Editorial

Double Issue "2013 Paris Financial Management Conference (PFMC)"

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The Paris Financial Management Conference (PFMC) is a two-day conference that aims to bring together academics, practitioners and policymakers sharing interests in financial management and financial markets. It also provides a forum for presenting new research results as well as discussing current major finance issues that the world economies face. The first edition of this yearly event took place on the 16^{th} and the 17^{th} of December 2013.

The 2013 PFMC Conference, hosted by the IPAG Business School (Paris Campus), attracted 312 submissions and only 120 papers were accepted for presentation in over 30 parallel sessions, based on a rigorous selection process by the conference co-chairs in collaboration with the members of the Scientific Committee. Among the papers presented, 21 papers were submitted to the special issue of *Bankers, Markets and Investors* (BMI). After an editorial screening-review, 10 papers were sent out for peer-review and underwent the normal journal reviewing process, and 5 out of them have been accepted for publication.

The five papers in this double issue, each making distinctive contribution to the literature, coarsely cover three important research areas, namely corporate social responsibility (CSR), market microstructure, and stock market integration. The paper by Guillaume Pijourlet (p. 5 to 19) uses a large cross-country dataset to examine the effect of CSR on capital structure and the size of equity issuances. Karim Ben Khediri and Souad Lajili Jarjir (p. 20 to 40) investigate in their paper the effect of country-level institutional factors on corporate social performance in Western European economies. Abdoul. K. Cissé and Patrice Fontaine (p. 42 to 62) study the market reactions in terms of price, liquidity and volatility around a voluntary market section switching from a non (or less) regulated compartment to a more regulated one of the French stock market. The paper by Anna Creti and Khaled Guesmi (p. 64 to 78) looks at the dynamics of the global integration process of the largest OPEC oil-exporting countries into the world market. Finally, Heni Boubaker and Nadia Sghaier (p. 80 to 93) examine in their study the dynamic dependence structure between the US and four developed stock markets (France, Germany, Japan, and the United Kingdom).

In closing, I would like to express my gratitude to the Editor-in-Chief, Marie Brière, not only for providing me the opportunity to assemble this collection of high-quality papers in a special issue of BMI but also for advising and helping me during the editorial process. I am also thankful to the anonymous reviewers for their time and efforts in providing insightful comments and suggestions that were particularly valuable in improving the quality of the manuscripts. My thanks also go to Christine Hauvette for her helpful assistance during the entire editorial process. Last but not least, special thanks should go to all authors for submitting their articles for publication. I hope that readers will find these articles interesting and enjoy reading them as much as I enjoyed editing them.

Abstracts

Does Corporate Social Responsibility Have an Impact on Financing Decisions? 5

Guillaume PIJOURLET, Université Clermont Auvergne, Université d'Auvergne, EA3849, CRCGM

This paper examines whether corporate social responsibility (CSR) performance affects (i) capital structure and (ii) the size of equity issuances. Using a worldwide dataset of 6,589 firm-year observations, we find that (i) CSR performance negatively affects firms' leverage. We also show that (ii) high CSR firms issue a larger volume of equity and that such firms are less dependent on market conditions for their equity issuances. Overall, our results reveal that firms take into account the financial consequences of implementing CSR policies in their financing decisions.

JEL Codes: G32; M14.
Keywords: Corporate Social Responsibility; Capital Structure; Market Timing Theory; Information Asymmetry.

New Insights on Corporate Social Responsibility and Country-level Institutions in Western Europe 20

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Souad LAJILI JARJIR, Université Paris-Est, IRG (EA 2354), UPEC, F-94010, Créteil, France

We investigate the relationship between Corporate Social Performance (CSP) and country-level institutions for a sample of Western European firms from 13 countries over the period 2003 to 2010. We consider five different institutional factors and distinguish two categories of measures: country's quality of legal institutions and laws protecting shareholder rights. Our results show that firms from countries with better institutional environment are more likely to engage in CSR activities, supporting both the prominent role of institutional environment in explaining CSP variation across firms and the CSR-value enhancing view. Moreover, both country's quality of legal institutions and laws protecting shareholders rights explain scores on four domains: Environment, Corporate Governance, Human Resources and Human Rights. However, Business Behavior domain is only related to an indicator measuring laws protecting shareholders rights. Community Involvement is related to the quality of legal institutions in the country. Finally, we show that CSP is negatively affected by leverage and positively affected by firm size. However, CSP is not related to firm profitability.

JEL Codes: G11; G12; G32; G34; M14.
Keywords: Corporate Social Responsibility (CSR); Environmental; Social And Governance (Esg) Considerations; Firm Value; Stakeholders; Investor Protection; Institutions.

Consequences of Voluntary Stock Exchange Section Switching on Stocks Price, Liquidity and Volatility 42

Abdoul K. CISSÉ, ISG International Business School (GrIIsG) and CNRS (EUROFIDAI)
Patrice FONTAINE, CNRS (EUROFIDAI) and Léonard de Vinci Pôle Universitaire, Finance Lab, Paris La Défense, France.

The decision to switch stock exchange section is an important, but one of the least studied questions in the litterature. especially for voluntary transfer decisions. Managers believe that switching the trading compartment of their common stocks to a more important one creates value for their firms by improving visibility, stocks' liquidity and raising capital at lower cost. In this article, we examine market reactions around trading compartment switchings. The results, in general, indicate a positive market reaction around the transfer announcement and an improvement of stock liquidity after that date. However, the market reaction weakens significantly after admission to the new stock exchange section. Our findings also reveal a link between stock price reaction to a compartment transfer and the pre-transfer liquidity level. Finally, we highlight that compartment transfer reduces volatility of switching stocks, owing to the decrease in the firm-specific risk rather than the systematic risk.

JEL Codes: G12; G14.
Keywords: Market Section Transfer; Price Reaction; Liquidity Effect; Information Asymmetry; Event Study.

International CAPM and Oil Price: Evidence from Selected OPEC Countries 64

Anna CRETI, LeDa, Université Paris Dauphine, France & École Polytechnique
Khaled GUESMI, IPAG Business School, IPAG Lab

This study explores the major driving forces of stock market integration in the four major OPEC oil-exporting countries, namely Venezuela, United Arab Emirates, Saudi Arabia and Kuwait, over the period Au-gust 31, 2000 to June 31, 2012. Stock market integration factors are categorized into 3 groups: macroeconomic characteristics, oil price and return on the world market portfolio. We measure market integration based on a conditional version of the International Capital Asset Pricing Model (ICAPM). Our study differs from past ones in that we investigate the integration of stock market into the world market, using oil price as a common source of risk, in addition to world and domestic sources of risk. Our results show that oil-exporting countries seem to be still significantly segmented from the global market. Their integration degree varies widely through time over the period August 2000 to June 2012 and increases during crisis periods, in particular as from the end of 2009. Oil risk represents a small part of the global risk in all the countries. Venezuela exhibits some peculiarities: market openness drives integration; moreover, dynamic correlations of the stock market with respect to the world market and oil price are quite weak or not significant, as local risks predominate.

JEL Codes: G12; F36; C32.
Keywords: OPEC Countries; Time-Varying Integration; ICAPM; Risk Premium; DCC-GJR-GARCH.

On the Dynamic Dependence between US and other Developed Stock Markets: An Extreme-value Time-varying Copula Approach 80

Heni BOUBAKER and Nadia SGHAIER, IPAG Business School

This paper examines the dynamic dependence structure between US and four developed stock markets, namely, Japan, United Kingdom, Germany and France during a recent period including the global financial crisis 2007-2009. The econometric approach is based on the extreme-value time-varying copula functions. Specifically, the marginal distributions are reproduced by an extreme-value based model, while the joint distribution is explored using the time-varying Normal and Symmarized Joe Clayton copulas. The empirical results show that the dynamic dependence between US and Japanese stock markets is symmetric, while that between US and European stock markets is asymmetric. In particular, this dynamic dependence increases during a crisis and seems to be related to the geographic position.

JEL Codes: G15; C32; C10.
Keywords: Dynamic Dependence; Stock Markets; Extreme Value Theory, Time-varying Copulas.