business volatility and others. Compared between positive and negative information, the insiders proceeded to trade larger amount of securities based on positive inside information and were subject to larger fines (e.g. MAKRO case, 2015).

The settled cases largely outnumbered the cases being filed for criminal complaint.

Based on the data that 28 cases are settled and 4 cases are filed for criminal complaint, this indicates that most offenders chose to pay fines to settle cases rather than having the cases being referred to the police. During the study period, there had been no imprisonment of insider.

**Discussion**

The rationale for case settlement may involve two related factors: (1) available option to pay fines and (2) avoidance of having untrustworthy characteristic. The SEC’s disclosed policy is that when the offender pays fines as specified by the Settlement Committee, the criminal case [insider trading] shall be settled. By paying fines, insiders could also avoid having ‘untrustworthy characteristic’ (as per SEC’s Notification no. Kor Chor 8/2553) and could resume corporate position.

Recently the SEC made the (second) notification (effective from August 1, 2016) which includes the person who is fined by the Criminal Fining Committee as having ‘untrustworthy characteristic’ with the exception that the offence is not of serious nature. This new notification should be of concern to corporate insider because fine payment can no longer ensure that he/she can resume corporate position.

Case settlement by fine payment seems too light penalization for Thai insider trading. There was a call for severe penalization like in other developed countries. For example, in the U.S. and Japan, those involved in insider trading faces 20 years in jail or fines of up to three times the profits (Fernquest, 2015). This study opines that penalization should be in proportion with the serious nature of cases.

**The investigation process up until case settlement was from 1.5 to 5.5 years**

It was found that the investigation process for insider trading was time-consuming. The period from the incident, the investigation result until case settlement ranged from 1.5 years (ESTAR case, 2015) to 5.5 years (BSEC case, 2016). Most cases took around 2 to 4 years from incident until settlement.
Discussion

The lengthy process includes the SET’s and/or SEC’s criminal investigation. The Market Surveillance Department of the SET will examine whether there are any illegal insiders and will initiate investigation if any person considered as an insider is involved (SET, n.d.). Following a referral from the SET or the SEC’s own initiation, the SEC makes further investigation of insider trading. According to Section 317 of the SEC Act (1992), offences such as insider trading can be criminally fined by the Settlement Committee. If the fine is fully received within the period specified by the Committee, the matter is considered settled. However, if the offender did not agree to pay fine, the case would normally be referred to the Police and to the special investigator of the Department of Special Investigation (DSI), Ministry of Justice.

To increase efficiency on law enforcement, the SEC has proposed amendment to the SEC Act (1992) to include civil sanctions for insider trading (SEC, 2016). The amendment is expected to enable faster enforcement process. Countries such as the U.S. has proved that the civil enforcement be powerful tool against insider trading (Newkirk and Robertson, 1998).

The criminal proceeding was up to 10 years.

Only one case (KARAT) under study period was sent to the Court. KARAT case occurred in year 2002 and the evidence was found convincing in year 2006 resulting from another case’s (GRAND) investigation. Two offenders denied the allegation while one offender did not make any contact to clarify his action and there was no evidence to identify the fourth offender. The Court sentenced the accused to a fine of THB 2,518,646.23 for contravention of Section 241 of the SEC Act (1992) in conjunction with Section 86 of the Penal Code. As the accused pleaded guilty, the Court commuted the fine to half. The accused appealed to the Court and judgment affirmed. The case was deemed final; this was ten years after the incident (the period of prescription).

Discussion

The criminal proceeding commences when the SEC files cases for complaint with the DSI and it may later involve prosecutor and court. The proceeding occurs since offenders refuse to enter/finish the criminal fining process. Presently, three cases are with the inquiry official. The lengthy process for the criminal proceeding enables the accused to take advantage from the prescription. Thus, the shortening of the proceeding period is called for.

Other Findings.

It was found that the law/regulation did not specify clearly the ‘closed period’ or the number of days that insiders should refrain from trading before public announcement. The period that the insiders purchased/sold shares prior to public announcement date varied such as one day (e.g. PAP case, 2016), around ten days (e.g. MAKRO case, 2015), around one month (e.g., BGH case, 2013) and more than one month (PLE case, 2013).

Discussion

There is a pro and con for no distinct definition of the ‘closed period’. The pro is that it gives more flexibility to regulator to determine insider trading, which may vary in days prior to public announcement date. The con, however, is that a corporate insider does not have good idea of days that he/she should refrain from trading prior to public announcement date.

Whereas the U.S. does not have explicit regulation of trading prohibition prior to earnings announcement, corporate insiders avoid profitable trades immediately prior to the earnings
announcement to minimize litigation risk (Huddart, Ke and Shi, 2007). The practice cannot be well applied to the Thai stock market since the insiders who traded more than ten days or more than one month prior to earnings announcement were also subject to illegal insider trading.

Another interesting finding was that in the case of tipper-tippee, only the tipper was penalized whereas the tippee could not be identified and not penalized.

CONCLUSION AND IMPLICATIONS

The research found that Thailand followed developed economies in prohibiting insider trading since it was unfair. Most cases were of classical type where corporate insiders traded corporate securities on accessed inside information by virtue of their position. Most inside information was positive. In most cases, insiders paid fines for settlement and resumed their corporate position. Few cases were filed for criminal complaint. The investigation process and the criminal proceeding were time-consuming, indicating weak enforcement.

In a nutshell, the findings revealed too light penalization and too long law-enforcement period with the implicated consequence of no upholding of good governance principles and diminished confidence from investors. Thus, penalization should be more stringent while procedure may include civil sanction. Future study may focus in management behaviors in Thai insider trading cases and social reaction to the cases.

REFERENCES


CORPORATE EARNINGS AND DIVIDENDS SMOOTHING IN AN ERA OF UNCLAIMED DIVIDENDS IN NIGERIA: A PANEL DATA ANALYSIS

PROF. APEDZAN EMMANUEL KIGHIR¹, JOSEPH SAMUEL² AND MAMMAN SALISU³

ABSTRACT:
There has been a raging controversy among regulatory authorities, shareholders, the general public on one hand and company executives, Registrars of companies on the other, regarding the increasing incidence of unclaimed dividends in Nigeria. The objective of this study is to find out if corporate earnings management through dividends smoothing is implicated in unclaimed dividends among Nigerian non-financial firms. The research used panel data and employed GMM as method of analysis. The research finds evidence of dividends-smoothing in this era of unclaimed dividends in Nigeria. The research concludes that dividends-smoothing in this era is a trigger and red flag for unclaimed dividends. If unclaimed dividends and hence earnings management in Nigeria is allowed to continue it will lead to great consequences to the investors and corporate policy of government. It is believed that the research will assist investors and government in making informed decisions regarding dividends policy in Nigeria.

Keywords: Dividends Smoothing, Unclaimed Dividends, Corporate Earnings Management, Non-Financial Companies and Nigerian Stock Exchange.

INTRODUCTION
In recent years in Nigeria and in some financial jurisdictions there has been a raging controversy between regulatory authorities, shareholders and the general public on one hand and company executives, Registrars of companies on the other, regarding increasing incidence of unclaimed dividends (Kighir, 2003 and 2006).

The declaration of these dividends has signalling impact on value of firms at Stock Exchange (Lintner,1956; Bhattacharya, 1979; John and Williams, 1985; and Miller and Rock, 1985). Some of these dividends are declared but not paid to the shareholders on time (Kighir, 2003). The signalling effect is gained but nothing flows to the shareholders, at least in the short run, giving rise to unclaimed dividends.

Many believe that there are deliberate actions by some companies and registrars to deny investors their benefits due to lack of cash to back up their dividend declarations, and to some, the companies do have vested interest in the monies not reaching investors as they continue to make use of it.

Some companies and registrars however claim that unclaimed dividends arise from several reasons. These include: Some shareholders do die intestate and without information of next of kin, so their dividends cannot be claimed by anybody, multiple applications by applicants during the investment process sometimes makes it impossible for them to have multiple accounts to pay in different dividend warrants, Some banks do not accept dividend warrants into savings accounts, the loss of dividend warrants arising from the poor postal system, investor’s change of address,

¹ Prof. Apedzan Emmanuel Kighir, Professor, Federal University Dutseinma.
² Mr SAMUEL, Joseph is a Lecturer at Federal University Dutsin-Ma, Nigeria
³ Dr SALISU, Mamman ia an Associate Professor of Accounting at Ahmadu Bello University Zaria, Nigeria
which is not communicated to the registrars and the lack of awareness on issues including dormant bank accounts and sometimes shareholders meagre dividends, may have all compounded the unclaimed dividends saga. To some extent, this trend has had a negative impact on the confidence of investors.

The objective of this study is to find out if corporate earnings management through dividends smoothing is implicated in unclaimed dividends among Nigerian non-financial firms.

Managers appear to believe strongly that the market puts a premium on firms with a stable dividend policy (Brennan and Thakor, 1990; Leary and Roni, 2011; Hu and Chen, 2012). The partial adjustment hypothesis holds that firms realizing the transitory nature of current earnings adjust only partially to its desired level of dividend with a time lag (Lintner, 1956; Fama and Babiak, 1968; Brav et al., 2005).

In Nigeria there has not been much research in the area of dividends smoothing and this research uses in addition an advanced econometric model, the Generalized Methods of Moments (GMM) which takes care of dynamic panel shortcomings.

The rest of this paper covers hypothesis development in section two, methodology adopted in section three and we take on data presentation and analysis in section four, while summary, conclusions and recommendations are in section five.

**HYPOTHESIS DEVELOPMENT**

**Corporate Earnings and dividends smoothing**

This research hypothesize that Nigerian non-financial firms smoothen their dividends during the unclaimed dividends period (2004 to 2011) using corporate earnings in order to stabilize dividends and satisfy their cash dividend-based investors.

Lintner (1956) observed that firms are primarily concerned with the stability of dividends. Firms first consider whether they need to make any changes from the existing rate, and it is only when they have decided a change is necessary do they consider how large it should be. Adeoglu (2000) conducted a research on instability in the dividend policy of the Istanbul Stock Exchange (ISE). His empirical results show that the ISE follow unstable cash dividend policies and the main factor that determines the amount of cash dividends is the earnings of the corporation in that year. Brav, Graham, Harvey and Michaely (2005) surveyed 384 financial executives to determine the factors that drive dividend and share repurchase decisions. They find that managers are willing to raise external capital or even forego positive NPV investments to avoid cutting dividends and that the link between dividends and earnings has weakened. Chemmanur, He, Huc and Liu (2010) presented insights into the dynamics of corporate dividend policy by comparing corporate dividend policies in Hong Kong and the U.S. Their empirical results reveal that the extent of dividend smoothing by firms in Hong Kong is significantly less than those in the U.S. Lambrecht and Myers (2010) argue that the reasons behind smoothing are not clear in existing finance theory. Al-Yahyae, Pham and Walter (2011) conducted their research in Oman, on ‘Dividend smoothing when firms distribute most of their earnings as dividends’. The research found that Omani firms have unstable dividend policies, target pay-out ratios and they adjust their dividend policies very quickly and are willing to cut their dividends. Leary and Michaely (2011) document the cross-sectional properties of corporate dividend-smoothing policies and relate them to extant theories. Their results suggest that dividend smoothing is most common among firms that are not financially constrained, face low levels of asymmetric information, and are most susceptible to agency conflicts. Michaely and Roberts (2012) provide evidence that dividend smoothing is prominent in UK public firms compared to UK private firms.
Al-Najjar and Belghitar (2012) conducted their research on ‘the information content of cash flows in the context of dividend smoothing’ using a modified dividend partial adjustment model. In their model, they replaced current year’s earnings with free cash flow (FCF), since according to them UK firms rely more on their cash flows to pay dividends and that Lintner’s (1956) partial adjustment model seems not to work very well in the UK. They concluded that the modified version of Lintner’s model explains better the smoothing process of dividends for UK firms.

**H1, 1:** Nigerian Non-Financial firms smoothened their dividends during the unclaimed dividends era in order to maintain a stable dividend policy and satisfy their cash dividend based investors through the declaration announcements.

**Measure of Dividend Smoothing**

We use the speed of adjustment (SOA) from the partial adjustment model, which is a common measure of smoothing employed by prior researchers such as Lintner (1956), Fama and Babiak (1968), Andres, Betzer, Goergen and Renneboog (2009).

Lintner (1956), in his seminal paper, introduced the partial adjustment model in dividend research. He surveyed managers on their attitudes toward dividend policy and concluded that managers target a long-term payout ratio. He also found that dividends are sticky, tied to long-term sustainable earnings, paid by mature companies, and is smoothed from year to year. He used the following specification:

\[ \Delta D_t = \beta_0 + \beta_1 D_{t-1} + \beta_2 E_t + \mu_t \]  

where \( \Delta D_t \) is adjustment (SOA) which is expected to be \( 0 \leq c_i \leq 1 \), \( \beta_2 = c_i r_i \) (and \( r_i \) Target payout ratio = \( \beta_2 / c_i \)). Furthermore, a positive \( \beta_0 \) represents the management’s resistance to reduce dividends or reluctance to cut dividends, while negative \( \beta_0 \) represents the management’s willingness to reduce dividends.

The SOA is the speed with which management would try to move toward a full adjustment of dividends to current earnings. Large values for the SOA suggest an erratic dividend policy characterized by large changes driven by transitory earnings shocks. Conversely, small values for the SOA suggest a smooth, persistent dividend policy characterized by insensitivity to transitory earnings shocks and a desire to smooth the shock over many periods. Here, the reluctance to cut dividends, the target pay-out ratio and the speed of adjustment are estimated in the regression.

Fama and Babiak (1968) extended the partial adjustment model by including a lagged earnings variable.

\[ D_t = \beta_0 + \beta_1 D_{t-1} + \beta_2 E_t + \beta_3 E_{t-1} + \mu_t \]  

where \( \beta_1 = 1-c_i \) with \( c_i \) being Speed of adjustment, \( B_2 = c_i r_i \) and \( r_i = \beta_2 / c_i \) and \( r_i \) being the target payout ratio.

Andres, Betzer, Goergen and Renneboog (2009) conducted their research in Germany using ‘partial adjustment model’ which is a modified version of Fama and Babiok (1968) model, and found that German firms pay out a lower proportion of their cash flows, but a higher proportion of their published profits than UK and US firms. The empirical specification is based on the model:

\[ D_t = \beta_0 + \beta_1 D_{t-1} + \beta_2 E_t + \beta_3 E_{t-1} + \text{YEAR}_t + \eta_1 + \nu_t \]  

\text{YEAR}_t (with t=1,\ldots, T) are time dummies that control for the impact of time on the dividend
behaviour of all sample firms; \( \eta_i \) is a firm-specific effect to allow for unobserved influences on the dividend behaviour of each firm and is assumed to remain constant over time. \( \mu_{it} \) is a disturbance term.

**RESEARCH METHODOLOGY:**

**Research design**

The research used Panel Data and conducted test for the whole population (74) of non-financial companies quoted at Nigerian Stock Exchange (2004-2011) using STaTa 13.

**Data and Sample Size:**

The Panel Data were accessed from Stock Exchange Handbook (2004 and 2011). A sample of 54 companies with equity dividend paying history on the Equity market of Nigerian Stock Exchange, from the non-financial sector of the economy made up the sample for the study.

**Table 1: [Sample selection]**

<table>
<thead>
<tr>
<th>S/N</th>
<th>sector</th>
<th>Total no. of non-Financial companies</th>
<th>No. of companies selected</th>
<th>No. of companies not selected</th>
<th>Percentage selected for study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Non-Financial</td>
<td>74</td>
<td>54</td>
<td>20</td>
<td>73%</td>
</tr>
</tbody>
</table>

**Source: Researcher’s result of analysis**

Out of seventy four companies, fifty four companies were selected for study giving 73% of the total population as sample size.

**Method of analysis:**

In this paper we investigate dividends smoothing among non-financial firms in Nigeria, during the period of unclaimed dividends by applying Andres et al. (2009) ‘partial adjustment model’ which is a modified version of Fama and Babiok (1968) model.

In the classical OLS regression assumption, the error term must be unrelated (uncorrelated) with the regressors. In panel data research, this assumption is often violated, thus making OLS regression to give inconsistent estimates when used for panel data research. The violation most of the times may be due to the presence of individual unobserved specific fixed or random effects correlating with regressors (Ashenfelters, 1978; Hausman, 1978; Hsiao, 1986), presence of exogenous regressors correlating with error term (Balestra and Nerlove, 1966; Nerlove, 1967), or presence of heteroschedasticity of unknown form.

\[
Y_{it} = \beta_0 + \beta_1 X_{it} + \beta_2 Z_{it} + u_{it} \tag{4}
\]

\[
uit = u_{it} + Y_{it} + \epsilon_{it} \tag{5}
\]
Where $u_{it}$ is the error component term, $u_i$ is the cross sectional individual unobserved specific fixed or random effects and $\Upsilon_i$ the period effects.

Researchers have devised ways of dealing with the above challenges (Baltagi, 2001). Firstly, the use of panel Fixed effects Models (FEM) or Random effects Models (REM) or First Difference Models (FD) are used to eliminating or reduce the impact of unobserved panel-level cross sectional individual unobserved specific fixed or random effects and period effects. ($u_i$ or $\Upsilon_i$).

Again, most panel data research, involve dynamic panel models, such as first autoregressive (AR (1)) models. In such models, the problem is even worst as the lagged dependent variable may be correlating with the individual specific effects (endogeneity). In such a situation, the estimates from FEM or REM or FD are found to be bias where dynamic panel with first autoregressive (AR (1)) models are involved (Nickell, 1981). The problem of endogeneity is dealt with by employing instrumental variables (IV) estimators in classical linear regression. This may remove the endogeneity but increases the chances of heteroscedasticity.

Although the consistency of the IV coefficient estimates is not affected by the presence of heteroscedasticity, the standard IV estimates of the standard errors are inconsistent, preventing valid inference. The diagnostic tests for endogeneity and overidentifying restrictions will also be invalid if Heteroskedasticity is present.

Arellano-Bond (1988 and 1991) developed a linear first difference Generalized Method of Moments (GMM) estimator to deal with such problems. The estimators are designed for situations with “small T, large N” panels, meaning few time periods and many individuals; with independent variables that are not strictly exogenous.

Arellano-Bover (1995) and Blundell-Bond (1998) further refined Arellano and Bond’s (1991) model. Their analysis show that in dynamic panel data models where the autoregressive parameter is moderately large and the number of time series observations is moderately small, the GMM-first-differences-IV estimator is poorly behaved. Based on this Blundell and Bond (1998) proposed a system estimator that uses moment conditions in which lagged differences are used as instruments for the level equation in addition to the moment conditions of lagged levels as instruments for the differenced equation, i.e. a system GMM estimator with first-differenced instruments and instruments in level equation. That, it has improved the GMM estimator in the first differenced model in terms of bias and root mean squared error.

We therefore used the Generalized Method of Moments technique developed by Arellano and Bond (1991), Arellano and Bover (1995), and Blundell and Bond (1998), in addition to the Estimated Generalized least squares (EGLS) random effects model and Fixed Effects Model, to estimate dividends and earnings panel data. We make use of Hausman (1978) confirmatory Test for Correlated Random Effects and fixed effects, while using Breusch-Pagan Lagrange multiplier (LM) (1980) to decide between a panel random effects regression and pooled OLS regression with Sargan test for overidentifying restrictions and abond test for autocorrelation.

The model for this research is therefore:

$$\text{LogDiv}_{it} = \beta_0 + \beta_1 \text{LogDiv}_{it-1} + \beta_2 \text{LogEarn}_{it} + \beta_3 \text{LogEarn}_{it-1} + u_i + \Upsilon_i + e_{it} \quad (6)$$

Where ($\text{LogDiv}_{it}$), is dividend per share as dependent variable, ($\text{Div}_{it}-1$), lagged dividend per share, ($\text{Earn}_{it}$), earnings per share and ($\text{Earn}_{it-1}$), lagged earnings per share as regressors with $u_i$ as cross sectional effect coefficient and it is a firm-specific effect for unobserved influences on the dividend behaviour of each firm and is assumed to remain constant over time. $\Upsilon_i$ as time period
effect coefficient and they are time dummies that control for the impact of time on the dividend behaviour of all sampled firms. The $e_t$ is a white noise or error term.

The research adopt 5% significant level as it maximum level of rejection or not rejecting any hypothesis.

**DATA PRESENTATION AND ANALYSIS**

**Data Presentation**

![Figure 1: Stacked single graphs of earnings against Dividends for some non financial companies in Nigeria](image)

The analyses of the red flags (smoothened dividends) are further demonstrated by the above stacked graph of earnings and dividends in Figure 1 above. A closer look at the graphs show peak-and -trough with dividend lines (green) subordinating earnings lines (red), but in some firms where dividend smoothing is prevalent, dividend lines cross earnings line, and sometimes reverts back, but in others persists for many years.
Figure 2: Scatter diagram for earnings and Dividends

One of the assumptions of classical linear regression is linearity of regressing variables. The above scatter diagram (Figure 2) shows the linear relationship between dividends and earnings in Nigeria. It shows lots of outliers with great variation in relationship, which is due to the existence of cash cow companies with high dividends payout.

Table 2: [Descriptive Statistics]

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divit</td>
<td>303</td>
<td>122.5735</td>
<td>222.1936</td>
<td>1</td>
<td>1293</td>
</tr>
<tr>
<td>Earnit</td>
<td>303</td>
<td>193.5372</td>
<td>268.8106</td>
<td>0</td>
<td>1601</td>
</tr>
<tr>
<td>LogDivit</td>
<td>303</td>
<td>3.616159</td>
<td>1.557188</td>
<td>0</td>
<td>7.16472</td>
</tr>
<tr>
<td>LogEarnit</td>
<td>303</td>
<td>4.332353</td>
<td>1.509475</td>
<td>0</td>
<td>7.378384</td>
</tr>
</tbody>
</table>

Source: Researcher’s result of unbalanced panel descriptive analysis

The mean statistics from sampled firms show that Nigerian non-financial firms pay on average 63.33% of their earnings in dividends with maximum earnings per share of 1293K and minimum dividend per share of 1K
Data Analysis and Tests of Hypotheses

Table 3: [Summary Tests for non-Financial Companies 2004-2011 (Era of unclaimed dividends in Nigeria].

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>O-L-S</th>
<th>F-E-M</th>
<th>GMM(diff)</th>
<th>GMM(sys)</th>
<th>GMM(sys-Wc Robust)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>9.514</td>
<td>15.0</td>
<td>55.14**</td>
<td>55.08</td>
<td></td>
</tr>
<tr>
<td>Log(Divit(-1))</td>
<td>0.751***</td>
<td>0.300***</td>
<td>0.284</td>
<td>0.442***</td>
<td>0.442***</td>
</tr>
<tr>
<td>Log(Earnit)</td>
<td>0.421***</td>
<td>0.468***</td>
<td>0.415***</td>
<td>0.456***</td>
<td>0.456***</td>
</tr>
<tr>
<td>Log(Earnit(-1))</td>
<td>-0.199**</td>
<td>-0.046</td>
<td>0.114</td>
<td>-0.169*</td>
<td></td>
</tr>
<tr>
<td>Yr2006</td>
<td>0.054</td>
<td>-0.016</td>
<td>-0.044</td>
<td>-0.044</td>
<td></td>
</tr>
<tr>
<td>Yr2007</td>
<td>0.078</td>
<td>0.119</td>
<td>0.115</td>
<td>-0.132**</td>
<td>-0.132</td>
</tr>
<tr>
<td>Yr2008</td>
<td>0.102</td>
<td>0.118</td>
<td>0.123</td>
<td>0.102*</td>
<td>-0.102</td>
</tr>
<tr>
<td>Yr2009</td>
<td>-0.067</td>
<td>0.002</td>
<td>0.046</td>
<td>0.085</td>
<td>-0.085</td>
</tr>
<tr>
<td>Yr2010</td>
<td>-0.044</td>
<td>-0.005</td>
<td>0.056</td>
<td>0.075</td>
<td>0.076</td>
</tr>
<tr>
<td>Year</td>
<td>-0.005</td>
<td>-0.007</td>
<td>0.001</td>
<td>-0.027</td>
<td>-0.027</td>
</tr>
<tr>
<td>SOA</td>
<td>0.249</td>
<td>0.700</td>
<td>0.716</td>
<td>0.558</td>
<td>0.556</td>
</tr>
<tr>
<td>TPR</td>
<td>1.691</td>
<td>0.668</td>
<td>0.579</td>
<td>0.817</td>
<td>0.820</td>
</tr>
<tr>
<td>No of obs(firm-years)</td>
<td>226</td>
<td>226</td>
<td>163</td>
<td>226</td>
<td>226</td>
</tr>
</tbody>
</table>

Breusch Pagan LM $x^2$ test for fixed effects 0.22
Hausman test for random effects 37***
$R^2$ 0.89
F 194***
Walds chi2 for zero coeff. 71*** 12729** 83***
abond test for autocorrelation -3.672*** 3.0507*** (1) -2.7599*** (1)
1.3272 (2) 1.1558 (2) 1.1202 (2)
Sargan test for overidentifying restr. 12 22 nil

Source: Researchers’ Analysis results. ***Significant @ P<0.01, ** Significant @ p< 0.05  * Significant @ p< 0.1
Two steps Standard errors are in parenthesis. (1) represent order one and (2) order two.

The results in Table 5, show tests estimates of impact of earnings on dividends of non-financial companies quoted at Nigerian Stock Exchange between 2004 and 2011, based on OLS, FEM, Generalized Methods of Moments in difference (GMM diff), Generalized Methods of Moments in system (GMMsys) and Generalized Methods of Moments in system with Windmeijer (2005)
covariance robust standard errors (GMMsys wc-robust).\(^4\) The Breusch Pagan LM tests for random effects rejects favour the OLS method against random effects. In the same vein, Hausman tests for random effects rejects the Generalized Least Squares (GLS) random correlational effects in favour of panel least squared fixed effects method. The Arellano-Bond (Abond) tests for zero autocorrelation and Sargan tests for correct model specification and overidentifying restrictions all show favourable results.

The results show that lagged dividend has moderate impact on dividends payout decisions in Nigerian non-financial companies, with a value of between 0.751 to 0.284 and highly significant p values except GMM(diff). The impact of current earnings also show moderate significance in all the models. The lagged earnings however, show dismal significance in some of the models. This means Nigerian non-financial companies, use prior year’s dividends along with current year’s earnings to decide on how much of dividends they can pay in the current year. This is a sign for dividends smoothing.

The results show speeds of adjustments (SOA) of between 0.249 and 0.700 among Nigerian non-financial companies, with target payout ratio of between 0.579 and 1.691 for the period under review. This means Nigerian non-financial companies, participates moderately in dividends smoothing. This supports our hypothesis and it is consistent with the work of Pandey (2003) in Malaysia, who found SOA of 0.5 among industrial firms in Malaysia using panel fixed effects model.

**SUMMARY, CONCLUSION AND RECOMMENDATIONS.**

In general, the research finds evidence of red flags for dividends smoothing through constant dividends payment value, dividends cuts (reduction), omissions

Using the GMM, the research finds on average moderate smoothing among non-financial firms in Nigeria. This is consistent with the work of Pandey (2003) and Andres et al (2009) in German companies using GMMsys This means there was dividends-smoothing in this era of unclaimed dividends in Nigeria (2004-2011). The research concludes that dividends-smoothing is a trigger and red flag for unclaimed dividends, an output of earnings management. The implication of this study is that if unclaimed dividends, and hence earnings management in Nigeria is allowed to continue, it will lead to great consequences to the investors and corporate policy of government. It is believed that the research will assist investors and government in making informed decisions regarding dividends policy in Nigeria.

**REFERENCES**


\(^4\) We used GMMsys-wc from Windmeijer, (2005) as Sargan post estimation test is only for a homoskedastic error term as it does not have an asymptotic chi-squared distribution for robust standard errors.


MICROBREWERIES BOOM: CAUSE OR EFFECT OF CUSTOMERS’ REQUIREMENTS CHANGE

MR. STANISLAV TRIPES

The Czech brewing industry has rapidly changed during last 25 years. The price wars caused bankruptcy of middle-sized breweries at the beginning of new millennium. Big industrial breweries were pressed by supermarket chains to produce unified cheap beer. The lagers and special beers were missing beer market as a result of communist era and supermarkets enter to the Czech Republic. The gab was an opportunity for micro and mini-breweries arises. This process has started in the year 2005 and the gap was slowly fulfilled. Around 400 mini and microbreweries are operating in the Czech Republic in 2016. The beer market is diversified and to customers are offered more than thousand different beers. The purpose of this paper is to uncover strategic decisions in brewing industry. The research question is if customers’ requirements change cause the microbreweries boom or if the entrepreneurs’ ideas to diversify the market started to change customers’ consumption. The historical knowledge is important for strategy decisions of microbreweries nowadays. Currently, the microbreweries owners usually started to brew beer as a hobby and later enhance the production. Some owners use the differentiation strategy, some proclaim the differentiation, but the production is based on low-cost strategy.

The qualitative approach was incorporated in form of historical research for gaining knowledge about industry development and strategic decisions during last 25 years. The primary and secondary sources were analyzed. The 5 microbreweries owners were interviewed. The second source of knowledge was based on newspaper articles searched in the server Anopress IT. The Czech newspaper, magazines, TV and radio broadcasting are stored at this server. The journal articles were searched via EBSCO and ProQuest Central databases. The results show that the microbreweries opinion leaders started the same way as industrial breweries – the low-cost strategy. Nevertheless, they were not successful and the market pressed them to use differentiation strategy – to produce special beers. These strategic changes were accepted by few customers and the trend of microbreweries started later. The market share of breweries is around 2% of whole beer production in the Czech Republic in 2015.

THE FUTURE OF GDSS SUPPORTED MEETINGS: PERCEIVING THE VALUE AND THE NEED FOR COMPETITIVE STRATEGIES

DR. AMER AL SHISHANY

Conducting meetings using GDSS, as a method for brainstorming solutions and decision-making in organizations, has not yet been disseminated and adopted by the majority of either businesses or public sectors. Observations and statistics from the field indicate that organizations have scant interest or no perception at all of this approach for decision-making process. This paper is devoted to investigate the reasons behind the lack of GDSS supported meetings' dissemination and suggests solutions for overcoming the challenges encountering the GDSS supported meetings’ industry.

1 Mr. Stanislav Tripes, Ph.D. student, University of Economics, Prague, Faculty of Management.
2 Dr. Amer Al Shishany, Assistante Professor, The Hashemite University.
The paper reports on the results of a field study of 22 semi-structured intensive interviews conducted with users of GDSS meeting software, experienced facilitators, technical support experts and managers of GDSS meeting facilities. The research took place in real business environmental settings with interviewees whom used ‘FacilitatePro’, ‘MeetingSphere’ and "Spilter" GDSS meeting software.

26-AF13-4219

CORPORATE GOVERNANCE, TAX IMPUTATION SYSTEM AND DIVIDEND REINVESTMENT PLANS : EVIDENCE FROM AUSTRALIA

MR. HUSSEIN ABEDI SHAMSABADI

Having observed that a dividend reinvestment plan is not a legal requirement but has become popular among firms, we investigated determinants of the supply of DRP in the nexus of corporate governance, and imputation tax in Australia. Results indicate that better corporate governance, proxied by a self-constructed comprehensive governance index, leads to a better supply of DRP. Further analyses illustrate that the positive effect of governance on DRP is attenuated by franked dividend and heavily discounted DRP respectively, illustrating the importance of institutional settings to understand dividend policy. Our findings imply that good governance should consider a variety of clientele demands for dividend. Our finding also indicates the existence of diminishing marginal monitoring to scale of (free) cash flows.

13-AF34-4479

THE INFLUENCE OF INFORMATION PRIVACY ON B2C E-COMMERCE ON CLIENTS BEHAVIOUR IN SAUDI ARABIA

DR. HAYA ALSHEHRI

Customer using the Internet for their online shopping have privacy concerns that is found to be an obstacle to the continuing growth of E-Commerce. In fact, the absence of privacy policies is common issue in E-Commerce. Indeed, people in Saudi Arabia are concerned as there is as there are no laws or regulations protecting their personal information within the context of E-Commerce. This study aims to answer the question of whether the privacy of personal information plays a significant role in influencing the behavior of Saudi customers when purchasing online. Quantitative data was collected from 606 users in Saudi Arabia. The results show that clienteles are concerned with the privacy of their personal data and have a partiality in dealing with sellers who use clear polices for protecting their privacy policies to engage E-Commerce. In reality, with the enhancement of the technological improvement, E-Commerce could possibly flourish in the circumstance of a suitable technical infrastructure of B2C E-Commerce being developed to support its implementation.

3 Mr. Hussein Abedi Shamsabadi, PhD candidate, Griffith University.
4 Dr. Haya Alshehri, Researcher, University of Salford.
RAPID UPSWING OF PATANJALI AYURVED.

MS. RIDDHI SHAH⁵

Patanjali Ayurved, an unlisted, home-grown firm is becoming a threat to the listed companies! This research tries to deduce how a company incorporated a decade ago, namely, Patanjali Ayurved managed to become the fastest growing FMCG in India, with an expected revenue of Rs. 20,000 crore by fiscal year 2020. The research also tries to figure out whether and if the rise of the company will affect business prospects for the other companies or not. The basic objective of this secondary research is to understand the marketing strategies deployed by Patanjali Ayurved that made them the leaders in the FMCG industry of the country. The company employed what is called a "spiritual marketing" strategy on the credibility of Shri Ramdev associated with the practice and promotion of yoga and healthy living in India. The alleged adulteration of FMCG products by other multi-national corporations was effectively used to market the company's own products, referring to them as home-made and free of chemicals and other synthetic materials. The company slowly and gradually got into almost every product line, ranging from toothpaste to wheat-flour. The company's CSR activities have been well promoted and used as a marketing tool and have successfully earned the company goodwill and helped attract customers. Also, the Make in India concept fired by the Government of India also acted as a catalyst to the company's already established "swadeshi" USP. The concept to forming this company was to link the rising destiny of millions of rural masses on the one hand and many more suffering and leading unhealthy urban lifestyle on the other. The vision of Respected Swami Ramdevji Maharaj, the renowned YOGA GURU and Sri Acharya Balkrishnaji, made the concept into writing through formation of the company "PATANJALI AYURVED LIMITED". Keywords : Patanjali Ayurved, Marketing, Marketing strategies, FMCG.

TESTING THE RANDOM WALK AND EFFICIENCY OF THE SAUDI STOCK MARKET (SSM)

MR. YAZEED BIN ATEEQ⁶

The aim of this paper is to investigate how past information about historical share price affects current and future stock prices by testing the weak-form efficiency hypothesis in one of the largest stock market exchange, in the Middle East and North Africa i.e. the Saudi Stock Market Exchange. More particular, the original definition of market efficiency is provided by Fama (1970, p. 383) in his seminal paper: “A market in which prices always “fully reflect” available information is called “efficient.”

However, a number of researchers (for instance, Butler and Malaikh; Khababa, Elango and Hussein, // Onour and Al Ashikh) empirically proved the existence of market inefficiency in the Saudi stock market. They commented that since stock movements are not random, and equity returns are predictable, more statistical evidence is required in order to verify the hypotheses and go far by determining the level of the efficiency and find out the event that affects the level of the

⁵ Ms. Riddhi Shah, Student, Pandit Deendayal Petroleum University.
⁶ Mr. Yazeed Bin Ateeq, Ph.D Student, Manchester Metropolitan University.
efficiency. Thus, this study will attempt to determine the level of the Saudi stock market efficiency. Then, will compare between the sectors index which the researcher has selected banking as a big sector and the small sector which would be the hotel and tourism index. In addition, the researcher has chosen the most important companies in the Saudi Stock Market as representatives of the Saudi stock market which are SOCCO, ALMARAI, TAWUNIYA and SAFECO. The reason for choosing these four companies is based on Samuelson (1998) who said that the efficient markets hypothesis works better for individual shares than it does for the aggregate stock market index. Finally, this study will attempt to determine the impact of major events during the whole year.

The objectives of this research is: a) to determine the level of efficiency of the Saudi stock market; b) to compare the stock market data form (2005-2009) and (2010-2015); c) to determine the impact of major events that affect weak form market efficiency, in certain days of the month such as during the Ramadan, Eid and the Saudi National day.

For analysis, the data will be based on the comparison of data from Saudi stock market and using Non-overlapping Sub-samples by addressing the Effect of Major Events on Weak-form Market Efficiency. This can be done by using Time series data as the basis of economic forecasting, (ARIMA) model. Moreover, The ARIMA model produces clear data based on analysis of stochastic or probabilistic elements of an economic time series, which makes this unique, as it does not rely on constructing a simultaneous-equation model or a single-equation model.

Key words: Share Prices, Efficiency Market, Stock Market, Saudi Arabia

CONSUMER'S ATTITUDE AND BEHAVIOUR TO FRUIT CONSUMPTION IN OWERRI MUNICIPAL, IMO STATE, NIGERIA

DR. NNEKA CHIDIEBERE-MARK

Diets rich in fruits have been widely recommended for their health-promoting benefits. The study described the socio-economic characteristics of the respondents, identified the dominant fruits in the study area, assessed the frequency of consumption of five dominant fruits as well as determined the factors that influence consumers’ attitude and behavior to fruit consumption. A multistage random sampling technique was adopted in the selection of eighty (80) respondents for the study. Primary data were obtained with the use of structured questionnaire. Data collected was analyzed using descriptive statistics, 3 point likert-type scale and the Heckman probit selection model. Results revealed that majority of the respondents were male, middle aged, educated, married, had mean household size of 7 persons, with mean monthly income of N75, 625 ($381.9). Some dominant fruits in the area include orange, pineapple, paw-paw, guava, water melon, cucumber, banana etc. About 90.00% of the respondents agreed that fruits are essential for healthy living and majority (80%) had a favorable disposition to fruit consumption. Age and income were significantly related to consumers’ attitude and behavior to consumption of fruits. Richer households consume more fruits and it is recommended that households diversify their sources of income to generate more income.

---

7 Dr. Nneka Chidiebere-Mark, Lecturer, Imo State University.
2-AF39-4361

BUSINESS ETHICS IN SAUDI LISTED BANKS

DR. IBRAHEEM ALSHEKMUBARAK⁸

This paper reports the findings of interviews with 17 employees at high levels of Saudi listed banks regarding the business ethics in Saudi listed banks. Perceptions were elicited regarding the nature of business ethics and the impact of the notion on the practices of Saudi listed bank. There was widespread agreement among the interviewees about the importance of business ethics in relation to a bank’s success. As a result, each bank has its own compulsory ethical code that controls employee’s behaviour with the aim of enhancing clients’ confidence in the business. However, some of the interviewees were dissatisfied with the ethical codes currently in place, while others believed that their code itself is sufficient, but requires more monitoring.

Keywords: Business Ethics, accountability and Saudi banks.

7-AF25-4267

MIGRATION OF MILLENIALS FROM FACEBOOK TO OTHER SOCIAL NETWORKS: NEW ADVERTISING STRATEGIES IN DIGITAL MEDIA

MRS. XIMENA FERRO⁹

ABSTRACT

Facebook became popular among businesses, homemakers and all of those who needed contact with the world. Young people do not want to share the same space with their parents –even if its virtual, that is the reason why in the last few years, Millennials have stepped out of Facebook and found other virtual spaces.

This research finds the use that Millennials are giving to the different networks, the daily time they spend in each of these and the relationship with them. Quantitative research was done to 220 students in Quito (Ecuador) in order to find their preferences and activities in different social networks. Personal interviews to 71 students were developed to generate profiles of connection with Facebook and the other networks, while other 120 students were interviewed about Facebook, Snapchat and Instagram.

With these results, new Marketing strategies should be planned to reach new generations.

3-AF38-4467

COULD M&A STRATEGY LEAD TO INTEGRATION SUCCESS IN CROSS-BORDER M&AS? THE ROLE OF THE PRE-M&A PERFORMANCES

DR. ZIVA ROZEN-BAKER¹⁰

Due to many mergers and acquisitions (M&As) ending in failure, this study raises the question of whether M&A strategy could lead to integration success in cross-border M&As. The integration stage is considered to be the “weakest link” of the M&A strategy, particularly in cross-border

---

⁸ Dr. Ibraheem Alshekmubarak, Assistant Professor, Albaha University.
⁹ Mrs. Ximena Ferro, Lecturer, Universidad San Francisco de Quito.
¹⁰ Dr. Ziva Rozen-Bakher, Independent Researcher.
M&As. The study presents a research model that examines the effects of the pre-M&A performances of the acquirer and the target on the prediction of the integration success in cross-border M&A. The study uses a sample that includes 34 cross-border M&As. The study highlights the differences between the acquirer and the target with regard to the prediction of integration success. The results of the study suggest that a larger target leads to a complicated integration process that ends in a failure of the integration stage in cross-border M&A, while a larger acquirer could help to pass the problematic integration stage. The results indicate that buying a small target in relation to the acquirer decreases the risks of the integration stage in cross-border M&A. The study reveals that a combination of a larger acquirer along with a smaller target can lead to integration success in cross-border M&A, particularly in cases of inefficient targets that have the potential to remove redundancies. The analysis of the study suggests that buying inefficient targets creates opportunities to remove redundancies, which positively influence the integration success, while buying profitable targets may hinder the possibilities to remove redundancies, which negatively influences the integration success. The study highlights the challenges in implementation of cross-border M&A strategy due to the problematic integration stage between two firms from two different countries that may lead to a failure of the cross-border M&A, particularly in cases of larger targets.

6-AF04-4258

THE INFORMATION CONTENT OF CASH FLOWS COMPONENTS AND ACCOUNTING EARNINGS FOR EXPLAINING STOCK MARKET ACTIVITY: EMPIRICAL EVIDENCE FROM THE BANKING SECTOR IN EGYPT.

DR. OSAMA ABOUELELA

This study aims at highlighting the role of the information content of cash flows and accounting earnings in explaining changes in the Egyptian stock market activity. In achieving this objective, the followings shall be done: 1- Test the nature of the relationship between each of the cash flows from operating activities, investing activities and financing activities and stock returns and transactions volume and transactions value. 2- Test the nature of the relationship between each of the net profit before and after the deduction of extraordinary items and stock returns and transactions volume and transactions value. The results of multiple regression analyses show the information content of cash flows exceeds the information content of accounting earnings in the interpretation of changes in the transactions volume and transactions value.

9-AF37-4501

‘LINKING DESTINATION BRAND PERSONALITY, SELF CONGRUITY AND TOURISM BEHAVIOR: SPA RESORT CASE’.

DR. RIMANTE HOPENIENE

Despite a growing interest on destination branding among researchers, there has been little investigation of relationship among destination branding, social self-congruity, ideal-social self-congruity and tourist behavior. The aim of the study is to investigate the relationship between

11 Dr. Osama Abouelela, Assistant Professor, Alexandria University.
12 Dr. Rimante Hopeniene, Associate Professor, Kaunas University of Technology.
destination brand personality, self-congruity and tourist behavior in the case of the spa resort Druskininkai (Lithuania). This study uses four dimensions (actual self-congruity, ideal self-congruity, social self-congruity and ideal-social self-congruity) self-congruity to test the hypotheses.

Design/methodology/approach – using a web-based survey, 202 responses were used for analysis. Exploratory factor and regression analyses were employed to examine the research hypotheses.

Findings indicate that tourists link the destination brand personality with intentions to recommend and visit again the destination. The weak but statistically significant correlation has also identified between every dimension of self-congruity and intentions to recommend. It has noted that actual self-congruity, social self-congruity and intention to visit again the destination correlate weakly but statistically significantly. Meanwhile, there is no statistically significant correlation between social self-congruity and intentions to visit again the destination.

Research limitations/implications – This study has limitations for future research with regard to the generalization of the findings because this study focused on a sample of university students.

Originality/value – This study provides an initial contribution to the literature on the relationships between destination branding, social self-congruity, ideal-social self-congruity and tourist behavior in case of spa destination.

Keywords: destination brand personality, self-congruity, tourist behavior.

THE IMPACT OF SOCIAL MEDIA MARKETING ON CONSUMERS OF LUXURIOUS CAR MARKET IN INDIA.

MR. MISHANK HASSANANDANI

The automotive enterprise is a region that combines innovation, creativity, technology, generation, ideas that brings momentum to the economy, humans and the entire nation.

In last three decades, global markets are significantly changed. The information technology revolution has changed business dynamics and marketing practices of organizations. Today, consumers are more informed and competent to collect information from multiple sources about any products and services. The reviews are online and consumers are driven by social media in almost all products and services in global markets. The Indian economy is considerably improved after liberalization of economy in 1992. The population is also substantially increased in last three decades. Today, India is known as young nation, as the fifty percentage population is of youth. This youth is very tech savvy and prefer to use high tech gadgets in day to day life. The Smartphone sale is considerably increased in last decade. Now the latest Smartphone’s are designed to operate multiple social media apps effectively. The Indian automobile market is also changed with the presence of renowned brands of global manufacturers. In India, still the car is considered as high involvement purchasing decision and people prefer to collect reviews from multiple sources prior to make buying decision. The basic objective of this paper is to understand impact of social media on Indian luxury car market. It also attempts to understand impact of social media on consumer decision making process in this segment. The outcomes of this paper identify and present effectiveness of various social media tools. The paper also focuses on how two different automobile companies with different origins practice internet marketing for sales and promotion.

13 Mr. Mishank Hassanandani, Student, Pandit deendayal petroleum university.
of their luxurious cars. **Keywords:** Automobile industries, social media marketing, sales and promotion

**10-AF36-4513**

**DEVELOPMENT OF CSR STRUCTURE: WHAT IS IMPORTANT TO CONSUMERS?**

**DR. AGNĖ GADEIKIENĖ**

Although CSR is becoming one of the relevant issues of modern business development, due to the lack of complex research into the phenomenon, it is still difficult to give an unambiguous definition of CSR nature, the ways of its recognition and possibilities for its practical application and development. Nevertheless, there are several aspects prevailing in the works of authors who analyse the corporate socially responsible (CSR) concept. This usually involves the approach that companies should be interested not only in profit and in following formal regulations, but also in engagement in the activities that render social value to stakeholders. Besides, CSR is commonly considered as voluntary corporate activity. Scientific discussions on unifying the CSR structure are ambiguous, which makes it complicated to reach consensus when arguing how CSR should be properly structured and which scientific position corresponds the objectives of its application best. Moreover, companies often choose to develop those CSR elements, which they consider as necessary, without any considerations of consumer opinion what is important to them in this field.

With reference to the above mentioned this research aims to describe CSR and its structure as well as to determine CSR structure development priorities in the case of banks operating in Lithuania.

Research methods: systematic and comparative analysis of scientific literature and secondary information sources, empirical research employing quantitative research method (questionnaire survey), factor, correlation and regression analysis.

Summarising the attitudes towards the description of CSR concept and its structure, authors of the paper proposes the definition of CSR encompassing both the most important elements of CSR concept and the main dimensions of the structure of CSR activity. Considering this, it is put forward that CSR should be perceived as voluntary implementation of company’s principles and processes of economic, legal, ethical and philanthropic responsibilities, which enable the company to satisfy or exceed the expectations of stakeholders, their groups and entire society. Primary step in the implementation of CSR is associated with identification of principles echoing company’s commitments. The principles formulated on the basis of economic, legal, ethical and philanthropic responsibilities materialise in particular programmes of CSR activity. When analysing the CSR structure from marketing perspective, it is purposeful to divide philanthropic responsibility to the categories of sponsorship, cause-related marketing and philanthropy identified.

The accomplished empirical research led to the analysis of bank CSR structure development priorities while assessing the correspondence of present situation with dimensions important to consumers. In the study of consumers’ assessment of CSR currently implemented by banks and bank CSR initiatives important to them, the comparative methodology of stated and derived importance developed by Fontenot, Henke, Carson and Carson (2007) was applied. The dimensions of bank CSR activity were divided into four importance groups in terms of importance attributed by consumers according to this methodology. The comparison of identification of

---

14 Dr. Agnė Gadeikiénė, Lecturer, Kaunas University of Technology.
dimensions important to consumers and the results of secondary information sources (information available on bank websites about their CSR activity) analysis led to the distinction of priority trends of bank CSR activity development.

12-AF33-4518

AN ANALYTICAL STUDY ON SOCIO DEMOGRAPHIC VARIABLES AFFECTING THE INVESTMENT PREFERENCES TOWARDS VARIOUS INVESTMENT AVENUES: WITH SPECIAL REFERENCE TO DEHRADUN CITY, INDIA.

MS. ANUGRAH ROHINI LALL

The study attempts to find out the socio demographic variables affecting the investment preferences of the individual investors in Dehradun city in India. The investors invest their surplus money in various financial avenues available in the financial market. Primary study is conducted in Dehradun city in India on 100 respondents. The primary data is collected through Questionnaire. Based on the findings of the study, factors affecting the investment behaviour in the financial market are examined. The study found out that there is a significant relationship between age, marital status and Investment preference. It also reveals that gender does not affect the investment preferences. Statistic tool chi square test and percentage analysis are used to analyze the data. It will be useful to design and develop financial product/ avenues that caters to the need of the investors.

15-AF27-3087

COMMUNICATION - A TOOL TO REDUCE DEPRESSION, ANXIETY AND ALIENATION AMONG THE ADOLESCENTS

DR. KIRAN MAMGAIN

Communication gap is a term widely used when it comes to psychological and behavior disorder in adolescents. It is observed that parent-child communication gap is not a common feature unless the adolescents are already showing psychiatric problems. Inner turmoil, however, as represented by feelings of misery and self-depreciation is quite frequent. Psychiatric conditions are common during adolescence than in middle childhood but the pattern of disorders changes in terms of an increase in depression and school refusal. Many adolescent psychiatric problems arise in early childhood but conditions arising for the first time during adolescence differ in important respect from those with an earlier onset. The parents sometimes busy in their own lives are not able to realize the gap. Hence communicating with the child at various levels makes a healthy take place. At different levels good communication is an important parenting skill. Parenting can be more enjoyable when positive parent – child relationship is established. Whether one is parenting a toddler or a teenager, good communication is the key to build self-esteem as well a mutual respect and to reduce communication gap. Keywords: Adolescence, psychiatric disorder. follow-up

---

15 Ms. Anugrah Rohini Lall, Assistant Professor, DIT University.
16 Dr. Kiran Mamgain, Professor, DIT University.
ROLE OF COMMERCIAL TELEVISION CHANNELS IN REVIVING TRADITIONAL SPORTS VIEWERSHIP, WITH REFERENCE TO KABADDI AND HOCKEY IN INDIA

MS. UPASANA PUROHIT

Over the past decade television has grown as a profound medium for mass communication. With the advent of commercial channels and international production houses the reach and impact of television viewership can be prominently seen in all walks of life. Not only does it keep us updated with the recent news and happenings around the world; but it has also grown to be a great source of entertainment.

With reference to the sports industry specialized television channels and programs have helped revive several sports form that had long become commercially nonviable. We see a similar trend when we chart the commercial viability and popularity of Kabaddi and Hockey in India. The two sports forms have been considered an integral part of Indian sports but overtime had lost their charm and became commercially nonviable. Nevertheless, the start of Pro Kabaddi and Hockey India League; has seen the two sports form gain a new trajectory. Being telecast on popular channels, have helped them regain popularity.

The paper seeks to understand the role of television in reviving sports and making it commercially viable. It further aims to understand as to why do people watch a particular sport on television and what is the reason behind their growing likeliness. Further, the paper would draw a conclusion on how viewership makes sports telecast more commercially viable.

TODAY’S SUPERCONSUMER: BRAND INFIDELITY

MRS. XIMENA FERRO

The purpose of this investigation is to understand the consumer habits that human beings have as a result of the highest level of communication and information they are exposed to; to try to find the brand’s efficient mechanisms in the conquest of their consumers. However, despite all the technological advances, the consumers are the ones that have changed the most. The new consumers know it all, they are able to access information of all the products they are looking for, and to compare them with the competition; they are more demanding because they know what they can get. It is a world where the consumer is no longer the naïve consumer it was once before; the Marketing experts are face to face with the Superconsumer.

The process of investigation was done with personal interviews and by observing the person’s behavior, comparing different profiles (of age, gender and attitude) before, during and after the buying process. Comparisons were made regarding the buying methods used six years ago, and the current methods. While understanding the changes that have occurred thanks to technology and market knowledge.

The current Superconsumer feels more empowered in relation to the brands, because of the ongoing war that is constantly trying to conquer his business. One of the most interesting findings is that all generations have entered the digital shopping process. This process allows the consumer

17 Ms. Upasana Purohit, Student, Pandit Deendayal Petroleum University.
18 Mrs. Ximena Ferro, Lecturer, Universidad San Francisco de Quito.
to be informed, to compare products and it’s benefits, which lead to better buying decisions; ultimately knowing that the companies must answer to any problems they may encounter. The Superconsumer is not age related, it is based on the buyer’s attitude when deciding what kind of product they want to buy, or what brand to choose. For this reason, the research was done to different profiles of consumers: students, professionals and homemakers; women and men; and young, adult and old people.

The implementation of the results of this investigation will be to create correct marketing strategies, in terms of the quality of the consumer that the brand has, comparing them to the competition and to the new digital environment.

LIST OF LISTENERS

Dr. Abdulla Fetais
Mr. Meshari Aleisa
Mr. Hyung-Jun So
Mr. Kyungtak Kang
Mr. Sukhoon Choi
Mr. Seunghun Lee
Dr. Aisha Al-turk

19 Dr. Abdulla Fetais, Assistant Professor, Qatar University.
20 Mr. Meshari Aleisa, Project Leader, KOC.
21 Mr. Hyung-Jun So, Manager, Korea Road Traffic Authority.
22 Mr. Kyungtak Kang, Manager, Korea Road Traffic Authority.
23 Mr. Sukhoon Choi, Deputy Manager, Korea Road Traffic Authority.
24 Mr. Seunghun Lee, Assistant Manager, Korea Road Traffic Authority.
25 Dr. Aisha Al-turk, PhD Candidate, University of East Anglia.
Conference Committee Members

Dr Poomintr Sooksripaisarnkit
Assistant Professor
City University of Hong Kong
Hong Kong SAR

Dr Ramandeep Chhina
Assistant Professor
Heriot-Watt University
United Kingdom

Dr Rajesh Sharma
Assistant Professor
City University of Hong Kong
Hong Kong

Prof. Tshepo Herbert Mongalo
Associate Professor
University of the Witwatersrand
South Africa

Dr Zhixiong Liao
Lecturer
University of Waikato
New Zealand

Ms. Florence Simbiri-Jaoko
Lecturer
University of Nairobi
Kenya

Dr Avnita Lakhani
Assistant Professor
City University of Hong Kong
Hong Kong

Dr Monika WIECZOREK-KOSMALA
Assistant Professor
University of Economics in Katowice
Poland

Dr Indianna Minto-Coy
Deputy Director of Mona ICT,
School of Business & Management
Jamaica

Dr Joanna Blach
Assistant Professor
University of Economics in Katowice
Poland

Miss Kate Masih
Lecturer
London South Bank University
United Kingdom

Dr Bashar Malkawi
Associate Professor
University of Sharjah
UAE

Ms. Mercy Khaute
Assistant Professor
University of Delhi
India

Dr Jamil Ammar
Research Fellow
Rutgers Law School
USA

Dr Zinatul Zainol
Associate Professor
Universiti Kebangsaan Malaysia
Malaysia

Dr Nitin Upadhyay
Associate Professor
Goa Institute of Management
India