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PREFACE

This abstract book includes all the abstracts of the papers presented at the *8th Annual International Conference on Business: Accounting – Finance – Management – Marketing, 5-8 July 2010*, sponsored by the Accounting & Finance, Management & Marketing Research Units of the Athens Institute for Education and Research (AT.IN.E.R.). In total there were 95 papers and 104 presenters, coming from 34 different countries (Australia, Belgium, Canada, China, Czech Republic, Finland, France, Germany, India, Indonesia, Iran, Ireland, Israel, Italy, Japan, Korea, Latvia, Libya, Malaysia, Mexico, Norway, Poland, Portugal, Russia, Saudi Arabia, South Africa, Spain, Sweden, Taiwan, Thailand, Turkey, UAE, UK and USA). The conference was organized into 23 sessions that included areas such as Financial Markets, Service, Product and Brand, Banking and Monetary Economics, Governing the Socially Responsible Firm, Management and Marketing Issues, Corporate Strategy and External Relationships, Finance and Development, Auditing, Studies on the Global Crisis, Customers and their Perceptions, Equities, Human Resource Strategy and Organisational Change e.t.c. As it is the publication policy of the Institute, the papers presented in this conference will be considered for publication in one of the books of ATINER.

The Institute was established in 1995 as an independent academic organization with the mission to become a forum where academics and researchers from all over the world could meet in Athens and exchange ideas on their research and consider the future developments of their fields of study. Our mission is to make ATHENS a place where academics and researchers from all over the world meet to discuss the developments of their discipline and present their work. To serve this purpose, conferences are organized along the lines of well established and well defined

scientific disciplines. In addition, interdisciplinary conferences are also organized because they serve the mission statement of the Institute. Since 1995, ATINER has organized close to 150 annual international conferences and has published over 100 books. Academically, the Institute is organized into four research divisions and nineteen research units. Each research unit organizes at least one annual conference and undertakes various small and large research projects.

I would like to thank all the participants, the members of the organizing and academic committee and most importantly the administration staff of ATINER for putting this conference together.

Gregory T. Papanikos
Director

PART I: ACCOUNTING

Are Auditors Guilty for Surprised Corporate Failures?

Waleed Abdel-Qader

Lecturer, Australian Catholic University, Australia

Philip Cheng

Australian Catholic University, Australia

Taking a new approach (explaining expectation gap from cognitive and judgment research findings; applying theories from political economy to rule-based approach auditing; and analysing audit approach from rhetoric) to address the old issues, we analyse the effectiveness and identify the deficiencies of the going concern audit standard. We suggest enhanced improvements in disclosures and a dual (rule- and principle-based) approach in going concern audit to better meet the intended objectives of the standard and to attenuate the controversies plaguing the audit profession for decades. We conclude that the audit standard prescribe a passive approach for auditors, and pose the question why the audit profession does not assume a more active role for future research.

Private Investors' Perceptions of the Audit Function in Saudi Arabia

Ahmed Al-Qarni

Associate Professor, Jeddah College of Technology, Saudi Arabia

This study examines the perceptions of the external audit function held by private investors (as distinct from institutional investors) in the Saudi stock market. Based on a review of the Saudi Companies Act, regulations and professional auditing literature, a questionnaire instrument was constructed and delivered personally to shareholders through the commercial banks at the share trading units in the third quarter of 2009. Of the 300 questionnaires given to private investors, 145 usable questionnaires were received giving a 48 percent response rate. One major conclusion is the need for private investors in the Saudi stock market to be educated about the external audit function and its limitations. A second major conclusion is that Saudi auditors could reconsider whether any of the current audit objectives could be amended or expanded given private investors' perceptions of the external audit function.

Financial Analysis - Reviewing the Revised Role of Malaysian Highway Authority (MHA)

Ervina Alfian

Lecturer, University of Malaya, Malaysia

Recent development in many countries over the last decade has witnessed greater private sector involvement in the provision of public infrastructure in comparison to the public sector. The movement has consequently changed the role of public sector from 'provider' to 'purchaser' of public infrastructure. In Malaysia, the move to privatization was initiated after the privatization policy was promulgated in 1983. However, in the highway sector, it was only after the country was hit by recession in mid-1980s that the policy was actively pursued. After the privatization policy was implemented in the tolled highway sector, the private sector became more involved as the provider of tolled highways. Hence, the role of MHA was revised from 'developing' to 'supervising' the construction of highways. The methodology used in this study is financial analysis, which is based on the annual reports of MHA and supported by other secondary sources like financial press. A review of MHA's financial statements from 1990 to 2005 reveals that; given the notable shrinking book value of total fixed asset over the period of study and significant growth of current assets, particularly short-term investments that lead to increasing interest income, it is questionable how the 'supervisory' role can be effectively achieved as more highways are being constructed by the private sectors. This directly affects the public as the end users and also raises accountability issues. As the completed older highways are privatized to the private sector, their corresponding book values were removed from MHA's balance sheet. This, plus the earlier findings of declining net worth of MHA over the years thus begs the question; "Does MHA's revised roles affect accountability to the public?"

**Toward Meaningful of Accounting Indicators:
An Empirical Study of Distributable Income, Earnings per Share,
and Net Operating Cash Flows of Saudi Companies**

Abdulrahman M. Alrazeen

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The bankruptcy of many so called good corporation, and the current global financial crisis shed light on the abuse of the accrual accounting system. The companies' financial statements are allegedly being under cosmetic treatments to achieve desired targets by management. The tools are usually estimations, and timing of recognition of revenue and expenses. The discretion to choose the way to recognize the unrealized gain and loss has worsen the situation. In this environment, the Earnings Per Share (EPS) is not a fair representative of the true profitability of the company. Moreover, in the era of leverage financial management no emphasis was given to the ability of current earning to satisfy current obligation and, hence, the company's ability to continue as a going concern entity. The current research is an attempt, with application on Saudi companies, to form a very simple accounting indicator based on the distributable income; a modified term borrowed from accounting for trust units and found in the british law of companies. The suggested indicator will capture profitability, liquidity and ability to meet debt obligation in one accounting indicator called "Distributable Income Per Share". The essence of this indicator is to remove from net income uncollected revenues, the unrealized gain and loss, and the anticipated payment the current short loans. Comparison of this indicator to the EPS and cash flows from operation will asses the quality of earnings reported by Saudi companies without disregarding the continuity of the company. In short, the suggested indicator combines the advantages of both EPS and cash flows information and helps in assessing the ability of earnings to contribute to the growth of the company. The observers of Saudi companies reporting practices notice that these companies frequently reported positive EPS, but they distribute nothing or just a small fractions of these earnings for many years, which question their EPS quality. This research will provide an empirical investigation to such practice.

Developing Financial Accounting System to Reflect Corporation Social Responsibility in Saudi Arabia

Nizar S. Alshowaiman

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Whilst a financial report has a user group, (i.e. shareholders and financial analysts) companies often state the corporate responsibility report for every one including employees, customers, suppliers and managements etc...

So the main issue for many companies regarding the Corporate Social Responsibility (CSR) is how to decide what they should report rather than what they can report. Central of this question is how a report identifies the target user groups for their CSR report.

CSR covers an extremely wide range of issues; it should enable stakeholders to make decisions relevant to their interests.

Although the majority of companies in most countries still issue separate CSR reports, there has been an increase in the number of companies publishing CSR information as part of their annual reports .

So, the main objective of this paper is to highlight how to develop the financial statements to be adapted with the requirements of reporting on CSR in Saudi Arabia.

For that objective the paper will raise three main issues:

- a- The motivation drivers behind CSR.
- b- The main challenges that companies face in determining the contents of CSR reports to help stakeholders making decisions which represent factors that influence the scope of the report ,and
- c- How the companies publish CSR information as part of their annual reports, and develop the financial statements to be adapted with the requirements of reporting on corporate social responsibility, and provide responsibility performance related information to stakeholders within and outside the company to evaluate how far a company has performed its roles in accordance with the stakeholders needs.

The paper apply to the listed companies in Saudi stock market depending upon the annual published reports (either printed or online), and other documents relevant to the financial performance of these companies.

The Moral Reasoning of Future Business Leaders: A Comparative Study between Australia and Cyprus

Marios (Maz) Demosthenous
Lecturer, Flinders University, Australia

Globalisation has raised many debates and questions in which there are implications for the accounting profession and the future accountants of the world. Globalisation does not take into consideration the differences in the culture and the effect it may have on the ethical decision making of business professionals globally. In order to understand the ethical decision making of the future business professionals a survey was conducted at two universities, one in Australia and the other in Cyprus.

The objective of this study is to investigate, compare and report the moral reasoning levels of business students in two regions of the world namely Asia Pacific and Middle East and where the dominant culture differs. This study uses Kohlberg's moral development theory as a framework and Rest's Defining Issues Test (DIT) as a measuring instrument to measure the moral reasoning of the students. This study found that Cypriot students' level of moral reasoning as measured by the DIT is at a very low level in comparison to Australian university students and students from other disciplines. Since moral reasoning has been linked to ethical decision-making (O'Fallon and Butterfield, 2005) these low moral reasoning results may mean that the Cypriot students are more likely to engage in behaviour that would be deemed unethical in society and in countries like Australia. There is no significant difference between the male and female students moral reasoning in each of the countries.

Convergence of Accounting Standards and Foreign Direct Investment

Yuan Ding

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Charles J. P. Chen

Professor, China Europe International Business School, China

Bin Xu

Professor, China Europe International Business School, China

We propose that the convergence of domestic and international accounting standards (IAS) should be positively correlated with foreign direct investment (FDI) activities, as they can lessen information processing costs for overseas investors. 1 In addition, the effect of reduced information costs should be stronger for country pairs with greater socio-economic divergences, which magnify the facilitating role of accounting information for FDI decisions.

Using a sample of bilateral FDI data from 30 countries between 2000 and 2005, we find results generally consistent with these expectations.

An Experimental Examination of Auditors' Professional Scepticism in different Cultures

Medhat Endrawes

Lecturer, Macquarie University, Australia

With the growth in multinational business operations and the greater use of international sources of finance there has been a trend to increased uniformity in accounting and auditing standards. However, uniformity in auditing also requires uniformity in the application of those standards. This paper examines the potential for differences in application due to the influence of cultural differences influencing decision-making by auditors.

Recent adverse experiences such as Enron and World Com have seen an increased emphasis on the detection of fraud. Auditing standards require auditors to apply professional scepticism during the audit process.

This study examines the effect of culture, the risk of fraud and errors, accountability and audit knowledge on auditors' professional scepticism which is necessary to assess the risk of material misstatements. Information from a sample of 269 junior and senior auditors from the three of accounting firms from Egypt and Australia were collected. The subjects evaluated the risk of fraud at the planning stage. The results provide evidence as to whether auditors from different cultural backgrounds react differently to audit evidence. The results show that there are significant differences between the two countries with respect of some audit decisions but not in others.

**Incentives Schemes and the Motivation of Middle-Level
Managers – A Replication and Extension**

Georgios Kominis

Lecturer, Univeristy of Glasgow, UK

Clive R. Emmanuel

Lecturer, Univeristy of Glasgow, UK

An Examination of the Plans of United States Public Accountants to Acquiring Technical Competency in the Use and Application of International Financial Accounting Standards

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Mark Sullivan

Associate Professor, DePaul University, USA

As of this writing, non-U.S. companies using International Financial Reporting Standards (IFRS) are permitted to list their securities on U.S. stock exchanges without reconciling those statements to U.S. Generally Accepted Accounting Principles (USGAAP). The Securities and Exchange Commission (SEC) is currently considering a proposed rule that, if adopted without changes, would require all U.S. issuers to employ IFRS by 2016 and permit earlier adoption by some users. The extended comment period on this proposed rule has expired but the Commission has not yet acted.

A survey of U.S. executives of publicly traded companies indicated that, depending on their company's size, they expected the cost of converting to IFRS to be between .1% and .7% of revenue while European companies incurred an average cost of .5% of revenue when they converted four years ago. Much of these costs would presumably involve educating U.S. accountants so that they can prepare their company's financial statements in conformity with the IFRS accounting model. In addition, while the above discussion refers to costs of publicly traded companies converting to IFRS, there is a commensurate cost of educating U.S. auditors to be able to attest to financial statements prepared under IFRS.

Given this background, our research examines the manner by which U.S. public accountants are currently learning IFRS and what future plans they have to acquire this knowledge base. Our results should be of interest to accountants who are required to learn IFRS, organizations offering IFRS resources, universities and other organizations who will provide training, and other interested parties such as the SEC who would be concerned that U.S. accountants are preparing for the conversion. Our research method involves surveying U.S. public accountants who are engaged in audits of U.S. publicly traded companies.

The Importance of IFRS in Accounting Education

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Eva Hyblova

Assistant Professor, Tomas Bata University in Brno, Czech Republic

The purpose of this article is to present an analysis of the accounting problems as a subject of continuous improvement and development of new accounting rules and guidelines as well as the interchange of experiences are in progress in various countries throughout Europe and the remainder of the world. International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) are becoming the most important financial reporting standards in the world. Application of IFRS requires a high level of professional knowledge by the accounting staff of any entity trying to apply these standards.

Currently, there is significant on accounting throughout the world and there is significant progress in the development of greater sophistication in accounting. Analysis of these developments and the interchange of experiences are in progress in various countries. New methods and accounting applications, as well as the practical application of accounting principles, are being developed and promulgated.

Knowledge of the predictive ability of financial statements is a necessity for useful communication among accounting information users. As accounting is undergoing continuous development both in Europe and on a worldwide scale, it must react to the development of national as well as multinational economic environments and to stimuli based on modern tendencies.

Nowadays is increasing the value of education, demand for university education is rising. Consequently are growing requests for new education forms that are invoked by changes in position of schools within the system, by the change of graduates' profile, by the change of teachers' and students' position. The main goal of this article is to identify options for development of accounting education. The goal of accounting education is to produce competent professional accountants who can continue to meet the expectations of the communities they serve as well as the challenges they will face in the future.

**The Impact of Culture, Law and Taxation on the Quality of
Accounting Information As Convergence to “Ifrs” Is Implemented:
Can’t Ignore Matters Facing Accountants And Users Of Accounting
Information Globally**

A.Shekib

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**Internal Audit in the Local Governments of the Republic of Latvia:
Perspectives of Development**

Romena Sulca

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Shareholders' Perspective on Annual Reports

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For a satisfactory development of commercial and industrial life companies must obtain enough venture capital. The behaviour of the shareholders in companies is of vital importance for the financial opportunities. In order to supply venture capital and provide long-term ownership there has to be a satisfactory progress of the share values, and there is also an expectancy of returns on shares. A performance-driven company giving returns on shares will provide confidence for investors. Investors need information about the companies' economic situation. This paper reports from an empirical qualitative review of different Swedish companies' annual reports. The companies reviewed are listed on a Swedish stock exchange. The review is based on a set of criteria spanning from narrative descriptions to numerical numbers of financial information. The need of information is increasing in companies listed on stock exchanges, because of the increasing focus on the shareholders in companies. However, shareholders are often more interested in narrative information in the annual reports, than in the numerical information. Therefore the companies should be more interested in the qualitative aspects in their annual reports. It is important to inform about their business concept and their strategy. Information about the long-term economical outline is important in order to judge the company's ability to make growth for the future. The review showed that many companies lack some important information in their annual reports. Many of the companies are not very good in describing their own activities and strategies. Companies' governance routines are not described very well in the reviewed annual reports at all. Furthermore, many of the companies are missing information about future profit forecasts. Such aspects as structure, language, pictures and graphical design also have an impact on the readability of the annual report.

PART II: FINANCE

The Determining Factor of the Industries' Capital Structure in Tehran Stock Exchange

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Assistant Professor, Islamic Azad University, Iran

Problem What factors will have impact over capital structure of companies? And which one of them has a significant impact over debits structure of companies?

The intent of the study was to find out the determining factors of capital structure in industries in Tehran stock exchange. This study has been conducted over 159 companies in six different industries level. Specifically, the purpose of the study was to compare the impact of determining factors of capital structure like profitability rate, opportunity growth rate, assets structure, firm size and firm age over long term and short term debits to assets ratios of companies in six different industries.

Method The research approach selected for the study was regression model using Panel Data. Data such as balance sheet items, income and loss statements, starting date of activities, price and number of stocks at the end of financial years for each companies were obtained from Tehran stock exchange site and using soft wares like Pars Portfolio, Sahra, Tadbir Pardaz and Rahavard Novin from 2001 to 2008.

From 414 companies in twenty different industries in Tehran stock exchange, 159 companies in six different industries were selected which they were as follows:

- 1- Auto and metal industries including 44 companies,
- 2- Construction industries including 18 companies,
- 3- Pharmaceutical industries including 20 companies,
- 4- Chemical industries including 24 companies,
- 5- Food industries including 24 companies,
- 6- Other industries including 29 companies,

Independent variables were profitability rate, opportunity growth rate, assets structures, firm size and firm age, and dependent variables were short and long term debits to assets ratios as the capital structure of the firms.

Results The finding of the study demonstrated that the impact of determining factors of capital structure vary from one industry to another.

Are UK Companies Following Residual Dividend Policy?

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This study explores whether UK companies follow the residual dividends policy for the period 1998 to 2007. We employ the Baker and Smith methodology in calculating the Standardized Free Cash Flow (SFCF), who find the mean and standard deviation for SFCF for the companies that follow a residual dividends policy close to zero.

Our sample was the equity companies in UK pound which were available for ten years (1998-2007) from DataStream. The total number of available sample companies amounted to 590 out of 691 companies (85.38%), divided into 14 sectors.

The SFCF has been calculated using excel sheets for all companies in our sample and for each sector. Then, the means and standard deviation for the market in general and for each individual sector were calculated. This was followed by running one-sample t test by using SPSS.

We find that UK companies in general will not follow a residual dividend policy as a cash dividend in all individual sectors, with the exception of the bank and insurance sectors which do follow residual dividend policy.

This study contributes by providing empirical evidence on implementation of a residual dividend policy in the UK, giving clear indication about the relationship between cash dividend policy and investment policy. Furthermore, this study makes a practical contribution in helping investors draw their investment policy more clearly through the identification of their investment's tools that are commensurate with their investment objectives by further clarifying the nature of dividend policy for individual sectors.

What Factors Determine the Development Process?

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Our previous analyses in the paper presented last year titled " the divide between developed and emerging capital markets: can we discriminate? We classify countries according to Capitalisation divided by GDP (variable1) as a measure of the relative depth of the market. In this paper we take another step forward to identify the relationships among variables with out this variable , because using this variable in the equation will dominate the results. In this paper the determinants of market development is identified using logistic regression, which show three regressions model that has 90 per cent or more explanatory power of the changes in the dependent variable. These models contain five variables which are namely the ones numbered as 3, 5, 6, 7 and 10. Those are: number of listed companies, the average shares traded per company, the average number of transactions per company, the average of value transaction, the turnover velocity.

Lendings constraints when implementing investment strategies

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Linear and Non-linear Interest Rate Sensitivity of Bank Stock Returns in Spain

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It is widely accepted nowadays that interest rates represent a major source of uncertainty for the value of companies because interest rate changes influence both the expected future cash flows and the discount rate employed to value them. Furthermore, the high interest rate volatility in recent years and the important level of financial leverage for most of the firms constitute additional factors that have contributed to the increasing relevance of the corporate exposure to interest rate risk.

The bulk of this research has documented a significant and negative effect of changes in interest rates on stock returns of financial institutions, which has been typically attributed to the existence of a maturity mismatch between financial assets and liabilities. Thus, the earnings and the net worth of a bank will be adversely affected by a rising interest rate environment because the cost of the banks' liabilities increases more rapidly than the yield on its assets.

The main contribution of this paper is to conduct a comprehensive analysis of bank interest rate exposure using linear, non linear, asymmetric and non parametric models on Spanish corporations both at the individual and portfolio levels. To our knowledge, this paper constitutes the first attempt to analyze interest rate exposure by a non-parametric approach and compare the results obtained with parametric and non-parametric models. On the other hand, it investigates whether the introduction of the Euro as a common currency has affected banks' interest rate sensitivity.

The Stock Market and the Global Financial Crisis

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With the recent crash of the international stock markets, the awareness of its consequences on the International economy has been latent. Stock market crashes are associated to financial market crises, and/or economy crises. Analysis of the influence of this crisis over the International stock markets and their repercussions can enable stockbrokers and investors to anticipate strategies. The empirical variables which define a crisis, which are the object of this study, are the maximum drawdown percentage, the duration of the decline, and the recovery time. The analysis of these variables with data obtained from the American, European and Asian markets enables the degree of correlation between these crises to be studied, with the aim of providing forecasting.

The characteristics of returns in equity markets are a particularly relevant topic for investors and academics. It is highly worth studying patterns in graphs of prices since their viewing of the graphs often suggests the presence of a cycle in the series. Research into their nature has evolved from a graphical orientation, towards quantitative measures extracted from several models

Many theories have been developed in an attempt to explain the stock market crashes and the associated cycles. A stock market crash is a situation in which a stock market experiences a sudden and major decline in stock prices, leading to a financial or an economic crisis.

The cycles are characterized as peaks and troughs and the periods between them are classified as expansions (bull phases)¹ and contractions (bear phases)².

In the recent literature especially the work of the National Bureau of Economic Research, the study of crashes in stock markets has received considerable attention as a consequence of the direct applicability of business cycle techniques to identify and characterize commodities prices and stock market cycles.

Many papers have analyzed the bull and bear markets by following the algorithm suggested by Bry and Boschan (1971) currently in use in stock market analysis: Pagan and Sossounov (2003); Abad, Cristobal and Quilis (2000); and Gomez Biscarri and Perez de Gracia (2004), among others.

In this paper empirical methods are applied, and are characterized by using a set of decision rules that reflect the practical experience gained by analysts. The most famous is the Bry-Bosch method, based on the methodology of the National Bureau of Economic Research (NBER), and used for the detection of business cycles and,

¹ Characterized through increasing prices and optimism.

² Characterized through falling prices and accompanied by widespread pessimism.

therefore, periods of economic crisis. Since our objective is to analyze only the bear phases associated with stock market crashes, this method would be unnecessarily complex and therefore unsuitable for this research.

The method applicable to this research is the concept known as “maximum drawdown” or “maximum loss”. This method is applied to analyze the stages in which there have been declines in stock indices from a maximum to a minimum over 15%. The value of 15% can be considered as arbitrary since in practice it is considered that the decline has to be between 15-20% to consider that there has been a stock market crisis. However 15% allows us to identify periods that have been bearish on the stock markets which are associated with macroeconomic events that have systematic effects on all markets. (Gomez and Perez, 2004).

As in most studies for the analyses of economic cycles monthly data is used, to detect the changes in prices of over 15%, a filter will be applied on the time series of the monthly evolution of the stock index and ignore minor changes of 15%.

Improving Audit Judgment and Decision Making: A Transcendent Model

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Auditors are expected to be rational and free from biases when they formulate audit opinions. However, auditors are humans like all of us, affected by emotions, biases, over confidence, and other behavioural traits. As history and the recent 2007-2008 global financial crisis have vindicated, creditability of unqualified audit opinion is questionable in cases of corporate scandals and surprised corporate failures. Audit judgment is particularly susceptible because, unlike finance and economics, there are no theories to provide guidance on the objectively optimal or “correct” solutions, and research has documented widespread use of heuristics in audit judgment. Evaluating the objectivity and credibility of audit opinion becomes more challenging if one further includes the risk attitudes of auditors (risk-averse vs. Risk-preferred).

Interestingly though, it seems the only heuristics among auditors that has been studied elaboratively is that of recency, which is based on the heuristics of anchoring-and-adjustment proposed by Tversky and Kahnman (1974). Reliance on prior audit adjustments in evidential planning is a classic example of recency effect (Bedard and Wright, 1994). Some studies consider recency effect as given (viz. no explanations are offered on how it occurs), and suggest various methods for its mitigation: accountability (Messier and Quilliam, 1992); documentation (Cushing and Ahlawat, 1996); and counterexplanation (Chung and Monroe, 1999). These suggestions assume that more conscious efforts by auditors would attenuate the recency bias, viz. recency bias is effort-related, not cognitive or psychological.

In their seminal article, Hogarth and Einhorn (1992) examine recency from the perspective of processing strategy: Step-by-step (SbS) strategy and End-of-sequence (EoS) strategy. In both strategies, a prior belief or judgment (an anchor) is first formulated, which is revised on the basis of new evidence. Step-by-step (SbS) strategy revises the initial judgment (the anchor) every time after each piece of evidence is received. End-of-sequence (EoS) strategy revises the initial judgment only once after all evidence is received and aggregated. Recency effect occurs when inappropriate highest weight is assigned to the latest evidence received. Consequently, SbS strategy is relatively more vulnerable to recency effect. Instead of explaining the same phenomenon as recency effect, Emby (1994) discusses the phenomenon as framing and presentation mode effects – sequential frame where information is considered sequentially, or simultaneous frame where information is considered simultaneously. Both Emby (1994) and Boatsman et al. (1997) propose decision aids as means to improve audit judgment. Again, recency effect is neither cognitive nor psychological but procedural in these studies.

Case-based reasoning (Denna et al., 1992) in audit judgment also suffers an effect similar to that of recency, as the feature last considered could be assigned an inappropriate highest weight.

A point to be noted is that in all the studies we reviewed, the suggestions are based on experimental findings only; we are not aware of any empirical evidence on the effectiveness of the suggestions.

In contrast to previous research, we propose a new frontier in behavioural audit judgment research, and a novel solution to the heuristics and biases, and the varying risk attitudes experienced by auditors.

Adopting a multi-disciplinary (psychological, philosophical and auditing) approach, we first explain the heuristics and biases common among auditors from a psychological perspective. We then offer a transcendent model as the framework to attenuate the short-comings of these heuristics and biases. Our model is based on two disciplines. The first discipline is the two systems of reasoning in psychology: associative vs. rule-based. The second discipline is consciousness vs. unconsciousness in psychology and philosophy. Associative reasoning is comparable but not equivalent to unconsciousness, and likewise between rule-based reasoning and consciousness. We first explain the complementary and compensatory properties of the two systems of reasoning, and consciousness vs. unconsciousness, respectively. We then postulate that these properties would ameliorate the judgment and decision of auditors in a proposed transcendent model.

Investors' Exposure Rating and Stock Returns

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This study examines whether investments based on herd behavior can outperform the market. It utilizes an investment exposure rating system calculated as the percentage of “clicks” on a specific stock banner on a popular business portal. Comparing the returns of a portfolio that consisted of the ten most “clicked” stocks to the returns of the stocks on the Tel Aviv 100 index (TA100) showed that the “clicked” portfolio did not outperform the index during the examined period. Moreover, a high exposure rating was negatively correlated with returns and positively correlated with higher risk. These results strengthen the hypothesis that investment based on herd behavior is not a winning strategy.

Corporate Governance and Corporate Failure in the Context of Agency Theory

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Following the Asian financial crisis in 1997, the Malaysian corporate governance has undergone major reforms to strengthen its corporate governance mechanism resulting in the establishment of the Malaysian Code on Corporate Governance (MCCG) in 2000. However, despite the extensive regulatory reforms undertaken to improve the corporate governance mechanism in Malaysia, there are still companies listed on the Malaysian Stock Exchange that are financially distressed. This study aims to investigate the impact of corporate governance mechanisms on Malaysian financially distressed companies for a three year period from 1 January 2004 to 31 December 2006. Using 176 Malaysian listed companies (88 distressed companies and 88 non-distressed companies), the impact of corporate governance attributes namely board structure (board independence and CEO duality), ownership structure (CEO, executive and family ownership) and internal control mechanisms (audit independence and audit committee expertise) on the poor performance of companies in Malaysia were investigated in the context of agency theory.

Results reveal significant negative association between CEO duality and financial distress condition. This implies that leadership structure affects the performance of companies. The findings suggest that CEO duality will reduce agency problem as the agent will act in his best interest and provide better strategic vision and leadership in companies' goals and objectives compared to an independent chairman. This in turn will result in the rapid execution of organization's operational decisions and improved performance. The other governance and internal control mechanisms identified in the study were not significant in mitigating financial distress conditions of firms.

Ownership Structure, Financial Policy and Performance of the Firm: US Evidence

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The objective of this article is to determine the interrelations between the ownership structure and the financial policy as well as the relationship between the managerial ownership and the performance of the firm. Our results show that all the shareholders whatever their types are (manager, external or institutional) do not tend to hold substantial stakes in the high levered firms. The non linear relationship between the managerial ownership and the performance of the firm confirms that some levels of the managerial ownership are not beneficial to the shareholders' wealth.

The Relationship between Debt Capacity, Financial Constraints and Share Returns: South African Evidence

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Firm-specific characteristics like debt capacity and financial constraints could influence a firm's cost of debt capital. Those firms with limited debt capacity and that are experiencing financial constraints may be exposed to a higher cost of debt capital than those firms that are in a more favourable position. This study investigates the relationship between debt capacity, financial constraints, and share returns for a sample of South African firms listed in the industrial sector of the Johannesburg Stock Exchange. In order to reduce survivorship bias, both those firms that remained listed during the period under review, as well as those firms that delisted are included in the study. The study period of 1989 to 2009 covers a period during which the South African economy experienced a number of profound changes, and it therefore provides the ideal backdrop for this type of study. The results of the study should indicate to external analysts what effect firm-specific debt characteristics have on the performance of a firm's shares.

**Financial Performance Analysis of Transportation
& Storage Sector's Firms Trading in Istanbul
Stock Exchange by Using Topsis Method**

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Recommendation Volume, Media and Firm Value

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The media are a primary channel for providing investors with information. Too much information can however be confusing. "Truth effect" theory explains why the credibility of information can be reinforced with repetition. The objective of our study is to establish the relationship between the volume of information (measured by the number of analysts' recommendations published in the press or broadcast) and fluctuation in company value.

Our results show that the number of recommendations has an impact on fluctuations in company value: the higher the number of positive recommendations, the greater the increase in the value of the firm, the higher the number of negative recommendations, the greater the decrease in the company value. Causality tests confirm the nature of the relationship.

However, if we take into account the possible endogenous and simultaneous relationship between media coverage of recommendations and variations in company value, we find that at the same time, the number of recommendations influences the variation in company value and that there is a reciprocal relationship that also applies.

Thus, investors' and analysts' perceptions of firm value would appear to comfort each other.

The Influence of EU Funds in Latvia and EU Member States

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It is 6 years since Latvia has reached its strategic goal – to become European Union (EU) member state. 10 applicant countries joined to EU member states in 2004 by meeting pre-accession liabilities. Macroeconomic indicators of those countries – level of unemployment, Gross Domestic Product (GDP), budget deficit - were similar. Since entering EU, Latvia in implementing regional politics like other member states has opportunity to use EU Structural Funds (SF) in order to reduce regional differences. Latvia is one of NUTS II regions in this context. Due to the world's economic crisis in 2008-2009 the situation in global market has caused serious difficulties in economic sectors of EU member states. However, in Latvia the influence of crisis is especially difficult. The research reflects the accessible EU SF funding in comparison with number of inhabitants and other macroeconomic indicators. EU SF correlation in Latvia and other member states with Gross Domestic Product (GDP), indicators of labor productivity and changes in common private placement are analyzed.

**The Latest 'Planned' Financial Crisis which caused the First
Depression of the 21st Century was a Moral and Political Crisis**

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Applying Anglo-Saxon Firm Theory in Bank-based Economies; Impacts on the Capital Investment Level

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1. Introduction

The recent literature documents that corporate ownership structure and degree of investor protection differ across nations. Corporate ownership is more concentrated in weak shareholder protection countries than in strong shareholder protection countries [La Porta et al. (1999)]. In countries with weak shareholder protection, large single-family conglomerates dominate national economies [Claessens et al. (2000) and Johnson et al. (2000)]. Entrenched corporate managements and opaque business operations are prevalent and therefore corporate governance is poorer than in strong shareholder protection countries [La Porta et al. (2002)]. The controlling shareholders can expropriate minority shareholders [Zingales (1994), Dyck and Zingales (2003), and Nenova (2003)]. Consequently, firm value is lower and financial markets are less developed in weak shareholder protection countries than in strong shareholder protection countries [La Porta et al. (1997, 2002), Claessens et al. (2002), and Demircuc-Kunt and Maksimovic (1998)].

The above literature suggests that both firm values and financial markets will be advanced, if improved corporate governance disciplines managers to pursue shareholders' wealth rather than their own wealth. However, it is unlikely, according to Reese and Weisbach (2002), that controlling shareholders with locked in corporate control would voluntarily improve on corporate governance. Improvement on the corporate governance will raise share values by reducing the managerial expropriation, which reduces the private benefits that controlling shareholders enjoy from corporate control.

Therefore, it is likely that government may intervene in the market for corporate control. This paper explores how the majority shareholders would react to government intervention in the market for corporate control. The policy makers in weak shareholder protection countries may devise internal mechanisms to overcome deficiencies in their existing institutional environments. This paper explores the implications of applying an active market for corporate control to economies where the current majority shareholders enjoy substantial private benefits with a lock in corporate control.

2. Model assumptions

The seminal work of Jensen and Meckling (1976), the agency theory of the firm, assumes the following:

- 1) In capital market based economies, the entrepreneurs who decide to go IPO may expect to become a minority shareholder in the future, since the national legal systems strongly protect minority shareholders' interests.

- 2) Shareholders of publicly listed firms constantly changes, but the corporations remain as a going concern indefinitely.
- 3) The equity ownership of exchange listed firms is dispersed and there are no controlling shareholders, and management is separated from ownership.
- 4) The corporate managers are the agents for the minority shareholders and they do not own a major fraction of the firm's equity.
- 5) Lower level corporate employees are well disciplined and therefore do not have loafing (shirking on the job) problems
- 6) Founding fathers devise corporate charters in such a way that the corporations remain as going concerns, and that the corporate create the maximum values to shareholders at any given time.
- 7) Corporate charters and managerial compensation packages stipulate that well performing managers are rewarded and poorly performing managers would be replaced.¹
- 8) Competitions in capital markets expedite this process through mergers and acquisitions.

The above listed assumptions do not represent the true nature for firms in bank based economies.

- 1) In bank based economies, national legal systems weakly protect minority shareholders' interests as compared to capital market based economies.
- 2) Since the national legal systems weakly protect minority shareholders' interests, the current business owners enjoy many private benefits and privileges.
- 3) Entrepreneurs who go IPO do not want to give up the controlling rights.
- 4) So the owners have incentives to extend the tenure of corporate control to next generations.
- 5) The owners may refuse to raise capital if such actions may lead them to lose their control rights (voting rights).
- 6) If investment projects require external financing, the owners may forego investment opportunities with high NPV, in favor of keeping the current controlling power.
- 7) At the margin, the owners' share of the NPV of the project must be greater than the opportunity cost of yielding the control rights.
- 8) Owners may elect not to expand the business in order to keep their current controlling power.
- 9) Suboptimal investment decisions (similar to scenario Meyers, 1977, JFE)

3. Set up a Model and conduct marginal analysis:

Objective function: Max owners utility = f (wealth, private benefits)

¹ Even in America, about 50% of IPO firms insert anti-takeover clause in corporate charter in order to protect the founding fathers' control rights, even after they become publicly listed firms (reference available)

Subject to: Keep the control of the firm; voting rights > 50%

- 1) Conduct marginal analysis of capital investment decisions under the assumption that corporate control depends on the equity ownership in percentage (voting rights).
- 2) Conduct marginal analysis of capital investment decisions when anti-takeover clause is inserted in corporate charter so that the control rights are fully protected.
- 3) If the optimal investment level is higher when anti-takeover clause is inserted than otherwise, there is a conflict of interest between national policy makers and business owners.
- 4) Corporate investment level is suboptimal in the viewpoint of national economic policy makers.
- 5) Therefore, national policy makers may recognize business owners' incentives and devise mechanism which aligns the business owners' interests with the national interests.

4. Develop optimal investment level under competitive corporate control market.

In light with the recent works by Reese and Weisbach (2002) which propose that firms may devise internal mechanisms to overcome deficiencies in their existing institutional environments, this paper explores the implications of applying the agency theory to economies where the corporate owners enjoy substantial private benefits. We recognize that in weak shareholder protection economies corporate owners enjoy substantial ownership rents and therefore owners have incentives to sustain corporate ownership and pass it to their next generations.

Our theoretical analysis rests on a relatively simple argument. It starts with the notion that firms are valued as going concerns, and that this value reflects an expectation of continued future investment by the firm. The investment projects are discretionary in that the amount invested depends on the net present values of opportunities as they arise in the future. However, many firms in poor corporate governance economies are controlled by founding families and they want to perpetuate the corporate ownership and control. Therefore, optimal investment level depends not necessarily on the incremental effects on the firm values of as going concerns, rather depends on the incremental effects on the controlling power of the corporations. At the margin, therefore, the owners may forego good investment projects because the acceptance of the investment project will increase the probability of losing the corporate control, which may lead to suboptimal investment level for owner controlled firms (Meyers (1977)).

5. Implications for the study

The analysis will show the net effects of government policy changes. The effects of government policy will be less positive than what the government expected, or the net impact could be even negative. Therefore, the policy makers in concentrated corporate ownership countries should be more cautious about implementing policies imported from countries with strong shareholder protections.

Effects of Area Support Payments on the Economic Situation of Farms

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Agriculture is historically one of the most ancient and important industries not only in Latvia, but also in the whole world. Its formation and evolution is consistently associated with the development pace of mankind and with the progress in science and technology. The industry takes a significant position in the world's economy, it has an essential role in the national economy of Latvia as well.

Since Latvia's accession to the European Union (EU), which took place in 2004, the situation in rural areas of Latvia has significantly changed. Farmers have a possibility to receive support payments of various types for doing business in rural areas, including single area payments (SAPs) per hectare of utilised agricultural area (UAA) that is maintained in a good agricultural and environmental condition; SAPs account for a significant part of support received by farmers. SAPs in Latvia are granted under the Single Area Payment Scheme.

In the present research, the situation in Latvian farms is analysed for the period 2003-2008.

The paper analyses the proportion of rented farmland in the total land balance as well as the use of farmland. According to this analysis, cereal crops in Latvia on average occupy more than 29% of the entire UAA farmed for crops and range within 12-49.2% depending on the region and the farm size group. In the analysis, the role of growing cereals in the agricultural industry is explained and as a result, it was concluded that growing cereals is mostly popular among large farms because these farms have specialised in farming one group of crops.

It was ascertained in the paper that the SAPs account for a significant share in the profit of enterprises. It was proved that without the SAPs, the indicators of financial performance of enterprises would significantly worsen, especially profit that would decrease on average by 30-40%. Among several size groups of farms and in some regions, agricultural enterprises would suffer losses and be put out of business without these support payments.

Information published on the Farm Accountancy Data Network (FADN) of the Latvian State Agrarian Economics Institute was used in the research. Information compiled by the Rural Support Service, which is supervised by the Ministry of Agriculture, on area payments in agriculture after joining the EU was also used.

Industry and Size Effects in Corporate Performance: An Empirical Research on Selected EU Countries

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The aim of the paper is to analyse the influence of industry specific factors and firm size on corporate performance in the EU countries. Most of the hitherto analyses have focused on corporate performance reflected mainly in stock returns. This paper is one of the few attempts to consider fundamental ratios, which might also be useful indicators for investment decisions based on corporate performance. The analysis is meant to find whether the corporate performance reflected in financial ratios is affected by industry or size effect more, and therefore to compare the relative importance of the two effects. The financial ratios are obtained from harmonised aggregated financial statements published by the European Commission in the BACH database. The ratios characterize three major analytical areas of enterprises, i.e. their profitability, liquidity and solvency. The data analysed relates to three size groups, thirteen industries, ten countries and six years: 2002-2007. The applied methodology includes multivariate statistical methods, such as analysis of variance, agglomerative clustering and multidimensional scaling. Findings provide empirical evidence that in most cases the industry effect tends to dominate over the size effect. However, the relative importance of size and industry varies between countries.

Positive Feedback Trading: Evidence from Futures Markets

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This paper tests the hypothesis that some participants in index futures markets engage in feedback trading. The analysis is based on a modified dynamic Capital Asset Pricing Model that assumes two types of investors: i) expected utility maximizers, and ii) positive feedback traders who sell during market declines and buy during market advances. According to the model, the interaction of the two groups induces negative time varying autocorrelation. The model is tested using data from four popular international stock index futures contracts. There is some evidence of time-varying negative autocorrelation, consistent with the notion that some participants are feedback traders.

Moreover, the feedback mechanism exhibits persistence in support of Shiller's (1990) hypothesis.

Green Finance: A MultiStakeholder Endeavor

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Techniques for Estimating the Generative Multifactor Model of Returns on Equities: Comparative Study of the Principal Component Analysis, Factor Analysis, Independent Component Analysis and Neural Networks Principal Component Analysis

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In this paper we compare the dimension reduction and/or feature extraction computational techniques, e.g., Principal Component Analysis, Factor Analysis, Independent Component Analysis and Neural Networks Principal Component Analysis, which are used as techniques for extracting the underlying factors of systematic risk - under a statistical approach of the Arbitrage Pricing Theory - driving the returns on equities of the Mexican Stock Exchange. From the theoretical standpoint, the estimated factors should be superior as we advance from classical techniques, i.e., Principal Component Analysis and Factor Analysis, to more sophisticated techniques, i.e., Independent Component Analysis and Neural Networks Principal Component Analysis; however, their own internal assumptions, procedures and algorithms, make the direct comparison between either the extracted factors or the factor loadings, produced by each one of them, impracticable. This fact leads us to compare the former techniques in such a way that they can be measured homogeneously. In order to present an objective and homogeneous comparative study concerning techniques, we carry on our research according to two different perspectives. First, we evaluate them from a theoretical and matrix scope, making a parallelism among their particular mixing and demixing processes, as well as the attributes of the systematic risk factors extracted by each method. Secondly, we carry on an empirical study in order to measure the level of quality in the reconstruction of the original variables, reproduced by the multifactor generative model of returns, when we employ the underlying systematic risk factors estimated by each extraction technique. Additionally, we compare the results of the econometric contrasts of the Arbitrage Pricing Theory, using the betas computed in each one of the techniques. The evidence found shows ...

Option Pricing on Cash Mergers

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When a cash merger is announced but not completed, there are two main sources of uncertainty related to the target company: the probability of success and the price conditional on the deal failing. We propose an arbitrage-free option pricing formula that focuses on these sources of uncertainty. We test our formula in a study of all cash mergers between 1996 and 2008 which have sufficiently liquid options traded on the target company. The estimated success probability is a good predictor of the deal outcome. Our option formula for cash mergers does significantly better than the Black-Scholes formula and produces a volatility smile close to the one observed in practice. In particular, we provide an explanation for the kink in the volatility smile and show that the kink increases with the probability of deal success.

The Relative Riskiness of Banks with Switching Strategies

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Many papers that address the relative riskiness of banking strategies are interested in determining whether diversified strategies mitigate risk more than focused strategies. Although this has been the historical approach in the literature, approximately 1,500 US banks out of a sampling universe of 5,000 banks move from one category to the other, some frequently. Possible explanations of switching strategies are that banks adopt a passive approach and fall into either a diversified strategy or focused strategy on an ad hoc basis, or that banks specifically alter their strategy to take advantage of perceived opportunities to improve their risk-reward profile. Thus, this research examines whether the risk of banks that switch between focused and diversified asset allocation strategies is higher or lower than that of banks that exclusively adopt a diversified strategy. Focused banks are defined as those with a large proportion of assets in one of six narrow industry segments! including agricultural loans, credit cards, commercial lending, mortgage lending, consumer lending, and other focused loans. The data in this study confirms the major hypothesis that banks following a switching strategy are more risky than banks following a diversified approach.

Post Keynesian Interest Rate Channel of Monetary Transmission Mechanism: Evidence from Malaysia

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The importance of monetary policy in managing an economy is widely recognized because it affects macroeconomic behavior and hence, the general welfare of the economy. However, the effectiveness and efficiency of a monetary policy would depend, to some extent, on its transmission mechanism. The transmission mechanism of monetary policy is a process through which monetary decisions are transmitted into changes in production, investment, consumption and inflation. One of the channels of monetary transmission mechanism is interest rate. Interest rate, based on the neoclassical (or loanable funds) theory, is just a competitive price which adjusts to equilibrate the demand and supply of loanable funds. Simply put, based on mainstream economics, interest rate is endogenously determined. **Post Keynesian** economists however, posit that interest rate should be treated as exogenous. While the exogeneity/endogeneity of interest rate is still an unsettled issue, the idea of interest rate exogeneity itself is still controversial: Will the interest rate in the economy be stable through time (i.e., its graph is horizontal) as proposed by the **Horizontalists**? Alternatively, will 'the' interest rate in the economy be rising through time (i.e., its graph is upward sloping) as claimed by **structuralists**? The aim of the present paper is twofold: To investigate whether 'the' interest rate in Malaysia is exogenously determined or otherwise. Secondly, if interest rate is found to be exogenous, the data are to be analyzed further in order to identify the sub-school of Post Keynesian economics that the Malaysian data support. To meet this aim, the causal relationship between overnight policy rate (OPR) and base lending rate (BLR) is examined by using the *cointegration* and *vector error correction model* procedures. The strength of this approach is that the absolute value of the error correction term coefficient gives us a measure of the average speed at which variables adjust to a change in equilibrium conditions. The sample period for our monthly data is thirteen years, ranging from 1996 to 2008. Findings of the study indicate that there is a significant causal relationship between the OPR and the BLR. The causality runs from the OPR to the BLR. Such a unidirectional causality is parallel with the horizontalists' view of interest rate exogeneity. In policy term, our evidence suggests that monetary policy in Malaysia should remain accommodative and supportive of economic growth (i.e., it is operated through the setting of a key interest rate - the OPR - and not through a money supply target). Moreover, in managing the national economy - in ensuring that the money supply is responsive to changes in the demand for liquidity - the

Malaysian Central Bank should necessarily accommodate the demand for reserves by commercial banks.

Double Contagion: The Impact of Globalization and Exchange Rate Regime on Financial Fragility

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We study the impact on financial fragility of globalization and a switch from managed to freely floating exchange rate regime in the context of a two-country multi-region model a la Allen and Gale (Journal of Political Economy, 2000) with open-economy monetary features of Chang and Velasco (Journal of Economic Theory, 2000). In this economy, both banking and exchange rate crises may develop. In contrast to Allen and Gale, we find that increased globalization, i.e. a more complete structure of links among regions, can increase financial fragility, if the smaller country maintains a floating exchange rate regime. Furthermore, a higher level of financial fragility may result from a switch to the floating exchange rate regime in the smaller country. The intuition behind these results is that the smaller economy with floating exchange rate regime ‘re-exports’ negative shocks to the neighboring region(s) of the larger economy via the exchange rate depreciation rather than absorbs them. These regions cannot follow suit, and so are more likely to suffer from the financial meltdown. These findings rationalize the phenomenon of ‘fear of floating’ in many emerging market economies in 1990s and 2000s.

Is the EUA a New Asset Class?

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The listing of a new asset requires the knowledge of its statistical properties, prior to its use for hedging, speculative or risk management purposes. In this paper, we study the stylized facts of European Union Allowances (EUAs) returns. The majority of the phenomena observed, such as heavy tails, volatility clustering, asymmetric volatility and presence of a high number of outliers are similar to those observed in commodity futures. However, other statistical properties typical of financial assets, such as negative asymmetry and absence of inflation hedge, are also detected. Therefore, our results indicate, surprisingly, that the EUAs do not behave like a common commodity futures.

LBOs in Theory and Practice, Learning outcomes of a Crisis

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Practice of LBOs occupies a specific place in both academic and practitioners debate for the past three decades. For example Jensen (1986) proposed that firms with high agency cost of free cash flows (FCF) are candidates for highly leveraged transactions. Firms with high FCF can be managed less efficiently than others generating less FCF and, for that, be easier targets for LBOs both for value creation and efficiency reasons.

Le Nadant & Perdreau in 2006 considers that the financial characteristics of LBO targets differ from those of firms that have not undergone an LBO before the deal. Results of their study shows that LBO targets are less indebted have more liquid assets and exhibits higher business risk than their industry counterparts. Independent companies are smaller, more profitable and have higher tax income levels, whereas former subsidiaries, or divisions of groups, are less profitable and have more financial assets. The authors give as an explanation the fact that for smaller entities the main motives of an LBO correspond to fiscal and/or succession purposes, whereas LBOs on former subsidiaries address basically management issues.

Elements of mismanagement, high liquidity, risk, profitability but also personal reasons seem to be at the origin of LBOs.

More than that according to Listner (2008) LBO can be considered as a highly speculative financial instrument because of the financial agents' behaviour. Certain media did not even hesitate to present the 2007 situation as a real LBO bubble. This was due to the high liquidity characterising markets till the moment of the actual financial crisis.

According to this author this isn't true because the subprime crisis just drove back the LBOs market to a "normal" long term situation.

The purpose of this article is to examine, under the light of the actual crisis, whether LBO are real financial tools servicing strategic options available for firms at a given moment of their lives or just speculative instruments.

By analysing the size and nature of the last 10 years LBOs available for Europe and USA, and focusing on the period of the actual crisis, authors tend to consider that the LBOs are real strategic tools servicing actual and future shareholders of the studied firms.

Speculation purposes nevertheless exist but we can consider that this is due more to the general market behaviour than to the nature of the operation itself.

Market Size Effects and Integration: Emerging VS Developed Markets

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This paper investigates market size effects for expected returns from a large set of developed and emerging markets over a time span of up to three decades. We find that expected returns decrease significantly in larger markets, an effect that is dominant in emerging rather than developed countries. Furthermore, we explore the relationship between size effects and the level of market segmentation in emerging countries. The size premium remains strong and persistent across periods over and above the segmentation premium documented in the literature with respect to the intensity of capital controls. This implies that as markets integrate and expand, expected returns fall due to the decrease of both size as well as segmentation premiums. The market size effect is independent of the segmentation premium and accounts for about 1% per year in terms of expected returns in emerging countries.

Owner Type, Corporate Governance and Strategic Financial Decision Making

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One of the most commonly cited causes for the recent global economic crisis has been poor risk management. Although surveys have documented that firms feel that risk management is an area in which they need to work harder, there exists little research investigating what factors influence a firm's risk management strategy. In this paper, we attempt to identify how firms manage several of the most forms of financial risk they face.

To understand the factors influencing financial strategic decision-making, we investigate the role of different owner types (the largest shareholder) on our measures of financial risk. The principal-agent literature suggests that executive compensation contracts are designed to align the incentives of the owners and managers, so it is logical that we should see an influence of owner type on firm decisions and therefore on different characteristics of firm risk. In our analysis, we investigate the direct effect of owner type on our measures of financial and operating risk. Since different owner types will have different priorities and different time horizons, we extend the analysis to consider the relationship between owner type, the temporal orientation of the owner type and its role on corporate governance decisions and our measures of firm risk.

Specifically, our study focuses on the role of different owner types in Canada (e.g., family ownership, widely held ownership etc.) correcting for the role of corporate governance related to the owner's temporal orientation. Because of the endogeneity between corporate governance and owner type, our analysis uses a two-stage analysis to better disentangle the relationships between owner type, corporate governance and risk. We base our study in Canada because of the wide diversity of owner types in Canada which allows for a more comprehensive analysis of the effect of owner type than in the more commonly considered US and UK markets while still having similar levels of disclosure and transparency to facilitate comparisons with existing studies based in the US and UK and to have the data available to examine a wide variety of issues related to ownership type, forms of corporate governance and the levels of financial and operating risk.

**The Relationship between Corporate Governance, Firm
Performance, and Financing in the UK**

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The Effects of Internal Corporate Governance on Firm Performance: Evidence from Thailand

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The relationship between internal corporate governance and firm performance has been examined extensively; nonetheless, existing evidence provides inconclusive results. Hence, the study examines the relationship between internal corporate governance variables and firm performance of SET100 nonfinancial firms listed on the Stock Exchange of Thailand. Using the data over the period 2005-2007, the findings indicate that the number of outside directors serving on board is positively related to firm performance, regardless of the accounting or market measure. This indicates that the domination of outside directors enhances the effectiveness of board of directors to monitor and discipline the management and in turn increase firm performance. Moreover, evidence shows that the percentages of shares owned by institutions, and by blockholders are positively related to both market and accounting performance measures. This suggests that as the proportion of firm's equity ownership increases, these shareholders have more incentive to behave like the owners and focus on enhancing both their own wealth and that of the firm. However, evidence shows that neither CEO duality nor board poses a significant impact to the firm performance, regardless of performance measures applied. The findings from this study contribute toward important evidence on non-US test on the relationship between the internal corporate governance and firm performance. They also add to the growing literature on the applicability of the internal corporate governance in Thai capital market to enhance the firm's value and avoid subsequent failure.

How to Structure Exotic Options for a Better Understanding?

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Tailor-made to fit investors' specific needs, exotic options are more efficient than traditional options in the sense that they are capable of leading to a better risk reallocation between economic agents. Over the last two decades, exotic options have been developed significantly both in academic research and professional practice. Facing increasing complexity of these products, regulators and investors need to better understand them, either for a correct control or for a proper use. As a result, it seems to be useful to elaborate a certain "structure" for these products, which is the very purpose of this article. In fact, we consider exotic options as options for which at least one of the five conditions met by traditional options is not met. By regrouping into the same class options for which the same conditions are not met, all options, traditional or exotic, can be put into one and only one of 32 classes. The proposed structure gives not only an overview of exotic options by structuring 72 existing products, it also helps to better understand how new instruments can be created thanks to the 26 new options designed for the first time in this article.

Real Option Analysis in Energy Investments

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The energy projects with extended life cycle and initial investment have the characteristic to show themselves non-profitable under the discount cash flow methods. Therefore, real options analysis has been conquering a relevant position as a pricing technique for this type of projects, with private risks and high investment levels. Following this question, this study analyses different real options approaches in order to select the most adequate to take investment decisions in the energy sector. Combined cycle natural gas fired plants constitute relevant generation asset which building decisions can mostly be studied by real options tools. As traditional pricing approaches fail to take into account the worth of flexibility, the conditions to create a significant large options-based value can be found. Being unable to capture the value associated with the decision maker ability to dynamically react to changing market conditions, these assets constitute a fine example of asset flexibility which contributes to increase its intrinsic value.

Employing a real options approach that doesn't capture the uncertainty of all the periods and proposes a process that determines directly the uncertainty associated with the first period, the study concludes that its use can be considered fair. Even though, it shows that long periods of operation, and poor adhesion to the geometric Brownian motion by the project returns may call into question its use in the energy market. The values for option pricing have remained inside of acceptable ranges but it could be found some shortfalls.

First, the study employs Monte-Carlo simulations which can be viewed as forward-looking processes and option pricing problems need backward recursive solutions. Second, the study is unable to demonstrate that its apparent simplicity reaches results as accurate as those originated by approaches with additional complexity and computational requirements.

PART III: MANAGEMENT

Transformational Leadership and Strategy Implementation in Public Sector

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The impact of the leadership style on the organizations' performance and its involvement in developing organizational strategies are becoming increasingly important particularly in public sector. Not surprisingly, the main debate in leadership theory particularly in public sector is nowadays concerned with the relationship between leadership style (transformational) and the organizational performance. This paper is exploring the above relationship in the public sector in UAE. The findings are based on an empirical survey of top management teams responsible for implementing strategy in seven organizations in Abu Dhabi. This research benefits from a combination of qualitative and quantitative methodologies. The data gathered using questionnaire and in-depth interviews from seven organizations operating in public sector in UAE. The findings of this study lead to a number of implications for both theorists and practitioners. The important conclusion reached is that the correlation between the measures of leadership style (transactional leadership, and transformational leadership styles) and organizational performance (the balanced score card) shows that significant per cent of the variation of organizational performance can be explained by analysing leadership style. This research also contributes empirical verification that leadership style is a critical antecedent of effective strategy implementation in public sector. Moreover, it is posed that the growing involvement of the middle managers in the development and implementation of strategy will lead to the increased effectiveness of the organisations and the public sector as a whole.

Corporate Governance Systems Facing Economic Crisis

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The present economic crisis enhances an international heated debate on the validity of corporate governance and internal control systems for the competitiveness of companies in global markets, involving institutions, academics and professionals.

The economic crisis has underlined the weak points of the corporate governance systems adopted all over the world, emphasising the need for recovering the stakeholders' trust, also through more effective and converging corporate governance structures and processes in an international context.

The global characteristics of the crisis suggest analysing, first of all, the traditional distinction between the Anglo-Saxon outsider system and the Rhine and Latin insider systems. Moreover, this paper focuses on the nature of corporate governance bodies, as well as on their appointment, distinguishing among one-tier, vertical and horizontal two-tier systems.

The paper shows the results of an empirical research based on 30 listed companies, namely the 10 highest capitalised companies listed on the US, German and Italian stock exchanges.

The research has been carried out by means of 2007, 2008 and 2009 corporate documentation of the 30 selected companies.

The analysis of the corporate governance systems implemented by the companies has been focused on:

- the composition of the board of directors, members' independence, meetings and attendance rate;
- the composition of the supervisory board (when requested by law), members' independence, meetings and attendance rate;
- standing committees and their composition and independence;
- self-assessment procedures of corporate governance bodies.

The research underlines the strengths and weaknesses of the Anglo-Saxon, Rhine and Latin corporate governance systems in today's crisis.

Conclusions stress possible improvements of corporate governance systems, remarking the need for international coordinated intervention to help companies get over this critical period.

Antecedents of Normative Integration in Multinational Companies

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This paper explores the under-researched topic of normative integration in multinational companies. There are a few studies on normative integration, however no studies has covered all the aspects enclosed in the present paper, namely the definition of normative integration, how it is related to and different from socialization, its advantages and disadvantages, the methods used to create it, and operationalization of and criticisms for normative integration. Based on previous research, a model of antecedents of normative integration is formed and related propositions are presented. The paper also includes a discussion on directions for future research.

The Case of the Ready-to-Wear Industry

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As well as a reputation for a singular life-style, France has an international reputation in the imagination of consumers for clothing design and Haute Couture. Paris and even Marseilles are considered creative strongholds, not-to-be-ignored forums for the most famous fashion designers. The ready-to-wear industry plays a particularly important role in the economic, social and cultural world of our society. The industry develops and builds itself through multiple strategies, and in a strongly unstable economic context. The sector is characterised by both strong competition between companies and by the instability that results from the very nature of the limited life of the product (Parat, 1997; Rouet, 2005). Such a context in strong degree of uncertainty makes essential a reflection on the possible firm's strategies to pilot short cycles and rapid products renewal. Under these conditions, logistics and the control of the supply chain become necessary elements which companies have to manage. The examples of Zara and H&M show that the logistics has to be in the service of creation and fashion. The seasonality of products and their rapid renewal in stores, require a management of the physical streams of goods and information to make more successful the companies in the sector. How do companies envisage this activity in the ready-to-wear clothing?

The existence of outsourcing logistics strategies in the ready-to-wear industry could lead to answer quickly the question. Companies, preferring to focus on their heart of profession (the creation), subcontract the logistic part to third party stakeholders: the logistic service providers (LSP) (Colin et Paché, 1988; Bowersox, 1990; Bonet, 2000; Poirel, 2000; Paché et Sauvage, 2004). But a detailed analysis modulates this position by putting in front of the logistic strategies still strongly integrated by the companies of the sector. Besides, if companies, as we can see it in certain business sectors (mass-market retailing, automobile), intend to mutualize the logistics, the companies of the ready-to-wear clothing does not seem still enough mature to get involved in this kind of project.

The objective is to understand what it taking place in the French ready-to-wear industry about logistics activities. It is a question of identifying if companies wish subcontract their logistics and join a collaborative approach with third party stakeholders (Orléan, 1994) such as the LSP; but also know if they are ready to mutualize their logistic resources with other companies as we can observe it in the other business sectors.

Importance of Organizational Values in Business Management: A Content Analysis Approach

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With a general statement, values can be defined as beliefs and assumptions that guide behaviors and personal judgments of individuals, and are also considered among the most important indicators of a firm's characteristics. More specifically, organizational values are the beliefs and attitudes that constitute a collective understanding regarding the behavioural norms and standards (Hassan, 2007:437), and should be shared among all departments to serve an organizationwide, common purpose (Peters, 1993:16); and accordingly are expected to be compatible with mission and vision statements, as well. In today's complex and complicated environment, it is becoming harder for firms to survive and, creation of value for all types of stakeholders has turned out to be a pre-requisite to maintain harmony among the actors in this environment. In a parallel vein, the way that firms reflect their values to its stakeholders has also gained importance. To properly state and express their values, web-sites have become an important and effective tool for firms, as they can share their mission – vision statements, value statements, and corporate social responsibility activities through their web-sites and provide all kinds of organizational information for their stakeholders.

Taking all these issues into consideration, the purpose of this study has been determined as conducting a content analysis of the value statements of first 100 firms listed in Istanbul Chamber of Industry's "Turkey's Top 500 Industrial Enterprises" list. First 100 firms have been chosen as the issue of analysis as they are the ones that most comprehensively state their values in their web-sites.

In the data collection process, web-sites of these firms have been scanned to extract their value statements. These statements have been further subjected to a content analysis based on a classification proposed by Wenstop and Myrmel (2006), which inherits three main dimensions of values, namely; core values, protected values, and created values. Briefly, core values "prescribe behavior, and tell the character and attitude of the organization". Protected values are those values that are "protected by management through rules, standards, and regulations". And finally, created values are "the values that stakeholders come together to produce and are the *raison d'être* for the organization" (p. 676-677).

Overall, this study attempts to discover whether or not firms constitute their value systems in a holistic manner by taking their stakeholders into account. By using such

a holistic perspective, degree of compatibility between organizational values and organizational objectives will be tried to be revealed. Also, in a related manner, mission and vision statements will be analyzed to discover which value dimensions are mostly referred to in these statements, as they are the major tools for firms to express themselves to their stakeholders. Finally, the findings of the study will be discussed in terms of certain cultural dimensions by basing on a comparative viewpoint, to capture the possible impacts of societal culture on organizational culture.

Quality oriented Value and Performance Drivers

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The quality endeavors of an organization, like other enterprise activities, must be oriented towards the economic principles. This approach gives way to many organizations to question the extent to which the quality management contributes for the overall business success and to pin point the areas where particularly a high value or performance can be created in order to attain the maximum possible economic benefits out of quality management systems. Without including the answer of this question in the decision making process, the resources can not be allocated optimally for the quality purpose.

Based on the activities of quality management a variety of effects are generated, which indirectly make a contribution to economic success, to increase the value of a company and to increase stakeholder value. During a closer examination especially the eight in the ISO 9000:2005 quality management principles of an organization come to the fore (customer focus, leadership, involvement of people, process approach, system approach to management, continual improvement, factual approach to decision making, mutually beneficial supplier relationships). The eight principles show approaches and domains of quality management in projecting a positive impact to the company. For an understanding of response relationships, it is necessary to consider the indicators along the response relationships in detail. They provide helpful clues and give an insight into the complex mechanisms of action of the quality approaches on the path to the company's success.

The following illustration depicts how the quality based activities generate the value to enhance the performance and a variety of indicators reflects how they indirectly add value to an organization and hence contribute to its economic success.

Strategic Trend in Human Resources under Global Environment with Specific References to Multi National Information Technology Companies in Western India

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Introduction

1. Today's highly competitive and global environment retention of the experienced and old faithful employee is taken one of the most important factors and challenge face by HR executives. A study has been carried out in the western India. This area is most developed and growing very fast to meet the future requirement of the India in IT Industry.

2. IT industry is under stress on account of attrition, confidentiality, loyalty etc. HR managers are performing a multi-task responsibility including motivation, encouragement, career growth, handling personal and family problem.

3. **Choice of a case Study?**

There is a dangerous trend in the IT industry of high-jacking the trained man power from one company to other. This study is likely to address this problem and advice the HR executives to take the corrective measures and suggest the desirable practices.

4. **The Problem Statement**

- a. Strategic planning of the global Recruitment of multi cultural, multi religious and multi Lingual workforce.
- b. Performance Management, Individual development and compensation Management.

5. **The Magnitude of the Problem**

- a. More than 10,000 IT companies in western India, having annual gross turn over of to several million Dollars. Cost of hiring and recruiting increasing unless a proper retaining policy of man power is formulated.
- b. **Human Resource Accounting:** - Employees and their knowledge are treated as assets of the company and a value is attributed to it. This value is also reflected in the balance sheets of the company.
- c. **Objectives of this Research/study:** - Formalized HR policy and its practices for probation, staff training and financial and non-financial benefits.

6. **Significance of the study.** The dynamic nature of the market and the high attrition rate for skilled manpower, need a robust system.

7. **Scope of the study**

- a. Examine the details of recruitment of a person in a multi location/ multi National company.
- b. Aspiration requirement of senior, mid level or junior profiles.

- c. Study the administration of MNC companies having HQ outside India like atos origin , bmc software, symantec, ibm, etc and having HQ in India like InfoSys, Wipro, Tata Consultancy Service etc.
8. **Limitation of the study:**
- a. The study was limited to the western India geographical region.
 - b. The research carried out in Software industry only.
9. **Research Design:** A total of 10 study teams of 4 students each, were formed. Each team was to visit at least 4 companies and collect data of 10 persons from each company. Thus a total of 400 primary data collected.
10. **Hypothesis:** 3 considered.
11. **Types of Data Source.**
- a. **Primary Data:** - Various techniques:-
 - i. Questionnaire
 - ii. Interview
 - iii. Observation : People will be told before hand to calculate the ‘Hawthorne Effect’.
 - iv. Discussions with stake holders.
 - v. Sampling: records, reports,
 - b. **Secondary Data:** -_ Internet, policies from National organisation, government.
 - c. **Sample Size:-**
 - i. 20 Indian MNCs .
 - ii. 20 Foreign MNCs.
 - d. **Sampling Technique:** - Stratified sampling.
 - e. **Study Area:**_Western India. Mumbai, Pune, Nasik and Baroda.
 - f. **Reference Period:** Feb -2010 to Apr 2010.
 - g. **Securing Data:-** Data collected personally, electronically and by post. These data are confidential in nature and will be treated accordingly.
12. **Purpose and use of such system:** The study will help in the pedagogy of learning in HR development in Indian IT industry.
13. **Conclusion and Recommendation**
- a. NASSCOM asked IT companies to study post recession state, analyze the findings and suggest a comprehensive HR practice plan.
 - b. The HR department ensure the employee’s skills and expertise are adequately compensated.

Ethical Evaluation Among Students: The Role of Personality Characteristics

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This study investigates the ethical sensitivity of undergraduate students. Building on previous research the study revisits and examines the role of variables that in the past produce some conflicting results. These include age, area of study, and gender. A contribution of the present study is that it proposes a conceptual framework, integrating the individual's psychological characteristics and personality traits.

Participants were asked to evaluate 30 ethically related alternative decision making scenarios. A preliminary analysis of data collected from 648 students confirms the role of gender and age. The same analysis suggests that ethical sensitivity is related, as hypothesized, with the three dimensions of the interpersonal orientation personality scale: compliant, aggressive, and detached (CAD). The CAD scale is based on Karen Horney's (1945) neo-Freudian tripartite theory of personality (Cohen 1967). Preliminary findings demonstrate that, contrary to previous findings, comparing non business students, to business students, business students score higher in the ethical sensitivity scale. The authors of the study advance the hypothesis that these findings are the result of the effects of ethics education. Recently the business school, from which the sample was selected, revised its curriculum by emphasizing business ethics.

These findings are important because they add to the current body of knowledge and increase our understanding of ethical decision making. Theoretical as well as implications for educational institutions are discussed.

A Study of the University-Industry Relationship and its Continuity

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As universities are important sources of new scientific knowledge, University-industry relationship (UIR) has become a central concern for policy makers to enhance the national system of innovation (NSI). A growing number of universities are redefining their objectives in terms of identifying, creating and commercializing their research output. However, the decreasing investment of UIR by the industry prompts us to question the effectiveness of the policy measures, as well as the determinants of the relationship continuity.

Based on past literatures, an integrated UIR continuity model was developed to investigate the determinants of the continuity of university-industry relationship, which was then tested via survey data collected from corporate respondents. The findings confirmed that UIR continuity was enhanced by relationship commitment, consistent with the relationship marketing scheme that conceptually guided this study. The SEM analysis offered support for the statistically significant relationships between communication, trust, relationship commitment, perceived value and continuity. However, the effects of perceived value as a critical mediating construct between relationship commitment and continuity differ from what has been suggested in previous studies. It should be noted that the Academia-to-Business (A2B) relationships may be formed through government intervention programs. However, for the long-term benefits to be materialized, the nature of credence service in the relational exchange should be prudently recognized. Although the importance of economic returns from UIR is not less stressed than in Business-to-Business (B2B) relationships, knowledge (credence service) exchange in the university-industry relationship is often difficult for customers to evaluate even after purchase and use. The sustaining relationships are critical in bringing about relationship performance and based on the cultivation of customer loyalty. Therefore, the proposed UIR continuity model may serve as a guiding post for both universities and firms wishing to reap the long-term benefits of UIR. The findings of this study contribute to the literatures of UIR performance as well as provide a micro foundation for enhancing the effectiveness of NSI.

The Evolution of Managers and Team Members' Perception a Case Study in Information Systems

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The changes which currently take place in the socio-political environment urge the organizations to expand and alter the ways they manage their business. Therefore, it is continually necessary to study the act of decision-taking in this context. It is possible to contemplate different options of analysis. One of them concerns the way actors take decisions and accept certain organizational transformations. As far as IS are concerned, transformations may induce various changes: the setting up of a new computer language, the creation of new software, the realization of a new informational architecture ... So that these changes are successful, it is essential that they should be efficiently conducted by IS managers. It has indeed been demonstrated that the perception the managers actually have of their IS has a strong impact on the way they are going to manage it, and on the way the projects in this field will be carried out. Puiseux (2008) suggests the following definition of the perception of IS: "a complex mechanism bringing into play the whole range of sent out information concerning process and result, the way the information is received, and the way it is apprehended by the public." It is therefore a social construct which summons up both senses and knowledge. Whereas a great number of studies highlight the fact that only the managers' individual perception is important, we intend to show, in this article, that "collective" perception also plays a part in the success of IS management. By collective perception, we mean the perception of the team members, which depends on the relations they have with their managers that are traditionally named leader-follower interactions.

Therefore, we have at first undertaken a presentation of the reference model about behavior and perception control (Powers, 1973, 2008) in order to assess the development of the concept, which evolves from managerial to collective perception of IS. Secondly, we have carried out a case-study with a view to assessing this evolution.

Modest Revisions to the “Introduction to Business” Curriculum Aimed at Improving Business Major Persistence to Sophomore Year: Preliminary Results from a Longitudinal Study

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The ongoing recession, coupled with current popular disdain for business leaders does not auger well for future undergraduate admissions applications in Business majors. This is in stark contrast to the 1980’s decade when more than one in four college students were majoring in business disciplines. As a consequence, it can be anticipated that higher education administrators and faculty will become more attentive to undergraduate retention among the smaller sized cadre in business studies. This manuscript will describe modest, retention-related curriculum content modifications in one typical AACSB-International approved first semester required course, “Introduction to Business,” at a northeastern American college business school and the positive preliminary persistence outcomes realized.

The survey course was delivered in six sections in F’08 to all arriving first-year declared Business majors at Ithaca College in northern New York. Two faculty members, a 27 year campus veteran familiar with the undergraduate persistence literature and a newly arrived, freshly minted Ph.D., each oversaw three sections. One, composed of at-risk registrants based on their lower SAT scores of the six sections, was assigned to the veteran.

The rookie delivered a straightforward course. The veteran, however, infused some unique assignments that, while relevant to the modules at hand, were also designed to have a positive impact on persistence to sophomore year. A “student scavenger hunt” was designated for completion by the syllabus date calling for a discussion of diversity. Another, informally dubbed “Where’s Waldo?” was integrated into the course’s exploration of organizational structure and design. The proposed paper will detail each.

The proposed presentation will offer empirical analysis of the students’ retention to sophomore year in F’09. Currently, “eyeballing” the direction of the just-generated data indicates that these curriculum based retention techniques may help at-risk freshmen achieve the same persistence rates to sophomore year as their better prepared new arrivals.

An Integrated Theoretical Framework to Identify Poverty Alleviation Strategies: Corporate Sustainable Development

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Poverty alleviation strategies of a firm are not always clearly stated or identifiable in corporate annual reports, but tend to be mixed in with other firm activities. There is corporate commitment to poverty alleviating in activities that include: sustainable development, servicing bottom of the pyramid markets, issues management, aligning with the Millennium Development Goals (MDG) of the United Nations, and partnerships with Government/ NGOs together with other firms. The study develops an integrated theoretical framework for the identification of poverty alleviation strategies of firms using Bottom of the Pyramid (BOP) markets, partnership with other organisations, issues management and sustainable development. The MDGs of the United Nations align with these concepts in the development of an integrative theoretical framework. The paper links the concept of a business case for Poverty Alleviation Strategy (PAS) with sustainability practices, issues management, partnerships with other organisations, the MDGs and the bottom of the pyramid marketing activities of corporations. The major contribution of this study is to develop a theoretical framework which enables a strategy for poverty alleviation to be identified. A Theoretical construct is proposed that suggests corporate strategy includes Social Responsibility Strategies (SRS) and that poverty alleviation is a subset of SRS. The paper shows that poverty alleviation can be hidden in the SRS and that the new conceptual framework proposed in the paper helps to isolate and identify the PAS as a distinct strategy. Including a formal strategy for poverty alleviation moves a corporation away from a superficial claim that it helps alleviate poverty to a more formal and recognisable overt corporate intent. The integrated framework developed in this paper assists researchers to identify corporate PAS which may not be so clearly and overtly stated in annual reports or in other corporate/media reports of the firm. The framework can be applied in empirical research to determine the specific strategy the firm has developed in alleviating poverty. Identifying strategic intent to include poverty alleviation strategy as part of the firm's core strategy can reflect corporate altruism. The framework can be useful in investigating whether corporations do formally promote the social concept of poverty alleviation in what has been termed in the literature "business case for alleviating poverty". Moreover, the theoretical framework developed in this study provides a method of assessing the extent to which corporations embrace alleviation of global poverty and more importantly whether they view it as a strategic priority.

International Business Sustainability and Poverty Reduction: In Search of a Poverty Alleviation Strategy

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This study empirically investigates the extent to which Multinational Corporations (MNCs) embrace poverty alleviation and more importantly whether they view it as a strategic priority. The sample of MNCs in this investigation include: Proctor and Gamble, Vodafone, Nestle, Coca Cola, Danone/Danone Bank, Unilever and Sumitomo Chemicals. The framework that will be used for determining whether these firms have a poverty alleviation strategy is based on the rationale of integrating five issues which include: Bottom of the Pyramid markets (BOP) with Sustainable Development (SD), partnership arrangements with issues management and aligning these with the Millennium Development Goals (MDGs). The process that will be used includes identifying current claims of organisational Sustainable Development activities, Bottom of the Pyramid marketing and corporations alignment with the MDGs, its issues management position and its level of partnership arrangement with government and NGOs. These five issues will be investigated and analysed to help assess the commitment that each firm in the study has to poverty alleviation and whether they have a formal Poverty Alleviation Strategy. Content analysis is the research method used to collect and identify the necessary data on the extent of SD, BOP and MDG, issues management and partnership arrangements of the firm and this will assist in the identification of a poverty alleviation strategy. Specifically, the study investigates whether corporations are strategic in their intent and have clearly explicit goals to reduce poverty. Identifying a Poverty Alleviation strategy for each firm selected in the study will help in determining whether each firm makes poverty alleviation an integral part of their core strategy. The empirical investigation helps to understand the specific strategic approach that selected firms take in a genuine attempt to alleviate global poverty. This study is significant in that it helps to better understand and assess whether poverty alleviation is embedded in core business strategy and whether there is a deliberate attempt by MNC to have it as a strategic priority. Identifying Poverty Alleviation Strategies of a firm is complicated as they are in most cases covered in a broad sense within the claims that a firm has a social responsibility strategy. This paper provides a means of separately identifying the poverty alleviation strategy of the firm and links this to the core and social responsibility strategy. Those firms that have included the essence of the five issues in their corporate activities and shown a specific intent to alleviate poverty are classified as making poverty alleviation a strategic priority.

Managing Boundaries: The Case of Home-Based Self-Employed Teleworkers

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The process of negotiating and maintaining boundaries between work and non work is the concern of a body of literature that can be termed 'boundary theory'. Boundary theory is a relatively new strand within work-family research that addresses the linkage between work and home by focusing on the boundaries that divide them.

Managing both work and non work boundaries is a critical challenge facing workers and is certainly a growing issue in the management literature. More and more individuals today feel the pressure to fulfil the needs of both paid and home duties. This is due to the increase in the number of women working and the number of single households.

This paper looks at self-employed home-based teleworkers and examines how individuals handle the integration between work and non work activities when work takes place in the location of the home. Furthermore, it looks at factors impacting the way individual chose to manage these boundaries such as gender, the nature of work, childcare, and marital status. Teleworkers have to rely on their own boundary management and willpower to separate work from home since the nature of the job does not provide clear time and space division.

The research collects data using diaries, surveys and interviews from participants based in the UK, France and the US. Individuals noted their daily activities as well as their working hours for a period of one month. The research findings indicate that for individuals working from home, creating physical boundaries is essential to avoid interruptions. Individuals working from home may have to re-design their boundaries to achieve a suitable balance. Many individuals may struggle to re-design their boundaries while working from home, in particular those who don't have a separate work location in the house.

Understanding how home-based teleworkers manage their boundaries has essential implications on a wide range of disciplines. In home-based telework, work is relocated from a traditional office space to a private sphere. As the domains overlap and boundaries of time and space become blurred, new situations arise for both individual teleworkers and their co-residents which should be examined.

Main Challenges in Organization Management for a Sustainable Development in 21st Century: A New Perspective

Joao Rocha Santos

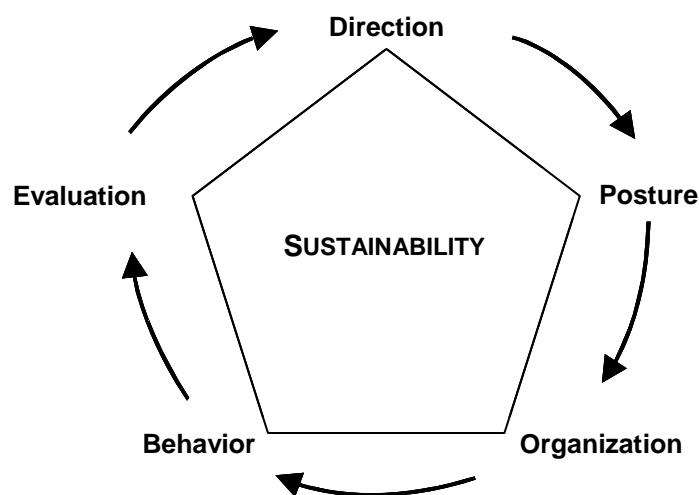
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Recent developments of the world economy have awakened for the challenges of sustainability of the economies, countries and the human being itself.

In them as been relevant the paper of all 'actors' that assume responsibility for the management of the economic organizations as well as the challenges associates to its continuity in the market.

The questions of sustainability are focused in the joint of the several agents, in the management and articulation of resources, in the efficiency of the markets in order to guarantee it's consolidation and peaceful continuity in the society and in the involving way.

We are convinced that beyond several factors that could be enunciated as relevant in the frame of sustainability, there are some pillars that seems to be central and under which business and management professionals need to develop abilities, as the following ones:



- **Direction:** regarding Vision and Strategy, integrates the capacity to conceive the future and to arrive to it (Arboledas, 2003) and is a forecast of future events, in one determined time horizon and obtained in an ample perspective, on the right time (Evans, 2001);
- **Posture:** regarding Ethics and Social Responsibility, considering that in an open society and market the ethical values are each time more reference-keys

for the human behavior (Moreira, 2002) assuming a crucial importance in the consolidation of the inter-organizational relations that are establish and to the respect for the involving way;

- **Organization:** regarding Organizational Urbanization, it aims to find a “key-master” for the alignment of the different organizational systems, allowing to get stability to the organization and its systems, *vis-à-vis* with the predictable strategic inflections, authorizing and making possible an evolution of new forms of functioning of the organization in a relational economic context;
- **Behavior:** regarding Quality as the main word in a professional and organizational behavior. The need of costs reduction or the increasing of the market share, between other examples, should not justify the lack of quality. There is no reason for missing high quality standards in the development of activities, according to defined high levels of efficiency and effectiveness;
- **Evaluation:** regarding Monitoring, only a model with this component of strategic evaluation, based in a prior definition of an objective vision allow to follow processes of an evolving continuity¹, of “*creative destruction*”², of organizational efficiency³ and of organizational change⁴, incorporating one component of potential induction of transforming dynamics.

¹ Regarding other alignment models that guarantee and support processes of evolving continuity, as to be mentioned the model of organizational maturity (Auer and Ruohe, 1996) and the model of evaluation of maturity from the business strategic alignment/IT (Luftman, 2001).

² *Creative Destruction* is the title of a book of Nolan (1995) in which the author recognized the insufficiency of maturity models, considering six steps for business transformation and organizational management based on information and its supports.

³ Michael Hammer (2001), regarding this organizational challenge in a relational context, proposed a group of stages in which consider four main steps for achieving organizational efficiency: scope, organization, redesign and implementation.

⁴ Day (1999) refers the following stages of the process of organizational change: leadership and commitment, understanding the needs of changes, realization of the vision, mobilization of commitment at all levels, alignment of structure, systems and incentives and reinforcement of the change.

Firm Growth and Corporate Social Performance

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As more attention is being focused on the importance of social and environmental performance of firms, there is a growing interest among researchers to identify the factors that are most influential in firms' willingness to achieve higher levels of social or environmental performance. However, although there has been previous research, attributing firms' financial and market performance to their social and environmental performance, the effects of drivers of firm financial performance on Corporate Social performance have not been investigated. This is extremely important when one understands that the drivers that contribute to firm financial are so different in nature. This makes investigating their effects on firm Corporate Social performance even more interesting.

Many researchers of strategic management consider growth in firm size to be a significant factor in determining firms' success. Based on empirical research, some researchers have strongly suggested that "no single factor exerts a more pervasive impact than that of organizational size" (Dobrev and Carroll, 2003) which further emphasize the importance of growth in firm size. When firms grow in size, they benefit from economies of scale which result in lower overall cost (Barney, 2002). Therefore, firm growth is size translates to competitive advantage relative to firms that have not enjoyed similar growth in size.

On the other hand, firm market performance is also gaining increasing interest among strategy researchers. While accounting based measures have for so long been the prominent reference points for strategy researchers, there is a growing awareness about the importance of market performance of the firm. This makes firm market growth even more important as it is the process through which firm achieves higher market performance. The revitalization of strategy as a field in the 1980s (Porter, 1980, 1985; Wernerfelt 1984) has resulted in further interest in actions that have a longer timeframe when contributing to firm financial performance. Financial performance itself is usually measured in terms of financial growth. Identifying the two growth drivers to firm financial growth, this paper tries to answer this question: what is the relationship between the growth drivers of firm financial growth and firm Corporate Social performance?

Benchmarking ESSQ Management Systems

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This study addresses current status of ESSQ Management and integration in steel production organisation. The idea is to benchmark maturity levels with the leading Finnish international companies. The examination has been done in compliance with applied maturity model developed by the target corporation. When examining the benchmarked companies through the ESSQ framework, we found that a similar framework cannot be found in any other company as such; instead, operations are distributed under different organisations. Although many sources criticise system-based development, the results of this study indicate that it is nevertheless an efficient way to develop operations.

PART IV: MARKETING

Wealth and Variety of Food Practices in Immigrant Populations in France: A Tunisian Case

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The objective of this paper is to investigate food practices of immigrant populations living in France. We took the example of Tunisian population. 24 interviews were lead with eight Tunisian families living in France. These interviews took place respectively with first generation of immigrants (adults that arrived in France in 1970s), with the second generation (their children born and schooled in France) and finally, with the third generation (second generation's children). The results indicate various food practices stemming from both cultures (French and Tunisian). We also found food practices modifications in course of the generations. Cultural diversity is translated by the appearance of a new food consumption allying both cultures. These new food practices and preferences give a wealthy and varied food consumption in a population often shared between conserving the country origin culture (e.g: culinary heritage) and the introduction of food novelties stemming from the host country. This mixture of both cultures for food practices and preferences invites to a reflection of a specific marketing aimed for populations of foreign origin in order to better target marketing actions. It is about a Mediterranean marketing for the first generation and a mix between Mediterranean and western marketing for the following generations. The results, the limits and future perspectives of the research are discussed at the end of the paper.

Reusable Shopping Bags: An Experimental Assessment of Consumer Response to Pricing Strategies

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In an attempt to be more socially responsible, consumers are modifying their own behaviour in a variety of ways. Our research focuses on one such behaviour: the use of reusable shopping bags to replace plastic bags.

Supermarkets around the world are encouraging customers to use reusable shopping bags instead of disposable plastic bags (Basil, Noble, & Mohan, 2009). Our research examines consumer response to two supermarket bag pricing strategies: charging customers for plastic bags, and offering customers a discount for bringing reusable bags. Based on Prospect Theory (Kahneman & Tversky, 1979), consumers should be less satisfied with a pricing strategy that charges them for plastic bags than offering a discount for reusable bags. This differential, however, may depend upon the perceived reason for the pricing strategy. Research has shown that offering any reason for a request is superior to offering no reason (Langer, Blank, & Chanowitz, 1987). The bag pricing differential, then, should decrease if a reason is offered.

We conducted a 2 (bag pricing strategy: charge for plastic, discount for reusable) x 4 (reason for pricing strategy: government initiative, help the environment, increased costs, no reason) between subjects on-line experiment with a representative sample of 307 North Americans. Findings support our hypotheses -- consumers prefer a discount for reusable bags rather than a charge for plastic. This difference is mitigated, however, when a reason is offered for the bag pricing strategy. The reason itself matters little, simply offering a reason is sufficient. Our paper further assesses these results, examining consumer attributions toward the store, affect, and behavioural intentions. Additionally, some differences in response to bag pricing strategies do exist; these are examined as well.

Examining the Role of Traditional Food Markets: An Analysis of History and Culture

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Supermarkets are rapidly becoming the principle source of food for people around the world. In Europe supermarket penetration is just above 50%, and incredible growth is occurring in Africa, Asia, and Latin America. Projecting this trend, supermarkets are expected to be the primary source of food for the world by 2015.

The growth of supermarkets is not occurring at the same rate everywhere. Cultural factors may explain why supermarkets are making slower inroads in some locations. In places such as Hong Kong and Vietnam, food purchasing has a long-standing cultural orientation toward freshness. In addition, there is also evidence of a movement toward local food in many developed countries including Ireland, New Zealand, the UK, and the United States.

This study examines the role of traditional food markets in several countries to examine the role of culture. A sample of traditional markets is examined using a combination of historical research and photographs to compare possible reasons for the staying power of traditional markets.

Traditional markets in Asia and Europe have a long history. The Rialto market in Venice, for example, goes back more than 800 years. These are often the major commercial centers of the city. The Rialto market in Venice, located along the Grand Canal, demonstrates its centrality to the culture.

In the “new world” of North America, traditional markets were often established in the earliest settlements. But as people moved west, greater reliance on newer general mercantile markets can be seen. In their newest form, supermarkets, are usually less convenient (a car ride), less seasonal (offering almost the same selection in May or August), and less fresh (the supply chain is considerably longer). In addition, supermarkets are typically indoors, lessening further the vitality of the experience and the look of the food.

Exploratory Research on Advertising Agency Selection

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This paper describes an exploratory research study in the field of organisational buying of professional business services. More specifically it examines some issues related to current business practices in the area of advertising agency selection. Most of the existing research in this field was created about 10-20 years ago and is therefore by now somewhat dated. Advertising has changed since then, with the advent and phenomenal growth of digital technologies, the Internet and mobile communications. Yet, to the best knowledge of the researcher there has not been any major study in recent times examining the agency selection process and criteria in contemporary conditions (i.e. in the 21st century). Thus it is justifiable to believe that marketing knowledge could benefit from some more up-to-date examination of the organisational process for buying of advertising services. This is exactly where this research is aiming to make a contribution. The paper presents the findings of exploratory research on the advertising agency selection process and selection factors, derived from seven in-depth interviews with marketing directors of large Australian companies operating in a range of markets (e.g. consumer and B2B, goods and services) and representing for profit and non-for profit, as well as public and government-owned organisations. The results confirm the validity of some of the identified by prior research selection criteria (e.g. creativity, interpersonal fit, strategic skills, etc) and indicate that the importance of others may be declining (e.g. previous experience with the agency). One of the major findings is that large companies, for which advertising is essential in achieving and increasing market share, as a base for their financial success, tend to believe that the agency selection process today is so sophisticated and thorough that it can be qualified as truly scientific. The paper also provides some insight on how the growth of digital advertising changes the nature of advertising agency-clients relations.

Cultural Effects on Corporate-Crisis Response Strategies: A Comparison of Chinese and American Consumer Reactions

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Corporations are always susceptible to the effects of an unexpected crisis for which the company may or may not be responsible. How a firm publicly *responds* to any crisis can impact consumer perception of the company as much as the crisis itself. This paper considers the challenges of responding to crises in a *global* context, by comparing Chinese and American consumer reactions to a company's response to a major product failure in both countries. Aside from 1) culture, we test how consumer reactions are influenced by 2) the severity of the incident, and 3) the response strategy of the firm. This paper seeks to understand how culture can influence which crisis response strategy is most effective, providing managerial direction for those required to respond to a crisis. In addition to culture, we expect *the severity of the crisis itself* will affect which response strategy is most effective.

Using an experimental design, consumers read hypothetical vignettes which dealt with a manufacturer faced with a major product defect. Our results provide sound guidance to those faced with a public relations crisis on a global scale. From a theoretical standpoint, we contribute to both international business and public relations literatures by providing an explanation for varied consumer responses to corporate communications. Specifically, we find that culture does indeed affect how a corporate response to a crisis is accepted by the general public. In addition, the severity of the crisis itself had a moderating effect on the effectiveness of a chosen response strategy.

Free Publicity-You Can't Give it Away

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An investigation into organizations' capacity to facilitate
and respond to e-communication

It is accepted that a website's credibility is enhanced by the inclusion of comprehensive contact details. Similarly, the provision of – and easy navigation to – those details is also considered to be a key element in website usability. However, any resulting gain in credibility or usability is a by-product of their primary purpose: ie, to facilitate personal contact between outsider and organization. Few marketers would argue that top of that list of 'outsiders' must be customers – and so research into effective contact facilities tends to focus on posing as customers and evaluating ease of contact, response rates, response lead-times and outcomes from that perspective.

Taking advantage of a unique situation in order to evaluate similar response criteria, this paper utilizes an enquiry that is both authentic (ie not a fabricated scenario) and which seeks to deliver an un-solicited benefit to the organization. That circumstance was that in the course of writing an academic text-book (*Internet Marketing – a Practical Approach*), the author contacted over 50 organizations seeking permission to feature a 'screenshot' of their website within the text.

Deliberately restricting contact to online-only methods, the research evaluates: (a) the ease in which the author could identify and contact an appropriate person or department, (b) if received, the nature of the response, and (c) the outcome of the request and time elapsed between initial contact and outcome. Going beyond simply evaluating the availability of online contact facilities, this research sought to identify a named recipient and assess each organization's internal communications by the nature of its response.

The results show that most organizations' websites rely on a generic contact form or email address and that few include a specific PR or 'press' contact – the targeted recipient. Furthermore, half of the organizations (many of them global brands) failed to even respond to the contact – ironic given the targeted recipients. Smaller companies, however, tended to recognize the opportunity by responding both positively and swiftly – and without the bureaucratic interference seemingly apparent in larger organizations.

Identification with Celebrity Athlete Endorsers: A Cross Cultural Comparison

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Marketing practitioners believe that using celebrities as endorsers is a valuable strategy that enhances brand image and purchase intention (Erdogan and Drollinger 2008). According to Sukhidal, Aiken, and Kahle (2002), every year, businesses pay millions of dollars to athletes in exchange for their endorsement hoping to connect with their target audience. The celebrity endorsement strategy is one of the most popular advertising approaches employed in North America, Asia and Europe however; important attributes of successful celebrity endorsement has primarily been investigated using U.S. respondents. Empirical findings suggest that advertising differs among various cultures due to cultural norms and values (Han and Shavitt, 1994; Mikhailitchenko, 2009) however; little research has been conducted in a cross-cultural context. The main purpose of this study was to examine celebrity athlete endorsers in two diverse cultures under the source attractiveness and source credibility models. Identification was also included in order to compare and contrast differences in the Chinese and Canadian samples.

This study was a two stage design which investigated: (1) the impact of individual and team sports played by a endorser as it relates to cultural meanings in individualistic and collectivistic societies; (2) the impact of cultural differences on the perceptions of an Asian endorser; and (3) the athlete endorser's perceived level of identification, attractiveness, trustworthiness and credibility on purchase intention. Data were collected from sample 197 Canadians and 201 Chinese participants via an online survey. Three primary findings from the study revealed first, that type of sports played (individual or team) did not significantly influence the respondents' level of identification with the athlete endorser in either culture. Second, Chinese subjects had more favorable perceptions toward the Asian athlete endorser than did the Canadian respondents. Lastly, differences between the Chinese and Canadian samples were found with regards to the celebrity endorsers' characteristics and purchase intention.

Luxury Business in China

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The luxury industry has become one of the major sectors where a large number of companies are operating worldwide. Specific social and economic drivers enabled the luxury business to become what it is today (Kapferer & Bastien, 2009¹). The democratization of luxury brands, the increasing purchasing power, the globalization of businesses, and rising power of media have helped enlarge significantly the customer base and make the luxury business a key driver for economy growth. Even in current financial recession, the luxury business is better surviving than other sectors. One of the reasons is due to the emergence of new luxury markets as China, Russia, India, the Middle East, etc. These markets will be the drivers of the luxury industry evolution because of expected high revenues (Okonkwo, 2009²).

The rapidly increasing importance of the industry is particularly perceived in the Chinese market. In 2006, the country was the third-biggest consumer of luxury goods. In 2008, the country surpassed the U.S, and became, along with Japan, the world's largest purchaser of luxury items with annual growth in demand of 20%. Today's China has an estimated 18 thousand billionaires, 440 thousand multimillionaires, and a fast rising middle class of around 250 million who have high purchasing power and are eager to spend in luxury goods. These affluent Chinese spend USD 8 billion on luxury goods in 2007 (Morisset & Lee, 2008³).

Attracted by the encouraging reality and great potential, an increasing number of internationally prestigious luxury brands have entered Chinese market in all sectors. However, the Chinese market distinguishes western ones in a number of aspects. Cultural differences make Chinese people have different perceptions of luxuries. Their motives to buy this type of products are not always identical to the westerners'. Moreover, as a recent phenomenon, the consumption of luxury products remains new to most of the Chinese people. They are still lacking of sophistication in the decision making and purchasing process. Meanwhile, the fast evolving economy and the increasing opening to international markets make customers' demands for luxury products changing quite fast. As a result, their purchasing behaviors and reactions to communications designed by luxury products companies are not the same as

¹ Kapferer, J.N. & Bastien, V. 2009, The luxury strategy: break the rules of marketing to build luxury brands, Kogan page, December 2009, pg. 9

² Okonkwo, U. 2009, The luxury brand strategy challenge, Journal of Brand Management.

³ Morisset, D. and Lee, L, 2008, Welcome to the China luxury summit 2008, <http://www.chinaluxurysummit.com> (assessed April 2009)

westerners'. Last but not least, distinctive regional differences in terms of economic development and the counterfeiting phenomenon add complexity to the business. All these above factors make this market not only special but also tough to deal with.

The complexity of luxury business in China incites us to make an empirical study in order to find how to manage luxury business in the Chinese market. To be more concrete, we search to find *what special attributes of luxury brands attract Chinese consumers, and how this particular market reacts and behaves towards the call of luxury products*.

In order to explore the subject and to get insight into a target audience's lifestyle, culture, motivation, behavior, preferences, and also to understand the reasons behind the statistic results, the present research employs the qualitative research approach. In collecting first hand data, the in-depth interview with semi structured questions is used. The interview guide is designed in two parts: the first part is concentrated on Chinese consumers' perception, relations and experiences with luxuries. The second part orients towards the operation of luxury business in China and the communication strategies employed.

Our field research is conducted mainly with Chinese MBA students residing in China. This segment constitutes one of the most important consumer bases for luxury brands in China. Most of them have management responsibilities either as managers in big national or multinational companies or as business owners of SMEs. They all have comfortable incomes. Our research also concerns some French students with the same profile. Getting both French and Chinese perspective enables us to make a comparison between the two groups so as to find the similarities and differences in terms of their specific needs and behaviours *vis-à-vis* to luxury brands.

**The Birds are Tweeting – and so am I:
An Essay on the Use and Potential of Twitter and Micro-Blogging**

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Micro-blogging applications in general and Twitter in particular have received increasing attention among consumers and companies in recent months. Based on a qualitative case study approach we analyze how five leading firms (i.e. Google, Whole Foods Market, Zappos.com, JetBlue Airways and Dell) rely on Twitter in their marketing strategy. We show that companies can and do use Twitter for all three stages of the marketing process: pre-purchase (i.e. marketing research), purchase (i.e. marketing communications, esp. sales promotions) and post-purchase (i.e. customer services/ complaint management). We then discuss a series of watch-outs and potential dangers that firms should be aware of when using Twitter before presenting several areas of future research with particular importance and appeal in the domain of micro-blogging.

Marketing Plans for the Global Marketplace: An Experiential Exercise for Students; a Pragmatic Resource for Businesses

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As professors, it is difficult to find projects that offer students a realistic opportunity to work with international companies in the global marketplace. Such a challenge occurred when teams from our University provided a company in an emerging market with research and plans to accomplish its goal of expanding to the United States.

This paper will review the projects developed for Alter, a Serbian shoe manufacturer wanting to expand to the U. S. market. The owners of the company attended classes and through an interpreter discussed the company's history, its current manufacturing process and products, and its expectations for future expansion.

Teams in the MBA Integrative Marketing Management class conducted extensive market research, prepared environmental analyses, and developed marketing plans with very different strategies for entry in the Dallas, Texas market. Excerpts from the reports and plans will be presented with attention to relevant research found about the industry and the market as well as the resulting approaches recommended by the teams.

For owners/managers of international firms, this experience provided research and recommendations from supervised students studying in a university business program. Academically, the professors and students were presented with a challenging project requiring them to recognize the owners' business concerns and develop plans for a company wishing to expand globally.

The success of this experiential exercise resulted in benefits to the firm and students who worked as a team to research, organize and develop a plan to meet the company's needs to enter the U.S. market.

Emotional Bonding, Autobiographical Memory, Influence Power, and Intention to Consume: A Framework for Understanding Children Market

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Children are unique and also potential market. They are unique, because they usually do not spend their own money but they might have high purchasing power back up. They are potential, because from the number of kids and their spending, they are big and promising. Kids market consist of three market. First is the primary market which is targetting on the children itself, second is the influence market that is emphasizing on the influence that children assert on family purchases, and the third one is the future market that is consedering the future market from the children. Based on the high potential market of the children, the writer wants to identify the antecedents of emotional bonding for children (to asses future market). Furthermore, it is necessary to identify the impact of emotional bonding toward autobiographical memory and influency power (to asses influence market). On the other hand, the writer wants to identify the antecedents of children consumption intention (to asses primary market). The data will be taken from 200 kids as respondents around jakarta-indonesia using cluster sampling. The data will be analyzed using structural equation modeling with software LISREL 8.80. Prior to the research, an in-depth interview with 12 respondents was held to confirm that all of those questions in the questionnaires were understood well. Subject expert matters were also conducted with 2 children' psychologist as well as 2 head of elementary schools to validate the model proposed in this research. The results support most of the hypotheses and, in particular, confirm the mediating role of emotional bonding.

Investigation of Market Management in Construction: Differences between Construction Contractors and Design Consultancies in Civil Engineering Business Development

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This paper investigates relationship marketing in construction industry and the relevant business development practices followed by construction contractors and design consultancies in civil engineering UK market. The present research is part of two year research project examining and evaluating relationship marketing strategy and effectiveness of a major construction contractor in the UK. In parallel the dynamics of referral and influencer markets according to the IMP six market model are examined in practice. Design consultants are considered as both key referrers and influencers in civil engineering, while on the one hand they are working directly for the contractor or on the other hand working as the client's advisor. The research so far has confirmed that they are holding invaluable information about the ultimate clients of the contractor as well as of its competitors. However design consultancies and construction contractors are following different business development practices, which in some cases have the relationship marketing factor in common, and in other cases have a more transactional approach. The examination of those differences and the evaluation of the existing relationships between construction contractors and design consultancies required in-depth semi structured interviews with business development managers and other business development staff, a selection of core customers, most of whom are repeat order customers, and senior management staff from design consultancies. Using a combination of observation and action research methods, this paper presents the findings concerning the extent of alignment in business development practices of construction contractors and design consultants and attempts to develop relationship maps between all the key players in civil engineering business development, namely contractors, clients and consultants. Analysis of the findings is conducted with general reference to overall organizational culture of different parties and particular comparison with relationship marketing principles. Conclusions and recommendations provide a basis for improving effective relationships in business development and for projects.

The Impact of Dimensions of Color Usability on Trust in Web Retailers

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Security and trust are considered to be fundamental to success of online business transaction. The interface of websites are often considered as one of the primary influencing factors in defining consumer perception towards online businesses. While much research has focused on different factors that contribute to establishment of a sense of trust in e-commerce, the role of dominant theme color of websites on consumer perception still remain quite understudied. This research, based on past studies proposes website theme color to be an influential factor in how customers perceive trustworthiness of online sellers. Hypothesizing relationships of the effects of different dimensions of color (Hue, Value, Chroma) on perceived trustworthiness of a website a $2 \times 2 \times 2$ experimental design has been proposed to test them. The hypotheses in this paper have predicted cooler colors (in this research, blue) to be more associated with perception of trustworthiness than warmer colors (in this research, red). Also, Value and Chroma of the dominant background color in the website have also been predicted to be negatively associated with the way customers perceive website trustworthiness.

Direct, Cross-Product, and Cross-Country Effects in Multi-Market New Product Diffusion

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In this study, we address how direct and indirect (complementary) product effects — both within and across countries — influence new product diffusion. Accordingly, this manuscript makes several important contributions to the marketing literature. First, prior research on cross-country diffusion has not addressed the impact of complementary products. We demonstrate that incorporating the prior diffusion of complementary products leads to an enhanced substantive understanding of the evolution of cross-country diffusion as well as an improved model fit. Second, prior research has focused exclusively on indirect (cross-product) effects within a single country. Our research complements this recent research by building a more complete (empirical) view of the role that both indirect and direct product effects play both within as well as across countries.

Empirically, we use a comprehensive data set that covers the diffusion of PCs and the Internet over two decades – from 1981 to 2005 – and across 19 countries. Using the proposed methodology, we are able to empirically disentangle the impact of local direct effects from foreign (cross-country) direct effects from indirect (cross-product) effects. Further, we are able to decompose and assess the relative contribution of each to the overall diffusion process on a country-by-country basis and see how each influence varies over time, across products and across countries.

Substantively, there are a number of interesting findings. First, we find that home PC diffusion was driven predominantly by local direct effects – the more individuals saw the penetration of home PCs grow locally, the greater the likelihood of adoption. Second, by contrast, we find very different effects for the Internet – Internet adoption was driven by a combination of influences: a) local direct effects, b) foreign direct effects, and c) indirect (cross-product) effects. These results are in line with the idea that the diffusion of one product can facilitate the diffusion of another product, but that the impact can be asymmetric across products. When taken in aggregate, these results highlight the importance of incorporating and estimating cross-product effects in a multi-market new product diffusion context – one is able to obtain a significantly more complete view of the diffusion process in markets that develop and evolve dynamically over time.

**Impulse Buying Revisited – In the View of Behaviorism:
An Investigation into Impulse
Buying Using the Behavior Perspective Model**

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This paper first addressed the issues of recent impulse buying literature, including:

- 1) The definition of impulse buying is still inconsistent in marketing literature, although earlier scholars have already stated that impulse buying should be seen differently from unplanned buying
- 2) The previous impulse buying literature lacked of an integrated model that can fully explain the antecedents of impulse buying to its consequences.

This paper has therefore proposed to study impulse buying behavior with Behavioral Perspective Model, which can be applied to investigate pre-purchase, purchase, and post-purchase behavior (Foxall, 1994). The contribution of this study includes suggesting an integrated model for impulse buying to explain impulse buying behavior more thoroughly and arguing that consumer researchers should clearly differentiate impulse buying from other unplanned buying in order to obtain deeper insight of consumer behavior. Moreover, behaviorism could explain why impulse buying is a continuum process and provide a different point of view for recent impulse buying research. Finally, this paper would be concluded by proposing a research method based on the theoretical framework.

Customer Trust-Challenge for E-healthcare

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The evolution of internet within the last years and the continuous advances in electronic commerce and communication provide exciting opportunities to implement a powerful framework of resources, tools and applications that revolutionize the way in which healthcare institutions interact with their patients, as well as deliver and manage medical services. Internet-based healthcare is the application of information and communication technologies across the whole range of healthcare functions. It covers everything from electronic prescriptions and computerized medical records to the use of new systems and services that cut waiting times and reduces data errors. Internet-benefits management promises to simplify and reduce costs for employers and bring more choices and control. The development and implementation of web-enabled communication, patient services and other e-health initiatives are increasingly important to maintaining a competitive advantage and to compete for the market share. More importantly, the value added for patients by facilitating access to information and resources is expected to improve the quality of services, the speed of treatment and potentially to rationalize the management of administrative processes. However, the introductions of such e-healthcare services into the market can be successful on the condition that customers will recognize all these advantages and have trust in organizations provide theses e-services. In this paper authors will concentrate on customer trust as key factor determining success of e-healthcare. The purpose of this study will determine the character and power of trust placed by customers in e-healthcare, and to identify factors influencing and diversifying customers trust to e-healthcare. Authors have ventured a thesis that customer trust to e-healthcare in Poland is high as a consequence of even higher customer satisfaction with traditional healthcare services and great customer trust in traditional healthcare institutions.

Are Gift Purchasers Inclined to Breach their Obligation Levels?

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According to Sherry *et al.* (1993), ideal gift-giving outcomes require the optimization of *fair* gift values among givers, recipients and gifts themselves. Many times the ambiguity of fair gift value can lead to dissonance between the parties, vitiating the very purpose of the gift exchange. Implicit in every gift giving transaction is a belief of entitlement by both the recipient and giver wherein the recipient feels entitled to a reference *expectation* and the giver feels entitled to a reference level of *obligation*, without causing a disappointment to either party. However Waldfogel (1993) claims that gift-giving effectively discards 20 % of the gift's price because no one can understand the needs and wants of the recipients better than themselves. If so be the case, would the fairness principle of dual entitlement encourage gift givers to adjust their reference level of obligation to square the ledger with their "deprecating" gift recipients? This study shows evidence of gift givers actively seeking to save on money and effort in acquiring their preferred gifts from prices that they had budgeted for gift purchases. As per the principle of dual entitlement, gift givers are therefore wilfully falling short of their perceived obligation. This study however identified that gift givers are almost fastidious about the brand of item they are gifting to the extent that in the event their preferred item is unavailable, they would prefer another gift item from the same brand stable. It appears that gift givers are seeking the symbolism of the brand name to fill the breach of their reference obligation level. There may be times however when the gift item brand may not deliver the required level of symbolism. In that case, the *bargain* at which gift givers may have acquired the gifts could well *haunt* them to seek auxiliary services to accompany the purchase, in order to make up the shortfall in meeting the level of perceived obligation as per the principle of dual entitlement.

**Strategic Launch Decisions and the Moderating Role of Signaling
Tools: The Case of the Fragrance Industry**

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Exploring the Nature of the Relationship between Online and Traditional Media

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The term 'Web 2.0' was coined by O'Reilly Media in 2004 (Pilgrim, 2008). It signalled a fundamental shift in how individuals use the internet; essentially a landscape emerged where individuals are in control of how information is generated, created, organized and shared (Ravindran, 2007; Thackeray et al., 2008). In Web 2.0 literature, the term 'user-generated content' (UGC) consistently emerges as does the analysis of online social networking sites. A recent industry research report found that consumption of UGC has reached levels comparable with traditional media in the UK (Marketing Week, 2007; cited in Krishnamurthy and Dou, 2008), while the potential reach of some social networking sites is substantial, with Facebook's population measuring 175 million users in February 2009 (Musil, 2009) and with Twitter attracting 10 million users at the time of writing (Kellaway, 2009). With figures such as this, the attractiveness for companies developing applications to spread information and messages is abundantly clear.

These application developments have given way to much debate and discourse regarding new media adoption, and consequences for traditional media outlets. Chan and Leung (2006) discuss the media displacement hypothesis, which suggests that the introduction of a new media activity will result in a corresponding reduction in the time spent on other media activities. However, the authors point to alternative perceptions in the literature which view emerging media as supplementary/complementary to their traditional counterparts. It is thus challenging to draw firm conclusions regarding such relationships in a landscape of diverse opinion (Chan and Leung, 2006). In this context the objective of this paper is to understand the nature of the relationship between online and traditional media.

The findings of the research conducted with experts in the area indicate that a company's activities should be integrated with use of both online and traditional media. However, it emerged that a general culture of reluctance exists in which companies well-versed in traditional media are reluctant to make the transition of incorporating online media in their marketing activities. Despite this the research also indicates that the lines between previously distinct channels have become blurred, such as those that once separated televisions and personal computers and those that distinguished mobile phones from personal computers and for this reason the potential for online and traditional media to effectively work together exists.

Services Marketing: An Integrated Performance Evaluation Approach

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The study of marketing performance and the relationships between its measures has come to attract increased attention in recent years, both in academic and professional terms.

Despite its importance, marketing is one of the least understood, least measurable functions at many companies, sometimes representing a reasonable proportion of operating budgets at a wide range of firms. Its effectiveness is crucial to organizational performance. Nevertheless, many corporate boards and marketing executives lack the understanding to evaluate marketing activities and expenditures. In this context, decisions are often made without the information, expertise, and measurable feedback needed.

This paper approaches the subject of marketing audits and aims to examine its impact and perceived benefits in services-based organisations. More specifically, we aimed to demonstrate the connection between input marketing measures and output marketing measures, fulfilling an existing gap in the literature - in what audits are concerned -.

Based on the ISME-Index of Services Marketing Excellence (Berry et al., 1991) framework, it was developed an updated scorecard. The hypothesized relationships were tested using data from the Portuguese financial industry. Findings were able to confirm the usefulness of marketing auditing. Thus, audits can be viewed as a tool for the evaluation of marketing activities and to increase marketing knowledge and effectiveness.

This work begins by introducing marketing performance evaluation conceptual framing, followed by an approach to marketing audits. Next, hypotheses are stated, together with results, discussion, and conclusions.

Retail Change in India: An Exploration of Drivers of Emergence and Growth of Organized Retail Sector in India between 1991 and 2007

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This paper is based on an exploratory research which was aimed to examine the emergence and growth of organized retail in India during 1991-2007 through inter-linkages among business environment, retail organizations and the emergence and growth of the sector¹. The research had two objectives (a) To examine the drivers of emergence and growth of organized retail sector in India between 1991 and 2007 (b) To explore the relationship among strategic fit (between business environment, and strategic orientation of retail organizations), performance of retail organizations and growth of organized retail through a framework².

This paper will cover findings related to first objective. This research was primarily based on data from published sources considering its scope and credibility. In order to strengthen and enrich the analysis, inputs from other sources have been incorporated. For preliminary understanding and identification, the industry research reports were examined and strategic level executives were interviewed. The trends in the identified drivers were examined over a period of time to get the complete picture. This part of the research contributed to the first hypothesis of the study i.e. Favourability of Business Environment was a prerequisite for the Emergence and Growth of organized retail in India. It also emerged that conduciveness of business environment was build over a period of time.

The Role of Gender within Consumer Segments Based on Lifestyle and Brand Equity for the South African Cellular Market

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This paper observes how gender impacts consumer segments which are based on the variables of lifestyle and brand equity. Psychographic variables based on feelings about cell phone usage, reasons for using a cellphone, choosing a cellular phone service provider, cellular phone usage and perception of brand equity of the cellular phone service providers were used to explain the characteristics of market segments.

A representative sample of 460 participants was drawn within the Free State Province in South Africa. A factor analysis was performed on each of the questionnaire sections to explain the data. Cluster analysis was used to classify observations according to factor scores into homogeneous groups/clusters. For marketing purposes cluster analysis was used because it helps to segment the market and to understand consumer behaviour. Cross-tabulations were used to describe the relationship between two variables (Gender and clusters).

Four clusters were identified. The behaviour of consumers in these cluster are as follows: Cluster 1 has consumers who are cautious with regard to their lifestyle, cluster 2 has consumers who are independent with regard to their lifestyle, cluster 3 has consumers who are not well off financially and cluster 4 has consumers who are well-off financially. Consumers were put in clusters based on their lifestyle patterns and how they perceive brand equity. These clusters were cross-tabulated with the variable of gender and the results were significant. For marketing the implication is that gender needs to be considered when marketing to these clusters because differences in gender can cause consumers to seek different benefits from a cellular service provider.

Findings reveal useful recommendations for the cellular service providers in terms of strategic choices which will impact strategic positioning. The clusters identified need to be considered, not only because they reveal the current state of consumers, but because they also reveal the potential of how the markets can be strengthened. Cellular service providers will be better able to be customer centric. An indication of how marketing effort needs to be tailored to suit each group is provided.

Salespeople's Ethical Decision: Understanding its Antecedents Thanks to the Logit Analysis

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Nowadays, many factors that can be observed in literature seem to influence salespeople's ethics. Thus, individual factors such as gender, age, education and experience, but also organizational factors such as the ethical climate of the company, the codes of conduct, the managers, the competition or incentives seem to largely influence salespeople's ethics.

The aim of this article was double: first of all, we tried to understand which factors (individual or organizational) were influencing salespeople's ethics and then, thanks to the Logit analysis, we tried to get a better understanding of how much those factors could influence salespeople's ethics. In order to gain a better appreciation of ethics in sales, we observed estates agents.

Results seem to show that education and the ethical work climate have a great influence on salespeople's ethics. However, many more factors, even if they are not so preponderant can also have a great impact on salespeople's ethics.

This can give helpful advice to managers and therefore can help them to succeed in choosing the right variables when wanting their salespeople to act in an ethical way.

Money Talks

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This paper investigates the impact of various motivational tactics – tangible or intangible and selfish or altruistic– on online referral rates, utilizing a unique dataset matching a large-scale survey with an online field experiment. The authors develop an economic model of referral and derive a tobit model for estimation. Overall, the empirical results of the model indicate that “money talks” – that is, referral rates are higher when tangible rewards are conferred, particularly tangible and selfish tactics, particularly for Internet Opinion Leaders, and particularly for males. However, for target segments with higher education levels, when intangible or psychological benefits are emphasized, tactics more altruistic in nature are more effective than tactics that are more selfish in nature. Importantly, the authors demonstrate how our model and analysis can help managers design optimal WOM campaigns, depending on their consumer profile.

Consumer Experiences Calling Vanity Toll-Free Numbers - An Exploratory Study

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This study examines the experiences of consumers using vanity toll free numbers during the following three phases (pre-usage, usage, post-usage). This includes, the source from where they came to know the vanity toll-free numbers, perceptions about using vanity toll-free numbers, frequency of usage, Industries and organizations they have tried to contact, problems encountered by them and their post usage reactions and managerial implications

Data were collected from 250 respondents residing in and around the Emirates of Sharjah and Dubai of the United Arab Emirates. The survey results indicate the following: that the sample came to know about the vanity toll free numbers through print media, audio-visual media, radio and word of mouth in that order. The respondents find vanity toll free numbers easy to operate and helpful. The respondents used vanity toll- free numbers to call the following institutions and services: Banking, Fast – food outlets, Airlines, Travel Agencies, Insurance and Taxi respectively, to gather the required information, to get solutions for the problems faced by them, and/or to get the desired service.

The survey revealed that the respondents faced problems such as long waiting time and unable to speak to the right person. It is suggested that to improve the services of vanity toll free numbers, professionally trained staff should be available round the clock to attend consumers' calls. Organizations can prepare a list of frequently asked questions and orient the staffs who attend vanity toll free calls. Also staff handling vanity toll free calls should be trained to be through professionals who can communicate effectively the relevant information in a polite and courteous manner. To successfully meet this requirement, organizations can customize their training program and these training programs can be periodically updated and modified to suit the changing needs of the consumers and the organization.

It is further suggested that studies taking samples from other Emirates can be carried out on specific service industries or manufacturing organizations.

Investigating Antecedents to Success with Open Innovation: The Role of Relational Proclivity, Proactive Market Orientation, and Network Centrality

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Open innovation considers pathways of inputs to innovation, and is the ability of a firm to use ideas from the outside world and also to allow others to use the firm's unutilized ideas (Chesbrough 2003a; 2003b). This openness highlights the value of knowledge residing outside the firm by viewing the boundary of the firm as permeable.

Firms following open innovation can be successful, but it is important for firms to be connected in order to benefit while following open innovation (Chesbrough 2006; Huston and Sakkab 2007). This motivates my primary research question: What drives success with open innovation? To explore this, I investigate antecedents to open innovation.

Considering firms must connect with environment, firms must maintain a relational proclivity as well as a proactive market orientation (PMO). Relational proclivity is a firm's inclination and trust to pursue interfirm relationships (Johnson and Sohi 2001), and is essential to firms as they seek out external inputs to innovation and do so by identifying crucial interfirm relationships. PMO is the identification of customer latent needs (Narver, Slater, and MacLachlan, 2004), and is important to the achievement of success as innovating firms are better able to meet the needs of their customers. Essential to these two links to open innovation, is the network of relationships a firm operates within which then fosters the identification of inputs to innovation. Drawing on social network theory, the author identifies network centrality to moderate the link between relational proclivity and PMO to open innovation.

To evaluate the effect open innovation has on firm performance the author utilizes two sets of performance measures: financial performance and product innovativeness. These hypotheses are tested using primary and secondary data from 199 high tech firms. Results support expectations that the ability to connect along with maintaining key relationships increases the efficacy of open innovation gaining superior firm performance.

Traveling Home: The Application of Sensory Branding in Domestic Tourism

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In 2009, Kyoto welcomed a little over 50 million tourists, out of which a whopping 49 million were domestic tourists. Japan has consistently been successful at generating a high domestic travel rate where swarms of domestic tourists would flock not only major sight seeing spots but also places that are off the beaten tracks and hidden in remote places. While various debates have been taking place with regards to Japan's lack of focus on luring foreign travelers, the success of Japan's domestic tourism reflects highly successful marketing management. In the realm of branding, sensory cues have been found to achieve high brand loyalty due to the ability in evoking emotions and creating relationships. While sensory branding has achieved success in products and services, it has also been used extensively within tourism such as hotels and flight carriers. However, this paper attempts to shed light on the application of sensory branding within places of attraction.

This paper examines the application of sensory branding and culture in creating an effective marketing approach. This study is conducted based on ethnography, a qualitative approach used in sociology and cultural anthropology in gathering and analyzing data regarding sensory cues, cultural elements and consumer perception and emotions. The paper begins with the background of domestic tourism in Japan followed by the elements of sensory branding. The relationship between cultural elements and sensory branding are also examined. Observations and interviews were conducted at various local areas that are frequented by domestic tourists in Kyushu, Hokkaido and the Tohoku region respectively. The factors that drive domestic tourism are then discussed, demonstrating the strength of sensory branding within cultural aspects that shape the consumer's decisions to selecting domestic tourism.

Does National Culture Really Matter Anymore? A Comparison of Students in the USA and Germany

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Prospectus: Perhaps the predominant notion of national culture and the differences between cultures is that developed by Geert Hofstede. Using a Values Survey Module, Hofstede plots national cultural differences with regard to: 1) individualism/collectivism, 2) masculinity/femininity, 3) power distance, 4) uncertainty avoidance, and time orientation. The research question here is: are there consistent cultural values that differentiate different cultures, as Hofstede found much earlier in history, or are these cultural distinctions becoming less clear. To answer this question, a Student Values Survey Module was developed from the original Hofstede questionnaire—mainly to update those questions. Fifty eight (58) students at an American university have taken that questionnaire who were enrolled in Management classes in the Fall of 2008. Analysis will be made of their answers to see how consistent, or how strong, their cultural values are by examining not just the values that may emerge, but variations and dispersion of their answers. In addition, this questionnaire will be administered at a German university during the Spring term to 20-30 students and the same analysis will be completed. The German students will be taking Management classes taught by the same American professor in English. The answers to this study should give some insight into whether national cultural differences are becoming less, national culture is becoming less strong, and whether a more “worldly” set of values or culture is emerging.

The Role of Life Style in Market Segmentation in the Individual Pension Market

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With the effects of technological progress and globalization, options for consumers have multiplied and competition in markets has increased. In order to survive in this competitive environment, businesses must know their consumers extremely well, and must meet their needs and desires in the best possible way. For this reason, consumer behaviors and market segmentation have become increasingly important.

Today, studies aimed at defining consumer behaviors have begun to be based on the concept of life style. Factors that determine consumer behaviors also determine lifestyle. It can also be said that consumer behaviors are a reflection of lifestyle. Individuals, through their ideas, emotions, personalities, needs and desires, reveal their lifestyles to the external world. Life style is a combined result of the factors that determine all consumer behaviors. When information about a consumer's life style is obtained, the consumer's likely buying behaviors can be predicted. For businesses and marketing professionals, the importance of knowing consumers' life styles emerges at this point.

Individual pension products should be tailored to individuals' expectations, world views, and desired standards of living. For this reason, the demand for individual pension policies is affected to a high degree by lifestyle. This study investigated the effect of lifestyle on segmentation in the individual pension market.

Faces as Advertising Cues: The Impact of Sexually Versus Socially Attractive Faces on Consumers' Attention and Decision Making

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In the last 2 or 3 years, we have seen evolutionary psychology (that is, psychology based on Darwinian evolutionary theory) profiling itself as a valid and useful perspective for studying all kinds of aspects of advertising processing and consumer behaviour. In this paper, we will present the results of four studies, exploring the potentiality of the use of faces as advertising cues – that is, as elements within the peripheral persuasive route of the Elaboration Likelihood Model of advertising processing – for drawing consumer's attention and influencing his/her decision making. All studies are framed within an evolutionary psychological perspective.

In the first study, we present the results of a content analysis of Belgian print advertisements, showing that faces are indeed very often used cues in advertising. These cues are intended to elicit primary affective reactions.

In the second study, we present the results of an eye-tracking experiment investigating the attention drawing power of faces, compared to other stimuli. Indeed, faces are often used in advertising, but little or no research has yet explored if these facial cues are indeed the most powerful advertising cues for drawing consumers' attention.

In the third study, we investigate if some faces have a higher attention drawing potential than others. Again, an eye-tracking experiment is set up to answer this research question. An evolutionary psychological model of the goals and values of consumers is used to explain the attractiveness of certain faces in terms of either short- or long-term sexual attractiveness, or friend/leader social attractiveness.

In the final study, we investigate if these different facial cues also have an impact on consumer decision making. Through a large-scale experiment in which we insert either sexually or socially attractive faces in ads for different products, we try to find out what impact these cues have on ad-likeability scores.

Although faces are regularly yet implicitly recognized as our communicative devices par excellence (besides natural language), we were surprised to find so little research investigating the use of faces as advertising cues from this perspective. We hope our research can make a valuable contribution here.

**A Study of the Greek Soccer Market:
Motivations to Attend Soccer Games and Team Affiliation Statistics**

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