



FW: Submission Confirmation for JEBO-D-19-00735R1

4 messages

Yilmaz Guney <Y.Guney@hull.ac.uk>

Fri, 3 Apr 2020 at 07:06

To: Izidin El Kalak <ElKalakl@cardiff.ac.uk>, Abdul Moin <moinjogja@gmail.com>, abdul.moin@uii.ac.id <abdul.moin@uii.ac.id>

Dear both

The paper is now re-submitted. Hopefully we will satisfy the referee. If the guest editor and one of the associate editors support the paper, we will have a good chance.

Could Moin update the data for the cost of capital paper and make a plan how to address the JBFA referee/editor comments as attached? We will later decide which journal to submit

Best wishes

Yilmaz

-----Original Message-----

From: Journal of Economic Behavior and Organization <eesserver@eesmail.elsevier.com>

Sent: 03 April 2020 01:00

To: Yilmaz Guney <Y.Guney@hull.ac.uk>

Subject: Submission Confirmation for JEBO-D-19-00735R1

*** Automated email sent by the system ***

Ms. Ref. No.: JEBO-D-19-00735R1

Title: In search of stock repurchases determinants in listed Indonesian firms during regulatory changes

VSI: Economics of Regulation

Journal of Economic Behavior & Organization

Dear Dr. Yilmaz Guney,

Your revised manuscript was received for reconsideration for publication in Journal of Economic Behavior & Organization.

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Journal of Economic Behavior & Organization

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----- Forwarded message -----

From: Andy Stark <onbehalf@manuscriptcentral.com>

To: "a.moin@2014.hull.ac.uk" <a.moin@2014.hull.ac.uk>, Yilmaz Guney <Y.Guney@hull.ac.uk>, "elkalaki@cardiff.ac.uk"

<elkalaki@cardiff.ac.uk>, "ezzedine_alkalak@hotmail.com" <ezzedine_alkalak@hotmail.com>
Cc: "andrew.stark@mbs.ac.uk" <andrew.stark@mbs.ac.uk>, "peter.pope@unibocconi.it" <peter.pope@unibocconi.it>
Bcc:
Date: Fri, 10 Jan 2020 09:27:31 +0000
Subject: Journal of Business Finance and Accounting - Decision on Manuscript ID JBFA-11-17-06293.R1 [email ref: DL-RW-4-a]
10-Jan-2020

Dear Dr. El Kalak,

I write to you regarding manuscript # JBFA-11-17-06293.R1 entitled "Corporate financial policies and the cost of capital: New evidence from Indonesia" which you submitted to the Journal of Business Finance and Accounting. The comments of the reviewer are included at the bottom of this letter.

First, I must apologise for the delay in getting a first round review to you. Unfortunately, having found a reviewer with the necessary expertise to review the paper, s/he then withdraw from the reviewer's role in the middle of June of this year. We then had to find a new reviewer which took up more time, together with the time to perform the review.

Nonetheless, because the process has taken so long, we need to return the submission fee. Please can you email me at andrew.stark@mbs.ac.uk with the details of the payment and I will arrange a refund.

The reviewer is an expert in the area. As you will see from the report, the reviewer does not believe that your paper makes a sufficient incremental contribution for it to be publishable in JBFA. The reviewer believes that there are significant weaknesses in the motivation, theoretical underpinnings, research design, and empirical methods, such that it is not clear what robust implications can be drawn from your results. Many of the points raised relate to the failure to theorise based on the Indonesian context and then build a research design, together with a set of empirical methods, suitable for this context. The reviewer also criticises the use of multiple measures of the cost of capital without discussion as to their suitability and how conflicting results are to be interpreted in the absence of such a discussion. Unfortunately, I have no reason to disagree with the points raised by the reviewer.

Given the above, I regret to inform you that we will be unable to publish your paper in the Journal of Business Finance and Accounting. I am sorry that I cannot bring you better news. By way of context, many more papers are submitted to JBFA than we can publish, or even consider for revision and resubmission. Currently we reject over 90% of submissions.

We hope that you will find the suggestions and comments from the review process useful in revising your paper for another journal.

Thank you for considering the Journal of Business Finance and Accounting for the publication of your research. I hope the outcome of this specific submission will not discourage you from the submission of future manuscripts.

Yours sincerely,

Professor Andrew W Stark
Senior Editor, Journal of Business Finance and Accounting
andrew.stark@mbs.ac.uk

Reviewer(s)' Comments to Author:

Reviewer: 1

Comments to the Author

This paper considers the relationship between corporate financial policies (dividend policy, cash holdings, investment) and the cost of capital. The relationships studied are not new. Nonetheless, these relationships are studied using data from Indonesia, as opposed to the USA or the UK for example. Theories used to underpin the empirical work are conventional (as in, mainly derived from relationships developed in a USA context). Multiple measures of the cost of capital are used, some involving, directly or indirectly, the cost of debt. The results are rarely consistent across the various measures of the cost of capital, raising issues of how to draw conclusions.

Overall, I have the following, more detailed, comments:

(a) the theoretical underpinning is not really suitable. It is derived from certain assumptions that might reasonably be thought to hold in markets such as the USA. The underlying assumptions of the theoretical modelling are not explicitly identified, although the Indonesian context is discussed to a limited context and compared with other contexts. Nonetheless, it does not serve the paper well to ignore the Indonesian context until relatively late in the paper. Instead, if Indonesia is to be studied, the reasons why need to be identified upfront and the underlying theorising should reflect the

Indonesian context. Sure, in developing the theory, conventional theory can be seen as a benchmark, and why it is unlikely to 'work' in the Indonesian context explained. But, then, any theorising and theoretical predictions should be derived from models that are suitable for the Indonesian context. Essentially, the use of the Indonesian context should be central to the development of the paper. This also implies that the Indonesian contexts should be compared with other contexts in order to identify any generalizability in the analysis. References to developing or emerging markets are meaningless - there are just markets with differing characteristics, the impacts of which are of potential interest;

(b) the use of different methods of estimating the cost of capital raises a number of issues. First, the different methods are used as if they are just different tools that can be taken out the toolbox, with no discussion of suitability. There is little discussion of what is being assumed about the properties of these estimators of the cost of capital and what sources of measurement error there might be. But, for example, current work is casting doubt on whether implied costs of capital are likely to provide reliable estimates of the underlying cost of capital. In general, if a menu of estimators is to be used, they need to be fully critiqued before use. Second, in this context, if the estimators rely on efficient market prices, how appropriate is such an assumption in the context of Indonesia - what authoritative evidence is available on this issue? If market prices cannot be relied on to play their theoretical part in the various ways of estimating the cost of capital, what estimators are available? Third, let us assume that all the estimators contain information about the underlying 'true' cost of capital plus an element of measurement error. Suppose the measurement error for all the estimators is unsystematic and uncorrelated across the various measures. Would it not be the case that we would be likely to get unanimity of conclusions across estimators? But, now suppose that the measurement error can be systematic and correlated with the experimental variables in one or more of the tests. Under such circumstances, a systematic measurement error in one or more of the estimators could cause different results. And, in the absence of knowledge of the properties of the measurement error, it is impossible to draw conclusions about the true underlying relationship. Certainly, using some form of majority voting system does not solve the problem.

(c) the paper studies three corporate policies and their effects on the cost of capital. These relationships are studied independently. But, why should the theories be independent and/or mutually exclusive? How do they all relate to each other?

Overall, there is nothing wrong with studying Indonesia. But the study should start from the properties of the Indonesian context, and work from there in developing appropriate theoretical constructs from which the related empirical constructs are developed. It might well be the case that previously used empirical constructs can be employed - but this must be carefully developed, as opposed to assumed. Further, the case for studying the Indonesian needs to be carefully developed in terms of why new theoretical insights can be developed from such study, and how generalizable these insights might be.

As it is, the study is too empirical, with insufficient theoretical underpinning. This leads to the conclusion in the last two lines of the abstract that '... a country's unique characteristics have a significant role in affecting firms' behavior'. I do not think this statement would come as any surprise to any well-informed corporate finance researcher!

Abdul Moin <moinjogja@gmail.com>
To: Yilmaz Guney <Y.Guney@hull.ac.uk>

Sun, 5 Apr 2020 at 09:27

Dear Dr. Yilmz,

Thank you a lot for submitting the revised paper to the Journal. I really appreciate for both of you for hard work and time devoted to accomplish the paper.

We wish a good news come to us. Regarding the third empirical chapter, I still read papers to improve the theoretical review. I will update this within 10 days forward.

Many thank you.

Best regards,
Moin.

[Quoted text hidden]

Izidin El Kalak <ElKalakI@cardiff.ac.uk>
To: Yilmaz Guney <Y.Guney@hull.ac.uk>, Abdul Moin <moinjogja@gmail.com>, abdul.moin@uii.ac.id <abdul.moin@uii.ac.id>

Mon, 6 Apr 2020 at 19:41

Dear Yilmaz,

Thank you very much for taking care of this submission. It is very much appreciated. Fingers crossed.

Best regards
Izidin

Izidin El Kalak
Lecturer (Assistant Professor) in Finance
Cardiff University
Cardiff Business School
Office: +44 (0)29 2087 4961 <tel:+44(0)2920874961>
Email: elkalaki@cardiff.ac.uk <mailto:josh.white@owen.vanderbilt.edu>
Web: <https://www.cardiff.ac.uk/people/view/1182894-elkalak-izidin>

On 03/04/2020, 01:06, "Yilmaz Guney" <Y.Guney@hull.ac.uk> wrote:

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Subject: Submission Confirmation for JEBO-D-19-00735R1

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VSI: Economics of Regulation
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Abdul Moin <moinjogja@gmail.com>
To: sigitriyanto@uui.ac.id

Mon, 17 Apr 2023 at 11:01

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