

# Business: Accounting, Finance, Management & Marketing

Abstract Book

From the 9<sup>th</sup> Annual International  
Conference on Business: Accounting,  
Finance, Management & Marketing,  
4-7 July 2011,  
Athens, Greece.

Edited by Gregory T. Papanikos



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## Preface

This abstract book includes all the abstracts of the papers presented at the *9<sup>th</sup> Annual International Conference on Business: Accounting, Finance, Management & Marketing, 4-7 July 2011* organized by the Athens Institute for Education and Research. In total there were 98 papers and 109 presenters, coming from 29 different countries (Australia, Austria, Canada, China, Cyprus, Czech Republic, Finland, France, Germany, India, Indonesia, Iran, Israel, Italy, Malaysia, Mexico, New Zealand, Portugal, Romania, Saudi Arabia, South Africa, South Korea, Spain, Sweden, Taiwan, Tunisia, Turkey, the United Kingdom, and the United States of America). The conference was organized into 25 sessions that included areas such as National and International Policies, Financial Reporting, Structure and Strategy, Marketing Communication, 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 more than 100 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**  
**President**



## FINAL CONFERENCE PROGRAM

### Athens Institute for Education and Research

#### Business & Law Research Division

#### Research Unit of Accounting & Finance

#### Research Unit of Management

#### Research Unit of Marketing

**9th Annual International Conference on Business:  
Accounting - Finance - Management - Marketing  
4-7 July 2011, Athens, Greece**



Conference Venue: Titania Hotel, 52 Panepistimiou Avenue, Athens, Greece

### Organization and Scientific Committee

- Dr. Gregory T. Papanikos, President, ATINER.
- Dr. Peter Koveos, Head, Accounting & Finance Research Unit, ATINER & Professor, Syracuse University, USA.
- Dr. Sharon Bolton, Head, Management Research Unit, ATINER & Professor, University of Strathclyde, U.K.
- Dr. Cleopatra Veloutsou, Head, Marketing Research Unit, ATINER & Senior Lecturer in Marketing, Department of Business and Management, University of Glasgow, U.K.
- Dr. Nicholas Pappas, Vice-President of Academics, ATINER & Professor, Sam Houston University, USA.
- Dr. Chris Sakellariou, Vice-President of Finance, ATINER & Associate Professor, Nanyang University, Singapore.
- Dr. Panagiotis Petratos, Vice-President of ICT, ATINER & Associate Professor of Computer Information Systems, California State University, Stanislaus, USA.
- Dr. Peter Yannopoulos, Academic Member, Marketing Research Unit, ATINER & Professor, Brock University, Canada &
- Dr. Angelos Tsaklanganos, Professor, University of Nicosia, Cyprus & Emeritus Professor, Aristotle University of Thessaloniki, Greece.
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- Dr. Margarita Kefalaki, Researcher, ATINER.
- Ms. Lila Skountridaki, Researcher, ATINER & Ph.D. Student, University of Strathclyde, U.K.
- Ms. Gina M. Bondi, Researcher, ATINER.
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Konstantinos Manolidis, Katerina Maraki & Syla Sakka

## CONFERENCE PROGRAM

### Monday 4 July 2011

08:00-09:00 Registration

09:00-09:30 Welcome and Opening Remarks

- Dr. Gregory T. Papanikos, President, ATINER.
- Dr. Nicholas Pappas, Vice-President of Academics, ATINER and Professor, Sam Houston University, USA.
- Dr. Peter Koveos, Head, [Accounting & Finance Research Unit](#), ATINER & Professor, Syracuse University, USA.
- Dr. Sharon Bolton, Head, [Management Research Unit](#), ATINER & Professor, University of Strathclyde, U.K.
- Dr. Cleopatra Veloutsou, Head, [Marketing Research Unit](#), ATINER & Senior Lecturer, University of Glasgow, U.K.

<p><b>09:30-11:00 Session I (Room A): Impact Studies</b>  <b>Chair:</b> Koveos, P., Head, Accounting &amp; Finance Research Unit, ATINER &amp; Professor, Syracuse University, USA.</p>	<p><b>09:30-11:00 Session II (Room B): Structure and Strategy</b>  <b>Chair:</b> Pappas, N., Vice-President of Academics, ATINER and Professor, Sam Houston University, USA.</p>	<p><b>09:30-11:00 Session III (Room C): Products and Brands</b>  <b>Chair:</b> Veloutsou, C., Head, Marketing Research Unit, ATINER &amp; Senior Lecturer, University of Glasgow, U.K.</p>
<p>1. Chau, F., Lecturer, Durham Business School, UK, Dosmukhambetova, G., High School of Economics and Business, Al-Farabi Kazakh National University, Kazakhstan &amp; Kallinterakis, V., Durham Business School, UK. The Impact of Mandatory IFRS Adoption on Noise Trading: Evidence from Central and Eastern European Countries. (FIN)</p> <p>2. *Giombini, G., Assistant Professor, University of Urbino "Carlo Bo", Italy, Calcagnini, G., Professor, University of Urbino "Carlo Bo", Italy &amp; Farabullini, F., Researcher, Bank of Italy, Italy. The Impact of the Recent Financial Crisis on Bank Loans Interest Rates and Guarantees. (Monday, 4<sup>th</sup> of July 2011) (FIN)</p> <p>3. Ben Akal, Ph.D. Student, University of Manouba, Tunisia, Chichti, J., Professor, Tunisia School of Business, Tunisia, Galy, N., Professor,</p>	<p>1. Fong, E., Associate Professor, University of Alabama in Huntsville, USA, Zheng Zhou, K., Associate Professor, The University of Hong Kong, China &amp; Bao, Y., Associate Professor, University of Alabama in Huntsville, USA. The Role of Employee Involvement in the Relationship between Strategic Consensus and Firm Performance. (MGT)</p> <p>2. Ma, J., Assistant Professor, Indiana - Purdue University, USA &amp; Todorovic, Z., Associate Professor and Director of Entrepreneurship, Indiana - Purdue University, USA. The Role of Strategic Orientations in Firm Resource Deployments. (MGT)</p> <p>3. Chiu, J., Partner, C C &amp; Associates, Canada &amp; Paton, R. A., Professor, University of Glasgow, UK. Facing an Uncertain Future with the Strato-Operation Management Model. (MGT)</p>	<p>1. *Ghantous, N., Lecturer, Université de Savoie, France. Services Brand Personality's Impact on Customers' Brand Relationship. (MKT)</p> <p>2. Centeno, E., Assistant Professor, Monterey Institute of Technology, Mexico. Does Colour Influence SME Brand Building? An Exploration of SME Brands. (MKT)</p> <p>3. Pavlides, D., Research Associate, University of Nicosia, Cyprus, Vrontis, D., Dean, University of Nicosia, Cyprus &amp; Thrassou, A., Associate Professor, University of Nicosia, Cyprus. The Renaissance of Commandaria, Brand Building for Achieving Competitive Advantage. (Monday, 4<sup>th</sup> of July 2011, morning) (MKT)</p>

<p>Toulouse Business School, France &amp; Germain, L., Professor, Toulouse Business School, France. Impact of Extreme Events on Insurance and Reinsurance Stock Performance: A Comparison between European, US and Japanese Markets. (FIN)</p> <p>4. *Resceanu, O., Ph.D. Student, The Romanian Academy of Economic Studies, Romania. The Impact of Synergies on Mergers &amp; Acquisitions-Empirical Analysis on the Pharmaceutical Sector on the European Stock Exchanges during 2004-2010. (FIN)</p>		
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<p><b>11:00-12:30 Session IV (Room A): Derivatives and Credit Ratings</b>  <b>Chair:</b> *Giombini, G., Assistant Professor, University of Urbino "Carlo Bo", Italy</p>	<p><b>11:00-12:30 Session V (Room B): Management, People and Organisations</b>  <b>Chair:</b> Bolton, S., Head, Management Research Unit, ATINER &amp; Professor, University of Strathclyde, U.K.</p>	<p><b>11:00-12:30 Session VI (Room C): Marketing Internet and Technology</b>  <b>Chair:</b> *Ghantous, N., Lecturer, Université de Savoie, France.</p>
<p>1. Lingo, M., Head, Oesterreichische Nationalbank, Austria, Elendner, H., Vienna Graduate School of Finance, Austria &amp; Eisl, A., University of Economics and Business, Austria. Re-Mapping Credit Ratings. (FIN)</p> <p>2. *D'Ecclesia, R., Professor, Sapienza University of Rome, Italy &amp; Castellano R., University of Macerata, Italy. Credit Quality and CDS' Volatility: The Key Signal. (FIN)</p> <p>3. Erasmus, P., Professor, Stellenbosch University, South Africa. Divided Volatility and Share Returns: South African Evidence. (FIN)</p> <p>4. Resch, F., Analyst, Oesterreichische Nationalbank, Austria,</p>	<p>1. Ramsay, S., Postgraduate Program Director, Griffith University, Australia, Barker, M., Professor, Griffith University, Australia &amp; Branch, S., Griffith University, Australia. A Longitudinal Study Linking Person-Organisation Fit to Job Satisfaction and Turnover Intentions. (MGT)</p> <p>2. Bond, C., Head of Postgraduate Programmes, Roehampton Business School, UK &amp; Hsu, T.C., Roehampton Business School, UK. International Student's Perceptions of Service Quality in the UK Banking Sector: An Exploratory Study. (MGT)</p> <p>3. Suciu, L.E., Ph.D. Student, Babes-Bolyai University, Romania, Mortan, M., Associate Professor, Babes-Bolyai University,</p>	<p>1. *Bick, G., Professor, University of the Witwatersrand, South Africa &amp; Maal, K., University of the Witwatersrand, South Africa. Adoption of Online Grocery Shopping in South Africa. (MKT)</p> <p>2. Maronick, T., Professor, Towson University, USA. Do Consumers Read Terms of Service Agreements When Installing Software: An Empirical Analysis. (MKT)</p> <p>3. Charlesworth, A., Lecturer, University of Sunderland, UK. Is Social Breaking-Up Hard to Do? (MKT)</p> <p>4. Zifceac, A., Ph.D. Student, Babes-Bolyai University, Romania &amp; Radu-Adrian, M., President, Centrul de Afaceri Transilvania, Romania. The New Bureaucracy is Mobile:</p>

<p>Aussenegg, W., Oesterreichische Nationalbank, Austria &amp; Winkler, G., Oesterreichische Nationalbank, Austria. Pitfalls and Remedies in Testing the Calibration Quality of Rating Systems.</p>	<p>Romania, Lazar, I., Professor, Babes-Bolyai University, Romania &amp; Veres, V., Lecturer, Babes-Bolyai University, Romania. Debutant Civil Servants Probation Period - The Influence on the Expectancy Element of Vroom's Motivational Theory. (MGT)</p> <p>4. Mangos, N., Lecturer, Flinders University, Australia &amp; Reynolds, G., Ph.D. Student, Flinders University, Australia. Investigating the Relationship between Environmental Strategies and Environmental Management Accounting. (MGT) (Monday, 4<sup>th</sup> of July 2011)</p>	<p>mBURO (eBURO-2-mBURO). (MKT)</p>
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### 12:30-13:30 LUNCH

<p><b>13:30-15:00 Session VII (Room A): Behavior and Style in Finance</b>  <b>Chair:</b> *D'Ecclesia, R., Professor, Sapienza University of Rome, Italy</p>	<p><b>13:30-15:00 Session VIII (Room B): Financial Reporting</b>  <b>Chair:</b> Mangos, N., Lecturer, Flinders University, Australia</p>	<p><b>13:30-15:00 Session IX (Room C): Marketing Communication</b>  <b>Chair:</b> *Bick, G., Professor, University of the Witwatersrand, South Africa</p>
<p>1. Bhandari, G., Assistant Professor, University of Windsor, Canada. Determinants of Individuals' Intention for Online Investing. (Monday, 4<sup>th</sup> of July 2011, morning) (FIN)</p> <p>2. Kudryavtsev, A., Lecturer, University of Haifa, Israel &amp; Kliger, D., University of Haifa, Israel. Investors' Mood and Reactions to Company-Specific Events. (FIN)</p> <p>3. Van Heerden, JD., Lecturer, University of Stellenbosch, South Africa &amp; Botha, A.F., Post-Graduate Student, University of Stellenbosch, South Africa. Using a Dynamic Benchmarking Approach to Measure South</p>	<p>1. Pumphrey, L., Professor, Idaho State University, USA. Recognition of Goodwill under IFRS 3. (ACC)</p> <p>2. Wasan, S., Assistant Professor, Northern Kentucky University, USA, Daniels, K.N., Professor, Virginia Commonwealth University, USA &amp; Vijayakumar, J., Professor, Virginia Commonwealth University, USA. Accruals, Accrual Quality, and Borrowing Costs in the Market for Syndicated Loans. (ACC)</p> <p>3. Yaacob, H., Lecturer, Universiti Brunei Darussalam, Brunei &amp; Suhaimi Nahar, H., Accounting Section, Malaysia Science University, Malaysia. Accountability in the Sacred</p>	<p>1. Tsiros, M., Professor, University of Miami, USA &amp; Laran, J., Assistant Professor, University of Miami, USA. An Investigation of the Effectiveness of Marketing Promotions Involving Uncertainty. (MKT)</p> <p>2. Du Peloux, M., Assistant Professor, EBS Paris, France &amp; Lombardot, Assistant Professor, University Paris 1 Pantheon-Sorbonne, PRISM Sorbonne, France. Psychological and Behavioural Effects Triggered by Participation and Promotional Games. (MKT)</p> <p>3. Dogan Sudas, H., Research Assistant, Cukurova University, Turkey, Cabuk, S., Professor, Cukurova University, Turkey &amp; Zeren, D., Lecturer,</p>

<p>African Equity Managers' Skill. (FIN)</p> <p>4. Herrmann, U., Ph.D. Student, University of Erlangen-Nürnberg, Germany &amp; Scholz, H., Professor, University of Erlangen-Numberg, Germany. Short-Term Persistence in Hybrid Mutual Fund Performance: The Role of Style Shifting Abilities. (FIN)</p> <p>5. Malagon, J., Ph.D. Student, Universidad Carlos III, Spain, Moreno, D., Associate Professor, Universidad Carlos III, Spain &amp; Rodríguez, R., Associate Professor, Universidad Carlos III, Spain. Time Horizon Trading and the Idiosyncratic Risk Puzzle. (FIN)</p>	<p>Context: The Case of Management, Accounting and Reporting For Malaysian Cash Awqaf Institution. (ACC)</p>	<p>Cukurova University, Turkey. Portrayal of Mother in Turkish Print Advertising. (Monday, 4th of July 2011, morning) (MKT)</p>
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<p><b>15:00-16:30 Session X (Room A): Studies in Financial Structure, Performance and Literacy</b>  <b>Chair:</b> *Ladron de Guevara Cortes, R., Professor-Researcher, University of Veracruz, Mexico.</p>	<p><b>15:00-16:30 Session XI (Room B): Learning, Innovation and Entrepreneurship</b>  <b>Chair:</b> Zanakis, S., Professor, Florida International University, USA.</p>	<p><b>15:00-16:30 Session XII (Room C): Marketing and the Firm</b>  <b>Chair:</b> Centeno, E., Assistant Professor, Monterey Institute of Technology, Mexico.</p>
<p>1. Zaima, J., Professor, San Jose State University, USA, Ivanov, S., Assistant Professor, San Jose State University, USA &amp; Leong, K., San Jose State University, USA. A Profile of Negative EVA Firms: Reality versus Expectations. (FIN)</p> <p>2. De Vries, A., Lecturer, Stellenbosch University, South Africa &amp; Erasmus, P., Professor, Stellenbosch University, South Africa. Financing Decisions of Firms: A South African Study. (FIN)</p>	<p>1. Mariotti, F., Assistant Professor, King Abdulaziz University, Saudi Arabia &amp; Haider, S., Assistant Professor, King Adulaziz University, Saudi Arabia. Inter-Cluster Learning: The Co-Evolution of Nascar Racing and the UK Motorsport Industry. (MGT)</p> <p>2. *Astani, M., Professor, Winona State University, USA &amp; Ready, K., Professor, Winona State University, USA. Learning Effectiveness of Face-to-Face versus Online Learning. (MGT)</p> <p>3. Mangos, V., Lecturer, TAFE, Australia. Investigating the Quality of Life and Career</p>	<p>1. O'Connor, T., Professor, University of New Orleans, USA. Intellectual Property Rights: Their Development, Protection, and Orderly Transfer in the Twenty-First Century World. (Monday, 4th of July 2011, morning) (MKT)</p> <p>2. *Lopez Sanchez, J.A., Assistant Professor, University of Extremadura, Spain, González Mieres, C., Assistant Professor, University of Oviedo, Spain &amp; Santos Vijande, M.L., Associate Professor, University of Oviedo, Spain. The Mediating Effect of Unlearning in the Relationship between Internal Marketing, Innovation and</p>



	<p>Development of Parents of Children with Down syndrome and Autism Spectrum Disorder. (MGT) (Monday, 4<sup>th</sup> of July 2011)</p> <p>4. Elahi, A.R., Assistant Professor, Tarbiat Moallem University, Iran, Hadavi, F., Associate Professor, Tarbiat Moallem University, Iran, Kalani, A., Master Student, Tarbiat Moallem University, Iran, Falahti, M., Master Student, Jame Elmi Karbordi University, Iran &amp; Ghasemi, A., Assistant Professor, Azad University of sciences and Research, Iran. Measuring Organizational Learning Capabilities in Iranian Sport Federations. (MGT) (Monday, 4<sup>th</sup> of July 2011)</p>	<p>Performance in Knowledge Intensive Business Services. (MKT)</p> <p>3. Christodoulides G., Senior Lecturer, University of Birmingham, UK &amp; Veloutsou, C., University of Glasgow, UK. European Study of Brand Equity.</p> <p>4. Ku, E., Assistant Professor, National Kaohsiung University, Taiwan, Chen, F.H., Associate Professor, Chao Yang University of Technology, Taiwan &amp; Huang, M.Y., Master Student, Ming Chuan University, Taiwan. The Strategic Collaboration Adaptation between Travel Agencies. (MKT)</p>
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<p><b>16:30-18:00 Session XIII (Room A): Perceptions, Ethics and Culture in Accounting</b>  <b>Chair:</b> *Astani, M., Professor, Winona State University, USA.</p>	<p><b>16:30-18:00 Session XIV (Room B): Various Marketing and Management Issues</b>  <b>Chair:</b> *Lopez Sanchez, J.A., Assistant Professor, University of Extremadura, Spain,</p>
<p>1. *Diaconu, P., Professor, Academy of Economic Studies, Romania, Coman, N., Lecturer, Academy of Economic Studies, Romania, Sandru, C., Associate Professor, Academy of Economic Studies, Romania, Gorgan, C., Lecturer, Academy of Economic Studies, Romania &amp; Gorgan, V., Lecturer, Academy of Economic Studies, Romania. Study on the Perception of Accounting Professionals on Accounting Education in Romania. (ACC)</p> <p>2. Heinz, P., Ph.D. Student, Macquarie University, Australia, Patel, C., Professor, Macquarie University, Australia &amp; Heidhues, E., Lecturer, Macquarie University, Australia. Some Theoretical and Methodological Suggestions for Studies Examining Earnings Management and Ethical Judgments in Accounting. (ACC)</p> <p>3. Mulawarman, A.D., Lecturer, University of Brawijaya, Indonesia. Elimination of Riba through Purification (Tazkiyah) of the Cash Flow Concept: A Study from the Indonesian Business Muslim Habitus. (ACC)</p>	<p>1. Abd Ghani, N.H., Lecturer, University Utara Malaysia (UUM), Malaysia &amp; Mohamad, O., University Sains Malaysia (USM), Malaysia. Dealer's Market Orientation and Brand Equity: Does Relationship Marketing Matter? (MKT)</p> <p>2. NikMat, N.K., Associate Professor, Universiti Utara Malaysia, Malaysia &amp; Thatchopas, P., Universiti Utara Malaysia, Malaysia. Customer Loyalty towards Student Small and Medium Sized Enterprises (SMEs) in Southern Thailand. (MKT)</p> <p>3. *Ziniel, W., Research and Teaching Assistant, Vienna University, Austria. Measuring the Influence of Third-Party Product Tests on Product Choice Behaviour. (MKT)</p>

**18:00-20:00 Session XV (Room A): Momentum and Asset Behavior**

**Chair:** Mulawarman, A.D., Lecturer, University of Brawijaya, Indonesia.

1. Mahajan, A., Professor, Texas A&M University, USA. Sources of Momentum in Bonds. (FIN)
2. Saladríguez Sole, R., Professor, University of Lleida, Spain, Gallizo, J.L., University of Lleida, Spain, Gargallo, P., University of Zaragoza, Spain & Salvador, M., University of Zaragoza, Spain. The Persistence of Return on Assets: Differences between Industries and Differences between Firms. (ACC)
3. Psarakis Sporrang, K.G., Ph.D. Student, Stockholm University, Sweden & Mobarek, A., Associate Professor, Stockholm University, Sweden. International Perspective of Indoor and Outdoor Co- Movements of Stock Market: An Extensive Investigation. (FIN)
4. Cheema, M., Ph.D. Student, Lincoln University, New Zealand. Momentum Returns and Market States. (FIN)
5. Breloer, B., Ph.D. Student, University of Erlangen-Nürnberg, Germany, Scholz, H., Professor, University of Erlangen-Numberg, Germany & Wilkens, M., Professor, University of Augsburg, Germany. Performance of International and Global Equity Mutual Funds: Country Momentum Matters. (FIN)

**20:30-22:30 Greek Night and Dinner**

**Tuesday 5 July 2011**

<p><b>08:30-10:30 Session XVI (Room A): National and International Policies</b>  <b>Chair:</b> Pumphrey, L., Professor, Idaho State University, USA.</p>	<p><b>08:30-10:30 Session XVII (Room B): Management, People and Organisations</b>  <b>Chair:</b> Bondi, G.M., Researcher, ATINER.</p>	<p><b>08:30-10:30 Session XVIII (Room C): Marketing Across Borders and Country of Origin</b>  <b>Chair:</b> *Human, D., Lecturer, Stellenbosch University, South Africa.</p>
<ol style="list-style-type: none"> <li>1. Kallianiotis, J., Professor, University of Scranton, USA. The Financial and Public Policy of Greece as a Member of the Economic and Monetary Union. (FIN)</li> <li>2. Koveos, P., Professor, Syracuse University, USA, Zhang, Y., Dean and Professor, University of Shanghai for Science and Technology, China &amp; Liu, Y., Reseracher, Syracuse University, USA. Is National Planning Obsolete? China's Case.(FIN)</li> <li>3. Kostohryz, J., Ph.D. Student, University of Economics, Prague, Czech Republic. Tax Measures taken to fight the Crisis - Developed Countries Overview, Concrete Measures in the Czech Republic. (FIN)</li> <li>4. Shajari, P., Faculty Member, Monetary and Banking Research Center, Iran. Adjustment and Growth: Macroeconomic Performance of the IMF and World Bank Integrated Model for Some Mediterranean and MENA Developing Countries. (FIN)</li> </ol>	<ol style="list-style-type: none"> <li>1. *Ali, H., Professor, University Utara Malaysia, Malaysia, Soo, J.H.S., University Utara Malaysia, Malaysia &amp; Shamsudin, F.M., University Utara Malaysia, Malaysia. Leadership and Stress among Bank Employees in Malaysia. (MGT)</li> <li>2. *Todorovic, Z., Associate Professor and Director of Entrepreneurship, Indiana - Purdue University, USA &amp; Ma, J., Assistant Professor, Indiana - Purdue University, USA. Temporal Integration of the Corporate Entrepreneurship Prerequisites: Rising Up to the Challenge! (MGT)</li> <li>3. Tuason, I., Chair and Faculty, Kwantlen Polytechnic University, Canada. The Relationship between Trust and Organizational Culture Change. (MGT)</li> <li>4. Takeuchi, R., Associate Professor, Hong Kong University of Science &amp; Technology, China, Qian, C., Assistant Professor, City University of Hong Kong, China &amp; Shay, J.P., Washington and Lee University, USA. The Impact of Expatriate Leadership Behavior on Host Country National Job Satisfaction: Cross-Level Moderating Effects of Decision Autonomy and Parent Company Commitment. (Tuesday, 5th of July 2011, afternoon) (MGT)</li> <li>5. Kim, M.J., Ph.D. Student,</li> </ol>	<ol style="list-style-type: none"> <li>1. Cheung, M.S., Associate Professor, Xavier University, USA. Market Development Strategy and Global Wellbeing: Learning from the Low-income Consumer Segment in Eastern Europe and Central Asia. (MKT)</li> <li>2. Ayadi, K., Assistant Professor, Rouen Business School, France. Ethnicity and Family Food Socialization in a Bi-Cultural Environment. (MKT)</li> <li>3. Bounaouas, M., Ph.D. Student, Nice University, France &amp; Kolenc, C., Lecturer, Bordeaux 1 University, France. How Young French Consumers Perceive and Define the Luxury Experience: An Exploratory Study. (MKT)</li> <li>4. Baena, V., Associate Professor, European University of Madrid, Spain. How Market Environment May Constrain Global Franchising in Emerging Markets. (Tuesday, 5<sup>th</sup> of July 2011) (MKT)</li> </ol>

	<p>Seoul National University, Korea &amp; Choi, J.N., Professor, Seoul National University, Korea. Trait Affect and Creativity: Mediating Role of Cognitive Styles and Moderating Role of Group Context. (MGT)</p>	
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<p><b>10:30-12:00 Session XIX (Room A): Pricing and Returns</b> <b>Chair:</b> Carayannopoulos, P., Associate Dean, Wilfrid Laurier University, Canada</p> <ol style="list-style-type: none"> <li>1. *Ladron de Guevara Cortes, R., Professor-Researcher, University of Veracruz, Mexico &amp; Salvador Torra Porras, S., Professor-Researcher, University of Barcelona, Spain. Comparative Study of the Underlying Multi-Factor Structure of Systematic Risk Estimated by Feature Extraction Techniques. (FIN)</li> <li>2. *Laopodis, N., Associate Professor, Fairfield University, USA. Dynamic Linkages between Industries and Stock Market. (FIN)</li> <li>3. Erdorf, S., Ph.D. Student, University of Cologne, Germany &amp; Heinrichs, N., Ph.D. Student, University of Cologne, Germany. Co-movement of Fundamentals: Structural Changes in the Business Cycle. (ACC)</li> <li>4. Mahalik, M.K., Doctoral Fellow, Indian Institute of Technology, India, Babu, M.S., Assistant professor, Indian Institute of Technology, India &amp; Dash, U., Associate Professor, Indian Institute of Technology, India. Multivariate GARCH Modeling of Sector Volatility Transmission: Empirical Evidence from India. (FIN)</li> <li>5. *Koutmos, G., Professor, Fairfield University, USA, Knif, J., Hanken School of Economics, Finland, Kolari, J.W., Professor, Texas A&amp;M University, USA &amp; Pynnönen, S., University of Vaasa, Finland. The Role of Multifactors in Asset Pricing Models. (FIN)</li> </ol>	<p><b>10:30-12:00 Session XX (Room B): Various Management Issues</b> <b>Chair:</b> *Ali, H., Professor, University Utara Malaysia, Malaysia</p> <ol style="list-style-type: none"> <li>1. Mueller, J., Associate Professor, National University, USA. The Shape of Things to Come: Organizational Design in the Future. (MGT)</li> <li>2. Carayannopoulos, S., Associate Professor, Wilfrid Laurier University, Canada. Ownership and Integration - Predicting Interfirm Linkages along Two Dimensions. (MGT)</li> <li>3. Lee, J.-S., Associate Professor, Providence University, Taiwan. The Effect of Transformational Leadership and Personal Mastery on Organizational Learning and Organizational Innovation Performance. (MGT)</li> </ol>
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<p><b>12:00-13:30 Session XXI (Room A): Valuation Finance Studies</b> <b>Chair:</b> *Terzioglu, B.,</p>	<p><b>12:00-13:30 Session XXII (Room B): Auditing Assessment and other Accounting Issues</b></p>	<p><b>12:00-13:30 Session XXIII (Room C): Ethics and Social Responsibility</b></p>
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<p>Lecturer, Australian Catholic University, Australia</p>	<p><b>Chair:</b> *Secord, P., Professor, Saint Mary's University, Canada</p>	<p><b>Chair:</b> Mueller, J., Associate Professor, National University, USA.</p>
<ol style="list-style-type: none"> <li>1. Carayannopoulos, P., Associate Dean, Wilfrid Laurier University, Canada &amp; Nayak, S., Assistant Professor, Wilfrid Laurier University, Canada. Debt Issuance under Rule 144A and Equity Valuation Effects. (FIN)</li> <li>2. Pereira Pinto, T., Assistant Lecturer, UTAD University, Portugal &amp; Machado-Santos, C., Associate Professor with Habilitation, UTAD University, Portugal. An Analysis of the Correlation between EVA® and MVA®: The Case of a Portuguese Company Listed on the Stock Market. (FIN)</li> <li>3. Rohleder, M., Ph.D. Student, Catholic University of Eichstätt-Ingolstadt, Germany, Scholz, H., Professor, University of Erlangen-Nürnberg, Germany &amp; Wilkens, M., Professor, University of Augsburg, Germany. Bond Fund Disappearance, or: What's Returns got to do with it? (FIN)</li> <li>4. Jiang, I.M., Assistant Professor, Yuan Ze University, Taiwan, Lee, S.C., Associate Professor, Yuan Ze University, Taiwan, Chen, P.Y., Lecturer, Jinwen University of Science and Technology, Taiwan, Liu, Y.H., Assistant Professor, National Cheng Kung University, Taiwan. A Simple Formula for European Option under Time-Changed Lévy Processes with Imprecise Market Information. (FIN) (Tuesday, 5<sup>th</sup> of July</li> </ol>	<ol style="list-style-type: none"> <li>1. Kopp, L., Associate Professor, University of Lethbridge, Canada. Internal Control Assessment and Interference Effect. (ACC)</li> <li>2. Cooper, K., Associate Professor, University of Wollongong, Australia. The Fusion of Criminology and Financial Reporting: The Evolution of the Forensic Accountant. (ACC) (Tuesday, 5<sup>th</sup> of July 2011)</li> <li>3. Mala, R., Ph.D. Student, Macquarie University, Australia. The Effects of Experience and Accountability on the Information Selection Abilities and Judgments of Accountants. (ACC)</li> <li>4. Heinrichs, N., Ph.D. Student, University of Cologne, Germany &amp; Erdorf, S., Ph.D. Student, University of Cologne, Germany &amp; Hartmann-Wendels, T., University of Cologne, Germany. Diversification in Firm Valuation: A Multivariate Copula Approach. (ACC)</li> </ol>	<ol style="list-style-type: none"> <li>1. Wymer, W., Professor, University of Lethbridge, Canada &amp; Rundle-Thiele, S., Associate Professor, Griffith University, Australia. Ethics, Sustainability, and Corporate Social Responsibility in Canadian Undergraduate Business Curricula. (MKT)</li> <li>2. Gupta, S., Assistant Professor, The Pennsylvania State University at Abington, USA. Consumers' View of CSR in Indian - Creating Grassroots Knowledge for Multinationals. (MKT)</li> <li>3. *Human, D., Lecturer, Stellenbosch University, South Africa. The Influence of Consumer Attitude in Cause-Related Marketing: A Structural Equation Model. (MKT)</li> <li>4. Garcia, C., Lecturer, ESG Management School, France. Understanding the Information Search Activities with Regards to Fair Trade Shoppers' Involvement: A Qualitative Study in the United Kingdom. (MKT)</li> <li>5. Amrousy, Z., Graduate Student, Ben-Gurion University of the Negev, Israel, Yosef, R., Head, Ben-Gurion University of the Negev, Israel, Gavius, I., Academic Staff, Ben-Gurion University of the Negev, Israel. Corporate Social Responsibility and Firms' Performance. (MGT)</li> </ol>

<p>2011, 10:30 – 13:30)                      5. Liu, Y., Assistant Professor, National Cheng Kung University, Taiwan, Fong, Z.Y., Ph.D. Student, National Cheng Kung University, Taiwan &amp; Jiang, I.M., Assistant Professor, Yuan Ze University, Taiwan. Analytical Upper Bounds for American Exotic Currency Options with a Stochastic Skew Model. (FIN) (Tuesday, 5<sup>th</sup> of July 2011, 10:30 – 13:30)</p>		
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**13:30-14:30 Lunch**

<p><b>14:30-16:30 Session XXIV (Room A): Accounting Practices</b>  <b>Chair:</b> *Laopodis, N., Associate Professor, Fairfield University, USA.</p>	<p><b>14:30-16:00 Session XXV (Room B): Consumer Behaviour</b>  <b>Chair:</b> *Human, D., Lecturer, Stellenbosch University, South Africa.</p>
<ol style="list-style-type: none"> <li>1. *Terzioglu, B., Lecturer, Australian Catholic University, Australia &amp; Steen, A., Professor, Australian Catholic University, Australia. Sowing the Seeds of Transfer Pricing Conflict. (ACC)</li> <li>2. Pereira Leal, C., Assistant Lecturer, UTAD University, Portugal, Baptista Carvalho, J., Associate Professor, Minho University, Portugal &amp; Machado-Santos, C., Associate Professor with Habilitation, UTAD University, Portugal. The Contribution of Accounting for the Definition of Performance Indicators: The Case of Institutions of Higher Education. (FIN)</li> <li>3. Sjogren, H., Researcher, Lappeenranta University of Technology, Finland, Puumalainen, K., Professor, Lappeenranta University of Technology, Finland, Syrja, P., Researcher, Lappeenranta University of Technology, Finland. Does Outsourcing of Accounting Services Affect the Management Accounting Practices in Small Firms. (ACC)</li> <li>4. Syrja, P., Researcher, Lappeenranta University of Technology, Finland, Puumalainen, K., Professor, Lappeenranta University of Technology, Finland &amp; Sjogren, H., Researcher, Lappeenranta University of Technology, Finland. Tax Planning Practices in Small Limited Companies - Finnish Evidence.</li> </ol>	<ol style="list-style-type: none"> <li>1. Wu, C.H.J., Associate Professor, National Dong Hwa University, Taiwan &amp; Li, H.J., National Dong Hwa University, Taiwan. The Study on Antecedents of Customer Satisfaction from Interpersonal Emotional Contagion Perspective. (MKT) (Tuesday, afternoon)</li> <li>2. Azar, S., Assistant Professor, Isg Business School, France. "I'm Beautiful in My Way": Exploring Women's Identification of Beauty Patterns. (MKT)</li> <li>3. Bal, Y., Research Assistant, Yildiz Technical University, Turkey, Mutlu, E.C., Professor, Yildiz Technical University, Turkey &amp; Gurol, Y., Associate Professor, Yildiz Technical University, Turkey. The Core Competence Concept: A Way to Gain Competitive Advantage for Organizations. (Tuesday, 5<sup>th</sup> of July 2011) (MGT)</li> </ol>

<p>(ACC)</p> <p>5. *Secord, P., Professor, Saint Mary's University, Canada &amp; Que, Y., Saint Mary's University, Canada. Mitigation of Earnings Management with IFRS Adoption: An Empirical Study of Chinese Markets. (ACC)</p> <p>6. Liu, C., Assistant Professor, University of Winnipeg, Canada. An Empirical Study of the Impact of IFRS on Earnings Management</p>	
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**16:30-19:30 Urban Walk**

**20:00-21:00 Dinner**

**Wednesday 6 July 2011**

Cruise: Departure at 07:00 Return at 20:30

**Thursday 7 July 2011**

Delphi Visit: Departure at 07:25 Return at 19:30





**Kathie Cooper**

Associate Professor, University of Wollongong, Australia.

## **The Fusion of Criminology and Financial Reporting: The Evolution of the Forensic Accountant**

The responsibility of the external auditor to detect, investigate and report suspicions of fraud in a financial statement audit was the subject of debate since the late 19<sup>th</sup> century. One hundred years later, audit standards issued by the professional accounting bodies confirmed this responsibility. This development saw the auditor's required area of expertise extended to incorporate the field of criminology. While the audit standards do not say so specifically, the factors indicative of financial misstatement due to fraud are drawn explicitly from the concept of the fraud triangle. The triangle has been used in the practice of criminology to identify personal and environmental characteristics symptomatic of white collar crime, especially embezzlement, since the 1950s. These characteristics fall under three headings: opportunity, motivation and rationalisation.

Opportunity relates to features of an entity or the environment in which it operates such as weak internal controls or regulatory weaknesses as well as the mind-set of the individual that allows them to identify and act upon an opportunity. In other words, many of us might perceive an opportunity but will not necessarily take advantage of it. Motivation is more of a personal trait such as a perceived lack of equity in the work place, a financial difficulty or simply a matter of ego – *because I can*. Finally, rationalisation is the way in which a person convinces themselves that what they are doing is not wrong. It could be that embezzlement or theft is seen as a loan that an employee will repay or they are entitled to take corporate assets because of inequitable pay or conditions or because *everyone is doing it*. These characteristics are not restricted to individual perpetrators. Earnings management is often engaged in by management and directors for similar reasons.

In general, accountants are not well versed in the fraud triangle or its application to accounting records and reports or internal controls. As a consequence, a new discipline, forensic accounting, has evolved but in an ad hoc fashion. There is a need for a concerted and unified approach to forensic accounting education and training to ensure the integrity and utility of this evolving discipline.

**Paul Diaconu**

Professor, Academy of Economic Studies, Romania.

**Nicoleta Coman**

Lecturer, Academy of Economic Studies, Romania.

**Codrina Sandru**

Associate Professor, Academy of Economic Studies, Romania.

**Catalina Gorgan**

Lecturer, Academy of Economic Studies, Romania.

**Vasile Gorgan**

Lecturer, Academy of Economic Studies, Romania.

## **Study on the Perception of Accounting Professionals on Accounting Education in Romania**

The past twenty years the Romanian economy has undergone profound transformations. The fall of communism in December 1989 followed by the transition to a market economy has produced a series of major changes in the economic, political and social environment. Accounting higher education has faced constant need to adapt to frequent changes in recent years accounting system and the whole higher education system was reorganized in accordance with the Treaty of Bologna. On the other hand there are worldwide studies that confirm the differences between what is expected of a professional accountant and what he acquired during university studies. Given that, our empirical study aims to outline the perception of professional accountants on the Romanian accounting educational system. In this approach, we tried to capture the relationship between theoretical and practical knowledge in terms of importance assigned to each category by professional accountants, to establish the role that the accounting professional bodies play in permanent training and creating a hierarchy of skills required for professional accountants by IES 2 (International Education Standard -Content of professional accounting education programs) from the perspective of the accounting professionals from Romania.

**Stefan Erdorf**

Ph.D. Student, University of Cologne, Germany.

**Nicolas Heinrichs**

Ph.D. Student, University of Cologne, Germany.

## **Co-movement of Fundamentals: Structural Changes in the Business Cycle**

The co-movement of stocks and of fundamentals changes across the business cycle. Empirical studies have shown that the correlation of stock returns is stronger in crisis. We show that the correlation of fundamentals is the highest during crisis using a large sample of quarterly firm revenues aggregated to industry data from 1969 to 2009. Fundamentals drive the expectation of market participants on stock and bond prices. Structural changes in correlation of fundamentals therefore have implications on diversification decisions in equity portfolio analysis and credit risk management. The higher correlation in times of crisis increases the downside risk and the bankruptcy probability of a portfolio. Both correlations between industries and the aggregate market and correlations between earnings confirm our findings.

**Nicolas Heinrichs**

Ph.D. Student, University of Cologne, Germany.

**Stefan Erdorf**

Ph.D. Student, University of Cologne, Germany.

**Thomas Hartmann-Wendels**

University of Cologne, Germany.

## **Diversification in Firm Valuation: A Multivariate Copula Approach**

We introduce a new discounted cash flow model which adopts the diversification effect of multi-business firms. We face two challenges: One is examining how different diversification extents can affect the firm value due to risk reduction, and the other is modeling segment-specific cash flows and discount rates to reflect the differences in risk and growth characteristics across the different businesses that a firm operates in. Since the co-movement of business segments depends on the state of the economy, we use a multivariate copula approach taking the state-varying dependence of business segments explicitly into account. A high level of a firm's diversification determined by a low dependence between the firm's business segments leads to a lower probability of firm default which results in a higher firm value through reduced bankruptcy costs. We demonstrate this effect by comparing the values of three U.S. firms when modeling independence, dependence with copulas, and perfect dependence between businesses.

**Philip Heinz**

Ph.D. Student, Macquarie University, Australia.

**Chris Patel**

Professor, Macquarie University, Australia.

**Eva Heidhues**

Lecturer, Macquarie University, Australia.

## **Some Theoretical and Methodological Suggestions for Studies Examining Earnings Management and Ethical Judgments in Accounting**

Earnings management and ethical judgments both remain important and controversial issues in accounting. However, previous literature has some significant theoretical and methodological weaknesses. The objective of this paper is to provide theoretical and methodological suggestions to guide future research on ethical judgments in the context of earnings management. One theoretical weakness of prior literature is that it largely and repeatedly has focused on the influence of Hofstede's national cultural values on earnings management. Particularly, prior research has largely neglected the influence of personality variables on earnings management. Evidence, primarily from the psychological literature, shows that personality variables such as Construal of Self and Regulatory Focus Theory influence behavior, cognition, goal pursuit, decisions and judgments. As such, this paper suggests extending accounting research by including personality variables that are likely to provide deeper and sharper insight into earnings management and ethical judgments on individual levels. A further theoretical weakness of prior literature is that it largely focused on earnings management and ethical judgments in Anglo-American countries. Given the importance of contextual factors such as political, economic and legal influences on ethical judgments, the literature on earnings management and ethical judgments is likely to be enhanced by considering different contextual environments of countries. In particular it is suggested that future research examining earnings management and ethical judgments focus on countries in which ethics is an underexplored topic. Moreover, a methodological weakness of prior research is its reliance on simplistic unidimensional measures to evaluate accountants' ethical judgments. It is suggested that research measure ethical judgments by using a

combination of unidimensional and Multidimensional Ethics Measure (MEM). Given the complexity of ethical judgments, a combination of unidimensional and Multidimensional Ethics Measure (MEM) is likely to show greater explanatory power and is more likely to provide deeper insights into ethical judgments. Furthermore, this paper emphasizes the importance of measuring a possible 'holier-than-thou' perception of subjects. 'Holier-than-thou' perception means that individuals consider their peers as less ethical than themselves. The measurement of 'holier-than-thou' perception is important because individuals considering themselves as more ethical than their peers do not see any pressure to improve their own ethical behavior and they justify their own unethical behavior as needed to compete with their peers. The theoretical and methodological suggestions in this paper contribute to accounting literature by providing useful guidance for research on earnings management and ethical judgments.

**Lori Kopp**

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## **Internal Control Assessment and Interference Effect**

Both International Standards on Auditing and U.S. Generally Accepted Auditing Standards require risk based audits, where audit effort is concentrated on accounts and financial statement assertions where the risk of material misstatement is high. Since the risk of material misstatement is a joint assessment of inherent and control risk, assessing this risk requires the auditor to acquire an understanding of the auditee's internal control systems. Controls may mitigate some of the risks that would otherwise lead to material misstatements, while significant internal control deficiencies arising from absent, poorly designed, or poorly executed controls increase the risk of material misstatement.

The process of identifying risks at the transaction level is an important early step in the *design* of internal control systems. That is, a determination must be made of what could go wrong in the initiation, authorization, recording, processing and reporting of transactions. However, current standards and practice vary regarding when risks are identified during internal control *evaluations* performed within the external audit. In this paper, we are particularly interested in the effect of assessing risks before identifying internal controls, compared to the effect of identifying internal controls before assessing risks. Using interference theory, we hypothesize that risk assessment performed by the auditor *before* investigating the client's internal control systems will lead to a more complete identification of sources of internal control deficiencies.

In our experiment, auditors identifying risks first identified more, and more important, internal control deficiencies than did participants identifying controls first, although the number of risks identified was not significantly different between the two groups. Overall, our results suggest that audit efficiency and effectiveness depend on the sequence in which internal control evaluation subtasks are performed.

**Chunhui Liu**

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## **An Empirical Study of the Impact of IFRS on Earnings Management**

This research examines whether and how earnings management changes with International Financial Reporting Standards (IFRS) adoption in a regulated market, the People's Republic of China (P. R. China) where a new set of substantially IFRS-convergent accounting standards has become mandatory for listed firms since 2007.

Previous studies (Briston, 1978; Samuels and Oliga, 1982) suggest that international accounting standards are irrelevant or even harmful to developing countries that radically changed from capitalistic to communistic economies with large and dominant public sectors (Chamisa, 2000). However, it is dangerous to generalize such findings to P. R. China due to noteworthy differences in historical developments and economic philosophies between P. R. China and the countries studied before (Chamisa, 2000). The impact of IFRS adoption on accounting quality is an important issue for both Chinese regulators and regulators with similar institutional environments who are contemplating the adoption of IFRS. How IFRS influence accounting quality in P. R. China is particularly interesting also because the 2007 market value of publicly traded shares in P. R. China ranks the second largest in the world next only to the United States. Both domestic and international investors in the Chinese market are influenced by the quality of accounting reports by Chinese firms.

This study contributes to literature by examining whether earnings management, a key proxy for accounting quality (Van der Meulen et al., 2007), has changed or improved since the implementation of substantially IFRS-convergent accounting standards in P. R. China. Changes to earnings management through accounting accruals, research and development expenditures are investigated to find a decrease in earnings management through accruals since the implementation of the new set of standards. Earnings management is examined for the period 2005~2008 with only firms mandated to adopt IFRS. The findings indicate that earnings management through accruals has decreased in P. R. China since 2007 when the new set of standards took effect. Analysis shows that such a change is more likely a result from the standard change than a result from economic condition change.



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## **The Effects of Experience and Accountability on the Information Selection Abilities and Judgments of Accountants**

Accountants encounter both relevant and irrelevant information when exercising their judgments in various contexts. Prior studies in psychology and auditing have provided evidence that individual factors such as experience and accountability are the prominent factors that can affect the information selection abilities and judgments of accountants. This study extends prior research on accounting judgment and decision making by examining the effects of experience and accountability on the information selection abilities and judgments of accountants when undertaking the accounting task of providing a financial disclosure which entails the interpretation and application of International Financial Reporting Standards (IFRS). Unlike prior studies, this study also examines the interactive effects of experience and accountability on the information selection abilities and judgments of accountants. The results provide evidence that both experience and accountability affects the information selection abilities and judgments of accountants when applying IFRS to make a financial disclosure. In particular, results show that experienced and accountable accountants use only relevant information in their decision making process and disregard the irrelevant information. Furthermore, this study provides evidence that experience and accountability interact to influence the information selection abilities and judgments of accountants. The findings show that experienced accountable accountants are not influenced by the irrelevant information and make more accurate judgments compared to the experienced unaccountable accountants, less experienced accountable accountants and less experienced unaccountable accountants. The results of this study will be of significance to the regulators and preparers of IFRS-based financial reports.

**Aji Dedi Mulawarman**

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## **Elimination of Riba through Purification (Tazkiyah) of the Cash Flow Concept: A Study from the Indonesian Business Muslim *Habitus***

The objective of the research is to formulate Shariah Cash Flow concept from the real transaction and business *habitus* of Indonesian Moslem Society. The existence of time value of money in the conventional Cash Flows concept is important because of the uncertainty condition. Uncertainty condition relates to the allocation problem in Cash Flow Accounting and gives way to *gharar/usury/riba*. The only possibility is to eliminate the substantial deadlock over the form of Cash Flow concept based on *riba* towards Cash Flow concept that has Shariah values substances, namely *tazkiyah*. Such formulation is conducted by utilizing Extension of Integrated Islamic Hyperstructuralism Methodology. In this methodology, conventional concept of cash flow accounting is purified (*tazkiyah*) by Shariah Accounting. The result is then purified (*tazkiyah*) by Islamic Technosystem and Extension of Pierre Bourdieu's Constructivist Structuralism to generate Shariah Cash Flow concept. The major result shows that *ma'isyah* becomes a substance of Shariah Cash Flow concept. This means that *ma'isyah* is actually used to search *value added* (economic, social and environment) activities (material) to attain *barakah/blessings* (soul-spiritual).

**Lela Pumphrey**

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**Cecilia Lambert**

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**Christopher Lambert**

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## **Recognition of Goodwill under IFRS 3**

Our line of research involves recognition of goodwill in mergers and acquisitions. International Financial Reporting Standard 3 (IFRS 3), "Business Combinations", issued in 2004 and revised 2009, eliminated pooling-of-interest as a means of recognizing a business combination. It also eliminated amortization of goodwill and required annual testing of recorded goodwill for impairment. These were major changes in accounting for business combinations and their effects. The core principle of this standard was to require companies to "disclose(s) information that enables users to evaluate the nature and financial effects of the acquisition" [IFRS 3, par IN5]. "The objective of this IFRS is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statement about a *business combination* and its effects." [IFRS 3, par 1] To do this, the standard establishes principles and requirements for how the acquirer, "recognises and measures the *goodwill* acquired in the business combination or a gain from a bargain purchase," [IFRS 3, par 1]. Our research provides insight into how IFRS 3 has affected the quality of information presented. Our research presents examples of companies involved in international M&As and analyzes the information presented.

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## **The Persistence of Return on Assets: Differences between Industries and Differences between Firms**

This study offers a statistical analysis of the persistence of profits across a sample of firms from different European Union countries. To this end, a Bayesian dynamic model has been used which enables the annual behaviour of those profits to be broken down into a permanent structural component on the one hand and a temporary, circumstantial component on the other, while also distinguishing between general effects affecting the industry as a whole to which each firm belongs and specific effects affecting each firm in particular. This break down enables the relative importance of those fundamental components to be evaluated.

The data analysed come from a sample of 23,293 firms in EU countries selected from the AMADEUS data-base. The period analysed ran from 1999 to 2007, the observation being done annual. 21 sectors were analysed, chosen in such a way that there was a sufficiently large number of firms in each country\*sector combination for the industry effects to be estimated accurately enough for meaningful comparisons to be made by sector and country. The analysis has been conducted by sector and by country from a Bayesian perspective, thus making the study more flexible and realistic since the estimates obtained do not depend on asymptotic results.

In general terms, the study finds that, although all the industry effect is significant, more important are the specific effects. That importance varies depending on the sector or the country in which the firm carries out its activity. The influence of firm effects accounts for more than 90% of total variation. Firm effects also display a significantly lower degree of persistence, with adjustment velocities hovering around 51.1%. However, this pattern is not homogeneous but depends on the sector and country analysed. Industry effects are of a more marginal importance, being significantly more persistent, with adjustment speeds hovering around 10%. This degree of persistence is

more homogeneous at both country and sector levels owing to the greater stability of mean ROA evolution at the sector level.

The analysis assumed a different adjustment process for all sectors and/or countries. The evidence obtained suggests that this hypothesis may be too general.

**Peter Secord**

Professor, Saint Mary's University, Canada.

**Ying Que**

Visiting Scholar, Saint Mary's University, Canada.

## **Mitigation of Earnings Management with IFRS Adoption: An Empirical Study of Chinese Markets**

This paper examines the change in the quality of reported earnings associated with the progression toward full IFRS adoption in the People's Republic of China. The Accounting Standards for Business Enterprises ("ASBEs"), a new set of IFRS-based accounting standards, became mandatory for listed Chinese enterprises on January 1, 2007. To determine whether this accounting reform is associated with greater accounting quality, we compared the degree of earnings management of listed firms in the post-reform period to the pre-reform period. We base our metrics for earnings management on the variance of the change in net income, the ratio of the variance of the change in net income to the variance of the change in cash flows, the correlation between accruals and cash flows, and the frequency of small positive net income. Generally, we find that firms exhibit a lower degree of both income smoothing and earnings management in the post-reform period, indicating an apparently higher quality of earnings with the application of ASBEs and this stage in the move toward IFRS.

**Helena Sjogren**

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**Kaisu Puumalainen**

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**Pasi Syrja**

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## **Does Outsourcing of Accounting Services Affect the Management Accounting Practices in Small Firms**

Business planning plays a crucial role in small firm's growth and survival. A formal financial and strategic planning may be beneficial also for smaller firms. Past studies have pointed out that the accountants have an important role in increasing the financial awareness of the owner-managers and accountants are the one of the most important source of external business advice among SMEs. Unfortunately the current demand for the accountant's services is often driven only by the statutory requirements. This means that some owner-managers are buying the accountant services only because they are forced to by regulation. Many researches have shown that owner-managers of small firms derive little benefit from the outputs of statutory financial accounts and some of them even do not understand the information they contain.

The empirical data used to test the hypotheses were drawn from a mail survey conducted in autumn 2008 by means of a structured questionnaire. The initial population consisted of small private limited companies in the south Finland (they typically have few shareholders and are usually owner-managed family businesses) with a sales turnover between 1 and 10 million euros. Final responses were received from 216 companies, yielding a satisfactory effective response rate of 21.3 % (216/1013). It was possible to get financial information about the companies via Voitto+ database; these financial measures are based on the financial statements of years 2006 and 2007.

This paper aims to contribute to the existing knowledge of management accounting practices in small firms the following ways: firstly, we are going to demonstrate that if accounting services are outsourced in small Finnish firms, owner-managers does not exploit the financial information. Secondly, if accounting services are not outsourced, the role of auditor will be more significant.

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**Helena Sjogren**

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## **Tax Planning Practices in Small Limited Companies - Finnish Evidence**

The main objective in this research paper is to examine tax planning in the small business context. The theoretical background of our research is in earlier empirical accounting research and contingency based accounting research in the small business context. The data for the study were collected through a mail survey. Financial information about the companies was collected from the Voitto+ database. The initial population consisted of small limited companies with a turnover between 1 and 10 million euros. Although we used firms' financial information, anonymity was implemented, because data has been analyzed and reported in a format that will not permit identification of individual respondents of their businesses. The final responses were received from 216 companies, yielding a response rate of 21.3%. The empirical data were analyzed with quantitative methods.

The aim of this study is to model and describe tax planning in the small business context and include tax planning as a part of financial management in small companies. This study also aims to investigate which determinants explain different tax planning strategies of small companies. The preliminary results of principal component analysis indicate that small limited companies in Finland have four different orientations of tax planning. With cluster analysis we were also able to group firms to the four internal homogenous groups. These tax planning groups were named as follows: outsourcers, tax minimizers, tax neutrals and the knowledgeable. The first group (outsourcers) was the largest. It included 57% of the companies. The research findings suggested also that interest groups of financial management had a significant role in the tax planning of small companies.

In addition to the scientific contribution of our study, the results also have implications for owner managers of small firms, accounting companies and policy makers.



**Bulend Terzioglu**

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**Adam Steen**

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## **Sowing the Seeds of Transfer Pricing Conflict**

There is research evidence that suggests that conflicts that emanate from transfer pricing have far-reaching adverse consequences for interdivisional cooperation, sharing of information, goal congruence, employee motivation and performance. Conflict remains, however, a relatively less explored aspect of transfer pricing in the accounting literature. It is acknowledged that although conflict cannot be totally eliminated, some conflict may be even desirable. It is essential to gain insight to the complexities inherent in conflict and resolution methods so as to minimise undue strain on individuals affected. The aim of this paper is therefore to identify and examine the nature of transfer pricing conflicts and the manner in which these conflicts are resolved.

The data for the present study were gathered from 80 service firms in Australia via a postal questionnaire and 11 face-to-face interviews with managers who are directly involved in transfer pricing. The results of the survey reveal that the vast majority of organizations experience frequent conflicts brought about by transfer pricing, with opportunistic behaviour the most commonly cited reason, and that most conflicts are resolved through negotiation between the disputing parties, followed by a forced solution from top management. These results add further evidence that transfer pricing continues to contribute to significant interdivisional conflict with no resolution yet apparent.

This study represents the first empirical attempt to investigate the transfer pricing conflict exclusively in a service setting, and develops an enhanced understanding of factors that give rise to conflicts, and the prevailing practices of conflict resolution methods.

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**Kenneth N. Daniels**

Professor, Virginia Commonwealth University, USA.

**Jayaraman Vijaykumar**

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## **Accruals, Accrual Quality, and Borrowing Costs in the Market for Syndicated Loans**

We investigate the role of accrual quality in influencing borrowing costs in the syndicated loan market. Using a large sample of syndicated loans, and controlling for issue, and issuer characteristics that could influence borrowing costs, we show that lower accrual quality can exacerbate conditions of information asymmetry and lead to higher borrowing costs. Our results suggest that this may be more predominant in loans with multiple-arrangers. Additionally, we also show that accrual quality influences the syndicate structure and whether a loan has a single- or multiple-arrangers.

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## **Accountability in the Sacred Context: The Case of Management, Accounting and Reporting For Malaysian Cash *Awqaf* Institution**

**Purpose:** The concept of accountability has long been argued in the academic and public policy debate to have contextually ingrained in the technical processes of accounting and reporting. Both processes provide lens through which the extent of managerial accountability in the corporate context could be objectively examined. The sacred religion of Islam as a social order with a complete code of life classifies accountability as being dual, in line with the duality concept in life-in this world and the hereafter, necessitating for the accountability concept in accounting and reporting from the Islamic worldview to transcend beyond the point of worldly objectives. Parallel to this line of reasoning, this study undertake a preliminary empirical investigation with respect to the management, accounting and reporting practices of an *awqaf* management institution, namely the Pahang Cash *Awqaf* for the extended six years period running from 2000 to 2005.

**Design/methodology/approach:** The paper uses triangulation research approach consisting of case study method and archival documentation review and analysis.

**Findings:** The preliminary findings indicate that, while the root of accountability in the management, accounting and reporting practices seems to exist in *awqaf* entity studied, significant improvements remain necessary to ensure accountability would be continuously uphold.

**Originality/value:** Debating the accountability concept in the context of management, accounting and reporting as practiced by the faith based institution of *awqaf* from the Islamic perspective inevitably directs this study to highlight the notion of Islamic accounting and reporting commonly and extensively discussed in the realm of Islamic finance and banking. The study's conjecture is that, by debunking the myth of Islamic accounting and reporting as only serving the acute domain of transactions reflecting the Islamic financial products in the banking environment, it helps to reshapes, broadens and emphasizes the all encompassing relevance of Islamic accounting and reporting, to that of not-for-profits, religiously grounded entities such as *awqaf* institutions. The study also contributes to the accountability and

financial reporting literature in Islamic, not-for profit organizations by studying the importance of reporting transparency in ensuring accountability.

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## **Impact of Extreme Events on Insurance and Reinsurance Stock Performance: A Comparison between European, US and Japanese Markets**

The current economic instability has influenced the financial market among others and more specifically the performance of market intermediaries. Given the growing risk diversity embedded in financial markets, the observed imbalance between the supply and demand sides has been likely to have a negative impact on the performance of financial actors. This phenomenon is prevalent for insurance and reinsurance companies.

The aim of this paper is to measure, explain and compare the impact of extreme risks on the stock performance of the three major insurance and reinsurance markets over the period from 1973 to 2009. The central question we seek to answer is the following: in how far do natural and man-made disasters affect the financial performance of European, US and Japanese and insurance and reinsurance companies?

We use event study methodology to measure the effect of natural and man-made disasters on the stock prices of European, US and Japanese insurance as well as reinsurance companies. The data we used is the catastrophe data extracted from SwissRe Sigma publications, while stock returns have been collected from Datastream.

The bottom line is that results are similar across all countries. We observe a significant negative impact only at the date the event occurred, for both insurance and reinsurance companies. We find a stronger impact within the sample of reinsurance companies. Nonetheless, the lifetime of the impact is relatively short and stock prices revert back to their pre-impact level at most five days following the date of the disaster.

**Gokul Bhandari**

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## **Determinants of Individuals' Intention for Online Investing**

We hypothesize a structural model having interaction among individuals' demographic factors, self-efficacy, financial orientation, and personality traits. We find that individuals' money attitudes drive their online investing expectancy, which then influence their intention to engage in online investing in future. A high correlation between individuals' money attitudes and financial orientation is also observed. Financial orientation was measured with their propensity for financial planning, and interest for financial information. The participants' gender, general self-efficacy, and computer anxiety, when used as control variables, did not significantly change these results. The data for this study came from an online survey conducted among staff, faculty, and students in a North American University (N= 110) and was analyzed with AMOS 19, a Structural Equation Modeling (SEM) based software. Financial support for this research was provided by the Social Sciences and Humanities Research Council of Canada (SSHRC).

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**Hendrik Scholz**

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**Marco Wilkens**

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## **Performance of International and Global Equity Mutual Funds: Country Momentum Matters**

This is the first paper to investigate the impact of country momentum on the performance of U.S. based international and global equity mutual funds. Based on an international version of the three-factor model of Fama and French (1993) we introduce country momentum as fourth factor in a multifactor model in order to measure fund performance. Similar to Bhojraj and Swaminathan (2006) we construct a country momentum factor using 45 MSCI country indices. Our empirical study analyzes the performance of 1,038 U.S. based international and global funds.

The main results are: i) International and global funds show four-factor alphas on portfolio and individual fund level that are clearly lower than the respective three-factor alphas. ii) The loading of the fund portfolios on country momentum is positive and significant. More than 72% of our individual international and global funds reveal a positive loading on country momentum which is significant for more than 32% of the funds. iii) Adding the country momentum to the three-factor model leads to an increase in the model's adjusted R<sup>2</sup>. iv) However, the ranking of our sample funds changes only slightly due to the introduction of the country momentum factor. v) Based on 24-month evaluation periods we observe persistence in the performance of international and global equity funds for several performance measures. vi) Using several augmented multifactor models which include additional factors covering countries, regions and sectors we find that fund loadings on country momentum are robust both for portfolio and individual funds.

To sum up, the application of the innovative country momentum factor has an impact on the measured performance of international and global equity funds but does not notably change fund ranking and the model's predictive ability.

**Peter Carayannopoulos**

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**Subhankar Nayak**

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## **Debt Issuance under Rule 144A and Equity Valuation Effects**

The paper examines equity valuation effects associated with issuing debt under SEC Rule 144A. Our results reveal that while issuers of nonconvertible debt under Rule 144A experience positive stock announcement effects, issuance of convertible debt under Rule 144A is associated with negative stock reactions around the debt financing announcement dates. These reactions are over and above any stock reaction associated with the issuance of debt in general, convertible or non-convertible, that has been documented in the prior literature. We explain the excess reaction by investigating differences in the motives for issuing debt under Rule 144A versus issuing debt in the public market. Our findings suggest that while issuers of non-convertible debt under Rule 144A try to benefit from generally favorable debt market conditions, the decision to issue convertible debt under Rule 144A appears to be influenced by an issuer's prior stock price run-up which can be interpreted by investors as the issuing firm's attempt to time the market. We believe our results provide a significant contribution to our understanding of the particular market.



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Durham Business School, UK.

## **The Impact of Mandatory IFRS Adoption on Noise Trading: Evidence from Central and Eastern European Countries**

This paper examines whether the mandatory adoption of International Financial Reporting Standards (IFRS) in 2005 has produced an impact on the level of noise trading in Central and Eastern European (CEE) markets. Our results show that noise trading was mostly significant prior to the IFRS introduction, with its significance dissipating following the implementation. These findings are consistent with the notion that IFRS adoption has the potential to enhance the stability and informational efficiency of capital markets by promoting information-based trading and reducing the impact of noise traders. Overall, our results yield important insight into the impact of IFRS adoption on the overall market quality and investors' behaviour and bear important implications for finance practitioners and market regulators alike.

**Mohammad Cheema**

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**Gilbert Nartea**

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## **Momentum Returns and Market States**

This paper investigates the presence of momentum returns in Shanghai Stock Exchange China over the period of 1995 to 2010. The mean monthly momentum profit is 0.96% and it remains significant even after adjusting to Fama-French three factors. However, momentum returns decreases to 0.72% following UP market state whereas it increases to 1.96% following DOWN market state. We conclude that market states cannot explain momentum returns entirely but it is evident that momentum returns are two times higher following DOWN market state as compared to UP market state.

**Rita D'Ecclesia**

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**Rosella Castellano**

University of Macerata, Italy.

## **Credit Quality and CDS' Volatility: The Key Signal**

This paper investigates the role of CDS volatility in providing information concerning the credit quality of the company. In Castellano D'Ecclesia (2011) a first analysis of how CDS quotes respond to rating announcements is provided and it is shown that market participants do not rely much on Rating Agencies announcements, especially in periods of very high volatility, i.e. during the financial crisis. A more accurate analysis of the CDS's volatility is provided using an EGARCH(1,1) approach. The event study methodology with an Exponential Generalized Autoregressive Conditional Heteroschedasticity model is then applied to CDS quotes of European and US companies over the period 2004-2009. The results provide a more accurate understanding of the market behavior in presence of news released by Rating Agencies. In presence of downgrading market participants anticipate the event in most of the cases and CDS quotes show statistically significant positive difference from the benchmark.

**Annalien De Vries**

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**P. D. Erasmus**

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## **Financing Decisions of Firms: A South African Study**

The overriding goal of most firms is to maximise the value of shareholders and the overall value of the firm. In order to maximise the value of the firm, management needs to make investments in order to generate cash flow. If management is able to choose an optimal financing combination to finance their investments, it can minimise the firm's weighted average cost of capital and maximise its share price. This should ultimately result in the maximisation of shareholder- and firm value. It is, therefore, important for financial managers to decide how to finance their particular investments. This study, therefore, investigates how South African firms finance their investments as well as profit shortfalls. All South African firms listed in the industrial sector of the Johannesburg Securities Exchange during the period 1995 to 2010 are considered for the study. Both those firms that remained listed, as well as those firms that delisted from the exchange during the period under investigation are included in the study. This is done in order to reduce survivorship bias. The study focuses on the period following the demise of apartheid in 1994, after which the South African economy has undergone significant changes. The removal of trade and financial sanctions along with a successful political transition contributed to a positive turnaround in the performance of the South African economy. The results of this study should indicate how firms in South Africa finance their investments and profit shortfalls.

**Pierre Erasmus**

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## **Divided Volatility and Share Returns: South African Evidence**

Although extensive research on the effect of dividend payments on share returns has been conducted, contrasting results are often reported. This study investigates the relationship between the volatility of a firm's cash dividend payments and its 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 2010 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 and investors what effect the stability of cash dividend payments have on the performance of a firm's shares.

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**Giorgio Clacagnini**

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**Fabio Farabullini**

Researcher, Bank of Italy, Italy.

## **The Impact of the Recent Financial Crisis on Bank Loans Interest Rates and Guarantees**

The aim of this paper to analyze the influence of guarantees on Italian banks' loan pricing, by focusing on firms and sole proprietorships. Further, it looks at the role of guarantees requirements on interest rates before and during the recent financial crisis.

The relevance of guarantees is recognized in the New Basel Capital Accord that foresees a specific regulation for secured loans. Moreover, in the presence of informational opacity, collateral and guarantees are always been considered as powerful tools useful to mitigate adverse selection problems, that may arise at the loan origination, and moral hazard risk that arise after credit has been granted.

The novelty of this work is the distinction between real and personal guarantees, and the potential different role they may play in the bank-borrower relationship as different types of borrower are analyzed.

The impact of the recent financial crisis on the loan contract terms is the second contribution of this paper.

This paper uses individual Italian bank and firm data drawn from the Central Credit Register at the Bank of Italy which collects information on bank loans equal or larger than € 75,000.

Our analysis mainly focuses on real and personal guarantees pledged by non-financial corporations, and sole proprietorship.

We estimate a multilevel model for firms and sole proprietorships for the period 2006-2009.

The model relates interest rate spreads charged to bank loans to a set of variables that refer to the contract characteristics; to firm characteristics; to bank characteristics; and to the length of the lending relationship.

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## **Short-Term Persistence in Hybrid Mutual Fund Performance: The Role of Style Shifting Abilities**

Our study analyzes the performance and short-term persistence of hybrid mutual funds. We use Sharpe's (1992) style analysis to determine attribution returns of funds. Based on a daily return interval we present an innovative approach to separate attribution returns into stock selection and style shifting components. Our empirical study employs quarterly measurement periods to analyze the performance of 520 hybrid mutual funds and to distinguish between stock selection and style shifting performance. In this context we adjust our style shifting measure by a passive component resulting from buy-and-hold investment strategies. Doing so, we split up style shifting performance into an active and a passive performance component which clearly impacts the evaluation of style shifting activities of funds. Finally, we test for persistence in fund performance by quarterly ranking funds into deciles based on several performance criteria and by measuring the respective parameters for these deciles during the successive quarter.

Results of our empirical study show that hybrid mutual funds i) as a group do not outperform their passive benchmarks, ii) show a significant discrepancy in the performance of the top- and bottom deciles, iii) perform remarkably worse after adjusting for the mentioned passive timing effect, and iv) demonstrate persistence in stock selection performance but not in style shifting performance.

Our paper contributes to the relatively rare literature on hybrid mutual funds. Contrary to the majority of studies employing Sharpe's (1992) methodology in performance analysis of funds we use daily fund returns and thus measure fund performance on a comparable short interval. Focusing on the components of attribution return provides an innovative return-based approach to distinguish between stock selection and style shifting performance.

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**Yu-Hong Liu**

Assistant Professor, National Cheng Kung University, Taiwan.

**Po-Yuan Chen**

Lecturer, Jinwen University, Taiwan.

## **A Simple Formula for European Option under Time-Changed Lévy Processes with Imprecise Market Information**

This study presents a time-changed Lévy model for European call options in a fuzzy environment. The proposed model is capable of incorporating high frequency jump component in the return process and generating stochastic volatility for the jump and diffusion component and dealing with market variables in a rapidly changing financial market. Because of investors receive only imperfect and uncertainty accounting information, this paper takes advantage of fuzzy logic to characterize the accounting information uncertainty related to the jump numbers and amplitudes in the model, and provides reasonable and reference instrument for future research on option pricing under the type of jump diffusion model and imprecise market information.



**John Kallianiotis**

Professor, University of Scranton, USA.

## **The Financial and Public Policy of Greece as a Member of the Economic and Monetary Union**

This paper explores the public policy of Greece (Hellas) since the Treaty of Rome (1957) up to her European integration and today with the common currency and the uncommon debt crisis; and discusses some of the advantages and problems that the current European (and the prospective Euro-Asian and global) Union has created to all European citizens. A theoretical social loss function is used to determine the loss to society before and after the integration. The most severe difficulties are the social chaos, which is increasing every day, due to the overvalued euro, an enormous debt, the current financial crisis and the worst recession (double digit unemployment) since the war, occupation, hunger, and great depression of the 1940s; the economic and political corruption, which are underrated by the officials; the European Constitution; and the tremendous uncertainty that this artificial and controlled Economic and Monetary Union has generated to its member-nations and their citizens. Europe has a unique seven thousand years old history, which comes from ancient Greek (Hellenic) civilization and is complemented by Christianity (the Christendom). Greece, in her journey, experienced many difficulties, conflicts, and invasions by barbarians and other neighboring countries. But at the same time, many good and glorious periods with tremendous contribution to the global scene are recorded. Lately, after the political changeover of 1974, the European integration has destroyed the sovereign state-nation and it is ruling undemocratically not only Greece, but an entire continent. EU has lowered the European indigenous cultures to a uniform sub-culture of waste, dependency, and apostasy. Greece, due to her history, idiosyncrasy, and values should have not become a member of the Euro-zone.

**Jiri Kostohryz**

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## **Tax Measures Taken to Fight the Crisis - Developed Countries Overview, Concrete Measures in the Czech Republic**

The paper describes the importance and reasons of tax measures taken to fight the crisis. At the beginning there is the comparison of tax policy measures in the context of other measures taken to fight the crisis. Attention is paid to the comparison of fiscal measures in the EU member states and OECD countries. Next are presented the basic types of tax measures taken to fight the crisis (Corporate income tax rate reductions, Accelerated depreciation, Loss carryforward and carryback provisions, R&D credit enhancements, Indirect tax activity, Personal income tax measures).

The specific tax measures implemented in the Czech Republic are described in detail. The Czech anti-crisis measures are focused on lowering taxes more than on government expenditures increasing. In 2009 we can see a tendency to lowering taxes in the Czech Republic. On the other hand the emphasis on fiscal function of taxes begins to prevail in 2010.

The paper also presents two currently discussed tax theory concepts related to the prevention of potential crises in the future, namely, financial transaction tax and the concepts of tax neutrality due to the method of financing.

The article was created as a part of the project F1/30/2010 'Effect of tax and expenditure instruments on the microeconomic and macroeconomic efficiency.'

**Gregory Koutmos**

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**James Kolari**

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**Seppo Pynnonen**

University of Vaasa, Finland.

## **The Role of Multifactors in Asset Pricing Models**

This study revisits the issue of the role of multifactors in traditional asset pricing models from three different empirical perspectives. First, a new measure of the absolute return contribution of a risk factors is presented. The importance of market, size, value, momentum, investment and return on asset risk factors is monitored for 49 US industry portfolios over January 1972 to June 2009. Second, the robustness of the factor loading, both sign and level, over different portfolio outcomes is studied. Third, the significance and stability over time of conditional factor loadings are analyzed. The results indicate that the return contribution mainly comes from the market factor and the mispricing. The absolute return contribution of individual multifactors are less than the contribution of the mispricing (alpha) and the effect on mispricing is minimal. Instead, multifactors partly overlap with the return contribution of the market factor. The results also indicate that the loading on the market factor is very robust over different return outcomes of the asset portfolio. The multifactors, on the other hand, exhibit variation in loading in a sense that the sign and level is dependent on the realized outcome indicating. Furthermore, reduction of mispricing variance using multifactors is minimal but multifactors improve statistical significance and time stability of the conditional loading on the market factor. Conditional loadings on multifactors are often dynamic over time with only occasional statistically significant months.

**Peter Koveos**

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**Y. Zhang**

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**Y. Liu**

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## **Is National Planning Obsolete? China's Case**

**Andrey Kudryavstev**  
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## **Investors' Mood and Reactions to Company-Specific Events**

Decision-making is an integral part of everyday life. The range of decisions from the viewpoint of their complexity and importance may be enormous. As human beings, when making decisions, we often take into consideration our past experience, even when it is hardly relevant for our present and future. Moreover, we are subject to various external influences and may vary our behavior as a function of our contemporaneous feelings and emotions. As a result, our decisions and, consequently, actions often depart from rationality.

In our research, we analyze a well-known category of events whose influence on stock returns is widely documented, namely, analyst recommendation revisions. Analyst recommendations represent an important means of transmitting company-specific information to market investors. It has been widely documented that analyst recommendation upgrades are surrounded by abnormally high stock returns, while the downgrades are accompanied by abnormally low stock returns. These abnormal returns are in the focus of our research, and we attempt to understand how they are affected by investors' market volatility expectations.

We employ Chicago Board Options Exchange's Implied volatility index (VIX), widely-known as investors' 'fear gauge,' as a proxy for contemporaneous investors' market volatility expectations. We find that abnormal market-adjusted stock returns are stronger: (i) for recommendation upgrades if the contemporaneous daily value of VIX falls, and (ii) for recommendation downgrades if the contemporaneous daily value of VIX rises. We also document that the magnitude of the VIX effect is negatively correlated with the firms' market capitalization, positively correlated with their stock beta, as well as with their historical return volatility. The effect remains significant even after controlling for these and other company-specific and event-specific factors, including the historical volatility of stock returns, cumulative excess stock returns over one month preceding the recommendation revision, recommendation category before the revision, and number of categories changed in the revision. The effect persists also for the cumulative two-day abnormal stock returns around recommendation revisions.

We conjecture that the VIX effect may be driven by investors' mood and emotions. Since VIX reflects the implied future volatility, it may be interpreted as a measure of market sentiment such that its changes may be negatively correlated with contemporaneous investors' mood, or alternatively, that the daily increases in the value of VIX are associated with increased investors' anxiety. We hypothesize, therefore, that investors in good (bad) mood may perceive positive (negative) future financial outcomes as more probable and thus, react stronger to analyst recommendation upgrades (downgrades).

**Rogelio Ladron de Guevara Cortes**

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**Salvador Torra Porras**

Professor-Researcher, University of Barcelona, Spain.

## **Comparative Study of the Underlying Multi-Factor Structure of Systematic Risk Estimated by Feature Extraction Techniques**

In this paper we continue our comparative study of the Principal Component Analysis, Factor Analysis, Independent Component Analysis and Neural Networks Principal Component Analysis, used as techniques for extracting the underlying factors of systematic risk driving the returns on equities of the Mexican Stock Exchange. In order to complete our previous comparative study concerning these techniques (Ladrón de Guevara & Torra, 2010), where we compared them both from a theoretic standpoint regarding the matrix parallelism among techniques, and from an empirical approach measuring their accuracy in the reproduction of the observed returns, we are now carrying on our research according to two additional different perspectives. First, in order to distinguish the similarities or differences among the pervasive factors of systematic risk and their corresponding sensitivities produced by each technique, we compare the morphology and descriptive statistics of the pervasive factors extracted, as well as those of the estimated betas. Secondly, we compare the results of an improved two-stage econometric contrast methodology, of a statistical approach to the Arbitrage Pricing Theory, where the multifactor betas structure estimated in each case is tested. The evidence found shows that...

**Nikiforos Laopodis**

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## **Dynamic Linkages between Industries and Stock Market**

We examine the predictive power of seventeen large industry portfolio returns on the United States stock market for the period 1957-2010. We find a number of interesting results. First, we see that most industry portfolios provide valuable information to the stock market as early as two months ahead. Second, this result holds true when controlled for a number of important predictors of economic activity such as spread, dividend yield, inflation and unemployment. Third, we find that many industry returns exhibited significant explanatory power for all of the fundamental variables, albeit to varying degrees. Finally, when we estimated a vector autoregressive model with the industry and the market returns, we detected varying patterns of reaction of each industry to shocks from the stock market. Furthermore, we examined the industries' responses to market shocks during two expansions (one in the 1960s and one in the early 1970s) and two contractions (the most recent one and the one from 1973 to 1975). Our findings show that the returns' reactions to such shocks are very different, as some industries reacted in a more and others in a less turbulent manner in each contraction and expansion. In addition, differential impacts surfaced during different expansions and contractions but no common responses in either contractions or expansions were detected in any of the industries we examined.



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**Hermann Elendner**

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**Alexander Eisl**

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## **Re-Mapping Credit Ratings**

Rating agencies report ordinal ratings in discrete classes. We question the market's implicit assumption that agencies define their classes on identical scales. To this end, we develop a non-parametric method to estimate the relation of rating scales for pairs of raters. This scale relation identifies for every rating class of one rater the extent to which it corresponds to any rating class of another, and hence enables a rating-class specific re-mapping of one agency's ratings to another's scale. Our method is based purely on ordinal co-ratings to obviate error-prone estimation of PDs and disputable assumptions involved, and exploits structure in the joint estimation of all rating classes' relations from a pair of raters.

We find convincing evidence against the hypothesis of identical scales for the three major rating agencies Fitch, Moody's and Standard & Poor's, provide the relations of their rating classes and illustrate the importance of correcting for scale relations in benchmarking and pricing.

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**Zhi-Yuan Fong**

Ph.D. Student, National Cheng Kung University, Taiwan.

**I-Ming Jiang**

Assistant Professor, Yuan Ze University, Taiwan.

## **Analytical Upper Bounds for American Exotic Currency Options with a Stochastic Skew Model**

On the basis that most instruments traded on options markets are American-style ones, this paper develops the analytical upper and lower bounds of American cross-currency, self-quanto, and quanto options under the stochastic skew model proposed by Carr and Wu (2007) when domestic risk free rates are higher or lower than the foreign risk free rates. The analytical bounds derived here are not only very tight and accurate for American option pricing, but also offer a quasi-closed form solution which is able to enhance evaluation and hedging efficiency in real world markets. We also acquire the analytical solutions for European cross-currency, self-quanto, and quanto options given by applying two separate mean-reverting square-root processes to two separate time-changed Lévy processes, consistent with the realistic phenomena of currency returns.

**Arvind Mahajan**

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**Hwagyun Kim**

Texas A&M University, USA.

**Alex Petkevich**

Texas A&M University, USA.

## **Sources of Momentum in Bonds**

This paper studies momentum in bonds via aggregate default. Our empirical results are highlighted as follows. Momentum in corporate bonds is mainly observed during periods of high default shocks and driven by losers. Conditional default risks are priced in the cross-section of corporate bond portfolios. The recovery value of bondholders in financial distress matters in explaining this. Losers have relatively higher recovery potentials and, hence, become less risky when high default shocks occur, leading to lower expected returns. Consistent with this, government bonds feature no momentum, while sovereign bonds do. A theoretical model is provided to justify the findings.

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**M. Suresh Babu**

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## **Multivariate GARCH Modeling of Sector Volatility Transmission: Empirical Evidence from India**

How shocks in one market influence the returns and volatility of other markets has been an important question for portfolio managers. Although the commodity futures market is often regarded as a good vehicle for investment diversification, the dynamics of its volatility transmission have been largely ignored in emerging economies like India. In this context, the study makes an attempt to examine the volatility transmission of spot and futures returns across sectors include agriculture and non-agriculture in India. By employing the Multivariate GARCH model (BEKK,1995), the study empirically found that the futures trading plays a dominant role in volatility transmission for non-agriculture silver commodity, while bidirection causal relations exist from spot to futures and vice-versa for agriculture and non-agriculture commodities include guarseed, soybean and zinc. From a policy perspective, there is a need for further theoretical research to understand these interesting bidirection cross-market interaction results for guarseed, soybean, and zinc.

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**David Moreno**

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**Roja Rodriguez**

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## **Time Horizon Trading and the Idiosyncratic Risk Puzzle**

We analyze if the idiosyncratic risk puzzle exposed on Ang et al., (2006, 2009) is the result of heterogeneous investors in the market having different time horizons: short-term and long-term investors. We adopt a Wavelet Multiresolution Analysis to decompose returns distribution in different scales corresponding to different groups of investors. The main conclusion of the paper is that the puzzle is the result of short-term investors' behavior. Also, the Wavelet Transform divides the nonlinear relation between expected returns and idiosyncratic risk into two linear relations: a positive relation for long-term investors and a negative relation for short-term ones. This inverse relation is challenging but might be attenuated by the fact that short-term investors usually profit from an investing opportunity and do not keep a position for a whole month.

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**Joao Baptista Carvalho**

Associate Professor, Minho University, Portugal.

**Carlos Machado-Santos**

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## **The Contribution of Accounting for the Definition of Performance Indicators: The Case of Institutions of Higher Education**

The influence of the *New Public Management* principles in Portuguese Public Administration, particularly in higher education, has led these institutions on a path of adaptation of structures and systems in order to improve their decision-making processes.

Public organizations must, at present, consider the strategic issues that are vitally important to their survival.

In this context, the Balanced Scorecard (BSC), due to its intrinsic characteristics, is presented as value added in attempts to link the set of objectives with the corporate strategy; determining, *a priori*, a course of action that must be constantly monitored.

Our research analyzes the issues underlining the development of a model of performance management that is based on the BSC formatted to a higher education institution (HEI).

Questionnaires were conducted with members of the General Council and the Rectory of a HEI and a set of strategic objectives were articulated by the respondents as the most important of the institution.

The analysis confirms the viability of applying an evaluation model constructed within specific molds. By involving a wider group of people, the sense of commitment increases to the extent that those involved become (co) responsible for the future of the organization in which they work. It is argued here that the differences observed among the objectives selected by the respondents and those published in *Quadro de Avaliação e Responsabilização (QUAR)*, reveal that there are potentially better results in terms of improved management with the first model.

In addition, the analysis attests the importance of performance indicators in this model of evaluation, specifically those of accounting, and consequently, the added contribution they can make in the process of decision making within HEI; particularly, in current times when the priority is to achieve more with fewer resources.

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## **An Analysis of the Correlation between *EVA*<sup>®</sup> and *MVA*<sup>®</sup>: The Case of a Portuguese Company Listed on the Stock Market**

Following the international trend, the management by value practices start to proliferate in the Portuguese corporate context, accentuating the *Economic Value Added* (*EVA*<sup>®</sup>) as the privileged performance measurement in the control process of the taken strategic options.

Being so, we start by reviewing the concept and the principles of a management by value approach, counter measuring it to the traditional corporate valuation models. We give special emphasis to *EVA*<sup>®</sup>, referring a possible correlation between this measure and *Market Value Added* (*MVA*<sup>®</sup>).

The main element of distinction between *EVA*<sup>®</sup> and traditional valuation metrics points to the fact that *EVA*<sup>®</sup> incorporates not only remunerated liabilities and financing costs of debt but all the invested capital (also including market value of the firm's equity and the cost of equity). Besides that, *EVA*<sup>®</sup> includes also a sort of adjustments that minimize a set of distortions resulting from the accounting practice adopted.

*EVA*<sup>®</sup> became a strongest indicator when considered together with another one, also based on the value created by businesses: the *MVA*<sup>®</sup>. These two indicators, in general, have a strong correlation, being *MVA*<sup>®</sup> the present value of all the future expected *EVA*<sup>®</sup>. *MVA*<sup>®</sup> can also be computed as the difference between the market value of the company and the capital invested in it.

Using a case-study, we explore the use of *EVA*<sup>®</sup> in a corporate group with marked presence in reference activity sectors, listed in Lisbon's Euronext. We examined, using regression models, the incremental information of a set of performance measures from 2005 to 2009.

The empirical analysis allows us to measure the performance associated with the creation of value for the capital holders. Additionally, we analysed the *MVA*<sup>®</sup> performance and compared it to the existing link between the latter and the former measures. We found that the relation between *EVA*<sup>®</sup> e *MVA*<sup>®</sup> is, in this case, statistically significant.

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**Asma Mobarek**

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## **International Perspective of Indoor and Outdoor Co- Movements of Stock Market: An Extensive Investigation**

The primary objective of the study is to investigate whether and how the international stock markets are interdependent. Up-to-date, there are plenty of segmented research on market integration, contagion and co-movements including a particular crisis with a particular region. Eventually those research are suppose to be incomplete in a sense that none of those research answer fully the subsequent questions; whether there is constant or time varying co-movements around the world, how we can measure the pattern and level of co-movement over time including different global events? The proposed study attempts to investigate the complete answers of those questions with International market longitudinal data including major global shocks. Firstly, by using a sample period of 29 years including 11 crisis it gives room for an extensive comparison of co- movement before, during and after global shocks and also makes it possible to investigate what importance the origin of the shock has on co- movement. Secondly, our study will not only use country indices but also several industrial indices to investigate if and how they co- move within and across countries. Finally, we will investigate the time- varying aspect of correlation of the above mentioned indices applying non- linear modeling in the nonlinear financial world that gives room for identification of asymmetries in co- movement. Our study will employ the Asymmetric, A-DCC-GARCH, model allowing for the revision of correlation estimates based on immediate past conditional variances and the asymmetric effects. We will extend the study by adapting a VAR framework to investigate both bilateral and multi- country linkages. The proposed study will contribute to the modeling of International Capital Asset pricing Model (ICAPM). Practical implication of the study is that being the complete picture of the co-movements in international stock markets will provide cross border investors and overseas fund managers a roadmap for their investment decision and policymakers with valuable references to investigate whether different global shocks have remarkable change in the pattern of co-movements.



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## **The Impact of Synergies on Mergers & Acquisitions - Empirical Analysis on the Pharmaceutical Sector on the European Stock Exchanges during 2004-2010**

Valuing and identifying synergies in mergers and acquisitions is one of the important issues in Corporate Finance. The aim of this paper is to analyse the impact of synergies resulting from mergers and acquisitions in the European pharmaceutical sector, between 2004 and 2010. The study has analysed the impact of the announcement of the closing of the deal on the stock price evolution of the acquiring companies. It has been used the event study technique. The abnormal return was daily measured during the window event, which is composed of 20 days before the event, the date of the event, and 60 days after the event. The estimation period for the parameters of the regression model used to compute the normal return, included 250 days before the event window.

The results show clearly the positive market expectations, reflected in the stock appreciation, in the day of the announcement as well as in the following few days. However, the expected positive impact begins to fade out resulting in negative expectations afterwards.

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**Wolfgang Aussenegg**

Oesterreichische Nationalbank, Austria.

**Gerhard Winkler**

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## **Pitfalls and Remedies in Testing the Calibration Quality of Rating Systems**

Testing calibration quality by means of backtesting is an integral part in the validation of credit rating systems. Statistical methods are used to assess if the ex-post realized default frequencies differ significantly from the ex-ante estimate probabilities of default. Against this background this paper provides a comprehensive overview of existing testing procedures. We study the procedures' deficiencies theoretically and illustrate their impact empirically. Based on the insights gained thereof, we extend methods used for single rating classes to develop joint tests for a rating system.

While exact tests require enumeration procedures and are computationally expensive, approximate tests are fast to evaluate but may yield strongly biased results. To combine the advantages of both approaches we propose enhanced hybrid tests which rely on exact Binomial distributions and approximations by Gaussian distributions. Thus for the evaluation of the significance level we employ enumeration and approximation techniques. Furthermore, we propose computationally efficient algorithms for all multivariate tests. Finally, we are able to demonstrate empirically that our method outperforms existing tests in a scenario analysis using rating data of Moody's. Hybrid testing procedures turn out to be superior to the commonly applied methods in terms of speed versus accuracy.

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**Marco Wilkens**

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## **Bond Fund Disappearance, or: What's Returns got to do with it?**

In 1993, Blake, Elton and Gruber published their seminal paper on bond fund performance (Blake et al., 1993). They state that survivorship bias is less important for bond funds because their performance is less variable and fewer funds disappear. But, in our opinion both samples they use to assess survivorship bias suffer from it. Despite a possible bias, various studies on the performance of bond funds have since been published without treating survivorship bias or the determinants of bond fund disappearance, some referring directly to the Blake et al. (1993) statement (e.g., Elton et al., 1995; Silva et al., 2005).

To fill this gap we thoroughly analyze the determinants of bond fund disappearance using probit analyses as in Brown and Goetzmann (1995). Also, we assess the performance of various bond fund portfolios to show whether survivorship bias is in fact of minor importance for bond funds and why exactly this is the case. Further, we investigate disappearance and performance for different asset classes (corporate, government, etc.) and in different sub-periods to gain a deeper understanding of the economics underlying bond fund disappearance.

We contribute to the bond fund literature by, to our best knowledge, being the first to analyze bond fund disappearance in this detail. Our findings on disappearance and performance are important for researchers plagued by survivorship bias as well as for investors trying to choose the right fund. Our main findings are: i) a significant number of bond funds disappear during our 17-year sample period; ii) we find statistically significant survivorship bias but it is indeed of minor importance as the figures are very small; iii) the surprising reason is that returns have almost no impact on disappearance or survival of bond funds; iv) the key determinants of bond fund disappearance are fund size and fund flows.

**Parastoo Shajari**

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**Adjustment and Growth:  
Macroeconomic Performance of the IMF and World  
Bank Integrated Model for Some Mediterranean  
and MENA Developing Countries**

The International Monetary Fund (IMF) and the World Bank have implemented structural adjustment programs to help countries affected by economic crises and achieve objectives such as restoration of balance of payments, controlling inflation and growth. The aim of this article is to study the method of macroeconomic analysis in developing countries which accentuate on the programs advocated by the IMF and the World Bank from the model known as the "Integrated Model IMF-World Bank". This research makes a comprehensive evaluation of the applicability of this model to analyse the performance of adjustment programs in the case of six countries in the Mediterranean and Middle East and North Africa (MENA) region, namely, Algeria, Egypt, Iran, Morocco, Tunisia and Turkey during the 1974-2005 period.

We analyze also the effects of different policies (domestic credit, government spending, tax proceeds and exchange rate), on three objectives: growth, balance of payment equilibrium and inflation. Regarding to our results, the model gives us good economic comparison among these countries. Turkey is the closet to the anticipation of the model. For all of the countries there is a downward trend in domestic prices. Thus balance of payments is considered as the priority and inflation remains the second goal of the model. Therefore the model is not capable of giving a complete package of policy for no country.

**JD van Heerden**

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**Albertus Francois Botha**

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## **Using a Dynamic Benchmarking Approach to Measure South African Equity Managers' Skill**

This study focuses on an alternative approach for evaluating the performance of portfolio managers along with measuring the skill of the specific manager. The two methods that are most commonly used in order to evaluate portfolio managers are peer group comparisons and comparisons to an index. Both of these methods have several drawbacks, for example the concentration of South African equity indices, composition bias, classification bias and survivorship bias.

An alternative approach can be used in order to eliminate these problems. In general each manager has a "unique" investment opportunity set which conforms to the specific manager's investment philosophy (or style). In order to determine these individual investment opportunity sets the constituents of the South African FTSE-JSE All Share Index (ALSI) were divided into nine mutually exclusive indices based on the different investment styles, namely value, growth and size. By making use of return based style analyses it is possible to find the combination of these indices that contributes most to the return of a specific equity portfolio during a specific period of time. This combination can then be seen as the investment opportunity set of the specific portfolio manager for the period under review. When these investment opportunity sets are known one can make use of computer programming to simulate thousands of random portfolios by randomly picking shares from the identified indices making up the manager's style and assigning random weights to these shares. Furthermore, the random weight allocation to each of the constituents can be adjusted in order to take the manager's mandate constraints into account. These random portfolios represent the range of all portfolios possible to construct that are in line with the manager's investment style.

If the portfolio manager is able to outperform most of the portfolios in the range of random portfolios of similar investment style in a consistent fashion, then one can conclude that the manager's stock picking and portfolio construction ability must be due to skill rather than chance.

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**Kenneth Leong**

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**Stoyu Ivanov**

Assistant Professor, San Jose State University, USA.

## **A Profile of Negative EVA Firms: Reality versus Expectations**

Numerous studies have examined the relationship between market value-added (MVA) and economic value-added (EVA), both metrics popularized by Stern Stewart & Company. Although most studies found a positive relationship between EVA and MVA (or stock returns), Abate, Grant and Stewart [2004] found an anomalous observation where some firms with negative EVAs led to higher returns. In a separate study, Zaima [2008] investigated portfolio investing with EVA, and found that firms with the most negative EVAs exhibited the highest portfolio returns. Abate, Grant, and Stewart conjecture that large returns associated with negative EVA firms may be a result of "EVA future investment opportunities". This study examines how negative EVA firms fare in the future to determine whether they, indeed, realize the "EVA future investment opportunities" or whether investor expectations are overly optimistic. Moreover, the study sheds some light on ways to distinguish negative EVA firms that realize their potential growth versus the ones that do not.

Firms with negative EVAs in 2003 are identified from the Stern Stewart 2003 database and cross sectional-time series data are obtained from CRSP and COMPUSTAT over the 2004 to 2009 period. The firms are categorized into quartiles using negative EVA data from 2003 and financial profiles - net operating profits after taxes/total assets (NOPAT/TA), market-to-book ratios (MTB), leverage (DR), size (LnTA) as well as the four quartiles (C1, C2, C3 and C4) - are examined. C1 represents the quartile of firms with the most negative EVA while C4 consists of firms with the last negative EVAs.

In summary, even though univariate analysis suggest that the most negative EVA firms (C1) showed promise with its large capital investment, in reality the results exhibited returns that were less than expected. Multivariate analysis results show that MTB and NOPAT/TA exhibit statistically significant relationship to portfolio returns. We also find that leverage, size, and the four groups of firms categorized by 2003 EVA are correlated to ex-ante portfolio returns, but only the firms in C4 (firms with least negative EVAs) displayed significant alphas.

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## **Leadership and Stress among Bank Employees in Malaysia**

Stress is a major issue and is common occurrence to the employees in the workplace. The impact of stress on employees has attracted considerable attention from organization as well as academia. Leadership can be a significant influencing factor on subordinate motivation, attitudes and behaviors. However this influencing power of the leader may transmit negative emotion e.g. stress to employees. Therefore this paper examines the relationship between leadership and stress. The study is undertaken in nine commercial banks in Malaysia. Leadership is measured by transformational leadership and transactional leadership. Stress is measured by the symptoms of stress namely physical stress, psychological stress, emotional stress and behavioral stress. The result of the study indicates that there is negative relationship between transformational leadership and stress while a positive relationship between transactional leadership and stress was found. The findings of this research suggest that organizations need to cultivate the proper leadership behavior among the managers and leaders in order to mitigate its effect on employee stress. Thus leaders need to be more aware of their attitude and behavior when they interact with subordinates.



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## **Corporate Social Responsibility and Firms' Performance**

The field of corporate social responsibility (CSR) has grown rapidly in the recent decades. There are different views of the role of the firm in society and disagreement as to whether wealth maximization should be the sole goal of a corporation.

Many studies have examined the performance of firms that adopted a policy of CSR within a range of sectors in various countries, their findings suggest a lack of consistency - some of them show excess returns among companies adopting CSR policies in relation to the corporations that do not adopt this policy, and some others point to a negative return, or yield no change. To dispel the ambiguity on this issue we explore and test the sign of the relationship between corporate social responsibility and financial performance both abroad and in the Israeli field.

For the abroad market we used extensive data over a period of six years. The dataset includes 39 firms from the DJSI (Dow Jones Sustainability Index) and covers the years 2004-2009.

In the Israeli market we used a sample of 19 firms added to the MAALA Index in JULY 2010 and we tested performance of 8 firms that survived continuously over the Years 2005-2010 in the MAALA INDEX.

The findings of this study revealed no significant difference between the performance of firms adopting the CSR policy and the firms that do not adopt this policy, thus investment in

socially responsible firms does not appear to impact much the portfolios performance. Investors who are interested in investing in CSR investment may do so without concern of lower returns or performance.

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## **Learning Effectiveness of Face-to-Face versus Online Learning**

Many higher education institutions have been offering online courses/programs in response to increasing demand. The rapid growth of online learning has been documented in the literature. Pethokoukis (2002) reported 33% per year increase in online enrollment in the U.S. through 2002. In a study of 277 Business schools (2010), nine percent of institutions reported at least one online program in 2001-2002. By 2008-09, 24% of these schools offered online programs. Similarly, in a 2005 research study of education in the U.S, the growth rate for online enrollment was reported at 18.8%, which exceeded the overall growth rate in the higher education student body (Allen, I. & Seaman, J., 2005). The largest increase (72%) was for associate degree institutions; sixty-five percent of schools were offering traditional graduate programs along with online courses, and sixty-three percent of traditional undergraduate programs offered online courses (Allen, I. & Seaman, J., 2005). Overall, fifty-six percent of higher educational institutions identified online education as a critical long-term strategy. Higher education institutions are increasingly considering online course offerings as part of their strategic planning process in order to compete in the educational marketplace.

In spite of widespread growth and expanding online program offerings, there have been controversies regarding the quality of online education. Several studies have been conducted comparing online with traditional face-to-face learning concerning the design, effectiveness, and students' performance as indicators of course quality. For example, McFarland and Hamilton (2005) examined the level of student engagement as an indicator of quality and found no difference in satisfaction or performance of students enrolled in online versus those students enrolled in traditional courses. In another study, Russel (2006) focused on student exam performance and found that learning outcomes were comparable in both online and traditional teaching modes. Klesius et al. (1997) found that learners' satisfaction with online learning was the same as traditional face-to-face courses.

Students understand the positive aspects of online learning, such as not spending time to drive to attend class, the flexibility to work at their own pace, more course availability, and interacting socially with others with decreased inhibitions (Beard and Harper, 2002; Carrell and

Menzel, 2001; Simonson, 2005). In the 2005 *Quarterly Review of Distance Education*, more than 40% of responding institutions reported that student satisfaction with online courses was similar to satisfaction with traditional courses (Simonson, 2005). In another study, Ponzurick et al. (Ponzurick and Logar, 2000) found that learners prefer the traditional face-to-face method of delivery over the online learning approach. However, more research studies are needed to understand the students' perceptions of online learning to help higher educational institutions better serve learners. This study is intended to investigate students' perceptions of the online learning environment based on quality learning indicators. This research study addresses the quality concerns of online learners. It involves using students' evaluations survey data from a Midwestern college of business to investigate the quality of online learning compared to that of traditional in classroom education. The objective is to determine whether the learning effectiveness of the two modes is the same.

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## **The Core Competence Concept: A Way to Gain Competitive Advantage for Organizations**

Competitive advantage has gained more importance for the organizations that continue their activities in an increasing competitive environment. Parallel with the changes in technology and competitive conditions, it has become vital for organizations to survive in this challenging world. Different strategies are analyzed in order to gain sustainable competitive advantage.

Organizations can have sustainable competitive advantage against their rivals in the industry and earn above average income by developing differentiated products or services and creating a superior value for the customer. One of the strategic approaches that is proposed for competitive advantage is the concept of "Core Competencies" which will be studied in this paper.

According to Gary Hamel and C.K.Prahalad; companies can create a superior value for the customers by developing valuable, rare, inimitable and nonsubstitutable core competencies that are unique for them in the industry. When an organization has a core competence, it can achieve sustainable competitive advantage and make strategic alliances by exploiting this competence to varied customer segments, products and services.

In order to obtain competitive advantage, it is recommended to the organizations to give priority to explore their resources and capabilities by doing internal analysis and develop core competencies, then determine their core competence based strategies according to the opportunities outside. Organizations should focus on their core values and outsource the cost increasing functions. By maintaining their core competencies against the changes, they may become more powerful to sustain their competitive advantages in the industry.

In this paper the theoretical perspective of "core competence" will be explained and then the effect of core competencies for gaining competitive advantage will be discussed briefly by the help of real organization examples.

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## **International Student's Perceptions of Service Quality in the UK Banking Sector: An Exploratory Study**

This study reviews and evaluates international student's perceptions of UK banks. The specific research objectives were: to identify international students' expectations and perceptions of service quality from UK banks and to assess the quality GAP or dissonance between these. The main strategy adopted for this research was a survey method, using the SERVQUAL instrument. In total 297 International students studying in the UK responded to the survey. Data gathered was analysed using SPSS 16. The study reveals that the main areas of service quality with which international students are generally satisfied relates to tangibles such as the physical layout and appearance. The key areas of dissatisfaction that the study identified were with factors related to reliability and empathy. This appears to be the first study in the UK banking sector that has focussed on service quality with respect to international students. The study supports arguments for a more client focused and empathetic approach to meeting this customer segment needs with less homogeneity in the product offering. Whilst this study relates to banking it highlights that international students are a growing customer segment within many developed economies and that with increased globalisation service companies may need to give greater consideration to the needs of this particular client group.

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## **Ownership and Integration - Predicting Interfirm Linkages along Two Dimensions**

Although a great deal of research has engaged in understanding how firms choose between alliances and acquisitions, scholars argue that further exploration is needed, particularly in the context of external knowledge sourcing. This paper harnesses the convergence between transaction cost economics, resource-based, and knowledge-based view of the firm to predict which governance mode will be used to source external knowledge. It also extends prior work by using a two-dimensional model for distinguishing between governance modes. The insights generated extend understanding of external knowledge sourcing and governance choices, as well as how three dominant theoretical perspectives complement each other.

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## **Facing an Uncertain Future with the Strato-Operation Management Model**

With many economies now showing signs of recovery the turbulence associated with the financial crisis is subsiding. Worldwide governmental stimulation packages appear to have averted major recession. However, supply still exceeds demand and there will still be closures, redundancies and uncertainty for some time to come. Businesses will find the new world order even more challenging; finance will remain hard to come by, as will potential customers. This will be particularly true for small and medium sized enterprises. In these uncertain and challenging times, businesses must not only plan for unsettled trading conditions but also do so in a manner that ensures sustainable futures. In this respect, if the present business model is no longer fit for the purpose enterprises must adopt a more holistic strategic analysis, one capable of delivering creative thinking, flexibility and innovation to combat market and economic uncertainty.

This paper suggests, particularly for small and medium sized enterprises, that one potential solution for dealing with complex and uncertain times is the Strato-Operation Management Model (SOMM). The model endeavours to integrate, in a holistic and transparent manner, strategic, tactical and operational decision-making processes. A systems approach is adopted that nests together the three managerial decision-making levels. By way of example, the paper also outlines a practical application of the model within the Everest & Blanc Corporation, a small property management firm in Toronto, Canada.

### **The proposed model**

SOMM is essentially a holistic decision making and implementation tool designed to harmonize an organisational response to conflicting forces, proposed to improve the traditional approach.

As Kaplan and Norton recently suggest, a gap exists between strategy formulation and execution: fragmentation may lead to discrete/sequential rather than holistic/integrated decision making. SOMM has an integrated and nested modular framework, as illustrated in Figure I. The framework mirrors the Ansoff and Anthony's structured/process view, the traditional approach, and the basic decision-making process (formulation, implementation & evaluation). It commences by firstly taking the macro view of the environments, both internally and externally, with the Strategic Management Module (SM).

The journey continues with the formation of goals and objectives, navigates through Management Control & Planning Module (MCP) and resolves and differentiates into specific tasks in Tactical Operation Module (TO) within the confine of a set/subsets system by way of definitions/redefinitions and negotiations/re negotiations.

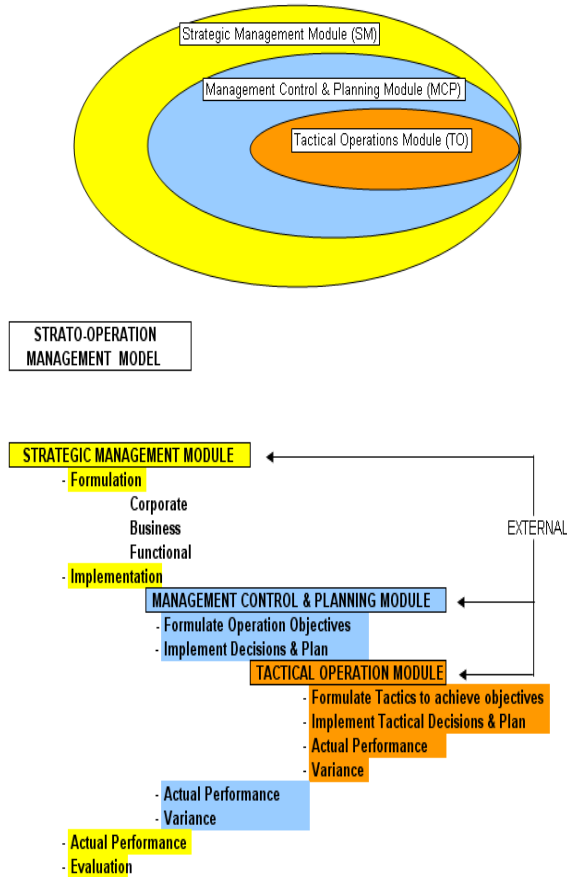


Figure I: Schematic Relationship of SOMM

The authors contend this nested structural connection facilitates transparency, understanding and implementation, whilst reducing conflict between strategic and operational necessities.



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## **Measuring Organizational Learning Capabilities in Iranian Sport Federations**

The aim of present study was to description of organizational learning capabilities in Iranian sport Federations. Research method was Descriptive using questionnaire. Organizational Learning Capabilities Questionnaires (Gomez, 2005) were completed by expert personnel of Iranian sport Federations (N=52). The Validity of questionnaires confirmed by prior studies and their Reliability determined by cronbach's alpha (0.9). Organizational Learning Capabilities is consists of four dimensions named: managerial commitment for learning, systemic perspective, openness and experimentation, and knowledge transfer and integration. Results showed that the degree of four mentioned above dimensions are less than moderate in Iranian sport federations.

Also, there was a significant difference between dimensions of organizational learning capabilities. This result approved that systemic perspective had the maximum mean ( $3.36 \pm .75$ ) and openness and experimentation had the minimum mean ( $2.95 \pm .71$ ) in federations. We recommend that top manager in Iranian sport federation use the systemic perspective for enhancing and enriching other three dimensions in their organizations.

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## **The Role of Employee Involvement in the Relationship between Strategic Consensus and Firm Performance**

The macro/Strategy and micro/Organizational Behavior disciplines largely ignore each other's theory and research despite management academics calls to bridge the gap between the disciplines. Using a sample of 3,960 employees from 180 Chinese manufacturing firms from nine major cities in China, the current study examines the role of employee involvement, an employee attitude construct traditionally studied in the Organizational Behavior literature, in the relationship between strategic consensus and firm performance, a relationship traditionally studied in the Strategy literature. Our results show that the inclusion of non-supervisory employees' understanding of strategy plays an important role in the relationship between strategic consensus and firm financial performance. Moreover, employee involvement mediates the relationship between strategic consensus and firm performance. In essence, a shared understanding of strategy across organizational levels influences firm financial performance through employee involvement. Additionally, organizational structure moderates the relationship between consensus and involvement such that firms with formalized structures, those firms with more rules, policies, and procedures as well as more interaction, have a stronger relationship between consensus and involvement. Our results suggest that Strategy researchers should consider the mediating effects of micro constructs on the relationship between strategic-level decisions and firm performance. Similarly, Organizational Behavior researchers may attempt to understand the influence of strategic decisions on individuals (e.g., employee attitudes) in the firm.

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## **Trait Affect and Creativity: Mediating Role of Cognitive Styles and Moderating Role of Group Context**

This study extends mood-creativity literature by examining the trait affect of employees, identifying the cognitive processes mediating between affect and creativity, and introducing a multilevel perspective. Multilevel analyses of data on 306 employees from 50 organizational teams reveal that employees' positive trait affect (but not negative trait affect) is significantly related to their creativity as rated by their supervisors. The relationship between positive trait affect and creativity is fully mediated by intuitive cognitive style, but not by systematic cognitive style. The individual-level affect-creativity relationship is significantly moderated by group climate variables, such as positive affective climate and group reflexivity. This study integrates trait affectivity into affect-creativity research that has focused only on momentary moods or state affect. The present analysis supports the beneficial effect of positive trait affect on creativity, and indicates that the affect-creativity relationship can be better understood through intermediate cognitive processes. Finally, the results highlight the context-dependent nature of the affect-creativity relationship.

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## **The Effect of Transformational Leadership and Personal Mastery on Organizational Learning and Organizational Innovation Performance**

Innovation is a key factor to the existence of an enterprise in such a fierce competition market. The firm that is unable to innovate to win the competition can just try to earn the small profit margin by lower the operation cost with a “red sea” strategy. Most literatures regarding organizational innovation have been about the influence of such factors as market orientation, learning orientation, entrepreneurship, organizational learning, transformational leadership, etc. The purpose of this research is to investigate the influences of personal mastery as well as transformational leadership on its organizational learning and organizational innovation performance. After all, most the idea for innovation comes from individual’s creativity and personal mastery.

We investigate the top 1000 Taiwanese companies issued by Commonwealth Magazine of Taiwan in 2009 to precede an empirical study. The linear structure equation model and AMOS 7.0 of software for data analyses are used to verify the hypotheses. This research search provides three outcomes. First, transformational leadership has positive effect on organizational learning, and organizational innovation performance. Second, personal mastery has positive effect on organizational learning, and organizational innovation performance. Third, organizational learning has positive effect on organizational innovation performance. Hence, we conclude that the top management of an enterprise needs to stimulate their employees’ personal mastery spirit by improving his/her transformational leadership to build a better organization learning atmosphere. Hopefully, it might raise its organization innovation performance in the long run.

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## **The Role of Strategic Orientations in Firm Resource Deployments**

A great number of researchers explored Market Orientation (MO) and Entrepreneurial Orientation (EO) in comparison to firm performance. Other bodies of literature also note that both EO and MO are considered dynamic capabilities within the Resource Based View (RBV) paradigm. Other studies found these two orientations to be strongly interrelated. Very little literature examines the process by which MO and EO contribute to continued firm performance. Likewise, any synergies associated with the joint presence of MO and EO remains unknown. A need has been identified to integrate these different strategic orientations towards a richer understanding of Dynamic Capability Alignment Process (DCAP).

Recognizing that firm resources are mostly static, while the market is mostly dynamic, we observe that EO is a significant player in reconfiguring firm resources, capabilities and competencies, aligning them to new environmental certainties. Our framework points to MO as providing value to EO actions, by aligning the same with the environmental conditions. We find that the Customer and Competitor Orientations (dimensions of MO) inform Inter-functional cooperation (a third dimension of MO), and as such are dynamic informational resources. Perhaps more surprising, Inter-functional Cooperation which is found to be closely related to EO, coordinates the internal activities in light of the Customer and Competitor information. This coordination allows the organization to apply EO (in itself an organizational level variable) across different departmental units, thereby actively aligning the resource base of the organization to suit the environment.

Proposed framework elaborates on some of the gray areas of theory relating to EO and MO and its inter-relationships. Further, it proposes a process of aligning mostly static organizational resource base to the much more dynamic environmental reality. This alignment presents, shows the dynamic function of MO and inter-departmental integration of EO to be key to successful implementation of DCAP to the organization.

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## **Investigating the Relationship between Environmental Strategies and Environmental Management Accounting**

The current paper explores the environmental component of sustainability management strategies of the firm referred to as Environmental strategies. Specifically the research investigates whether there is a relationship between Environmental Management Accounting (EMA) and firms' Environmental Strategies (ES). EMA provides management with information that assists in environmental strategy formulation and direction. It may well be that ES directs the form and nature of EMA. EMA has a monetary as well as a physical component and the study differentiates between Monetary EMA (MEMA) and Physical EMA (PEMA). The research study investigates the nature and direction of the relationship between ES and EMA. Content Analysis research methods and a case study approach are used to investigate the relationship. The findings from this case study analysis, using a select number of Australian firms, indicated a relationship between PEMA and ES. Furthermore, consideration was also given to the relationship between MEMA and ES but there was no clear disclosure from any reports in the study of a significant amount (if any) of MEMA recorded. Emphasis was then placed on ways of identifying the PEMA and its relationship to ES of the select Australian firms investigated in the current study.

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## **Investigating the Quality of Life and Career Development of Parents of Children with Down Syndrome and Autism Spectrum Disorder**

This study investigates the relationship between quality of life and career development of parents of children with Down Syndrome. The literature is sparse regarding the impact raising a child with Down Syndrome, has the on career development of parents. This study seeks to add to the existing literature by comparing the findings from a study undertaken by the author in 2009 which investigated the relationship between quality of life and career development of parents of children with Autism Spectrum Disorders. Previous studies regarding the quality of life outcomes of parents have compared these two types of disabilities, however it remains unknown if similarities or differences exist regarding career development of parents of children with Down Syndrome and Autism Spectrum Disorders. This study will involve interviewing parents that are registered members of The Down Syndrome Association of South Australia using a modified version of the World health organisation, Quality of Life Questionnaire. This will be followed by a comparative analysis between the findings from the two studies. This study will add to the current literature by establishing if common quality of life and career development issues are shared by parents belonging to each subgroup or if distinct differences exist.

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## **Inter-Cluster Learning: The Co-Evolution of Nascar Racing and the UK Motorsport Industry**

The past decade has witnessed a revived interest in the analysis of clusters from a variety of perspectives ranging from economic geography, regional economics, industrial economics, sociology and organizational theory (e.g. Storper, 1992; Powell, 1990; 1996; Porter, 1998; Amin, 2000). While these perspectives differ in terms of the arguments put forward, they all seem to agree that clusters are characterized by geographic concentrations of interconnected companies, where proximity ensures certain forms of commonality and increases the frequency and impact of interactions. Some recent studies have begun to emphasize the social dimension of cluster formation and the importance of local social networks for the production and flow of information and knowledge within clusters (Cohen and Fields, 1999; Pinch and Henry, 1999; Breschi and Lissoni, 1999). According to this line of research, learning through networking is the crucial force pulling firms together into clusters. The ways firms learn in a cluster involve formal and informal collaborations, inter-firm mobility of skilled workers, spin-off of new firms from existing firms, links with universities and research centres. By continuously interacting and sharing knowledge with other actors, firms become embedded in a thick network of local relationships based on trust, norms of interaction and informal collaboration.

Undoubtedly this literature has contributed to our understanding of why firms cluster together and the benefits associated to such clustering activity, albeit too much importance is placed on 'proximity' and analyses are often conducted in a cross-sectional and static manner. Moreover, there is a strong tendency to abstract clusters from the rest of the economic landscape and to ignore interdependencies of firms outside clusters. In other words, research to date has paid scant attention to the co-evolution of clusters and the changing nature of the linkages which underpin them. The aim of this paper is to explore these issues in detail and to provide some insights into the processes and mechanisms through which inter-cluster connections develop and co-evolve over time. The chosen empirical settings are the NASCAR cluster and the UK motorsport industry.

The long history of the NASCAR cluster and the changing nature of the linkages supporting it, constitute a unique opportunity to explore



the key events that have led to its emergence, development and growth over the last 80 years and to assess the impact of inter-cluster connections upon its co-evolution with the UK motorsport industry.

Methodologically, the research has been carried out using a retrospective and processual mode of inquiry. Such an approach has provided the foundation to identify 'critical events' in the life history of the NASCAR cluster and assess their relevance and magnitude. This, in turn, has helped in tracing the processes and mechanisms that lead to cluster co- evolution.

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## **The Shape of Things to Come: Organizational Design in the Future**

This paper suggests a radical and widespread redesign of organizational structure. For over four thousand five-hundred years the pyramid has been the principal shape of organizations regardless of century, size, sector or industry. The monarch/CEO sits atop several layers of subordinates – all who react to the edicts from above. The centrality of power at the foci, and exponential numbers of servants at each succeeding level, predispose a continuous source of disempowerment, miscommunication and frequently organizational failure (or at least ineffectiveness). Actual pyramids of the ancient Egyptian variety were built as monuments and homage to powerful kings and queens circa 2500 BC. Are not modern organizations still doing the same thing? This fundamental design flaw has evolved into a pattern of organizational beliefs and behaviors that contradict principles of management. Consider the record numbers of businesses going out of business, coupled by the inefficiency of the public sector. Certainly there are principles of effective organizational change being widely ignored (Mueller, 2010) but also, and more importantly, the underlying cause. The assumption that a single person, even a benevolent and extraordinarily wise person, can command and control exclusively and effectively from the very top of the structure is no longer true, especially given the increased complexity and electronic connectedness of our 21<sup>st</sup> Century world. This pyramid assumption needs to be challenged, changed and championed by caring and concerned organizational citizens; leaders of a new breed, unafraid and unencumbered by convention. Two such business leaders have already made their mark on unconventional organizational design to the expressed satisfaction of their customers and coworkers; and with remarkable business success. The first is Jan Carlzon, CEO of Scandinavian Airlines (SAS) whose revolutionary upside-down pyramid placed customers on top and the employees who directly serve them immediately underneath (with subsequent management levels serving these key workers instead of vice-versa). Anyone who can affect an 74 million dollar red-to-black turnaround *in one year* needs to be more vigorously studied and emulated. The second exemplar is maverick Ricardo Semler, the CEO of Brazilian marine equipment factory SEMCO. His rotating, concentric circle organizational design not only saved his failing company and his failing personal health but also spawned the epitome of employee empowerment. Both companies

decades later are still major players in their respective industries – a testament to their unique, forward-thinking organizational architecture. How soon will other companies start to follow suit? What conditions are necessary to create these revolutionary redesigns? These questions, as well as a probe into Peter Drucker's prediction that the future organization will be patterned after symphony orchestras, will be expounded and explored.

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## **A Longitudinal Study Linking Person-Organisation Fit to Job Satisfaction and Turnover Intentions**

Person-Organization (P-O) fit is a multidimensional construct that reflects the extent to which employees' values, beliefs, attitudes and personality traits match or "fit" an organisation's values, culture, norms and strategic needs (O'Reilly, Chatman & Caldwell 1991). Although P-O fit has also been associated with a range of positive organisational outcomes such as workplace structure, culture and productivity, empirical support is mixed, some scholars have raised the possibility of negative outcomes (Argyris, 1957; Powell, 1998; Schneider, 1987; Walsh, 1987). Also, P-O fit research has often been criticized for adopting a static view that does not adequately assess the *nature* and/or *strength* of P-O fit changes over time, particularly in contemporary organisational environments. The current study aims to extend the P-O fit literature by taking a longitudinal approach to investigating the construct and whether the associations between P-O fit and the outcome variables of employee turnover intentions and job satisfaction are dynamic over time. This quantitative research was conducted within a large Australian organisation over a two-year period, with self-report data collected at four different time-points. Results indicate that perceived P-O fit is a dynamic construct, which is predictive of variables such as satisfaction and turnover intentions over time. By employing a longitudinal, repeated-measures design in a field setting, this study sheds light on how individuals' perceptions of fit with an organisation may strengthen over the employment life-cycle, as well as how the effects of perceived fit on important 'outcome' variables (e.g., job satisfaction, turnover intentions) may change over time. The P-O fit construct and its overall role in organizations is discussed. Several implications for organizations and individuals are presented, including management practices and decisions and training and development approaches within contemporary organizational contexts, which are characterized by change.

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## **Debutant Civil Servants Probation Period The Influence on the Expectancy Element of Vroom's Motivational Theory**

Many researchers and specialists have dedicated their studies to motivation. From all of its forms, work motivation has got a special attention. This is especially due to the importance of managers knowing what motivates their employees in order to achieve performance. The most studies on work motivation have usually taken place in the industrial environment. Vroom's Expectancy Theory, on which is based our research, was just one of these many studies. According to Victor Vroom, the motivational force depends on three elements: the expectancy that effort will lead to performance, the instrumentality that performance will lead to rewards and the value of the rewards.

This study is part of a broader research on work motivation in the Romanian Local Public Administration, based on Vroom's motivational model. Based on questionnaires applied to public servants working in a City Hall, county residence from Romania and through the statistical analysis that have been pursued, the research tries to make a diagnose of the Romanian local public institutions (City Halls in particular) regarding the work motivation of their civil servants. Precisely our research tries to identify how the law regulations related to the career and other aspects of the civil servants work, and the way there are applied, influence the three elements of Vroom's model and by default work motivation.

This study refers only on one of the Vroom's model elements, the expectancy and only to one aspect that influences it, namely the probation period for the debutant civil servants. One has chosen to present here the importance of the probation period for the debutant civil servants in influencing their expectancy level and as a result also work motivation, since the probation period is critical in preparing them for their future job and career within the Local Public Administration.

The findings show that the probation period for the debutant civil servants, otherwise meant for the increase of the civil servants

expectancy, in reality decreases it and as a consequence decreases also the work motivation, due to the way it is being put in practice.

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## **The Impact of Expatriate Leadership Behavior on Host Country National Job Satisfaction: Cross-Level Moderating Effects of Decision Autonomy and Parent Company Commitment**

While typical expatriate managers are sent to foreign subsidiary as top managers, there is a paucity of literature that considers how expatriate managers' leadership, such as planning and consulting, behaviors affect host country nationals' (HCNs) attitudes, such as their job satisfaction. By integrating expatriation experience literature with MNC control and leadership theories, we advance a cross-level theorizing on the expatriate leadership behaviors. We first examine the impact of two types of leader behaviors utilized by the expatriate (general) managers on HCN managers' job attitude (overall job satisfaction). We also investigate the moderating effects of decision autonomy and parent company commitment on the aforementioned relationships, using survey data collected from expatriate general managers and HCN functional managers working in multinational hotels.

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## **Temporal Integration of the Corporate Entrepreneurship Prerequisites: Rising Up to the Challenge!**

There has been much discussion in the literature on the topics of corporate entrepreneurship (CE) and entrepreneurial orientation (EO). This paper explores both EO and CE bodies of literature, as well as the role of two CE perspectives, organizational activities and organizational characteristics. Identifying organizational activities with EO, this paper introduces a deeper understanding of the role that enabling characteristics and entrepreneurial orientation have as the prerequisites of CE. CE is presented as a process that has unique company prerequisites (referred to as enabling conditions). This paper makes a contribution to present body of knowledge in three ways. First, overlapping elements of literature between EO and CE are examined and evaluated. Second, a significant gap in this literature was identified and explored. Finally, this paper points to a path dependant approach to the introduction of CE and EO to corporate work environments, with both sequential and temporal implications. These conditions must be looked at and evaluated by the company executives. A careful management of these characteristics will lead to better organizational performance through higher CE and EO within the organization.



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## **The Relationship between Trust and Organizational Culture Change**

This qualitative, instrumental case study explores the work of four senior leaders and 29 of their subordinates in a large Canadian bank during the implementation of significant organizational/cultural change. Cultural reengineering, downsizing, and mergers have become commonplace in many of today's organizations. These changes have created upheaval and uncertainty within organizations and among their employees (Schein, 2004). At the heart of these upheavals is the issue of trust – can we trust the organization, its leaders, and each other to do what is 'right'? This research is intended to provide a mechanism to explore certain aspects of trust formation and sustainment, as well as an understanding of the changing role of leader and employee as they undertake to change an organizational culture.

Trust is a critical component of a healthy organization (Greenleaf, 1998; Wheatley & Kellner-Rogers, 1999) and is the glue that binds organizational members together and allows people to interact most effectively with each other (Boverie & Kroth, 2001; Johnson, 2007). The findings support the importance of trust for successful culture change initiatives. Trust is built through relationships; the success of a trusting relationship is dependent upon both the leader and the employee.

The research supported the findings of Mayer, Davis and Schoorman (1995) and Whitener, Brodt, Korsgaard, and Werner (1998), in particular, the importance of leadership role-modeling, integrity, benevolence, fairness, and inclusiveness in developing a trusting relationship. Findings differed from theory in a few key areas: (a) the ability attribute as a factor of perceived trustworthiness, (b) the importance of one's propensity to trust, (c) the factors that contribute to one's propensity, (d) the subjective nature of trust, and (e) the need to have a confidant to whom one can turn during periods of change.

The findings supported the critical importance of, and interconnectivity between, relationship building and trust (Caldwell & Hayes, 2007; Dirks & Skarlicki, 2004) as well as Bolman and Deal's (1997, 2001), Deal and Kennedy's (1999), Schein's (1999a, 1999b, 2004), and Wheatley's (1999, 2002, 2005) research on culture and change. In addition, the data revealed a relationship between trust and the servant leadership theory of Robert Greenleaf (1998). Additional insights are also provided for members of organizations undergoing culture change.

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## **Dealer's Market Orientation and Brand Equity: Does Relationship Marketing Matter?**

Facing with critical branding issues for examples global brand acceptance has made an effort of achieving higher brand equity is more crucial. The importance of obtaining brand equity information is not only limited to consumers but from the dealer's perspective as well. Even, in nowadays competitive market, which have created selling pressures justified the importance of investigating brand equity from the dealer's context. Similar to firm, strong brands for a dealer is crucial as it has the ability in achieving the dealer's competitive advantage as well as to keep remain competitive. For great brand equity building, effective cooperation between the firms and their dealers are crucially important. Hence, from past literatures, the effective of managing the strategy such as market orientation and relationship marketing are among the great importance as these strategies are believed to contribute to brand equity building. Unfortunately, empirical studies on channel market orientation in relation to relationship marketing and other subjective performance such brand equity are regrettable. Relationship marketing is argued to be the most important mediating variable by past researchers. Disappointingly, based on the literature review, the exploration of relationship marketing as a key mediating variable in relation to market orientation and brand equity building is still questionable. Therefore, in this study, the mediator effect of relationship marketing toward the relationship between dealer's market orientation and brand equity is investigated. The study is conducted across four main automobile brands in the Malaysian automobile dealers' perspectives. The findings showed that, the relationship marketing variables such as trust, commitment and satisfaction are important mediator toward the relationship between market orientation and brand equity. However, among all the variables, trust is the strongest and important mediator because the impact of market orientation on brand equity assets has been fully absorbed by trust variable.

**Kafia Ayadi**

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## **Ethnicity and Family Food Socialization in a Bi-Cultural Environment**

Children socialization is “*the process by which young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace*” (Ward, 1974, p.2). Food as a thoroughly cultural phenomenon can help understanding family food socialization (Birch, 1982; Chiva, 2001; Fischler 1992). However, little is known about the role of ethnicity in the family food socialization. Majority of researches about ethnicity come from America. Furthermore, France recognizes little and badly the notion of ethnic group (Kotler et al., 2009). The objective of this paper is therefore to investigate the role of ethnicity in food practices of Tunisians living in France. We made 32 semi-directive interviews with children and their parents about their food practices at home. Results indicate first that a new cultural style appeared reflecting a mixture between culture of origin and culture of residence. However, consumers grant important efforts to avoid that their cultural identification is taken over by the current dominant society. We also found that within the context of food socialization, children play a major role by introducing new food stemming from the country of residence. The results suggest a reflection about a specific marketing aiming at ethnic populations. In order to be more effective, communication actions have to take into account the bi-cultural differences when they are intending to convey meanings. There is also a need for a specific product mix targeting ethnic populations (e.g: *Halal* meat for Muslims; specific spices for prepared meals). Results also indicate opportunities in creating ethnic restaurants. For instance, as there is no *Halal* food in fast food restaurants, the majority of interviewees have no other choice than eating fish. Results, limits and future perspectives of this research are discussed at the end of the paper.

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## **“I'm Beautiful in My Way”: Exploring Women's Identification of Beauty Patterns**

The notion that beauty is a multidimensional construct is intuitive. Yet, most papers published in this field focus on physical attributes of beauty. To date, beauty imagery remains an underdeveloped construct, and little is known about its nature and structure. Studying beauty perception is an important managerial concern because practitioners use beauty-based marketing strategies to develop and manage their brands (particularly in cosmetic and beauty field). This research contributes to the literature with new insights about the nature and structure of beauty dimensions. Our study moves the conceptualisation of this construct forward and develops a new scale to measure beauty perception. For this exploratory phase, we analyse qualitative data from 18 semi-structured interviews and a quantitative data from a convenience sample of 250 respondents. In both samples we had women belonging to different ethnic origins and cultures. On the basis of the quantitative sample, a PCA with Varimax rotation is performed. This enabled us to show that beauty is a multidimensional construct (a four-factor structure was explored). Differences were found among women according to their origins. This classification scheme broadens the existing beauty literature and its derived taxonomies. The results provide brand managers with a marketing tool to measure beauty and allow them to adapt specific marketing strategies.

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## **How Market Environment May Constrain Global Franchising in Emerging Markets**

**Purpose:** Although emerging markets are some of the fastest growing economies in the world and represent countries that are experiencing a substantial economic transformation, little is known about the factors influencing country selection for expansion in those markets. In an attempt to enhance the knowledge that managers and scholars have on franchising expansion, the present study examines how market conditions may constrain international diffusion of franchising in emerging markets. They are: i) geographical distance; ii) cultural distance; iii) uncertainty avoidance; iv) individualism; v) unemployment rate; vi) political stability, vii) corruption, and viii) gross domestic product.

**Design/methodology/approach:** This study uses a quantitative approach applied to a sample of 63 Spanish franchisers with 3,899 franchised outlets operating in a total of 27 emerging countries.

**Findings:** Results conclude that political stability and gross domestic product are positively associated with franchising spread. In contrast, geographical distance and individualism show a negative relationship with franchising spread in emerging nations.

**Research implications/limitations:** Overall, this study provides readers with an overview of the current state of global franchising diffusion overseas. Moreover, results obtained in this study can be useful to understand and predict the demand for franchising across countries.

**Practical implications:** The present paper develops and tests a model that can be useful not only to academics wishing to enhance their knowledge about global franchising, but also to firm managers wishing to establish new outlets in emerging nations. Thus, franchisers may use the results of this study as a starting point for identifying regions whose characteristics best meet their needs of expansion.

**Originality/value:** This paper explores how certain market conditions may favor international diffusion of franchising in emerging markets. The scant theoretical or empirical attention given to this topic has usually been examined from a U.S. base and focusing on developed markets. To fill this gap, the present study analyzes the international spread of the Spanish franchise system, which since 2008 has occupied

the fifth worldwide position in terms of both the number of franchisers and the quantity of franchised outlets, across emerging markets.

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**Khalid Maal**

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## **Adoption of Online Grocery Shopping in South Africa**

Grocery shopping has traditionally been conducted in a physical 'marketplace', but with the advent and adoption of the Internet, opportunity exists for shopping in a virtual 'marketspace'. However, limited research has been conducted in this area in developing economies. The purpose of this research was: firstly, to identify the demographic and behavioural profile of a typical South African using an Online Grocery Shopping Service (OGSS); and secondly, to identify the factors that could affect the adoption of such a service in the South African market.

Data was collected using a convenience sample, via online and email questionnaires sent to potential respondents, as well as through mall intercepts. A total of 132 fully completed responses (of the 175 collected) were utilised for the analysis. The demographic and behavioural profiles were analysed using descriptive statistics, and confirmatory factor analysis was used to identify the factors pertinent to OGSS adoption.

The findings revealed that the profile of a South African online grocery shopper is a person between the ages of 30 to 49, with a tertiary qualification, earning a monthly income of at least R10000 (about US\$1450), with internet access, and spending a significant amount of time conducting shopping. The factor analysis identified five factors affecting adoption: perceived benefits, perceived ease of use, perceived risk, visibility and social influence. Perceived benefits included time saving, convenience and assisting the elderly; perceived risk related to credit card fraud, potential robbery, and incorrect products being delivered. Visibility and social influence are particularly important during the growth phase of OGSS.

The findings are consistent with research conducted in other online shopping markets, with some local adaptations, indicating the relative globalization of the online shopper.

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## **How Young French Consumers Perceive and Define the Luxury Experience: An Exploratory Study**

Considerable marketing research has been conducted about experiential consumption. However, no empirical work combines experience and luxury areas. This paper aims to define the luxury experience of French young consumers. The authors conducted a qualitative study (25 biographical stories) relating various individual experiences dealing with luxury sector. The findings suggest that specific emotions are generated by particular components of luxury perceived experience. The first part deals with experience and how to produce and control the experience consumption. The second part concerns the luxury perceived values and consumer's attitudes toward luxury.

Four main categories have been identified.

1) The luxury offer: In the two cases (direct and indirect experience), the respondents described components of mix marketing (product, price, place and promotion). However, the luxury experience is not always produced or controlled. Experiences are not only related to the point of sale but involve also mythic places and towns that represent luxury (i.e. Paris, Monaco).

2) Feelings: experiential living implies individual emotions and feelings described by respondents during the consumption experience. Interaction with the luxury offer generates a memorable living with intense emotions. The authors noticed that negative emotions were likely to appear when the contact employees seem unpleasant.

3) Individual representations: Luxury representations make consumers able to evaluate their own experience. However, positive or negative experience can affect individual representations, which depend on common beliefs and luxury familiarity.

4) Consumer values: the valorization of the luxury experience is mainly dominated by social oriented values. In this way, consumer values are generated by the offer's components and appear closely linked to luxury representations.

The main contributions of this work are to understand the luxury experience and to highlight the role of individual representations and the perceived values in the construction of its definition. Finally, the luxury experience definition seems to evolve with the renewal of the experience.



**Edgar Centeno**

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## **Does Colour Influence SME Brand Building? An Exploration of SME Brands**

This paper aimed to explore the importance of colour as a brand development component for SME brands. Recently, SMEs have been acknowledged as key business players. However, current brand literature largely ignores SME brands. Furthermore, colour is a new symbol in SME brand research. It has been posed that colour is one of the simplest forms of brand communication as it may convey some brand identity components. This paper begins by discussing the importance of SMEs and the possible influence of colour in brand development. Then, a qualitative method examines how the study was carried out through thirty case studies. The final section discusses relevant contributions for brand academicians and practitioners interested in SMEs.

**Alan Charlesworth**

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## **Is Social Breaking-Up Hard to Do?**

The rise of Facebook from student-communicator to world-wide phenomenon is well chronicled – there is even an Oscar-winning movie on the social media website's origins. However, the site's application as an effective element of an organization's strategic marketing is still open to some debate, with that subject being the focus of much research and practice. Indeed, whilst some would have us believe that creating some kind of interactive engagement through social media has become a nirvana for digital marketers others advocate caution, citing the perils of getting it wrong and the need for distinct objectives needing to be defined before any organization launches itself into the world of 'friends', 'fans' and 'likes'.

This research takes the scenario a stage further, however – to the end of the 'Facebook life cycle' – and considers the break-up of social media relationships. Specifically, the research concentrates on when a consumer decides to end their Facebook association with a brand, organization or product and investigates:

- Their reason for doing so, and
- The impact on their future relationship with that brand, organization or product?

By examining the causes of disengagement, the online marketer will be able to better understand the reasons for the initial attraction and the potential impact of disengagement may help with the marketer's decision to initiate that relationship in the first place.

Preliminary findings suggest that Facebook-based relationships between consumers and brands mirror interpersonal relationships, with the initial attraction often waning after a 'honeymoon' period and this being the most common time for the break-up to occur. Those relationships which survive this stage tend to go on to be rewarding for both partners, but those that don't last through this period can lead to a more permanent off- and online 'divorce'.

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## **Market Development Strategy and Global Wellbeing: Learning from the Low-income Consumer Segment in Eastern Europe and Central Asia**

Today to be truly global for businesses means embracing all the market segments and every consumer. It is also important to analyze and forecast the potentially critical markets that will be the key growth driver in years to come; the business systems and marketing strategies that will be appropriate for these markets; and what consumers in these markets are expecting from the business corporations. It requires being creative and innovative in every aspect of the market development strategy.

In this paper, we offer our observations and review from both academic literature and industrial reports to explore the linkages between market development strategy and global wellbeing. We examine the current market situation and consumption culture in the low-income consumer segment in Eastern Europe and Central Asia. Our discussion centers around the framework of the 'Eradicating Poverty Through Profits' concepts developed by C.K. Prahalad around private sector approaches to poverty eradication and enhancement of global wellbeing. Much of the work on this topic, i.e. bottom-of-the-pyramid business models, has been heavily focused on developments in China, India, and African nations. We hope to bring to the attention of business corporations, entrepreneurs and scholars the low-income consumer segment currently residing in Eastern Europe and Central Asia. The 24 countries of the region are diverse in terms of size, levels of economic development, historical background, social and political structures but nevertheless are tightly related and share similar characteristics of a common regime. The region offers great marketing and learning opportunities to multinational corporations who seek to establish a broader market base and diversify their global profit centers that would ultimately provide a more sustainable competitive edge, and at the same time enhance global wellbeing.

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## **European Study of Brand Equity**

Brand equity is a key metric of brand success and one of the most important intangible assets for organisations. Several stakeholders are recipients of brand value including firm, distributors and employees, however brand building activities are often targeted at consumers. Consumer based brand equity encapsulates a set of perceptions, attitudes, knowledge, and behaviours on the part of consumers that results in increased utility to consumers and allows a brand to earn greater volume or greater margins than it could without the brand name (Christodoulides and de Chernatony 2010). Although consumer based brand equity has been extensively researched, there is little agreement on its constituent dimensions.

A review of the pertinent literature has also identified that most of the research on the subject originates from the US. Furthermore, most of the studies base the conceptualisation of brand equity on Aaker without considering the role of context and the views of practitioners in the selection of appropriate measures for brand equity.

In this study we investigate the concept in Europe taking into account the views of marketing professionals and validate the findings with data collected from representative samples from three European countries, namely UK, Germany and Greece. The findings suggest four categories of measures namely consumers' understanding of brand characteristics; consumers' brand evaluation; consumers' feelings about the brand; and finally consumer's behaviour towards the brand.

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**Serap Cabuk**

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**Deniz Zeren**

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## **Portrayal of Mother in Turkish Print Advertising**

From early 1960s, women portrayal in advertisements captured the interest and efforts of numerous researchers in marketing literature. This resulted in several national and cross-national studies at both macro and micro levels, focusing on sex role portrayals and stereotypes. These studies revealed the different gender roles reflected in advertisements for women, such as mother, a housewife, a decorative or a sex object. Although mother is the main decision maker and ultimate buyer for most of the product categories, mother role of women is undermined in the literature. This study extends the literature by focusing on the mother role of women since mothers are the ones who shape household consumption.

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## **Psychological and Behavioural Effects Triggered by Participation and Promotional Games**

The influence of the promotional game on the behaviour of the consumer has been little studied, due to complex regulations and very different practices. Nevertheless, hedonic benefits, the suspense and the uncertainty of such games generate effects more complex than the simple behaviourist model of answer reflex which is generally associated with them. The aim of this research is to check the impact of promotional games on the intentions of very short-term purchases, and also to understand by which antecedents this process is activated. The use of a consolation prize is frequent in practice, although no research has studied its effect so far. This research considers both the effect of the gain and that of the consolation prize.

Our series of hypotheses concerning the effects of the result of the promotional game was tested by means of an experimental protocol recreating realistic conditions of participation. The respondents participated at first in a game using a cereal bar of fictitious brand. They received at once their gain (1 euro), their consolation prize (1 small bag of Haribo candies) or nothing (around one-third of the sample per group). The document was collected and a questionnaire was then administered. Participants' mood and level of disappointment were measured, as well as their intention to purchase and their consumer habits of cereal bars.

It emerges that a more favourable mood is generated by the gain or the consolation prize. This result strengthens the parallel with the effect of advertising, and it proves the emotional dimension of promotional games. Then, at the level of the intentions to purchase, the influence of the gain, even modest, is validated, which remains the main objective of promotional games today. This can be explained by the theory of commitment. To participate in a game or to accept a prize does certainly not suggest a great deal of involvement, but favours more concrete later commitments. This result is moderated by the influence of buying habits. For individuals who are not used to buying cereal bars, the gain or the consolation prize are going to exert a relatively strong influence on the intentions to purchase while, for individuals used to this type of purchase, the gain or the loss will not modify their intentions a great deal. Finally, the use of a consolation prize gives

results close to the gain in terms of mood and, above all, in terms of the intention to purchase. This presents strong managerial implications for brands frequently using games. To value the "losers" by means of a small consolation prize would activate processes of behaviour close to those generated by the gain.

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## **Understanding the Information Search Activities with Regards to Fair Trade Shoppers' Involvement: A Qualitative Study in the United Kingdom**

This article explores the nature and extent of information search amongst fair trade consumers and the extent to which product and purchase involvement influence the use of information in general and the use of fair trade labelling in particular. Currently, it is proposed that consumers' interest in credence attributes is a behavioural consequence of their greater level of involvement in food purchasing behaviour. If more consumers care more about where their food comes from and how it is produced, it is reasonable to assume that food purchasing decisions will become more involved and greater use will be made of information. Fairtrade information is mainly conveyed to consumers through certification labelling, which mitigates the risks associated with credence attributes and product packaging.

A combination of qualitative methods are used to determine the precise nature of fair trade purchasing behaviour amongst supermarket shoppers, the drivers of specific product choices and the role that involvement and fair trade labelling play therein. The use of focus groups was complemented with observational research, semi directed interviews and analysis of grocery receipts.

The results of the research provide strong counter-evidence to the claims that fair trade consumers are motivated by ethics and that the fair trade label is an important source of information for fair trade consumers. The practical implications of the research would suggest that Fairtrade labelling is to be redesigned to better suits consumers' information needs. At a managerial level, the need to adopt Fairtrade initiative as a driver of sales might also be further questioned.



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## **Services Brand Personality's Impact on Customers' Brand Relationship**

As services' companies compete to attract new customers and to build long term relationships with current clients, branding can offer an important competitive edge, as it allows the company to differentiate its offerings on other than the functional aspects that are easily imitated by competitors. An interesting way is hence to develop a clear and distinctive brand personality that embodies the symbolic image of the company and its offerings. In turn, the services brand would play as a relationship fulcrum and act as a partner to the customer in a dyadic interpersonal-like relationship.

This paper investigates the impact of brand personality on consumers' brand relationship in a services' setting. More precisely, it addresses the impact of five services brand personality dimensions that are the *competent*, *agreeable*, *chic*, *ruthless* and *innovative* character on four relational variables: customer-brand self-congruity, brand credibility, cumulated satisfaction and brand loyalty. Based on a literature review, a conceptual model is first presented. It postulates a series of mediating effects related to some of the relational variables, mainly highlighting the role of self-congruity and brand credibility as mediators of the impact of brand personality dimensions on customers' satisfaction and loyalty.

The conceptual model is then empirically tested with structural equation modeling and mediation analysis, using empirical data collected from a retail setting (N=688). The results validate most of the initial hypotheses. More specifically, in accordance with previous research for both services and tangible offerings, different brand personality dimensions seem to trigger different aspects of brand relationship. Furthermore, brand credibility appears to play a central role in services' settings as it bridges the impact of the perceived symbolic image on customers' cumulated satisfaction and loyalty to the brand.

The paper is concluded by pointing out the main limitations and future research venues.

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## **Consumers' View of CSR in Indian - Creating Grassroots Knowledge for Multinationals**

Multinationals (MNCs) are often seen as “chasing the buck” without much regard for the society(ies) in which they operate and are criticized for gravitating to countries with weak or non-existent environmental, safety, governance and employee welfare standards. It has been suggested that this scrutiny also motivates MNCs to be socially responsible and is based on the assumption that consumers among other stakeholder groups are willing to support good corporate citizens. However, past research in has failed to investigate consumers' perception of corporate social responsibility (CSR) and the specific initiatives that resonate or appeal most to them. In addition, most of the research to investigate consumer response or perception of CSR has been conducted in the U.S. or Europe. As a result, MNC managers from western developed economies have no choice but to use knowledge from the American and European subcontinent to make decisions about CSR in emerging markets such as India. Therefore, the objective of this research is to draw out specific similarities and differences in consumer assessments of corporate social responsibility in the Indian and U.S. markets. In order to test the proposed research questions, this study will ask respondents in each sample several questions that allows for both aided and unaided recall. The objectives of the study will be achieved by drawing socio-demographically comparable samples from U.S. and India since it's generally assumed that MNCs' target the aspiring middle class customer segment in emerging markets that is similar to its counterpart in U.S. This research will make a significant contribution to international business research by exploring the self-conceptualization of CSR of consumers. Findings from this study will provide the much needed insight to U.S. MNCs who might be unsure of the impact and efficacy of CSR programs in emerging markets such as India.

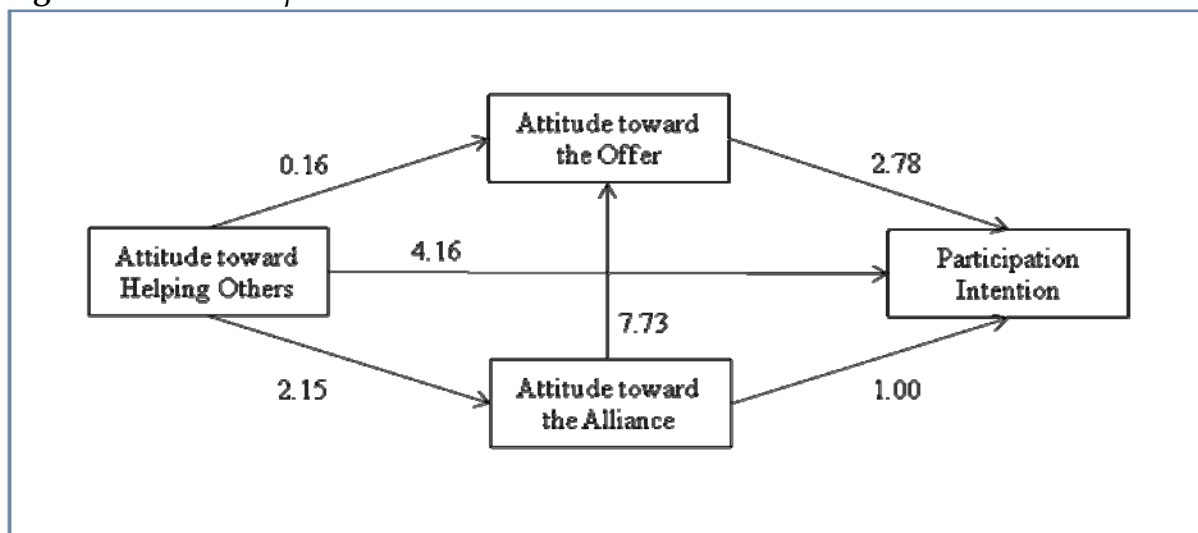
**Debbie Human**

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## **The Influence of Consumer Attitude in Cause-Related Marketing: A Structural Equation Model**

Cause-related marketing, defined as the process of “formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specific amount to a designated cause when customers engage in revenue providing exchanges that satisfy organizational and individual objectives”<sup>1</sup>, is growing continuously<sup>2</sup>. Research suggests that campaign structural elements<sup>3</sup> (e.g. donation magnitude<sup>4</sup>, expression format<sup>5</sup> and recipient<sup>6</sup>, etc.) and consumer characteristics<sup>7</sup> influence consumer intentions to participate in campaigns. The theory of reasoned action<sup>8</sup> and later the theory of planned behavior<sup>9</sup> suggest that behavioural intent is partially influenced by attitudes toward the behavior<sup>10</sup>. Previous research<sup>11</sup> explored the influence of attitudes on behavior within a donation context. Similarly, this study uses reliable scales to assess the influence of consumer attitudes (toward helping others<sup>12</sup>; toward the offer<sup>13</sup>; toward the alliance<sup>14</sup> in the campaign) on consumer intention to participate<sup>15</sup> in cause-related marketing. Data was collected with a questionnaire from a convenient sample of 184 South African students (42% male, 58% female; 17 to 25 years of age, mean age=20) and analysed with LISREL. A sample size of 100-150 can be considered as adequate for structural equation models (SEM) with five or fewer constructs and item communalities of 0.6 or higher<sup>16</sup>. As this study included four constructs, the sample size can be viewed as acceptable. The SEM model results show that the model fit was good ( $\chi^2_{df84}=105.42$ ;  $p=0.05699$ ; NNFI=0.991; CFI=0.993; IFI=0.993; RMSEA=0.037; RMR=0.0570). The results indicate that the independent variables explain approximately 59% of the variance in the dependent variable of participation intention. Approximately 65% of the variance in attitude toward the offer is explained by attitude toward helping others and toward the alliance. Attitude toward helping others in turn explain 3.8% of the variance in attitude toward the alliance. The hypothesised linkages among the constructs are statistically significant, except for the link between attitude toward helping others and attitude toward the offer, and between attitude toward the alliance and participation intent (Figure 1).

**Figure** *Structural Equation Model*



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## **The Strategic Collaboration Adaptation between Travel Agencies**

It is known that firms use different forms of inter-organizational exchange to secure the resources they require, including licensing, collaborations and mergers and acquisitions (Fan & Ku, 2010). From the perspective of resources based view, as networks facilitate the flow of collaborators' information, they also make it possible for a firm to acquire knowledge via a partner as well as directly from a partner. Collaborators' knowledge sharing can be regarded as a key resource that enables a firm to produce a sustained competitive advantage.

On the other hand, the collaborative partnership approach requires trust and commitment for long-term cooperation, with a willingness to share risks. Gules and Burgess (1996) noted that this relationship is based on cooperation, mutual benefit and trust, and relational exchanges. Under this model, the buyer's consideration of a preferred supplier is not simply based only on price or cost, but also the factors that contribute more to suppliers' competence in production, distribution, and post-purchase service. It is also beneficial for suppliers to be able to access the business skills and expertise of their buyer partners.

Notwithstanding the many years that travel agents have worked together, some observers maintain that the travel agencies have not yet established an entirely satisfactory collaboration. Huang (2006) pointed out that travel agencies struggle constantly to innovate and create new business strategies to meet the ever-changing customer needs and diversity of demands from the increasingly prudent traveler. From the perspective of the role of travel agencies, travel agencies should devise suitable packages for customers and provide their employees with sufficient knowledge of travel products.

The research objectives of the present study are to determine how the strategic cooperating adaptation of travel agencies is influenced by the product innovation and strategic collaboration. It is proposed that it is important that firms understand the competitive environment of the industry, as this will facilitate their appropriate strategy choice. Data were obtained via a mailed questionnaire survey from a sample of travel agencies in Taiwan.

The model and hypothesis were tested using a structural equation modeling (SEM) approach. The findings of this study provide interesting insights for strategic collaboration adaptation between travel agencies, and product innovation plays an important role between strategic adaptations.

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## **The Mediating Effect of Unlearning in the Relationship between Internal Marketing, Innovation and Performance in Knowledge Intensive Business Services**

**Purpose** – This study has three objectives: first, to examine the mediating effect of unlearning in the relationship between internal marketing and innovation; second, to contribute to the literature with a better understanding about the combined effect that the internal marketing and unlearning exert on innovation; and third, to assess how innovation influences performance in knowledge intensive business services.

**Design/ methodology/ approach** – By using an extensive literature review we developed first our theoretical framework and then we tested it via survey research. Specifically, we employed a sample of 154 knowledge intensive business services and a structural equation system approach to test whether the set of hypotheses developed earlier was confirmed or not.

**Findings** – The results reveal that the implementation of an internal marketing policy has a positive effect on unlearning. However, we do not find evidence that the internal marketing directly influences innovation. A possible explanation for this may be the mediating effect of unlearning in the internal marketing-innovation connection, i.e., a company's internal marketing may contribute to the development of innovations by means of unlearning. It is also confirmed that a higher level of unlearning will improve the company's ability to offer innovative products and services finely matched to the marketplace.

**Originality/ value** – We are pioneering in exploring the mediating effect of unlearning in the relationship between internal marketing and innovation. It is demonstrated the importance of unlearning in knowledge intensive business services and how these companies can develop and implement an internal marketing policy to nurture and enhance unlearning. This research is also one of the first to assess the effects of unlearning on innovation in business-to-business contexts.



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## **Do Consumers Read Terms of Service Agreements When Installing Software: An Empirical Analysis**

An important issue in all transactions and particularly in on-line transactions are the details of the agreement between the parties. Consumers often agree to terms and conditions in contracts without ever reading them, much less understanding the legalese in which the contract is written. This situation is particularly acute in on-line transactions where the terms of the agreement, usually called Terms of Service (TOS) or Terms of Use agreements, often contain hundreds of lines of text in a scrollable window. Consumer routinely skip the TOS by simply clicking on an "Agree" or "End" link, thereby binding themselves to the detailed terms and conditions in the TOS agreement and freeing the seller of almost all liability.

The questions therefore are: 1) How much of TOS agreements do consumers read when installing software? 2) Is there any relationship between the time spent reading the TOS agreement and the perceived risk of computer or software damage from the downloaded content? and 3) What factors affect a consumer's decision not to read a TOS agreement when installing software on their computer? This paper answers these questions with a sample of 151 consumers who had downloaded software from the internet. Respondents were surveyed using an on-line survey platform. Survey questions included: perceived risk of installing the software on their computer, perception of who would be responsible for damage to their computer or software, estimates of how much of the TOS agreements they say they read in general and did read during a recent software installation, and reasons for not reading any or more of the TOS agreements. The results show that most consumers downloading software, including those who perceive the risk of damage to their computer as high, do not read the TOS even though many claim to have read over half of it. The primary reason for not reading is the length of the contract, not the font size or legal language.

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## **Customer Loyalty towards Student Small and Medium Sized Enterprises (SMEs) in Southern Thailand**

Student SMEs in South Thailand has started since 2003 in the wake of training business minded operators from schooling era. However, there are many teething problems in student SME business operation including lack of customer loyalty, low quality of the products/services, the loss of customer trust and insufficient word of mouth promotion. This research is therefore conducted to examine the predictors and mediators of customer loyalty towards students SME projects consisting of six variables: 25-item service quality, 5-item perceived value, 5-item word of mouth, 5-item trust, 5-item customer satisfaction, and 5-item customer loyalty, measured using 7-point interval scale. 680 questionnaires were distributed to target customers whereby 600 completed responses were collected representing 88 per cent response rate. The finding establishes five direct positive effects to loyalty: trust, satisfaction, service quality, perceived value and word of mouth; four direct positive effects to trust: satisfaction, service quality, perceived value and word of mouth and three direct positive effects to satisfaction: service quality, perceived value and word of mouth. Satisfaction and trust are also found to be significant mediators between proposed linkages. The findings are discussed in the perspective of Student SME's loyalty program in Southern Thailand.

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## **Intellectual Property Rights: Their Development, Protection, and Orderly Transfer in the Twenty-First Century World (With Particular Emphasis on Emerging Nations)**

Put simply, intellectual property is unique property that is created by the creative, technical, or scientific efforts of individuals or groups. Intellectual property is valuable, and in some cases that value can be appraised. In others, it must be established by negotiation. The forms of intellectual property usually recognized as having true, quantifiable value are works of writing or art protected by copyrights, discoveries or inventions protected by patents, company names and marks protected by trademarks, work-products protected by contract, and trade secrets. The concepts of the copyright, the patent, and the trademark are legal ones, all growing out of the philosophical recognition that persons or firms that have invested time, effort, and money in the creation of written or quasi-written work, scientific invention, or running a business well should be rewarded for their creativity and diligence.

Since intellectual property is property, it can be transferred by all of the methods available for the transfer of physical property: it can be sold, rented, given as a gift, or licensed. It may also be stolen. International relations provides methods for protecting intellectual property from theft – treaties regarding such property exist and have been accepted by the majority of the world's nations. Some countries, however, are not signatories to the major "technology transfer" treaties – the Berne and Paris Conventions – and those nations, at least to some extent, have a reputation for using the patents, trademarks, and copyrighted material of others without compensation. While they may do so with impunity domestically, when they move into extranational space, they become subject to penalties which may be quite severe. This paper examines the problems growing out of such behavior and proposes some solutions.

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## **The Renaissance of Commandaria - An Environmental Descriptive Analysis for Achieving a Competitive Advantage**

Commandaria is the oldest wine appellation in the world, with the wine region of Limassol, Cyprus, the internationally only one legally allowed to produce Commandaria. During the Middle Ages, Cyprus' sweet wine called Commandaria, gained international fame through the Crusader conquerors of the island, the Knights Templar, who arrived on the island in the 12<sup>th</sup> century and turned it into the source of their wealth and prosperity. In spite of its long history, time has been unkind to Commandaria, which gradually lost its fame and recognition. This paper provides the theoretical basis and contextual foundation for the commercial rebirth of Commandaria and the reconstruction of its brand and its findings are based on the results of a research project, funded by the Cyprus Research Promotion Institute. The research provided strategic marketing data and guidance towards the improvement of the Commandaria brand on a local and global basis. The research methodology included a variety of primary, secondary, qualitative and quantitative methods, including: ten semi-structured interviews, three focus groups, with local industry experts, one web based questionnaire with one hundred international wine experts, six consumer focus groups, two consumer surveys of five hundred respondents each, journal articles, books, company reviews, newspaper clippings and web-based information. This paper is based on the qualitative, secondary and theoretical results of the research; and it constitutes the first, descriptive part, of the Commandaria strategic branding analysis.

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## **An Investigation of the Effectiveness of Marketing Promotions Involving Uncertainty**

The authors provide a framework to predict when uncertainty will have a beneficial or detrimental impact on product promotions. Using field and laboratory studies, the authors demonstrate that uncertainty has a negative impact on the likelihood that consumers will take advantage of the product offer in affect-poor decision contexts, while it has a positive impact in affect-rich decision contexts. They link this phenomenon to product attachment and test its boundary conditions. This research has both theoretical implications for research on uncertainty and product attachment and practical implications for managers designing and implementing promotional campaigns.

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## **The Study on Antecedents of Customer Satisfaction from Interpersonal Emotional Contagion Perspective**

Most previous studies focus on the effects of service encounter factors (e.g., physical surroundings, personnel performance, compatibility management) on customer responses. Although emotion in service encounters has been identified as a key factor influencing customer satisfaction, many service researches only concern the influences of employee emotion on customers' evaluations of the service interaction. However, person-to-person encounters (including emotion transmissions) play an important role in successful service delivery process, but few studies discuss the theme of interpersonal emotion transmission (including employee-to-customer and customer-to-customer emotion transmissions) during service encounters. Therefore, based on emotional contagion and emotional labor theories, this study attempts to examine the relationships among authenticity of the employee's emotional display, display of employee's positive emotion, perceived others' emotional appraisal, employee expertise/competence, customer positive affect, and customer satisfaction. Data were collected from the consumers having consumption experience in the chain restaurants by survey, and 369 valid samples were obtained. The analytical results showed as follows. First, both the authenticity of the employee's emotional display and perceived others' emotional appraisal positively influence customer positive affect; instead, the display of employee's positive emotion and employee expertise/competence have no significant effect on customer positive affect. In addition, customer satisfaction is positively related to the authenticity of the employee's emotional display, employee expertise/competence, and customer positive emotion; but, the display of employee's positive emotion has no significant influence on customer satisfaction. Overall, these findings provide some important managerial implications.

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## **Ethics, Sustainability, and Corporate Social Responsibility in Canadian Undergraduate Business Curricula**

The authors examine the course offerings of undergraduate business programs in Canada to better understand the depth and breadth of this educational system's inclusion of (1) ethics, (2) sustainability, and (3) social responsibility courses. Dispersion of these courses across universities will be examined as well as depth of these courses by universities.

Research questions include: How well integrated into the curricula are these courses? Are these courses distributed somewhat evenly across universities or are they concentrated into specific universities that have a greater emphasis on these topics? How do the Canadian programs compare to American business programs with respect to their coverage of these courses?

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## **The New Bureaucracy is Mobile: mBURO (eBURO-2-mBURO)**

We face the transition from the e-bureaucracy to mobile bureaucracy: *eBURO-2-mBURO*. Mobility gives us more flexibility and comfort in our work and life. A new model challenges us: **mLS** -*Mobile Life Style*. New jobs are linked to these activities and to the operations of the new flexible working and to the new forms of bureaucratic management styles and m-Working. Applications in cloud computing, mobile social networks, mobile social media and mobile social games are faster developed and adopted by the new generation of mobile bureaucrats: netG (net generation).



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## **Measuring the Influence of Third-Party Product Tests on Product Choice Behaviour**

Third-Party Product Reviews (TPPRs) are neutral (as far as the producers' interests are concerned) and consumer-orientated product tests that are carried out by experts. They are published in special-interest-magazines like PC-World, Runner's World, Decanter or Wine Advocate and on the magazines' web pages respectively. Market observations provide strong evidence that Third-Party Product Reviews (TPPRs) significantly influence the success or failure of the products evaluated (Chen and Xie, 2005). Apart from purely descriptive contributions, however, there have not been any studies so far that examine the impact of such test information on purchase behaviour. This work aims at diminishing this gap in marketing research by studying the relevance of TPPRs for product choice decisions.

A paired comparison choice experiment applying a conjoint design is conducted online and analyzed by fitting a Bradley-Terry model in R. The study took place in the context of quality wines. A 2 (brand, high/low reputation) x 4 (TPPR, good, bad, editor's choice, none) x 2 (price level, € 6 und € 10) between subjects orthogonal design (8 cards) was created and administered among online access panel members (n=500). Each respondent completed 14 randomly assigned paired comparison choice tasks. Additionally subject-specific covariates like perceived credibility, product knowledge or product class involvement were measured applying dichotomous RASCH models.

The results provide strong evidence that - apart from brand and price - TPPR strongly shape choice behaviour. Good TPPR and the editor's choice attribute showed strong positive worth parameters and thus exert considerable influence on product choice processes while high prices caused negative impacts. Interestingly winery reputation and bad TPPR exerted nearly no influence. This might be a hint that TPPRs are mainly used for a positive confirmation when intending to buy a specific wine. It could also be shown that the covariates chosen significantly moderated the effects.

Firstly this work will help firms to understand the relevance of a test result for choice processes.

Secondly it demonstrates how to avoid problems of rating scales in complex and multi-attribute online choice experiments by applying the Bradley-Terry model and dichotomous Rasch models in psychometric marketing research.