

**Unemployment Duration of Graduates of Universiti Utara
Malaysia: The Impact of English Language Proficiency**

Hock Eam LIM

NORMIZAN Bakar

Universiti Utara Malaysia

Abstract. This study estimates the impact of English language proficiency on the probability of exit from unemployment. We find that English 1119 and STPM English have a favourable impact. This finding supports government's efforts in increasing English language proficiency at pre-university level. The high-risk group that is experiencing prolonged unemployment consists of those who do not have English 1119 at SPM level and STPM English, are female, non-Accounting degree holders, Malay, and with low CGPA attainment.

**Institutionalised Corruption and Privilege in Asian Economies:
A General Equilibrium Analysis**

Ke LI^a, Songlin LI^b, Yuping GUAN^c

^a*Nihon University*

^b*Nanjing University*

^c*Nihon University*

Abstract. This paper develops a Walrasian general equilibrium model with division of labour, economies of specialisation, and endogenised corruption. It extends the general "consumerproducer" framework to consider the effects of institutionalised corruption on economic welfare, network size of division of labour and productivity. Examining both implicit corruption and explicit corruption indicates that the privileged groups will always achieve extra benefit and interest over other commoners and cause them hardship. The situation will become worse if the privileged groups acquire more control and influence over the economy. The model shows that in an equilibrium (fixed point), the degree of corruption, the degree of division of labour, and productivity are interdependent, and it demonstrates that the network size of division of labour and productivity will increase when the institutional efficiency of enforcement of anticorruption and property rights improve. Although the model is developed in order to explain corruption in Asia, it is also potentially relevant to other countries with entrenched privileged groups.

Market Reaction to Merger Announcements: The Case for Consolidation of the Banking Sector in Malaysia*

MANSOR Isa and Chooi-Mei YAP

University of Malaya

Abstract: This study investigates share price reaction pursuant to the announcement of a merger programme that involved the entire banking sector in Malaysia over the period January 1999 to February 2000. The study focused on the anchor banks that formed the nucleus of the resultant banking groups. This study utilised an event type analysis where the focus was on abnormal price reaction to the announcements. We found an overall positive market reaction to the announcement of the bank mergers, notwithstanding that the bank mergers were imposed by the Central Bank. Typically, substantial returns were mostly recorded on the day before the announcement followed by a slight market correction thereafter. The positive market reaction may be attributed to the economic gains expected from such mergers due to the synergies created.

Selectivity and Market Timing Performance of Malaysian Unit Trusts

Kim-Lian KOK^a, Kim-Leng GOH^b and Yoke-Chen WONG^c

^a*Sunway University College*

^b*University of Malaya*

^c*Sunway University College*

Abstract. This study uses the quadratic and dual-beta market models with GARCH (1,1) specification to examine the selectivity and market timing performance of 36 unit trusts in Malaysia before, during and after the Asian financial crisis. The results show that there is perverse or no market timing ability in all three periods while there is selectivity performance in the pre- and post-crisis periods only. Model mis-specification problem has worsened over time. Balanced funds performed better than growth funds in the pre crisis and crisis periods.

**Determinants of Domestic Travel Frequency:
A Preliminary Analysis Using Penang Data**
Sock Hwa KANG and Andrew Khee Guan TAN
Universiti Sains Malaysia

Abstract. Given the rapid growth of domestic tourism in the Malaysian tourism industry, this study aims to examine the determinants of domestic travel frequency. The censored Tobit model was used on primary data collected from Penang Island residents. Results indicate that age, race, education-level, and average-number-of-days-spent significantly increase domestic travel frequency *ceteris-paribus*. The results shown provide tourism policymakers with a better understanding of the habits and attitudes of Malaysians *vis-à-vis* domestic tourism.

**Sectoral Responses to Exogenous Displacements:
A Suggested Mode of Analysis for a Bimodular System**
Su Fei YAP
University of Malaya

Abstract. The study is built on the premise that a macro-economic model and an input output model represent coexistent and different facets of the same equilibrium, making them fundamentally compatible. We suggest a mathematical framework in the sense of Johansen-Tower whereby elements are conjoined to map the effects of changes in percentage terms beginning with exogenous sources that work through macro-variables and ultimately displace sectoral production levels. Variations in demand placed on sectoral output owing to any one exogenous perturbation are the end result of both macro-economic sensitivity and differences in industrial linkage. The mechanism is innovative in the sense that it proposes elasticities rather than absolute changes be taken about a multi-dimensional economic equilibrium point.