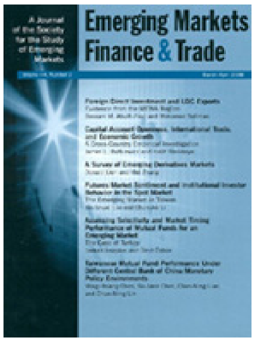

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Guest Editors' Introduction

Mehmet Huseyin Bilgin & Hakan Danis

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Guest Editors' Introduction

Mehmet Huseyin Bilgin and Hakan Danis

This is the third issue of *Emerging Markets Finance & Trade* containing papers presented at the Eurasia Business and Economics Society (EBES) conferences at which many distinguished academicians from all over the world present and discuss their research. Although the EBES conferences concentrate on studies of European and Asian countries, all major business, finance, and economics fields are included in the conference program. Therefore, the spectrum of this issue is quite wide and heterogeneous.

The EBES 2010 Conference–Athens was held in Athens, Greece, on October 28–30, 2010, with the support of the Central Bank of the Republic of Turkey, Turkish Airlines, and the Istanbul Economic Research Association. At the conference, 210 papers were presented and the articles published in this issue were selected from those papers, which were resubmitted for publication in the journal after their presentation at the conference. All the papers went through the standard referee and editorial processes of the journal, including assessments by at least two anonymous referees, and they benefited from the comments made during the conference. In this supplementary issue, we include six papers based on these referee reports.

The first paper, by Sergio Ortobelli Lozza, Enrico Angelelli, and Daniele Toninelli, received the "Best Paper Award" at the conference. The authors evaluate the effects of an asset preselection methodology on portfolio choices. They propose an ex post comparison of portfolio selection strategies that are applied to preselected assets in the global markets by taking into account different return characteristics. The preselection criteria account for the joint Markovian behavior of the returns and consider the assets that optimize the association with market stochastic bounds presenting the highest ex ante reward–risk performance. They reported a substantial difference between portfolio selection strategies developed using their Markovian evolution and strategies based on the assumption of equidistribution of return historical observations.

The second paper, by Gema Pastor-Agustín, Marisa Ramírez-Alesón, and Manuel Espitia-Escuer, examines investment decisions on tangible and intangible assets. They argue that current assets positively affect both tangible and intangible assets investment decisions. The authors analyze the effect of existing tangible and intangible assets in investment decisions by controlling for the effect of current assets and lumpy investment and found results similar to the previous literature. They argue that their specification eliminates any possible omitted variable biases and show that tangible assets investment decisions do not depend on intangible assets. Their results also indicate that current assets promote investment in tangible assets and increase the range of inaction, and therefore the firm prefers a "wait and see" strategy. The results imply that there exists a degree of irreversibility in productive-asset investments and tangible assets affect investment decisions on intangible assets within a two-year lag.

In the third paper, Mei-Hua Liao, Chien-Chih Lin, and Yinrou Wang investigate the effects of removing the price limit in Taiwanese initial public offerings (IPOs) on the market returns, price discovery processes, and trading activity of Taiwanese IPOs. The

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authors find that the elimination of the price-limit rule led to a significant decline in returns, a shorter price discovery process, and higher liquidity. Therefore, their empirical results show that market efficiency would be improved by removing the price limits for IPOs.

In the fourth paper, Paulo Reis Mourão examines the relationship between globalization (i.e., trade openness) and political budget cycles (deficit or surplus) in sixty countries between 1960 and 2006. He finds that trade openness affects political budget cycles in both industrialized and developing democracies. His results indicate that political budget cycles are sharper in open economies among new democracies and developing countries: Trade openness is associated with higher budget deficits. He also argues that political regimes should smooth their budget cycles through controlling corruption, fiscal illusions, and politicians' opportunism.

In the fifth paper, Sagi Akron analyzes the role of business cycles on the market reaction to dividend announcements of large-cap firms on the Tel Aviv Stock Exchange. He finds nonlinearity in market reaction to dividend announcement, and that the market reaction to dividend announcements of large-cap firms is significantly stronger in times of recession than in expansion periods. His findings also show that the variability of the reaction in terms of abnormal returns is higher during crises.

In the sixth paper, Pınar Falcıoğlu investigates the spatial determinants of productivity in the Turkish manufacturing industry at the regional level. She finds that proximity to core areas, high wages, and capital intensity play a significant role in explaining productivity at the regional level. The results also indicate that although variety does not have a significant effect on productivity, related variety does have a positive and significant effect on regional productivity.

In this supplementary issue, we publish papers that address a wide range of empirical issues in finance and economics focused primarily on emerging economies. We thank all the participants in the EBES 2010 Conference in Athens, Greece, for their contributions and comments, all referees of this issue for their constructive comments and suggestions, and Ali Kutan, editor of *Emerging Markets Finance & Trade*, for giving us this opportunity.