

Session 1: Financial Institutions I

Session Chair: *Nikolaos Milonas, National and Kapodistrian University of Athens, Greece*

Room: Αίθουσα 1

Time: 09:00 – 10:30

“Firm Performance and Ownership by Financial institutions: The Case of Cyprus”

Konstantinos Chatzimichael, *Cyprus University of Technology, Cyprus*

Chrysovalantis Gaganis, *University of Crete, Greece*

Fotios Pasiouras, *University of Surrey, UK & Technical University of Crete, Greece*

Panayiotis Theodossiou, *Cyprus University of Technology, Cyprus*

Constantin Zopounidis, *Technical University of Crete, Greece*

Abstract

There is an ongoing debate in the economic literature as for the reasons behind various types of financial institution-firm ties and their impact on firm performance. On the one hand, close financial institution-firm relationships are credited for increasing firms' access to capital and reducing agency costs and thus improving firms' performance. On the other hand, critics of this view argue that conflicts of interests may arise from the opportunity the financial institutions (FIs) have to participate in rent-seeking activities implying that dependent firms should perform worse. In this research study, we examine empirically the determinants of this relationship for a panel of major firms in Cyprus. In particular, we proceed by assessing the impact of share ownership by FIs on firms' profitability, considering for various types of FIs (*i.e.*, banks and non-banking FIs, domestic and foreign FIs). Moreover, we test for possible non-linearities in the determination of the relationship rather than imposing a priori a linear structural form. Our dataset includes 124 Cyprian firms listed in Cyprus and foreign stock exchanges obtained by the OSIRIS database of Bureau van Dijk for the period 2006-10. Additional data were also

achieved via the conduction of a questionnaire survey. Our estimation results provide no significant evidence to support the hypothesis of either higher or lower profitability for dependent Cyprian firms. Results obtained via the conduction of auxiliary estimations provide support in favor of the conflict of interest hypothesis, implying that firms' profitability benefits arising from increased access in capital are offset by financial institutions' engagement in rent-seeking activities.

“The Riskiness of Financial Intermediaries”

Manthos D. Delis, *University of Surrey, UK*

Iftexhar Hasan, *Fordham University, USA & Bank of Finland, Finland*

Efthymios G. Tsionas, *Athens University of Economics and Business, Greece*

Abstract

In this paper we reconsider the formal estimation of the risk of financial intermediaries. Risk is modeled as the variability of the profit function of a representative intermediary, here a bank, as formally considered in finance theory. In turn, banking theory suggests that risk is determined simultaneously with profits and other bank- and industry-level characteristics that cannot be considered exogenous when profit-maximizing decisions of financial institutions are to be made. We estimate the new model on the full panel of US banks, spanning the period 1985q1-2010q2 and identify risk at the bank-quarter level. The findings suggest that bank risk was fairly stable up to 2001 and accelerated quickly thereafter and up to 2007. We also establish that the risk of the failed banks is quite higher than the industry's average and this risk peaks one to two-years before the default date. Indices of bank risk commonly used in the literature do not capture these trends and/ or the scale of the increase in bank risk. Thus, we provide a new leading indicator, which is able to forecast future solvency problems in the banking industry.

“A Migration Approach for USA Banks' Capitalization: Are the 00's the Same with the 90's?”

Konstantinos Drakos, *Athens University of Economics and Business, Greece*

Vasileios Koutras, *Athens University of Economics and Business, Greece*

Abstract

We conduct a comparison of the two past decades in terms of US banks' capitalization mobility and persistence, adopting a Markov Chain setup, based on the FDIC discretized version of Capital Ratio. We document several substantial differences in the anatomy of the two periods. In particular, system mobility has shown a step increase in the 00's, and what is more important, mobility takes the form of increased probability of capitalization deterioration. Moreover, the vulnerability of Critically and Significantly Undercapitalized banks has markedly increased, as shown by the corresponding default transition probabilities.

‘Bank Diversification and Overall Financial Strength: International Evidence Around the Crisis’

Michael Doumpos, *Technical University of Crete, Greece*

Chrysovalantis Gaganis, *University of Crete, Greece*

Fotios Pasiouras, *University of Surrey, UK & Technical University of Crete, Greece*

Abstract

This study uses a two-step analysis to investigate the impact of diversification on bank financial strength. First, we construct a novel overall financial strength indicator (OFSI), using a multicriteria technique that allows us to combine popular financial ratios selected on the basis of the CAMEL framework. Then, we examine the impact of income, earning assets, and on-and-off balance sheet diversity on banks' OFSI. Using a sample of 1,204 commercial banks operating in 111 countries over the period 2001-2010, we find that diversification improves the overall financial strength of banks. The results also show that income diversification can be more beneficial for banks operating in developing and transition countries, compared to banks in major advanced and advanced countries. However, we observe the opposite in the case of diversification between off-balance sheet and on-balance sheet activities. Furthermore, the results reveal that earning assets diversification can mitigate the adverse effect of the financial crisis on bank financial strength. Our findings are robust to controls for various country-specific variables, and the use of alternative

techniques for the estimation of both the overall financial strength indicator and the second stage regressions.

Session 2: Auditing

Session Chair: Panayiotis Tahinakis, University of Macedonia, Greece

Room: Αίθουσα 2

Time: 9:00 – 10:30

“Earnings Management and Audit Switches under "Financial Fair Play" Regulation: European Evidence”

Panagiotis Dimitropoulos, *University of Peloponnese, Greece*

Stergios Leventis, *International Hellenic University, Greece*

Evangelos Koumanakos, *University of Ioannina, Greece*

Abstract

During the last decade European football clubs have found themselves in difficult financial straits, accumulating large amounts of debt and reporting consecutive losses, putting their stability and viability into question. This fact urged UEFA to initiate a new licencing regulation which imposed strict financial criteria, forcing clubs to make more rational financial decisions. However, this regulation creates a motive for earnings management. The scope of this study is to examine the impact of this regulation on earnings management behavior and whether football clubs decided to switch auditors in order to select those willing to help the clubs to achieve their financial objectives. Using panel data methodologies on a sample of 84 European football clubs we found that earnings management behavior is more intense during 2011 (the launch year of the new licencing regulation). Also, several clubs switched audit firms in 2011 moving from a big-4 audit corporation to a local auditor and this change is accompanied by more earnings manipulation. The results of this study could be proved useful to UEFA regulators in order to launch further regulation on transparent governance and accountability so as to enhance the effectiveness of the licencing regulation.

“Auditor’s And Financial Analyst’s Perceptions of Financial Reporting Quality”

Stergios Tasios, *University of the Aegean, Greece*
Michalis Bekiaris, *University of the Aegean, Greece*

Abstract

According to IASB a key prerequisite for quality in financial reporting is the adherence to the objective and the qualitative characteristics of financial reporting information. Qualitative characteristics are the attributes that make financial information useful and consist of relevance, faithful representation, comparability, verifiability, timeliness and understandability. This paper aims to investigate the perceptions of auditors and financial analysts regarding the quality of financial reports and to assess the quality of the financial reports of Greek companies. For this reason a questionnaire was constructed based on the qualitative characteristics of financial reporting as these are defined by IASB's conceptual framework.

“An Audit Game: The Case of Tax Audit Certificate”

Panagiotis Tahinakis, *University of Macedonia, Greece*
Michalis Samarinas, *University of Macedonia, Greece*

Abstract

This paper attempts to model the strategic interactions between auditors and auditees in order to conceptualize the audit problem and inherent risk that arises from the adoption of an alternative to tax audit, namely tax audit certificate. The recent implementation of a tax audit in Greece, performed not by tax authorities but by auditing firms, created a rather unique phenomenon. Auditors, under fee, undertook both the obligation of ensuring and reporting firms' tax conformity, essentially substituting Greek authorities. This development raised a series of issues concerning a new type of audit risk, related indirectly, with the provision of managerial and advisory services. Utilizing a rather stylized approach, based on a game theoretic framework, we attempt to examine at the same context, different issues like auditor's independence and audit fees, while addressing simultaneously tax conformity and tax evasion topics. Employing a non-cooperative, mixed strategy game, we try to emulate the behavioral patterns of auditor and auditee, thus investigating the effect that both

parties create on each other, through a randomized strategies perspective. The results illustrate the conceptual issues involved in this audit-auditee strategic interactions game, providing a structure of choices that ensure socially optimal strategies.

“Επιτροπή Ελέγχου, Εξωτερικός Έλεγχος και Ποιότητα Χρηματοοικονομικών Καταστάσεων”

Κωνσταντίνος Συριόπουλος, Πανεπιστήμιο Πατρών, Ελλάδα

Ευαγγελία Μαγριπλή, ΤΕΙ Κρήτης, Ελλάδα

Θεόδωρος Σταματόπουλος, ΤΕΙ Κρήτης, Ελλάδα

Abstract

Σκοπός της παρούσας εργασίας είναι η θεωρητική διερεύνηση του ρόλου που διαδραματίζει η επιτροπή ελέγχου, για να αξιολογηθεί η συνδρομή της ως μηχανισμός της εταιρικής διακυβέρνησης. Με βάση εκτενή βιβλιογραφική ανασκόπηση, μελετήσαμε τα ιδιαίτερα χαρακτηριστικά που πρέπει να διαθέτουν τα μέλη της και τους παράγοντες που επιδρούν στην αποτελεσματική λειτουργία της, ειδικότερα σε σχέση με τον προγραμματισμένο εξωτερικό έλεγχο και την ποιότητα των οικονομικών καταστάσεων. Διαπιστώσαμε ότι, η αποτελεσματική λειτουργία της επιτροπής ελέγχου, συνδέεται άρρηκτα και κατά περίπτωση, με την θέσπιση διαδικασιών προκειμένου να βελτιωθούν οι επιδόσεις της επιχείρησης αναφορικά με, α) την καλύτερη επικοινωνία μεταξύ διοίκησης, διαχείρισης και εξωτερικού ελέγχου, β) την αντιμετώπιση της ασύμμετρης πληροφόρησης μεταξύ διοίκησης και διαχείρισης, γ) τη διενέργεια εξωτερικών ελέγχων με ποιοτικότερα χαρακτηριστικά και υψηλή ανεξαρτησία, δ) την εξάλειψη φαινομένων «χειραγώγησης» των αποτελεσμάτων στις οικονομικές καταστάσεις και επομένως ε) την αξιοπιστία των οικονομικών καταστάσεων. Οι βιβλιογραφικές αναφορές στις οποίες ανατρέξαμε, συνήθως αναφέρονται, σε μεγάλο μέγεθος οικονομικές οντότητες, εισηγμένες σε διεθνή χρηματιστήρια, οι οποίες διέθεταν επιτροπές ελέγχου. Δεν γνωρίζουμε άλλη θεωρητική εργασία, που να αναλύει την αρθρογραφία και να συνδέει με τέτοιο τρόπο αυτή τη διαθρωτική σχέση. Ευελπιστούμε ότι, η συγκεκριμένη ανάλυση μπορεί να συμβάλει στην ανάπτυξη της έρευνας στο αντικείμενο αυτό.

Session 3: Financial Accounting

*Session Chair: George Venieris, Athens University of Economics and Business,
Greece*

Room: Αίθουσα 3

Time: 9:00 - 10:30

“Organization Capital and Sticky Behavior of Selling, General and Administrative Costs”

George Venieris, *Athens University of Economics and Business, Greece*

Vasilios-Christos Naoum, *Athens University of Economics and Business, Greece*

Orestes Vlismas, *Athens University of Economics and Business, Greece*

Abstract

This study investigates how firms' behaviour towards intangible investments affects the stickiness of selling, general and administrative (SG&A) expenses. Organization capital is selected as a control variable of firm's intensity on intangible investments since literature considers organization capital one of the most important unreported intangible resource. The initial data sample consists of 128.246 firm-year observations of US listed firms. Data are obtained by Compustat for the period 1979-2009. Our empirical evidence suggests that, in the case of high (low) organization capital intensive firms, SG&A expenses exhibit cost stickiness (anti-stickiness). Our results are robust against alternative theories for cost stickiness. The contribution of our study is that the presence of intangibles affects the cost behaviour of SG&A expenses which is not linear symmetric towards both increases and decreases in sales volume as the classical microeconomic model implies.

“The Accruals Anomaly in the U.K. Stock Market: Implications of Growth and Accounting Distortions”

Leonidas Doukakis, *HEC Lausanne, Switzerland*

Abstract

In this paper, we investigate the effects of accounting accruals on firm's future performance in the U.K. stock market. Our analysis is based on Richardson et al. (2006) extended measure of total accruals and decomposition to a component capturing growth in output and a component capturing accounting distortions. Our findings reveal a strong negative association of accruals with future profitability and stock returns. This relation is driven by both the growth and the efficiency component of accruals. Overall, our evidence suggests that naïve fixation on earnings is likely to be the most consistent explanation of the accrual anomaly in the U.K. stock market.

“Η Κατάσταση Συνολικών Αποτελεσμάτων Χρήσης και οι Αποδόσεις των Μετοχών για τις Εισηγμένες στο Χρηματιστήριο του Λονδίνου Επιχειρήσεις”

Ευαγγελία Μυλωνά, Οικονομικό Πανεπιστήμιο Αθηνών, Ελλάδα

Αφροδίτη Παπαδάκη, Οικονομικό Πανεπιστήμιο Αθηνών, Ελλάδα

Abstract

Αντικείμενο της μελέτης είναι η εξέταση του τρόπου παρουσίασης των στοιχείων της κατάστασης συνολικών αποτελεσμάτων (comprehensive income) στη Μεγάλη Βρετανία. Οι βρετανικές εταιρείες μπορούν να χρησιμοποιήσουν είτε δύο ξεχωριστές καταστάσεις (ΚΑΧ & ΚΣΑΧ) είτε μία ενιαία κατάσταση συνολικών αποτελεσμάτων χρήσης, προκειμένου να διαχωρίζονται τα πραγματοποιημένα έσοδα, έξοδα κέρδη και ζημίες (αποτέλεσμα χρήσης) από τα απραγματοποίητα κέρδη και ζημίες της χρήσης (συνολικό αποτέλεσμα). Η έρευνα εξετάζει τις επιλογές των βρετανικών επιχειρήσεων σε ότι αφορά την κατάσταση συνολικών αποτελεσμάτων χρήσης, δηλαδή τη μορφή με την οποία παρουσιάζεται. Τα στοιχεία που χρησιμοποιήθηκαν για την πραγματοποίηση της μελέτης προέρχονται από τις ενοποιημένες Οικονομικές Καταστάσεις για τα έτη 2009, 2010 και 2011 και αφορούν εισηγμένες επιχειρήσεις στο χρηματιστήριο του Λονδίνου. Εξετάζεται: η επίδραση του μεγέθους της επιχείρησης στον τρόπο παρουσίασης των συνολικών αποτελεσμάτων χρήσης, η διαφορά στο αποτέλεσμα χρήσης και στο συνολικό

αποτέλεσμα αν είναι στατιστικά σημαντική και η επίδραση αυτών στις αποδόσεις των μετοχών.

Session 4: Financial Markets

*Session Chair: Dimosthenis L. Hevas, Athens University of Economics and Business,
Greece*

Room: Αίθουσα 4

Time: 9:00 – 10:30

‘Terrorism Induced Cross-Market Transmission of Shocks: A Case Study of European Markets Using High Frequency Intraday Data’

Christos Kollias, *University of Thessaly, Greece*

Stephanos Papadamou, *University of Thessaly, Greece*

Costas Siriopoulos, *University of Patras, Greece*

Abstract

Terrorist incidents exert a negative, albeit usually short-lived, impact on markets and equity returns. Given the integration of global financial markets, mega-terrorist events also have a high contagion potential with their shock waves being transmitted across countries and markets. This paper investigates the cross-market transmission of the London Stock Exchange’s reaction to the terrorist attacks of 2005. It focuses on how this reaction was transmitted to two other major European stock exchanges: Frankfurt and Paris. To this effect, high frequency intraday data are used and multivariate GARCH models are employed. High frequency data help reveal a more accurate picture of markets’ reaction to exogenous shocks, such as a terrorist attack, and thus allow more reliable inferences. Findings reported herein indicate that the volatility of stock market returns is increased in all cases examined.

“Do Fund Managers Herd in Frontier Markets - and Why?”

Fotini Economou, *Business College of Athens, Greece*

Constantinos Gavriilidis, *Durham Business School, UK*

Vasileios Kallinterakis, *University of Liverpool, UK*

Nikolay Yordanov, *Ernst and Young Audit, Bulgaria*

Abstract

The present study investigates whether – and why – fund managers herd in frontier markets, which constitute a category of markets for which very little is known regarding the behavior of their institutional investors. We examine this issue using two unique databases of quarterly portfolio holdings pertaining to funds from Bulgaria and Montenegro. Our results show that fund managers herd significantly in both markets; controlling for the interaction of their herding with different market states, we find that funds herd intentionally, motivated by informational and professional reasons.

“Lead-Lag Relationships between Stock Market and Derivatives’ Market: The Case of Greece”

Trifon Papapanagiotou, *Aristotle University of Thessaloniki, Greece*

Dimitrios V. Kousenidis, *Aristotle University of Thessaloniki, Greece*

Abstract

The present study aims to examine and analyse the application and behaviour of GARCH volatility models, for two financial time series, of the Athens Stock and Derivatives Exchange Markets. Different parameter values, confidence intervals, forecasting time horizons and distribution density functions were used for this purpose. These two time series have a range of dates from 01/02/2000, to 05/30/2008. Also, we present the mathematical relations that construct and define the procedure of GARCH modelling. A series of statistical controls and tests, help the empirical application methodology. Two different types of GARCH models were used, the Symmetric GARCH(P,Q) and the Asymmetric EGARCH(P,Q) model. The innovation of this paper is that these models were estimated and forecasted with the use of the ‘N Observations Rolling Window of Estimation-Forecasting’. The results showed that the Spot Market was better described with the use of the GARCH(P,Q) model, and the Futures Market with the use of the EGARCH(P,Q) model.

“Stress Testing Effects on Financial Markets”

Konstantinos Moutsianas, *Aristotle University of Thessaloniki, Greece*

Kyriaki Kosmidou, *Aristotle University of Thessaloniki, Greece*

Abstract

Stress testing constitutes a risk management and assessment tool of the financial stability which was adopted by the supervisory authorities and regulatory agencies in order to identify potential weaknesses and sources of risks for the smooth functioning of financial markets. Stress testing was, initially, applied by the International Monetary Fund (IMF) in the context of the Financial Sector Assessment Program (FSAP), by the European Banking Authority (EBA) for the EU-wide stress testing exercises as well as by the Federal Reserve Bank (FED) for the implementation of the Supervisory Capital Assessment Program (SCAP). The purpose of this study is to investigate to what extent stress tests are informative for the financial markets and the investors and the way which financial markets react to the whole process of stress testing methodology (announcement dates, clarifications and results). Thus, we apply standard event study techniques in order to examine the reaction of the markets to third EU-wide stress test of 2011, conducted by the European Banking Authority (EBA) in cooperation with the national supervisory authorities, the European Systemic Risk Board (ESRB), the European Central Bank (ECB) and the European Commission. Moreover, it is noteworthy that stress testing in combination with event study methodology provides information whether a bank operates opaquely or transparently. In the first case, an intense reaction from the financial markets is expected while in second case the financial markets exploit the inferences without adverse changes.

Session 5: Financial Reporting

*Session Chair: Apostolos A. Ballas, Athens University of Economics and Business,
Greece*

Room: Αίθουσα 1

Time: 10:45 – 12:15

“An Investigation of Greek Firms' Compliance to Mandatory IFRS Disclosure Requirements”

Apostolos A. Ballas, *Athens University of Economics and Business, Greece*

Christos Tzovas, *Athens, University of Economics and Business, Greece*

Konstantinos Vasilacopoulos, *Athens University of Economics and Business, Greece*

Abstract

This study investigates the compliance of Greek firms to IFRS disclosure requirements. Using a checklist based on the IFRS disclosure requirements, a compliance score was calculated for a sample of 58 listed, non-finance, Greek firms for the 2006 and 2008 financial statements. Subsequently, univariate tests and a multivariate regression model were used to investigate what firm characteristics (size, profitability, leverage, ownership status, auditor type) may be related to the extent of compliance. Disclosure compliance was measured under two approaches, the “dichotomous approach” and the “partial compliance unweighted method”. Compliance is significantly influenced by firms’ ownership structure and the type of the external auditor applied. Contrary to the findings of previous research, the closely-held firms exhibit higher compliance rate. In line with the findings of previous research there is a positive association between the engagement of a big-4 international auditing firm and the compliance rate. In contrast to the findings of previous research, the leverage of a firm its profitability and its size do not appear to be statistically significant variables in explaining disclosure compliance. Results are of particular interest to accounting regulators who set disclosure requirements and

capital market participants. The paper empirically investigates the compliance with IFRS requirements and ultimately on the quality of financial statements.

“Information in Aggregate Accounting Numbers: A Review”

Maria T. Apostolidi, *Athens University of Economics and Business, Greece*

Dimosthenis L. Hevas, *Athens University of Economics and Business, Greece*

Abstract

Research on the information content of accounting numbers has been crucial for understanding accounting's role, impact and power. Literature on the informational role of aggregate accounting numbers is narrow, but it has recently been expanding, unraveling some very interesting and important aspects of accounting numbers. This paper provides a review of the current research pertaining to the relation among aggregate accounting numbers, capital markets and macro-economy. This review concludes that research has generated, and still has a long road to generate, many valuable insights and implications that might be useful to publicly listed corporations' strategies, capital market investors' decisions, fiscal and monetary policy setters' measures, and finally accounting standard setters' policies.

Accounting Quality During the EU Sovereign Debt Crisis

George Iatridis, *University of Thessaly, Greece*

Augustinos I. Dimitras, *Hellenic Open University, Greece*

Abstract

This study investigates how the economic crisis in EU affects the scope for earnings manipulation and the value relevance of reported financial numbers for companies that are audited by a big 4 auditor. The analysis is focused on Portuguese, Irish, Italian, Greek and Spanish listed companies. The findings show that Portugal, Italy and Greece tend to engage more in earnings management in their effort to improve their lower profitability and liquidity, and accommodate their higher debt and growth. Ireland exhibits less evidence of earnings manipulation, while the findings for Spain are to some extent conflicting. Additionally, the reported financial numbers of

Portuguese and Greek companies that are audited by a big 4 auditor were found to be of higher quality before the crisis. In contrast, Irish, Italian and Spanish companies report more value relevant financial numbers during the crisis. The results of this study are particularly useful for accounting regulators when preparing accounting rules that seek to reduce information asymmetry and earnings manipulation and increase the quality of reported disclosures in light of a crisis and for investors that need further assistance for the establishment of a profitable investment strategy in periods characterized by high uncertainty and volatility.

**“Incentives for Earnings Management and Financial Crises: The Case of IAS
12”**

Dimitrios V. Kousenidis, *Aristotle University of Thessaloniki, Greece*

Anestis C. Ladas, *University of Macedonia, Greece*

Christos I. Negakis, *University of Macedonia, Greece*

Abstract

The present study investigates the effects of the recent financial crisis on the quality of abnormal accruals. Previous studies have shown that crises may lead to lower quality accruals. Assuming that abnormal accruals quality is inversely related to the level of earnings management we develop a model that examines the extent to which taxation plays a role on the quality of abnormal accruals. Moreover, we examine differences in the quality of abnormal accruals for the pre- and crisis period and assess whether these differences can be explained by changes in taxation.

Session 6: Asset Pricing

Session Chair: Dimitrios Asteriou, Hellenic Open University, Greece

Room: Αίθουσα 2

Time: 10:45 – 12:15

“Modeling of Daily REIT Returns: A Study of the Market and the Day of the Week Effect”

Kyriaki Begiazi, Hellenic Open University, Greece

Dimitrios Asteriou, Hellenic Open University, Greece

Abstract.

This paper examines Real Estate Investment Trusts (REITs) using GARCH models that include the behavioral effects around the days of the week and the stock-market index. This technique documents the return and volatility of daily REIT sub-sectors returns and also examines the influence of the market. Although a number of studies have investigated the issue of market index we investigate the possible effects on returns and volatility separately for equity, mortgage and hybrid REITs in daily basis. Examining the asymmetries using TGARCH and EGARCH models we find evidence that bad news has mostly larger effects on the volatility of the series than good news. The results show that REITs may not be able to completely isolate their performance from external forces and there is a significant response to the market index.

“Liquidity Factors in Four Factor Asset Pricing: Evidence from the German Stock Market”

George Chalamandaris, Athens University of Economics and Business, Greece

Lydia Diamantopoulou, Athens University of Economics and Business, Greece

Abstract

In this study, we determine whether liquidity is an important variable, probably missing from the augmented four factor asset pricing model. We employ the same methodology as Keene and Peterson (2007). Instead of creating a trisect for liquidity portfolios, we employed the methodology suggested by Martinez, Nieto, Rubio and Tapia (2005). Hence, we created 10 liquidity portfolios. Furthermore, we examine four liquidity proxies used in most recent studies: Amihud Illiquidity ratio, spread, volume and turnover. Through our time series regressions, we find that liquidity proxied by four different measures could be a missing factor. From the quantile regressions, we find that Medium and High liquid portfolios are mainly affected by systematic liquidity changes. Amihud illiquidity ration seems to have the best performance compared to the other three measures (spread, turnover and volume). Finally, the Hansen's test reveals that measures in which volume is a component, tend to be stable throughout all the liquidity portfolios.

“The Impact of Herding Behavior in Shipping Companies' Decision to Time their Initial Public Offerings”

Dimitrios Tsatsanis, *University of Piraeus, Greece*

Nikolaos Philippas, *University of Piraeus, Greece*

Abstract

Η μελέτη μας ερευνά την ύπαρξη αγελαίας συμπεριφοράς αναφορικά με την επιλογή του χρόνου πραγματοποίησης της δημόσιας εγγραφής για τις ναυτιλιακές εταιρείες που εισήχθησαν στα μεγάλα χρηματιστήρια των ΗΠΑ κατά το διάστημα 1991:2-2012:3. Επιπλέον, γίνεται διάκριση της αγελαίας συμπεριφοράς από την ψευδο-αγελαία συμπεριφορά με την ταυτόχρονη μελέτη της επίδρασης της χρηματιστηριακής αγοράς και της ναυλαγοράς, ώστε να απομονωθεί η επίδραση της αγελαίας συμπεριφοράς. Η μελέτη καταλήγει πως οι αποδόσεις της αγοράς ναύλων και ιδιαίτερα της χρηματιστηριακής αγοράς δεν επηρεάζουν τις ναυτιλιακές εταιρείες στην επιλογή του χρόνου δημόσιας εγγραφής τους. Σημαντικό συμπέρασμα της μελέτης είναι η ισχυρή ένδειξη αγελαίας συμπεριφοράς, καθώς η επιλογή ορισμένων ναυτιλιακών εταιρειών να πραγματοποιήσουν δημόσια εγγραφή οδήγησε έχει σημαντική σχέση με αυτές που ακολουθήσουν, ανεξάρτητα από τις αποδόσεις της χρηματιστηριακής αγοράς και της ναυλαγοράς.

**“Liquidity Risk and Credit Risk: A Relationship based on the Interaction
between Liquid Asset Ratio and Non-Performing Loans Ratio”**

Ioannis K. Malandrakis, *Cooperative Bank of Chania, Greece*

Abstract

Financial institutions face several risks, the most significant of which are liquidity risk and credit risk. This became evident after the 2007-2008 financial crises. Recently, the severe crisis of the Greek economy has significantly affected the Greek banking sector; Greek banks, due to the lack of liquidity and the significant increase of non-performing loans, reduced lending to businesses and households dramatically. The aim of this paper is to examine the relationship between credit risk and liquidity risk, based on the potential interdependence between liquid asset ratio and non-performing loans ratio. In the second part of this paper, the concepts of liquidity, liquidity risk and liquidity risk management methods are briefly analyzed. In the third and fourth parts, the relationship between credit risk and liquidity risk is discussed; it was found that there is a relatively high degree of negative correlation between liquid asset ratio and non-performing loans ratio. Furthermore, this result implies that liquidity depends not only on the typical funding sources, but it also relies on the ability of borrowers to fulfill their contractual obligations timely (i.e. not to be in arrears).

Session 7: Financial Economics

Session Chair: *Dimitris Margaritis, University of Auckland, New Zealand*

Room: Αίθουσα 3

Time: 10:45 – 12:15

“EU Stability and Growth and Time Substitution”

Rolf Fare, *Oregon State University, US*

Shawna Grosskopf, *Oregon State University, US*

Dimitris Margaritis, *University of Auckland, New Zealand*

William L. Weber, *Southeast Missouri State University, US*

Abstract

This paper addresses a single DEA (Data Envelopment Analysis) topic, time substitution. The time substitution topic is the study of how to allocate resources in time, with the two options (i) determine when to apply inputs and (ii) how long, i.e., in how many periods should inputs be used. These options allow the decision maker to determine when to start production and for how long to produce. The topic was initiated by Shephard and Färe (1980) in connection with ship building, refined by Färe and Grosskopf (1996), and finally given a DEA formulation by Färe, Grosskopf, and Margaritis (2010). Their results are presented and generalized here. After an introductory theoretical presentation we devote the rest of the paper to an empirical application examining the Pact for Stability and Growth adopted by the countries comprising the single currency euro zone. Particular attention will be given to the potential implications of this analysis for Greece’s adjustment under the EU/ECB/IMF fiscal austerity plan.

“The Role of Uncertainty in Investment: An Examination using Residential Real Estate Data from EU Countries”

Maria I. Chondrokouki, *Athens University of Economics and Business, Greece*

Andrianos E. Tsekrekos, *Athens University of Economics and Business, Greece*

Abstract

The neoclassical investment model predicts that only systematic risk affects the rate of investment through built-asset price. However, the option-based investment model suggests an independent role for total uncertainty and predicts a negative short-run relationship between investment and total uncertainty. We estimate a structural model of asset-market equilibrium using residential real estate time-series data for seven EU countries, namely Belgium, Finland, France, Netherlands, Spain, Sweden and United Kingdom. Our findings provide evidence in support of the option-based model, since total uncertainty is found to be negatively related to investment.

“Unveiling the Effects and the Dissemination Channels of Systemic Liquidity on Corporate CDS Spreads”

George Chalamandaris, *Athens University of Economics and Business, Greece*

Nikos E. Vlachogiannakis, *Bank of Greece & Athens University of Economics and Business, Greece*

Abstract

In this article we employ system-GMM to explore both the significance and the transmission channels of systemic liquidity on corporate CDS spreads. Initially, we confirm that systemic liquidity indicators do matter in determining corporate CDS spreads. Our results suggest that a systemic liquidity crisis in North America, induce decreased market uncertainty outside North America, tightening the CDS spreads of firms in those latter countries. For European firms, our finding imply that the more in trouble a country is, the higher the impact of the systemic liquidity indicators on the CDS spreads of its domestic firms. Furthermore, our evidence suggest that non financial firms in Japan and in strong European economies are the “only safe heavens” in the planet when systemic liquidity problems arise in the USA, while financial firms in Japan and in the weak European economies appear to be the most vulnerable to systemic liquidity shocks. Lastly we verify that a country’s downgrade exacerbates the impact of a “flight to liquidity”, through the increased significance of systemic liquidity indicators, in determining the CDS spreads of its domestic firms.

Session 8: Capital Structure

*Session Chair: Stavros Thomadakis, National and Kapodistrian University of Athens,
Greece*

Room: Αίθουσα 4

Time: 10:45 – 12:15

“The Athens Stock Exchange Listings & IPOs from 1880 to World War II”

Stavros Thomadakis, *National and Kapodistrian University of Athens, Greece*

Dimitrios Gounopoulos, *University of Surrey, UK*

Christos Nounis, *National and Kapodistrian University of Athens, Greece*

Michalis Riginos, *National and Kapodistrian University of Athens, Greece*

Abstract

We provide unique evidence by exploring the characteristics of IPOs and *listings* that took place from establishment of the stock exchange until WWII. On a theme that has never been addressed we find that the majority of listed firms were going public through *listing* and not via an IPO before WWII. Listings raised less than half the capital of IPOs and experienced significantly lower returns. Underpricing became *higher* towards the decades, a rise that can be attributed to market development with massive participation of retail investors and formation of IPOs. This created a complex environment with incentives and speculative trends which reinforce underpricing. In contrast to modern markets, underpricing back in history was higher during hot issue markets in both listings and IPOs. Overall, *listings* have been a very good alternative in the old days when regulations were less profound, as they contributed enormously in the enlargement of the financial markets.

“Corporate Investment under Uncertainty: An Empirical Investigation of the Embedded Divestment (real) Options in Takeover Premia paid by US Acquirers”

Maria I. Chondrokouki, *Athens University of Economics and Business, Greece*

Andrianos E. Tsekrekos, *Athens University of Economics and Business, Greece*

Abstract

Acquirers often buy other companies and subsequently sell some of their assets. We assume that the acquirer has the option to sell activities outside its core business to an outside firm, which can make more efficient use of these resources. Thus, the takeover makes it possible to exploit synergy gains and it also incorporates the embedded option represented by the potential divestment gains. All merger and acquisition announcements, and divestitures of acquired assets carried out subsequently, during the period from January 1999 to December 2009 for US based firms are considered. We estimate a model using the bid premium as the dependent variable and several factors identified in the literature as determinants of the premium as independent variables. Our results indicate that the premium is positively related to the runup on the target's stock and the percentage of the value of the first divestiture. On the contrary, the premium is negatively related to the size of the target and the market-to-book ratio of the target. Finally, we find evidence that the premium is positively related to the value of the divestitures and negatively related to the time interval between the acquisitions and the subsequent divestitures.

“Are Mergers and Acquisitions a Solution for Liquidity and Capital Adequacy Problems of Greek Banking Sector?”

Panagiotis Liargovas, *University of Peloponnese, Greece*

Spyridon Repousis, *University of Peloponnese, Greece*

Abstract

Purpose - The purpose of this paper is to examine the impact of mergers and acquisitions on liquidity and capital adequacy of Greek banking sector during 1996-2004. Also try to examine if mergers and acquisitions are a solution for future liquidity and capital adequacy problems of Greek banking sector.

Design/methodology/approach – By measuring operating performance with four financial/accounting ratios, of a sample of 26 Greek commercial banks during 1996-

2004 and analyzing data of current Greek banking sector, we find interesting results about liquidity and capital adequacy of Greek banks.

Findings - Results indicate that liquidity and solvency ratios of Greek commercial banks during 1996-2004, deteriorate after merger deal but most of ratios (three out four) deterioration is not statistically significant.

Practical implications – Mergers and acquisitions during past (1996-2004) was not a solution to improve liquidity and capital adequacy ratios. During current financial crisis, the extraordinary liquidity support measures taken by the ECB and Greek government to Greek banks have averted a credit crunch in Greece. Greek banks will need to maintain capital buffers above the supervisory minimums to ensure adequate provisioning for increasing non-performing loans and cope with a theoretical restructuring (haircut) of Greek public debt. Also capital injections and alternative funding sources will be needed and a recapitalization of banks from Greek Financial Stability Fund is a solution which is very possible to be used. The reorganization of Greek banking sector will be combined with selling of assets, non-core assets, rights issues, subsidiaries and reducing branches, wages and personnel (major reductions to operating costs).

Originality – The paper presents an analysis of the impact of mergers and acquisitions on liquidity and capital adequacy of Greek banking sector and shows possible strategies to banks to improve current position.

Session 9: Financial Analysis

Session Chair: Anastasios D. Tsamis, Panteion University of Social and Political Sciences, Greece

Room: Αίθουσα 1

Time: 12:30 – 14:00

“Corporate Liquidity: A Study of the Relative Efficiency of Greek Listed Firms: A Financial Ratio based Data Envelopment Analysis Approach”

Dimitrios I. Giokas, *National and Kapodistrian University of Athens, Greece*

Ioannis G. Dokas, *National and Kapodistrian University of Athens, Greece*

Anastasios D. Tsamis, *Panteion University of Social and Political Sciences, Greece*

Abstract

This paper presents an alternative approach to the analysis of liquidity efficiency for a group of Greek listed firms (Food and Beverage Sector), during the period 2006-2009, using a two stage procedure. In the first stage, Data Envelopment Analysis is used to estimate liquidity efficiency of each firm in the sample. The results are consistent with the equivalent findings of the financial analysis. The results of DEA were validated by ordinary least squares (OLS) and the results showed that the regression equation can be used to evaluate a new liquidity efficiency for the specific sector of listed firms, without having to run the DEA model again. In the second stage of the current research study, using a Tobit regression model approach, we introduce a number of financial ratios and accounting data, which indirectly affect the configuration of liquidity efficiency score. According to the findings, a number of financial figures, like financial leverage, operating cost, firm size, Return on Equity to Return on Total Assets, have a significant impact on liquidity efficiency. In addition, the results of Tobit regression model confirm the assumptions related to the links and their signs between liquidity efficiency and the aforementioned variables.

“Evolution of Credit Risk of Greek Bank's Business Loans Portfolios for the Period 2002-2009 and Comparison with their Fundamentals”

Konstantinos Lefkaditis, *Panteion University of Social and Political Sciences, Greece*

Anastasios D. Tsamis, *Panteion University of Social and Political Sciences, Greece*

Ioannis Leventidis, *National and Kapodistrian University of Athens, Greece*

Abstract

Since exposure to credit risk remains the main source of problems in banks worldwide, banks and supervisory authorities should be able to draw useful lessons from past experiences. Banks should now realize the need to identify, measure, monitor and control credit risk and to determine that they have sufficient funds to cover these risks. For this reason, it was calculated the impact on capital requirements and on provisions for banks by the ongoing credit risk of its business portfolio for the period 2002-2009. The above analysis includes all companies operating in Greece which keep books C class (medium and large companies) and in 2008 had positive sales turnover. The period that examined the evolution of total bank lending and bank lending to businesses¹ is 2002 - 2009, after the introduction of the euro in Greece and before the deterioration of the current crisis. The fundamentals of credit risk and the impact on the banking system, examined in terms of loans to the above companies. The companies were grouped further into listed and unlisted. We monitored the evolution / change in their credit risk by calculating their capital requirements by using the Standardised Approach (Bank of Greece directive 2588/20.8.2007) that the majority of Greek Banks applies and by using the Internal Ratings Based Approach (IRB) of Pillar I (Bank of Greece directive 2589/20.8.2007) Basel II for the above mentioned period. This approach was chosen, because of better measurement of credit risk and the calculation took into account the annual probability of default (PD - probability of default) as modified per year for each company and the loss given default (LGD - loss given default) at the supervisory value of 45%.

The capital requirements of Standardised Approach compared to capital requirements of the IRB Approach in order to the competence / lack of funds required on the part of

¹ Data provided from Bank of Greece

banks. Additionally, the bank loans of these companies compared to the total Greek bank's lending and lending to businesses and examined the evolution of provisions for credit risk during this period. Some of the key ratios calculated in our analysis, are the following:

- « Lending to listed and non listed companies / Total Greek bank's lending to businesses »
- « Total Greek bank's lending to businesses / Total Greek bank's lending »
- « Annual provisions for credit risk / Total Greek bank's lending »
- « [Non performing loans (over 90 dpd) – Provisions] / Total Greek bank's lending »
- « Capital requirements for listed and non listed companies / Total Greek bank's capital »

Key findings that emerged (briefly) are: A continuous increase (2002-2008) in bank's lending to medium and large enterprises except in 2009. A significant reduction observed in 2009 to unlisted companies versus to listed companies. Furthermore, a reduction observed in the number of borrowing companies. There was a continuous increase in the overall ratio 'Capital requirements for listed and non listed companies / Total Greek bank's lending'. The ratio ranges until 2009 below to 8%. This is due to low capital requirements and better PDs of listed companies versus to unlisted companies. The increase in the ratio by 2.7 points over the period 2002-2007, suggest major credit risk of those companies.

“The Effect of Fixed Asset Sales on Stock Prices: Evidence from the Shipping Industry”

Vasileios Zisis, *University of Piraeus, Greece*

John Sorros, *University of Piraeus, Greece*

Nikolaos Mpelesis, *University of Piraeus, Greece*

Abstract

A material variable reported in financial reports of firms in the shipping industry is gain and loss from vessel sales. This allows us to examine whether the classification of assets as held for sale or as not held for sale for vessels that have been sold cause

differences in the information content of the reposted result from these transactions. Consistent, with current (US and IASB) GAAP treatment we find that new information is more likely to exist in cases in which a sold vessel has not been previously reported as “current asset held for sale”. However, we do not find, across our empirical specifications, consistent results of the sign of the relationship between market returns and accounting variables over short-term windows surrounding the announcement.

“What Explains Changes in Divisional Performance under Liquidity Shortage Conditions? The Case of Retail Branches”

Eleftherios Aggelopoulos, *TEI of Patras, Greece*

Vasilios Giannopoulos, *University of Patras, Greece*

Antonios Georgopoulos, *University of Patras, Greece*

Georgios Zafeiropoulos, *TEI of Patras, Greece*

Abstract

This is the first study which tests empirically to which extent the quality and the spread of consumer and small business loans are responsible for the increases or decreases in branch performance, measured by residual income (RI). Moreover, given the liquidity shortage occurs we investigate to which extent the above value drivers are responsible for the decrease or increase in RI. We use a unique panel data set derived from the monthly Profit and Loss (P & L) statements of the retail branches of a large private commercial bank. We find that spread for both types of loans is positively and statistically significant related to RI. The positive effect of small business loans is higher than the spread of consumer loans. Moreover, credit risk is negatively and statistically significant related to RI, with the value effect of credit risk taking on consumer loans being twice the corresponding effect of small business loans. Given changes in external environment, the negative value effect of credit risk taking on small business loans is almost three times higher than the effect of credit risk taking on consumer loans. This is due to different strategies that two business segments of the bank followed.

Session 10: Financial Econometrics

Session Chair: Costas Siriopoulos, University of Patras, Greece

Room: Αίθουσα 2

Time: 12:30 - 14:00

“The Effect of Time-varying Information Entropy on Markets' Uncertainty”

Dionisis Th. Philippas, *Unit of Econometrics and Applied Statistics (IPSC), Joint
Research Centre, European Commission*

Costas Siriopoulos, *University of Patras, Greece*

Abstract

We herein examine the effect of constant information flow on seven European market indices. By separating information flow into time cells, this novel proxy measures the effect of individual and mutual time-varying information entropy on the dynamics of the processes that determine conditional volatility. The results of the empirical analysis demonstrate that variations in constant information flow have a significant effect on markets in terms of conditional volatility but do not determine or differentiate totally investors' mental accounts, which are directly linked to the dynamics of volatility, nature of information and functional allocation of investors' time-varying information flows.

“Is the Relationship between Stock Price Index and Exchange Rate Long-Run in European and American Market during the Recent Crisis Period? A Structural Nonparametric Cointegrating Regression Approach”

Athanasios Tsagkanos, *University of Patras, Greece*

Costas Siriopoulos, *University of Patras, Greece*

Abstract

In this study we search for the existence of long-run relationship between stock prices and exchange rates in EU and USA during the recent financial crisis (2008-2012). This is performed between euro-dollar and FTSE Eurotop 300 and euro-dollar and Dow Jones index using a more advanced model, the structural nonparametric cointegrating regression, and incorporating crucial external factors that influence exchange rates and stock prices. The results exhibit a relationship from stock prices to exchange rates (both for EU and USA) that is appeared long-run in EU and short-run in USA. The finding of long-run relationship with this direction is particularly important because it is presented for first time in relative literature.

“Global Financial Crisis and Emerging Stock Market Contagion: A Multivariate FIAPARCH-DCC Approach”

Dimitrios Dimitriou, *University of Ioannina, Greece*

Dimitrios Kenourgios, *National and Kapodistrian University of Athens, Greece*

Theodore Simos, *University of Ioannina, Greece*

Abstract

This paper investigates contagion of the global financial crisis in a multivariable Fractionally Integrated Asymmetric Power ARCH (FIAPARCH) dynamic conditional correlation (DCC) framework during the period 1997-2012. We focus on five most important emerging equity markets, namely Brazil, Russia, India, China and South Africa (BRICS), as well as USA (source of contagion), during different phases of the crisis. Results show that the contagion hypothesis is rejected for most of BRICS during the early phases of the crisis, indicating signs of isolation or decoupling. However, at the last phase of the crisis characterized by stabilization and recovery signs, BRICS and USA exhibit increasing co-movements, implying that the crisis accelerates the integration process of BRICS and their dependence with USA is larger in bullish markets. Our findings do not confirm a specific pattern of contagion based on BRICS' economic structure and provide important implications for international investors and policymakers.

“Η Ερμηνευτική Ικανότητα του Συντελεστή R^2 στον Υπολογισμό της Αξίας της Επιχείρησης”

Χαρίκλεια Θεοδωράκη, Πανεπιστήμιο Πατρών, Ελλάδα

Abstract

Several studies have focused on the relationship between the R2 and the firm value. They also pay attention on the consequences of the different values of R2 between sectors. In this paper we examine this relationship for the Greek companies listed in the stock exchange. For this purpose, we use a sample consisted of 135 listed companies for the period 2004-2010. The results of this study reveal that R2 is inversely associated with the firm value. This is consistent with the model of Dow and Gorton (1997). Also we found that companies with high R2 have significantly higher returns from the companies with low R2, over a two year period time.

Session 11: Derivatives

Session Chair: Christos Alexakis, University of Piraeus, Greece

Room: Αίθουσα 3

Time: 12:30 - 14:00

“Dissecting Insider Trading in Credit Derivatives”

Georgios Angelopoulos, *Athens University of Economics and Business, Greece*

Daniel Giamouridis, *Athens University of Economics and Business, Greece*

Abstract

This article investigates the conditional information flow from the CDS market to the equity market. We find that informed trading in the CDS markets is a less rare phenomenon than currently documented and is pervasive in all sub-periods we examined, including the most recent period that CDS trading has been more transparent. Our analysis suggests that increased transparency has not prevented insiders from trading on the basis of their information, but has probably changed their trading practices. However, our analysis does not strongly suggest that non-informed investors can benefit from this information.

“A Revised Survey on Leveraged and Inverse Leveraged ETFs”

Gerasimos G. Rompotis, *National and Kapodistrian University of Athens, Greece*

Abstract

In my article “A Survey on Leveraged and Inverse Leveraged Exchange-Traded Funds” published in the 2012 Spring Issue of *Journal of Index Investing*, I drew the conclusion that the short and ultra Proshares fail to meet their daily performance targets. The current study comprises a revision to the old one using both net asset value and trading data while in the previous study trading data was only used. Additionally, the efficiency of Proshares in achieving their goal is judged from a less

strict perspective. Particularly, a maximum deviation between the return of Proshares and their target of 0.50% in absolute terms is considered tolerable so as to conclude that Proshares manage to achieve their investment goals on a daily basis. The relevant findings are very strong when NAVs are taken into account but they are less strong when return calculated with closing trading prices are used. Adding comparable single-beta ETFs in the analysis, I find that, over the period under examination, the ultra ETFs beat the regular ones but the short Proshares are beaten by them. However, the regular ETFs are found to be more competent in replicating their benchmarks on a daily basis than the leveraged ETFs are in achieving their daily targets. Finally, I suggest a hedging strategy which can mitigate the overall risk for investors involved in the leveraged ETF business.

Tracking Ability of ETFs Physical vs. Synthetic Replication

Athanasios P. Fassas, *Versal Investment Services SA & International Faculty of the University of Sheffield, City College, Greece*

Abstract

The purpose of this study is to examine the tracking ability of physical (in-kind) and synthetic (swap-based) Exchange Traded Funds (ETFs). By using three different measures of tracking error, I examine ten pairs of ETFs, which on aggregate track different asset classes (equities, bonds, commodities and foreign exchange rates), are sponsored by several investment companies and are listed on various stock exchanges. For consistency purposes though, each pair under review tracks the same underlying index/ asset, trades on the same stock exchange and is denominated in the same currency. The empirical results indicate that on average physically-replicated ETFs are overperforming their corresponding swap-based ETFs in terms of tracking ability. The findings indicate that there is a statistically significant difference in the tracking error of ETFs that employ physical replication and ETFs that employ synthetic replication. Hence, investors should consider the replication technique when they make their investment decisions concerning ETFs.

Session 12: Accounting Issues

Session Chair: *Dimitrios Ginoglou, University of Macedonia, Greece*

Room: Αίθουσα 4

Time: 12:30 – 14:00

“Η χρήση του Credit Scoring Model στις Εισηγμένες Ελληνικές Επιχειρήσεις του Χ.Α.Α. που βρίσκονται σε: Επιτήρηση, Αναστολή και Διαπραγμάτευση για Έλεγχο Χρήσης Δημιουργικής Λογιστικής”

Δημήτρης Γκίνογλου, Πανεπιστήμιο Μακεδονίας, Ελλάδα

Ανέστης Ιζδράς, Υπουργείο Οικονομικών, Ελλάδα

Νικόλαος Μπάκας, Πανεπιστήμιο Μακεδονίας, Ελλάδα

Abstract

Η προσπάθεια των επιχειρήσεων να παρουσιάσουν μια επιθυμητή εικόνα για την οικονομική τους κατάσταση ώστε να αποκομίσουν τα μέγιστα δυνατά οφέλη από τις εκάστοτε οικονομικές συγκυρίες τους οδηγεί στην σκόπιμη αλλοίωση της εικόνας των αποτελεσμάτων τους με λογιστικές μεθόδους. Η εν λόγω έρευνα παρουσιάζει τις διάφορες πτυχές του φαινομένου της Παραποίησης των Οικονομικών Καταστάσεων από τις επιχειρήσεις που είναι εισηγμένες στο ΧΑΑ, με την εφαρμογή του Credit Scoring Model του καθηγητή Altman και συγκεκριμένα εξετάζει τις επιχειρήσεις που βρίσκονται σε επιτήρηση, σε αναστολή και σε διαπραγμάτευση. Τα αποτελέσματα παρουσιάζουν ενδιαφέρον.

**“Value Relevance and Intercompany Transactions after the Adoption of IFRS:
The Case of the Greek Stock Market”**

Athanasios Vazakides, University of Macedonia, Greece

Antonios Stauroopoulos, University of Macedonia, Greece

Ioannis Samaras, University of Macedonia, Greece

Stergios Athianos, TEI of Serres, Greece

Abstract

The present study examines the value relevance of disclosed related party transactions (RPTs) in Greek group of companies. We are based on two types of transactions, exchange of goods-products and exchange of assets, using a value relevance approach. We apply the model of Ohlson(1995) for the period 2004 and 2005 and we observe that the reported earnings of firms selling goods or assets to related parties exhibit a lower valuation coefficient than those of firms in Greece without such transactions. This result is not observed after 2005, when a new fair value measurement rule for related party transactions came into effect. Our evidence suggests that the new RPT regulation in Greece is perceived to be effective at reducing the potential misuse of RPTs for earnings management purposes. Since RPTs have been the subject of numerous scandals, our evidence from the Greek stock markets suggests that new RPT accounting standards could prove an effective solution to this issue.

“Cash Conversion Cycle and Profitability: Evidence From Industrial Enterprises listed on the Athens Stock Exchange”

Stavros Arvanitis, *TEI of Crete, Greece*

Theodoros Stamatopoulos, *TEI of Crete, Greece*

Dimosthenis Alexakis, *TEI of Crete, Greece*

Abstract

The objective of this study is to analyze the respective theory and international literature on working capital management, and, additionally, to explore the relationship between the latter and profitability, for a sample which consists of Greek industrial listed firms in Athens Stock Exchange. For the present research, a sample of 38 industrial Greek firms over a six-year period has been selected, from 2005 to 2010. More specifically, we have studied the effect of the Cash Conversion Cycle and its components on the Gross Operating Profitability (GOP), using the FGLS methodology through panel data. Our purpose was not only to establish a relationship that is statistically significant for the whole period, but also to investigate the effects of the financial crisis on the relationship of working capital management and

profitability through a dummy variable. Using FGLS models, the results of this research showed a significant strong negative relation between gross operating income and the cash conversion cycle, in both models with and without the crisis dummy variable. These results suggest that managers can create value and improve the profitability of firms by shortening the cash conversion cycle. It should be highlighted that the relationship between accounts payable and profitability is negative considering the effects of the financial crisis, while it is positive without. This research showed that the international economic crisis has an important impact on the operation and liquidity of Greek industrial firms. This study avoids the traditional approach on corporate finance which focused on the study of long-term financial decisions. Instead, it contributes to the existing literature by analyzing the effects of management in short-term assets and liabilities through the working capital management and its components, and notably, under the prism of crisis.

“The Greek Economy: A Modern Economic Paradox or an Economy "Bomb" inside EU?”

Dimitrios Kyriakou, *University of Liverpool, UK*

Nikolaos Blanas, *TEI of Larissa, Greece*

Giorgios M. Aspridis, *TEI of Larissa, Greece*

Abstract

In the present article we seek and describe, through the historical apposition of development of Greek economy diachronically since regime until today, days of economic crisis and memoranda, so that we understand overall the course of Greek economy and the relative policies that were followed. The creation of new food for thought was not the aim, but the gathering of many scientific texts in single form, to be a total and assembled knowledge and opinion in subjects that are related to the Greek economy in the newer Greek economic history.

Session 13: Financial Institutions II

Session Chair: Eleftherios Thalassinos, University of Piraeus, Greece

Room: Αίθουσα 1

Time: 15:00 – 17:00

“Διανοητικό Κεφάλαιο: Μία Περιπτώσιολογική Μελέτη στην Εθνική Τράπεζα της Ελλάδος”

Επαμεινώνδας Δ. Ζαρίφης, *Εθνική Τράπεζα της Ελλάδος, Ελλάδα*

Ανδρέας Π. Ανδρικόπουλος, *Πανεπιστήμιο Αιγαίου, Ελλάδα*

Η γένεση της «οικονομίας της γνώσης» αποδίδεται στην αυξημένη σημασία του διανοητικού κεφαλαίου, ενός σχετικά νέου όρου ο οποίος διαχωρίζεται από το αντίστοιχο χρηματοοικονομικό που παραδοσιακά παρείχε τα θεμέλια για τη δημιουργία πλούτου. Σε αυτή την οικονομία, η οποία χαρακτηρίζεται από ένα δυναμικά ανταγωνιστικό περιβάλλον, το διανοητικό κεφάλαιο διαδραματίζει καίριο ρόλο στις σύγχρονες οικονομικές, τεχνολογικές και κοινωνικές εξελίξεις με ένα τρόπο προηγουμένως άγνωστο και σε μεγάλο βαθμό μη προβλέψιμο. Στόχος αυτού του άρθρου είναι να συνοψίσει την αξιολογότερη υπάρχουσα βιβλιογραφία καθώς και τις αντιπροσωπευτικότερες θεωρητικές και εμπειρικές συνεισφορές σχετιζόμενες με τη μέτρηση του. Επιπροσθέτως, λαμβάνει χώρα μία παρουσίαση του εξελικτικού του ρου και μία συγκριτική αξιολόγηση των πλέον δημοφιλών υποδειγμάτων αναφοράς του. Εν κατακλείδι, πραγματώνεται η παρθενική αναφορά διανοητικού κεφαλαίου της Εθνικής Τράπεζας της Ελλάδος Α.Ε. σε μια πρώτη συστηματική προσπάθεια για την καταγραφή και ανάλυση του άυλου πλούτου του ελληνικού χρηματοπιστωτικού συστήματος.

Σκοπός - Να ρίξει φως στην αιγυματική έννοια του διανοητικού κεφαλαίου και να αποπειραθεί να το μετρήσει στην Εθνική Τράπεζα της Ελλάδος Α.Ε.

Σχεδιασμός / Μεθοδολογία / Προσέγγιση - Το υπόδειγμα AZIC Polaris χρησιμοποιείται για να προσδιορίσει τα συστατικά στοιχεία του διανοητικού

κεφαλαίου. Τα συλλεχθέντα δεδομένα σχετίζονται με τις επιδόσεις της Εθνικής Τράπεζας της Ελλάδος Α.Ε. σε μία διετή χρονική περίοδο (2009-2010).

Ευρήματα - Το υπόδειγμα AZIC Polaris προσφέρεται για την άρτια διαχείριση του διανοητικού κεφαλαίου ενός οργανισμού.

Ερευνητικοί περιορισμοί - Τα δεδομένα προέρχονται κυρίως από δημοσιευμένη πληροφόρηση. Η πρόσβαση σε μη δημοσιευμένα στοιχεία για την οργάνωση και τη λειτουργία της τράπεζας ήταν περιορισμένη. Οι περιορισμοί που σχετίζονται με λογιστικά πρότυπα μπορεί να είναι αμφισβητήσιμοι.

Πρακτικές εφαρμογές - Η εφαρμογή του υποδείγματος παρέχει στέρεα θεμέλια για πρακτική εφαρμογή στην ακαδημαϊκή, επιστημονική και επιχειρηματική κοινότητα.

Γνησιότητα / Αξία - Παρέχεται στους εμπλεκόμενους ενός οργανισμού ένας μηχανισμός ερμηνείας των αποτελεσμάτων.

“A Cross Country Comparison of Banking Efficiency by DEA model Germany versus Europe's PIGS”

Eirini Lazaridou, Aristotle University of Thessaloniki, Greece

Dimitrios V. Kousenidis, Aristotle University of Thessaloniki, Greece

Abstract

This paper attempts to estimate the efficiency of the banks in Germany and Europe's PIGS (Portugal, Greece, Spain, Ireland, Italy), through a cross country analysis. For this purpose, we use a non-parametric frontier technique called data envelopment analysis (DEA) to derive technical and scale efficiency measures for these banks, in 2011. In this paper we would stress that such comparisons of performance must take into account cross-country differences in economic conditions, demographics, and regulatory structures (environmental factors), after evaluating their statistical significance which makes them influential factors. Using a sample of banks from Portugal, Greece, Spain, Ireland and Italy, this paper evaluates the efficiency of banks in each of these countries, by setting a common frontier for all institutions, and analyses the causes and the perspectives of the inefficiency, where they are localized.

“The Determinants of Performance in the European Banking Sector: South versus West”

Anastasios D. Tsamis, *Panteion University of Social & Political Sciences, Greece*

Maria-Eleni K. Agoraki, *Panteion University of Social and Political Sciences,
Greece*

Abstract

This paper investigates the effect of bank-specific, industry-specific and macroeconomic determinants, as well as the regulatory environment on the performance of European banking sector over the period 2007-2010. There is significant variation in the cross-section of stock returns of large banks across different European countries during that period. This variation is applied in order to evaluate the importance of factors that have been put forth as having contributed to the poor performance of banks during the credit crisis. Moreover, a systematic comparative analysis of the determinants of the performance of the banking sector in south European countries (Greece, Italy, Portugal, Spain) versus banks operating in developed Western European economies (Germany, France) is provided. Evidence is consistent with the argument that emphasizes the fragility of banks financed with short-run capital market funding. Banks in countries with more restrictions on banking activities performed better while the better-performing banks had more equity. Using dynamic frameworks, the empirical analysis reveals that performance is affected by bank-specific determinants like equity capital and bank size, while macroeconomic indicators as well as the regulatory framework plays a crucial role.

Session 14: Accounting Issues II

Session Chair: Dimitrios Gounopoulos, University of Surrey, UK

Room: Αίθουσα 2

Time: 15:00 – 17:00

“Understanding Sticky Costs and the Factors Affecting Cost Behavior: "Cost stickiness Theory and its Possible Implementation in Greek firms"”

John Sorros, *University of Piraeus, Greece*

Alkiviadis Karagiorgos, *University of Piraeus, Greece*

Abstract

Sticky costs occur when costs increase more when activity rises than they decrease when activity falls by an equivalent amount. In sticky costs literature cost behavior is evaluated by correlating the current growth in Selling General and Administrative costs with current revenue growth. Recently researchers spotted more attributes affecting the stickiness of cost. Managerial oversight, external economic conditions and firm characteristics are an example of such attributes hypothesized to influence a manager's decisions in a demand's fluctuation. Cost stickiness differs depending on corporate governance systems and managerial oversight, for different geographic regions. Greece's financial structure is tested by a great financial discretion. It might be the case that a connection between Greek firms and sticky costs could produce results and proposals for improving these firms' operations. This paper presents the most important factors, according to literature and the possible effect cost stickiness has on Greek firms.

“Κεφαλικός Φόρος και Φορολογική Μόχλευση”

Παναγιώτης Βασ. Παπαδέας, *ΤΕΙ Πειραιά, Ελλάδα*

Στην παρούσα μελέτη εξετάζεται η εφαρμογή στη χώρα μας ενός είδους κεφαλικού φόρου, εκείνου του «τέλους επιτηδεύματος». Πρόκειται για μια σταθερή φορολογική επιβάρυνση, αντίθετη στις σύγχρονες αντιλήψεις του κοινωνικού συνόλου για αναλογική και προοδευτική φορολογία. Με την εφαρμογή της εμφανίζονται περιθώρια επέκτασης από τους όρους «Λειτουργική Μόχλευση» (ΛΜ) και Χρηματοοικονομική Μόχλευση» (ΧΜ) στον όρο «Φορολογική Μόχλευση» (ΦΜ). Μέσω αναλυτικού παραδείγματος προσδιορίζονται τα αποτελέσματα χρήσης σε διαφορετικά επίπεδα όγκου πωλήσεων για τον υπολογισμό της ΛΜ, ΧΜ και ΦΜ, οι οποίες ακολουθούν παρόμοια χρηματοοικονομική συμπεριφορά και στατιστικά εμφανίζουν συγγραμμικότητα και ισχυρή συσχέτιση. Τελικά, με αρκετούς περιορισμούς, η ΦΜ μπορεί να συσχετίζεται με την αποδοτικότητα του Ενεργητικού και να συμμετέχει στο μίγμα της Συνολικής Μόχλευσης.

“Μετεξέλιξη της Κοινωνικής Ασφάλισης: Μια Οικονομική Αναγκαιότητα

Γιάννης Βογιατζής, Πανεπιστήμιο Πατρών, Ελλάδα

Abstract

Το τελευταίο διάστημα, για να επιτευχθεί η συρρίκνωση του δημόσιου τομέα στην Ελλάδα έχει επιλεγεί αντί των απολύσεων να εφαρμοσθεί σε συνέχεια του μέτρου της ‘Υποχρεωτικής Εργασιακής Εφεδρείας’ του ν.4024/11[2], το μέτρο της μείωσης της απασχόλησης στη γενική κυβέρνηση κατά τουλάχιστον 150.000 μέχρι τέλος του 2015 σύμφωνα με τις διατάξεις του ν.4046/12[2] με τη μορφή της ‘υποχρεωτικής πρόωρης συνταξιοδότησης’ σύμφωνα με τις εξαγγελίες της Κυβέρνησης. Η ‘υποχρεωτική’ εφεδρεία του ν.4024/11 αναφέρεται σε θέση σε εφεδρεία κατ’ αρχήν 30.000 υπαλλήλων με προοπτική τις 150.000 υπαλλήλους για 12-24 μήνες και κατόπιν απόλυση αν δεν πληρούν τις διατάξεις για συνταξιοδότηση. Από τις αναλύσεις της παρούσας μελέτης αποδεικνύεται ότι το μέτρο αφ’ ενός μεν της ‘υποχρεωτικής’ εφεδρείας του ν.4024/11 αφ’ ετέρου δε, και κυρίως, της ‘πρόωρης συνταξιοδότησης’ του ν.4046/12 για την μείωση του Κράτους και ελάφρυνση των δημοσίων οικονομικών, ότι υλοποιούνται χωρίς σχέδιο, χωρίς προγραμματισμό και:

- α) θα προκαλέσουν δημοσιονομική ζημιά τα επόμενα έτη.
- β) θα δημιουργήσουν μεγάλα κενά διοίκησης από την έλλειψη έμπειρων υπαλλήλων με αποτέλεσμα την υποβάθμιση των παρεχομένων υπηρεσιών και
- γ) βρίσκονται σε ευθεία αντίθεση με

τις προτάσεις του ΔΝΤ[9] και του ΟΟΣΑ[7] για την κοινωνική ασφάλιση και την οικονομία.

Session 15: PHD Session I

Session chair: Augustinos I. Dimitras, Hellenic Open University, Greece

Room: Αίθουσα 3

Time: 15:00 – 17:00

“Ο Εξωτερικός Έλεγχος Δημοσιονομικής Διαχείρισης & Οι Προσδιοριστικοί Παράγοντες Συμμόρφωσης των Δημοσίων Οργανισμών Στην Ελλάδα: Ώρα Για Μεταρρύθμιση;”

Γεωργία Ν. Κοντόγεωργα, Ελληνικό Ελεγκτικό Συνέδριο & Πανεπιστήμιο Πατρών, Ελλάδα

Abstract

Μια σειρά νομοθετικών μεταρρυθμίσεων που έχει λάβει χώρα την τελευταία τριετία, επιχειρεί να εκσυγχρονίσει τον υφιστάμενο τρόπο ελέγχου των δημοσίων δαπανών στην Ελλάδα και να τον εναρμονίσει με τα πρότυπα που ισχύουν διεθνώς. Αυτή η έρευνα έχει έναν διττό στόχο: αφενός να εντοπιστούν κάποιοι από τους παράγοντες που επιδρούν στη συμμόρφωση των Δημόσιων οργανισμών στην Ελλάδα με τους νόμους και τους κανονισμούς δημοσιονομικής διαχείρισης και αφετέρου, να αξιολογηθεί η αποτελεσματικότητα του υφιστάμενου τρόπου ελέγχου των δημοσίων δαπανών και να αναδειχθεί η αναγκαιότητα ή μη, μεταρρυθμιστικών αλλαγών στο ισχύον σύστημα. Η έρευνα διενεργήθηκε με τη μέθοδο διανομής ερωτηματολογίων μεταξύ των ελεγχόμενων φορέων και των ελεγκτών του Ελεγκτικού Συνεδρίου. Παρουσιάζεται η μεθοδολογία και τα αποτελέσματα της έρευνας και διατυπώνονται προτάσεις για τη βελτίωση της λειτουργίας του εξωτερικού ελέγχου στο Δημόσιο τομέα.

“Διαστρωματική Ανάλυση των Αποδόσεων των Μετοχών στο Χρηματιστήριο Αθηνών για την Περίοδο 2004-2011”

Αργυρώ Σβίγγου, Πανεπιστήμιο Πατρών, Ελλάδα

Abstract

This study is an investigation of the factors affecting the average returns of stocks that traded on the Athens Stock Exchange for the period July 2004 - June 2011. These factors relate to fundamental economic variables, such as book to market ratio. Also, we examine the influence of the coefficient β . The methodological approach is similar to that applied by Fama and French (1992), where in the first stage, stocks are grouped into portfolios with predefined criteria and subsequently carried out monthly cross sectional regressions. The main result of this study is that average stock returns in the ASE is not associated with the coefficient b (market risk) and not found a strong relationship with another risk factor for the market value of the stocks or book to market ratio.

“Dividend Yields for Forecasting Stock Market Returns: An Empirical Evidence from the Athens Stock Exchange”

Nikolaos Th. Papandreou, *Reporting and Consolidation Accountant, SANOFI
AEBE, Greece*

Abstract

We, nowadays, live in a globalized world where the conditions change very fast and models and theories that reflected the reality until recently, today they cannot interpret it. Concepts, like the Capital Asset Pricing Model and the Efficient Market Hypothesis have, particularly the last years, been doubted as there are researchers who maintain that the conclusions of these theories are not valid anymore. These researchers suggest different ways of studies of the behavior of the returns, as they found empirically that these variables which relate to fundamental elements of a firm can determine better the returns of securities. This is, therefore, the goal of our paper: the investigation of fundamental variables which can explain and predict the future stock market returns. In our research we examine specifically the behavior of the dividend yield in the Athens stock exchange for a decade.

Session 16: PHD Session II

Session Chair: Anestis Ladas, University of Macedonia, Greece

Room: Αίθουσα 4

Time: 15:00 – 17:00

The Effects of Incentives for Earnings Management on Deferred Taxation

Aggeliki Samara, University of Surrey, UK

Abstract

The study examines the use of deferred taxation for earnings management purposes. A large number of studies in the literature show that deferred taxation offers opportunities for earnings management. In specific, Phillips et al. (2003) show that deferred tax expenses are useful in detecting certain forms of earnings management. Under the presence of incentives firms will seize these opportunities in order to manage earnings and as a result the financial statements and the reported accounting numbers will not be reliable. Since, reliability and faithful representation are regarded as desirable characteristics of accounting data, the use of deferred taxation for earnings management purposes leads to distortions in the information content of accounting data. The present study presents evidence that are useful in assessing the factors which are associated with the use of deferred taxation for earnings management.

“An Examination of the Firm Characteristics Associated with Non-Compliance to the IFRS”

Paraskevi Paliogianni, University of Macedonia, Greece

Abstract

This study examines the relation between a decrease in financial reporting quality and several firm characteristics. More specifically, knowing the firms that failed to report,

the study examines the firm characteristics that are related to this failure. The firms of the banking sector in the Athens Stock Exchange for the period 2005-2011 are examined, drawing accounting data from the Hellastat database and stock price data from the Athens Stock Exchange. The dependent variable is a dummy variable that takes the value of 1 if the financial statement quality decreases in the year (incapability of reporting) and zero otherwise. Based to this variable, are examined according to ML-Binary Logit and ML-Binary Probit other dummy variables such as market capitalization, profitability, audit opinion (a dummy variable if the auditor expresses an unqualified opinion about the firm) and audit firm (a dummy variable that takes the value of 1 if the firm is audited by a big-4 auditing company and zero otherwise). According to the study, only profitability and market capitalization seem to be statistically significant. Especially, market capitalization is negatively related with the decrease in financial reporting quality and profitability is positively related to the decrease in financial reporting quality.

“The Transmission Channels between Financial Sector and Real Economy in Light of the Current Financial Crisis: A Critical Survey of the Literature”

Georgios L. Vousinas, *National and Kapodistrian University of Athens, Greece*

Spyridoula A. Lemonakou, *University of Piraeus, Greece*

Abstract

The present study undertakes a critical review of the research around the major issue of the transmission channels between financial sector and real economy. The aim of the study is to shed light on the interaction between the financial system and the economy, in the shadow of the current crisis. The literature documents the importance of these channels in the determination of economic activity and therefore, real economy as a whole. The study highlights the emergence of the liquidity channel as a key factor of the transmission of bank credit shocks to real economy and underlines the existing “regulation gaps”. The paper concludes that the financial sector plays an even more crucial role these days and drastic measures along with intense supervision must be undertaken so as to work properly and serve the economic world.