

ABSTRACTS**1. EMERGING MARKET CONSUMERS PERCEPTIONS OF NATIONAL AND GLOBAL BRANDS: THE PEOPLE'S REPUBLIC OF CHINA**

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ABSTRACT

The brand perceptions of consumers in emerging market countries is an important issue in consumer marketing. This is especially true for organizations seeking to market their products in the People's Republic of China, the most populous country in the world and a burgeoning consumer market. This research investigates Chinese consumer perceptions of both Chinese and global brands in four different product categories; airlines, beer, computers and toothpaste. The results are generally consistent with prior theoretical research in marketing. Chinese consumers in this study showed a general preference for Chinese brands, and a generally poor perception of Japanese brands. Overall, Chinese brands were perceived as being quite similar to leading global brands. The exception is the toothpaste category, in which Chinese consumers perceived the Chinese brand to be far less desirable than the global brands.

Keywords: Brand Personality, Emerging Market, China, Consumer Preferences

2. FINANCIAL DEVELOPMENT AND ECONOMIC GROWTH: A COMPARATIVE ANALYSIS OF THE MARKET-BASED AND THE BANK-BASED FINANCIAL SYSTEMS

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ABSTRACT

Using a convenient analytical framework and a combination of a new Granger causality procedure and variance decomposition analysis, this study explores the nature and strength of the long-term dynamic relationships between financial development, total factor productivity, and capital accumulation in two countries: Germany and the United States, whose financial systems are recognized in the literature as the prototypes of the bank-based and the market-based financial systems, respectively. The results show that financial development affects long-term economic growth in both Germany and the United States through its direct/indirect effects on both capital accumulation and total factor productivity. However, the results also show that financial development is much more important in explaining or predicting variations in total factor productivity in the United States than in Germany. These findings are consistent with the view that a market-based financial system is relatively more capable of increasing factor productivity, hence, long-term economic growth.

Keywords: Financial Development, Economic Growth, Total Factor Productivity, Capital Accumulation, Causality, Variance Decomposition

3. THE EFFECT OF INFORMATION TECHNOLOGY CAPABILITY ON EXPORT PERFORMANCE: AN INVESTIGATION OF CHINESE BORN GLOBAL SMES

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ABSTRACT

Born Global SMEs are an emerging phenomenon. In order to compete in the international market, they heavily invest in information technology. Yet, little evidence shows SMEs benefiting from IT investment. This study proposes that born-global SMEs need to develop IT capability to increase their export performance. Drawing from resource based theory and IS literature, the authors develop the scale to measure IT capability. Using structural equations modeling with data collected from managers in 121 born global firms in China, the three components of IT capability are all shown to be significantly related to export performance.

Keywords: *Born global SMEs, IT capability, Export performance*

4. REGIONAL TRADE BLOCS AND ECONOMIC DEVELOPMENT IN THE SOUTHERN HEMISPHERE: AN EMPIRICAL ASSESSMENT

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ABSTRACT

Viewed from the perspective of trade creation and/or trade diversion, Jacob Viner (1950) and others postulate that any regional trade agreement is likely to improve welfare among member countries. Using a neoclassical growth model, the authors test for the effectiveness of specific trade unions and customs in the Southern Hemisphere using a cross section of 81 countries and find no support for their impact on the degree of openness, the level of economic growth and the level of real GDP. In fact, there is some evidence that these trade institutions have a negative effect on economic growth and no effect on the level of real GDP.

Keywords: *Economic Growth, Trade Unions, Corruption, Welfare*

5. THE PERFORMANCE DYNAMICS OF GLOBAL EQUITY LISTING: EVIDENCE FROM INDIAN DEPOSITORY RECEIPTS

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ABSTRACT

This paper documents the impact of cross listing on the liquidity of underlying domestic shares and analyzes the post-listing performances. In 1992-2001, many Indian companies listed their shares as Depository Receipts (DR) in European and U.S. stock exchanges. A sample of twenty six Indian DR that are listed on foreign markets are analyzed and, in general, there is no clear pattern for the change in liquidity following the DR listing is observed. However, separate analysis of GDRs and ADRs reveals some interesting patterns consistent with Domowitz, Glen and Madhavan (1998). We find mixed results with respect to liquidity. The ADRs listings in most cases reduce the liquidity of the domestic underlying shares where as GDRs listings in most cases increase the liquidity of the domestic underlying shares.

Further with respect to post-listing performances, cross listing in the United States appears to pose positive impact on dependent variables viz. total assets, foreign sales, total revenue and return on assets in comparison to companies that cross list within Europe for the sample under study.

Keywords: *Liquidity, Depository Receipts, Cross listing, Post-listing Performances*

6. U.S. GAAP VERSUS IFRS: THE CHALLENGES IN GLOBAL REPORTING ISSUES

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ABSTRACT

The International Financial Reporting Standards (IFRS), promulgated by the International Accounting Standard Board (IASB), have been applauded for being broad and principles-based. In other words, the concept of substance over form is the prevailing underlying theory for the proper execution and interpretation of financial reporting. Conversely, U.S. GAAP standards, set by the Financial Accounting Standard Board (FASB), have been criticized for being detailed and prescriptive. Under U.S. GAAP, the adherence to the letter of the law would take precedence over the spirit of the transaction, albeit some exceptions. The contention of this paper is that neither approach to standards setting is optimal. They are rather two extremes along a continuum. A step in the direction of greater convergence should probably entail some hybrid of both methods in such a way as to preserve the spirit of the standards, while modifying some clauses to make them more practically applicable and consistent across firms and countries.

Keywords: *Financial Reporting; Global Challenges; GAAP; IFRS; Accounting Standards*

7. WHY DO MANAGERS DRIVE BAD OVERSEAS ACQUISITIONS?

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ABSTRACT

This study investigates whether managerial self-interests are related to motives and financial outcomes of a firm's global diversification. In the empirical analysis, the relationship between personal risk aversion of top executives and the risk change of value-decreasing global diversification is examined by using a sample of U.S. firm's overseas acquisitions. The main result in the empirical analysis is a negative relationship between managerial ownership and the total risk change of firms with value decreasing international transactions. Also, the other result shows that the overseas acquisitions driven by managerial self-interests are more likely increase the firms' probability of financial distress after the acquisitions.

Keywords: *Managerial Incentives, International Corporate Diversification, and Overseas Acquisitions*

8. AUDITOR EFFECTIVENESS IN THE UNITED STATES AND THE UNITED KINGDOM: COMPARISON AND ANALYSIS

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ABSTRACT

Recent scandals have brought into question the validity of companies' financial statements and the negligence of auditors in gathering evidence to uncover questionable accounting practices. The public has grown aware of the auditor's role in examining companies' financial statements. Investors trust in the veracity of a company's financial statements based on the auditor's report issued upon conclusion of the audit.

The purpose of this paper is to review the role of the public auditor and to demonstrate, citing recent cases, some of the problems that arise when the established principles of auditor independence and due diligence are compromised. We also explain the guidelines that auditors are supposed to follow in order to ensure that investors have adequate information. This study is not meant to imply that all auditors deviate from these guidelines but is intended to focus on situations wherein adherence to the guidelines was not the top priority.

Keywords: Auditor Effectiveness, International, Due Diligence, Auditor Independence, PCAOB, AICPA, GAAS, GAAP, Sarbanes – Oxley Act, Enron

9. A FIVE-FACTOR ARTIFICIAL NEURAL NETWORK MODELING OF THE STOCK RETURN FOR THE CHINA STOCK MARKETS

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ABSTRACT

Artificial neural network, together with perturbation method, were used to empirically analyze the factors that influence the return on stocks in the Chinese stock markets. Five factors were tested, and the results indicate that, firm size is the most prominent predictor of the stock return. E risk coefficient, variance and trading volume have minor effect, about one order of magnitude less than that of firm size, and the ratio of earnings per share over price has little effect.

The limited effect of the E risk coefficient calls into question the validity of capital assets pricing model in Chinese stock markets. The negative first-order influence coefficient of firm size verifies the well-known "size effect" in the Chinese stock markets.

A brief comparison of the proposed artificial neural networks method and Fama and French (1992) method is also given. While the Fama and French model assumes a linear relationship, our proposed ANN method allows for nonlinear relationships in the analysis.

Keywords: stock returns, artificial neural network, cross-section, empirical study

10. INDIAN STOCK PRICE MOVEMENTS AND THE MACROECONOMIC CONTEXT: A TIME SERIES ANALYSIS

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ABSTRACT

This paper investigates the nature of the causal relationship between stock returns and macroeconomic aggregates in India. By applying the techniques of unit-root tests, cointegration and the long-run Granger non-causality test recently proposed by Toda and Yamamoto (1995), we test the causal relationships between the BSE Sensitive Index and the seven macroeconomic variables, viz., money supply, index of industrial production, national income, rate of inflation, real effective exchange rate, foreign exchange reserves and trade balance using monthly data for the period 1992-93 to 2000-01. The major findings are that there is no causal linkage between (i) stock returns and money supply, index of industrial production and national income for the domestic sector and (ii) stock returns and real effective exchange rate, foreign exchange reserves and trade balance for the external sector. However, a bi-directional causality exists between stock return and rate of inflation.

Keywords: *Macroeconomic Aggregates, Stock Price return, Granger Causality, Toda and Yamamoto causality test, and Efficient Market Hypothesis*

11. EXCHANGE RATE VOLATILITY AND AUSTRALIA'S EXPORT SUPPLY RESPONSE

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ABSTRACT

The impact of exchange rate volatility and other key variables on the export supply response of Australia's agricultural, mineral and manufacturing sectors is analyzed using quarterly time series data for the period 1991 to 2001. The results indicate a negative and significant impact of exchange rate volatility only on the short run supply of mineral exports. The relative price of exports affects negatively and significantly on the export supply of agricultural and mineral sectors in the short run. The Asian economic crisis from mid-1997 has had a negative and significant impact on the export supply of mineral and manufacturing sectors.

Keywords: *Australia, export supply response, exchange rate volatility*

12. EQUITY-BASED COMPENSATION AND FOREIGN MARKET

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ABSTRACT

Foreign market participation creates opportunities for firms to increase sales but comes at a cost of increased risk-taking on the part of risk-averse managers. Managerial compensation structures that emphasize incentive alignment between managers and shareholders can create efficient risk-sharing. However, the current literature on executive compensation structure generally excludes international activities. Using firm-level data from 1995 to 2003, this paper examines whether CEO compensation structure has an impact on foreign participation of U.S. firms. The findings support the hypothesis that equity-based compensation Granger causes firm foreign-market activities by aligning the interests of risk-

averse executives with those of shareholders. More specifically, an increase in equity-based pay packages leads to an increase in international activities. The results are robust to variations of the specification.

Keywords: *Corporate Governance, Compensation; Internationalization; Foreign Investment*

13. THE IMPACT OF GLOBALIZATION ON REGULATIONS AND ACCOUNTING SYSTEMS. DIMENSIONING AND QUANTIFICATION.

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ABSTRACT

In this study we concentrate our efforts on the consequences that the existence and manifestation of globalization have on various domains of human activity. The impact of globalization will be analyzed from the perspective of the cause-effect relationship, with a special emphasis on the consequences of the phenomenon. A special part of our scientific demarche is reserved to the accounting sphere. We try to create a new dimension on the basement of relations between globalization and accounting systems. Globalization represents a new dimension of our world. The accounting domain is today into real connections with phenomenon of globalization. In this context, our main objectives are represented by the research demarche to create a model of quantification the impact of globalization on regulations and accounting systems. We believe that such a model of quantification could be real and its contributions to scientific development will be considerable.

Keywords: *Globalization, International Accounting, Impact, Quantification*

14. ECONOMIC DEVELOPMENT AND SOUTH-SOUTH MIGRATION: A TWO-STAGE APPROACH

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ABSTRACT

The importance of South-South migration has increased enormously over the last thirty years. Paradoxically most of the literature emphasizes the South-North migration, ignoring the South-South one. The scope of this paper is twofold: to discuss a theoretical framework to study international migration in the developing world and to analyze its effects on a country's labor market and development process. For this purpose we suggest a two stage model and we examine the effects of migration on a country's economy at a higher level of development.

Keywords: *South-North Migration, South-South Migration, Economic Development*

15. DO FINANCIAL MACROECONOMICS VARIABLES AFFECT GDP IN MALAYSIA? SOME EMPIRICAL EVIDENCE

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ABSTRACT

This paper examines if the financial macroeconomic variables affect GDP over the quarterly period 1980:1-2004:4 using bounds testing approach for cointegration analysis as proposed by Pesaran et al., (2001). The bounds test reveals evidence of long-run cointegration between the real output (GDP), the real exchange rate (e) and share prices (Sp) that address the exchange rate and asset price channels as the key transmission mechanisms in the conduct of the monetary policy. This has verified the stability of Malaysian output demand function. Nevertheless, interest rate and credit channels do not fit into the model significantly.

Keywords: cointegration, economic growth, monetary policy stance, bound test, Malaysia

16. PERCEPTIONS OF AUDITORS AND FINANCIAL STATEMENT USERS IN LEBANON: AN EXPLORATORY STUDY

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ABSTRACT

This paper addresses the issue of perceptions and expectations of the auditing profession in one Middle Eastern country, Lebanon. This study attempted to assess the differences in perceptions between different stakeholders in Lebanon. The results suggest that perceptual differences indeed exist pertaining to varying aspects of the auditor's roles and responsibilities. Respondents consider that the overriding role of most audit practitioners is to act as tax consultants for the companies they audit. These findings suggest that there are significant problems that the auditing profession needs to address.

Keywords: Auditing, Auditors, Perceptions; Lebanon; Middle East

17. THE INTERPLAY BETWEEN FOREIGN DIRECT INVESTMENT, SECURITY AND EUROPEAN INTEGRATION: THE CASE OF THE CENTRAL AND EASTERN EUROPEAN COUNTRIES

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ABSTRACT

A bi-directional relationship between FDI and economic reforms in ten Central European countries is tested, along with the role of the EU in breaking a potential vicious circle of insecurity, little investment, slow reforms, low prospects of EU membership and hence high insecurity. Using panel data regressions and a system of simultaneous equations, we find evidence that the prospect of EU membership has enhanced FDI in the less reformist candidates and that trade integration and increased EU financial assistance have improved FDI in the CEECs.

Keywords: Foreign Direct Investment Determinants, Economic Transition, Economic Reforms, Central And Eastern Europe

18. LOAN ADMINISTRATION AND LOAN REPAYMENT PERFORMANCE: A DEVELOPING COUNTRY PERSPECTIVE

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ABSTRACT

Industrial credit providers (ICPs) in developing countries have been ravaged by persistent loan default and loan loss since 1970s. Despite the application of a number of conventional remedial measures, loan loss problem continued to haunt them. This paper argues that loan repayment performance can be improved to a satisfactory level if guided credit constitutes an essential part of the loan administration mechanism adopted by the ICPs in developing countries. Evidence collected from Oman provided ample support for efficiency of such loan administration process. This suggests that guided credit can serve as an effective alternative mechanism for improving borrowers' ability-to-repay loans in developing countries.

Keywords: *Loan default, developing countries, and guided credit*

19. FREE TRADE AGREEMENTS AS THE NEW PROTECTIONISM

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ABSTRACT

Free trade agreements have proliferated wildly in the past five years. This paper tries to make sense of this alternative approach to trade policy by carefully distinguishing free trade from free trade agreements. The motivation for the first approach is largely economic while politics is the key driver behind the latter. In particular, large economies find it simpler to impose their objectives on smaller economies than in the multi-lateral environment of free trade. In particular, the allure of access to large markets can bind small countries to their larger counterparts in an interplay of political and economic ties. The leverage provided by such agreements affects the foreign policy decisions of these smaller economies and tends to draw them into conformity with that of its larger partner. In much the same way, such agreements allow large economies to foist standards involving intellectual property rights, quarantine inspection or business practises that advance prominent vested interests within the large nation. While no single small country is significant, each agreement signed creates a precedent for the next. In aggregate this creates de facto universal standards that are far more conducive to national interests than could be expected in multi-lateral negotiations.

Keywords: *Free Trade Agreements, Australia, United States, British Imperial Preference System*

20. MODELING MALAYSIAN NATURAL RUBBER SUPPLY RESPONSE FUNCTION – STRATEGIES AND POLICIES TO ENHANCE COMPETITION

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ABSTRACT

In this paper, we use the Unrestricted Error Correction Model (UECM) to examine the relationship between the supply response of natural rubber and the determinants such as price of rubber, price of palm oil and government subsidy for agriculture and rural development. The bounds test (Pesaran et. al. (2001)) was used to determine if the rubber response supply is cointegrated with its determinants. The study was conducted for annual data from 1970 to 2000. It was found that rubber supply is cointegrated with its determinants. The short-run and long-run elasticities of supply of rubber were calculated. In the

short-run, the supply of rubber is elastic to the price of rubber (1.211) and inelastic to the price of palm oil and government subsidy (-0.301 and -0.661, respectively). However, the supply is inelastic to all three determinants in the long-run (-0.352, -0.169 and 0.455, respectively). Based on the empirical analysis, we provide recommendations to enhance the competitiveness in the Malaysian natural rubber industry.

Keywords: Supply response, rubber, unrestricted error correction model, bounds test

21. SUPPLY CHAIN MANAGEMENT PRACTICES IN AUTOMOTIVE & AUTO COMPONENTS INDUSTRY IN INDIA

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ABSTRACT

Ever increasing competitive pressure with respect to cost, quality, faster time to market the ability to supply auto makers globally and just in time, as well the requirement for continuous innovation have had dramatic effects on the automotive supply chain. Supply Chain Management as a core function of management is an emergent concept in our country. During the last decade, propelled by competitive forces, the Indian automobile industry took the lead in applying SCM concepts to stay ahead in the business. The latest developments in the automotive industry revolve around critical key elements such as globalization, concentration on core competencies, competitive pressures as well as alliances and acquisitions have redefined the strategic importance of SCM and taken it to a completely new level. The present scenario calls for speedy, cost efficient and reliable supply chain. In this situation, there is a pertinent need to understand and evaluate existing supply chain metrics followed across various industries in India, and globally, and benchmark them with best practices to bring in improvements in the existing system. In this context a survey was conducted to understand the Supply chain management practices followed in the Automotive Sector.

Keywords: Supply Chain Management, Performance metrics, Globalization, Cycle time metrics, Cost Metrics, Quality Metrics and Asset Metrics

22. APPROACHES TO DECISION SUPPORT SYSTEMS AT TRADITIONAL FIRMS IN THE US AND CHINA: WHICH SIDE HAS FARED BETTER?

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ABSTRACT

Relying on decision support systems (DSS) to improve corporate competitiveness is a risky yet crucial enterprise undertaking. Corporate America has taken on such complex and daunting tasks for decades, and has paid a high price for learning tricks in dealing with related issues. Recently, Chinese companies began to look into information technology for ways to improve their global competitiveness. Their information systems have since evolved from being transactional to informational. While it is natural to expect that followers will learn from mistakes of their predecessors, it is unfortunate that history often repeats itself. Are Chinese firms able to take a shortcut on modernizing their business operations through DSS, or must they also go through the painstaking process of trial and error? In search of clues to answer these questions, we have analyzed the approaches to DSS taken by one firm in the US and the other in China. The two firms have similar histories and are of similar repute in their respective countries. This paper presents intriguing results of their different strategies and practices on DSS and analyzes the findings and implications.

Keywords: Decision Support System, Enterprise Information Systems, Case Studies, IT Strategy

23. HOW DO MULTINATIONAL FIRMS COMPENSATE THEIR MANAGEMENT? EVIDENCE ACROSS INDUSTRIES

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ABSTRACT

This paper analyzes the relationship between long-term managerial compensation and the degree of international involvement in non-financial firms across industries. It also examines the characteristics of CEO of the multinational firms vs. domestic firms. I find that the degree of international involvement is related to the type of long-term compensation that management received. Stock options can motivate an executive to get involved in the international business activities, especially in firms that do not use derivatives to manage their foreign exchange and interest rate risks. Results also show a strong link between international involvement and the CEO characteristics.

Keywords: *Managerial Compensation, CEO Characteristics, International Involvement*

24. MOMENTUM STRATEGIES: ARE THEY EFFECTIVE IN CHINA?

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ABSTRACT

This paper studies the effectiveness of the past return and the 52-week high momentum strategies for the recently established Chinese stock markets. We find that both strategies do not work in the aggregate across all class A and class B shares traded on the Shanghai and Shenzhen exchanges between 1991 and 2004. Our findings for the Chinese stock market are supportive of other research focusing on emerging stock markets in the Pacific Basin region. While we offer some conjectures for the failure of both momentum strategies in China, we do not have a precise explanation for our results. Further research needs to be carried out to investigate the ineffectiveness of momentum strategies in emerging markets.

Keywords: *Momentum Investing, 52-week high, Chinese Stock Market*
