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Libya’s Economic Reform Programme and the Case for a Stock Market

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.

RESEARCH OBJECTIVES

- To assess the success of the economic reform programme in Libya, specifically the Libyan economic reform programme and the development of the Libyan stock market between 1999 and 2007.
- To assess the performance of market-based financial systems, with particular reference to the Libyan situation and context.
- To determine whether best practice from emerging stock markets is transferable to the Libyan context.
- To evaluate the success of the economic reform programme in Libya, specifically the Libyan economic reform programme and the development of the Libyan stock market between 1999 and 2007.
- To recommend best practice for the development of a stock market in Libya.

RESEARCH QUESTIONS

- How can the Libyan economic reform programme be assessed for success?
- What are the benefits of a stock market in developing a market-based financial system?
- How can the performance of market-based financial systems be evaluated?
- What are the characteristics of a successful stock market?
- What are the potential useful directions for future research arising from the conclusions of this research?

RESEARCH CONTRIBUTIONS

- Theorically
  - This study contributes to the existing body of knowledge on economic reform programmes and stock market performance by conducting a developing country case study.
  - The study contributes to the understanding of economic development and reform programmes in developing countries.
  - The study contributes to the understanding of the role of financial systems in economic development.
- Empirically
  - The study contributes to the understanding of the role of financial systems in economic development.
  - The study contributes to the understanding of the role of financial systems in economic development.
  - The study contributes to the understanding of the role of financial systems in economic development.

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 this knowledge might appropriately be generalised for other developing countries that have a similar economic structure. The research provides an important contribution to this area and has attempted to explore its significance for both the economy and business. This research adds to the existing body of knowledge regarding financial development and stock market performance in developing countries. Additionally, brief recommendations are offered regarding potential useful directions for future research arising from the conclusions of this research. These develop into a strategic framework for the improvement of an economic reform programme and stock market performance.

Reference