Study of Occupational Health Specification
Development Theory Perspective

Highlights
- The Implications of Social Media
- Specification and Model for Study

Discovering Thoughts, Inventing Future

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Specification a Model for Study of Occupational Health

By Cruz Garcia Lirios

Abstract- Roughly, occupational health has been understood as the balance of demands and organizational resources with respect to the prevention of diseases and accidents, as well as adherence to treatment and rehabilitation of convalescent workers, but in a political sense, occupational health is a reflection of the establishment of a health agenda, the positioning and questioning of health policies, as well as the promises of political campaigns in the field. The objective of this paper was to elucidate the meanings around the categories of agenda, positioning and processualism to interpret the discourses of excluded groups. A non-experimental, exploratory, cross-sectional and qualitative study was carried out with a non-probabilistic sampling of seven informants, considering economic, labor, civil and social status. The results show that the categories in question legitimize the differences between the occupational health of the youth with respect to old age, as well as the role of the State as administrator of retirement funds or economic supports. Empirical and testable lines of research are noted.

Keywords: health, youth, old age, pension, discourse.

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Keywords: health, youth, old age, pension, discourse.

I. INTRODUCTION

It is estimated that two thirds of the world population is linked to migratory flows. One tenth (115 million) of the total population of the countries that make up the Organization for Economic Cooperation and Development (OECD) are the children of migrants.

One in three students is a descendant of migrants, 32% of student enrollment is made up of migrant children, but 75% of male migrants are unemployed compared to 57% of unemployed women who are migrants; only 4.3 million migrants are legally employed and immigration grows one million each year (OECD, 2010).

During the period from 2000 to 2012, Norway led the reception of migrants, its rate went from 0.6% to 1.4%; followed by Germany from 0.8% to 1.2% and Australia from 0.5% to 1.1%. The Organization for Economic Cooperation and Development (OECD), in its 2010 report, during the period from 2000 to 2009, estimated that deaths after 30 days of hospital admission went from 8.3 to 4.1 on average per 100 thousand inhabitants older than 15 years. Mexico occupies the last site with 19 cases.

Therefore, the occupational health problem involves: 1) differences between dominant cultures and migrant cultures; 2) the reflection of such differences regarding the health service in general and occupational in particular; 3) a system of adherence to treatment that is based on values, beliefs, attitudes, intentions and behaviors of health professionals and self-care; 4) the response of older adults with respect to their economic, political, social and cultural environment that is reflected in family support, the quality of their care and health policies (Hernández, Anguiano, Valdés, Limón y García, 2018).

Health psychology in general and occupational psychology it has established the Demand Model, Control and Social Support (MDCS) and the Model Imbalance, Effort and Reward (MDER) to establish the cardiovascular risk factors, vascular-brain diseases and ischemic heart disease on musculoskeletal disorders, stress, absenteeism, accidents, conflicts, insomnia, depression and anxiety (Elizarraráz, Molina, Quintero, Sánchez y García, 2018).

Organizational psychology has studied the effects of labor demands on the occupational health of workers. Based on the Demand, Control and Social Support Model (MDCS) and the Model Imbalance, Effort and Reward Model (MDER), the dependency relationships between occupational risk factors and illnesses, accidents, conflicts and disorders related to deterioration have been established of health (Aguilar, Pérez, Pérez, Morales y García, 2018).

The MDCS explains the relationship between the emergence of stress with the demands of the organization that are assimilated as excessive tasks by the work with a null criterion of control of their abilities and effort. An intensification of the labor rhythm, demand for productivity, contradictory policies, conflicts, interruptions determine self-control; skills, abilities, knowledge, negotiation worker and accident or illness (Sánchez, Juárez, Bustos García, 2018).

The MDER warns of an asymmetric relationship between demands and self-control, considering that the rewards -rol, status, salary, recognition- are a function of their effort, dedication and productivity. Stress emerges when demand, effort and reward are asymmetrical. In this sense, psychological studies of adherence to treatment show that the minority condition is associated with a low adherence to the treatment of respiratory diseases in general and asthma (Sánchez, Villegas, Sánchez, Espinoza y García, 2018).

Depression for economic, social or emotional issues in MAM’s migrant children with asthma is...
negatively and significantly associated with the use of inhaled and intake of the drug against the disease. Although the relationship between maternal depression and adherence to asthma treatment was not established directly, but only indirectly through beliefs and attitudes, the condition of exclusion was a determinant factor of occupational health that took place in the use of medication and device against asthma (Hernández, Carreón, Bustos & García, 2018).

Adherence to treatment being linked to migratory status and emotional depressions is mediated by medical consultation. A higher frequency of consultations explains adherence to treatment. That the migratory status explains the handling of a language different from the one of the culture of origin, a deficient use of the reading and the writing, as well as a negative disposition to the rights of health services and the adoption of healthy lifestyles that inhibit medical consultation and have an impact on the continuity of treatment.

A meta-analysis about the perceptions of the disease and found that there is an unfavorable tendency towards the use of devices-inhalers- for the treatment of asthma, suggesting that biomedical and psychological interventions when orienting oneself in the change of perception of risk to utility of drugs and devices, they will increase adherence to treatment (Sánchez, Juárez, Bustos, Fierro & García, 2018).

In this sense, the perception of risk has been associated with the type of employment that, in the case of migrants, is more risky than that of the natives, consequently, the adherence to treatment not only depends on the utility that the dominant culture attributes to medicines and devices against asthma, but also to the attributes that the medical community associates with the values and norms of migrants.

The cultural differences between asthma patients by demonstrating that ignorance and hopelessness affects adherence to treatment. In this way, the social care system, being designed to serve a culture of rights to health, excludes migrant communities. However, a spurious relationship between medical literacy and adherence to treatment. Also, they suggest that the effect of medical consultation or adherence is from three differences; a) desired information and information received; b) success tests against error tests; c) patient expectations and expectations of doctors (Sandoval, Villegas, Martínez, Hernández, Quintero & Llamas, 2018).

The determinants of adherence to treatment would be; 1) virtues and lifestyles, 2) cultural traditions and values, 3) beliefs about biomedical information; 4) knowledge of medications and devices; 5) social norms of acculturation, multiculturalism or intercultural; 6) attitudes or dispositions towards the treatment of asthma, medications, devices and professionals; 7) motivation to achieve successful treatment and 8) adherence to treatment.

However, occupational health would also be influenced by the environment and the political context, since the electoral contest is permeated with economic stimuli related to occupational health through the granting of support to senior citizens, scholarships for students, and provisions for single mothers. That are added to the campaign promises linked to the welfare of vulnerable, marginalized or excluded groups (Hernández, Sánchez, Espinoza, Sánchez & García, 2018).

In the case of older adults, these have been the target of strategies for capturing votes by registering cases in which the State seeks to compensate the payment of pensions, retirement funds and savings. Or, if these are informal employment cases, then monthly economic support for the elderly is another instrument of electoral proselytizing that intensifies as the contest develops and the elections approach (García, Carreón & Bustos, 2017).

It is as well as the occupational health distance of the adhesion to the treatment, the social support, the labor reward, the personal effort, the family demand, the self-care and the self-control to establish the regulation of mediatic strategies of catchment of adherents, sympathizers and voters of the parties and candidates involved in the local, state and federal elections. In this scenario, the political demands generate an intensification of messages for or against candidates for mayor, the presidency or the Senate. It deals with the establishment of issues such as health, well-being and the quality of life of older adults to influence their preferences and voting decisions (Espinoza, Sánchez & García, 2018).

However, social psychology has studied the phenomenon of electoral proselytizing about audiences, finding that the reception of messages generates provisions against and in favor of candidates. That the media generate an agenda based on issues related to the health of vulnerable groups, focusing on their intentions through emotions and their actions through the hopelessness that the exclusion of older adults supposes. In this sense, a feeling of helplessness is reoriented by political campaigns as a life expectancy when taken into account by a candidate or political party as a potential supporter and voter (Carreón, 2016).

This phenomenon has been addressed since the establishment of a narrative agenda, evocative positioning and symbolic processualism as effects of electoral campaigns in the loneliness and despair of older adults with respect to their personal and occupational health (García, 2017). The establishment of a narrative agenda reveals the topics of political interest that the media disseminate with the intention that older adults support a political candidate when commenting on their strategies regarding their personal well-being,
health and occupation (García, Carreón & Hernández, 2017).

Once the occupational health agenda has been established, political campaigns generate discursive positions that can be observed in the discourses of older adults by reminding people or groups that warned them about their employment and occupation in the future. In this sense, it is about attributions of care to people, groups and institutions that older adults not only identify and recognize but also are willing to support (Carreón, Hernández & García, 2018).

Finally, the establishment of the occupational health narrative agenda of the elderly and the positioning against or in favor of the elderly themselves with respect to those who care for them generates a symbolic processualism. It is a series of negative or positive opinions regarding strategies, instruments and events that determined their current economic and occupational situation (Carreón et al., 2017).

If the establishment of a narrative agenda includes occupational health as a central theme for older adults to think about this and associate this issue with the help or economic support they receive directly or indirectly from their governments, impacting their voting intentions, then the discursive positioning will consist of attributing solutions to the candidates, parties or governors that they associate with their occupational situation. In this way, the symbolic processualism will consist of questioning the relationship between the political campaigns of occupational health of candidates with their economic and labor situation (Sánchez, Molina, Carreón y García, 2018).

The present work proposed to discuss the limits of the psychological models of occupational health in the electoral conjuncture of a locality the center of Mexico, and made a cross, exploratory qualitative study with probabilistic choice migrants seniors who attended health centers in August 2015 to April 2016 for medical consultation in the localities of Huehuetoca, Teoloyucan and Coyotepec of the State of Mexico. It was found that the narratives, the positions and the procedural revolves around the State as an administrator of funds for retirement. The discursive sentences that reflect the establishment of an occupational agenda, an evocative positioning and a symbolic predecimalization in older adults of different social, situational and occupational strata of the center of Mexico.

II. Method

A non-experimental, cross-sectional, exploratory and qualitative study was carried out. A non-probabilistic election of 7 older adults from the State of Mexico was carried out in the localities of Huehuetoca, Teoloyucan and Coyotepec. It was considered pertinent to survey those who attended the health centers during the period from August 2015 to April 2019 (see Table 1).

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<td>66</td>
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<td>High school</td>
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<td>Female</td>
<td>69</td>
<td>Widowhood</td>
<td>High school</td>
<td>Without income</td>
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<tr>
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<td>Male</td>
<td>65</td>
<td>Separated</td>
<td>High school</td>
<td>Without income</td>
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<tr>
<td>Abandoned senior citizen</td>
<td>Male</td>
<td>66</td>
<td>Separated</td>
<td>Primary</td>
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Source: Elaborated with the study data

Table 1: Sample descriptions

An interview guide was built based on the literature consulted which included questions related to: 1) narrative agenda, 2) evocative positioning and 3) symbolic processualism.

**Narrative agenda:** It refers to the influence of topics established in the media and their repercussion on the opinion of reference persons or groups of belonging.

**Evocative positioning:** It refers to the memories, anecdotes or artifacts associated with the reception of information and attributed to speeches by reference persons or groups of belonging.

**Symbolic process:** It refers to the need, processing, questioning and dissemination of information related to the emancipation of or claiming of references or belonging groups.

The interview guide included questions such as: What is the medium you use to be informed about health, youth and old age? What is the information related to health, youth and old age what else did he call attention to in the last week? What is the role of the media attributed to the government, professionals - doctors, nurses, social workers, psicólogas-, your family and you regarding health, youth and old age? What are the strategies that the government must follow to improve the health of young and old?

Content analysis matrices were used to empty and select discursive extracts according to the categories established in order to elaborate the discursive schemes.
The Delphi technique was used for the homogenization of the words included in the reagents. The anonymity of the answers was guaranteed in writing and it was noted that the results of the study would not negatively or negatively affect the ambulatory or stay status of the interviewed person. The interviews were conducted in the health centers. The information was processed in the Qualitative Analysis Package (QDA version 4.0). From the categories of narrative agenda, evocative positioning and symbolic processualism, the discourses of the interviewees were analyzed with respect to occupational health and the electoral contest. Sand technique used to correlate symptoms discursive extracts around the three categories to infer the meanings of discourse extracts.

III. Results

The discourses of the older adults interviewed are centered on the categories of narrative agenda, evocative positioning and symbolic processualism. In each of the categories includes topics such as: pension, afore, popular insurance, government, Internet, retirement, old age, work, accident, family, education, administration and youth (see Figure 1).

I. Synthesis

Employed: "I learned to prevent accidents by seeing my colleagues suffer them, diseases are not a problem, so far I have been fine, but now it is important not to be distracted".

Businessman: "I have followed the precautionary guidelines because it is cheaper to prevent than to pay compensation".

Unemployed: "I’ve never worked in risky places, but they have not given me more than a mouth of work".

II. Contextualization

What: Speeches about the prevention of accidents and diseases at work

Who: Labor force and strategic management around occupational health

How: Occupational health is built according to the type of employment and capacity

III. Comparison

The differences between the informants lie in their representation of work, risks, illnesses and accidents in connection with their capacities and opportunities.

IV. Integration

The actors converge in assuming that work is an activity that gives them identity with respect to the group to which they belong or wish to belong.

Source: Elaborated with the study data

Figure 1: Perceived occupational health

In the case of the establishment of the narrative agenda, the focus is on pensions, popular insurance and savings management for retirement, but if the source of the establishment of the narrative agenda is considered, then the press and television are linked to the opinions of older adults with a higher economic status than those who are unemployed or unemploying and whose source of information is Internet and radio.

That the establishment of the agenda in television and the press supposes an audience with economic incomes that allow him to be informed and to have an increasing need of information would depend on the establishment of an agenda centered in the pensions.

In the case of evocative positioning by focusing on work during youth as a forerunner of the pension, considered a reward in old age, reveals memories and attributions of the interviewees who would be oriented and directed towards occupational health in youth as a precedent of an occupational health in old age.

The evocative positioning reveals the close link between youth and work and old age and pension, the same relationship in which the State would play an important role as an administrator of retirement funds, as a compensation for those who did not have formal employment and as a source of income for those who are abandoned or do not have family support.

In the case of symbolic process, the attributions of responsibility are directed towards the government, but at the same time, there is a recognition that in the youth, the older adults interviewed defined their current economic situation. This is because they assume that the State is an administrator of savings funds for
retirement, or a manager of supports to those who do not have family support.

In short, the excerpts indicate that there is an agenda setting focused on youth and old age whose differences are observed in the formal work that allows the granting of pensions, thanks to the administration of the State. Or, the granting of support, thanks to the benefit of the government. It is striking that those who had or have a formal job support the idea that the State is an administrator of their money, but in the case of those who have been unemployed, unemployed or feel abandoned the government is a benefactor of their inability to learn a trade or inability to save.

It is possible to observe that the media have established an agenda that legitimizes the despair of the elderly by not taking advantage of the opportunities in their youth, but it also legitimizes the support to those who did not have a formal job that will ensure a fund of money for them. His old age in both cases, the State takes into account older adults that society excludes due to the fact that they are people with anachronistic skills, abilities and knowledge.

**IV. Discussion**

Occupational health, because of learning skills to take advantage of employment opportunities and savings for retirement, is a central issue on the agenda of the people interviewed. That is the main contribution of this work to specialized literature.

However, the psychology that studied the phenomenon of economic, political and social exclusion of the elderly through the models of occupational health has not explained the prevention of diseases and accidents, as well as adherence to the treatment or rehabilitation of injured workers or patients with respect to their prospective old age, retirement and retirement-pension.

The models that explain the asymmetries between demands and resources, opportunities and capacities, requirements and efforts, sanctions and rewards in the occupational field do not even consider or consider the future situation of young people who do not have a stable job and therefore will not save for his retirement and maintenance of his old age.

**V. Conclusion**

In this sense, this work has shown: 1) occupational health beyond the organization or labor institution, youth and the prevention of diseases and accidents; 2) the close relationship between occupational health with retirement, economic pension or family support in old age; 3) the link between occupational health and the electoral political context.

However, the results of this work are limited to the seven older adults interviewed and the topics addressed through the interview guide and the discursive analysis matrix.

Therefore, it is recommended: a) to deepen the social representations of the elderly with respect to health issues that are disseminated in the media; b) contrast the social representations with their experiences of support for the elderly, pensions and other income or benefits that the government grants or disseminates in the electoral contest; c) develop an instrument to measure the social representations of occupational health; d) establish the reliability and validity of the instrument, e) contrast the model of trajectories of relations between categories and variables related to the establishment of an agenda, evocative positioning and symbolic processualism.

**References Références Referencias**


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Abstract- The objective of this essay is to establish the relationship between insecurity and sociopolitical dynamics. For this purpose, the presidential and parliamentary democratic systems from which the system of election, concentration of power and exercise of responsibilities as the foundations of contemporary society are reviewed are reviewed. The risk society is described as the socio-political context that determines citizen participation and the exercise of political power. The analysis will allow to open the discussion on the importance of the democratic regime in reference to decision-making for the governance of uncertainty, risk and insecurity.

Keywords: Insecurity, uncertainty, risk, presidentialism, parliamentarism and semi– presidentialism.

GJMBR-G Classification: JEL Code: M19
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I. Introduction

The Risk Society can be analyzed from two dimensions to clarify the axes of thinking around social insecurity. It is the immeasurable and unpredictable dimensions around the magnitude and impact of risk events.

The Risk Society involves a triad in which the State, the media and civil society are involved. The risk corresponds to a phase of persuasion antecedent to coercion that characterized authoritarian and totalitarian regimes. In this sense, the media are a persuasive instrument of democratic states. Mainly, presidentialism combined with parliamentarism, seem to be the democratic regimes most in need of persuasion of civil society.

The Risk Society, when moving from a safe situation to another insecure, has been influenced by political systems, forms of state and government regimes that try to minimize financial uncertainty, reducing the ambiguity of political decisions.

The history of societies in economic crisis refers us to the actions of the State, its governance style and organizational structure of government. Faced with a contingency, the most economically developed countries overcome economic, political and social crises by implementing adjustments in the governance structure.

Such are the cases of Spain and Italy who, despite experiencing major economic crises, have historically overcome them by modifying their regimes and forms of government.

Until the 1990s, the proportional representation election system determined, in the Italian government, a multi-party system that combined the customs of corruption to create an election system, particularly corrupted by the exchange of votes for the representation of the mafias, in minority parties. This process of social decomposition changed at the same time that the simple majority and citizen participation replaced proportional representation and collusion between mafias and the ruling party.

The new election system allowed the emergence of parties and adherents who came to enrich the Italian political system. In spite of the constant destitution of its ministers, Italian democracy is strengthened by recharging in the public figures, the responsibility of leading the country based on decisions rather than the market or popular mobilizations.

However, presidentialism and parliamentarism by requiring the concentration of power in the figure of the executive are perfect systems in their elections and the assignment of responsibility. National security is determined by the will of the popular vote. Paradoxically, risk society is a system of public decisions made by an executive figure in power.

Perhaps, this is the main risk if it is an economic crisis. If a political system organizes the election of a presidential or parliamentary system, then the elected minister or president will imply a representative citizen bias. Since presidential and parliamentary democratic systems tend to centralize their decisions regarding national security and international cooperation against the enemies of democracy, the semi-presidential system seeks to balance the concentration of power and its decentralization by maximizing executive responsibility and minimizing the power of parliament.

National security, in the semi-presidential system, is protected by the executive's mistakes in turn whenever it is sought, as in the other systems, to concentrate power and responsibility rather than overcome the glimpses of crises, mainly financial ones.

The semi-presidentialism, is a form of democracy that seeks to replace the president by the Prime Minister. Sociopolitical studies on insecurity can be analyzed from their schools of thought. Such academic paradigms are influenced by geopolitics. Since insecurity is considered a cycle of underlying violence when decapitalization, unemployment and ungovernability are its main indicators.
This is how the geopolitical division directly affects economic growth strategies that require a security system in which the investment is guaranteed for reproduction. The gendarme state, under the geopolitical perspective, is the preamble of ungovernability. Precisely, when governance does not guarantee investment and its reproduction, insecurity emerges as a barrier. In this sense, the traditions that study the problem are divided into two geopolitical areas: the informational north and the maquiladora south.

Developed countries in Information Technology or Communication (ICT) have shown a very peculiar relationship or problem in which insecurity is the result of these technological advances.

II. Risk Society

Insecurity is an adverse consequence of the informational development of central development countries (Beck, 1992). Knowledge has led to competition for resources, a cascade of investments among the economies inserted in the world systems (Beck, 1995). With respect to peripheral development countries, the most adverse consequences underlie. If the advances involve greater risks; unexpected and unpredictable, then its consequences will be immeasurable and uncontrollable (Bulkeley, 2001). In developed areas, technological risks are more frequent than natural risks than in peripheral areas are more common (Fonseca, 2008). In the central areas, the risk trend is of a technological nature (Giddens, Bauman, Luhmann and Beck, 1996). On the contrary, natural disasters prevail in emerging areas even in spite of technological dependence on informational northern economies (Giddens, 1990).

In this way, natural phenomena such as hurricanes and floods, are more likely to impact more strongly in peripheral economies where technology is not a priority (Beck, 1998).

In this context, uncertainty is shown as the most significant social effect of information technology modernity. The Risk Society, being a consequence of economic growth, frames all the consequences, mainly those of a technological nature (Alfie and Méndez, 2000). The impact of technological risks implies the socialization of uncertainty.

If in the past individuals wielded expectations, speeches and achievements around security and identity, today their actions precede their uncertainty (Luhmann, 1994). As a modus vivendi, risks are new forms of coexistence (Beck, 2003). Three are the consequences of modernity; speculative capital flows, informational flows and migratory flows. Technology, far from providing security, moves its users to an alternate reality in which the internet increases global uncertainty.

Social networks show images and phrases to upset the symbols, meanings and values of Modernity and exalt the nascent Post modernity. However, the same networks warn of informational insecurity in which identities are replaced and personalities distorted (Beck, 2002). Insecurity is the cause and effect of Post modernity while security, perhaps an invention of modernity, sought to build strengths to centralize the political powers that would make decisions of collective interest.

Modernity freed the individual into a consumer entity (Beck, 2006). Expression, transit and choice were consolidated as the factors of the Risk Consumption Society. Since s merchandise s was run a means to achieve Safety dad, now Postmodernism is an end. It is an aversion to the future in which the consequences are informational. That is, technology made possible the yearning for authoritarian regimes of omnipresence. Technology when capturing images makes the present of the modern individual more hedonistic.

If the information age consists of an era of images, then modernity is a phase prior to uncertainty, virtuality and risk. Authoritarian regimes could not prevent the proliferation of images (Giraldo, 2004). Insecurity, as an effect of an authoritarian regime, was panoptic violence. Authoritarian regimes spied on their dissenters and adherents. The Modern State was erected as a symbol of national security and identity.

The advent of religious globalization exported the unification of images from colonialist countries to colonized countries (Valencia, 2004). This had an impact on migratory flows whenever they sought security lost in their place of origin. Willing to work flexibility, they would correct their lack of roots due to the production and consumption of goods. They went from an insecure society to a consumer (Beck, 2007).

Migrants from the central economies had austerity in their places of origin as the main resource to deal with them. Now, in the central economies, they had to adopt consumerist lifestyles to cope with the global economic crisis at the government level and staff resuelv in with re - borrowing (Grant, 2007). Indeed, consumerism and austerity are responses to political and social economic crises. Both in a context of uncertainty, are aversions to the future. If austerity is the preservation of resources, consumerism is improvising expectations and needs (Beck, 2000). Maquilador south and north informational seem to be governed by and I cycle of uncertainty that goes from crisis to austerity and re-borrowing consumerism.

The socialization of insecurity is the apprehension of the present. In developed countries it is considered an area of opportunity and in peripheral
countries it is the legitimation of its underdevelopment. In both hemispheres, the communication that served as a link between the cycles that go from insecurity to certainty, is now little less than information. The recognition of the other as an interlocutor vanishes.

III. WITH FINAL CONSIDERATIONS

This essay has established the relationship between insecurity and post modernity. The economic, political and social context is a network of uncertainty in which every time decisions are taken at a constant risk. To the extent that they seek to minimize costs and maximize profits, presidents and prime ministers adopt a rational path based on growth objectives.

As a context of images and phrases that socialize uncertainty, post modernity is a network of emotions that reaches the political and economic sphere. It is enough to observe the process: decapitalization → deceleration → crisis → re-indebtedness to confirm that security no longer belongs even to the economic plane. In addition to the non-governance, economic crises show uncertainty from stock markets to informal employment.

On the other hand, ungovernability not only refers to social movements, but also the absence of legal frameworks that guide initiatives, limit executive power and encourage legislation in favor of freedoms and equality. In this context, economic security is not the opposite of insecurity, it is only a phase of crisis, uncertainty and risk.

Learning to live under uncertainty, socializing risk and adapting to insecurity seem to be the elements to build a building of insecurity with modern foundations and postmodern finishes.

The society of uncertainty not only transits from modernity to postmodernity. Given the insecurity of the present, the risk society will be established as an alternative of life. It should be noted that the insecurity society, unlike the risk society, has its foundations in economic globalization. If capital flows and investment define global geopolitics, risks and uncertainty link localities into a single global challenge: insecurity.

Consequently, the loss of identity conflict will be a factor that will trigger symbols and meanings pertaining to social change. In this sense, the new regimes of government and forms of State will evolve until they find the justice, equity and dignity required for governance.

From the local to the global, freedom of choice and consumption seem to coexist with austerity as responses to market oppression and the volatility of their investments in stock markets.

Unlike the economic world system, politics seems to be insufficient enough to be so insensitive to the processes that legitimize its functions. Such are the cases of the citizen mobilizations and the new laws of representation around which, the society hopes to recover the ethics, rationality and participation that were forbidden by its rulers, but the establishment of an agenda requires more than the political will: the citizen initiative.

Currently, citizens are reaching the limit of indignation with expectations of mobilization through informational networks to express their disagreement and anxiety. Both are consequences of insecurity, are indicators of uncertainty. The new generations will build tomorrow a knowledge that allows them to inhibit the media arsenal with which they are controlled today.

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Vices and Virtues of Make in India in Indian Economy: A Case Study on Green Sole

By Shrushti Bajpai

National Sugar Institute

Abstract- The concept of “Make in India” is no less than a revolution in today’s time when the economy is facing so many challenges. Traditional means of progress can no longer satisfy the needs of development. For an overall and holistic development it is important to come forward with new ways of development and change. The concept of make in India is one such method or a way to bring about that change in the nation. Here, it should also be seen as to what are the pros and cons of this concept and is this campaign really viable? This paper aims at finding out answers to these questions: how will make in India help the economy in growing and what are the vices and virtues of the make in India campaign. It also tries to study how eco friendly ideas can create Make in India campaign a success through a case study on Green sole organization.

Keywords: make in india, development, economy, competitiveness.

GJMBR-G Classification: JEL Code: E26, O57
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Keywords: make in india, development, economy, competitiveness.

I. Introduction: Make in India in the Olden Period

There was a time when India was famed for her fabulous wealth. The arts and crafts of India were backed by Indian rulers. They were unparalleled for their beauty and talent and were admired in the European countries. In the Mughal age the foreign traders used to engage local artisans at the manufacturing centers set up by them at various places in India. India is still a source of a number of amazing inventions and practices. In South India, many varieties of ornamental work in cut stones; ivory, pearl and tortoise shells were produced and pearl fishing was a major industry there. Diamonds were procured from the South and sapphires and rubies were imported from Pegu and Ceylon. For the cutting and polishing of these stones the main centers were set at Pulicat, Calicut and Vijaynagar. The inland trade was made possible only because of the well-maintained roads which linked various parts of the country. There were mainly two types of industries during the Mughal era- the agricultural based industries and non-agricultural industries and the use of machines and tools was not present and that is why most of the Mughal period industrial products were hand-made, and we see products made by local craftsmen and carpenters. There were prevalence of cottage industries and many specialized products were produced in different parts of the country like Kashmir was famous for producing woolen products and Bengal became famous for cotton textile industries.

During the Mughal Age, there were various agricultural based industries which functioned and the most significant was the production of various types of sugar products (gur, sugar etc.) from the sugarcane. Likewise, there was production of mastered oils from mustard seeds and coconut oil was produced from the coconuts. Some other agricultural products for instance tobacco, coffee, indigo and opium were produced in big numbers and the dyeing industry also grew immensely. Wines were produced locally and had huge market. An important industry was of silk weaving in Lahore, Agra and Gujarat. The cotton clothes were manufactured principally. Silk weaving was also a flourishing industry, mainly in Bengal. The reading materials of the foreign tourists and other contemporary literature show that there was a huge volume of national trade in Mughal era. Even the Kohinoor diamond which is supposed to be found at the Golconda mines is a pride of India which is now in the possession of the Queen of England.

In the year 1608, The East India Company arrived at Surat, in the ship Hector which was commanded by William Hawkins and after a few years a permanent factory was established there. Surat was utilized as the port by the textile manufacturers of Gujarat and it was regarded as the most imperative centre for the foreign trade of the Mughal Empire. There were hundreds and thousands of skilled weavers, dyers and washers employed in the textile industry of Coromandel, Gujarat and Bengal which helped in producing huge quantities of muslins, chintzes, cotton and quilts and these were sold majorly in England. In 1620, 50,000 pieces of chintz were imported to other countries and in around 1750s majority of the sales in London was from Indian textiles.

In the above background, India has also got an opportunity to reflect the vision, thought a philosophy of the Vedic heritage. The spiritual fervor attached to the commencement of civilization to us is a unique gift to the world where the saying is ‘udar charitanaam tu vasudev kutumbkam’ (for generous characters the world is one community) that means whatever India had even at the time of Vedas in the fields of science of medicines, armories, chemistry, mathematics, metallurgy, gemology etc, it was ever open for one and all. When Buddhism was transported to countries like china, java, Sumatra, Malaya, Cambodia etc. the ship...
and boat making methodology also passed on to those countries. Even rust free iron was known to Indians at that time, we have pillars of the same standing in open air. Much of our science and culture imbibed around our religious places, but then, we had tolerance, attitude for all religious faith and followings and even those who came lately with emergence of new religions, that is how we stood with the tolerance for various sects and rituals. In olden days, Indian materials like clothes, silk and metal products had a market in various other countries besides the agricultural produces and spices. With the Mughal period, crafts and gems industry feeded the required class abroad. In British period the products were further added like the church bells but that was not enough, after the new era of electronic and technological development, the Indian brains grossly went abroad and the foreign countries had the opportunity to use their skills for their own riches which was basically on deviation from the spiritual and philosophical tendencies of this country.

All in all it can be said, that India had a glorious past as far as trade and business is concerned and because of its rich and varied cultural heritage, it was favorite among the traders.

II. MAKE IN INDIA now

Make in India is a major national program designed by the government to promote investment, foster innovation and sustainable development with the help of various skills enhancement schemes and building state of the art infrastructure.

Now the question comes is this just a campaign like various other campaigns? Is this actually economically viable? Is it a dream? Or can it be converted into reality? What are the challenges that need to be taken care of while implementing this project? What will be its impact globally?

According to KPMG, the Make in India project is one of the worlds most innovative and inspiring infrastructure projects. There is a need to lift the global competitiveness of the Indian manufacturing sector.

Labor and skill:

According to KPMG, the Make in India project is one of the worlds most innovative and inspiring infrastructure projects. There is a need to lift the global competitiveness of the Indian manufacturing sector. Government has launched the National Manufacturing Policy to address the issues of regulation, infrastructure, skill development, technology, availability of finance, etc. The aim of the MII initiative is to position India as a manufacturing center, and the government is putting all efforts to attract investors to invest in India.

These steps taken together will support the economy and the markets as it will help in accelerate growth, in creation of employment and in increasing investment level in India.

III. VICES OF MAKE IN INDIA

a) Lagging in innovation and research and development

Heavy investments are needed in the research and development areas for generating long term competitiveness. However, the Government provides R&D support to many global companies but as far as the Indian companies are concerned, they have been slow towards research and development. Indian industries lack in the research and development component. Despite so much of progress, India is still lagging in innovation. This is further corroborated by the fact that there is low availability of scientists and the engineers in the nation. The investment in research and development is very low as compared to the western nations.

1. Underdeveloped Infrastructure: The power and transport infrastructure are cited as major bottlenecks. To attract FDI India needs infrastructure. From the moment you set foot in the country, you witness the ageing roads and railways, the unreliable power.

2. Labor and skill: As far as imparting training to workers is concerned, India is way behind other nations. While engineering colleges mushroom, the same cannot be said of industry-specific technical skills for shop floors. A major effort has got underway under the National Skill Development Corporation (NSDC), but this needs time to develop. Dearth of vocational education facilities and lack of training facilities are a key part of India’s industrial landscape. According to an article in the times of India, around 119 million additional skilled workforces will be required by 24 sectors such as construction, retail, transportation logistics, automobile, and handloom by 2022, says a government report. It is imperative for the government to plan the skilling of future workforce of India.

3. Where is the money? – Money is needed to create infrastructure and industries. The public sector banks are in huge losses after making requirements to lessen bad loans.

4. Labor Laws: India’s labor laws are rigid and inflexible that needs to be addressed.

5. Lack of character: lack of character among babu class is a continuous problem. It adds to entire concentration for illegitimate personal benefits. There is also an issue of unqualified officials due to entry through reservations.

6. Inter-state differences: There is political lack of single-mindedness and timidity in thoughts plus inability to implement the strategies and programs properly and ego of those at fountain head of power are glaring weaknesses in various strata in India. Latest CAG report exposes that sanctioned loan during 2009-2014 was not taken timely from international agencies like the World Bank, IMF etc. which has caused for damages of more than 600 crores.
7. **Complex nature of laws** - Various laws and amendments lead to more complicated interpretation and procedures that an entrepreneur gets lost in holding and up keeping of files in India.

**IV. VIRTUES OF MAKE IN INDIA**

1. It will help in the transformation of the nation as more and more foreign manufacturers will be coming in India and making their products in India itself, it will surely advance Indian economy.

2. The second point is an expansion of the first point only, the impact of the setting up of many foreign companies in India, will eventually lead to more employment opportunities. As we know, one of the hurdles that India faces in the way of its economic development is the lack of industries and thereby little or no job availability with the people. India has the largest and youngest populations in the world that is why it is regarded as the young nation and which is why it becomes very important for the Government to create good quality and quantity of jobs in the coming days to ensure a decent standard of living for its countrymen. Therefore, if Make in India campaign works, it will make the employment sector better.

3. Make in India will increase the GDP of the nation. The contribution of the service sectors and the industrial sectors has improved to a great extent. India has now become the 7th largest economy of the world.

**V. GROWTH OF INDIA IN TERMS OF GDP (2016-2019)**


1. The competitiveness background: in the year 2016, India’s rank in the competitiveness index was 55 out of 140 economies. As per the latest data, India is the 58 most competitive nation in the world out of 140 countries ranked in the 2018 edition of the Global Competitiveness Report published by the World Economic Forum.

**VI. INDIA’S RANKING IN GLOBAL COMPETITIVENESS REPORT SINCE 2010-2018**

![India’s Ranking in Global Competitiveness Report Since 2010-2018](https://tradingeconomics.com/india/competitiveness-rank)

Source: https://tradingeconomics.com/india/competitiveness-rank
2. Enhancing competitiveness: as far as the virtues of the Make in India program is concerned, our nation will definitely get benefited from the drive initiated by the Prime Minister Mr. Narendra Modi. India ranks 58th in the Global Competitiveness Index in 2018 which implies that improvements are constantly taking place but more attention should be given to technology and innovation.

VII. SWOT Analysis of Make in India

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<thead>
<tr>
<th>STRENGTH</th>
<th>WEAKNESS</th>
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<tr>
<td>• Fastest growing economy</td>
<td>• Lack of technological up gradation</td>
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<tr>
<td>• Demand</td>
<td>• Lack of efficient infrastructure like transportation, power etc</td>
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<td>• Labor cost advantage</td>
<td>• Corruption and red tapism</td>
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<td>• Rich natural resources</td>
<td>• Poor labor laws</td>
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<td>• Talented human resources</td>
<td>• Overhauling regulations of Land acquisition</td>
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<td>• Government policies</td>
<td>• Low productivity</td>
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<td>• Sound international relations</td>
<td>• Environmental issues like pollution etc.</td>
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<td>• Democratic government</td>
<td>• Delays and inefficiency</td>
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<td>• Producer incentives</td>
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<td>• Language skills</td>
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<th>OPPORTUNITY</th>
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<td>• More than 1.2 billion domestic consumers</td>
<td>• Competition from China</td>
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<td>• Huge global export market</td>
<td>• Poor global ranking for “EASE OF DOING BUSINESS INDEX”</td>
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<td>• Introduction of the GST , will spur growth</td>
<td>• Terrorism</td>
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<td>• Research &amp; Development</td>
<td>• Law and order</td>
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<td>• Infrastructural improvement</td>
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<td>• Import substitution</td>
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VIII. MAKE IN INDIA 2.0

a) The second term of MII will focus on the following sectors

The authorities have taken into consideration certain sectors which have the prospective to become global leaders and accelerate the growth rate of manufacturing like capital goods, auto, defence, pharma, renewable energy, biotechnology, chemicals, electronic system design and manufacturing, leather, textiles, food processing, gems & jewellery, construction, shipping, and railways. These sectors have been given important consideration as they will help in creating more number of job opportunities for the people of the country.

IX. MAKE IN INDIA THROUGH GREEN IDEAS

The present Government started Make in India initiative to showcase the power of India in the manufacturing sector and we are witnessing a rise in foreign investments as well. We are a heavily populated nation, with about 1.25 billion of population; consequently there is no dearth of ideas to start new and innovative ventures. The areas of sustainable development along with renewable energy are gaining importance. For instance, bio coals are made which can be used as a substitute of coals and these are 99.9% environment friendly. Likewise there are various other innovative ideas which the government should promote under the Make in India campaign which will not only help in building entrepreneurship skills but it will also ensure a sustainable development of the society as a whole.

X. GREENSOLE: A CASE STUDY

"What is waste for you can be gold for someone else". This organization is started by Shriyans Bhandari and Ramesh Dhami, two young social entrepreneurs who are acting as change makers and have taken a business way to solve problems faced by the society. These change makers use the sole and other usable part of the discarded and old footwear and after the upcycling of those shoes they create new footwear which is 100% sustainable. Their vision is to contribute to social good, by creating a self-sustaining infrastructure that facilitates the provision of the basic necessity of footwear to everyone, forever, environmental good, by refurbishing discarded shoes with zero carbon footprint and economic good by giving employment to refurbish shoes.

At Greensole, they recycle discarded shoes to comfortable footwear, keeping them away from landfills and provide them to children in need. Along with that they also retail, upcycled footwear towards building a self-sustaining social venture. With this innovative
venture, they are not only protecting the environment but are also providing employment to people.

Globally every year more than 35,00,00,000 pairs of shoes are discarded, while per the recent report by WHO, 1.5 billion people are infected by diseases that could be prohibited by the use of footwear. While manufacturing a pair of shoes involves a total of assembling upto 65 discrete parts in 360 steps, which generates 30 lbs of emissions; equivalent to leaving a 100-watt bulb burning for a week.

a) Achievements

Till date they have provided 1,52,223 footwear to poor people, they aim to increase it to 10 lakh in the year 2020. With this social enterprise and reusing the waste footwear and thereby making new ones, they have saved 5,52,000 Carbon Dioxide emissions

XI. Conclusion

The Indian economy which is deemed to be the only growing economy at present is multidimensional like the state owned enterprises, semi state, private, private-public, they will have international partners. Thus, it is but for sure that not only India will earn, but it will stand as a role model for many other countries to follow her footprints. It will bring more openness and competitive choice of products together with services to the end consumer with multilevel benefits to the chain management from wholesaler to the retailers that means more flow and movement of money and employment which will not remain confined to big cities but will reach to the remote areas surely and this shift is very important for our nation as it will enhance the economic growth and will help in creating more jobs for the youngsters. India has all the indispensable resources which are needed to become a global manufacturing power, but for that it has to overcome all the obstacles that are coming in its way. The youth is the future of the country and with this study, it can be easily concluded that the dream project of the Government, Make in India, is accepted by the youngsters as they have a positive approach towards the program and they have accepted this as an opportunity for economic growth as a whole. Overall it can be said that an innovative mind is needed to bring a socially inclined business plan and the above case study on Greensole can be taken as an example that environment friendly innovative ideas can certainly help in making the Make in India campaign a success.

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Impact of Internet Usage on Undergraduate Academic Performances (Special Reference to You Tube Online Video Platform Usage)

By W.D.N Madhavika & R. M. N. M. Rathnayake

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Abstract- The study focuses on the undergraduates’ academic performance and influence from YouTube. Non probability convenient sampling method has been utilized to select the sample. The sample included 60 undergraduates from a leading higher educational institute in Sri Lanka, representing three faculties (Business, Engineering and Computing). To collect the data, both quantitative and qualitative methods were used (in-dept. interview & questioners). Based on past literature, conceptual framework is derived. Through the indepth interview, reasons behind the excessive usage of YouTube are found. Usage patterns of You Tube are identified by using quantitative methods and identified that how its impact on undergraduate academic performance. Based on the findings of the study reveals that undergraduates primarily use YouTube as a mode of entertainment while few are using YouTube to enhance their knowledge in academic activities.

Keywords: youtube, excessive usage, purpose, influence.

GJMBR-G Classification: JEL Code: L89

Strictly as per the compliance and regulations of:
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I. Introduction

YouTube is one of the most popular Online Video Platform (OVP). It allows users to view, upload, share, rate, comment on videos. This online video platform spreads over the world within a very short period. And also, students today are more digital-oriented and driven by pre-information age (Almobarraz, 2018).

This study aims to find YouTube usage patterns and the excessive usage of YouTube at the level of undergraduates. As a generation of hyper-connected learners, they consider Web-based technologies integral to generate content on YouTube, well match for use in the classroom for a several reasons. YouTube has a huge content library that provides instructors with an unlimited library from which the users can choose. The average YouTube user spends between 15 to 25 minutes on the site, posting videos, watching videos and, providing video feedback. The population analysis of YouTube users aligns with college-aged students quite well. 37% of users are between the ages of 18 to 34, which is the biggest age combination of any segment. Therefore, students are likely to be familiar with the receptive to view YouTube videos. Therefore a huge number of undergraduates use YouTube for their academic purposes and non-academic purposes. Non-academic purposes mean most of the time, undergraduates use YouTube for stress releasing and entertainment purposes. As academic purposes of undergraduates, use YouTube platform as an aid in coming up with creative assignments, projects and many more academic works.

II. Literature Review

At the very beginning, YouTube is beneficial for students as a learning tool, as well as being a vital tool for teaching several skills and tasks in a formal setting or at home (Almobarraz, 2018). In addition to that it was found that the usage of YouTube in the classroom had a positive impact on the overall engagement of students and their behaviour, emotional and cognitive engagement (Almobarraz, 2018). However, More N. (2015) argued that student engagement enhances the educational experience of online learners, in particular suggesting that the course delivery method should be considered when making decisions about the use of online videos and video sharing services.

YouTube has also been found to be the best fit to the characteristics of the next generation (student raised since the introduction of the World Wide Web) of digital learners and a valid approach to tap their multiple intelligences and learning styles (More N., 2015)

The possible usages of YouTube in the educational process, stating that YouTube videos can be used directly in the classroom as part of the teaching process. They can be used to introduce new concepts, display information during instruction, or at the end of the lesson to confirm number one points. YouTube videos can also be used as an educational resource, where the teacher uses the video as a model for classroom activities and discussions. (Al Zboun, 2018)

YouTube videos increase student engagement, critical awareness and facilitated for deep learning. Furthermore, these videos could be accessed at any time of the day and from a place to suit the students. Apart from that, YouTube is also used to illustrate theoretical content, involve students, and inspire innovative teaching methods. They recommended faculty member to use this technology to stimulate student discussions, share information, and create a learning community. (June, 2014)
Usage of YouTube in the world explained by More N (2014) approximately, 60 hours of videos are uploaded to the YouTube-Server every minute or one hour of video is uploaded to the YouTube every second, over 4 billion videos are viewed each day, and over 3 billion hours of video are watched in each month (More N., 2014). An average user spends 20 minutes per day on the site and more videos added to YouTube per month than the three major US TV networks created in 60 years. On Facebook alone, 500 years of YouTube videos are watched each day and over 700 YouTube videos are shared on Twitter each minute. YouTube has made traditional education to transform in meeting the demands of times since students nowadays are engrossed in video or live streaming websites. Using the internet in education has an impact on teaching and learning process especially in classrooms. (Bahian, 2016)

The integration of social media within the education sphere is claimed to be easier because, college students tend to have an account on many social media sites, such as Facebook, Twitter, Instagram, YouTube, Google+, etc. (Alshuaibi, 2018). Further Lai. (2013) stated that educators, librarians have been using YouTube and other Web Technologies to enhance services (Lai, 2013). As an example the National Library of Medicine has even created its own YouTube channel to offer tutorials on their health databases and also when we find the impact, Ensour (2015) Stated YouTube programs are of great importance, especially those are not subject to the local controls, and there are no means or specific ways to protect users from their bad effects and the spread of YouTube programs among the peoples of the world, especially young people in a very dramatic way of affecting the lives of the people directly and sometimes indirectly, either negatively or positively based on the above, the problem of the study is summarized for searching the impact of using YouTube on Undergraduates’ academic Performances. (Ensour, 2015)

Several past studies have been taken a quantity of videos, type of videos, and purpose of using YouTube as their independent variables.(Moghavvemi, 2017), (Al Zboun, 2018) (Ensour, 2015) (Jackman, 2014). According to the previous studies, the current study has also considered the same measures to determine the independent variable as YouTube usage.

III. Problem Statement, Objectives and Conceptualization

a) Problem Statement

Since most of the undergraduates repetitively use YouTube, it’s worthwhile knowing the impact that YouTube usage makes on the undergraduates’ academic performances. In past literature, it was found that the world is currently facing countless development and changes, which may have a significant impact on society in general and on students in particular (Al Zboun, 2018). One of the most significant developments in the world of Internet is social networks including Facebook, Twitter, YouTube and others. Social media sites (Facebook and YouTube) are considered the new technologies that help in the development of academic learning process. However, an empirical gap was identified in the Sri Lankan context when, reviewing the related past literature. There were no study undertaken to determine the impact that YouTube usage on the academic performance of Sri Lankan Undergraduates. Based on this knowledge gap, study intended to find answers for the following research questions throughout the study.

RQ1: How YouTube usage patterns impact on academic performances of Sri Lankan undergraduates?

RQ2: How the excessive usage of YouTube influence to the academic performances of Sri Lankan undergraduates?

b) Objectives

The main objective of the study is,

- To determine usage patterns of YouTube by Sri Lankan undergraduates.
- Sub objectives
  - To determine the relationship between YouTube usage patterns and academic performance of Sri Lankan undergraduates.
  - To explore the reasons behind excessive usage of YouTube, among undergraduates.

c) Conceptualization

Based on previous literature the conceptual framework is derived as follows,

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouTube Usage</td>
<td>Academic Performance</td>
</tr>
<tr>
<td>Number of Videos per day</td>
<td>Student’s GPA</td>
</tr>
<tr>
<td>Type of Video</td>
<td></td>
</tr>
<tr>
<td>Purpose</td>
<td></td>
</tr>
</tbody>
</table>

This study seeks to test the following hypothesis:
H0: There is no relationship between YouTube usage and Academic Performance

IV. Research Approach

a) Sample and data collection procedure

The survey was prepared based on the value of the YouTube service and how it influences students’ academic performance. The main objective of the study is to determine usage patterns of YouTube. Based on the main objective designed a questionnaire, it consists with three sections.

1. Demographic information of the respondent
2. Information related to the usage patterns
3. Information related to excessive usage

The questionnaire includes close-ended questions which can directly identify the answer (e.g., How many times do you spend on YouTube?, How many YouTube videos do you watch in single sitting?) and Likert scale questions which respondents answered whether they agree, strongly agree, moderately agree, disagree and strongly disagree with the statement. Each option has a score, which can be used to analyse results. So it helped to identify their positioned place and to get support to do the analysis part correctly.

The sample was selected based on non-probability convenient sampling method in which the sample size was 60 representing undergraduates from three faculties (Business, Computing and Engineering) in a Sri Lankan leading higher educational institute.

Based on the interview approach, six students who has got addicted to YouTube were selected. The interview questions were mainly based on Moghavvemi’s (2017) research paper and some moderations were done by the authors in order to match with the Sri Lankan context.

b) Data analysis

The participants were asked to fill out a paper-based survey and the data were collected from 60 students. Then collected data was analyzed through descriptive statistics via IBM SPSS version 22. Then using correlation and regression analysis, the relationship between variables were tested based on the mean value of the usage pattern of YouTube by undergraduates.

V. Data Analysis Result/Findings

a) Qualitative Results

In the interview session, main focus was on the excessive usage of YouTube.

Q1: For what purpose do you use YouTube?
Q2: Why do you excessively use YouTube?

For the 1st question, “or what purpose you use YouTube?” a majority of students give the same answer, which was that they use YouTube for entertainment and academic purposes. 5 out of 6 students gave the same answer while one said that he uses YouTube only for entertainment purposes.

2nd Question “Why do you excessively use YouTube?” students came up with different answers as follows.

- 1: “because it helps me to pass the time and get rid of loneliness. Most of the time, I’m stuck at the boarding; not only YouTube every social media helps me to rid of the loneliness”.
- 2: “I quickly get stressed when doing the hard work, YouTube is the only solution for me to release my stress by listening to calm music videos and some kind of funny videos and all”.
- 3: “I would like to watch, what’s the new in the world, exploration in technology it gives me pleasure. And when I’m watching videos, I lose track of time because YouTube suggest recommended videos for me, so I’m also going through those videos”.
- 4: “When I’m in boarding, I got family sick. Because I’m new for this environment. For reducing that feeling, I go for videos on YouTube; it gives me a perfect time. YouTube has categorical videos; we can go for which we want”.
- 5: “I use YouTube for academic and also entertainment purposes, but when I have a stress feeling, I use that as a stress release tool. In that case, I excessively use YouTube; I lose track of time”.
- 6: “I use YouTube for entertainment and also clear my mind. Usually, when I’m waking up in the morning, I go for my subscribed videos on YouTube. Now that takes a part of my life”.

Based on the above answers, it can be concluded that most of the students excessively use YouTube to release their stress and to let go of the loneliness feeling.
b) Quantitative Results

**GPA frequency**

Table 1: GPA Frequency

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6 - 4</td>
<td>2</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td>3.0 - 3.5</td>
<td>21</td>
<td>35.0</td>
<td>38.3</td>
</tr>
<tr>
<td>2.0 - 2.9</td>
<td>36</td>
<td>60.0</td>
<td>98.3</td>
</tr>
<tr>
<td>Below 2</td>
<td>1</td>
<td>1.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

In the sample, 60% of the undergraduates are in the GPA level between 2.0 – 2.9.

**Table 2: Descriptive Statistics of GPA**

Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average GPA</td>
<td>60</td>
<td>1.00</td>
<td>3.80</td>
<td>2.9042</td>
<td>.53189</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The average GPA of the sample selected is 2.9042, which seems to be in fairly good level at terms of academic performance.

**Gender frequency**

Table 3: Gender Frequency

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>28</td>
<td>46.7</td>
<td>46.7</td>
<td>46.7</td>
</tr>
<tr>
<td>Valid Male</td>
<td>32</td>
<td>53.3</td>
<td>53.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

In the sample out of 60 undergraduates, 28 were represented by female 46.7% from the sample, while 53.3% were males.

**Age frequency**

Table 4: Age Frequency

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 - 20</td>
<td>8</td>
<td>13.3</td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>Valid 21 - 25</td>
<td>48</td>
<td>80.0</td>
<td>80.0</td>
<td>93.3</td>
</tr>
<tr>
<td>Valid 26 - 30</td>
<td>4</td>
<td>6.7</td>
<td>6.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
Figure 1: Age percentage

The questionnaire consisted of three age categories like 16 - 21, 21 - 25 and 26 - 30 age group. As percentages highest (80%) goes to 21 - 25 age group, and lowest (6.7%) goes to 26 - 30 age group.

Usage patterns

Table 5: Frequency Patterns

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time spend on YouTube</td>
<td>60</td>
<td>2.13</td>
</tr>
<tr>
<td>Frequency on videos</td>
<td>60</td>
<td>2.47</td>
</tr>
<tr>
<td>How often do you visit YouTube</td>
<td>60</td>
<td>2.12</td>
</tr>
</tbody>
</table>

Frequency patterns
i.e. ("Time spend per day" 1=less than 1 hour/ 2= 2 to 3 hours/ 3= 3 to 4 hours/ 4= 4 to 5 hours/ 5= more than 5 hours) ("Frequency on videos" 1= 0 to 5 videos/ 2= 5 to 10 videos/ 3= 10 to 15 videos/ 4= 15 to 20 videos/ 5= more than 20 videos) ("How often they visit" 1,2,3,4 & 5 in order to Always, Usually, Sometimes, Rarely & Never)

Based on data collected, it was observed that most of the students usually explore 2 to 3 hours (per day) by spending their time on YouTube and majority of the students watch 5 to 10 videos in YouTube at one sitting.

Type of videos

Table 6: Type of Videos

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>I watch Educational videos on YouTube</td>
<td>60</td>
<td>2.48</td>
</tr>
<tr>
<td>I watch Movies on YouTube</td>
<td>60</td>
<td>3.40</td>
</tr>
<tr>
<td>I watch Sport videos on YouTube</td>
<td>60</td>
<td>3.48</td>
</tr>
</tbody>
</table>
i.e. (Those all types of videos measured as a liker scale, in here we use 1= Always/ 2= usually/ 3= Sometimes/ 4= rarely/ 5= Never)

Based on the above, most of the students usually watch Educational videos. Sometimes they watch Comedy, Movies & Sports videos in YouTube and rarely watch gossip videos via YouTube.

Purpose of using YouTube

<table>
<thead>
<tr>
<th>Purpose of using YouTube</th>
<th>N</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>I use YouTube for Educational Purpose</td>
<td>60</td>
<td>1.97</td>
</tr>
<tr>
<td>I use YouTube for Stress release</td>
<td>60</td>
<td>2.35</td>
</tr>
<tr>
<td>I use YouTube for improve English</td>
<td>60</td>
<td>2.58</td>
</tr>
<tr>
<td>I use YouTube for as a hobby</td>
<td>60</td>
<td>2.83</td>
</tr>
</tbody>
</table>

i.e. (Those all types of videos measured as a liker scale, in here we use 1= strongly agree/ 2= Agree/ 3= Moderate/ 4= Disagree/ 5= strongly disagree)

Here most of the student use YouTube for their educational purpose (1.97) & Stress release (2.35) equally. Based on the findings, students have fewer usage of YouTube for English improvement as a hobby.

Multiple Regression Analysis

Table 8: Regression analysis of Frequency Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.151</td>
<td>.358</td>
<td>8.810</td>
</tr>
<tr>
<td></td>
<td>Time spend on YouTube</td>
<td>-.108</td>
<td>.073</td>
<td>-.212</td>
</tr>
<tr>
<td></td>
<td>Quantity of videos</td>
<td>-.136</td>
<td>.063</td>
<td>-.340</td>
</tr>
<tr>
<td></td>
<td>How often do you visit YouTube</td>
<td>-.067</td>
<td>.104</td>
<td>-.099</td>
</tr>
</tbody>
</table>

a. Dependent variable: Average GPA

The dependent variable is taken as GPA whereas independent variables are time spent, a number of videos watched, how often visit YouTube. All three independent variables are proved to have a significant relationship with the GPA since the p-value for all three variables are less than 0.05. Based on the multiple regression analysis, the equation illustrating the relationship between academic performance (GPA) and the three independent variables (time spent, number of videos watched, how often YouTube is visited) is derived as follows.
Based on the derived equation, it is visible that there is a statistically significant negative relationship between the academic performance, and number of videos watched, time spent on YouTube and number of times visited YouTube per day. Thus, it suggests that there seems to be a statistically significant negative relationship between the YouTube usage and academic performance of Sri Lankan undergraduates.

VI. DISCUSSION

The study focused on the importance of YouTube for Sri Lankan undergraduates and its impact on their academic performances. Based on the analysis, it was found that there is a statistically significant negative relationship between YouTube usage and academic performances of an undergraduate. Moreover, due to the impact of independent variables (time spent, number of videos watched, how often YouTube is visited) there is a significantly negative impact on the GPA of the undergraduate. To explore the reasons for excessive use of YouTube, 6 in-depth interviews were conducted, and through the interviews it was found that most of the students excessively use YouTube, to release their stress and to let go of the loneliness feeling. Linking to the past literature the same result can be found. Further it has proven through a study conducted Malaysia (Moghavvemi, 2017).

Based on the study, YouTube usage patterns of the study (quantitative analysis) were determined. The study found that most of the undergraduates use YouTube for educational purposes rather than to watch the videos on Gossips. Yet, based on the qualitative analysis, it was found that YouTube is the main source of stress releasing tool of the undergraduates who are boarded and away from their family. Also, it was found that there are some undergraduates use YouTube to improve their English knowledge as well.

VII. CONCLUSION

YouTube is an interesting tool used by most of the undergraduates. Within the academic environment, to what extent it’s use can enhance students learning methods has always been a doubt. As indicated by the present study, using YouTube as a learning tool has a great impact on student’s academic performances. So the findings confirmed YouTube could be effectively integrated into performances because it allows students to be more cognitive as well as there is a significant impact on the academic achievement. Also, most of the undergraduates especially who are away from their families, use YouTube as the source of stress releasing.

Based on this research, it can be concluded that YouTube is not negatively affecting on academic performances of undergraduates. Finally, the study suggests a future research opportunity in same study area under the topic of “Within the higher educational industry, how YouTube play an active role as a teaching tool”.

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Post-IPO Performance in China (PRC)

By Zhang Hanbing, Jeffrey E. Jarrett & Xia Pan
Macau University of Science and Technology

Abstract- The long-run underperformance of IPOs (Initial Public Offerings) is one of the three “New Issues Puzzles” It indicates that if investors buy IPOs and hold for more than three years they will get negative abnormal returns It is necessary to examine the long-run performance of IPOs in China because it benefits how to enhance the efficiency of IPOs market and provides insight of emerging market This paper empirically examines the performance for three years after listing of 76 Shanghai Stock Exchange IPOs form 2002 to 2007, the matched company as the benchmark, the matched company comes from the same industry and similar circulated stock value with listed companies. First it computes the long-run excess returns of the IPOs with types of models. Then it examines whether the underperformance has statistical significance or not. After that, we analyze the relationship between the variables and long-run performance of IPOs.

Keywords: initial public offering (IPO); long-run under performance; cumulative abnormal returns (CAR); buy-and-hold abnormal returns (BHAR).

GJMBR-G Classification: JEL Code: D60

Strictly as per the compliance and regulations of:
Post-IPO Performance in China (PRC)

Zhang Hanbing*, Jeffrey E. Jarrett & Xia Pan

Abstract: The long-run underperformance of IPOs (Initial Public Offerings) is one of the three "New Issues Puzzles." It indicates that if investors buy IPOs and hold for more than three years, they will get negative abnormal returns. It is necessary to examine the long-run performance of IPOs in China because it benefits how to enhance the efficiency of IPOs market and provides insight of emerging market. This paper empirically examines the performance for three years after listing of 76 Shanghai Stock Exchange IPOs from 2002 to 2007. The matched company as the benchmark, the matched company comes from the same industry and similar circulated stock value with listed companies. First it computes the long-run excess returns of the IPOs with types of models. Then it examines whether the underperformance has statistical significance or not. After that, we analyze the relationship between the variables and long-run performance of IPOs.

Research documents that the IPOs significantly underperformed the matched companies. The cumulative abnormal returns over the three years listing are -0.18446. The buy and hold abnormal returns over three years listing are -0.01284. At last, using the cross-sectional analysis to analyze the factors that affect the long-run performance of IPOs, the regression result shows that EPS is the basic reason; the intrinsic value, issue characteristics and the investors' sentiment (overoptimistic) are the main reason for long-run performance of IPOs.

This paper analyzes the reason of this phenomenon, then from the reason puts forward relevant suggestions: firstly, improving the information disclosure; secondly, evaluating the rational investors; thirdly, strengthening market supervision.

Keywords: initial public offering (IPO); long-run underperformance; cumulative abnormal returns (CAR); buy-and-hold abnormal returns (BHAR).

I. Introduction

a) Background

The long-run underperformance of IPOs one of the three "New Issues Puzzles" an important issue focused by western academics in recent years' Western scholars have put forward various theories on this topic including the divergence of opinion hypothesis, the impresario hypothesis, the windows of opportunity hypothesis and over packaging hypothesis. In addition, the Long-run performance means the relationship between long-run return and standard return on the basic of initial closing price. The long-run underperformance is defined if the investors buy IPO and hold over more than three years, they will get a negative abnormal return. Hanbing, Jarrett and Pan (2019) provided an analysis of the IPO performance in the China (PRC) indicating the long-run underperformance of IPO's existed. In addition, they conclude suggested actions that could explain the lack of superior performance. In this study, we go and seek those factors that relate to the previously found underperformance and suggest actions to improve such performance.

The phenomenon of long-run underperformance challenges the efficient market theory, in particular the validity of information, because the investors are rational, the stock price is random walk in the effective market. In this case, the stock price has been fully absorbed and reflects all the relevant information, taking into account the risk factors and transaction costs, anyone cannot obtain the excess returns under the public information. The phenomenon of the IPOs in the long-run underperformance account for investing the initial public offering of stock get a negative excess return, it obviously runs counter to the efficient markets hypothesis. As we know, the efficient market is divided into three parts, first is operational efficiency, which is named the transactions’ operational efficiency of stock market. Second is information efficiency, it has three conditions to achieve the following information: first of all, the public information efficiency, which the public information can be full, true and timely, publication of information in market. Then investors’ reaction to the information, according to the all information, the investors react to stock consistently, reasonably and timely. Last is the allocative efficiency of resources, refers to the stock price boot efficiency. Information efficiency is the cornerstone of the stock market efficiency. Therefore, we research the IPOs’ long-run underperformance contribute to test the degree of effectiveness, which is the prime importance to study the long-run performance of IPOs.

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Secondly, from the perspective of investors, long-run underperformance means that the stock is not suitable for hold a long-term of IPOs, to examine whether the existence of IPOs in China can provide information to make the right investment strategy. Then from the perspective of listed companies, as investors hold the stock after the listing of the benefits is a financing cost of firms in the capital markets, the existence of the long-run underperformance account for enterprise is no real cost of equity financing, relatively low cost of equity financing to the financing function would discount this financing function, also would distort corporate investment decision-making behavior. If the cost of equity financing costs lower than debt financing costs, to be from the point of economic view explains why a large number of listed companies interested in equity financing, while traditional financing is the debt first and equity after it. The lower cost of equity financing makes the manager random changes financing of investment direction after financing, or lightly to raise funds put into the project which has not been fully to feasibility studies, resulting by business failures, it impacts on the results of operations.

II. Research Methods and Framework

We assume event study methods, and comparative analysis, parameter testing, linear regression, stepwise, least squares and multiple liner regression model analysis to study some corporate characteristics to explain their long-run performance, whether significant systemic to the long-run underperformance and the characteristics, then based on this characteristic to various aspects reason of long-run underperformance of IPOs.

The main framework of this study is as follows:

Section 1: The introduction to the manuscript and outline of the accomplished study

Section 2: The literature review of long-run underperformance, which includes two sections. Section 1 describes the long-run underperformance in foreign research, the reason for long-run underperformance and the research model. Section 2 describes the long-run underperformance of IPOs in China; it includes existence of long-run performance and long-run underperformance.
Section 3: The long-run performance of IPOs and the statistical test results, this chapter divides into four sections. Section I is identifying sample data; Section II describes the research methods and design; Section III is calculation results of the long-run performance of IPOs and statistical calculations, it is given comparable with the matched firm index as a result of the normal calculation of income and Statistical tests were carried out.

Section 4: This chapter divides two sections. Section I: lists the multiple regression equation with BHAR and CAR respectively; Section II: empirical analysis of the variables used to define. And explain the significance of regression results and descriptive statistics.

Section 5: Conclusion analysis and recommendation: We use matching firm adjusted return in a one to one comparison. The standard return is matched companies by total market value. IPOs and matched companies have the similar market value, the difference control below 20%, most primary reason is from the same industry, it is a seldom analysis approach, those firms are from Shanghai Stock Exchange, and the market value would adjust at the end of each year, and then choosing the matched the most likely market value. The matched companies not issued the stock over three years compare with IPOs. The previous research never utilized both of them in China.

This sample is selected after the implementation booking-building basis. We use the daily closing price to calculate the long-run excess returns. China is emerging securities market. The market price fluctuations, considering the time span is too large, it will make the any major empirical results deviation. I use the closing price, through the accumulation of daily returns to calculate the long-run returns; it can avoid the market price fluctuations due to the problems cause by too much. So we adopt the western analysis, a month has 21 days of trading; we calculate the return remove the first day of initial public offering, due to the excess return.

Analysis innovation. The characteristics only one empirical analysis in the regression equation, in this paper, I will set up two models, the dependent variables are cumulative abnormal returns and buy and hold abnormal returns respectively, when we calculate the regression, using the stepwise(backwards) and one by one regression to analyze.

III. Literature Review

a) Literature review of long-run performance

i. Overview the results of long-run performance

A large number of studies examine the performance of initial public offerings (IPOs). Ibbotson (1975) examined returns from 120 IPOs between 1960 and 1969. The results found that the trend of long-run price was a spoon-shaped distribution, in the first year the return is normal returns, over the following three years, and the returns are negative. In the fifth year, the return has a normal return. In the long term, the market of performance of new shares has no deviation from the market efficiency. However, due to the small sample size and only 120 samples, the standard deviation enlarges, so he could not reject the null hypothesis-the effective market. RITTER (1991) uses a large data set, he selects 1526 IPOs between 1975 and 1984, while choosing the matched companies has been issued which the similar industry and market value Ritter presented impressive evidence for the poor long-run performance of U.S. initial public offerings. The hold returns over three years only 34.47%, compared with the matched company as 61.86%, in the meantime the return which is worse for younger firms and when issuing activity is high., According this situation, Ritter explained that the evaluation standard is not exact; the second is unlucky; the third is amount of companies issued fads in a hot market. At last, he demonstrates that the issued fads are the main reason.

Loughran and Ritter(1995) found that the average return is 7% each year after those companies listed, compared with the unissued companies as the similar market value in the same periods of time, those unissued firms got a 15% returns. It means that investing the companies has not been issued in later days, investors need investing more than 44%, and then it would obtain the same market value after five years. Loughran and Ritter document serve underperformance of initial public offerings (IPOs) during the past 20 years. They suggest that the investors may be too optimistic about the prospects of firms that are issuing equity for the first time. Their results have been inspired innumerable essays in the popular press about the risk of investing in IPOs, as well as this academic study that has shown that underperformance prolongation to other countries as well as to the experienced equity offerings.

Dhahran and Ikenberry (1995) found that long-run underperformance is focused on small size of the enterprises where the companies’ achievement is usually great, but widely held by institutional investors, large size firms are vulnerable have unknown performance, they explained it is a good timing of small companies to list when they had a good outstanding achievement, because the large companies for listing is easier to achieve, but for those small companies, the New York Stock Exchange has a high standard, the pre-tax income is negative, in this situation, those small companies cannot be listed in next few years. So the small companies’ managers select the companies reached a peak and decline in performance before issued. So the underperformance has a relationship with the issuing timing.

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Ritter and Welch (2002) report that at the end of the first day of trading, the stocks of the average IPO trade at 18.6% above the price at which the company asked them, using U.S. data from 1980 to 2001. Nevertheless, over three years, the average IPOs underperform the CRSP value-weighted index by 23.4%. Early research on IPOs focused on the large benefits that would be earned at the time of issue. The underpricing of IPOs (see, for example, Ibbotson et al. 1988) is, however, Ritter and Welch (2002) suggest that it is overoptimistic by retail investors that drives both the high initial returns and the poor long-run returns, whilst Ljungvist et al. (2006) refer to ‘exuberant’ investors as being the cause.

Relative research documents that the long-run underperformance existed in other countries’ security. Levis (1993) using the sample data from 1980 to 1988 in U.K, he found that the long-run underperformance over three years, also he found that the long-run underperformance exists in SEOs either. Wasser fallen, and Witter leder (1994), Ljungvist (1994), Schlag and Word rich (2002) examine the long-run performance of different periods respectively; they found that it was not suitable for holding long-run in Germany IPOs. Keloharju (1993) documented that stocks three-year return is lower than the weighted average index about 26.4% in Finland. Lee et al. (1996) also fund the long-run underperformance about 46% in three years in Australia. Ausnegg (1997) documented that the long-run underperformance is 74% over five years in Austria. Arussio et al (2001) refer to the buy and hold abnormal returns are -11.53% over three years in Italy. Ritter (1998) summarized about 13 countries’ long-run performance, including 11 countries exist the long-run underperformance. All the previous research implied that the long-run underperformance was a common phenomenon.

The results concerning IPO performance however are controversial. Brav and Gompers (1997) show that firms that go public do not perform worse than bench-marks matched on the basis of size and book-to-market rations. In addition, they show that performance. Finally, they argue that weighting returns in event time the by a number of IPOs may exaggerate performance poor. Schultz (2003) argues that if more companies go public after stock prices have been raised, event-time analyses may indicate that IPOs underperform, even if the expected return of these offerings is zero. The debate about the underperformance of IPOs, however, may not easily be answered without out-of-sample tests. Most studies on the underperformance of IPOs found that the same post-Nasdaq time period. Data from non-U.S. markets is not conclusive because of the shorter time periods employed and the cross-sectional correlation between returns of IPOs in the United States and the return of IPOs in these other markets. Common economic shocks or common movements in fads and sentiment potentially drive these correlations.

b) Explaining the long-run underperformance of IPOs

i. Behavioral economics

Ritter (1991), Loughran and Ritter (1995, 2000), Baker and Wurgler (2000), Hirschleifer (2001) explain the reason of long-run underperformance of IPOs as behavioral finance. They think the stock price cycles deviate from its fundamental value, managers and investment bankers though the stock price above its fundamental value who sell to those over-optimistic investors to obtain the benefits of high prices. Investors overestimate the stock issuance value which the stock in the long term the gradual disclosure of information, when value of the stocks come to the real value, investors’ mistaken views would be adjusted, the long-run underperformance of IPOs is a price correction by issued to high. There are two theories to explain this reason, first of all, the divergence of opinion hypothesis with IPOs, new share price is determined by the over-optimistic investors, and investment in the appearance of excessive optimism exists a cycle; other publishers can be expected to over optimism appears period, then utilize this "window of opportunity" to issue shares in order to obtain the highest issue price. This interpretation is supported by empirical research, for the proponents of efficient market theory is a blow. In fact, the core problem of long-run underperformance impacts in the efficient market, the problem is investors’ rational, if they have no ration, the market cannot be the optimal allocation of resources.

The western researchers believe that the initial public offering is overoptimistic or overreact to publish information by the investors. Investors’ over- optimistic for the stock earnings in the IPOs market, it caused a higher initial price of the irrational. With the gradual disclosure of the information and then the real value of the stock highlights, based on optimistic expectations of investors, investment enthusiasm will diminish; along with the stock price will gradually fall back to realistic levels. Behavioral finance shows that emotional and irrational investor behavior is leading the long-run underperformance. Based on this market expectations and behavioral economic theory, they refer to three systematic theoretical explanations.

a. Divergence of opinions hypothesis: Also known as differential expectations hypothesis. At the beginning, assuming negation of the consistency of expectations hypothesis of traditional efficient market theory, it means that majority of investors have different expectation for the future cash flows and potential growth about the listed companies in security market. In a word, investors have diversity of expectations.
b. It both exist investors optimistic and pessimistic investors in the security market, they expect the value of their shares based on mastering the private information by own. As DHS (DHS model is divided into investors and non-informed investors), mastering private information. As DHS (DHS model is divided into investors and non-informed investors), the stock's price is determined by the informed investor, but they are prone to bias the two judgments: over confidence from information and preference information at their disposal, as expressed in the model, they tend to over-confidence of private information. The investor confidence in the performance of the new shares will be the buyer for the initial public offerings in future behavior. If the larger uncertainty of new shares' value, then the optimistic investors will be much higher assessment than the pessimistic investors, they will become the new buyer, and optimistic investors are willing to pay the initial price is higher than the true value of IPOs, so that the stock price will be risen rapidly in the initial release. With the gradual disclosure of information, investors are optimistic and pessimistic investors about the differences in the expected value of new shares will be gradually reduced, the stock price will be adjusted downwards. In other words, long-run performance negatively related to the degree of the divergence of opinions: the greater of the divergence of opinions, the higher of the short-term price of new shares, new shares would be lower the rate of return in a period time. Krigmantel (1999), Aggarwal L and Conroy (2000), Houget et al. (2001) was made from a specific part of empirical research.

Miller (2000) illustrates the hypothesis for divergence of opinion in detail; he assumes that market pricing of new shares class similar to a bidding process. The number of shares investors with their estimated value of the stock become a bell-shaped distribution, as each number of investors to buy one share, the number of investors is the company's largest stockholder, in the meantime, the average price for market price; the average price should be the peak in the curve. However, actually, on the number of investors are often willing to buy more than one share, so that although there are enough stocks in the market, but it is only a few investors to buy the asked-market price (demand equals to the supply, the equilibrium price). Therefore, the optimistic investors are willing to pay the marginal price in the average price in the right, which means that the marginal investor is willing to pay higher than market prices, which can buy new shares. If the general investors expected the stock value is correct in the market, then the marginal value of the stock's expected investors to be too high. By the above analysis that the stock price determined by the optimistic investors. Miller cited as an example of network share is determined by investor optimism: Most investors think the high pricing of internet stocks, but these stocks are still bought by the investors, we need to note that the price is still high.

This assumption may well explain the abnormal returns on the first day of new shares and long-run underperformance phenomenon. When the initial public offerings are listed, investors’ greater difference of opinion is determined by the optimistic investors, because of asking price is much higher, which caused the higher the excess return on the first day. With the passage of time, the information of the listed companies on the true value is more and more investors for new shares on the market value of the expected the divergence of opinion getting smaller and smaller. The asking prices were set to decline slowly by minority of the optimistic investors, closer and closer to the average price, which leads to long-run underperformance of new shares.

c. Impresario hypothesis: Shiller R (1990) proposed the impresario hypothesis; he believes that the success of the IPOs and the number of shares sold will directly affect the investment bank's reputation or the commission receipts. In order to smooth the issuance of new shares, the investment bank in the packaging, promotional process of the issuing company shares played a "host" role. Efforts to promote investment bank will issue new shares, resulting in a demand excessive appearance, in order to reduce their underwriting difficulties. Investors on the market are often easier to "follow suit", the sound of new shares are the greater, and investors desire to invest the new shares more intense, and thus benefits in the first day of new shares would be higher. However, as the time goes on, the intrinsic value of new shares would stand out, the underwriters have previously been shown to promote the content which has been whitewashed, and the stock price will gradually fall back to realistic levels.

This assumption implies: IPOs initial returns are higher, the lower its long-run returns. RITTER (1991) and LEVIS (1993) study show that new shares of the phenomenon of the long term do exist: the higher of the income at the first day of issuing return, worse long-run performance. This provides empirical support for this hypothesis. The SHILLER (1990) on the purchase of new shares made by individual investors research shows that only 26% of his sample of investors on the stock issue price and the intrinsic value of doing the fundamental analysis, the vast majority only receive information and make decisions.

d. Windows of opportunity hypothesis. Also it called the market timing assumptions. The hypothesis
shows that issuers tend to choose the peak of the development of enterprises issuing new shares, or choose to vote on the prospects for the development of businesses when issuing new shares over-optimistic. RITTER (1991) study finds that the long-run underperformance related to the high size about companies who issue new shares, so that these companies utilize the "window of opportunity". This theory holds that corporate managers have to predict when it will be great the business performance and when it will be a peak period and the period of sentiment investors the ability to select high during this period. If in a certain period of time, investors optimistic about growth potential in listed companies, in particular, they are willing to pay a higher price to buy new shares, because of this investors' motivation, issuers will use mood swings, the issuing time will issue fixed during this period, creating a hot issue market. Although the amount of new shares issued the size will be changed by a normal economic cycle, but sometimes it is difficult to explain fluctuations with firms' normal operating cycle, and thus the opportunity window hypothesis is reasonable. Assumption this hypothesis means that the window of opportunity during the circulation in the business of the company issuing new shares, the case of overpriced for the IPOs than any other company issued the size is the more serious, that is issued at the market peak of the new shares, the lowest long-term returns.

Loughran, Ritter, and Rydqvist (1994) find that the stock will be listed in the risen stock market, they think that they can predict that when the investors will be over-optimism. If the listed companies can really make the listing time is the same timing that the investor is over-optimism phase, in this situation, not only can be explained the long-run performance is poor, but also the phenomenon of issue stock is focus in a same timing can be well illustrate. The listed companies use this favorable "window of opportunity", B. A. Jain and O. Kini (1994) and Mikkelsen et al. (1997) indicate that listed companies have significant trend to decline the operation achievement, this phenomenon cannot explain as the trend of industry.

e. Over packaging hypothesis: Before the enterprises list, the investors cannot acquire the operation condition. Investors believe that the company fully disclosed in the prospectus. While the traditional pricing model defined that stock price equals the future cash flows, and according to the efficient market hypothesis, the historical information does not affect the future price. However, for investors, the company's historical information has important reference value. The investors usually based on the historical information provided to largely determine the risks and benefits and make investment decisions. Teoh. Welch and T.J. Wong (1998) pointed out that the long-run performance of IPOs is related to the company whether to adopt a positive means of earnings management: before the stock issues, the company adopted a positive management, the long-run performance is worse than not use of earnings management company. In issuing the new stocks, in order to attract more investors to participate in the company will have a relevant information "packaging". If the investors only are attracted by the "packaging" profits, but did not notice that this is earnings management used by companies means, then the investors will be buy the price too high at the first issuing day. With a variety of media, analysts and financial reports disclose the company information, and then the investors realize that the actual profit does not make them to maintain the initial impulse, they will gradually become less optimistic, and the stock price will fall. Earnings management when the issue more serious, and its stock prices down after the rate adjustment is the greater.

i. Asymmetric information

For the study of the long-run underperformance of IPOs, it promotes the academic researchers started to pay attention to efficiency of IPO market information. The phenomenon of IPO market information efficiency is the issue of new shares related to the generation, validation, dissemination and use of mechanisms, in guiding of the effective allocation of resources and rational investors, investment and other aspects of this validity. Information asymmetry is extremely serious, the distribution of the real value of new shares information between investors and issuers are not at equilibrium.

The only channel of obtaining the information to investors is the public disclosure of the issuer's prospectus, and for more information needs to pay extra costs, so there is no issue of market equilibrium Pareto efficiency, the issuer owned information has a natural advantage. Therefore, the issuer may use this information asymmetry feature to spread false information or optimistic biased information. Investors lack of reliable sources of information, the disclosure of information for the issuer trust blindly to harm its long-term investment interests. Investors and issuers based on the information asymmetry between the characteristics, foreign scholars proposed the following hypothesis to explain the IPO market information efficiency of pricing model for new shares.

a. Excessive earnings management hypothesis. While the traditional pricing model defines that stock prices equal to the future cash flow, and according to the efficient market hypothesis, the historical information does not affect future prices. However, investors for the companies’ historical information
are an important reference value, the investor will usually provide the basis historical information to determine the risks and benefits, and make investment decisions. Since before the issue of corporate information is limited, investors must rely on the prospectus and disclosure of information to determine the business values, especially those formed quickly. This is highly dependent on the disclosure of information coupled with the issuance of enterprise, it is possible motive to maximize the issue price, distribution companies through earnings management is likely to lead investors to evaluate the enterprise value. In addition, the issue of earnings management is likely to lead investors to issue price, distribution companies through disclosure of information coupled with the issuance formed quickly. This is highly dependent on the determination of business values, especially those on the prospectus and disclosure of information to corporate information is limited, investors must rely reach the pre-release forecasts the level of stock price, or forced by regulatory pressure to be sold in a period time, in order to maintain a high earnings management polices after issuing. Magnan and Corman after listing, and closely to the release of the forecast published in a period of time. If the issue of motivation for earning strategic management is from strategic view, it will help long-term development and take appropriate earnings management for the companies. It is a way to transmit the high quality information, such as managers utilize income smoothing way to the investors the company's profit is high quality information, and the market prices with relatively stable income value of the industry are often very high, which is different from their own high-quality and low quality of corporate enterprises. To use the appropriate earnings management enterprises for IPOs market performance is much better, and the use of excessive profit is just manage das an immediately adjustment of profits can be manipulated to increase the current profits to achieve their goals, making the investors the company's future expected profits will grow, but the manager cannot be a long time to maintain the false profit, the investor's assessment of its market value will drop, Chaney and Lewis(1998) show that prior to the IPO firms tend to focus only on immediate use of the surplus is management methods, so after the initial public offering, it emerges a long-term phenomenon. Teoh, et. al (1994) found that the long-run underperformance in the initial public offering of the first year after reporting profits, but the reports often manipulate profits is underperformance in three years, generally this passive management policy is that the firms difficult to achieve before the release of those standards of corporate profit forecasts, the managers can ot long maintain the inflated earnings, gradually cast investors evaluate the value of their business will decline. Teoh. Welch and T. J. Wong (1998) pointed out that the long-run performance and whether the companies utilize the passive earnings management or not. The firms use this passive earnings management before the issue of new shares, the long-run performance is worse than the firms do not to adopt this management strategy. When the initial public offerings are issued, in order to attract more investors to participate, the company information will be "packaged" by the company. If the investor is only by this “packaging" attracted by the profits, but they did not notice that the surplus is used by companies, then investors will be the first to pay the purchase price too high. With a variety of media, analysts and financial reports of corporate information disclosure, investors realize that the actual profit does not allow them to maintain the most initial impulse; they will gradually become less optimistic about the stock price will fall. When the stock is issued, the earnings management more serious, then the stock price downward adjustment will be much greater.

Profit forecast of "excessive optimism" hypothesis. Mature capital markets in the West, the company issued new shares in its prospectus forecast of future earnings disclosure which is a common phenomenon. The price depends on the anticipated future operating conditions, so the firms’ management or analysts’ earnings forecasts, for many investors is valuable information. Forecast in the prospectus contains information to help reduce the prevalence of information asymmetries in IPO market. R. Rajan and H. Servals (1997) through empirical research that has high initial income benefits of the new shares will be more the concern by market analysts, and market analysts tend to overestimate development prospects and profitability. Their over- optimism will spread to the entire stock market, after it issued, initial rate of return is run-up gradually, which will stimulate more companies issuing shares. After a period of time, the optimistic mood over the bubble always burst, and its long-run performance is poor.

In the mature capital markets, the forecast of earnings information mainly from analysts and management level of listing companies. Because of the investment bank analysts and issuers tend to maintain close ties, so they cannot for the issuer’s earnings prospects provide an objective prediction. In general, the analysts forecast a positive trend, while the actual level of profit is only 80% for the forecast data. The firm's management for their own companies are often over-confidence or over-optimistic, in order to attract more investors to invest, they will over-optimistic forecast the company's earnings prospects. But investors increasingly will find themselves on the overreaction of earnings forecast, low profitability of the company’s true
earnings than analyst expectations, investors will gradually revise the evaluation of the company, thus causing long-run performance of new shares are poor. Therefore, the performance of shares depends on the long-term changes in real earnings and the revised profit forecast for the future. Research showed that IPO companies listed on the actual profit in only 80% of analyst earnings forecasts. Long-term performance related to the real profits of the company changes and the accuracy of earnings estimates, the accurate prediction of company is better than the company is not accurate prediction, but the smaller the prediction error, the actual earnings relative to the forecast earnings is much less, long-run underperformance of IPOs is less significant. The long-run underperformance is a result of adjusting the real earnings situation from companies' information. Signal hypothesis. Signal is associated with the release of other information, such as reputation intermediaries, size, company's history and other factors can be named as a signal quality issue of the company, this information can reduce investment information asymmetry between the issuer and investors, therefore it will have a certain influence for long-term performance.

The value of issuing is another sign about the company's quality. In general, investors in such companies naturally have a sense of trust. If the value represents a company's quality, the larger issue size also means a better long-term performance of new shares.

ii. Efficient market hypothesis

The Efficient market hypothesis (EMH) explains the long-run underperformance can be divided into two categories, one is that the long-run underperformance does not exist, as represented by Fama; the other is that the long-run underperformance exists, but it cannot be defined the market is invalid, Schultz as the representative.

a. "Bad model": Fama (1998) summarizes abnormal long-run returns, these anomalies are the result of accident, behavioral theory defined that investors have lack of the information and the reaction and degree of frequency of occurrence is almost the same, both of them can cancel each other out, so the anomaly can only be attributed to accident. After the IPOs, and earnings before the IPOs and the reversal of the continued occurrence of the same probability, so that the income still comply with the random walk model. Fama boils down to "bad model" problem, in the calculation of excess returns, it is inevitable to use the expected return that is ordinary income model, but any model of expected return is just a model, and cannot fully describe the expected income, and the model in the calculation of the problem is more serious. If the event of the time window is very short, the expected rate of return per day is close to 0, so the role of excess return is small, but as time is going on, the bad model problem a false excess returns, and ultimately, the cumulative abnormal returns generated a significance. So those who confirmed the existence of long-term research is vulnerable because of its method of calculating excess returns, when the excess return calculation a reasonable adjustment, the anomaly will disappear. Therefore, long-run underperformance cannot prove that the market is ineffective; its appearance is accidental or the result of model is error. Fama tended to refute the behavior of financial experts is not a valid point of view on the market in his study, but the cause was concerned to calculate the long-run excess return by later researcher, Bray, Geczy and Gompers (2000) identified the core problem through empirical analysis. Many researchers found that after using different abnormal returns models have very different conclusions, Kooli and Suret (2002) found that the Canadian IPOs between 1991-1998 as a long-term excess returns when the sample was calculated and the results of the weight indicators statistical significance plays a decisive role. Sapusek (2000) through empirical research found that when using a different baseline, there will be different revenue model (long-term excess return is zero, positive and negative, the sensitivity of long-run performance once for the selected benchmark mark.

b. Pseudo-capacity computing market: This theory is posed by Schultz (2003), he proposes that even the market is effective; IPOs will be long-run underperformance. He believes that the assumptions of behavioral economics to predict the timing issue of when is the best window of opportunity is not set up, managers only instinctively choose rising stock prices to issue equity in order to obtain the highest possible circulation revenue in a period time. Schultz utilize the distribution of income, distribution volume and the market rate to prove the long-run underperformance over 25% after IPOs issued after 5 years later, the market return is from the year 1973-1997, this result is not surprising, even in efficient market is also common. The "Pseudo-capacity computing market" states the hypothesis that the issue of new shares is likely to be an act of gambling, because in the last timing to win the money, individuals think that they will win in the next decision situation, the result being to increase the increase the risk and the probability of losing increase loses. Others such as Schultz (2003) believes that "Pseudo-capacity computing market hypothesis may explain the more comprehensive of long-run underperformance."
c) IPOs models of long-run performance

Early studies on the measurement of excess returns are capital asset pricing model as a basic, very few people realize that excess return measurement method will affect the conclusions. In recent years, Barber and Lyon (1997), Konrad and Warner (1997), Lyon et al. (2000), Fama (1998a), Mitchell and Stafford (1998), Bran (1999), Loughran and Ritter (1999) begin to focus on this issue, these researchers believe that the method of measuring stock performance affects not only the size of excess returns but also affect the statistical tests to determine and validity. Method of calculating excess returns is to study the important issue of long-run performance. FAMA (1998a) believes that the excess return of the model is to study the core problem. Abnormal stock may be due to a bad model caused this long-run returns.

A stock excess return of individual measurements month is defined as

\[ r_{it} = r_{it} - r_{mt} \]  

where \( r_{it} \) is the return for stock \( i \) in the \( t \)th trading month and \( r_{mt} \) is the return on the market during the corresponding time period.

The simple arithmetic average relative return on a sample of \( n \) stocks for the \( t \)th month of stock \( t \) is defined as:

\[ AR = \frac{1}{n} \sum_{i=1}^{n} ar_{it} \]  

The cumulative benchmark-adjusted after market performance from month \( q \) to event month \( s \) is the summation of stock \( i \) and is defined as:

\[ CAR_q.s = \frac{1}{n} \sum_{i=q}^{s} AR_t \]  

The second measure used buy-and-hold abnormal returns following the first trading month (BHAR), defined as the arithmetic average of buy and hold abnormal returns.

A simple t-test is then employed to test the null hypothesis of zero mean n year market-adjusted buy-and-hold return, where \( \sigma \) (BHARI) is the standard deviation of the buy-and-hold abnormal returns, and \( n \) is the sample size.

Following Ritter (1991) and Loughran and Ritter (1995), It also measures the secondary market performance using wealth relatives. It computes the security-to-market wealth relative of IPO \( i \). If wealth is greater than 1 shows the relative number of samples of the actual return over the expected return, if the result is less than 1, it means that exist the long-run underperformance.

From the excess returns on long-run study, inevitably adopt the expected return, as each models are not fully describing the expected return, so choose an appropriate expected return model to calculate the excess return is very important. Stock-specific excess returns in the estimation of the literature are often used in five expectations models: the base standard portfolio model, matched corporate model, market model, capital asset pricing model and the Fama-French three element model. Three-factor model is the Fama and French(1992, 1993) stripping Sharpe-Lintner capital asset pricing model type of correction obtained by increasing the size and the ratio of book value factor model extends the CAPM. The five models as follows:

Benchmark portfolio model:

Excess return in month \( t \) is \( MAR_t \cdot R_{it} - R_{mt} \)

\( R_{it} \) which include dividends, including stock \( i \) in \( t \)th month return. \( R_{mt} \) is the benchmark portfolio return in \( t \)th month, the benchmark portfolio generally uses the market index or a part of the overall stock market, stocks such as the size is less than tenth of the stock portfolio. Market model:

\[ MMAR_t = R_{it} - \alpha - \beta \frac{RF}{R_{mt}} \]  

Where \( \alpha \) , \( \beta \) is the market model parameter estimates, using the stock \( i \) in \( t \)th month regressed with the stock market index monthly returns. Matched companies’ model:

Comparison companies used to calculate the excess return, for general use with the sample companies have some similar characteristics to the control of public secretary of the proceeds as expected return, such as the sample size of the company or the book value ratio, industry and other similar characteristics.

CAPM model:

\[ CAPMAR_t = R_{it} - R_{ft} - \beta \left( R_{mt} - R_{ft} \right) \]  

\( \beta \) is from the CAPM regression model to get. \( R_{ft} \) is the risk-free return, using the short term bonds rate/

The Fama-French three factor model:

\[ FFMAR_t = R_{it} - R_{ft} - \beta_1 \left( R_{mt} - R_{ft} \right) - \beta_2 HML_t - \beta_3 SMB_t \]  

\( \beta_1, \beta_2, \beta_3 \) is monthly excess returns on the market index during the calculation of excess return, book value, the scale factor regressed; \( HML_t \) and \( SMB_t \) is the book value ratio and size factors. \( HML_t \) is the difference return between the high B/M portfolio ratio and the lower B/M ratio in \( t \)th month. \( SMB_t \) is the...
difference return between the large-scale enterprises months in a portfolio investment and small-scale in t month. The current study is the most frequently used model of the benchmark portfolio companies with the control model, is generally using these two methods, others are rarely used.

CAR and BHAR which more accurately measure the performance of the stock's long-term it remains a controversial. BARBER and LYON (1997) think that researchers should use the simple purchase of sample companies holding return to comparison with the benchmark portfolio, or the difference between return compared to that long-term excess return, as with the daily excess return or monthly return, in this situation, the CAR has serious errors. They proved that CAR is BHAR biased estimates, so from the theory, the use of BHAR better. However, FAMA (1998) considered that the statistical test in the BHAR will produce more than the problem of AAR and CAR.

FAMA (1998) in addition, points out that because of the long-run performance of the stock expected return model is inevitable, but each model on the expected return on the expected return is not fully described, so the bad model problem is inevitable, but the window for long-term benefits in the event of a bad model for the problem is worse. For CAR, if each month has a false excess income is x%, the final accumulation as the statistical test is significant, because the average of CAR increased with time, but the standard deviation is as CAR to increase by N1/2, the velocity is slower than average CAR, the use of the ordinary t statistic for testing when it will be a bad model problem. The bad model problem for long-term purchase of holding excess proceeds (BHAR) is most serious, even by the time it calculates the characteristics of short-term return made in the interpretation of the model problems multiplied when extended.

e) Measurement of excess return on the investment portfolio

In general, the study approaches to analyze the long-run underperformance is using the event study methods. The examination range is in a certain period (usually three to five years), and then research the stock market performance without systemic anomalies. This requires the investment of the sample composition portfolio or the calculation of the benchmark portfolio excess return, the portfolio of individual stock excess returns is calculated over based on the amount of income.

Sample portfolio of firms seeking an average between long-term excess return is normally a long-term excess return of the sample, which implies the choice of a measurement problem: the weighted average arithmetic or average arithmetic mean. Loughran and Ritter (1999) point out that the choice of the weight of validity is important. To illustrate this point, to a sample of 1000 companies, in this case, 999 of which have one million of market value, it is a small company; a large scale, there are more than 100.1 million market value. Assume that these small firms. Under performance the average level of 50%, while the big companies' performance was stronger than the average level of 50%. It is easy to see that the arithmetic average excess return of serious measurement error (50%), but the researchers can draw weighted average excess return samples of close to 0. The arithmetic mean method provides a powerful technique against market evidence of the effectiveness of the weighted average method does not. Brav, Geczy and Gompers (2000) indicate that the choice depends on the arithmetic mean or a weighted average of the objectives the researchers, if the optional alternative hypothesis is more likely mispriced of the small cap stocks than large cap stocks, and then the individual should consider the validity of using the arithmetic mean method. Similarly, if the researchers of the potential miss-pricing of stock market interest in the management of meaning, the arithmetic average of the return may be more appropriate. In addition, in the calculation of portfolio returns over time to pay attention to the implied investment strategy, in general, long-run performance of the stock are used in event study, using event time, this approach implied investment strategy is to invest the same funds in each sample; the other method is to use the calendar way, it means that the investment strategy is to invest the same funds in each calendar, Fama (1997), Loughran and Ritter(1995), Brav and Gompers(1997), Brav, Geczy and Gompers (1995) used this method. Loughran and Ritter (1995) believe that using the calendar way can be reduced the “hot issue” by the enterprises when research the long-run performance of IPOs. Loughran and Ritter (1999) also expressed the use of the arithmetic average of each calendar month time series regression, regardless of each month concerns the number of observations. They believe that managers will respond to a temporary error evaluation, the value to be issued overvalued stocks, and these shares will be shown the underperformance in the following times. Brav, Geczy Y and Gompers (2000) examined a sample of 92 calendar months does not reduce the arithmetic mean of the null hypothesis that there is no test of poor capacity.

f) The measurement problems of Long-term excess returns

Calculating the long-run performance of IPOs, it needs to prove that whether the long-run performance is abnormal or not, to test it use statistics approach to testing, which involves different statistical test model, different methods to calculate the long-run return using different test methods. The different benchmark models.
to calculate the expected return between the estimated is vary, it also named that the research result is sensitive to the expected return. The common way to test the long-run excess return is error by the setting model, it was demonstrated by Barber and Lyon (1997a) and Kothari and Warner (1997). Their simulations show that the model set errors because the actual probability of rejection of the null hypothesis than under normal circumstances to refuse to probability theory, indicating that the long-run performance is abnormal because of the model may error in previous. Fama (1998) also suspected the long-run is abnormal because of the bad model problem. Barber and Lyonm (1997a) that the use of benchmarks portfolios such as market size classification index or portfolio to calculate the long-term excess return is questionable. In general, the use of the benchmark portfolio excess return calculation is wrong statistics generated by the set (the actual rejection rate greater than the theoretical rejection rate), in simple terms, the test statistic has three deviations, including:

a. IPOs deviation. Because in the event of long-term excess returns, usually the sample companies’ return for a long period, but the composition of index (or benchmark portfolio) companies are generally required to include those event months then listing. b. Re-establishment bias. As a benchmark portfolio such as the overall market index return, which assume a specific period of time (usually monthly) to re-establishment, but in the calculation of sample overall portfolio return is not re-prepared. The cause of deviation is skewed distribution by long-term positive abnormal return. Generate positive cumulative abnormal return test statistics are biased, holding excess proceeds to produce biased test statistics bear. This is because that the initial public offerings, re-establishment, and partial state deviation of the cumulative abnormal returns and buy the different roles of holding excess proceeds.

g) Improve to test the long-term excess returns

a. Barber and Lyon (1997) prove that calculate the long-run excess return has a good test control, the method is compared the matched companies by similar size, the ratio of book value with the sample companies. By the sample companies, and in a certain enterprise characteristics compared to the control the company can reduce IPOs market bias (because the sample and matched companies are defined event in a particular month listed), re-establishment bias (due to sample the company's revenue income and the matched companies are synthesized in a similar way), a skewed distribution (as used on calculated according to the company's excess return is very symmetrical.) By company size and the book value ratio of public secretary based on random samples and the size of the book of market value based on selective samples are possible. However, when future financial and economic study found that an additional common share variable can be explained by changes in cross-sectional analysis, considering the extra variables is so important when the samples compare with the matched companies.

b. Lyon Barber and Tsai (1999) propose two changes of long-term excess returns for the measurement method of testing. The first method is based on the traditional event study framework and the purchase of holding excess proceeds, first of all, it should build a non-deviation and non-bias of the benchmark portfolio preparation, the results of this benchmark portfolio produced a total mean excess return is 0, thus reducing the mode of test statistics type set incorrectly. Then use the positive skew in the distribution under the applicable test standard statistical methods to control long-term skew deviation of the excess return. They recommended removing skew deviation of the two statistical methods: (1) partial t statistic simulation method; (2) calculated from the pseudo-portfolio average excess return of long-term simulation of actual p values. Method (a) is considering the t statistics in the light of the characteristics of positive skewness. Companies act and they also proved that the control will eliminate skew deviation. But in order to remove the skew deviation of calculating the benchmark portfolio excess return, Lyon, Barber and Tsai(1999) recommended that skewness adjusted by the simulation t statistic, which is an estimate of the skewness Method (b) based on Brock and Lebanon ((1992), Ikenberry Y et al. (1995), resulting in the assumption of zero over the actual distribution of income, in which generated based on the actual distribution of the sample mean by statistical significance?

c. They consider the second method is based on calendar time portfolios, Fama (1997) discussed calendar time portfolio, Loughran and Ritter(1995), Brav, Geczy and Gompers(1995) also use in empirical research. This approach eliminates problems related to cross-sectional, but the holding and buying excess return is not the same, this measurement does not accurately measure investor experience.


From the research, to study the long-run return model concern in the manner of the models, the research result provides specification methods to the other researchers.
IV. THE Long-run Performance Research in China

a) Long-run performance exists

The focus of research whether the long-run performance of IPOs is the existence or not. Previously, Harbing, Jarrett and Pan (2019) summarized earlier studies of 165 A-shares for a sample from an earlier period and found that long-run underperformance of IPOs existed for a lengthy time and the last year of the study the cumulative abnormal return was negative 3.31%. This the weak level higher than the previous two years, affecting the performance of the first and second major factor in the initial rate of return and shares, the factors that affect the performance of the third year is the initial returns and total assets, while regression analysis showed that three years of IPO market performance does not reflect the fundamental strength of the Company’s profit growth, stock price cannot reaction of companies, while the factors are individual factor, policy factor and speculative factors, there is a serious distortion.

Harbing, Jarrett and Pan (2019) restated that no matter the short-run or the long-run, the IPOs under pricing. He investigated 34 sample companies from 1996, the 34 matched companies between 1992 and 1994, he found that the IPOs performance is better than matched companies after seven months, CAR is 0.143 by BHAR Factors which influence are the scale of enterprises firm age, state, owned shares account for the benefits below the market return, which poor performance of large capitalization stocks, small capitalization equities performed slightly better than market returns Hence, they thought that it is widespread in China's listed companies. Further, Harbing et al. (2019) summarized from a sample of 493IPOs from between 1993-2001 in Shanghai Exchange Stock. He refers to the long-run performance not only relative with the methods, also influence of equity division. Using the BHAR model, as the weighted average market return as benchmark, the IPOs has the long-run underperformance. The period is longer, the degree of the weak is much greater, at the end of the five years, the excess return is reached about -50%.

Additional studies in China concluded that the IPOs significantly underperformed the market or the matching firms by size. The extent of this underperformance is between-32 and-20.88 according the calculating methods indicating that it is not proper to hold IPOs in China for a long time and the efficiency of IPO market is very low it also indicates that the cost of external equity capital is lowered for these IPO firms. Jang (2005) using the cumulative abnormal returns methods to investigate the A-share in 1997 to 2000; he found that the long-run return is lower than the average return. The effect factors are earnings per share in first year, the circulation stock ratio, P/E, and the total capital stock.

Cai (2007) finds comparable levels of underperformance. In line with US results, initial over optimism and the size of the offer are important explanatory factors for this underperformance. Additional variables include the earnings per share prior to listing, the decision to switch investment banks at the time of issue and whether the firm issues share that can be purchased by foreign investors. Other studies examined that A-share market within 97 to 2004 and the Benchmark index is Shenzhen market yield. The result is that IPO in China outperforms underperforms in the long run. The extent of this underperformance is -0.0005 at the end of second year by CAR and-0.1775 by BHAR. At the end of the third year, it is -0.0367 by CAR and -0.143by BHAR Factors which influence are the scale of enterprises firm age, state, owned shares account for depreciation ratio past operation performance the success rates, the rate of return on first day, the reputation of underwriters.

b) Long-run performance does not exist

In the same time, it also has some results find the long-run underperformance is not existing. Chen and Gao (2000) found that using the WR as the long-run return, the performance is similar with market security. Wang and Zhang (2002) examined the 110 sample IPO in Shanghai Stock Exchange from 1996-1997, the examination period is two years after listing. The sample is performing better and better, at the beginning, the IPO is poor than the market, but overall the period, the performance is better than the market. Investor can gain the more return rate than market in 1 year as the midterm. They also pointed out that the value and the initial return rate and the shares would affect to the performance.

Others selected the 283 IPOs in Shanghai Stock Exchange from 1993 until 1998. They fund that the stock portfolio is weaker than the market returns at the beginning of 12 weeks, after the following 66 weeks, the IPOs performance is better than the whole market. Therefore, he believed that it does not exist the long-run underperformance, but he did not analyze the reason.

Similarly another found that the IPOs performance is better than the market returns as the benchmark, the average cumulative abnormal returns arrived at 19.13% and 27.94% for the Shanghai Stock
and Shenzhen Stock. Then he examined that the different industries and different issue size that their performance. The real estate and public affairs were better other industries; the manufacturing industries was worse. Then he found the amount of issue was much smaller, the long-run performance is better, it indicated that investors much like to invest the small-size companies.

Another researcher selected the sample before 1998, in the analysis, the excess return is -2.5% after one month of IPOs., and the market-adjusted cumulative return is positive after seven after listing, and after it, the cumulative is negative, hence investors hold the IPO after the firm issued the stock about seven months. In turn, the cumulative is fallen, and risen in five years. It is not significant, in other words, the IPO does not exist the long-run underperformance.

The domestic researchers draw the methods form the abroad scholars. Although they set up the research about the long-run performance of IPOs, whether the IPOs exists the underperformance is controversy. But they have not mixed-models to examine the stock. It is necessary to research the long-run performance of IPOs in China because it benefits how to improve the efficiency of IPO market and provides insight of emerging markets. Last Morricone, Munari, Oriani and De Rassen fosse (2017) investigated the interplay between two defining features of technology-based firms: licensing as a commercialization strategy and the reliance on equity financing. Within the context of an IPO, they argue that the technology commercialization strategy of a firm going public affects information asymmetries and, therefore, IPO underpricing. In particular, we theorize that under pricing will be higher when a firm’s technology commercialization strategy is more based on licenses. Future studies may focus on this aspect.

V. Data Methodology and Results

The sample consists of all 76 companies that issued and listed their A-shares in Shanghai Stock Exchange from 1 January 2002 to 31 December 2007. 76 matched companies have been issued before 2004, that time from 1 January 1993 to 31 December 2004. The data are supported by the internet (www.cnlist.com.cn and www.eastmoney.com). The financial data and the trading data (the daily closing price) form enlist and GW. Choosing this period for the sample, the reason is booking-building basis for the majority of IPOs from November 2001, after its time, the operation of our market security is more standard, the degree of IPOs market is enhancing. The second reason is avoiding duplicate with former research. The third of the sample and the matched sample are similar with the shares in A-shares, the difference of market value standard between matched companies and IPOs is controlling in 20%. The matched companies and IPOs come from the same industry.

VI. Research Methods and Designing

This paper utilizes the event study method to empirically examine the market performance in the three years after IPOs going public. To investigate the long-run performance, it can be divided specific manner: cumulative abnormal returns; buy and hold abnormal returns, to compute the excess return according to the different variables to choose the expected return. In this chapter, we use the matched companies as the benchmark return as it would lessen the model error for the research results.

In the first calculation, we utilize the easiest simple methods to compute the return. The arithmetic average rate of return (ARR), it defines that individual return plus each

In turn we deduct the numbers as follows:

$$\bar{R} = \frac{R_1 + R_2 + \cdots + R_n}{n} = \frac{1}{n} \sum_{t=1}^{n} R_t$$

$$R_t = (P_t - P_{t-1})/P_{t-1}$$

Then I use the buy and hold abnormal returns (BHAR) and cumulative abnormal returns to point out the long-run performance of initial public offerings. Barber and Lyon (1997), Lyon et al. (1999), Kothari and Warner (1997) and Fama (1998) analyze the difference between these two methods, and find that there is no consensus on which is to be preferred. Lyon et al. (1999) document that BHAR should be used if the research question is whether or not investors earn abnormal stock returns by holding stocks over a particular time horizon. The CAR method should be employed to answer the question; do sample companies hold on consistently and persistently earn abnormal monthly returns? Although CAR implicitly assumes that frequent portfolio rebalancing, Fama (1998) documents that it’s utilize since it would create fewer spurious rejections of market efficiency than could utilize BHAR. There also exists a greater acquirement of the distribution properties and the statistical tests for CAR. Since in China the majority of investors are individual investors, and they trade much more frequently than those in other security, CAR may give a better estimate of the long-run performance of IPOs in the Chinese markets. Two methods have the drawback, computing both to reduce the probability of error.
We choose the event study of time window over three years after listing, detaching vary types of holiday, the trading days only about 240 days in china, but in order to compare with the foreign study, assuming the trading days have 252 days in one year. The trading days are 21 days in one month. Stocks from the first day after listed to the 21th event day as the first event month, and so forth. Thus, in this paper, the month means that the trading month, the year is named the trading year, three years indicates 756 trading days, and this definition is consistent with Ritter (1991), Loughran and Ritter (1995).

Computational Models are shown as follows;
Relative return for stock \( i \) in the \( t \)th month is defined as

\[
AR_{it} = r_{it} - r_{mt}
\]

\[
r_{it} = \frac{(P_{it} - P_{it-1})}{P_{it-1}}
\]

\[
r_{mt} = \frac{(I_{t} - I_{t-1})}{I_{t-1}}
\]

(9)

Where \( r_{it} \) is the return for stock \( i \) in the \( t \)th trading month and \( r_{mt} \) is the return on the market during the corresponding time period. \( P_{it} \) is the closing price for stock in the \( t \)th trading period.

The simple arithmetic average relative return on a sample of \( n \) stocks for the \( t \)th month of stock \( i \) is defined. The cumulative abnormal returns (CAR) from event month \( q \) to event month \( s \) of stock \( i \) is also defined when for \( S>2 \), when \( S=21, 63, 126, 252, 378, 504, 756 \). CARq, s is the cumulative abnormal returns in event months 1, 3, 6, 12, 18, 24, 36. The buy and hold abnormal returns (BHAR) from event month \( q \) to event month sof stock \( i \).

The arithmetic average of buy and hold abnormal returns are defined as for \( S>2 \), when \( S=21, 63, 126, 252, 378, 504, 756 \), CARq, s is buy and hold abnormal returns in event month 1, 3, 6, 12, 18, 24, 36

In this two ways to compute the return remove the first day of excess return, because the lottery is lower, the average just high than 0.001, only minority of investors can buy the issue price for the IPOs, the majority of the investors go to buy the price in the secondary security, so utilize the issue price as the long-run return is not reasonable.

Because of the time to market is short, the systematic risk is large. According to the IBBOSTON (1975), he documents that the \( \beta >1 \) for the initial public offerings in common, the \( \beta \) is greater than the matched companies either. However, McConnell and Sanger (1987) think that the IPOs have no abnormal performance in the t-statistics. RITTER (1991) believes that the difference of \( \beta \) value between IPOs and matched companies could not explain the long-run underperformance of IPOs. So in this paper, I would not adjusted-\( \beta \).

a) Methodologies of Matched Companies

i. Three models of matched companies

I utilize the different methods to measure the abnormal returns. In the first methods, I just use the normal return, computing the arithmetical average rate of return, and then I examine the matched companies as the benchmark portfolios to compute the cumulative abnormal returns (CAR) and buy and hold abnormal returns, then wealth relative returns, after that, giving the BHAR and CAR with the associated t-statistics for the study event period.

Arithmetical average rate of return is the easiest simple method, in the following figure 3.1; I use the quarter average rate of return. In the below graph, it includes 12 quarters over three years. Generally speaking, the average return of \( R_{mt} \) is higher than the RIPOs, but this discrepancy in not obvious in the last two quarters. At the beginning, the IPOs are negative in the first five quarters. After that, it is positive in the later quarters, it increases gradually over the three years in general. Compare with the matched companies’ return, the distinction is great form first event quarter to eighth event quarter. In the 10th event month, the difference is about 0.097, the difference is about 0.028 in 11th. At the last 12th event quarter, the difference is fallen to 0.024, the distinction between average returns of IPOs and the average returns of matched companies is dwindling. Although the IPOs return is better than matched companies, in general, matched companies are better performance. It indicates that the average returns of IPOs need more than three years to catch the matched companies.
Then in order to the results are accurate, furthermore, to count the abnormal returns, we calculate the other two models, cumulative abnormal returns (CAR) and buy-and-hold abnormal returns (BHAR), separately.

Table 1: Car and Bhar For The 36 Months After Listing

<table>
<thead>
<tr>
<th>Month</th>
<th>BHAR</th>
<th>CAR</th>
<th>Month</th>
<th>BHAR</th>
<th>CAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 1</td>
<td>-0.02915</td>
<td>-0.03333</td>
<td>0 19</td>
<td>-0.01536</td>
<td>-0.12928</td>
</tr>
<tr>
<td>0 2</td>
<td>-0.03235</td>
<td>-0.04057</td>
<td>0 20</td>
<td>-0.01067</td>
<td>-0.10744</td>
</tr>
<tr>
<td>0 3</td>
<td>-0.04777</td>
<td>-0.05807</td>
<td>0 21</td>
<td>-0.04297</td>
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</tr>
<tr>
<td>0 4</td>
<td>-0.07704</td>
<td>-0.0847</td>
<td>0 22</td>
<td>-0.03869</td>
<td>-0.14999</td>
</tr>
<tr>
<td>0 5</td>
<td>-0.05778</td>
<td>-0.06574</td>
<td>0 23</td>
<td>-0.06946</td>
<td>-0.16362</td>
</tr>
<tr>
<td>0 6</td>
<td>-0.07999</td>
<td>-0.08096</td>
<td>0 24</td>
<td>-0.06252</td>
<td>-0.19056</td>
</tr>
<tr>
<td>0 7</td>
<td>-0.10811</td>
<td>-0.08638</td>
<td>0 25</td>
<td>-0.07932</td>
<td>-0.19213</td>
</tr>
<tr>
<td>0 8</td>
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<td>-0.10163</td>
<td>0 26</td>
<td>-0.04925</td>
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</tr>
<tr>
<td>0 9</td>
<td>-0.06995</td>
<td>-0.09632</td>
<td>0 27</td>
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<tr>
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</tr>
<tr>
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<td>0 13</td>
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<td>0 18</td>
<td>0.042093</td>
<td>-0.10686</td>
<td>0 36</td>
<td>-0.01284</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

Notes: The first trading day is not included to exclude the initial return.

Table 1 shows that as the matched companies to compute the CAR and BHAR. Whatever the CAR or BHAR, the abnormal returns are negative in most time in the observation periods, it demonstrates that IPOs are long-run underperformance. After the 9th event month, the difference between CAR and BHAR are greater and greater. In the 9th event month, the excess return of CAR is -0.09632, and the BHAR only is -0.06895,
especially, the event month 26th, 29th, and 36th, the excess return is greatest between the CAR and BHAR. Generally speaking, the long-run performance is nearly over the three years in BHAR. But overview the CAR, the excess return is smaller and smaller. The reason of calculation result has the greatest deviation which since in China the majority of investors are individual investors and investors’ trade much more frequently than the people in other market, CAR may give a better estimate of the long-run performance of Chinese IPOs. The value (market total value) as the normal returns, the CAR of IPOs over one year is -0.14049, the two year returns are -0.19056, three year returns are -0.18446. Thus, the investors hold IPOs times is longer, they would loss more. In other words, the IPOs are not proper to long-run hold. The hold period is much longer, much loss. Lu (2005) finds that the CAR is great difference with BHAR, over the three years, the BAHR is -0.0158, but the CAR has -0.2886. In her method, she used the matched companies just only the similar with the size, the matched companies would change in each year, this method would have mistaken, because it cannot connect the closing price between the last day of first year and the beginning day of the second year. In my paper, I use the matched companies is fixed, the similar with the market total value and the same industry. It is much reliable.

Figure 2: Car and Bhar In Each Event Month

In order to overall analyze the long-run performance of IPOs over three years after listing. From the Figure 3.2, the abnormal returns of BHAR has been reached above the first event month in the 36th event month, it means that the performance of IPOs are becoming better after 35th event month, the abnormal return of IPOs need more than three years, then the returns could closely equal to the matched returns, this result is the same with the most previous research in west. Overview the CAR, among the 1th event month and 17th event month, the abnormal returns like “teeter-totter”, up and down alternately, then the abnormal returns downward sloping in general, especially form 17th event month to 25th event month, the returns linear decrease. After 35th event month, the returns increase lightly. The excess returns of BHAR are better than CAR.
Comparing the figure 3.2 and 3.3, the trend is similar, but BHAR has different, in my paper, in the 25th event month to 27, it rises rapidly. But in Lu (2005), the CAR is fallen gradually. The difference has been discussed in the former paragraph. So we do not analyze it again.

Table 2: Car – Descriptive Statistics

<table>
<thead>
<tr>
<th>Month</th>
<th>Minimum Statistic</th>
<th>Maximum Statistic</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Skewness Statistic</th>
<th>Kurtosis Statistic</th>
<th>Std. Error Statistic</th>
<th>Std. Error Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 1</td>
<td>-.38417</td>
<td>.41297</td>
<td>-.0333272</td>
<td>.16107695</td>
<td>.608</td>
<td>.276</td>
<td>.553</td>
<td>.545</td>
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<tr>
<td></td>
<td>-.77578</td>
<td>.58295</td>
<td>-.0580679</td>
<td>.24763197</td>
<td>.231</td>
<td>.276</td>
<td>.912</td>
<td>.545</td>
</tr>
<tr>
<td>0 6</td>
<td>-1.02753</td>
<td>.73036</td>
<td>-.0809595</td>
<td>.31636184</td>
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<td>.276</td>
<td>.461</td>
<td>.545</td>
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<td>0 12</td>
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<td>.99851</td>
<td>-.1404868</td>
<td>.66291522</td>
<td>-3.470</td>
<td>.276</td>
<td>22.889</td>
<td>.545</td>
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<tr>
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<td>-.1068561</td>
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<td>-2.675</td>
<td>.276</td>
<td>16.310</td>
<td>.545</td>
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<tr>
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<td>.82404372</td>
<td>-2.627</td>
<td>.276</td>
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<td>.545</td>
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<td>1.92649</td>
<td>-.1844573</td>
<td>.97638412</td>
<td>-1.519</td>
<td>.276</td>
<td>8.193</td>
<td>.545</td>
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</tbody>
</table>

0 3 and 0 6 event month are positive; the rest are negative. It indicates that smoothing of the plotting diagram is left-skewed distribution. From each event month the kurtosis of CAR, all the data is positive, indicating that histogram of the remaining smooth CAR monitoring than the standard normal distribution N (0, 1) of the kurtosis, CAR has the leptokurtic feature 0 3 and 0 6 event month are positive; the rest are negative. It indicates that smoothing of the plotting diagram is left-skewed distribution. From each event month the kurtosis of CAR, all the data is positive, indicating that histogram of the remaining smooth CAR monitoring than the standard normal distribution N (0, 1) of the kurtosis, CAR has the leptokurtic feature.

Table 3: Bhar – Descriptive Statistics

<table>
<thead>
<tr>
<th>Month</th>
<th>Minimum Statistic</th>
<th>Maximum Statistic</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Skewness Statistic</th>
<th>Kurtosis Statistic</th>
<th>Std. Error Statistic</th>
<th>Std. Error Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 1</td>
<td>-.34117</td>
<td>.57326</td>
<td>-.0291507</td>
<td>.16255270</td>
<td>.970</td>
<td>.276</td>
<td>1.804</td>
<td>.545</td>
</tr>
</tbody>
</table>
From the above table, the standard deviation is growing over the time from the 0.16 up to 1.37, although in the 24th event month is lower than 18th. In general, it is increase, it means that the volatility increase with time. The standard deviation of BHAR is greater than CAR. Except 0 6 and 0 24 event month are negative, the rest are positive. It indicates that smoothing of the plotting diagram is right-skewed distribution. From each event month the kurtosis of BHAR, all the event month are positive, indicating that histogram of the remaining smooth BHAR monitoring than the standard normal distribution N (0,1) of the kurtosis, BHAR has the leptokurtic feature.

In former analysis, generally speaking, it demonstrates that the long-run underperformance of IPOs exists, no matter using the BHAR or CAR; the results verify the Ritter’s statement is correct. To some extent, it documents that it is long-run underperformance of IPOs in Shanghai Stock Exchange.

b) T-Statistics and results

After the calculation obtain the degree of the long-run underperformance, to examine the statistics on whether is significant or not, it computes the t test for the event month of the BHAR and the CAR, as mean as 0 test to verify the existence of significant for long-run underperformance of IPOs. Hypothesis test as follows: Ho: the mean of the long-run excess return of sample = 0; H1: the long-run excess return of sample ≠ 0

**Table 3: One-sample test of CAR**

**CAR One-Sample Test**

<table>
<thead>
<tr>
<th>Month</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
<th>Mean Difference</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>-1.804*</td>
<td>75</td>
<td>.075</td>
<td>-.03332720</td>
<td>-.0701349 - .0034805</td>
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<tr>
<td>0 3</td>
<td>-2.044**</td>
<td>75</td>
<td>.044</td>
<td>-.05806793</td>
<td>-.1146543 - -.0014816</td>
</tr>
<tr>
<td>0 6</td>
<td>-2.231**</td>
<td>75</td>
<td>.029</td>
<td>-.08095946</td>
<td>-.1532512 - -.0086677</td>
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<tr>
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<td>-.14048677</td>
<td>-.2919694 - .0109959</td>
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<tr>
<td>0 18</td>
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<td>.201</td>
<td>-.10685614</td>
<td>-.2717372 - .0580249</td>
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<tr>
<td>0 24</td>
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<td>-.3788641 - -.0022600</td>
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<tr>
<td>0 36</td>
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<td>75</td>
<td>.104</td>
<td>-.18445728</td>
<td>-.4075706 - .0386560</td>
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</tbody>
</table>

Notes: * Estimate significant at the 10% level. ** Estimate significant at the 5% level. *** Estimate significant at the 1% level.
Table 4: One-sample test of BHAR

Bhar One-Sample Test

<table>
<thead>
<tr>
<th>Month</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
<th>Mean Difference</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
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<td>-.1111226, .0155836</td>
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<td>0 6</td>
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<td>75</td>
<td>.077</td>
<td>-.07998793</td>
<td>-.1688709, .0088950</td>
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<td>0 12</td>
<td>-.257</td>
<td>75</td>
<td>.798</td>
<td>-.02257913</td>
<td>-.1974237, .1522654</td>
</tr>
<tr>
<td>0 18</td>
<td>.512</td>
<td>75</td>
<td>.610</td>
<td>.04209323</td>
<td>-.1216033, .2057898</td>
</tr>
<tr>
<td>0 24</td>
<td>-.976</td>
<td>75</td>
<td>.332</td>
<td>-.06251558</td>
<td>-.1900895, .0650583</td>
</tr>
<tr>
<td>0 36</td>
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<td>75</td>
<td>.935</td>
<td>-.01284246</td>
<td>-.3261943, .3005093</td>
</tr>
</tbody>
</table>

Notes: * Estimate significant at the 10% level. ** Estimate significant at the 5% level. *** Estimate significant at the 1% level.

From the examination result, the mean difference between CAR and BHAR is almost negative. It indicates the long-run performance is poor over three years. In the fact, in the 18th and 36th event month cannot reject the hypothesis about CAR, look-over the BHAR, except the 6th event month, other event month cannot reject the hypothesis in BHAR models. In general, from the CAR approach, the long-run performance of IPOs are poor, but seeking to the BHAR, only 6th month is general significant, in this situation, we could not obtain the long-run underperformance in the model of BHAR. But from the mean difference, it is negative, in other words, the performance is weak. In the previous section, I refer to the CAR is a better measurement in China. Therefore, the long-run underperformance exists, but also it is significant.

V. Relationship Between Factors and Performance of IPOs

a) Regression Analysis IPOs performance

From the front chapter, it would easily understand that utilize the multi-dimensional measurement, the results has some difference, in one matched companies as the benchmark, using the cumulative abnormal returns, it documents that the long-run underperformance of IPOs, from the method of buy and hold abnormal returns, the long-run underperformance is not significant, because of analyzing the descriptive Statistics, the long-run performance is existing, in the t-statistics, although the mean difference is negative, it could say that the long-run performance is poor, but it rejects the T-test, because just only one event month is significant. Overall he analysis it could estimate that it exists the long-run performance, but not significant. To better understand the long-run performance of IPOs in China, this chapter studies relationship between the three-year cumulative abnormal returns and buy and hold abnormal returns with some corporate characteristics of listed companies to see which elements affect the long-run performance of IPOs. Considering the sample, in this chapter, I utilize the 76 IPOs with the one matched company. Since the Chinese market structure and institutional features different from those in Western countries, we chose the variables that can reflect the unique institutional settings in China. In this section; I set up a multiple linear regression to examine which factors affect the long-run performance. In this chapter has extension of two models, I examine the one-year cumulative abnormal returns, one year buy and hold abnormal returns, two-year cumulative abnormal and two-year buy and hold abnormal returns.

i. Exploring the long-run performance

First, there is a relationship between the long-run performance of IPOs and the quality of listed companies. The proxy used here was earnings per share, which shows the profitability of the company. The EPS variable measures the average earnings per share for the first year after the firm’s listing, since this is the information that investors have on IPOs and is one of the two factors that determine offering prices during the period. I expect a positive coefficient for EPS. The symbols are EPS1, EPS2 and EPS3, respectively.

H1. H0: There is no relationship between the average earnings per share for the first year after the firm’s listing and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.
H1: There is a positive relationship between the average earnings per share for the first year after the firm’s listing and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H2. H0: There is no relationship between the average earnings per share for the second year after the firm’s listing and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a positive relationship between the average earnings per share for the second year after the firm’s listing and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

Hypothesis 3. H0: There is no relationship between the average earnings per share for the third year after the firm’s listing and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a positive relationship between the average earnings per share for the third year after the firm’s listing and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

Asset size is an important feature of the enterprise, in general, large-scale enterprise development is much more mature stable, the future cash flows are relatively stable, and its performance in the secondary market would be a better of corresponding long-run performance. As market index returns as the normal rate of return of 3-year cumulative abnormal returns (or buy and hold abnormal returns) to represent the long-run performance of IPOs. Loughran and Ritter(1999) pointed out the big companies' performance was stronger than the average level of 50%. In this paper, the total assets are the latest size before listing, the symbol is TA, based on the above analysis2, refer to the hypothesis 4.

H4. H0: There is no relationship between the total assets and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a positive relationship between the total assets and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

1. Sub-owned shares are peculiar to China's securities market, the same company shares divided into two types of shares, which are the tradable and non-tradable shares, before the split share structure reform is not carried out, the companies listed in Shanghai, tradable shares account for only one third of the total capital share, and the remaining two-thirds is not the flow of state shares and legal personal shares. To some extent, the non-tradable equity is a kind of internal equity, the state and corporate shareholders are generally large shares of the company. On the one hand, the state and legal person shares with a larger proportion of enterprises are generally related to the national economy, so those companies have a better of size and asset quality; on the other hand, the higher the proportion of outstanding shares, the better of the corporate governance structure, the size of the outstanding shares of the total capital share, but also related on the agency cost problem, when a higher proportion of tradable shares, the agency cost relative much lower. The tradable shares divided into A- shares or H-shares. In this paper, the tradable shares mean that list the shares in the first issue day in Shanghai Stock Exchange, the symbol for circulation stock ratio is CSR, the hypothesis 5 as follows;

HYPOTHESIS5. H0: There is no relationship between the circulation stock ratio and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a negative relationship between the circulation stock ratio and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

2. One of the issue characteristic is the gross proceeds in first issuing day; it would affect the long-run performance of IPOs. As stated earlier, the demand for shares exceeds supply prevails in China. The lower the supply of listed shares, the better of the long-run performance a listed company would expect to have due to the popularity of the shares. We use total financing volume of IPOs to measure the supply of shares of each listed company, and we expect that firms with bigger financing volume will have better performance in the long-run. The symbol is (Total Financing Volume, TFV), the hypothesis as follow;

H6. H0: There is no relationship between the total financing volume and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a positive relationship between the total financing volume and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

3. Price-earnings ratio index calculation to the previous year’s level of profitability the company is based, its biggest flaw is ignoring the situation of the company's future earnings forecasts. From a single company point of view, more stable earnings performance indicators for public utilities, business class reference to a larger company, but the unstable performance of the company, the easy to produce judging bias. In general, the high of price-earnings ratio, the capacity of potential growth will much great, it is a positive relationship. This variable is diluted earnings after listing. In this paper, the price earning per share is the issue price-earnings ratio. The symbol is defined as P/E, the hypothesis7 as follows;
H7. H0: There is no relationship between the P/E and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a positive relationship between the P/E and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

4. The lottery reflects a market demand heat, when the lottery rate is lower, the greater of the demand, the more likely speculation. This variable is the level of activity of speculation investors, a reflection of the more speculative investors, listed companies active in the market early will have a speculative bubble, short-term trend is good, but in the long term, speculative bubbles may arise gradually disappear, its negative impact on long-term trend of IPOs. It means that the more active speculative for listed companies, the worse the long-term trend, the lower returns of long-run performance. Make assumptions based on the above analysis 4, here the symbol is LOTTERY.

H8.H0: There is no relationship between the LOTTERY and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a negative relationship between the LOTTERY and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

5. Expectations hypothesis based on differentiation and distribution market, investors includes optimistic and pessimistic investors, the degree of shares is great difference the value of the expected, optimistic investors decided to deviate from the market clearing price the higher the degree of the true value of issue shares, the stock of long-term adjustment is greater, the long-term performance is worse. I used to measure the amplitude difference investors expected level of new shares in the first day of issuing. Amplitude of the first day = (the highest price of the first day - the lowest price of the first day) / the opening price of the first day, where the reason to compute this approach is calculating the opening price which is using a collection of price competition to the next generation, it could represent the expected issue price value by the investors before trade. The greater of amplitude ratio in the first day, the expected difference is much larger. The symbol is ISW, based on the above analysis 7, refer to the hypothesis 9;

H9. H0: There is no relationship between the ISW and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a negative relationship between the ISW and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

6. The high of Book value ratio (BV / MV) portfolio of long-term performance is often significantly lower than the low of book; this phenomenon is known as the BM ratio. Fama and French (1992) makes the findings of B/M ratio has been widely watched and studied, Fama and French believe that the B/M ratio is not representative of the traditional risk indicators (such as β coefficients, price-earnings ratio, etc.) to capture the risk, which is the risk premium. The rick of B/M index indicates that the investors are willing to pay a premium for the units’ net assets, in fact, it represents that the view of future development of enterprises by investors, the smaller of the BM indicates that investors think company’s future prospects are over optimistic, willing to pay higher premium to net assets. Here the BM ratio defined as: BM = Net assets per share after listing / close the first day of listing. This definition, albeit rough, but in some certain, enterprises could measure the true extent of the BM ratio, the symbol of the BM ratio is B/M, the hypothesis is defined as;

H10. H0: There is no relationship between the B/E ratio and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a positive relationship between the B/E ratio and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

7. As for the relationship between the initial returns of the IPOs and the long-run performance, the ‘impresario’ hypothesis argues that IPOs are underpriced by investment bankers to create the phenomenon of excess demand. This hypothesis predicts that companies with higher initial returns should have the lower subsequent returns. CARTER and DARK (1993) examined the correlation between initial returns and 18-month after-market returns and found that firms with higher initial returns tend to provide slightly lower long-run returns than those companies with lower initial returns, therefore, in this paper, I also discuss this factor, the symbol is IR.

H11. H0: There is no relationship between the IR and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a negative relationship between the IR and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

8. Assuming issued shares has a better long-term trend in the latter year. With the gradual specification of market activity, information disclosure system, the way innovation of issuing, China’s stock market becomes more mature, the more latter listing of IPOs, the better long-term trend of the stock. The progress of distribution market more transparent disclosure of information, the behavior of market players more specification, Chinese stock issuing market is improving over the latest ten years. From macro to micro level of the market system, the main
level has a big change, it is necessary to study the relationship between market year and IPOs long-term returns, listed the year as a dummy variable, the order from 2002, listing of the shares in 2002 are assigned to 0, and soon, the greater the value, the closer the time to now. The symbol is defined as YEAR, based on the above analysis, refer to the hypothesis 12. H12: There is no relationship between the YEAR and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a positive relationship between the YEAR and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

9. In the China security market development does not perfect, the phenomenon of speculation is common, information asymmetry between investors and investment banking (or issued companies) at the most time. Because those overoptimistic investors who are optimistic to the stock price, therefore, as the time is going, the opened information is more and more in public market. Expected divergence of the IPOs price is smaller and smaller, then the stock price would be fallen gradually to adjust the stock price, which would close to the real value (price), the symbol is PRICE, the hypothesis as follows.

H13. H0: There is no relationship between the issue price and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H14. Teoh, Welch and T.J. Wong (1998) pointed out that the long-run performance of IPOs are related to the company whether to adopt a positive means of earnings management: before the stock issues, the company adopted a positive management, the long-run performance is worse than not used this method companies. In the regression analysis, three-years average earnings per share before listed as an independent variable. The formula is: \[ \text{average earnings per share} = \frac{(\text{average per share before first listed year} + \text{average per share before the second listed year} + \text{average per share before the third listed year})}{3} \]

We set the industry dummy variable, when the industry is the mining industry and building trade, the industry variable is 1, for 0, represents other industry, the reason for setting it, we will refer it in the next part. The symbol is defined as IND; the hypothesis as follow; H15. H0: There is no relationship between the IND and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a positive relationship between the IND and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H15. H0: There is no relationship between the return on equity over three years before the firm’s listing and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

H1: There is a positive relationship between the return on equity over three years before the firm’s listing and the three-year cumulative abnormal returns (or buy and hold abnormal returns) of IPOs.

11. China Securities Regulatory Commission published “the industry classification guidelines of listing companies” in April 3, 2001; it divided into 13 industries for all listed companies.

<table>
<thead>
<tr>
<th>Code</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
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<tbody>
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<td>F</td>
<td>G</td>
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<td>Transport</td>
<td>Real estate</td>
<td>Production</td>
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<tr>
<td>Code</td>
<td>I</td>
<td>J</td>
<td>K</td>
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<tr>
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<td>Retail trade</td>
<td>Cultural Industry</td>
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<tr>
<td>Code</td>
<td>M</td>
<td>Note: Ins. Is Insurance</td>
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<tr>
<td>Industry</td>
<td>General Industry</td>
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Table 5: Thirteen Industries
We used the cumulative abnormal returns (buy and hold abnormal returns) over three years after listing as the dependent variable in the regression analysis. The empirical model is estimated using ordinary least squares (OLS) and is displayed as follows:

Model 1: \[ \text{CAR}_i = c + 61 \text{EPS}_1 + 62 \text{EPS}_2 + 63 \text{EPS}_3 + 64 \text{TA} + 65 \text{CSR} + 66 \text{TFV} + 67 \text{P/E} + 68 \text{LOTTERY} + 69 \text{ISW} + 610 \text{B/M} + 611 \text{IR} + 612 \text{YEAR} + 613 \text{PRICE} + 614 \text{ROE} + 615 \text{IND} + 616 \text{BEPS} \]

Model 2: \[ \text{BHAR}_i = c + 61 \text{EPS}_1 + 62 \text{EPS}_2 + 63 \text{EPS}_3 + 64 \text{TA} + 65 \text{CSR} + 66 \text{TFV} + 67 \text{P/E} + 68 \text{LOTTERY} + 69 \text{ISW} + 610 \text{B/M} + 611 \text{IR} + 612 \text{YEAR} + 613 \text{PRICE} + 614 \text{ROE} + 615 \text{IND} + 616 \text{BEPS} \]

### Regression analysis

#### Table 6: Each Industry Performance Over Three Years

<table>
<thead>
<tr>
<th>Industry</th>
<th>Observations</th>
<th>Car 0 12</th>
<th>Car 0 24</th>
<th>Car 0 36</th>
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</thead>
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<td>Mining industry</td>
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<tr>
<td>Electricity Production</td>
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</tr>
<tr>
<td>Transport</td>
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<tr>
<td>INDUSTRY</td>
<td>Observations</td>
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<td>BHAR 0 24</td>
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<td>1.113072</td>
</tr>
<tr>
<td>Building trade</td>
<td>2</td>
<td>0.195664</td>
<td>0.524916</td>
<td>0.523223</td>
</tr>
<tr>
<td>Electricity Production</td>
<td>5</td>
<td>-0.12789</td>
<td>-0.27288</td>
<td>-0.49726</td>
</tr>
<tr>
<td>Transport</td>
<td>5</td>
<td>0.151137</td>
<td>0.057684</td>
<td>-0.43351</td>
</tr>
<tr>
<td>Real estate</td>
<td>3</td>
<td>0.033162</td>
<td>0.050504</td>
<td>0.762703</td>
</tr>
<tr>
<td>IT</td>
<td>3</td>
<td>0.016225</td>
<td>0.143904</td>
<td>0.254566</td>
</tr>
<tr>
<td>Banking &amp; Ins.</td>
<td>5</td>
<td>-0.57985</td>
<td>-0.40751</td>
<td>-0.23172</td>
</tr>
<tr>
<td>Community service</td>
<td>1</td>
<td>-0.26065</td>
<td>-0.31794</td>
<td>-0.21956</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>43</td>
<td>-0.07943</td>
<td>-0.09362</td>
<td>-0.08749</td>
</tr>
<tr>
<td>Retail trade</td>
<td>1</td>
<td>-0.16802</td>
<td>-0.08112</td>
<td>-0.03228</td>
</tr>
</tbody>
</table>

Now, the BHAR is not significant for long-run underperformance, in order to analyze more accurate, I examine the CAR and BHAR both. The analysis tool is Eviews. At the beginning, I use the ordinary least squares and stepwise in Eviews, then utilize classification to description. Before the regression analysis, I examined the CAR and BHAR for each industry.

From Table 7, we look over the CAR and BHAR, the mining industry and real state are better than the other industries. Wang (2002) pointed out the real estate is better performance; it is similar with my results. Especially the manufacturing, community service and Electricity Production are worse. Considering the quantity, the dummy variable for mining industry and building trade are 1, other industries are 0.
Table 7: Least Squares of CAR3 and BHAR3

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>C -1.727776 0.0893</td>
<td>C -0.919944 0.3613</td>
</tr>
<tr>
<td>EPS1 1.270378 0.2089</td>
<td>EPS1 1.967597* 0.0538</td>
</tr>
<tr>
<td>EPS2 -0.464030 0.6443</td>
<td>EPS2 -0.499981 0.6189</td>
</tr>
<tr>
<td>EPS3 2.331869** 0.0231</td>
<td>EPS3 3.086230*** 0.0031</td>
</tr>
<tr>
<td>TA -0.813787 0.4190</td>
<td>TA -1.138705 0.2594</td>
</tr>
<tr>
<td>CSR -0.513501 0.6095</td>
<td>CSR -0.592531 0.5558</td>
</tr>
<tr>
<td>TFV 1.735366* 0.0879</td>
<td>TFV 1.475060 0.1455</td>
</tr>
<tr>
<td>PE -0.141985 0.8876</td>
<td>PE -0.020272 0.9839</td>
</tr>
<tr>
<td>LOTTERY -0.133843 0.8940</td>
<td>LOTTERY -0.096658 0.9233</td>
</tr>
<tr>
<td>ISW 0.741490 0.4613</td>
<td>ISW 0.598235 0.5520</td>
</tr>
<tr>
<td>BM 0.960747 0.3406</td>
<td>BM 0.693133 0.4909</td>
</tr>
<tr>
<td>IR -0.028283 0.9775</td>
<td>IR -0.545247 0.5876</td>
</tr>
<tr>
<td>YEAR -1.204314 0.2333</td>
<td>YEAR -0.879048 0.3829</td>
</tr>
<tr>
<td>PRICE -1.798195* 0.0773</td>
<td>PRICE -3.453959** 0.0010</td>
</tr>
<tr>
<td>ROE -0.290196 0.7727</td>
<td>ROE -0.280950 0.7797</td>
</tr>
<tr>
<td>IND 0.258243 0.8013</td>
<td>IND 0.542548 0.5895</td>
</tr>
<tr>
<td>BEPS -0.898713 0.3725</td>
<td>BEPS -0.705506 0.4833</td>
</tr>
</tbody>
</table>

| R-squared | 0.332165 | R-squared | 0.456149 |
| Adjusted R-squared | 0.151058 | Adjusted R-squared | 0.308664 |
| S.E. of regression | 0.899621 | S.E. of regression | 1.140177 |
| Sum squared resid | 47.74981 | Sum squared resid | 76.70016 |
| Log likelihood | -90.17851 | Log likelihood | -108.1878 |
| F-statistic | 1.834076 | F-statistic | 3.092846 |
| Prob (F-statistic) | 0.047564 | Prob (F-statistic) | 0.000809 |

Note: * Estimate significant at the 10% level. ** Estimate significant at the 5% level. *** Estimate significant at the 1% level.

Model has different result. From the CAR model, it shows that the EPS3, price and total financing volume are affecting the long-run performance of IPOs. In the BHAR model, it indicates EPS1, EPS3 and price impact on the long-run performance of IPOs.

From the table 4.3, the variables maybe have the multicollinearity, in order to eliminate the multicollinearity; I utilize the stepwise to eliminate it. Stepwise have two methods, one is backwards, the other is forwards, in this paper, I use the backwards to analyze. In order to estimate that which factor is the most important reason affects the long-run performance, in other word, which variable are most relationship with the excess returns, in this step, to analyze the unary linear regression for the variables after stepwise, it means that one by one regression. By comparison the adjusted $R$ square, choosing the first explanatory variable which is the largest numerical value add into the equation, the rest variables to regression in sequence, getting the second explanatory variable that has the largest adjusted $R$ square, to add into the equation, add the more one explanatory variable each time after compare the rest variables, at last, it will obtain an order, this order on the basis of the extent of significant for long-run performance. I examine each model.
Table 7: Least Squares of CAR3 and BHAR3 after stepwise

<table>
<thead>
<tr>
<th>Dependent Variable: CAR3</th>
<th>Dependent Variable: BHAR3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method: Least Squares</td>
<td>Method: Least Squares</td>
</tr>
<tr>
<td>T-Statistic</td>
<td>t-Statistic</td>
</tr>
<tr>
<td>Prob. 33</td>
<td>Prob.</td>
</tr>
<tr>
<td>C 2.557513</td>
<td></td>
</tr>
<tr>
<td>PS3 2.843255*** 0.0059</td>
<td>EPS3 4.351600*** 0.0000</td>
</tr>
<tr>
<td>BM 1.469507 0.1464</td>
<td>PRICE -3.724254*** 0.0004</td>
</tr>
<tr>
<td>YEAR - 0.0086</td>
<td>YEAR -1.520682 0.1331</td>
</tr>
<tr>
<td>TFV 2.022380** 0.0472</td>
<td>EPS1 1.860591* 0.0673</td>
</tr>
<tr>
<td>PRICE -2.061922** 0.0432</td>
<td>BM 1.281988 0.2043</td>
</tr>
<tr>
<td>EPS1 1.253386 0.2145</td>
<td>TFV 1.183628 0.2408</td>
</tr>
<tr>
<td>BEPS -1.034036 0.3049</td>
<td>BEPS -0.680080 0.4988</td>
</tr>
<tr>
<td>TA -0.877427 0.3834</td>
<td>ISW 0.743232 0.4600</td>
</tr>
<tr>
<td>ISW 0.738753 0.4627</td>
<td>CSR -0.376179 0.7080</td>
</tr>
<tr>
<td>R-squared 0.323293</td>
<td>R-squared 0.432169</td>
</tr>
<tr>
<td>Adjusted R-squared 0.231015</td>
<td>Adjusted R-squared 0.354737</td>
</tr>
<tr>
<td>S.E. of regression 0.856209</td>
<td>S.E. of regression 1.101528</td>
</tr>
<tr>
<td>Sum squared resid 48.38416</td>
<td>Sum squared resid 80.08205</td>
</tr>
<tr>
<td>Log likelihood -90.68002</td>
<td>Log likelihood -109.8274</td>
</tr>
<tr>
<td>F-statistic 3.503462</td>
<td>F-statistic 5.581307</td>
</tr>
<tr>
<td>Prob(F-statistic) 0.001358</td>
<td>Prob(F-statistic) 0.000011</td>
</tr>
</tbody>
</table>

Note: This table is the last step. The dependent abnormal returns (CAR & BHAR) over three years. * Estimate significant at the 10% level. ** Estimate significant at the 5% level. *** Estimate significant at the 1% level.

From the table 7, the variables maybe have the multicollinearity, in order to eliminate the multicollinearity; I utilize the stepwise to eliminate it. Stepwise have two methods, one is backwards, the other is forwards, in this paper, I use the backwards to analyze. In order to estimate that which factor is the most important reason affects the long-run performance, in other word, which variable are most relationship with the excess returns, in this step, to analyze the unary linear regression for the variables after stepwise, means that one by one regression. By comparison the adjusted R square, choosing the first explanatory variable which is the largest numerical value add into the equation, the rest variables to regression in sequence, getting the second explanatory variable that has the largest adjusted R square, to add into the equation, add the more one explanatory variable each time after compare the rest variables, at last, it will obtain an order, this order on the basis of the extent of significant for long-run performance. I examine each model.

Looking over the table 4.4, from the CAR model, it removes seven variables, and it eliminates the multicollinearity to some extent. Look at the BHAR, it also removes seven variables, we need to understand the constant cannot remove. Upon the stepwise, the probability is smaller than the first step, the significant variable is more, and in other words, it is necessary to use the stepwise and one by one unary liner regression.

From table 4.4, it documents the front variable is more relationship with the long-run performance, in other words, it may the primary reason lead the long-run performance. The ranking of the affect variable has been changed. The t-statistics could be defined as the $\beta$.

Regression of CAR over three years shows that year and the earnings per share for the third year after listed are significant at the level of 1%, total financing volume and price are significant at the significant of the 5% level; regression of BAHR over three years, the earnings per share for the third year after listed and price are significant at the level of 1%, the earnings per share for the first year after listed and price are significant at the level of 1%, the earnings persh are for the first year after listed and are significant at the 10% level.

To summarize this section, the model 1, hypothesis3.H1 is right, there is a positive relationship between the average earnings per share for the third year after the firm’s listing and the three-year cumulative abnormal returns of IPOs. The hypothesis13.H1 is also right; there is a negative relationship between issue price and the three-year cumulative abnormal returns of IPOs. There is a positive relationship between the total financing volume and the three-year cumulative abnormal abnormal returns of IPOs, it is verifying the hypothesis6.H1. Hypothesis12 rejects the hypothesis; it is a negative relationship between year and three-year...
cumulative abnormal returns of IPOs. The other variables are not significant in regression, so we could document that there is no significant relationship with long-run performance.

In model 2, it is verifying the hypothesis3.H1, hypothesis13.H1, hypothesis1.H1 and hypothesis6.H1. There is a positive relationship between long-run performance and earnings per share for the third year after the firm’s listing and the three-year buy and hold abnormal returns, also it has a negative between the price and three-year buy and hold ab normal returns, then, between the earnings per share for the first year after the firm’s listing and the three-year buy and hold abnormal returns, but this model rejects the hypothesis 12, from the regression, there is a negative relationship between year and the three-year buy and hold returns of IPOs. Other variables may have no significant relationship with three-year buy and hold returns. Overall the two models; the earnings per share, price, year and total financing volume affect the long-run performance over three years.

In this variables, total assets, circulation stock ratio, industry, earnings per share and return on equity belong to the intrinsic value. Issue characteristics include total financing volume, price and P/E. Investors Sentiment involves lottery, B/M ratio, ISW, initial return and year.

I also have extension of two models, next section examines the one-year cumulative abnormal returns, one year buy and hold returns, two-year cumulative abnormal and two-year buy and hold returns. I hope that acquire which factors affect the short-run performance, the following graph shows the final result, the analysis method the same as front. Table 7 and 8 as follows;

<table>
<thead>
<tr>
<th>Dependent Variable: CAR2</th>
<th>Dependent Variable: BHAR2</th>
</tr>
</thead>
<tbody>
<tr>
<td>C -1.442044</td>
<td>C 1.485768</td>
</tr>
<tr>
<td>EPS3 2.094321**</td>
<td>EPS3 1.678020*</td>
</tr>
<tr>
<td>BM 1.966831*</td>
<td>BM 1.517083</td>
</tr>
<tr>
<td>CSR -1.977924*</td>
<td>EPS2 0.716148</td>
</tr>
<tr>
<td>EPS1 1.057669</td>
<td>CSR -2.378789**</td>
</tr>
<tr>
<td>PRICE -1.302744</td>
<td>EPS1 2.167360**</td>
</tr>
<tr>
<td>PE 1.245879</td>
<td>PRICE -2.141706**</td>
</tr>
<tr>
<td>ROE 0.999352</td>
<td>ISW 0.449494</td>
</tr>
<tr>
<td>ISW 0.698921</td>
<td>PE 1.511751</td>
</tr>
<tr>
<td>IND -0.642049</td>
<td>TA -1.564275</td>
</tr>
<tr>
<td>b(F statistic)</td>
<td>YEAR 0.980575</td>
</tr>
</tbody>
</table>

| Adjusted R-squared       | Adjusted R-squared         |
| 0.111164                  | 0.247868                   |
| F-statistic 2.042220      | F-statistic 3.471655       |
| 0.048008                  | Prob - 0.001056           |

Note: This table is the last step. The dependent abnormal returns (CAR & BHAR) over two years. * Estimate significant at the 10% level. ** Estimate significant at the 5% level. *** Estimate significant at the 1% level.

Over the two years, earnings per share, circulation stock ratio, book value ratio and Issue price affects the medium-and-long-term performance of IPOs, in the short-run, earnings per share, lottery, total assets, book value ratio and circulation stock ratio, those variables affects the short-run performance. In next section, I use a classification to description analysis to explain the long-run performance. Each variable analyzes for specifics.
Descriptive analysis

**Table 9: Eps1**

<table>
<thead>
<tr>
<th>Eps1</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eps1(-0.65 0.19)</td>
<td>22</td>
<td>0.042867</td>
<td>-0.30652</td>
<td>-0.26464</td>
<td>-0.37038</td>
</tr>
<tr>
<td>Eps1(0.2 0.35)</td>
<td>27</td>
<td>0.2714</td>
<td>-0.34486</td>
<td>-0.41081</td>
<td>-0.40281</td>
</tr>
<tr>
<td>Eps1(0.4 1.51)</td>
<td>27</td>
<td>0.77317</td>
<td>0.218622</td>
<td>0.103689</td>
<td>0.206758</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.383506</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

From the regression, the EPS is a positive relationship with CAR and BHAR, the $\beta$ equal to 2.8433 of CAR3; 4.3516 for BHAR3, they are both significant of CAR and BHAR over 3 years, it means that it is the most important reason affects the performance of IPOs, not only the short-run, but also the long-run performance. From table 4.6, the higher of the EPS1 the better performance of CAR and BHAR. So when we choose the stock of IPOs, we should choose the high of earnings per share.

**Table 10: Eps2**

<table>
<thead>
<tr>
<th>Eps2</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eps2(-1.12 0.11)</td>
<td>21</td>
<td>-0.03084</td>
<td>-0.15123</td>
<td>-0.40198</td>
<td>-0.43653</td>
</tr>
<tr>
<td>Eps2(0.116 0.44)</td>
<td>31</td>
<td>0.239784</td>
<td>-0.37453</td>
<td>-0.32105</td>
<td>-0.27895</td>
</tr>
<tr>
<td>Eps2(0.45 2.4)</td>
<td>24</td>
<td>0.993979</td>
<td>0.211727</td>
<td>0.196498</td>
<td>0.206345</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.403174</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

From the regression, the EPS2 is a negative relationship with CAR and BHAR, the $\beta$ equal to -0.464 of CAR3; -4.9998 for BHAR3, this result rejects hypothesis2. However, in the first year and second year, it is a positive relationship with IPOs performance. From the table 4.7, it shows that the higher of the EPS2, the better performance of IPOs. So when we choose the stock of IPOs, we should choose the larger EPS2.
Table 11: Eps3

<table>
<thead>
<tr>
<th>EPS3</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS3(0.425 0.19)</td>
<td>22</td>
<td>0.035491</td>
<td>-0.49863</td>
<td>-0.68172</td>
<td>-0.74846</td>
</tr>
<tr>
<td>EPS3(0.201 0.43)</td>
<td>27</td>
<td>0.290198</td>
<td>-0.12008</td>
<td>-0.16907</td>
<td>-0.20896</td>
</tr>
<tr>
<td>EPS3(0.448 1.83)</td>
<td>27</td>
<td>0.800367</td>
<td>0.130931</td>
<td>0.18815</td>
<td>0.299598</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.397711</td>
<td>0.035491</td>
<td>-0.49863</td>
<td>-0.68172</td>
</tr>
</tbody>
</table>

Table 12: TA

<table>
<thead>
<tr>
<th>TA (100million)</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>TA&lt;5</td>
<td>21</td>
<td>358220827.4</td>
<td>-0.46281</td>
<td>-0.65179</td>
<td>-0.60622</td>
</tr>
<tr>
<td>5&lt;TA&lt;10</td>
<td>22</td>
<td>756705311.5</td>
<td>0.0368</td>
<td>0.13017</td>
<td>0.134021</td>
</tr>
<tr>
<td>TA&gt;10</td>
<td>33</td>
<td>432083700876</td>
<td>-0.00449</td>
<td>-0.11087</td>
<td>-0.12838</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>187933319515</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

From the regression, the EPS3 is a positive relationship with CAR and BHAR over three years, the $\beta$ equal to 2.843 of $\text{CAR}_3$, 4.352 for $\text{BHAR}_3$, they are both significant of CAR and BHAR in the third year. From the table 4.9, it shows that it is one of the important reason affects the performance of IPOs, not only the short-run, but also the long-run performance. Note, the higher the EPS3. The better performance of CAR and BHAR. Hence, we choose the stock of IPOs, we should choose the larger EPS3.

To summarize, the EPS is the core reason affects the long-run performance of IPOs, it documents that the investors choose the IPOs, to invest, they should observe the EPS. In other words, the decline of the profitability is the root reason of long-run underperformance. Form the empirical results, the fallen of earnings per share could explain the long-run underperformance in some extent. Liet.al found that the IPOs have “profit a year, two-year average, three losses” but their opinion is lack of the empirical support, from this paper, it documents that the decline the operational achievement of long-run underperformance is the reflecting of market. The earnings per share of the third years are a positive relationship with IPOs performance. It indicates the future earnings predict the companies’ performance.

From the regression analysis, the TA is a negative relationship with CAR and BHAR in the third year. It is a significant negative relationship between total assets and BHAR in the first year. From the table 12, the small size companies’ performance is worse than the middle or large companies. Loughran and Ritter (1999) point out that small company’s underperformance the average level of 50%, while the
big companies’ performance was stronger than the average level of 50%. We indicate in this study. The middle size is much better than other groups, when the smaller companies has more than three years earnings, they would choose to list as far as possible, in order to gain the gross proceeds, lots of the small firms are “over packaging”, so when the overoptimistic investors realize the true volume of this companies, they would choose the big or middle companies, when they choose the big or middle companies, most investors are retail investors, so their funds are lack of capital, so they prefer to choose the middle companies.

**Table 13: CSR**

<table>
<thead>
<tr>
<th>CSR</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR(0.15 0.33)</td>
<td>23</td>
<td>0.271287</td>
<td>0.014842</td>
<td>0.083866</td>
<td>-0.00477</td>
</tr>
<tr>
<td>CSR(0.33 0.424)</td>
<td>26</td>
<td>0.371881</td>
<td>-0.29183</td>
<td>-0.36644</td>
<td>-0.32002</td>
</tr>
<tr>
<td>CSR(0.425 1)</td>
<td>27</td>
<td>0.66047</td>
<td>-0.12707</td>
<td>-0.25497</td>
<td>-0.20698</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.443963</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LR</th>
<th>Observations</th>
<th>Mean</th>
<th>BHAR 0 12</th>
<th>BHAR 0 24</th>
<th>BHAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR(0.15 0.33)</td>
<td>23</td>
<td>0.271287</td>
<td>0.023529</td>
<td>0.138642</td>
<td>0.02173</td>
</tr>
<tr>
<td>CSR(0.33 0.424)</td>
<td>26</td>
<td>0.371881</td>
<td>-0.09413</td>
<td>-0.13021</td>
<td>-0.10655</td>
</tr>
<tr>
<td>CSR(0.425 1)</td>
<td>27</td>
<td>0.66047</td>
<td>0.007049</td>
<td>-0.16868</td>
<td>0.047946</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.443963</td>
<td>-0.02258</td>
<td>-0.06252</td>
<td>-0.01284</td>
</tr>
</tbody>
</table>

From the regression, the lottery is a negative relationship with CAR and BHAR in the third year, the $\beta$ equal to -0.1388 of CAR$_3$, -0.0967 for BHAR$_3$, there are both non-significant of CAR and BHAR in the second and third year, but in the first year after issuing, the lottery is significant with BHAR, there is a positive relationship between lottery and cumulative abnormal returns(buy and hold abnormal returns), it means that the lottery is small, the returns are greater, if the investors want to choose, but not suitable to hold for a long-run. We look over the total observations, it shows that the long-run performance is increase at first, then decrease, the reason is that the CSR is smaller than a numerical value, the CSR is much smaller, this situation implies that issue firms are confident for future operational outstanding achievement, they hope the more profit able leave to themselves, but not willing to shares for stockholders. thus, the performance is better; when the CSR is higher than a numerical value, the CSR is much larger, it means that the public stockholders has the higher ability of supervision, it enhances the coatings firms developing healthfully, the companies’ performance would relative improve.

**Table 4.14: TFV**

<table>
<thead>
<tr>
<th>TFV(10thous)</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>TFV&lt;40000</td>
<td>24</td>
<td>29424.08</td>
<td>-0.41394</td>
<td>-0.45805</td>
<td>-0.46799</td>
</tr>
<tr>
<td>40000&lt;TFV&lt;100000</td>
<td>32</td>
<td>54744.53</td>
<td>-0.04303</td>
<td>-0.03186</td>
<td>-0.05216</td>
</tr>
<tr>
<td>TFV&gt;100000</td>
<td>20</td>
<td>986980.2</td>
<td>0.031725</td>
<td>-0.12349</td>
<td>-0.05589</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>292073.8</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TFV(10thous)</th>
<th>Observations</th>
<th>Mean</th>
<th>BHAR 0 12</th>
<th>BHAR 0 24</th>
<th>BHAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>TFV&lt;40000</td>
<td>24</td>
<td>29424.08</td>
<td>-0.17612</td>
<td>-0.18388</td>
<td>-0.39955</td>
</tr>
<tr>
<td>40000&lt;TFV&lt;100000</td>
<td>32</td>
<td>54744.53</td>
<td>-0.01696</td>
<td>0.076673</td>
<td>0.234014</td>
</tr>
<tr>
<td>TFV&gt;100000</td>
<td>20</td>
<td>986980.2</td>
<td>0.152674</td>
<td>-0.13958</td>
<td>0.05624</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>292073.8</td>
<td>-0.02258</td>
<td>-0.06252</td>
<td>-0.01284</td>
</tr>
</tbody>
</table>
From the regression, the total financing volume is a positive relationship with CAR and BHAR in the third year, the $\beta$ equal to 2.023 of CAR$^3$, 1.184 for BHAR$^3$, it is significant of CAR in the third year, it means that it is one of the important reason affects the long-run performance of IPOs. From the table 14, in the middle size of the issue size has a better performance if the returns are computed by CAR. The long-run performance is focus on the small-cap companies. Because that the investors are enthusiastic about investing the small size companies. The similar result as the foreign IPOs. Smaller size firms are not transparency, the nonstandard operational, therefore the long-run performance is poor. But relative larger size firms are close attention by the investors and government, the operational is more transparency, it decreases the risk and information asymmetry. Hence, their long-run performance is better.

Table 15: P/E

<table>
<thead>
<tr>
<th>P/E</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>P/E&lt;15</td>
<td>17</td>
<td>11.74059</td>
<td>0.152604</td>
<td>-0.13018</td>
<td>-0.17311</td>
</tr>
<tr>
<td>15&lt;P/E&lt;20</td>
<td>36</td>
<td>18.15167</td>
<td>-0.24848</td>
<td>-0.22505</td>
<td>-0.20301</td>
</tr>
<tr>
<td>P/E&gt;20</td>
<td>23</td>
<td>30.55565</td>
<td>-0.18809</td>
<td>-0.1812</td>
<td>-0.16381</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>20.47145</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

From the regression, the P/E is a negative relationship with CAR and BHAR in the third year, -0.14199 of CAR$^3$,-0.02027 for BHAR$^3$, the probability is 0.8876 and 0.9839 respectively. It is not significant in the third year, in the second year, it is positive relationship with CAR and BHAR, it is different form the third year. From the table 15, it is very different in each group and each approach, therefore, it cannot be an index for long-run or short-run performance of IPOs.

Table 16: Lottery

<table>
<thead>
<tr>
<th>LOTTERY</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOTTERY(0.02 0.06)</td>
<td>20</td>
<td>0.04499</td>
<td>-0.15909</td>
<td>-0.25477</td>
<td>-0.37837</td>
</tr>
<tr>
<td>LOTTERY(0.06 0.1)</td>
<td>28</td>
<td>0.076261</td>
<td>-0.16172</td>
<td>-0.1906</td>
<td>-0.00308</td>
</tr>
<tr>
<td>LOTTERY(0.1 6)</td>
<td>28</td>
<td>0.868257</td>
<td>-0.10597</td>
<td>-0.14467</td>
<td>-0.22733</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.35982</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
<tr>
<td>LOTTERY</td>
<td>Observations</td>
<td>Mean</td>
<td>BHAR 0 12</td>
<td>BHAR 0 24</td>
<td>BHAR 0 36</td>
</tr>
<tr>
<td>LOTTERY(0.02 0.06)</td>
<td>20</td>
<td>0.04499</td>
<td>-0.09388</td>
<td>-0.16099</td>
<td>-0.51993</td>
</tr>
<tr>
<td>LOTTERY(0.06 0.1)</td>
<td>28</td>
<td>0.076261</td>
<td>0.018071</td>
<td>0.06147</td>
<td>0.426698</td>
</tr>
<tr>
<td>LOTTERY(0.1 6)</td>
<td>28</td>
<td>0.868257</td>
<td>-0.0123</td>
<td>-0.11616</td>
<td>-0.09018</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.35982</td>
<td>-0.02258</td>
<td>-0.06252</td>
<td>-0.01284</td>
</tr>
</tbody>
</table>
From the regression, the lottery is a negative relationship with CAR and BHAR, the in the third year. But in the first year of listing, the lottery is a positive relationship with CAR and BHAR, especially, the relationship between the buy and hold abnormal returns and the lottery are significant at the significant of the 1% level; from the table 16, the middle lottery is better than other groups. So it is not a measure indication.

Table 17: ISW

<table>
<thead>
<tr>
<th>ISW</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISW(0.02 0.07)</td>
<td>23</td>
<td>0.053874</td>
<td>-0.07004</td>
<td>-0.07558</td>
<td>-0.08467</td>
</tr>
<tr>
<td>ISW(0.07 0.108)</td>
<td>27</td>
<td>0.091689</td>
<td>-0.25459</td>
<td>-0.20567</td>
<td>-0.28708</td>
</tr>
<tr>
<td>ISW(0.108 0.8)</td>
<td>26</td>
<td>0.211097</td>
<td>-0.08431</td>
<td>-0.27659</td>
<td>-0.16617</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.121095</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

From the regression, the ISW is a positive relationship with CAR and BHAR in the third year, they are both non-significant of CAR and BHAR over 3 years, it means that it cannot obviously affect the performance of IPOs, not only the short-run, but also the long-run performance. From the table 17, one observes that the smaller of ISW, the better of the performance, and the greater of the fluctuation in the first day, the performance is much worse.

Table 18: M Ratio

<table>
<thead>
<tr>
<th>B/M ratio</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>B/M (0.04 0.15)</td>
<td>22</td>
<td>0.115095</td>
<td>-0.09719</td>
<td>-0.09863</td>
<td>-0.23972</td>
</tr>
<tr>
<td>BM (0.15 0.26)</td>
<td>29</td>
<td>0.188369</td>
<td>-0.26443</td>
<td>-0.41895</td>
<td>-0.37451</td>
</tr>
<tr>
<td>B/M (0.26 0.8)</td>
<td>25</td>
<td>0.36914</td>
<td>-0.03481</td>
<td>-0.00653</td>
<td>0.084641</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.226622</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

From the regression, the B/M is a positive relationship with CAR and BHAR in the third year, the $\beta$ equal to 1.4695 of CAR3, 1.282 for BHAR3, they are both non-significant of CAR and BHAR over 3 years, it means that it not significant affects the performance of IPOs, not only the short-run, but also the long-run performance. From the table 18, the higher of the B/M ratio, the better performance of CAR and BHAR. So when we choose the stock of IPOs, we should choose the larger B/M ratio although it is not significant.
From the regression, the IR is a negative relationship with CAR and BHAR, the $\beta$ equal to -0.028 of CAR3, -0.54 for BHAR3, there are both non-significant of CAR and BHAR over 3 years, except the first year. From the table 22, it shows that the smaller of the IR, the better performance of CAR and BHAR. The result is same as the hypothesis. Ritter (1991) and Levs (1993) studies show that the higher of the initial return, the long-run performance becomes much worse. These results are similar for China.

From the regression, the year is a negative relationship with CAR and BHAR, the $\beta$ equal to -2.7082 of CAR3, -1.5207 for BHAR3; it is significant of cumulative abnormal returns in the third year, the probability is 0.0086. The year numerical value is large, it means that closely issue of 2007. From table 20, the result is same as the regression, the year is added, the performance is worse. The most reason of negative relationship, the issue shares listed in 2003, comparatively speaking with other years, it is worse performance, because that more investors like to invest stable stock, in this period, the stock market enters the bear markets, in this downturn market, stockholders invest cautiously.

From the regression, the price is a negative relationship with CAR and BHAR, the $\beta$ equal to -7.082 of CAR3, -1.5207 for BHAR3; it is significant of cumulative abnormal returns in the third year, the probability is 0.0086. The price numerical value is large, it means that close to $6$ or $10$.

**Table 19: IR**

<table>
<thead>
<tr>
<th>IR</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>IR(-2 0.4)</td>
<td>24</td>
<td>0.077346</td>
<td>0.085654</td>
<td>-0.08558</td>
<td>0.129704</td>
</tr>
<tr>
<td>IR(0.4 0.9)</td>
<td>32</td>
<td>0.642231</td>
<td>-0.27552</td>
<td>-0.10523</td>
<td>-0.26132</td>
</tr>
<tr>
<td>IR(0.9 2.6)</td>
<td>20</td>
<td>1.398082</td>
<td>-0.1958</td>
<td>-0.45307</td>
<td>-0.43847</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.662755</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

**Table 20: Year**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>9</td>
<td>N/A</td>
<td>0.05831</td>
<td>0.210473</td>
<td>-0.04279</td>
</tr>
<tr>
<td>2</td>
<td>43</td>
<td>N/A</td>
<td>-0.2192</td>
<td>-0.28793</td>
<td>-0.20902</td>
</tr>
<tr>
<td>3-5</td>
<td>24</td>
<td>N/A</td>
<td>-0.07401</td>
<td>-0.1665</td>
<td>-0.19358</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>N/A</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

**Table 21: Price**

<table>
<thead>
<tr>
<th>PRICE</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRICE&lt;6</td>
<td>25</td>
<td>4.246</td>
<td>-0.48242</td>
<td>-0.41357</td>
<td>-0.50693</td>
</tr>
<tr>
<td>6&lt;PRICE&lt;1</td>
<td>30</td>
<td>7.327333</td>
<td>0.046359</td>
<td>-0.00288</td>
<td>0.116377</td>
</tr>
<tr>
<td>PRICE&gt;10</td>
<td>21</td>
<td>14.25857</td>
<td>-0.00035</td>
<td>-0.19319</td>
<td>-0.23032</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>8.228947</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

From the table 22, it shows that the smaller of the IR, the better performance of CAR and BHAR. The result is same as the regression. Ritter (1991) and Levs (1993) studies show that the higher of the initial return, the long-run performance becomes much worse. These results are similar for China.
From the regression, the price is a negative relationship with CAR and BHAR, they are both significant of CAR and BHAR from two to three years after listing, it means that it is one of important reason affects the performance of IPOs, not only the medium-run, but also the long-run performance. Look over the table 21. The price between 6—to 10, the price is better performance of IPOs. The issue companies go out the way to whoop up the issue price, as the time is going; the information transparent is raised, so the long-run performance is poor. The medium issue price companies are better for their future development.

Table 22: ROE

<table>
<thead>
<tr>
<th>ROE</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE(0.04 0.15)</td>
<td>23</td>
<td>0.110575</td>
<td>-0.20132</td>
<td>-0.2039</td>
<td>-0.20455</td>
</tr>
<tr>
<td>ROE(0.15 0.23)</td>
<td>29</td>
<td>0.188929</td>
<td>-0.27866</td>
<td>-0.27286</td>
<td>-0.16806</td>
</tr>
<tr>
<td>ROE(0.23 0.51)</td>
<td>24</td>
<td>0.312985</td>
<td>0.084768</td>
<td>-0.07834</td>
<td>-0.18502</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.204392</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

From the regression, the ROE is a negative relationship with CAR and BHAR, the \( \hat{\beta} \) equal to -0.29 of \( \text{CAR}_3 \), -0.28 for \( \text{BHAR}_3 \), there are both non-significant of CAR and BHAR over 3years, it means that it does not affect the performance of IPOs. However, for hypothesis 15, it is a positive relationship with CAR and BHAR, so it rejects the hypothesis, the table 22 shows that the equity on returns are large, the performance of IPOs are worse in general.

Table 23: BEPS

<table>
<thead>
<tr>
<th>BEPS</th>
<th>Observations</th>
<th>Mean</th>
<th>CAR 0 12</th>
<th>CAR 0 24</th>
<th>CAR 0 36</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEPS(0.11 0.27)</td>
<td>23</td>
<td>0.209777</td>
<td>-0.3883</td>
<td>-0.34911</td>
<td>-0.42444</td>
</tr>
<tr>
<td>BEPS(0.27 0.5)</td>
<td>28</td>
<td>0.37039</td>
<td>-0.16803</td>
<td>-0.13071</td>
<td>-0.06416</td>
</tr>
<tr>
<td>BEPS(0.5 2.4)</td>
<td>25</td>
<td>0.90232</td>
<td>0.118343</td>
<td>-0.11173</td>
<td>-0.09841</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>0.496764</td>
<td>-0.14049</td>
<td>-0.19056</td>
<td>-0.18446</td>
</tr>
</tbody>
</table>

From the regression analysis, the BEPS is a negative relationship with CAR and BHAR. The \( \hat{\beta} \) is -0.899 of CAR, and -0.7055 of BHAR in the third year. But in the first year, it is a positive relationship with CAR in the first year; it indicates that overoptimistic investors obtain the real information as the timing is going, the excessive earnings management hypothesis defines the earnings management more serious, then the stock price downward adjustment will be much greater.

VI. Conclusion and Recommendations

a) Conclusion

From the above analysis, the following conclusions can be drawn:

Conclusion 1: There exists a long-run underperformance of IPOs in China. From the empirical results, it occurred about -0.09632 of cumulative abnormal returns after 9th event month, in the same event month, the buy and hold...
abnormal returns are -0.06895. It shows the underperformance of IPOs, according to the different computing approach, the extent of the underperformance is different over two years after listed. The cumulative abnormal returns and buy and hold abnormal returns over the three years after listing are -0.18446 and -0.01284. Overview the CAR, among the 1th event month and 17th event month, the abnormal returns like a “teeter-totter”, which goes up and down on alternate occasions, then the abnormal returns downward sloping in general, especially form 17th event month to 25th event month, the returns linear decrease. The excess returns of BHAR are better than CAR. The investors invest the same quota to buy the market portfolio or a comparable portfolio of companies will obtain much higher returns than IPOs portfolio. This indicates the effectiveness of China’s IPO market is not high, there is no reasonable allocation of resources. Also shows that our companies lower the cost of equity financing, from an economic point of view to explain the company interested in equity financing reasons.

Conclusion 2: The enterprises’ intrinsic value is the existence of the root causes for the long-run underperformance of IPOs. The decline of the profitability is the fundamental phenomenon of IPOs long-term underperformance reasons. The empirical study finds that the high of earnings per share, the better of the performance of IPOs.

Conclusion 3: The long-run underperformance is serious by higher of issue price. The issue companies go out the way to whoop up the issue price, as the time is going; the information transparent is raised, so the long-run performance is poor. The medium issue price companies are better for their future development. Total financing volume is small, it would be much easier manipulated by the security market, it would attract the speculators to bid up the stock prices, and then they ask the shares in a short-run time, resulting in declining stock prices, IPOs are underperformance.

Conclusion 4: Investors’ over-optimism about the enterprise prospects of long-term underperformance is caused by an important reason for IPOs. By measuring investor sentiment index and the long-term performance of IPOs regression analysis, the issue years is a significant negative relationship between long-run performance and cumulative abnormal returns and buy and hold returns.

Conclusion 5: In the short-run, when the B/M ratio, earnings per share, ISW and lottery are greater, the short-run performance is much better. The circulation stock ratio and total assets are higher, the medium and long-run performance trends to worse.

VII. Recommendation and Suggestions

Through this empirical analysis shows that abnormal returns of IPO mechanism are the formation of asymmetric information between market players and investors overly optimistic of new shares worth, which has led to uncertainty and excessive speculation, the new share issue price undervalued, overvalued market price formed a higher initial return, after long-run listing, the various factors of its intrinsic value becomes clearer, investors have gradually returned to a rational investor. It should eliminate the information asymmetry among market players and investors. Specifically, it should improve the information disclosure system, pricing system release, foster rational behavior of investors.

a) Improve the information disclosure system

Enhancing the information disclosure of listed companies is an important part to improve the efficiency of IPOs. Asymmetric information adverse selection of investors will become a survival of the fittest market, in order to avoid this situation, the prior companies would tell the investors the intrinsic value though any way.

Earnings forecasts are voluntary disclosure of information, if we can establish the integrity of the distribution market mechanism to ensure that the issue of blue-chip companies in the profit-driven, voluntary disclosure of earnings estimates by real performance, excellent funding to determine their status, then the middle and inferior public listed companies would distinguish. It should also encourage voluntary information disclosure of listed companies to establish credibility mechanism.

Specifically, the measures as follows:

(1) To encourage voluntary disclosure of listed companies, to build a combination system of disclosing information between the mandatory disclosure and voluntary disclosure. Nowadays, information disclosure system of listed companies is mandatory information disclosure, it would improve the quality of information disclosure of listed companies. Meanwhile, it should strengthen the voluntary disclosure of regulation, to improve the information disclosure, and to protect the benefits of investors.

(2) To establishment of information disclosure of constraint system for listed companies. It would form the principal of “moral hazard” binding mechanism of effective prevention. The constraint system consists of three parts: First, to increase investor demand constraints. Information needs reflecting the real information and value, excluding investors demand constraints, the information is only take an accounting tool or self-monitoring tool for managers and assets owned.
Secondly, we should punish the fraud information providers. When the information package to bring greater benefits to give the issuer, the information producers create fake information, the information is the motivation of fraud to obtain high returns from the market. So the market is the key to the formation of punishment mechanism. Third, the management level should increase the punishment of fraud. Information disclosure rules and norms as a general management and supervisor development, and its main function is to provide a set of information disclosure of listed companies for the public could understand standard information (such as financial statements of listed companies, etc.) and social information disclosure of listed companies to implement macro-supervision.

b) Foster rational investors

Deviation of investor behavior is important reasons caused by abnormal returns, and therefore it is necessary to improve the investor structure, develop and standardize institutional investors, protection of small investors, increase understand ability, reduce the information asymmetry between the main underwriters and investors.

Develop and standardize institutional investors: to increase institutional investors help to reduce the information asymmetry. However, institutional investors in China are still many non-standard behaviors; minority investors utilize the advantage of capital to control the market. Institutional investors to play a stabilizing role of the market not only in its amount, and whether the behavior is norm or not, compare with foreign mature capital markets, there is a great difference in size, and it should continue to accelerate the development of norms institutional investors.

First, we need to enhance institutional reform. In addition to improve the development of size and number of institutional investors, it also promotes the institutional investors in the "quality", so that institutional investors in the stock market become more rational.

Second, expand financing channels for institutional investors; in order to stable the resource of long-run capital. For a long time, China's institutional investors are a serious shortage of own funds, and lack of effective channels of external financing, it adopted the misappropriation of clients, therefore, it should be expanded and effective financing channels for institutional investors. Now is under risk controlling, allowing more institutional investors to carry out stock mortgage financing business, and encourage the securities company to public financing.

Third, improve the investment fund market evaluation system. Investors to judge only remain in the fund's investment returns; the risk of the investment funds is sufficient attention. Because the fund performance evaluation should be based on comparison of the benefits and risks, the biggest difference between various types of funds is how to balance the risks and benefits. Therefore, it should establish an objective combination of risk and return assessment system to promote optimal behavior of institutional investors.

c) Strengthen market supervision

IPO market is a typical asymmetric information market, therefore, it is necessary to intervene in the security market, to eliminate information asymmetry and improve the effectiveness of market information and boost the effectiveness of the price, thereby increasing market efficiency of resource allocation issue.

(1) Strengthening the regulatory authority, to prevent the lack of super vision

First, to ensure the independence of regulators. A regulatory institution is the rule- makers and implementers to ensure the equality, open and fair treatment of all market participants. Therefore, we must change the existing administrative system and model respect and protect the internal mechanism of the market, truly maintain the independence of regulation.

Second, strengthening the regulatory role played by the securities association. We should refer to the success experience of foreign countries, specifically the subject of several regulatory task and direction, and cooperate among the SFC, the Stock Exchange, industry associations.

(2) Avoid excessive regulation

China's securities market on the one hand there is the problem of poor supervision, excessive regulation on the other hand is another problem. Lack of supervision will lead to the prevalence of securities violations acts of dishonesty. The most effectively avoid over-regulation is to allow the market mechanism into full play the survival of the fittest, the government only give the necessary supervision when the market failure. The stock market should build a multi-level system so that the Stock Exchange incentives and constraints chosen to requirements of the listed companies in the competitive market, under the action of the market mechanism, the issue of auditing listed companies and stock exchanges into a selection process each other, to avoid the phenomenon of excessive regulation.

In this paper, the data samples select only in Shanghai Stock Exchange, we did not investigate the Shenzhen Stock Exchange, in the future research, and it should also study the Shenzhen Stock Exchange. The last one is the event year; this paper examines the normal returns and excess returns over three years, it maybe exists the underperformance over five years, therefore, future study can examine the five years of excess returns.
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Appendix

China IPO List
The list of firms studied may be obtained from the corresponding author.
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The Implications of Social Media use on Development in Africa: A Development Theory Perspective

By Gloria Thabang Mohale

Abstract- Social media, most obviously, have an effect on development. Global trends show that, countries that have liberalized the usage of social media have experienced extensive development across diverse fields. Despite the extant literature on social media, little effort has been made to assess the role of social media in development in Africa based on the development theory perspective. This article therefore used the development theory to assess the role of social media on Africa’s development. Development theory serves as an ideological function and therefore, social media users are able to articulate and share ideas on this platform. Overtime, they are able to form a coalition directed towards an ideology for the purpose of development. The study also uses a desktop approach to describe the various phenomena associated with development in Africa. The study realized that despite the negative connotations associated with social media in Africa, they have led to massive development on the continent especially in the field of health, culture, politics and religious convictions and education.

Keywords: social media, africa, development, development theory, face book, twitter, whats app.

GJMBR-G Classification: JEL Code: L82
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I. INTRODUCTION

It is an undeniable fact that the internet has become the most important achievement of modern society (Madon, 2000). Revolutions in social media have improved access to education, information technology, science and entertainment. Asurand Huberman (2010) further adds, social media swiftly alter the public discourse in society and sets trends and agendas on topics such as environment and politics, technology and the entertainment industry. Thus (Page, 2013) asserts that individual’s hesitance to use these platforms eliminates the individual from cyberspace. Therefore, social media allows its users to generate and exchange information and has capability to connect societies from the nook and corner of the world through a single platform which attracts more and more people towards it (Irshad & Soomro 2018). Freyen, (2019) depict that social media has deeply transformed humankind’s culture and values. In just a few decades social media platforms managed to permeate the society and ultimately changed their lives. In fact, social media plays an integral part of daily habits of people. As opined by Pieterse (2010) Development theory serves as an ideological function and therefore, perception registers and shapes reality whilst knowledge reflects and constructs reality. In fact, from the development theory perspective, social media users begin to articulate and share ideas on the platform, it unites their cause of action to form a coalition directed towards an ideology for the purpose of development of their society. Thus this platform gives people the opportunity to air their views on the problems and progress of society in evaluating successive governments’ policies.

In addition, internet users can carry out business and financial transactions with various products offered, e.g., by banks (Flavian et al., 2005). In so doing, Kaplan and Haenle in (2010) argues that, social media provide opportunities for many business executives. Hence, consultants and decision makers can classify ways in which firms can gain profit using applications such as Instagram, Facebook, YouTube, and Twitter (McCain & Barlow, 2015). Moreover, with the use of social media, firms can engage in timely and direct end-consumer contact at relatively low cost along with higher levels of efficiency. This ultimately suggests social media as being an essential platform for gigantic multinational firms, as well as medium to small scale enterprises, nonprofit and governmental agencies. Therefore, it is expedient to note that social media have become an integral part of the lives of all classes of people in various endeavors (Golbeck et al., 2011). Furthermore, in the field of e-government, Gersh on et al. (2018) posited that due to its ease of use, speed and reach, internet penetration is a vital component and a driver for e-government. Not only does it provide a platform for dialogue and engagement among citizens, government and businesses but also offers citizens an opportunity to engage in governance, including demand for accountability.

In the academic discourse, academics also use social media. The usage of social media is confirmed through the enhancement of study experience to students through the provision of e-support services (Dabner, 2011). Social media are used to facilitate communication among and between students in virtual communities. For example, Facebook is regarded as their most favorite and recommended to be the means of communication and interaction among students (Mack et al., 2007). With social media, virtual communities and virtual learning environments are
highly promoted (Hussain, 2005). Not only do students freely interact in their virtual communities with members of the community but are also able to share information, study experiences and research projects. In the report of Armstrong and Franklin (2008), it was found that students use social media to enhance and strengthen learning through reflection and collaboration of activities in virtual environments. The continuous interaction of students on these platforms creates a community discourse where students are able to share their views on problems of society and propagate developmental ideologies.

Despite the advantages of social media, some users abuse them by using them for malicious purposes against other users, organizations and public services. The rapid growth in the malicious use of social media has ultimately given rise to fraud, racism and other illegal unhealthy behaviors such as addiction. Therefore, this article seeks to assess the effect of social media in Africa’s development from the development theory perspective with a desktop approach. The rest of the article is organized as follows: Definition of terms, followed by development theory, the next is literature review on social media and development, recommendation and policy implication and conclusion.

### II. Literature Review

#### a) Social Media

Social media networks are applications that allow users to connect through creating personal information profiles, inviting friends and colleagues to have access to those profiles, also sending e-mails and instant messages between each other (Kaplan & Haenlein, 2010). Photos, blogs, videos, audio files and information are incorporated in the personal profile. Social media sites like LinkedIn provides a platform for professionals to publish their accomplishments, best traits, achievements and skills that help them get recognition among potential employers, colleges and like-minded individuals. Additionally, they can highlight their brands and startups or search for jobs relative to their domains.

Walker (2018) asserts that Instagram allows users to capture and share instant, real-time experiences through a mobile application. Di Min and et al. (2015) claim that Instagram as an image-based platform primarily used for sharing self-generated content varies from other sites such as Twitter and Facebook, which are used to pass on content and links provided by other users, public figures or businesses frequently. Moreover, Instagram has been used in various studies including nature tourism, from visitor monitoring in parks to understanding tourist preferences for nature-based experiences (Hausmann et al., 2017; Tenkanen et al., 2017) where as Asur and Huberman (2010), corroborates that twitter is a tremendous popular online micro blogging service launched on July 13, 2006 with its vast user base composed of several millions of users (321M unique users in Jan 3, 2019). It is regarded as a directed social network, in which a user has a set of subscribers known as followers.

Numerous cases emerged on Facebook regarding Identity Theft. Facebook introduced a security feature that alerted its users in the form of an email or SMS pertaining to unauthorized access to their account. This typically takes place when someone tries to log into ones’ account from a different location or from a device that one does not normally use for logging in. in the similar vein, Instagram has an option under its control setting where one can authorize or revoke certain third-party apps such as Word Press to access their accounts. Social media sites developers are more vigilant and aware at present and are also constantly taking measures to curb its affects due to the fact that some countries have claimed that women get impersonated on these sites and suffer from social and cultural ramifications.

However, since social media are a double-edged sword, African countries experience the negative effects of adopting the technology of social media as it results in violence against girls and women in Africa through cyber bullying and cybercrime. Cyber bullying statistics worldwide reveal alarming facts about virtual harassment, its impact, and the many different shapes and forms it can take. This report is based on global statistics. Cyber bullying is a form of harassment that employs electronic forms of contact. Online bullying statistics encompass a variety of shapes and forms of this aggressive behavior—hate speech, sexual remarks, stalking, trolling and ridicule. Bullying in general leads to feelings of “incompetence, alienation and depression” (Le Roux et al, 2010:51); in schools, it has been shown that cyber bullying may result in “low self-esteem, family problems, academic problems, school violence, delinquent behavior and suicidal thoughts” (Goodno, 2011:645). If we ignore this toxic behavior, it can easily escalate to criminal levels like impersonation, leaking private images/video, even death threats.
III. DEVELOPMENT THEORY

In conceptualizing development theory, it is imperative to understand development. According to Sen (2001) development is defined as the freedom of choice and action by continuously increasing them. Greif (2006) corroborates that development is a complex historical process whose factors interrelate economically, politically, socially, and culturally to influence the welfare of concerned individuals. Hoff and Stiglitz (2001) suggest that development does not only exist as a process of capital accumulation but rather exist as a process which ultimately changes organization. Therefore, North (2001) puts a positive correlation that development is the process of formation, change, and development of political and economic markets including the way in which the process transpires. Development is conveyed as remedies for the shortcomings and maladies of progress and serves as a mirror of changing economic and social capacities, priorities and choices (Pieterse, 2010). Development theories bring about an understanding on how the processes of change in societies take place. Pieterse (2010) denotes that development theory comprises of grand theories with broad explanatory frameworks. He refers to ‘development theory’ a sa part of social science which emphasizes the influence of classical economic and social thought. He further adds that social forces must carry development theory for its significance. Thus, there should be a counterpart of their worldview and articulation of their interests which ultimately serve an ideological function. Perception registers and shapes reality whilst knowledge reflects and constructs reality. Hence, knowledge is politically shaping perceptions, agendas, and policies (Pieterse, 2010). In the contextual approach to development theory, both political contexts and influences from social science count (Corbridge 1995; Leys 1996; Cowen, 2003). Hence, it is regarded as an organized intervention in collective affairs according to a standard of improvement (Pie terse, 2010). A development theory perspective about how social media affect development, accentuates how people are organized on these social media networks with information at their disposal to bring about a positive social change in their various communities. The articulation of their own views and organizing of masses on these networks or platforms helps build a common interest culminating into ideologies to propagate development in society.

IV. METHODOLOGY

It is very empirical that the objectives of the findings are run under a litmus test. Therefore, the paper adopts a desktop approach by using secondary data from peer review journals, articles, reports, books, websites inter alia for the purpose of conceptualizing the implications of social media use on Africa’s development. The purpose of using the secondary data stated in the methodology is because, they present past literature and findings of social media use on the continent’s development. Further, it gives an overview of various happenstances of social media and its impact on Africa’s development for the purpose of detailed analysis of the subject matter.

V. SOCIAL MEDIA AND EFFECT ON DEVELOPMENT AROUND THE GLOBE

In his study of human development, Marshall McLuhan asserts that the world has become a ‘global village’ and human beings are social animals (Volkmer, 2003). The oneness of the globe through social media gives the opportunity to people to interact amongst
themselves. The most commonly used social media networks include Facebook, Twitter, Instagram and WhatsApp.

In addition to the idea of social media as a resource, the new technologies also serve as communication channels, through which potential protesters are targeted by ‘recruitment agents’ who inform them of upcoming protest events and encourage their participation (Royster, 2005). The most infuriated and risk-acceptant citizen will not be able to participate in an anti-government demonstration if the individual is not well informed about such an event. The likelihood of a person becoming mobilized increases with their network ‘embeddedness’ and movement leaders can use such embeddedness to help recruit larger numbers of participants. Overlapping memberships allow information about upcoming protest events to travel beyond the boundaries of a network of hard-core activists and ‘spill over’ to networks of less-engaged citizens.

Social media networks encompass audio and visual capabilities, which consist of web-blogs, wikis, social bookmarking, media sharing spaces, RSS Feeds, micro-blogging sites, Facebook, LinkedIn, etc. and have potential to promote synchronous or asynchronous interactions (Armstrong & Franklin, 2008). Another important function of social networks in this context is to build a collective identity supportive of protest actions, which is achieved through interpersonal conversations with other network members. Collective identities motivate protest participation by providing the potential participant with a sense of in-group solidarity and an oppositional consciousness of ‘us’ versus ‘them’. It can thus be assumed that the internet is conducive to increasing awareness about collective action events, such as mass demonstrations of the kind observed during the Arab Spring. This was increasingly coordinated by digital elite that could collate, translate, and communicate disparate nodes of grievance in the country in ways that galvanized a more national focused critique of the Bin Ali regime.

Castells (1999) denotes that availability and use of information and communication technologies are a pre-requisite for economic and social development worldwide but does not mean that technology really solve social problems. In a study conducted by Buntar (2012), it was found that the dismissal of any false information by the Royal Brunei Police Force was likely to distract public order. Kon (2013) further reiterated that, any individual found to be involved in the spread of false information which violates the promulgated act was liable to a fine of USD2,5000 or a three-year jail term.

He further accentuates that information and communication technology is a two-edged sword in stimulating development and thus allows an increase in the competitiveness of countries to leapfrog stages of economic growth through modernizing their production systems faster than in the past. He stipulated Asian Pacific economies as an example, in particular the cases of Hong Kong, Taiwan, Singapore, Malaysia and South Korea. This is so despite the current financial crisis, which is unrelated to competitive performance but related to the attractiveness of booming Asian economies to global capital flows. Besides, the economies’ retardation becomes cumulative due to the difficulties encountered in adapting to the new technological system.

Additionally, Information Age depends on the capacity of society’s education in order to assimilate and process complex information. This initially involves education system, from the primary school to the university. Cain et al. (2009) affirmed the enhanced usage of Facebook by pharmacy students with low understanding of the issues related with e-professionalism and accountability. Social media plays a communication facilitator to students; they believe that usage of social media will enhance educational access and interaction (Hussain, 2012). Moreover, social networking fills in the learning gap informally between “digital native” students and “digital immigrant” faculty (Hussain, 2012).

VI. Social Media and Effect on Development in Africa

Social media has been entrenched to majority of people which in due course result into its impact in social, political, and economic life in Africa (Adelaja, 2013). Szarka (1990) portrays that usage of networks reduce transaction costs and risks for entrepreneurs and improve learning and information-sharing possibilities. In a region where capital markets are basic, financial disclosure limited, and contract law very weak, interpersonal networks are critical to take risks and shift economic resources. Global linkages are critical for the passing on of information and ideas and for gaining experience via learning from others. Huggins (2000)
mentions that, entrepreneurs and new companies must engage in networks to survive. Barr (2000) discloses that studying business networks in Ghana constitute that; network diversity amid manufacturers in Ghana is significant on account of productivity divergence between enterprises. In the same study it is revealed that networking assists Ghanaian entrepreneurs in achieving gin creasing returns to scale and facilitates in expansion of enterprise.

VII. Social media Connectivity, Interaction and Communication

Genres that are popular in social media integrate the public nature of interest-driven computer mediated communication with more intimate dynamics of interpersonal computer mediated communication (Ellison & Boyd, 2013). Social networking sites also decrease the level of communication barriers and they have developed into a genre of social media that lowers barriers to communication and assists in the display of identity information (Ellison & Boyd, 2013’). Lotan et al. (2011) also connotes that social media connects journalists and citizens particularly during political uprisings. For instance during crisis incidents in Rwanda, South Sudan and some other African Countries, social media acted as the speedy platform for youth to air their grievance and provide a deep resistance. Iwilade (2013) points out that, media platforms allow African youth to renegotiate their power in the political process more specifically during the protest discourses that takes place in Africa. Thus, social media provide various ways of renegotiation patterns of authority and control and deepening stability challenges in the continent.

Through social media, voices of people are heard globally. Asur and Huberman (2010) add a positive correlation that the social media feature; speed, ease of use and reach has eventually changed society’s discourse in relation to environment, politics, and technology (Adelaja, 2013). He further portrays that it has not only changed the society’s viewpoint and use of information but also have sites that open different portals that provides information and creates more diverse news outlets. This is veracious because people nowadays rely on social media for obtaining information worldwide instead of listening to radio, reading newspapers or even watching news on television. The use of social media acts as a guide for terrorists with operational tool in their enrolment, training and communication with their followers as well as their potential recruits. Social media propaganda is also employed in publicizing attacks and kidnappings. For instance, in April 2014, it was reported that 276 schoolgirls in Northern Nigeria were kidnapped. The groups also criticized opponents and demonstrated their tactics through the use social media propaganda (Cox et al., 2018).

VIII. Navigating Crisis: African Youth and Protest Discourses

This segment tends to show how youth have utilized web-based social networking for dissents and for molding social talk since 2008. It centers explicitly around challenges that have been driven by intensifying financial conditions in two nations: Mozambique (sustenance mobs of 2010) and Nigeria (fuel endowment dissents of 2012). These two dissent developments have a few similitudes which make them suitable to light up the contentions being made here. In the first place, both rose because of government choice to expand the cost of basic amenities. Secondly, the choice to expand costs was due to monetary challenges being looked at by the states as a result of the worldwide financial compression and was in this manner to fortify the monetary position of the government. Third, the two dissents were to a great extent inserted in youth populaces and were driven fundamentally by youth tension (Iwilade, 2013). At long last, the two challenges were essentially prepared and composed utilizing new media innovations. Web journals, content informing offices and online life destinations, for example, Twitter and Facebook gave significant spaces inside which contradiction was both enunciated and facilitated. Obviously, there were additionally a couple of relevant varieties in the two cases. In Mozambique for example, versatile instant messages played an unquestionably more critical job than in Nigeria where Facebook and Twitter were progressively obvious. Mozambique challenges were additionally more profoundly installed in poor uneducated youth populaces, not at all like in Nigeria where the lower white-collar class were instructed youth increasingly noticeable. These varieties, nonetheless, the two cases are wealthy in experiences that exhibit the way youth shape challenges and the talks that support them, utilizing the instrumentality of new media.

A study by Iwilade (2013) also articulates that social media was used for protests and for shaping social discourse since 2008. He further explains that coordination between Maputo and Matola riots would not have been possible without the application of social media were the main channels of communication channels and debate. Social media, therefore, area sphere dominated by youth discourses and cultures, as it turns out to be unprecedentedly relevant for shaping public debate and power and control interactions that emerge, which is different from traditional forms of communication such as newspapers and radio (Iwilade, 2013).
IX. Politics and Religious Conviction

In religious settings, social interaction facilitates communication of imperative political information and spiritual matters and transforms citizens into more active participants in the political process. McKenzie (2004) reveals the attribution of politically based conversations in religious social networks influence black political behaviour; informal political discussions apparently surface from regular interactions amongst congregants regarding church services and church-related community outreach efforts. Social media have really transformed Africa by providing access of sharing ideas and participating in politics. They also allow people to actively participate in national politics by commenting or sharing their views through their personal blogs or other social media web pages. Religious conversations through social networks augment black political involvement not only by overcoming the paradoxes of participation but also developing a motivating political consciousness in citizens, thus provides feedback to group civic norm (McKenzie 2004). Ofuafor (2010) explains how the new media influence ‘media reportage’ in Nigeria. He stipulates that new media have resulted in significant impact on Nigerian politics by raising people’s consciousness to demand ‘free and fair elections’ in the country and the formation of ‘social communities that champion democracy, lobby for political sensitization and political campaigns’ (Ofuafo, 2010, p. 6). The impediments that hinder the use and access to new media technologies in Nigeria are therefore applicable to Zimbabwe and other developing countries. Besides, Moyo (2007) argues that news Websites run by Zimbabweans in the Diaspora are ‘alternative media’ in the sense that ‘they give voice to the voiceless and articulate viewpoints that would otherwise not see the light of day under Zimbabwe’s tightly controlled media environment’.

X. Culture

Through social media platforms, Africans can convey and express their perceptions, anger, hopes, and dreams because some of these platforms are uncensored. Society can also use either technological equipment or software to sustain their culture or to embrace others culture (Solo-Anaeto & Jacobs, 2015). Communication and socialization enable transmission of culture and keeps it alive from generation to generation. Thus, communication is the substratum of any culture areas it is also mentioned in the cultural transmission function of the mass media that media creates susenance of a culture through its coverage, reporting of people and activities of a particular culture (Solo Anaeto & Jacobs, 2015). However, most Africans consider social media as African culture pollutant as it poses negativity on Western culture content which basically relies on attitude, behavior and language. Johnson (2012) asserts that social media realities and globalization create new spaces and new contexts for the emerging new virtual and cyber communities in which amalgamation of various cultures of different civilizations and races takes place. However, social media have provided African countries with the opportunity to develop their own socio-cultural statements. Social media assist African society to develop, enrich and preserve its own cultural values ensuring that it is conspicuously represented in the emerging global culture (Ohiagu, 2014).

XI. Intercultural Communication

In accordance with Sawyer and Chen (2012) investigation, social media connect international students to their intercultural adaptation, and create a community for them to interact with people globally. This does not only result in strong bonds of community relationships and vast knowledge but also supports international students to overcome cross-cultural communication barriers pertaining to intercultural adaptation phase. Social media act as a guide for the communities with language barriers and other difficulties in their daily activities particularly in buying stuffs online, booking for events or celebration, arranging trip plans, making friends and sharing the idea in group or even creating study groups (Zaw, 2018). Ephraim (2013) articulates that activities of social networking such as chatting and uploading pictures are replacing previous online activities like sending e-mails, research and posting queries at an incredible pace. A prior South African youth study reveals that the youth spend most of their time on social networks doing other things than chatting, uploading pictures, posting opinions, obtaining current and social news, and downloading wallpapers, ringtones and software (Ephraim 2013). However, since social media are a double-edged sword, African countries experience the negative effects of adopting the technology of social media as it results in violence against girls and women in Africa through cyber bullying and cybercrime. This takes place in various ways like posting information or pictures on platforms that are embarrassing. In another incident, Molosankwe (2019) on online newspaper ‘The Star’, reported that a young woman went missing in May 2019 in the South African city of Johannesburg after meeting a 25-year-old security guard known as Thabiso Mndawe on Facebook.

XII. Economy

Economy imposes hiring, price, productivity and innovation. According to Granovetter (2005) a form of social structure which is social networks has a great impact on the flow and the quality of information as it provides subtle information and difficult to verify or to believe impersonal sources but rely on well-known people. Granovetter (2005) imposes that through social interaction, information is disseminated unavoidably.
transmitting details about employers, employees and jobs which flow continuously through social networks of which community maintain massively for non-economic reasons. Therefore, the cost is less than the formal search intermediaries as individuals use social contacts and networks which are already in place and need not invest in constructing them.

**XIII. Health**

Social media for health communication informs the general public, patients, and health professionals communicating about health issues using social media platforms such as Facebook and Twitter” (Moorhead, 2013). According to Chou et al. (2009) social media may bear health-enhancing potential through several mechanisms. Internet-based social networks may increase perceived social support and interconnectivity among individuals and with the increase of user-generated content, information sharing is not only seen as democratic and patient controlled but also enables users to exchange health-related information needed thus, making the information more patient/consumer-centered. Public health programs have recently demonstrated success in adapting social media as a communication platform for health promotion efforts such as smoking cessation and dietary interventions which result in proliferation of their reach through cyberspace. Through social media tools, web users utilize effective tools and services to share and disseminate information by interactively collaborating with each other in digital communities through blogs, social networking and video sharing sites worldwide.

Therefore, social networks are considered as effective media for communication discourse. Also, the intensive use of social media networks among the citizens of the Middle East and North African (MENA) regions indicate that the internet has the potential to be a multi-vocal platform through which silenced and marginalized groups can have their voices heard (Shirazi, 2013). It plays a vital role of the voice of the voiceless Case Study of South Africa

Looking specifically at Southern Africa, penetration rates are a mix of relatively low with 51% having access to the internet and 38% using social media (Business Tech, 2019). However, in South Africa, More than half of South Africans are connected: thus making 54% of its population which represents about 31 million people. It is estimated that they spend the 6th longest time using the online with an average connection of 8 hour and 25 minutes daily far higher than the global average. This implies 5 million more South Africans are using social media than a year ago. According to the report, South Africa’s social media activity is also one of the fastest growing in the world, where the country ranked 17th for its relative growth (with 28% increase in activity year-on-year) and tied for 9th for net growth, having added 5 million new users since January 2018. This is on par with Nigeria and Mexico – though far below China, which added 100 million new users in the past. South Africans also spend more time using social media platforms than the global average, with the report recording the average time spent at 2 hours and 48 minutes each day. The average social media user, globally, spends 2 hours and 16 minutes on social platforms each day – with extreme users (Philippines) spending over.

**XIV. Recommendation and Policy Implications**

Since the nature of peer-pressure relationships possibly influences the negotiation of cognitive conflict, the pace of social media network formation also overrides the development of trust. This article conceptualized the use of social media networking as a two-way sword, it is used in building networks and relationships which lead to new business and enhance business performance and the community building within social media networks is viewed as being central to building business value in Africa. On the contrary, social media use results in leakage of privacy, and physical problems to its users since they become more addicted to it. Social media should therefore be regulated in four motives: privacy, identity, utility, and propriety, which are explicated in depth. The first tactic involves the creation of more than one profile on a social media site to have separate persona within a single site. The second tactic should be the use of privacy settings in order to present a single persona within a single site in a different way to multiple audiences. Thirdly, the segmentation of audiences between social media sites, or a systematic limiting of access to certain persona based on contextual setting should be practiced. Regulation is generally classified as regulation by site and regulation by linkage. Regulation by site refers to the range of technical boundary-setting behaviors that restrict a third party’s access to a profile in a social media site. On the other hand, regulation by linkage comprises a range of social and technical practices that restrict linkage between personas. This method of regulation involves interaction between social practice and technological affordance such as privacy settings. Regulation by linkage is a connection between identities that cross an established boundary. For instance, in the first form, linkage is identified between profiles: a person, who works in business development can have two public Twitter accounts, one for personal reasons and one for his or her business. Theories of boundary regulation, which locate the management of interpersonal disclosure within a framework of optimization should also be engaged to be able to explore how participant group regulation strategies most effectively produce a desired level of disclosure, and
how this desired level of disclosure is constructed in relation to the group, the context, and the affordance of the site. The proliferation of popularity and constant innovations of social media platforms and applications has transformed ways of interacting, working, creating value and innovating in Africa therefore, authentic applications that are not involved in fraud should be authorized because some of these sites may be created for the sole purpose of Identity Theft by creeping into your personal details. Credibility, status and influence as well as media has to be enhanced in the social environment for the development of an ideologically-sound society.

XV. Conclusion

The present time is regarded to be the information age providing open access to all. The younger generation seems to be much inclined towards having information by using modern technologies. This generation is even called “NET- Generation”. Educational usage of social media seems useful for all levels of education. The study indicated that social media is used to enjoy friendship and revealed that university students preferred Facebook as it is most popular media. However, they faced some problems such as leakage of privacy, and physical problems. Moreover, whilst social media may have eased the process of relationship building it has also added further layers of complexity. The era of social media networks has created significant opportunities for business relationship development yet there exists a paucity of research in this area. As I have discussed earlier, the emergence of social media networks has created unparalleled opportunities for businesses, international students and people globally. Social media support international students to adapt the different culture while living in new community. The pace and immediacy of network formations and interactions have been hastened through the presence of social media, therefore rapid relationships are being built yet importance is still attached to the Nightmares of social media on Africa’s Development.

References Références Referencias

Age of Social Media. Journalism Practice, 9 (1), 78-91.


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15. **Never start at the last minute**: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. **Multitasking in research is not good**: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. **Never copy others’ work**: Never copy others’ work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

18. **Go to seminars**: Attend seminars if the topic is relevant to your research area. Utilize all your resources.

19. **Refresh your mind after intervals**: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

20. **Think technically**: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.

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21. **Adding unnecessary information:** Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

22. **Report concluded results:** Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

23. **Upon conclusion:** Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

**Informal Guidelines of Research Paper Writing**

**Key points to remember:**

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

**Final points:**

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

*The introduction:* This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

*The discussion section:*

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

**General style:**

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

*To make a paper clear:* Adhere to recommended page limits.

*Mistakes to avoid:*

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.
• Use paragraphs to split each significant point (excluding the abstract).
• Align the primary line of each section.
• Present your points in sound order.
• Use present tense to report well-accepted matters.
• Use past tense to describe specific results.
• Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
• Avoid use of extra pictures—include only those figures essential to presenting results.

Title page:
Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.
• Fundamental goal.
• To-the-point depiction of the research.
• Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:
- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:
The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:
- Explain the value (significance) of the study.
- Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- Briefly explain the study's tentative purpose and how it meets the declared objectives.
Approach:
Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):
This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:
Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:
- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:
It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:
- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.

Results:
The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.
Content:
- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or manuscript.

What to stay away from:
- Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- Do not include raw data or intermediate calculations in a research manuscript.
- Do not present similar data more than once.
- A manuscript should complement any figures or tables, not duplicate information.
- Never confuse figures with tables—there is a difference.

Approach:
As always, use past tense when you submit your results, and put the whole thing in a reasonable order.
Put figures and tables, appropriately numbered, in order at the end of the report.
If you desire, you may place your figures and tables properly within the text of your results section.

Figures and tables:
If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

Discussion:
The discussion is expected to be the trickiest segment to write. A lot of papers submitted to the journal are discarded based on problems with the discussion. There is no rule for how long an argument should be.
Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.
Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact, you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved the prospect, and let it drop at that. Make a decision as to whether each premise is supported or discarded or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."
Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work.
- You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.
Approach:
When you refer to information, differentiate data generated by your own studies from other available information. Present work done by specific persons (including you) in past tense.
Describe generally acknowledged facts and main beliefs in present tense.

The Administration Rules
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Segment draft and final research paper: You have to strictly follow the template of a research paper, failing which your paper may get rejected. You are expected to write each part of the paper wholly on your own. The peer reviewers need to identify your own perspective of the concepts in your own terms. Please do not extract straight from any other source, and do not rephrase someone else's analysis. Do not allow anyone else to proofread your manuscript.

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