

Dear Readers,

It is my pleasure to introduce the first issue of the fifth volume of the *Journal of Capital Markets Studies* (JCMS) with a diverse range of papers focussing on the new trends in capital markets and behavioural attitudes.

This issue begins with the paper of Yoshiaki Nose, Masatoshi Fujii and Chie Hosomi titled “Equity Crowdfunding and Financial Literacy of Individual Investors in Japan”. This paper investigates the superficial aspects of equity crowdfunding (ECF) campaigns and financial practices by examining financial literacy aspects. The paper documents the lack of financial literacy hypothesis as the factor that activates ECF. This paper also searches whether sufficient information is disclosed to individual investors and these investors sufficiently utilize that information. This study reports the results of initial due diligence on ECF campaigns in Japan and valuations using the general venture capital method to bridge the gap between what is being done in entrepreneurial finance and what has been studied academically.

The issue continues with another hot topic “cryptocurrencies” in which Bayu Adi Nugroho dredges up a better portfolio optimization strategy, considering the cryptocurrencies’ asymmetric volatilities. The paper entitled “Dynamic risk – based optimization on cryptocurrencies” uses dynamic parameters from Generalized AutoRegressive Conditional Heteroskedasticity (GARCH) model estimations to create a dynamic portfolio. The analysis reveals that dynamic optimization (on minimum variance and most diversified portfolio) enhanced risk-adjusted return and outperformed the benchmarks, that is, diversification across crypto assets lowers the risk. It is interesting to note that the results suggest Bitcoin is not feasible for cryptocurrencies’ diversification.

Third, Pyemo Afego and Imhotep Alagidede’s “What does corporate social advocacy signal? Evidence from boycott participation decisions” addresses corporate social advocacy by drawing on stakeholder and organizational identity theories to build an understanding of how a company’s public stance on a social-political issue can be a salient signal of the firm’s values, identity and character. Contributing to the literature on boycotts, the paper exhibits that a company’s stock price gains a statistically significant abnormal return immediately following news of its support for the campaign, which suggests that market participants positively viewed the decision to join the campaign. Additionally, the findings pinpoint that market reacts positively over the short-term, as indicated by a significant but temporary increase in abnormal returns following the boycott participation announcements, and that the announcements are informationally strategic.

The following paper co-authored by Murat Işıker and Oktay Taş considers the main resources of the bonus issue in detail to measure the announcement’s impact on stock return in Borsa İstanbul. The authors measure the magnitude of the event-induced return anomaly around bonus issue announcement days by conducting an event study methodology. The findings suggest that investors in Borsa İstanbul react differently (more positively) for bonus issues when internal resources are used compared to last year’s net income. The authors also detect different return behaviour among internal resources sub-groups and the importance of the size of bonus issue as well. These results have some policy recommendations on bonus



distribution to reduce market inefficiency such as using upper limits and examining investors transactions before the announcement.

We conclude the issue with the paper co-authored by Petros Kalantonis, Christos Kallandranis and Marios Sotiropoulos with the title of “Leverage and Firm Performance: New Evidence on the Role of Economic Sentiment using Accounting Information”. That paper explores how the expected performance of the economy affects corporate debt decisions. By employing panel data for listed companies in Athens Stock Exchange, the paper attempted to identify which of the dominant capital structure theories better explain the relationship between profitability (via Return on Assets (ROA)) and leverage and eventually the borrowing. The findings offer evidence of patterns of pecking order behaviour and thus for the necessity of internal financing over external debt behaviour of Greek listed companies. The results also implies that proper macroeconomic conditions facilitate the access of companies to debt financing minimizing possible informational asymmetries.

We hope you enjoy this issue of JCMS. Should you have any specific suggestions for future releases, please feel free to contact us. We value your input. Our email addresses are provided below and JCMS's website is available at: <http://www.emeraldgroupublishing.com/services/publishing/jcms/index.html>

We are looking forward to putting the current situation behind us, and we hope that you and your families remain safe and well.

Best regards,

**Professor Guler Aras**

Editor in Chief, Journal of Capital Markets Studies

**Guler Aras**

#### **About the Editor-in-Chief**

Guler Aras, PhD, CPA, is a Professor of Finance and Accounting at Yildiz Technical University, and the Founding Director of Center for Finance, Governance and Sustainability (CFGs) at YTU. Professor Aras is the Founding Chair of the “Integrated Reporting Network Turkey”. She was a Visiting Professor at Georgetown University McDonough School of Business, and she is the former Dean of the Faculty of Administrative and Economic Sciences and the former Dean of the Graduate School. Her research focus is on financial economy and financial markets with particular emphasis on the relationship between sustainability, corporate governance, corporate social responsibility and corporate financial performance. She has published more than 25 books and has contributed over 250 articles in academic, business and professional journals. She also edited several book collections and conference proceedings. Her latest book is *Sustainable Markets for Sustainable Business: A Global Perspective for Business and Financial Markets* (2015). Her co-authored book is *Transforming Governance* (2016) and *Corporate Behaviour and Sustainability: Doing Well by Being Good* (2017) published by Routledge. She is the Editor in Chief of the *Journal of Capital Market Studies*, Editor of *Routledge Book Series, Finance, Governance and Sustainability: Challenges to Theory and Practice* and the Editor of *Routledge book series Corporate Social Responsibility*; she has also served as an Editor of *Social Responsibility Journal* and *Emerald Development of Governance and Responsibility book series*. Professor Aras has spoken extensively at professional and academic conferences and has served as a consultant to a number of governmental and commercial organizations such as Minister of Development, Minister of Finance and Minister of Labour and Social Security Employment in Turkey. Professor Aras is working with business closely.