

The Economics of the Egyptian Stock Market and the Financing of Tourism and Hospitality Projects: A Comparative Study of some Arab Stock Markets

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Abstract

Stock Markets are an important part of the economics of the Arabian countries. Securities traded on a stock exchange include stock issued by listed firms and bonds. The current study aims to investigate the effect of Stock Split on Market Capitalization and Market Value in Hospitality and Tourism in three Bourses. For the purpose of the study, determinations of whether Stock Split made by Hospitality and Tourism Sector Index's firms on the Egyptian Exchange, Saudi Arabian Stock Exchange and Bahrain Bourse have an effect on the splitting firms. The study uses historical quantitative data during the period (2010:2018) collected from (ASMs). Based on linear regression analysis, the findings in Travel and Leisure Index in The Egyptian Exchange indicated that there is a significant positive relationship effect of Stock Split on Market Capitalization, Market Value, and Market Value on Market Capitalization. Furthermore, the results showed that in Tourism and Hotels index in Saudi Arabian Stock Exchange there is a significant positive relationship effect of Stock Split on Market Capitalization, Market Value, and Market Value on Market Capitalization. In addition, the results showed that in Hotels and Tourism in Bahrain Bourse there is a significant positive relationship between of Stock Split on Market Capitalization, Market Value, and Market Value on Market Capitalization. The results also revealed that Stock Split on Market Capitalization, Market Value, and Market Value on Market Capitalization was considered the most criterion validity in the three Bourses.

Keywords: Arabian Stock Markets (ASMs), Travel & Leisure Sector Index, Finance, Investment, Hospitality & Tourism Projects, Stock Split, Market Value, Market Capitalization.

Introduction

Stock Markets are playing a vital role the economics of the Arabian countries. Tourism industry needs finance to meet their requirements in hospitality and tourism projects. Any kind of tourism projects depends on the finance. Hence, it is called as lifeblood of tourism establishments management boards finance their projects such as hospitality and tourism projects in Hospitality and Tourism Index's in Arabian Stock Markets (ASMs). When people draw their savings and invest in shares through an Initial Public Offering of the issuance of new firm shares of an already listed firm, which could have been consumed, or kept it idle deposits with banks, are mobilized and redirected to help firms management boards finance their projects such as hospitality and tourism projects in Travel and Leisure Sector Index in the Egyptian Exchange, Tourism and Hotels Sector Index in Saudi Arabian Stock Exchange, and Hotels and Tourism Sector Index in Bahrain Bourse. This may promote business activity with benefits for several economic sectors (Barrows & Naka, 1994; Chen et al., 2005; Chen, 2007b; Borghesi et al, 2015). A stock exchange is often the most important component of a stock market. Demand and supply in stock markets are driven by various factors that, as in all free markets, affect the price of stocks (Faure, 2015a; Amadeo, 2016). In practical business life, investment and the finance of investments are very often closely connected. However even though investments cannot be carried out without finance, they are often not connected in such a way that investment and finance are linked together as a package (Petersen, 2017). Hospitality and Tourism Sector Index's in all Stock Markets in the world are heavy users of long-term debt to support their asset investment and growth opportunities, and the debt structure is comprised largely of fixed-rate