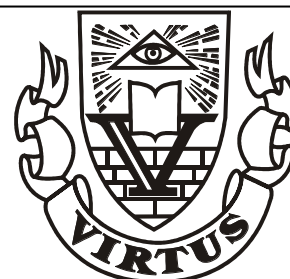


# RISK GOVERNANCE & CONTROL: Financial markets and institutions

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**THE RELATIONSHIP BETWEEN DEBT LEVELS AND TOTAL SHAREHOLDER RETURN OF JSE-LISTED PLATINUM COMPANIES** 7

*Sandra Jooste, Sanlie Middelberg, Merwe Oberholzer*

The purpose of this study is to investigate empirically whether there is a positive correlation between debt levels and total shareholder return (TSR) of platinum JSE-listed companies. The study field comprised annual analyses for 12 companies listed under the Platinum and Precious Metals sector on the JSE Ltd for the 14-year period 2000 to 2013. The results of the study were inconclusive as a statistically significant positive correlation between changes in debt levels and changes in TSR could only be found in two of these years. The contribution of the study is therefore to add to the body of literature on capital structure decisions from a South African platinum mine context.

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*Virimai Mugobo, Misheck Mutize*

This research applied an event study methodology to SCR downgrades from the three international CRAs over the period 2004 to 2014 to investigate the impact of SCR change on FDI flow into South Africa. Empirical findings show that there is a statistically significant relationship between FDI and SCR downgrades. Evidence also shows that not all downgrades from the three CRAs equally affect investors' decisions as Moody's downgrades tend to dominate, causing FDI to reaction at with a higher magnitude. However, not only SCR downgrade determines FDI flow into SA but there is a host of other fundamentals that government should address to attract investment and stabilise financial markets.

**AN ANALYSIS OF COBIT 5 AS A FRAMEWORK FOR THE IMPLEMENTATION OF IT GOVERNANCE WITH REFERENCE TO KING III** 20

*L Maseko, B Marx*

The study found that though King III principles and practices may be interpreted as vague with regard to *how* to implement IT governance principles, COBIT 5 succeeds in bridging the gap between control requirements, technical issues, information systems and business risk, which consequently results in a better facilitation of IT governance. The study also revealed that COBIT 5 contains additional activities to assist the board in more transparent reporting of IT performance and conformance management to stakeholders as well activities which enable the connection of resource management with human resources and financial planning.

**REINSURANCE BY SHORT-TERM REINSURERS IN SOUTH AFRICA** **35**

*C L R Fernhout, F J Mostert, J H Mostert*

This research addresses the perceptions of reinsurers regarding their reinsurance activities, where the reinsurer sells reinsurance to other insurance entities (viz. insurers and reinsurers), as well as buys reinsurance from other insurance entities. The objective of this research focuses on the improvement of financial decision-making regarding the reinsurance operations of the reinsurers.

**CHANGE MANAGEMENT IN THE HIGHER EDUCATION LANDSCAPE:  
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*Vaneshree Govender, Renitha Rampersad*

This paper is concerned with the process of change in the Higher Education context and examines a South African case study. The study was conducted within a quantitative paradigm and the sample population was 400 administrative and academic staff from across the seven campuses. In order to satisfy the research objectives of the study, a self-administered location based survey was distributed and data was analyzed using SPSS. The study revealed that living and coping with change in the work environment is a fact of life for organisations and individuals.

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*Guray Kucukkocaoglu, M. Ayhan Altintas*

In this study, inspired by the Credit Portfolio View approach, we intend to develop an econometric credit risk model to estimate credit loss distributions of Turkish Banking System under baseline and stress macro scenarios, by substituting default rates with non-performing loan (NPL) ratios. Since customer number based historical default rates are not available for the whole Turkish banking system's credit portfolio, we used NPL ratios as dependent variable instead of default rates, a common practice for many countries where historical default rates are not available.

**THE FORMULATION OF FINANCIAL, GOVERNANCE AND SOCIAL  
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*Asri B. Marsidi, Hairul Azlan Annuar, Abdul Rahim Abdul Rahman*

The study proposes and discusses the development of an index of Islamic Financial and Social Reporting (IFSR) for Islamic banks. The index of IFSR is carefully developed based on the relevant and applicable standards, guidelines and literature from an Islamic perspective such as the Malaysian Accounting Standards Board (MASB), Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Islamic Financial Services Board (IFSB), Bank Negara Malaysia (BNM) and Islamic social reporting literature. The index is developed in three parts, namely, financial, social, and auditing and governance. The items within the finance section are developed to ensure that the Islamic banks disclose relevant financial information.

**COMPARATIVE STUDY OF HOLT-WINTERS TRIPLE EXPONENTIAL  
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*Katleho Daniel Makatjane, Ntebogang Dinah Moroke*

In this paper, both Seasonal ARIMA and Holt-Winters models are developed to predict the monthly car sales in South Africa using data for the period of January 1994 to December 2013. The purpose of this study is to choose an optimal model suited for the sector. The three error metrics; mean absolute error, mean absolute percentage error and root mean square error were used in making such a choice. Upon realizing that the three forecast errors could not provide concrete basis to make conclusion, the power test was calculated for each model proving Holt-Winters to having about 0.3% more predictive power.