
ABSTRACTS**1. MONETARY TRANSMISSION MECHANISM AND BEHAVIOUR OF ASSET PRICES: THE CASE OF CROATIA**

Marijana Ivanov, University of Zagreb, Croatia
Ivan Lovrinović, University of Zagreb, Croatia

ABSTRACT

Asset price channels have gained significant importance in the activity of the monetary transmission mechanism. Changes in the aggregate demand are determined by the movement of interest rates, but also by the movement of other prices such as stock prices, foreign exchange rates, prices of housing and land. As a result of the abundance of global liquidity, countries of the so-called emerging markets have recorded high rates of monetary growth as well as strong credit expansion for several years now. As a result of the effect of domestic and imported factors on the increase in liquidity, credit expansion acts as a trigger of money supply growth, and generator of increased spending and growing possibilities of savings and investments as a result of the wealth effect. Credit and monetary expansion increases demand for financial and non-financial forms of assets, which stimulates rises in asset prices. In the cause-effect relationship, the increase in the market value of assets used as collateral enables businesses or households to borrow more and results in the periods of continuous expansion of bank credits over the years. In circumstances where the goal of most central banks is oriented only toward maintaining the stability of prices defined in terms of consumer price indexes, the rise in asset prices (shares, commercial real estate, residential real estate etc.) can escape regulation of the central bank and institutions of prudential control for a long time, and can transmit effects on the rise in other prices, i.e. labour, utilities, etc. In such circumstances the credit channel of monetary transmission obtains special significance in the analysis of factors of destabilisation of the real economy.

Keywords: *Monetary Transmission Mechanism, Asset Prices, Behavioural Finance*

2. THE CONSUMPTION FUNCTION

John J. Heim, Rensselaer Polytechnic Institute, Troy, NY, USA

ABSTRACT

Little systematic testing has occurred in recent decades to determine what variables drive consumer demand, and of these, which are the most important. As a result, even the best Macroeconomics textbooks are ambiguous when providing answers about which of the many variables hypothesized by one economist or another as determinants of consumption (e.g., current income, average income, interest rates, wealth, etc.) really do affect consumer demand, and by how much. To provide better information on this topic, this paper econometrically tests different variables in Keynes' original hypothesis about the determinants of consumer demand. It also tests Keynes against the Friedman/Modigliani consumption function hypotheses. Also tested are a "crowd out" variable to measure the effect of government deficits on the availability of consumer credit, and an exchange rate variable. Other studies have found these variables important. Analyzing U.S. data for 1960 - 2000, using stepwise regression methods, this study concludes, as Keynes concluded, that current disposable income is by far the most important single determinant of consumption. It was found to explain 68% of all variation in consumer spending. Somewhat surprisingly, second in importance was the "crowd out" variable, which explains an additional 14%. Other variables that explained some variance were wealth (5%), consumer interest rates (2%) and exchange rate changes (1%). Using a Friedman/Modigliani income average instead of the Keynesian income variable substantially reduced the model's explanatory power. However, adding it to a model already containing the Keynesian current income variable, raises explanatory power slightly, from 92% to

93%. The study concludes that the consumption behavior of Americans, as it relates to income, is overwhelmingly Keynesian in nature. In addition, the study finds that a small, separate, portion of the populace systematically exhibits Friedman/Modigliani consumption behavior, creating a small additional impact on consumer demand. In any particular year, the impact tends in the same direction as the Keynesian impact, increasing the impact of any current year change in U.S. disposable income on current year consumer spending from 58 to 66 percent.

Keywords: Consumer Behavior, Consumption Function, Keynes, Kuznets, Friedman, Modigliani, Econometric Modeling, Fiscal Policy

3. EFFECTS OF MENTORING ON INTENTION TO LEAVE IN THAI PUBLIC ACCOUNTING FIRMS: MEDIATORS OF JOB EFFICIENCY, COMMITMENT, AND PERFORMANCE

Phuangthip Akarak, Phapruek Ussahawanitchakit Faculty of Accountancy and Management Mahasarakham University, Thailand

ABSTRACT

This study investigates the mentoring function and organizational job outcomes on intention to leave and three measures of career development, psychosocial support and role modeling are related three mediators as job efficiency, job commitment and job performance, The participants are CPAs in Thai accounting firm, using response from 131, and statistic based on Regression Analysis. The results indicate that career development positively influence job efficiency and negatively affect intention to leave, and has no influence on psychosocial and role modeling on job efficiency and job performance. We suggest that the career development is stronger, but psychosocial and role modeling is not significant, managers should train functions of social support and promote modeling in the organization that decreases intention to leave. However, mentoring benefits may be high cost of human resources. The suggestion is more support relationships between mentors and protégés in accounting firms to improve productivity in the long term and reduce employee leave the firm.

Keywords: Mentoring function, Career Development, Psychosocial Support, Role Modeling, Job Efficiency, Job Commitment, Job Performance, Intention to Leave

4. ROLES OF HUMAN RESOURCE PRACTICES AND ORGANIZATIONAL JUSTICE IN AFFECTIVE COMMITMENT AND JOB PERFORMANCE OF ACCOUNTANTS IN THAI FIRMS

Korravee Chai-Amonphaisal, Mahasarakham University, Thailand
Phapruek Ussahawanitchakit, Mahasarakham University, Thailand

ABSTRACT

The purpose is to examine the roles of organizational justice and affective commitment as a mediator in the relationships between human resource practices and job performance by using organizational climate as a moderator, in the context of Thai firms. The ordinary least squares (OLS) regression analysis and data from 161 ISO accredited companies supported our hypotheses, we found that: (1) human resource practices (including training opportunities, performance appraisal, and career development) has a significant affect on organizational justice (composed of distributive justice and procedural justice); (2) organizational climate moderator effect is not related among human resource practices and distributive justice; (3) about the relationship between human resource practices and procedural justice via organizational climate moderator effect, not supporting hypothesis (4) human resource practices

positively and significantly influenced affective commitment; (5) organizational justice also positively affected affective commitment; and (6) affective commitment had a strong, significant influence on job performance. Thus, contribution and suggestions are also provided for future research.

Keywords: Human Resource Practices, Training Opportunities, Performance Appraisal, Career development, Organizational Justice, Distributive Justice, Procedural Justice, Affective Commitment, Job Performance, Organizational Climate

5. NATIONAL PROCUREMENT: A CRITICAL DEFENCE VULNERABILITY*

Ross Fetterly, Department of National Defence, Ottawa, Canada
Naceur Essaddam, Royal Military College of Canada, Kingston, Canada

ABSTRACT

This paper reviews the national procurement budget of the Department of National Defence through both a historical examination of that budget and through an overview of the activities supported by that budget. The changes in internal management practices due the increasing size and importance of the national procurement budget are also analyzed.

Keywords: budget, internal management practices

6. UNDERGRADUATE E-BUSINESS CURRICULA AT THE AACSB ACCREDITED BUSINESS SCHOOLS IN THE US

Jim Chen, Norfolk State University, Norfolk, Virginia, USA
Bhagaban Panigrahi, Norfolk State University, Norfolk, Virginia, USA
Enrique G. Zapatero, Norfolk State University, Norfolk, Virginia, USA

ABSTRACT

E-business instruction is becoming more and more important in the business curriculum. Though few studies of graduate e-business programs have been published, few surveys of undergraduate e-business programs have been conducted. In this study, E-business program data were collected from the web sites of 150 randomly selected AACSB accredited business schools in the United States in July 2007. In this paper we present the results of our web searches that answer questions dealing with the number of schools that offer e-business program, specific course/courses that are offered to provide necessary knowledge and skills and where these programs are housed. The answers to these questions could be used as a reference by those schools planning to initiate an e-business curriculum, upgrade their current curriculum, or offer some courses in e-business.

Keywords: Electronic Business; Electronic Commerce, Curriculum

7. FINANCIAL CONSTRAINTS IN OMANESE INDUSTRY: DOES SIZE MATTER?

Sree Rama Murthy, Sultan Qaboos University, Muscat, OMAN
Bala Batavia, DePaul University, Chicago, USA
Parameswar Nandakumar, Indian Institute of Management-Kozhikode, Calicut, INDIA
Cheick Wagué, South Stockholm University – SÖDERTÖRN, Stockholm, SWEDEN

ABSTRACT

In this paper, the prevalence of financial constraints facing industry in Oman, a member of the Gulf Cooperation Community of nations, is examined. The approach uses the coordinates of the KZ Index to distinguish between financially constrained and unconstrained firms. It is found that a sizeable percentage of the sample, close to 50% of the firms, is financially constrained. The size of the firms is seen to have a bearing upon these alternate states. The nature of the firms that have undertaken primary issues in recent years reveals that financial constraints do influence the decision to opt for equity issues.

Keywords: *financial constraints size equity issue decision*

8. ANTECEDENTS AND CONSEQUENCE OF AUDIT EXPERTISE: AN EMPIRICAL INVESTIGATION OF THAI PUBLIC ACCOUNTANTS

Nichakorn Ditkaew, Mahasarakham University, Thailand
Phapruek Ussahawanitchakit, Mahasarakham University, Thailand

ABSTRACT

This study aims at examining the influence of ability, knowledge, and experience on audit expertise and audit performance through moderator effect of professional development and professional responsibility. We use Certified Public Accountants (CPAs) in Thailand as samples. The result shows that ability, knowledge and experience have significant positive impact on audit expertise. Also audit expertise has a significant positive effect on audit performance, professional responsibility is important to the relationships. The CPAs will be the professional of choice for businesses and individuals seeking to enhance their decision-making abilities. Thus, contributions and suggestions are also provided for future research.

Keywords: *Audit Expertise, Audit Performance, Ability, Knowledge, Experience*

9. LEARNING ORIENTATION, INNOVATION CAPABILITY, AND ORGANIZATIONAL PERFORMANCE IN THAI AUDIT FIRMS: MODERATING EFFECTS OF ORGANIZATION CLIMATE AND UNCERTAINTY ENVIRONMENT

Aukkaradej Chaveerug, Mahasarakham University, Thailand
Phapruek Ussahawanitchakit, Mahasarakham University, Thailand

ABSTRACT

In this study, we investigate the relationships among learning orientation, innovation capability, and organizational performance: moderating effects of organization climate and uncertainty environment through a model drawn from organizational learning theory and the innovation capability literature. Data were collected from 126 audit firms in Thailand to test the model. The results indicate that learning orientation has a significant effect on innovation capability and organizational performance and the results

show no significance when it is moderated by organization climate and uncertainty environment. Thus, contributions and suggestions are also provided for further research.

Keywords: Learning Orientation, Innovation Capability, Organizational Performance, Organization Climate, Uncertainty Environment, Audit Firms

10. RELATIVE PERFORMANCE EVALUATION AND TACIT COLLUSION

Patrick de Lamirande, Cape Breton University, Sydney, Nova Scotia, Canada
Jean-Daniel Guigou, University of Luxembourg, Luxembourg
Bruno Lovat, Nancy 2 University, Nancy, France

ABSTRACT

Even if relative performance evaluation (RPE) is a dominant strategy, firms do not use it in setting compensation for their managers. Our explanation of the RPE puzzle is that firms tacitly collude to not use RPE. We find that, unless managers are very risk-averse, firms face a prisoner dilemma. Furthermore, the threshold of the discount factor that makes collusion sustainable is lower in the case of RPE than the threshold under the traditional Cournot model. However, if the risk-aversion coefficient is high, then the benefit of RPE increases and tacit collusion is less likely. Finally, we find a sufficient condition to establish that using RPE is no longer a prisoner dilemma, i.e. that firms obtain more profits when using RPE than when they do not.

Keywords: Collusion, Relative Performance Evaluation, Risk-Aversion

11. THE WEIGHTED AVERAGE COST OF CAPITAL: A NOTE ON ITS CORRECT USE AND INTERPRETATION

Carlos A. Colón-De-Armas, University of Puerto Rico, San Juan, Puerto Rico, USA

ABSTRACT

The concept of the Weighted Average Cost of Capital (WACC), widely discussed in textbooks and courses on Financial Management, is often misunderstood. This note intends to clarify the misconceptions in the interpretation of the WACC, to ascertain the limited opportunities in which it can be really applicable, and to provide a summary of the different courses of action suggested in the literature to estimate the cost of capital in most business applications when the WACC is not the best discount rate to use.

Keywords: Financial Management; Cost of Capital; Capital Budgeting; Investment

12. EFFECT OF INFORMATION SHARING AND SUPPLIER NETWORK RESPONSIVENESS ON TIME-TO-MARKET CAPABILITY OF A FIRM

Ashish A. Thatte, Gonzaga University, Spokane, Washington, USA
Shahnawaz Muhammed, Fayetteville State University, Fayetteville, North Carolina, USA
Vikas Agrawal, Fayetteville State University, Fayetteville, North Carolina, USA

ABSTRACT

As global competition intensifies, product differentiation and rapid new product introduction become a norm to beat competition, gain customer satisfaction, and win market share. Time-to-market is considered a key competitive priority in most industries in the twenty first century. Collaborative relations and

information sharing practices with suppliers have long been believed to positively impact the product development performance of organizations. Moreover, responsive suppliers can play a key role in affecting time-to-market of new products. This research investigates and tests the relationships between information sharing practices of a firm, supplier network responsiveness, and time-to-market capability of a firm. The large scale web-based survey yielded 294 responses from industry professionals in the manufacturing and supply chain area. The proposed relationships were tested using structural equation modeling. The research findings point out that higher levels of information sharing practices can lead to improved supplier network responsiveness and reduced time-to-market of a firm. Also supplier network responsiveness can have a direct positive impact on time-to-market capability of a firm. The implications of our findings are discussed and directions for future research are provided.

Keywords: *Supplier Responsiveness, Information Sharing, Time-To-Market, Structural Equation Modeling*

13. EVALUATING RELATIVE IMPORTANCE OF INFORMATION FOR INTERNATIONAL POSITIONING PROCESS: A QUANTITATIVE STUDY

Somesh Kumar Sharma, Indian Institute of Science, Bangalore, India
R. Srinivasan, Indian Institute of Science, Bangalore, India

ABSTRACT

The objective of this paper is to examine the relative importance of information and develop a model for international positioning process that integrates four essential aspects of international trade which have not been addressed combined yet. The paper presents the differences in perceived importance ratings across types of industry and market by destination. Results signify that a judgmental sample of 289 international business companies of India identifies 26 pieces of information to be important out of approximately 100 indicators. This study refines the information and develops the model for international positioning mechanism.

Keywords: *International Business, International Positioning Process, Decision Variables*

14. THE IMPACT OF PRODUCT LIFE CYCLE ON STRATEGIC ORIENTATION OF AN ENTERPRISE

Mohammad N. Shahidi, KIMEP, Almaty, Kazakhstan

ABSTRACT

The impact of product life cycle (PLC) on strategic orientation (SO) in dynamic environment, which is a subject that has interested strategic management scholars, is the focus of this proposal.

The literature reviewed shows that despite the worldwide research on strategic management, there is still not a single definition for such a term. As a result, a wide range of conceptual frameworks exists for the formulation and implementation of strategies. There is no consensus on the factors among the scholars that affect strategic orientation of an enterprise. The consideration is mostly towards market/customer satisfaction, technology, competition, with the enterprise's capabilities affecting the most. Some of the scholars emphasize management issues and strategic thinking. Others such as Porter, focus on typology and resource bases. However, few scholars focus on the impact of product life cycle on strategic orientation. The attempt in this paper is to show that not only does the PLC orient strategy of an enterprise faster and straight forward than any other factors, but it also takes all other factors into account.

The main question is "how product life cycle affects the strategic orientation of an enterprise". This study began by defining strategic orientation, product life cycle, and their analysis. The study is focused on how

the product life cycle has been influenced by innovation capabilities and how it sequentially affects strategic orientation.

Every enterprise has different types of innovation capabilities at every stage of product life cycle, and reacts to the competition and environmental changes differently. Also, each stage of product life cycle, affects the enterprise's innovation capabilities differently. On the other hand, innovation capability changes and affects the strategic direction through the PLC stages.

Keywords: *Strategic Orientation; Strategic Management, Product Life Cycle, Innovation, Creation*

15. PRE-ACQUISITION CHARACTERISTICS OF THE ACQUIRERS

Rupendra Paliwal, Sacred Heart University, Fairfield, CT, USA

ABSTRACT

Existing empirical literature has extensively analyzed post-acquisition performance of the acquirers to evaluate success of the takeover. The academic literature tends to agree that target shareholders benefit from takeovers; however takeovers benefits for acquiring firm's shareholders have been questioned. A majority of empirical literature indicate acquisition announcements are associated with a decrease in acquiring shareholder's wealth. While pre-acquisition characteristics of takeover targets have been extensively analyzed, empirical literature has not directly and comprehensively analyzed pre-acquisition financial and operating characteristics of the acquiring firms. In this paper, I examine pre-acquisition operating performance and governance characteristics of acquirers. Results suggest that bidders are large firms compared to their industry peers. I also find that bidders are characterized by low insider ownership, high institutional holding and high leverage, indicating higher outside monitoring of the managers. Bidders in general report superior operating performance as indicated by higher return on equity and lower operating expenses. Consistent with existing research, I found that the takeover announcement period abnormal returns are negative for bidders irrespective of their operating performance and governance characteristics.

Keywords: *Mergers, Acquisition, Acquirers, Takeovers*

16. CAUSES AND CONSEQUENCES OF CORPORATE GOVERNANCE IN THAI LISTED COMPANIES

Suttinee Prachsriphum, Mahasarakham University, Thailand
Phapruke Ussahawanitchakit, Mahasarakham University, Thailand

ABSTRACT

This study is an attempt to integrate the key components of corporate governance into the new model. The primary objective of this study is to test a theoretical framework relating antecedent and consequence of corporate governance attributes provided by listed firms in Thailand. These corporate governance attributes are the integrity and transparency of companies. Questionnaire is used as a tool. Regression analysis is used to analyze the relationship between these variables. Using data collected from a sample of 136 Thailand Companies. Overall the results indicate that organization culture and ethical climates has direct influence on corporate governance in financial reporting quality. Environment complexity moderator effect was insignificant. Therefore, contributions and suggestion are also provided for further research.

Keywords: *Organization Culture, Ethical Climate, Corporate Governance, Financial Reporting Quality*

17. AN EXAMINATION OF DEFENCE OPERATIONS AND MAINTENANCE COSTS IN CANADA*

Ross Fetterly, Department of National Defence, Ottawa, Canada
Naceur Essaddam, Royal Military College of Canada, Kingston, Canada

ABSTRACT

This paper examines the impact of Operations & Maintenance expenditure on the Canadian defence budget. Recent studies in the United States have considered the impact of rising Operations and Maintenance costs on the American defence budget. We develop an Operations & Maintenance model, and use five dominant Canadian cost drivers to examine this issue. We find that the number of military personnel, age of equipment in the defence inventory, the type of usage of equipment, and defence specific inflation have a significant influence on Operations & Maintenance expenditure. However, the influence of activity rate changes was not significant. Rather than derive the model from standard welfare maximizing or cost functions, our methodology employs a more empirical approach, starting with a general equation and then applying rigorous statistical tests to validate the equation and its specifications. We conclude that uncertainty regarding demand for Operations & Maintenance funding can be mitigated by application of a model that estimates future demand, based on the influence of the five cost drivers discussed in this paper.

Keywords: *military expenditures, defence spending, operations and maintenance costs, defence specific inflation, Canada*

18. SWEDISH AND AMERICAN CULTURAL DIFFERENCES IN THE RELATIONSHIP BETWEEN PERCEPTIONS OF JUSTICE AND ORGANIZATIONAL DEVIANCE

Barbara A. Ritter, Coastal Carolina University, Conway, South Carolina, USA
Srinivasan Venkatraman, Coastal Carolina University, Conway, South Carolina, USA

ABSTRACT

This study examined the moderating effect of culture on the relationship between justice perceptions and personal aggression using a Swedish and American sample. Results indicated that culture moderated the relation such that aggression is more likely in the American culture than the Swedish culture in the face of negative distributive or interpersonal justice perceptions.

Keywords: *Culture, Justice Perceptions, Aggression*

19. THE INFLUENCES OF LEARNING ORIENTATION AND INFORMATION TECHNOLOGY CAPABILITY IN INFORMATION QUALITY OF MANAGEMENT ACCOUNTING SYSTEM: A MODERATING EFFECT OF TECHNOLOGY UNCERTAINTY

Kanyanat Rattanaphaphtham, Mahasarakham University, Thailand
Phapruke Ussahawanitchakit, Mahasarakham University, Thailand

ABSTRACT

The purpose of this study is to investigate the influences of learning orientation and information technology capability in information quality of management accounting system by using technology uncertainty as moderator. Electronics, electrical products, and parts exporting industry in Thailand are used as the sample. The results demonstrate that learning orientation has an association with the values of the four aspects: commitment to learning, shared vision, open-mindedness, and intra-organizational knowledge sharing have a positive relationship and significant influence on IT capability and information

quality of management accounting system. Also, IT Capability has a positive and significant influence on information quality of management accounting system. Surprisingly, the interactions are not significant when we use technology uncertainty as a moderator. Conclusion, contributions, and suggestions for future research are provided.

Keywords: Learning Orientation, Commitment to Learning, Shared vision, Intra-Organizational Knowledge Sharing, Open-Mindedness, IT Capability, Information Quality of Management Accounting System, Technology Uncertainty

20. DOES THE STOCK MARKET UNDER-REACT TO THE FEDERAL RESERVE BANK'S MONETARY POLICY ACTIONS?

Levon Goukasian, Seaver College, Pepperdine University, Malibu, California, USA
L. Keith Whitney, Seaver College, Pepperdine University, Malibu, California, USA

ABSTRACT

This paper analyzes the reaction of the stock market to the monetary policy actions of the Federal Reserve (Fed). Specifically, we examine the reaction of the stock market to the monetary policy announcements by the Federal Open Market Committee (FOMC) of the Fed. We show that the full information conveyed by the Fed is not immediately incorporated in asset prices and that there is a statistically significant abnormal return to a broad market index on the day after the announcement by the FOMC of its monetary policy actions. We use data from the federal funds futures market to measure the expected and unexpected changes in the federal funds rate. We demonstrate that the market reacts to the unexpected changes in monetary policy of the FOMC. We detect positive and statistically significant abnormal market returns on the day after the FOMC makes its monetary policy announcements. We reject the hypothesis that these returns are unpredictable by finding predictable returns the day following the day of the FOMC announcement of its monetary policy actions.

Keywords: Efficient Markets Hypothesis (EMH), Abnormal Returns, Under-reaction, Monetary Policy, Fed Funds Futures
