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Masoud, Najeb M. H.

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LIBYA’S ECONOMIC REFORM PROGRAMME AND THE CASE FOR A STOCK MARKET

Najeb M. H. Masoud

Introduction
This thesis was undertaken to develop a conceptual framework for a research model with a specific focus on the Libyan economic reform programme and the development of the Libyan stock market between 1999 and 2007. The thesis consists of eleven chapters. After the first chapter, which describes the purpose of the study and the organisation of the thesis, Chapters 2, 3, 4, 5 and 6 represent theoretical contributions and review the relevant literature alongside a brief review of the theoretical framework. Chapter 2 discusses the function of economic growth theory while Chapters 5 and 4 focus on the nature of economic reform programmes and macro-economic reform performance. Chapter 5 considers stock market performance, including financial maturity. Chapter 6 considers the theories and concepts discussed in the previous four chapters in the context of Libyan economic and social development. Chapter 7 discusses the methodological framework of the current study. Chapters 8, 9 and 10 represent the empirical data analysis, which is one of the major contributions of this study. Chapter 11 presents the research summary and conclusions, discusses contribution, and its implications, and gives recommendations.

The study investigates the determinants of economic reform and stock market performance within the Libyan economy utilising data from three different sources and a multi-method approach. Self-administered questionnaires were distributed to the entire target population of the Libyan financial market, banking sector and a number of companies, while semi-structured interviews were held with managers in a subset of companies, selected via a stratified sample of respondents to the self-administered questionnaires. The third method collected financial market data over the period 1995-2006 from 42 emerging market countries, specifically, Algeria, Argentina, Bahrain, Bangladesh, Brazil, Bulgaria, Chile, China, Czech Republic, Egypt, Fiji, Hungary, India, Indonesia, Iran, Israel, Jordan, Kuwait, Lebanon, Libya, Malaysia, Mexico, Morocco, Nigeria, Oman, Pakistan, Philippines, Poland, Qatar, Romania, Russia, Saudi Arabia, South Africa, Sudan, Syria, Thailand, Tunisia, Turkey, United Arab Emirates, Venezuela, Yemen and Zimbabwe were analysed to examine whether best practice from emerging stock markets is transferable to the Libyan context.

Figure 1 – Classification of Stock Market

Figure 2 - Libyan Percentage of Real GDP Growth and GDP Per-capita in L.S.S., 1980-2007

Figure 3 - Good Practice Model from 42 countries

Figure 4 - Comparison of Libya and Other Emerging Economies

Figure 5 - Good Practice Model from 42 countries

RESEARCH OBJECTIVES

1. To investigate the relationship between economic reform programmes and stock market performance within the Libyan economy.
2. To examine the benefits of a stock market to the development of an economy and business.
3. To determine whether best practice from other emerging stock markets is transferable to the Libyan context.
4. To determine the main prerequisites for successful economic reform programmes and stock market performance.
5. To study the relationship between the Libyan economic reform programme and stock market performance.

RESEARCH QUESTIONS

1. How is the Libyan economic reform programme associated with the development of a stock market and its performance?
2. What are the main prerequisites for successful economic reform programmes and stock market performance?
3. Can the Libyan reform programme be compared to the development of a stock market in other countries?
4. Is the economic reform programme transferable to the Libyan context?

RESEARCH OF DATA COLLECTION

1. Secondary Data: Secondary data were collected from various sources including literature, newspapers, and economic databases.
2. Primary Data: Primary data were collected through self-administered questionnaires and semi-structured interviews.

RESEARCH CONTRIBUTIONS

1. Theoretical: This study contributes to the understanding of the relationship between economic reform programmes and stock market performance.
2. Methodological: This study provides a conceptual framework for understanding the relationship between economic reform programmes and stock market performance.
3. Practical: The findings of this study have practical implications for policymakers and practitioners.

CONCLUSION

This research provides considerable knowledge about the relationship between economic reform programmes and stock market performance with special emphasis upon the developing country of Libya. Some of the knowledge might appropriately be generalised for other developing countries that have a similar economic structure. The research provides an important introduction to this area and aims to explore its significance for both the Libyan economy and businesses. This research adds to the existing body of literature regarding development and application of models of economic reform programmes and stock market performance in the context of developing countries. Additionally, the research offers new ideas by targeting a large population, specifically Libya. The research adds to the existing body of literature regarding development and application of models of economic reform programmes and stock market performance in the context of developing countries.

Reference