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THE RISK LEVEL OF VIET NAM TELECOMMUNICATION INDUSTRY UNDER FINANCIAL LEVERAGE DURING AND AFTER THE GLOBAL CRISIS 2007-2011

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Abstract

This paper evaluates the impacts of external financing on market risk for the listed firms in the Viet nam telecomunication industry, esp. after the financial crisis 2007-2009. First, by using quantitative and analytical methods to estimate asset and equity beta of total 18 listed companies in Viet Nam telecomunication industry with a proper traditional model, we found out that the beta values, in general, for many institutions are acceptable.

Second, under 3 different scenarios of changing leverage (in 2011 financial reports, 30% up and 20% down), we recognized that the risk level, measured by equity and asset beta mean, decreases when leverage increases to 30% and it increases if leverage decreases down to 20%.

Third, by changing leverage in 3 scenarios, we recognized the dispersion of risk level, measured by equity beta var, increases if the leverage increases to 30%. But the dispersion measured by asste beta var decreases, showing leverage efficiency.

Finally, this paper provides some outcomes that could provide companies and government more evidence in establishing their policies in governance.

KEYWORDS : *equity beta, financial structure, financial crisis, risk, external financing, telecommunication industry*

JEL CLASSIFICATION : *G010, G100, G390*
