

Session 1B : Financial Management & Knowledge Management

Insider Trading and the Performance of New Product Introduction

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This study is to examine the predicting power of insider trading on the performance new production introductions. Insiders may have information that is not available to outside investors, and thus, their trading behavior prior to new production may suggest the performance of the new product lunch. Specifically, this study hypothesizes that net insider-buy in the announcing firms shares prior to the announcements is positively associated with the performance of the new product lunch. With a sample of new product announcements of listed company in Taiwan from January 2005 to December 2016, this study find a significantly positive relationship between the announcement-period cumulated abnormal return and prior insider trading activity. The result indicates that insiders may have the relevant product information in advance and conduct transactions based on their information. This study further finds that firm size, R&D intensity and industry competitiveness have significant correlations with abnormal stock reactions. Firm size and industry competitiveness are found to have negative impacts with stock market reaction to new product announcements. In contrast, R&D intensity has a positive impact. Finally, this study also tests the effect of insider trading on the long-run performance following new product announcements. The results indicate insignificant association between insider trading activity, and the long-run performance of new product introductions.

Keywords: *New productipon introduction, insider trading, announcement returns*

Money Management Behavior of Undergraduates in an Emerging Economy: The case of Sri Lanka

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Money management behaviour of undergraduates is an academically researchable area as their decisions relating to money management not only have an impact on their life itself but also it affects long-term financial stability of an organization, an industry and a nation. In the context of developing countries stock of knowledge relating to money management behaviour is heavily focused on functional financial literature, there is a significant lack of published research focused on factors beyond different aspects of financial literacy. The purposes of this study include exploring factors beyond financial literacy that influence money management behaviour of undergraduates, investigating how undergraduates respond to these main influences to manage their money and to understand the level of influences on money management behaviour of undergraduates. The study was carried out in Sri Lanka, a developing country. It adopted both qualitative exploratory approach and quantitative survey method. The data were collected using focus group discussions and a structured questionnaire from different academic disciplines at a state-owned Sri Lankan university. Forty undergraduates participated in focus group discussions and 964 questionnaires were collected. Based on the literature, economic, social and psychological factors were identified as influencing money management behaviour. The thematic analysis identified subthemes that emphasised how undergraduates respond to economic, social and psychological factors. Based on comparative analysis, the study identified the deviations in money management behaviour and selected influences of undergraduates with respect to gender and academic discipline. Theoretical and practical implications as well as future research directions are provided.

Keywords: *Money Management Behaviour; Undergraduates; Beyond financial literacy; Qualitative approach*