



TWENTY-FIFTH ANNUAL CONFERENCE MULTINATIONAL FINANCE SOCIETY

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June 24-27, 2018
Novotel Budapest City Hotel
Alkotás utca 63-67
1123, Budapest
HUNGARY

Multinational Finance Society

Multinational Finance Society : A non-profit organization established in 1995 for the advancement and dissemination of financial knowledge and research findings pertaining to industrialized and developing countries among members of the academic and business communities.

Conference Objective

To bring together researchers, doctoral students and practitioners from various international institutions to focus on timely financial issues and research findings pertaining to industrialized and developing countries.

Keynote Speakers

Kris Jacobs - C.T. Bauer College of Business - University of Houston, USA
Jarrad Harford - Foster School of Business - University of Washington, USA

Program Committee - Chair

Panayiotis Theodossiou - Cyprus University of Technology, Cyprus

Program Committee

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Anthony Yanxiang Gu - State University of New York, USA
Zhaoyang Gu - Chinese University of Hong Kong, Hong Kong
John Hall - University of Pretoria, South Africa
Soosung Hwang - Sungkyunkwan University, Korea
Can Inci - Bryant University, USA
Petko Kalev - La Trobe University, Australia
Kiridaran Kanagaretnam - York University, Canada
Olga Kandinskaia - CIIM, Cyprus
Mehmet Karan - Hacettepe University, Turkey
Lawrence Kryzanowski - Concordia University, Canada
Radu Lupu - Bucharest University of Economic Studies, Romania
Didier Maillard - CNAM, France
Anastasios Malliaris - Loyola University Chicago, USA
Minna Martikainen - Hanken School of Economics, Finland
Robert Mathieu - Wilfrid Laurier University, Canada
Roni Michaely - Cornell University, USA
Louis Murray - University College Dublin, Ireland
Silvia Muzzioli - University of Modena and Reggio Emilia, Italy
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Christos Negakis - University of Macedonia, Greece
Edgar Ortiz - Universidad Nacional Autónoma de México, Mexico
Dionisis Philippas - ESSCA Grand Ecole de Management, France
Nikolaos Philippas - University of Piraeus, Greece
Richard Saito - Fundacao Getulio Vargas, Brazil
Yoko Shirasu - Aoyama Gakuin University, Japan
Raul Susmel - University of Houston, USA
Lorne Switzer - Concordia University, Canada
Malick Sy - RMIT University, Australia
Samuel Szewczyk - Drexel University, USA
Uwe Walz - Goethe University of Frankfurt, Germany
Shuye Wang - Renmin University of China, China
Yukihiro Yasuda - Hitotsubashi University, Japan
Yildiray Yildirim - Baruch College-CUNY, USA
Ania Zalewska - University of Bath, UK

"Internationalisation, Capital Structure and Capital Raising"

Edward Jones - Heriot-Watt University, UK

Nana Kwansa - Heriot-Watt University, UK

Hao Li - Heriot-Watt University, UK

Discussant: Ana Monte - Escola Superior de Tecnologia e Gestão (Instituto Politécnico de Bragança), Portugal

Previous studies have identified an association between internationalisation and agency costs. Agency costs, in turn, affect the two main decisions in finance i.e. the investment decision and the financing decision. In this study, we examine the impact of internationalisation on capital structure and capital raising, viewed through the perspective of agency costs. The literature on the role of internationalisation on capital structure has so far failed to arrive at a consensus. While some studies argue that increased access to international financial markets and greater ability to exploit capital market imperfections provide the theoretical expectation that multinational companies (MNCs) will use increased debt financing (Doukas and Pantzalis 2003, Errunza and Senbet 1981, Robbins and Stobaugh 1973), empirical studies find that MNCs tend to use lower leverage than domestic companies (Lee and Kwok, 1988, Burgman, 1996, Doukas and Pantzalis, 2003). We argue that agency costs provide the link between internationalisation and capital structure. Taking a large sample of UK companies from 1996 to 2015, we test the impact of internationalisation on the capital raising and capital structure decisions of domestic and multinational companies. We find that UK multinational companies use lower leverage than their domestic counterparts, despite increased access to international capital.

"Performance, Efficiency and Capital Structure in Portuguese SMEs"

Ana Monte - Escola Superior de Tecnologia e Gestão (Instituto Politécnico de Bragança), Portugal

Clara Vaz - Centre for Management and Industrial Engineering (CEGI/INES TEC), Portugal

António Fernandes - Applied Management Research Unit (UNIAG), Portugal

Discussant: Xin Chang - Nanyang Technological University, Singapore

This paper aims to analyse the bidirectional relationship between technical efficiency as measure of companies' performance and capital structure (proxied by short-term leverage) to explain the capital structure decisions in Portuguese SMEs from the secondary and tertiary sector of activity. The technical efficiency was estimated by the DEA methodology and corrected to obtain statistical inferences using a suitable bootstrap method. To test the agency cost hypothesis, asymmetric information hypothesis, risk-efficiency hypothesis and franchise value hypothesis (under pecking order and trade off theories framework) two models were performed using some determinants of capital structure such as size, profitability, tangibility, liquidity as control and explanatory variables. The sample consists on small and medium size companies from the interior of Portugal from secondary and tertiary sector during the period 2006-2009. The agency cost hypothesis (H1) was not validated for companies of the secondary sector nor the efficiency-risk hypothesis (H2) or franchise-value hypothesis (H2a). For tertiary sector the bidirectional relationship was confirmed: H1 and H2 were validated. There is some indications that companies of the tertiary sector follow Pecking Order Theory as profitability is negatively related.

"Corporate Environmental Liabilities and Capital Structure"

Xin Chang - Nanyang Technological University, Singapore

Kangkang Fu - Hong Kong Baptist University, Hong Kong

Tao Li - Central University of Finance and Economics, China

Lewis H.K. Tam - University of Macau, China

George Wong - Hong Kong Polytechnic University, China

Discussant: Constantin Mellios - University Paris 1 Panthéon-Sorbonne, France

We investigate the capital structure implications of corporate environmental liabilities, which are captured using the amount of firms toxic production-related waste. We document that firms with higher environmental liabilities maintain lower financial leverage ratios, suggesting that environmental