

# PBFEAM 2008

16TH ANNUAL CONFERENCE ON PACIFIC BASIN  
FINANCE ECONOMICS ACCOUNTING MANAGEMENT

2-4 JULY 2008  
BRISBANE AUSTRALIA

INNOVATION FOR A SUSTAINABLE FUTURE:  
VISIONS FOR 2020



FINANCE ECONOMICS  
ACCOUNTING  
MANAGEMENT MARKETING  
ENTREPRENEURSHIP

PROUDLY HOSTED BY THE FACULTY OF BUSINESS, QUT, BRISBANE, AUSTRALIA

## CONFERENCE PROCEEDINGS AND ABSTRACTS

Editors: Professor Tim Robinson, Mark Christensen and Angela Fletcher



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## **Welcome**

For the first time in its history the PBFEM conference is being held in Australia. We are very pleased to be welcoming you to this 16<sup>th</sup> Conference and we trust that you will enjoy your time in Brisbane. Australia's, and particularly Queensland's, links with Pacific Rim countries are growing continually as increased trade and cultural interaction cement our place in the region.

This year's PBFEM conference sees the inclusion of keynote speakers from the full range of disciplines represented. We have also included the opportunity for PhD students to share their work-in-progress with colleagues and leaders in their disciplines. Over 100 papers will be presented to 140 delegates.

Understanding the role that a conference such as this can play in bringing business disciplines closer together, the Faculty of Business at QUT made the commitment to host the conference. The disciplines represented at the conference are closely aligned with those of the academic schools that make up the Faculty. Thus we are fortunate in having been able to establish an organising committee comprising of representatives of each of these schools.

This organising committee has done a marvellous job of bringing the conference to fruition. In particular, Angela Fletcher, who has taken overall responsibility for its organisation, has done a superb job. We hope that she gets more sleep once the conference has concluded! Many other staff of the Faculty have also assisted in making this conference a success. They include professional staff as well as academics who have assisted in attracting our keynote speakers, have refereed submitted papers, and have volunteered to act as session chairs.

Finally, enjoy your stay in our river city; we hope that you make the most of the conference and all it has to offer both academically and socially.

Tim Robinson and Mark Christensen

PBFEM 2008 Co-directors

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# Organisers and Committee

## Organising Committee

Lynda Andrews	School of Advertising, Marketing and Public Relations, QUT
Jennifer Bartlett	School of Advertising, Marketing and Public Relations, QUT
Robert Bianchi	School of Economics and Finance, QUT
Mark Christensen	School of Economics and Finance, QUT
Per Davidsson	Faculty of Business Research Director, QUT
Uwe Dulleck	School of Economics and Finance, QUT
Angela Fletcher	School of Economics and Finance, QUT
Natalie Gallery	School of Accountancy, QUT
Christine Gustafson	Marketing and Communication Department, QUT
Edwina Luck	School of Advertising, Marketing and Public Relations, QUT
Thu Nguyen	Faculty of Business Research Office, QUT
Amy Piekkala-Fletcher	QUT Events
Tim Robinson	School of Economics and Finance, QUT

## Conference Organizers

Faculty of Business, Queensland University of Technology, Australia

Rutgers University, U.S.A.

Foundation of Pacific Basin Financial Research and Development, Taiwan

## Program Directors

Tim Robinson	School of Economics and Finance, QUT
Mark Christensen	School of Economics and Finance, QUT

## Program Co-Director

Cheng-Few Lee	Rutgers University and Editor of RQFA and RPBFMP
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## History of the Conference

Year	Venue/Country	Host Organiser
1993	U.S.A	Rutgers University, New Jersey
1994	Hong Kong	Hong Kong Chinese University, Hong Kong
1995	Taiwan	Taiwan Institute of Economic Research, Taipei
1996	U.S.A	Rutgers University, New Jersey
1997	Singapore	Nanyang Technological University, Singapore
1998	Hong Kong	Hong Kong Polytechnic University, Hong Kong
1999	Taiwan	National Taiwan University, Taipei
2000	Thailand	Chulalongkorn University, Bangkok
2001	U.S.A	Rutgers University, New Jersey
2002	Singapore	Nanyang Technological University, Singapore
2003	Taiwan	National Chiao Tung University, Hsinchu
2004	Thailand	The Consortium of Thai Universities, Bangkok
2005	U.S.A	Rutgers University, New Jersey
2006	Taiwan	Foundation of Pacific Basin Financial Research and Development
2007	Vietnam	Ho Chi Minh City University of Technology, Ho Chi Minh City, Vietnam
2008	Australia	Faculty of Business, Queensland University of Technology, Brisbane, Australia

## Sponsors

We are pleased to have QUT's Faculty of Business, Fubon Financial-Taiwan, First Bank-Taiwan, Wintek Corporation-Taiwan, Cambridge University Press and Emerald Group Publishing Limited as our Conference sponsors.



Queensland University of Technology  
Faculty of Business





# Venues: Map and Details

## QUT's Gardens Point campus.



PBFEAM 2008 will take place in **B Block** at QUT's Gardens Point campus in the CBD, adjacent to the Brisbane River and bordered by the Botanic Gardens and Parliament House. Gardens Point is within easy walking distance from the city centre, shops, restaurants, theatres, galleries, and public transport including buses, trains and ferries.

### Conference Dinner Venue

The Conference Dinner, "Under the Stars", will take place at Rydges South Bank, 9 Glenelg Street, South Bank, Brisbane. Ph. 07 3364 0800.

If you are driving from The Mall (Queen Street), turn onto Victoria Bridge, take first left into Merivale Street, and then left into Glenelg Street. Rydges South Bank is located on your left. Taxi is approximately \$5.00 and a five minute drive (according to the hotel's website).

If you are walking from The Mall, turn onto Victoria Bridge, turn left into Grey Street, then right into Glenelg Street. Please allow for 20 minutes if you are walking from The Mall/City. If you are walking from the Goodwill Bridge (which adjoins QUT), continue straight along the pathway and turn right into Grey Street, then left into Glenelg Street. Please allow 15 minutes if you are walking from QUT.

The Conference Dinner will commence at 7pm. The dress standard is business formal.

## Conference Founder and Program Co-Director



**Professor Cheng-Few Lee**  
Rutgers Business School  
Rutgers University

Cheng-Few Lee is a Distinguished Professor of Finance at Rutgers Business School, Rutgers University and was chairperson of the Department of Finance from 1988–1995. He has also served on the faculty of the University of Illinois (IBE Professor of Finance) and the University of Georgia. He has maintained academic and consulting ties in Taiwan, Hong Kong, China and the United States for the past three decades. He has been a consultant to many prominent groups including, the American Insurance Group, the World Bank, the United Nations and The Marmon Group Inc., etc.

Professor Lee founded the *Review of Quantitative Finance and Accounting* (RQFA) in 1990 and the *Review of Pacific Basin Financial Markets and Policies* (RPBFMP) in 1998, and serves as managing editor for both journals. He was also a co-editor of the *Financial Review* (1985–1991) and the *Quarterly Review of Economics and Business* (1987–1989). In the past thirty-two years, Dr. Lee has written numerous textbooks ranging in subject matter from financial management to corporate finance, security analysis and portfolio management to financial analysis, planning and forecasting, and business statistics. Dr. Lee has also published more than 170 articles in more than twenty different journals in finance, accounting, economics, statistics, and management. Professor Lee has been ranked the most published finance professor worldwide during 1953–2002.

Professor Lee has published “Encyclopedia of Finance” (with Alice C. Lee) by Springer in 2006. In addition, his new textbook entitled “Financial Analysis, Planning and Forecasting, 2nd ed. (with John C. Lee and Alice C. Lee) will be published by World Scientific in 2008. He is currently editing a handbook entitled “Handbook of Quantitative Finance and Risk Management” (with Alice C. Lee). This handbook will be published by Springer in 2009.



# Abstracts of Keynote Addresses

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## Professor Stephen J. Brown

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### *Estimating Operational Risk for Hedge Funds The $\omega$ -Score*

Co-authors: William Goetzmann, Bing Liang, Christopher Schwarz

Using a complete set of the SEC filing information on hedge funds (Form ADV) and the TASS data, we develop a quantitative model called the  $\omega$ -Score to measure hedge fund operational risk. The  $\omega$ -Score is related to conflict of interest issues, concentrated ownership, and reduced leverage in the ADV data. With a statistical methodology, we further relate the  $\omega$ -Score to readily available information such as fund performance, volatility, size, age, and fee structures. Finally, we demonstrate that while operational risk is more significant than investment risk in explaining fund failure, there is a significant and positive interaction between operational risk and investment risk. This is consistent with rogue trading anecdotes that suggest that fund failure associated with excessive risk taking occurs when operational controls and oversight are weak.

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## Professor Wayne Ferson

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### *The problem of alpha and performance measurement*

Studies of investment performance routinely use alpha, yet the literature has only partially resolved two fundamental questions about the use of alpha. If a manager has superior information, will he or she optimally generate a positive alpha? When faced with a fund with a positive (negative) alpha, will the investor want to buy (sell) some of that fund? This note revisits these questions. It shows that when alpha is defined based on the client's marginal utility function, then a client faced with a positive alpha would want to buy under general conditions.

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## Professor Elizabeth A. Gordon

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In keeping with the theme of the Conference, "Innovation for a Sustainable Future: Visions for 2020." I consider two areas -- global accounting and financial reporting, and regulation and institutions. As business has become more global and financial markets have developed world-wide, comparable accounting and financial information across countries and companies is a logical step to continue to support and advance business. With this shift, though, the world moves towards a monopoly in accounting standards and standard setting. The potential costs, problems, and possible solutions need to be considered. Current regulatory environments and institutions offer limited ability to effectively monitor such a monopoly. So innovation must occur. An infrastructure to support global investor protection and convergence of investor protections and rights can offer such innovation to support and sustain global business.

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**Professor Ben Oviatt**

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***Entry into Geographically and Psychically Distant Foreign Markets by Small and New Ventures***

Co-author: Arto Ojala

More often than we would expect, small and new ventures, which already suffer from few slack resources and lack of industry legitimacy take on the additional uncertainties of entry into foreign markets and foreign direct investment. Some of these foreign entries involve countries that are geographically distant and culturally quite different from the firm's home country. Yet we have no established model of distant foreign entry to guide research. This paper presents such a model. It highlights such influential factors as business and personal networks, international business experience, product strategy, and the speed of foreign entry.

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**Professor Steve Worthington**

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***China – Surfers Paradise ! and Bankers Dream?***

This keynote presentation will focus on the need to understand both the cultural and structural differences that exist today in China, that non-Chinese bankers need to appreciate when thinking of entering this market. It will use the example of the plastic payment card, particularly the revolving credit card, to demonstrate these differences.

China at the moment is a very cash – centric, rather than card centric country – however the central bank (PBOC) is pushing for a wider use of payment cards to help facilitate continued economic growth in China, through increased domestic consumption. The Chinese people however are believed to be traditionally averse towards borrowing and although credit cards have been the lead-in product for a number of foreign banks who have sought to enter the Chinese banking market, the investment payback will be more long than short –term. The influence of the Communist Party in China in running the country and its enterprises will also be discussed, in particular the Party's control of the still majority state-owned banks.

# Keynote Speakers

## FINANCE



**Professor Stephen J. Brown**  
Leonard N. Stern School of Business  
New York University

Professor Brown is David S. Loeb Professor of Finance at NYU Stern School of Business. His primary research areas of interest include hedge funds, mutual funds, Japanese equity markets, empirical finance and asset allocation and investment management. He teaches in the areas of financial markets, financial economics and investment philosophies in real estate. Professor Brown has been recognized for his excellence in teaching and received the NYU Stern Excellence in Teaching Award in 2000.

Professor Brown graduated from Melbourne High School and Monash University in Australia, and continued his postgraduate studies (MBA and PhD) at the University of Chicago.

Following successive appointments as a Member of Technical Staff at Bell Laboratories where he spent time on assignment as District Manager in the AT&T Pension Fund, and Associate Professor at Yale University, he joined the faculty of New York University in 1986. In December 2002 he was appointed to the honorary position of Professorial Fellow at the University of Melbourne, and in 2007 was elected Academic Director, Financial Management Association.

Professor Brown has served as President of the Western Finance Association, as well as Secretary/Treasurer of that organisation, and has served on the Board of Directors of the American Finance Association.

He was a founding editor of the *Review of Financial Studies* and is a Managing Editor of *The Journal of Financial and Quantitative Analysis*. Professor Brown has also served on the editorial board of *The Journal of Finance* and is on the board of the *Pacific-Basin Finance Journal*.

Professor Brown has written numerous articles that have appeared in publications including *Journal of Finance*, *Econometrica*, *Journal of Financial Economics*, *Review of Financial Studies*, *Journal of Financial and Quantitative Analysis* and *Journal of Business*. He is the author of five books, two of which have been translated into Japanese.

He is currently retained as an advisor to MIR Investment Management Ltd in Sydney, Australia and has served as an expert witness for the US Department of Justice.

## FINANCE



**Professor Wayne Ferson**  
Marshall School of Business  
University of Southern California

Professor Ferson recently joined the Marshall School of Business as Professor and Endowed Chair in Finance. He has held the position of Research Associate with the National Bureau of Economic Research since 1995.

Previously, he has held positions at Boston College, University of Washington, University of Chicago, The Wharton School (University of Pennsylvania), University of Santa Clara (California) and the University of Texas. Professor Ferson has also been a Visiting Scholar with a number of universities including University of Vienna and the Institute of Advanced Studies, University of South Carolina, Arizona State University and the University of Miami.

Professor Ferson's research interest is in empirical analysis of asset pricing models, accounting for expected returns and risks that vary with information about the state of the economy. Applications of these models, including the relation of security prices to economic variables and the implications of predictability in stock and bond returns for investment performance evaluation, international investment, asset allocation decisions, and cost-of-capital estimation.

Professor Ferson has contributed greatly to his profession through positions held with the Western Finance Association (President, 2000 - 2001; Vice President, 1998 - 1999; Director, 1993 - 1996) and the American Finance Association (Director, 1997 - 1999).

He has been the editor of *Review of Financial Studies* (1996-99) and Associate Editor for various journals. Professor Ferson received the Berstein Fabozzi/Jacobs Levy award for Journal of Portfolio Management paper (2000), New York Stock Exchange Award for the best paper on equity trading at the Western Finance Association meeting (1993), and the Graham and Dodd Scroll for Financial Analysts Journal paper (1991).

## ACCOUNTING



**Professor Elizabeth A. Gordon**  
Fox School of Business  
Temple University, Philadelphia.

We welcome Dr Elizabeth (Betsy) Gordon to PBFEM 2008 as the Accounting Keynote Speaker.

Betsy Gordon is the Associate Professor of Accounting with tenure, and Merves Scholar with Temple University's Fox Business School. Betsy Gordon specialises in the areas of international accounting and corporate governance. She investigates topics such as accounting restatements, corporate communications, executive compensation, related party transactions, market development and corporate disclosure, and international financial reporting standards.

Her research is published in top journals including the *Journal of Accounting Research*, the *Journal of Accounting, Auditing and Finance*, and *The Accounting Review*. She serves on the editorial review boards of the *Journal of International Accounting Research* and *The International Journal of Accounting*.

Dr Gordon has taught courses in financial accounting and international accounting at the graduate and undergraduate levels, receiving a number of teaching awards.

Dr Gordon was an auditor with Price Waterhouse and interned at the Office of Management and Budget before entering academe. Prior to joining Temple, she was on the faculty of the Graduate School of Business at the University of Chicago, and Rutgers Business School. Dr Gordon received her Doctorate from Columbia University, Masters in Business Administration from Yale University and Bachelors of Science in accounting with highest distinction from Indiana University.

## MANAGEMENT/ENTREPRENEURSHIP



**Professor Ben Oviatt**

Australian School of Business  
University of New South Wales, Sydney

Professor Ben Oviatt has recently joined the Australian School of Business at the University of New South Wales for 15 months as the Michael J Crouch Visiting Professor of Innovation and Entrepreneurship. Prior to this appointment, he was a Professor of Managerial Services at Georgia State University in Atlanta where he also served as founding Director of the Herman J. Russell International Centre for Entrepreneurship.

Professor Oviatt's pioneering research on international new ventures (conducted with Dr. Patricia McDougall, Indiana University, USA) has been recognised with a number of prestigious international awards, including the 2004 *Journal of International Business Studies* Decade Award. In 2000, he received honorable mention in the Academy of Management Journal's Hall of Fame.

Articles written by Professor Oviatt have appeared in *Academy of Management Journal*, *Academy of Management Review*, *Academy of Management Executive*, *Journal of International Business Studies*, *Journal of Business Venturing*, *Entrepreneurship Theory and Practice*, *Management Science*, and other publications.

Professor Oviatt created Georgia State University's first course in international entrepreneurship, its first course in international strategy, and its first entrepreneur internships. In addition, he teaches strategic management and entrepreneurship courses at the doctoral, masters, and undergraduate levels.

He is one of the founders of the Doctoral Workshop in International Entrepreneurship at Georgia State University. This Workshop has enjoyed eight years of sold-out operation, teaching doctoral students around the world how to conduct research in international entrepreneurship.

He is a past Associate Editor of *Academy of Management Executive* and has served on the editorial boards of *Academy of Management Review*, *Entrepreneurship Theory & Practice*, *Journal of International Entrepreneurship* and other journals.



## MARKETING



**Professor Steve Worthington**  
Faculty of Business and Economics  
Monash University, Melbourne

Steve Worthington is Professor of Marketing in the Faculty of Business and Economics at Monash University. He specialises in the issues surrounding the distribution of financial services particularly via plastic cards and in the organisation and control of the payment systems through which these cards are used.

Previously he has lectured at Staffordshire University, Manchester Business School, the University of Stirling and Trent University, Nottingham.

Professor Worthington has published widely, both in academic journals such as *Journal of Marketing Management*, *Journal of Retailing and Consumer Services* and the *International Journal of Bank Marketing*; as well as more practitioner focused publications such as *The Financial Times*, *European Card Review*, and *Cards International*. He has also written a number of case studies concerning both bank and retailer provision of financial services.

He has also authored three major reports: *Branding and Relationships in Plastic Cards*, which was published by the Financial Times; *The China Cards Market 2006* published by VRL Publishing Ltd; and *Banking at the Checkout 2007/2008*, published by European Card Review.

A frequent presenter and chairman at industry conferences, Professor Worthington has also been requested by the media to be an independent commentator on issues surrounding the delivery of financial services by plastic cards.

# Information for Presenters

## Printing Papers

Conference delegates will receive a hard copy of the invited and contributed conference abstracts in this book. Delegates who wish to access a hard copy of the conference papers during the conference should download and print copies from the conference website prior to travelling. (Please note that not all conference papers will be available on the conference website, due to the express instructions of the authors' concerned and/or the conference paper not being available at the time of compilation.)

## Time

Presentations will consist of 4 papers per session. Each session is of 1.5 hours duration. Each presenter will be allocated 20 minutes for their presentation, including questions. It is very important that presenters do not take more time than is allowed. To help the presenter keep track of time, the Chair of the Session will show a yellow-coloured card to indicate that 5 minutes are remaining, and a red-coloured card to indicate that your presentation should end immediately.

## Technology

Each room is equipped with a data projector and a computer. Most rooms will be equipped with Overhead Transparency Projectors (OHP) and we will have a spare OHP available for usage throughout the Conference. The 2007 Microsoft Office Suite of programs is available on each computer for your use.

## Loading Your Presentation

Please save your presentation on CD/DVD or a USB memory stick. Presenters should arrive at their allocated room 15 minutes before the start of the session to load their presentation. Student Volunteers will be available to assist conference presenters in this process.

## Helpful Hints for first-time presenters

### When preparing your presentation:

- Make sure each slide has a purpose in your presentation - consider how it helps the audience understand your message.
- Prepare slides that support your oral presentation - do not read the entire presentation from your slides. The main message should come from the presenter, not the slides.
- Prepare an adequate number of slides - too many may make you appear rushed, and too few may make the presentation less clear. Spend about 1 minute on each slide.
- Be sure to check that slides can be viewed from a distance. A good rule of thumb is to use fonts of 18 points and larger. A good test is to put a printout of the slide on the floor and see if you can read it from a standing position.
- Consider the graphic accessibility of the slides - make sure the colours of the background and the fonts do not clash, and that any background graphics do not take over the text.
- Avoid using animations.
- A summary slide may be useful at a certain stage in the presentation.
- If you plan to show a particular slide more than once, make copies of it so you do not have to scroll through your slides to find it.

**When presenting:**

- Show interest in your own presentation!
- Make sure the audience can see you - stand where there is light, and turn towards your audience when speaking.
- Allow time for the audience to review your slides if they are complicated - do not rush through models or large tables. Explain arrows in complicated models.
- Respect the time limit. You will have about 15 minutes to present, and then 5 minutes for questions. If questions remain after the time is up, we suggest that you discuss these after the session. Do not intrude on others' time slots.
- Respect the Chair of the session. They are instructed to ensure that the time is kept and will hold presenters to this. If you take more time than allowed, the Chair is instructed to ask you to conclude in order for other presenters to have enough time.

# Information for Session Chairs

## Time

Please ensure that the session begins and ends on time.

Presentations will consist of 4 papers per session. Each session is of 1.5 hours duration. Each presenter will be allocated 20 minutes for their presentation, including questions. It is very important that presenters do not take more time than is allowed. To help the presenter keep track of time, the Chair of the Session will show a yellow-coloured card to indicate that 5 minutes are remaining, and a red-coloured card to indicate that the presentation should end immediately. (The time cards will be in the room when you arrive. Please leave them in the room when you leave for the next session.)

Please do not allow questions after the time has passed for each presentation. If there are no questions from the floor, Chairs should be prepared to ask one question.

Please do not change the order of papers within your session as the Conference delegates may wish to move between sessions and so **it is critical that the advertised order and time of each paper is strictly followed.**

A student volunteer has been allocated to each session to assist chairs and presenters as required.

## Technology

Each room is equipped with a data projector and a computer. Most rooms will be equipped with Overhead Transparency Projectors (OHP) and we will have a spare OHP available for usage throughout the Conference.

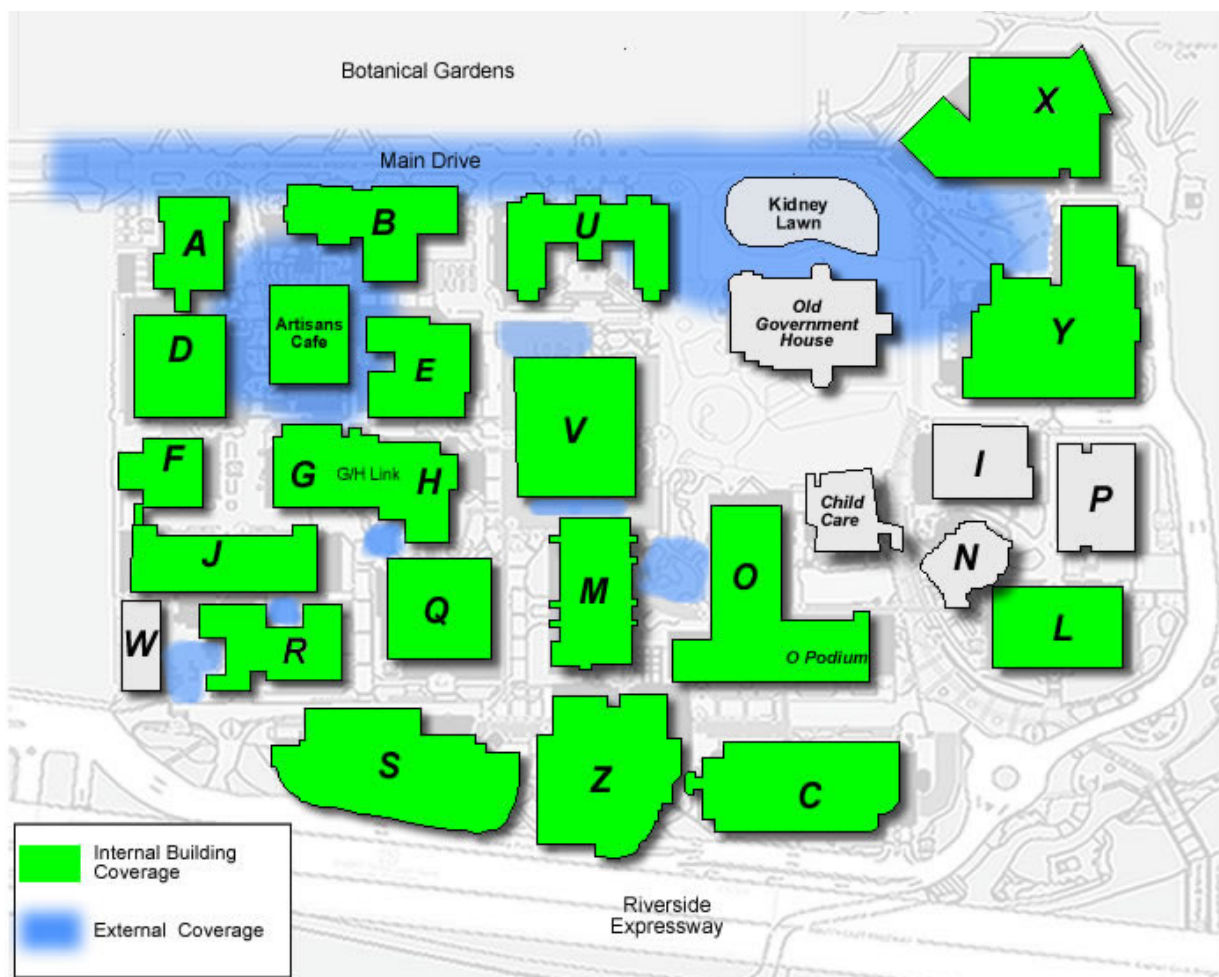
If the technology is not working for your session, please contact your assigned student volunteer. If you are unable to locate your student volunteer, please contact the Registrations Desk in the B Block Foyer (Level 1).

# Computers and Internet Access

## Participants with personal laptops:

Please refer to documentation included in your conference pack for access to the Wireless Internet Network.

Wireless Internet Access is available in the following zones on QUT Gardens Point Campus:



## Participants without personal laptops:

Two computing rooms have been allocated to Conference delegates, B227 and B234.

# Conference Logistics

## Name Tags

Name tags must be worn at all times in order to gain admission to all sessions and meal breaks. Participants who have registered for the conference dinner will be provided with a ticket for entry. This ticket should be available for presentation at the dinner venue.

## Message board

All important announcements, messages and other notices will be placed on the notice boards in the foyer of B Block.

## Catering

Early morning coffee and tea, morning tea, lunch and afternoon tea will be catered for in the Foyer of B Block.

The following arrangements have been made for those participants who have specified special dietary requirements in their online registration.

### **Morning tea, lunch, afternoon tea**

A selection of items has been prepared to cater for special dietary requirements and will be labelled accordingly (eg vegetarian, gluten- free, vegan, halal etc). Gluten-Free delegates must collect their meals from the conference registration desk.

### **Conference Dinner (Thursday Night)**

Names of guests with special dietary requirements have been provided to Rydges South Bank. A staff member will approach each table prior to dinner being serviced and guests with special dietary requirements will be asked to identify themselves by name.

## Bottled Water

Bottled water will be provided for all PBFEAM participants in the B Block Foyer, and Levels 2 and 5.

## Mobile Phones

As a courtesy to all other participants, please ensure your mobile phones are switched off during presentations.

## Security

Participants are reminded to ensure all personal items of value are carried with you at all times. Please do not leave laptops or bags unattended.



## Medical Emergency

If there is a medical emergency on campus and you need an ambulance,

- From internal phones: **0 000**
- From mobile phones: **000 or 112**

After phoning for an ambulance, you must notify QUT Security from an internal phone on **88888**. A Security Officer will come to you and also guide the Queensland Ambulance Service (QAS) to you.

In case of emergency not requiring an ambulance, contact Security on 3138 8888. Please also advise the Registration Desk staff.

## ATMs

Two ATMs are located at Gardens Point campus at the locations listed below. Please note that acceptable cards vary from machine to machine:

- Commonwealth Bank ATM  
Location: Inside Y Block, underneath the stairs
- Rediteller ATM  
Location: Outside Y Block, adjacent to the public telephones  
Accessible 24 hours

## Help and Assistance

Student volunteers have been appointed to assist Conference participants. Student volunteers are available to direct delegates to campus facilities and answer any general queries.

Student volunteers and Audio Visual staff will be on hand to assist Conference presenters with their electronic presentations. Students have been assigned on the basis of one to every two concurrent sessions. If you are unable to locate your student volunteer, please ask for an AV services staff member from the Registrations Desk to assist you in this regard.

Faculty of Business and QUT Events staff will be available at the Registration Desk at B Block. All administrative enquiries relating to the conference, including registrations, special catering requirements and dinner arrangements can be directed to this Desk.

If you have an urgent enquiry, please go to the Registrations Desk in the first instance so matters can be handled promptly and appropriately.

# Local Contact Numbers

## Accommodation Places

The PBF EAM 2008 Conference Secretariat has reserved rooms at four (4) hotels in Brisbane for delegates at special conference rates:

### **Stamford Plaza**

Address: Corner of Edward and Margaret Streets, Brisbane  
Phone: (07) 3221 1999

### **Royal on the Park**

Address: Corner of Alice and Albert Streets, Brisbane  
Phone: (07) 3221 3411

### **Oaks 212 Margaret**

Address: 212 Margaret Street, Brisbane  
Phone: (07) 3012 8020 or 1800 036 990

### **Hotel George Williams**

Address: 317-325 George Street  
Phone: (07) 3308 0700 or 1800 064 858

## Taxi Numbers

Brisbane is serviced by the following taxi companies:

Black & White Taxis: Phone 131 008

Yellow Cabs: Phone 131 924

## Public Transport

For timetables relating to trains, buses and ferries, please visit:  
<http://www.ourbrisbane.com/topic/public%2Btransport>

# Functions

## Registration and Welcome Reception

Date: Wednesday, 2 July

Time: 4 pm – 7 pm

Venue: B Block Foyer, Queensland University of Technology

Cost: Free for delegates and their guests

## Conference Dinner

Date: Thursday, 3 July

Time: 7 pm – late

Venue: Level 12 Rooftop, Rydges South Bank, Glenelg Street, South Bank Ph. 07 3364 0800.

Dress: Business Formal

Cost: \$95 for delegates and their guests

## Social Events

### Story Bridge Climb

Conference delegates will be treated to a special twilight experience on Wednesday 2 July at 3 pm. We have arranged for transportation leaving QUT/Parliament House at 2:25pm. Only pre-registered participants for this event will be able to attend.

### Mirrabooka Aboriginal Cultural Experience

Unfortunately, minimum numbers have not been obtained for this event. All delegates that have registered their interest in the Mirrabooka Aboriginal Cultural Experience will have been contacted by the Organising Committee.

### Australia Zoo

For participants who have pre-registered their interest in visiting Australia Zoo on Saturday, 5 June, please be ready for pick up at your designated hotel and enjoy your day!

If you have inquiries relating to the social events, please see the Registrations Desk in the B Block Foyer.

# Program Schedule - Overview

Please note that venues are shown on the back cover and in the detailed program.

## Wednesday, 2 July 2008

Time	Program
04.00 pm -07.00 pm	Registration and Welcome Reception

## Thursday, 3 July 2008

Time	Program
08.30 am	Registration
09.00 am	Welcome Remarks Finance Keynote Speaker <b>Wayne Ferson</b> University of California
10.30 am	Morning Tea
11.00 am	Concurrent Sessions
12.30 pm	Lunch
01.30 pm	Panel discussion - "How to Publish Finance and Accounting papers in Top Academic Journals" Chairperson: <b>Cheng-Few Lee</b> , Rutgers University Panelists: <b>Stephen J. Brown</b> , New York University <b>Carl Chen</b> , University of Dayton <b>Wayne Ferson</b> , University of Southern California <b>Elizabeth A. Gordon</b> , Temple University
	Concurrent Sessions
03.00 pm	Afternoon Tea
03.30 pm	Accounting Keynote Speaker <b>Elizabeth (Betsy) Gordon</b> Temple University, Philadelphia
	Marketing Keynote Speaker <b>Steve Worthington</b> Monash University, Melbourne
07.00 pm	Conference Dinner Guest Speaker: <b>Michael Drew</b> , General Manager of Investment Services, QSuper

Friday, 4 July 2008

Time	Program
08.30 am	Registration
09.00 am	Concurrent Sessions
10.30 am	Morning Tea
11.00 am	Concurrent Sessions
12.30 pm	Lunch
01.30 pm	Finance Keynote Speaker <b>Stephen J. Brown</b> New York University
	Management/Entrepreneurship Keynote Speaker <b>Ben Oviatt</b> University of New South Wales, Sydney
02.30 pm	Afternoon Tea and Closing Remarks
03.00 pm	Concurrent Sessions

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# Abstracts from Contributed Papers

## **Sustainability in Management Accounting: Modelling 'Profit' Forecasting**

**Rozainun Abdul Aziz**

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An insight into a mathematical model proposed is given in concept with the hope that both academicians and practitioners will progress in achieving forecast accuracy. The model explains the use of probability distribution against point forecasts, the cost function and fundamentals of Bayesian methodology in approach towards sustainable performance. This paper offers an innovative approach and a new flavour in examining an operational framework to a business scenario via profit forecasting model.

Previous observations through pilot study, postal survey, case study and a follow-up survey form as a basis in formulating the mathematical model explained (Aziz-Khairulfazi, 2004). The paper also attempts to give explanations for and cost effects of imperfect forecasts, an oversight which frequently occurs to management, a necessity in sustainability. We relate our findings to the service and manufacturing industries and we include an important input to support our modelling, ie feed back issue.

We conclude our study by highlighting the use of simple modeling that will benefit business organisations, thereafter influence performance and sustainability.

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## **Strategic Planning in Logistics Business Concept. A Show Case in Malaysian Airlines Cargo Sdn Bhd (MASkargo) Malaysia**

**Nor Aida Abdul Rahman**

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Air transport is one of the most dynamic logistics industries in the world. The global airline industry is in a state of turmoil and it is increasingly clear that the survivors and most certainly the winners will have to make radical changes to adapt to the new environment. With an increasing globalize economy, countries and companies are exporting and importing all kinds of goods from everywhere in the world. Without doubt the logistics industry plays an important role in this supply chain of getting raw materials to production and finally to the end customer. Planning plays an important role in any business venture. Strategic planning can make the difference between the success or failure of the business. Malaysian Airlines Cargo Sdn Bhd or known as MASkargo is one of the best air transport carrier business in Asia Pacific. MASkargo is leading the industry towards making KLIA a transshipment hub, as this where the future growth of the air cargo business is. Unfortunately, based on IATA latest forecast, international air freight industry has been reduced to 2- 3% in year 2008 and in fact more cargo are migrating to the sea, road and inter-modal modes. International air cargo has grown less than 10%. This phenomenon will affect the air cargo industry performance. Hence, all air cargo companies must be very proactive and do the strategic planning to make sure their existence is known in the industry. Besides that, high fuel prices is not driven by aviation demand, it is driven by emerging economies likes China and India. In order to lead and stay in this challenging industry, MASkargo has planned and done their strategic planning. By changing their alternate airport policy and choosing closer alternate airports, this has been translated to more than RM250, 000 in savings per week. At the same time, MASkargo has planned their strategic future plan such as to reduce their mishandling rate to 0.05% in 2008, cost control, seeking continuous improvement and contributing to Business Turnaround Plan. Besides that, MASkargo is confident that with the adoption of the transshipment strategy, Malaysia can become a global gateway in the highly competitive air cargo business.

*Keywords: Strategic Planning, Air cargo business, logistics*

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## **Antecedents to Adoption of Global Brands: Empirical Evidence from India and Malaysia**

**Sujana Adapa**

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The present research aims to evaluate the suggested framework in the adoption of global brands exhibited by Indian and Malaysian consumers by integrating the concepts of brand equity and attitude. Based on the Aaker and Keller's conceptualization of brand equity and innovation diffusion theory, a list of potential facilitators of global brands adoption were derived from the literature review and the suitability of these facilitators were tested by conducting in depth qualitative interviews. Furthermore, in order to test the proposed conceptual model on a large scale a survey was conducted and a structured questionnaire was used for data collection. Data obtained was factor analyzed to determine the key dimensions that facilitate global brands adoption and discriminant analysis was performed in order to identify the factors that are sufficient to discriminate between adopters and non-adopters. Results reveal that brand awareness and result demonstrability are the key dimensions that sufficiently discriminate between adopters and non-adopters of global brands irrespective of the level of involvement that consumers' assign to the product category in both the nations.

*Keywords: Global brands adoption, Brand equity factors, Attitude factors, Indian consumers, Malaysian consumers*

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## **The Importance Of Incorporating New Technology And Innovation In Supply Chain Management (SCM) Processes In Enhancing Performance**

**Arawati Agus**

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This paper examines the importance of incorporating new technology and innovation in supply chain management (SCM) processes in manufacturing industry in Malaysia. The study measures senior quality managers' or production manager's perception of technology and innovation in supply chain management processes and level of performances in the industry. This study investigates relationships between technological and innovation in SCM, product quality performance and business performance and associations are analyzed through methods such as Pearson's correlations, cluster analysis and Structural Equation Modelling (SEM). The findings suggest that new technology and innovation in SCM processes, and its implementations have significant correlations with product quality performance and business performance. In addition, the SEM result reveals that technology and innovation in SCM namely 'technology and innovation in new product development', 'technology and innovation in product and process design', 'technology and innovation in production line process' and 'technology and innovation in supply chain process' appear to be of primary importance and exhibit significant impact on product quality performance and business performance. Findings of the study provide a striking demonstration of the importance of technology and innovation in SCM in Malaysian manufacturing companies in enhancing its product quality performance and business performance. The result indicates that manufacturing companies should emphasize greater attention to the new product development aspects of the technology and innovation in SCM and a greater degree of management support for technology and innovation enhancement initiatives.

*Keywords: Supply chain management, technology, innovation, product quality, business performance, manufacturing companies and structural equation modeling*

## **Consumer's Perception And Purchase Intentions Towards Organic Food Products: Exploring The Attitude Among Malaysian Consumers**

**Siti Nor Bayaah Ahmad**

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Co-Author: Nurita Juhdi *Faculty of Business Administration, Tun Abdul Razak University (UNITAR), Kelana Jaya, Malaysia*

This study attempted to gain knowledge about consumer attitude towards organic food products. With a sample of 177 respondents the data obtained from the survey were analyzed with chi-square test, ANOVA, and correlation analysis. Result indicated that people do aware of what is happening to the surroundings with regards to the environment and ecology problems and most consumers perceived that organic food product is healthier. They portray a positive attitude towards organic food and exhibit willingness to pay at certain amount of price. However there are still fewer facts to show whether consumers' knowledge and awareness would influence their actual purchase intention towards organic food.

*Keywords: Consumer perception, intention, sustainable consumption, organic food, Malaysia*

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## **Financial liberalization, Financial Development and Growth in Sub-Saharan Africa's Economic Reform: An Empirical Investigation**

**Abdullahi D. Ahmed**

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This paper uses the recent development in unit root tests and cointegration as applied to panel data and dynamic time series to estimate the relationship between financial liberalization, financial development and growth. We utilize data from 15 Sub-Saharan African countries and use the ratio of private sector credit and share of domestic credit to income as indicators of financial development. The results obtained from a hetrogenous panel investigation and times series methodology such as Granger causality indicate a long-run equilibrium relationship between financial development and economic growth. This is consistent with the view that financial development can act as an 'engine of growth' and plays a crucial role in the process of economic development. However, there is little evidence to support the hypothesis that financial liberalization directly 'leads' growth.

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## **Capital Account Liberalization, Financial Development and Economic Growth in Nigeria**

**Taiwo Ajilore**

*Obafemi Awolowo University*

The study examined whether there is evidence of a causal link from capital account liberalization to financial development, and through this channel, to overall economic growth in Nigeria. Using Two Stage Least Squares estimation techniques on standard financial development and growth regressions, the study established a statistically significant and positive effect of capital account openness on financial development, but failed to confirm an important link from financial development to economic growth. This result imply support for the proposition that low income countries do indeed have financial sectors too underdeveloped to liberalize their capital accounts. And this specifically refuted the conventional wisdom behind the approach of the Bretton Woods Institutions that the benefits of liberalization will accrue to those countries who follow the right policies and who have the right institutional and supervisory standards in place

## **The Role of 'Ethical Brand' and its effect on Industrial Buyers' Responses in Malaysia**

**Sulaiman Ali**

*University of Malaya, Kuala Lumpur*

The study examines the 'ethical brand' (EB) of industrial buyers' responses that use electronic office equipment. The study is based upon the responses of industrial buyers' from experienced customers in buying electronic office equipment in Malaysia. Previous literature stresses that a good brand provides a positive impact on its owner and user and no negative impact on the general public. In general, this study adds to the existing literature on branding and reputation by introducing the concept of the 'ethical brand' (the EB) in the model. The present study enhances this understanding by providing empirical evidence in the context of industrial buyers' responses.

*Keywords: Ethical Brand; Brand loyalty; Industrial buyers*

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## **Towards a Dynamic Asset Allocation Framework for Target Retirement Funds: Getting Rid of the Dogma in Lifecycle Investing**

**Anup K. Basu**

*Queensland University of Technology*

Lifecycle funds offered to retirement plan participants gradually roll down their exposure to stocks while approaching the target date of retirement. This movement away from equities and towards less volatile assets like bonds and cash is done following an asset allocation principle which emphasizes growth of portfolio in the initial years and preservation in the later years. We show that such deterministic switching rule produce inferior wealth outcomes for the investor compared to strategies that dynamically alter allocation between growth and conservative asset classes at different stages based on cumulative portfolio performance relative to a set target. The dynamic allocation strategies exhibit clear second-degree stochastic dominance and almost first-degree stochastic dominance over strategies which switch assets unidirectionally without cognizance to the portfolio performance.

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## **Investigation the Main Export Barriers and Drivers of Consumer Service Exporter Performance: Lessons from Australian Tourism and Education Sectors**

**Constanza Bianchi**

*Queensland University of Technology*

Most international service research has focused on the export activities of professional and business to business services. Consumer services such as education, retailing, transport, tourism, and healthcare have been less researched from an international services point of view. These companies frequently export their services by attracting foreign consumers to the domestic marketplace where they provide the service. Drawing from interviews with international managers of Australian tourism and educational companies, this exploratory study attempted to understand the main barriers and drivers of performance for consumer service exporters. Data show that superior performance for consumer service firms combines home and host country as well as firm specific resources and capabilities. International managers play an essential role in leveraging these resources and capabilities in ways that enable the firm to gain advantage.

*Keywords: Exports, consumer services, education, tourism*

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## **HACKing at Non-linearity: Evidence from Stocks and Bonds**

**Robert Bianchi**

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Co-Author: Adam Clements *Queensland University of Technology* Michael Drew *Queensland University of Technology*

The implicit assumption of linearity is an important element in empirical finance. This study presents a hypothesis testing approach which examines the linear behaviour of the conditional mean between stock and bond returns. Conventional tests detect spurious non-linearity in the conditional mean caused by heteroskedasticity and/or autocorrelation. This study re-states these tests in a heteroskedasticity and autocorrelation consistent (HAC) framework and we find that stock and bond returns are indeed linear-in-the-mean in both univariate and bivariate settings. This study contends that previous research has detected spurious non-linearity due to size distortions caused by heteroskedasticity and autocorrelation, rather than the presence of a genuine non-linear relationship between stock and bond returns.

*Keywords: linearity, nonlinear, heteroskedasticity-robust tests, autocorrelation-robust tests.*

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## **From sweatshops to sweetshops - Job redesign as an innovation for sustaining call centres**

**Michèle Boonzaier**

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Co-Author: Billy Boonzaier *University of Stellenbosch, South Africa*

The phenomenal growth in call centres worldwide is indicative of the economic paradigm shift from producing goods towards providing services. The mobility of call centres has led to the globalisation of operations. Most call centres have been established according to Taylorist principles and are frequently described as the electronic sweatshops of the 21st century. Research results suggest that managers need to redesign call centres in order to create job experiences that will fulfil organizational goals and employee needs simultaneously. A theory that specifies when workers will display motivation, satisfaction and productive work behaviour is reviewed. The accompanying diagnostic instrument is presented with norms for use by managers of change. Where remedial action is required, guidelines are proposed to assist managers in planning for an enriched job experience.

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## **Personality and Culture as Moderators in the Job Characteristics Model**

**Michèle Boonzaier**

*University of Stellenbosch, South Africa*

The proposed study seeks to refine the Job Characteristics Model to include salient moderator variables, and to determine whether personality and culture (as individual and environmental/group level variables respectively) moderate (in interaction with each other) the relationships between the job characteristics (independent variables) and employee motivation, satisfaction, and work effectiveness (dependent variables) in the Job Characteristics Model, and as such increase the predictive value of the model in a diverse workforce.

*Keywords: Job design; Job characteristics model; personality; culture; moderator*

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## Exploring Financial and Sustainability Reporting On the Web in Indonesia

**Sasongko Budi**

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Co-Author: Luciana Spica Almilia *STIE Pebanas Surabaya*

The technology revolution, in particular the advent of computer technology, has significantly impacted accounting practice and accounting communication. Many companies are now utilizing the advantages of the Web for disseminating financial information. Users of company information can benefit from cost savings in printing and distribution while broadening their disclosure. Users can benefit in a variety of ways depending on the extent to which the capabilities of the medium are exploited. Possibilities include enhanced timeliness, ease of access and search, and improved facilities for data extraction, automatic comparisons, and analysis. The ability of the medium to handle the reporting of greatly expanded information fits well with recent calls in accounting for increased disclosure of a broad range of information.

The purpose of this study was to measure the quality of Internet Financial Reporting of the banking sector and LQ-45 firms on the Jakarta Stock Exchange. An index was developed by basing closely on the work of Cheng et al. (2000) who had devised their framework from three stages of website financial reporting as identified by Lymer et al. (1999). The index developed by Cheng et al. (2000) tended to favor the importance of technology rather than the content of financial statements. Therefore, in order to add weight to content over technology enhancements, the index criteria were divided into four parts and assigned weights – content (40%), timeliness (20%), technology (20%) and user support (20%). The other purpose of this research explored sustainability reporting based on sustainability reporting guidelines by International Global Reporting Initiatives Committee. Sustainability Reporting divided into five component, included environment, society, product responsibility, labor practice and decent work, and human right.

The sample consist of 19 banking sector and 35 LQ 45 firms. The statistic method used to compare internet financial reporting between banking sector and LQ 45 firms is independent sample t-test. The result show that banking sector have highest score on technology and user support component than LQ 45 firms. The other findings of this research, show that not all of the firms who listed in Indonesia stock exchange disclose sustainability reporting completely.

*Keywords: internet, internet financial reporting, sustainability reporting*

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## Is Fear of Floating Justified? A Counterfactual Examination with Reference to East Asia

**Tony Cavoli**

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This paper examines some of the developing economy aspects of optimal monetary policies with a particular emphasis on those aspects that may induce a fear of floating on the part of central banks. Characteristics such as openness, exchange rate pass-through and adverse balance sheet effects have been highlighted in the recent literature as being possible reasons for fear of floating. This paper examines a range of policy configurations in a small open economy macro model that contains the above characteristics and finds the most suited policy for each one. The policy configurations differ in the degree of exchange rate involvement in the formulation of the policy. The ultimate objective is to ascertain whether the exchange rate can be used in some capacity as a feasible objective of monetary policy. The paper finds that, for most model configurations, fear of floating policies perform well – in some cases they are the most suited policy. This suggests that fear of floating behaviour by central banks in developing economies is very much justified.

*Keywords: Optimal Monetary Policy Rules, Fear of Floating, Exchange Rates*

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## **The Grey Forecasting Model on the Systematic Risk Estimation: An Example of the Dow Jones Industry Index' Component Stocks**

**Alex Kung-Hsiung Chang**

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Co-Author: Yi-Hsiun Weng *National Pingtung University of Science and Technology, Taiwan*

Using component securities of the Dow Jones Industry Index from 1998 to 2003 as the samples, this study uses a grey forecasting model GM (1,1) on improving the estimation of systematic risk of classical capital asset pricing model. Due to a lot of estimation problems, like the unstable estimation, the author tries to establish more stable and correct forecasting models by using the grey forecasting model GM (1,1). The author uses the Theil's U as a tool on the examination of each forecasting model of the estimating systematic risk coefficient  $\beta$ . The results show that the Theil's U of the GM (1,1) is only 9.96%, and declines 23.25% estimation error than classical CAPM.

*Keywords: Grey Forecasting Model, Dow Jones industry index, beta value, Capital Asset Pricing Model (CAPM).*

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## **Is Underwriter's Retention on IPO Shares a Good Substitution for Underwriting Spreads?**

**Anlin Chen**

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Co-Author: Lanfeng Kao *National University of Kaohsiung* Cheng Shou Lu *Shih Chien University*

In Taiwan, underwriters are required to retain at least 10% and up to 25% of underwritten IPO shares and then sell the remaining to the public. Taiwan Securities and Futures Bureau argues that underwriter retention is designed to improve IPO pricing efficiency. However, we find that IPO underpricing causes underwriters to retain more shares to earn capital gains on retained shares and that underwriter retention is a signal of IPO underpricing. Capital gains from retained shares induce underwriters to give up underwriting spreads. If underwriter retention is cancelled, underwriters need to be compensated through lottery draw processing fees and/or underwriting spreads. We show that issuers had better compensate underwriters through underwriting spreads directly rather than through indirect way of underwriter retention or lottery draw processing fees.

*Keywords: Initial public offerings; Fixed-priced offerings; Monopoly power hypothesis; Underwriter retention; Underwriting spreads*

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## **Overreaction, Mispricing, and Stock Returns**

**Carl Chen**

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We provide evidence that stocks with low mispricing outperform otherwise similar stocks. Furthermore, the long-short mispricing strategy generates statistically and economically significant returns over the period of July 1981 to June 2006. The mispricing measure is estimated based on the Campbell-Shiller (1988) valuation model and it captures investor overreaction to growth. The mispricing strategy outperforms the contrarian strategy based on various accounting-fundamental-to-price ratios and growth proxies because the model-based mispricing measure is more effective in capturing investor overreaction to growth. The superior performance of the mispricing strategy cannot be explained by risk or firm characteristics of value, size, and momentum.

*Keywords: model-based mispricing, mispricing strategy, contrarian strategy, return predictability, price-dividend ratio, overreaction to growth, cross-section of stock returns*

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## **Gender and Performance Differences for Fund Managers**

**Jo-Hui Chen**

*Chung Yuan Christian University*

This paper develops parametric shared-frailty models to analyze the likelihood of the spell time of job replacement. This empirical study identifies the importance of window dressing, herding behavior, and fund manager's characteristics from the viewpoints of gender and performance differences. Finally, it considers how gender difference contributes to managerial turnover, while it finds that performance difference is not quite different among fund managers in Taiwan.

*Keywords: Gender Difference, Parametric Shared-frailty Models, Fund Manager, Job Replacement*

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## **Arbitrage Strategies on the Taiwan Convertible Bond Market: Conversion and Put Strategies**

**Mei-Ling Chen**

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*Co-Author: Fu-Lai Lin Department of Finance, Da-Yeh University, Taiwan Mao-Hsin Ku Department of International Business Management, Da-Yeh University, Taiwan*

This paper studies the arbitrage strategies on the Taiwan convertible bond market. Two types of static arbitrage strategies, conversion and put, are both investigated in this study. Using a sample of 268 convertible bonds offerings from the 2000-2003 periods, we find that only 20 convertible bonds lack static arbitrage opportunities. Among these opportunities, the average arbitrage frequencies and returns of put arbitrage strategy are both greater than that of conversion arbitrage strategy. Moreover, we also analyze the effect of market condition on the static arbitrage opportunities. We find evidence for the arbitrage opportunities and returns of conversion arbitrage strategy during bull market periods are significantly greater than that during bear market periods. Oppositely, the arbitrage opportunities of put strategy in bear market periods are greater than that in bull market periods.

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## **Portfolio Adjustment on Jump Risk: Evidences from Asian Emerging Markets**

**Shu-Hsien Chen**

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*Co-Author: Tzu-Chia Ho Central Taiwan University of Science and Technology, Taiwan*

This study investigates the measurement of investment weight adjustment on jump risk of five Asian emerging markets. Considering the risk of rare event, we develop an adjusted jump-diffusion measurement model for dynamic asset allocation in an international diversified portfolio. This paper endeavors to find a solution to the optimal weight on jump risks that prior research has stuck on an unknown expectation item. By simulating the price process and constructing multiple dimension jump diffusion on weight adjustment, a covariance of international assets investment is found. Then, we show how to diversify the jumps risk by using international assets portfolios.

*Keywords: Rare events, dynamic asset allocation, international diversified portfolio, jump risk.*

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## **Diffusion of Mobile Internet Service Innovations: The Emerging Concepts of “Smart Technology” and “Smart Consumer”**

**Tom Chen**

*Queensland University of Technology*

Co-Author: Lynda Andrews *Queensland University of Technology* Judy Drennan *Queensland University of Technology*

This paper proposed that understanding the interactions between smart consumers and smart technology can result in a better understanding of the diffusion process for such innovations as mobile Internet services. This understanding may assist developers to address the challenge of how to provide bundles of mobile Internet services in a shorter development time frame. Additionally, such insights may assist marketers to minimize competition through more accurate marketing campaigns. Future research should be undertaken to expand on the understanding of the characteristics of smart consumers and the extent to their interaction with smart technologies acts as technological triggers to improve the likelihood of smoother diffusion curves, rather than the double peaks suggested by De Marez and Verleye (2004). Future research can also work towards identifying and operationalising concepts that can be tested in an empirical model.

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## **A Quantile Regression Analysis of the Economic Determinants of Bank Loan Pricing**

**Wuchun Chi**

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Co-Author: Huichi Huang *Syracuse University Syracuse, NY* Hong Xie *Syracuse University Syracuse, NY*

We examine the relation between the bank loan interest rate and its economic determinants, and, using the quantile regression method, investigate whether such a relation varies across different points on the conditional distribution of the loan interest rate. The evidence reveals significant heterogeneity in the relation between the loan rate and its economic determinants. The existence of heterogeneity illustrates the inadequacy of the ordinary least squares estimates, and calls for the use of quantile regression to supplement the ordinary least squares estimates in order to gain a more detailed and complete picture of the relation between the dependent variable and explanatory variables.

*Keywords: Corporate governance; Board characteristics; Cost of debt; Quantile regression; Median regression; Least absolute deviations*

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## **Information Asymmetry and Accounting Conservatism: Evidence from Taiwan**

**Wuchun Chi**

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Co-Author: Chenchin Wang *National Taipei University, Taiwan*

A recent joint project of the IASB and the FASB concludes that conservatism should be excluded from the qualitative characteristics of accounting information. Such exclusion, if carried out, will drastically alter the development of future accounting standards. Following the research of LaFond and Watts (2008; *The Accounting Review*), this study examines the relation between information asymmetry and accounting conservatism but focuses on a country whose institutional backgrounds are different from those of the U.S. This investigation is important because the disparate degree of conservatism across the world is dissimilar; therefore, LaFond and Watts's conclusions might not be universally applicable. Our evidence supports their perspective that information asymmetry is not only positively related to accounting conservatism, but also leads to such conservatism, even outside the U.S. Therefore, our evidence suggests that conservatism should not be excluded from the qualitative characteristics of accounting information.

*Keywords: accounting conservatism, information asymmetry, PIN.*

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## **Reexamining Exchange Rate Exposure: Evidence from Taiwanese Stock Market**

**Yi-Chein Chiang**

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Co-Author: Kuan-Ting Fang *Feng Chia University, Taiwan*

This study uses both symmetric and asymmetric exposure models to estimate exchange rate exposure and compare the results. In addition, we extend the model of Koutmos and Martin (2003) and propose a new dual asymmetric model in order to provide new insights on the issue of estimating exchange rate exposure. An application of the three models to 18 Taiwanese industrial sectors demonstrates that if the asymmetric effect is ignored, the exchange rate exposures may be undervalued seriously. In addition, the results of dual asymmetric exposure model find evidence that different sectors are with exchange rate exposure during the period of capital inflows and outflows.

*Keywords: symmetric exposure, asymmetric exposure, dual asymmetric exposure model*

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## **Loss Aversion and the January Size Effect: Evidence from Three Chinese Culture-Oriented Stock Markets**

**Chin-Chen Chien**

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Co-Author: Tsung-Cheng Chen *Tainan University of Technology, Taiwan* Jia-Chi Cheng *National Cheng Kung University, Taiwan*

This study aims to explain the January size effect with the prospect theory in three emerging Chinese culture-oriented stock markets. Under the Chinese tradition, employees are rewarded with munificent bonus for their contributions before Lunar New Year, most often in January. This sure gain enhances the propensity to loss aversion, which in turn stimulates the demand for lower risk securities, particularly in a market that is mainly composed of individual investors like Taiwan. The empirical results are consistent with our hypotheses that only small firms with lower risk in Taiwan's stock market exhibits the size effect in January. The stock markets in China and Hong Kong, where the majority of investors are institutions, do not exhibit this anomaly. We also test several alternative hypotheses offered in the literature. None of them can manifest the January size effect for the emerging stock markets in this region.

*Keywords: January Size Effect; Loss Aversion; Prospect Theory*

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## **Taiwanese Digital Content Companies' Entrepreneurial Strategies in China**

**Vicki Chihuan Chiu**

*School of Creative Industries, Queensland University of Technology, Australia*

This research investigates Taiwan-based digital content companies in China and examines their entrepreneurial strategies. Because of cultural proximity between Taiwan and China, this multiple case study selected five Taiwan-based digital content companies that have representatives in China: Wang Film, Artkey, CnYES, Somode and Sunfun (iPartment). The finding founds that these companies mainly adopt cost-reduction, innovation, and quality-enhancement entrepreneurial business strategies in China. In addition, they employ four entrepreneurial functional strategies in China: product, marketing, resource acquirement, and structure. They also present the varied evolutions between two types of digital content firms: off-line firms-in the sense that their products are produced in more traditional formats and companies whose operations are predominantly web-based. Finally, I propose the 'Taxonomy Matrix of Entrepreneurial Strategies' to emphasise the two dimensions of this matrix: innovation, and the firm's resource acquisition for entrepreneurial strategy. This matrix is divided into four cells: Effective, Bounded, Conservative, and Impoverished.

*Keywords: Digital Content, Entrepreneurial Strategies*

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## **What Determines Meals and Entertainment Expenditures, and How Much Income-Contributing Are Those Expenditures?: Evidence from Korea**

**Won-Wook Choi**

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Co-Author: Byung Wook Jun *Yonsei University, Korea*

This study theoretically analyzes the components of M&E expenditures and examines whether real-world variables affect each component and the aggregate value of those expenditures. Employed real-world variables mainly represent external services from various outside parties and the characteristics of governance system. Furthermore, this study examines how much income-contributing M&E expenditures are to explore the comprehensive features of those expenditures. Using financial data from the KSE and the KOSDAQ firms between 2001 and 2006, the results of this study show that firms are likely to pay the productive M&E expenditures to attain the optimal level of the relationship capital to maximize the net profit, however that those expenditures generally have a strong inclination toward the manager's private consumption. This study also shows that, from view of corporate governance, income is weighted heavily in managerial evaluation in Korea with the analysis of M&E expenditures. These findings suggest that, although small proportion of M&E expenditures is exploited for productive use, those expenditures might be generally diverted for other uses.

Compared with previous studies, this study, which tries real-world applications in the ground of in-depth mathematical modeling and its analysis, will contribute to a balanced development in the study on M&E expenditures.

*Keywords: M&E expenditures, income-contribution, corporate governance, relationship capital*

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## **Are International Equity Market Returns Predictable?**

**Sungju Chun**

*Boston University, Boston, MA, USA*

The slope coefficient estimator in predictive regressions for stock returns is biased by a lagged stochastic regressor. There is also a spurious regression bias if the underlying expected return is highly persistent. This paper studies how the interactions between the two biases affect inferences about the predictability in international equity market returns. The analysis considers how the biases work in the presence of data mining for the predictive variables. We find that the two biases can reinforce or offset each other, depending on the parameters of the model. We present a new correction for bias in the presence of both effects.

*Keywords: Return Predictability; Lagged Stochastic Regressor Bias; Spurious Regression; Data Mining*

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## **How does implied volatility differ from model based volatility forecasts?**

**Adam Clements**

*Queensland University of Technology*

Co-Author: Ralf Becker *University of Manchester* James Curchin *Queensland University of Technology*

Much research has addressed the relative performance of option implied volatilities and econometric model based forecasts in terms of forecasting asset return volatility. The general pattern is that implied volatility is a superior forecast. Some authors attribute this to the fact that option markets use a wider information set when forming their forecasts of volatility. An alternative reason may be that the way in which historical data is used differs across the forecasting approaches. This article considers these issues and determines whether S&P 500 implied volatility reflects a set of economic information beyond its impact on the prevailing level of volatility and whether the mapping of historical data varies widely across the approaches. It is found, that while the implied volatility subsumes this information, as do model based forecasts, this is only due to its impact on the current, or prevailing level of volatility. Therefore, it appears as though implied volatility does not reflect a wider information set than model based forecasts, meaning that implied volatility forecasts simply reflect volatility persistence in much the same way of as do econometric models. The manner in which implied volatility maps historical data into a forecast differs from how model based forecasts do so.

*Keywords: Implied volatility, VIX, volatility forecasts, informational efficiency*

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## **Corporate Governance And Performance Of The Equitised Company In Vietnam**

**Tung Thanh Dao**

*University of South Australia*

This paper investigates the current practice of corporate governance and evaluates its effectiveness in the nascent equitised companies of Vietnam. I identify a comprehensive set of governance mechanisms for Vietnam's equitised companies and constructs relevant measures for them. I then create a rating index, known as the V-index, to reflect the overall level of governance practice in Vietnam's equitised companies. The paper finds that better governed companies according to our index are associated with better company's performance. The result indicates that good corporate governance matters in Vietnam, however, its impact remains modest. The paper also provides implications for both Vietnamese policy makers.

*Keywords: Corporate governance, firm performance, Vietnam*

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## **Knowledge Augmentation and Growth in International SMEs**

**Per Davidsson**

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Co-Author: Lucia Naldi *Jönköping International Business School, Sweden*

Previous research suggests that small and medium sized enterprises (SMEs) can acquire new knowledge when operating and in international markets and, thereby, enrich their limited resource base. In this study, we examine the growth implications of this new knowledge. Building on the internationalization literature, the knowledge based view (KBV) and Penrose's theory of the growth of the firm we propose that the new knowledge is a malleable resource enhancing different growth outcomes. Our results indicate that the accumulated experiential knowledge in international markets contributes to a firm's growth advantage in international markets and to further internationalization. In addition, the study shows that it provides the basis for entrepreneurial actions such as venturing into new markets and research new international customers. However, our results also suggest that this new knowledge has no, or very little, effect on SME growth in the domestic market.



## **The Role of Human Capital and Strategic Intent in Internationalisation Scope of New Technology-Based Firms**

**Per Davidsson**

*Queensland University of Technology*

Co-Author: Regis Coeurderoy *Catholic University Louvain* Stephane Tywoniak *Queensland University of Technology*

This paper explores the internationalization scope of new technology based firms (NTBFs) during their early years of operation. Internationalization is considered as a growth strategy in its own right whose successful implementation requires relevant resources and capabilities. We focus on the role of human capital in the form of the international experience of the firm founders, and its interaction with the strategic intent to internationalize from the outset.

Our analysis of a sample of 466 cases of UK and German NTBFs shows that human capital is a key success factor for international growth strategies. This human capital is an asset strongly facilitating the penetration of foreign markets, but it also appears that it is much more influential when backed up by a deliberate strategic intent to internationalize from the inception of the new venture. Similar conclusions can be drawn for the scale of entrepreneurial resources dedicated to the start-up: the higher they are, the higher the scope of internationalization, and scale is also leveraged by strategic intent.

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## **The Experimental Economics of Credence Goods**

**Uwe Dulleck**

*Queensland University of Technology*

Co-Author: Rudolf Kerschbamer *University of Innsbruck and CEPR* Matthias Sutter *University of Innsbruck and University of Göteborg and IZA Bonn*

Credence goods markets suffer from informational asymmetries between expert sellers and customers, because customers are unable to observe the quality they need and may not even be able to observe the quality they receive, whereas sellers are able to do both. Under- and overtreatment and overcharging are the main causes of inefficiencies in credence goods markets. We examine behavior on such markets in a large-scale experiment with 936 participants. While theory predicts that either liability or observability eliminates the inefficiencies, we find that only liability is of crucial importance for efficiency, whereas observability has at best a minor impact. Sellers' reputation does not increase efficiency either if liability or observability holds. Competition is a major force that drives down prices and increases the number of trades between sellers and customers almost to the maximum. We discuss several policy implications of our findings.

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## **Market Makers V's The General Public: A First Look at S&P500 Futures Trade Data**

**Gerard L. Gannon**

*Deakin University*

This paper considers 15 minute records of trading volume and traded prices coinciding with the reporting intervals required by the Commodity Futures Trading Commission. Records are extracted from trade records for market trade and also two way trade between market makers (CT1) and the general public (CT4) from January 1994 to June 2004. Futures price records are matched with S&P500 cash index price records. Simultaneous volatility models are specified and estimated to test trading volume to futures volatility lead/lag effects and also futures volatility to cash index volatility lead/lag effects. As we disaggregate from the market records to CT1 and CT4 records and further into year to year samples volume to futures volatility leading effects and also futures volatility to cash volatility leading effects dominate. The results raise important issues for risk management and dynamic hedging models employing intra-day trader data. A number of important issues for further analysis are also raised in this paper.

*Keywords: S&P500 Trade Data, Simultaneous Volatility, Volume, Lead/Lag*

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## **Exposure to the World and Trading-Bloc Risks: A Multivariate Capital Asset Pricing Model**

**Kim-Leng Goh**

*University of Malaya, Malaysia*

Co-Author: Chee-Wooi Hooy *Universiti Sains Malaysia, Malaysia*

This paper employs a capital asset pricing model that incorporates both world and trading-bloc factors to show that the recent trend of trade regionalism has led to segmentation of world stock markets. The model is developed within a multivariate GARCH framework. The conditional time-varying betas are derived to examine the dynamics of risk exposures to the world and trading-bloc factors. The results show risk exposure behaviour that is not revealed using static risk estimates.

*Keywords: multivariate GARCH, regionalism, systematic risks, time-varying beta*

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## **Rules Versus Principles-Based Pension Accounting Standards: Analysis of Comparability**

**Isabel Gordon**

*University of Sydney*

Co-Author: Natalie Gallery *Queensland University of Technology*

Motivated by Schipper and Vincent's (2003) comment that comparability in financial reporting is under-researched, this paper analyses the comparability construct in the context of pension accounting. In practice, compromises or rules introduced into pension accounting standards are not based on principles but result from political bargaining (Daley and Tranter, 1990). Current pension accounting standards in the USA, Australia and the international pension accounting standard are compared using a "theoretical" benchmark to present the economic substance of the transaction. To develop the theoretical benchmark, Barth and Clinch's (1996) use of Ohlson's (1989) clean surplus model is adapted to articulate the sponsor's profit and loss and balance sheet so that compromises are highlighted. This paper concludes that a principles-based approach that emphasises the economic substance and clean surplus approach need not necessarily compromise comparability.

## **The Significant Effect Of Quality Measurement, Benchmarking And Employee Focus On Productivity And Profitability: A Path Analysis On TQM Variables.**

**Zafaran Hassan**

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Co-Author: Agus Arawati *Universiti Kebangsaan Malaysia, Selangor, Malaysia*

This study investigates the impact of total quality management (TQM) practices on productivity and profitability in Malaysian electronics and electrical industry. Using a sample of 110 companies and statistical analyses such as correlation, multiple regression analyses and path analyses, the results indicated that (1) Different TQM variables have different differential effects on productivity and profitability, (2) TQM variables, specifically quality measurement, benchmarking and employee focus have significant direct effects on productivity, (3) Benchmarking and supplier relations have positive and significant direct effect on profitability, (4) Productivity has significant and direct effect on profitability, (5) Quality measurement, benchmarking and employee focus also have significant indirect effects on profitability, and (6) Productivity mediates the linkage between TQM and profitability.

*Keywords: TQM, productivity, profitability, electronics and electrical industry, correlation, multiple regression and path analysis.*

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## **Effects of Organizational Resources on Organizational Performance: an Empirical Study of Bangladesh SMEs.**

**Mohammad Ziaul Hoq**

*University of Malaya (UM)*

Co-Author: Norbani Che Ha *University of Malaya (UM)* Sulaiman M. Ali *University of Malaya (UM)*

This study intends to look into the combined effects of 'Organizational Resources' (social network orientation, market orientation, learning orientation, entrepreneurial orientation and strategic orientation) on 'SME performance' and interaction effects of 'Innovation' and 'Marketing Competencies' (mediators) on the said relationship. Structural Equation Modeling (SME) will be used to test the measurements and substantive models.

This is the first examination of the role of all five orientations and multidimensional measure of SME performance. It examines SMEs in Bangladesh, a hostile business environment. Managers and policy makers can enhance probability of their success by developing the different orientations.

*Keywords: Social Network, Entrepreneurial Orientation, Market Orientation, Learning Orientation, Strategic Orientation, SME*

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## **Effects of Direct Controlling over Capital Mobility and Ambiguous Policy Announcement in Global Game**

**Ming-Chun Hung**

*National Sun Yat-sen University, Kaohsiung, Taiwan*

Co-Author: David S. Shyu *National Sun Yat-sen University, Kaohsiung, Taiwan*

This study discusses the effects of direct capital mobility controls and ambiguous policy announcement on equilibrium conditions. One notable finding is that, under optimistic signals, although they may successfully reduce capital outflows, direct restrictions on capital mobility as opposed to unrestricted capital may actually encourage speculative attack, and, for the central bank, is a knock at an open door. If fundamentals are pessimistic, maintaining the pegged regime is possible when capital is directly restricted rather than unrestricted. Additionally, an aggressive ambiguous policy announcement under optimistic fundamental signals not only reduces capital outflows, it also leads to unique equilibrium. Although passive ambiguous policy announcements may slightly reduce the precision of signals, multiple equilibriums may survive.

*Keywords: Endogenous public signal, global game, multiple equilibriums, speculative attack, capital mobility controls.*

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## **An Investigation of the Association between Corporate Governance, Earnings Management and the Effect of Legislative Reforms**

**Marion Hutchinson**

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Co-Author: Majella Percy *Queensland University of Technology* Leyal Erkurtuglu *UQ Business School*

Our study extends the literature on corporate governance practices and earnings management by showing that certain corporate governance variables are associated with earnings management. The results of our research indicate that the level of board independence and audit committee independence are associated with lower discretionary accruals while increasing executive shareholdings provides incentives to manage earnings. Further our results demonstrate the impact of recent corporate governance reforms by showing a significant reduction in discretionary accruals when firms changed their board structure to become more independent following legislation. No such change was found for improvements in audit committee effectiveness. In addition, the subsequent reduction in executives' shareholdings remained insufficient to deter earnings management.

*Keywords: earnings management, insider share ownership, corporate governance practices and reforms.*

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## **Ownership Concentration and CEO Compensation Pay-for-Performance Sensitivity in New Zealand**

**Haiyan Jiang**

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Co-Author: Ahsan Habib *Auckland University of Technology* Clive Smallman *Lincoln University, New Zealand*

This paper analyzes CEO cash compensation pay-for-performance sensitivity under different ownership concentration levels in New Zealand listed companies. The underlying reason for the poor CEO pay and firm performance relationship in New Zealand reported in some studies has remained unraveled in recent years. This study explores this issue and provides an explanation for this misalignment between CEO pay and firm performance from ownership control perspective. The findings suggest that highly concentrated ownership in listed companies in New Zealand is a significant contributor to this poor pay-for-performance relation. This is consistent with “Managerial Entrenchment Hypothesis” which reveals that large block holders in New Zealand do not play the monitoring role in curbing managerial power; rather it disconnects the relation between CEO compensation and firm performance.

*Keywords: Corporate Governance; Ownership; CEO Compensation; Firm Performance*

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## **Asset Allocation with Power-Log Utility Functions, vs. Mean-Variance Optimisation**

**Jivendra K. Kale**

*Saint Mary's College of California*

This study compares optimization with Power-Log utility functions with mean-variance optimization in a strategic asset allocation framework. It uses major asset classes to show that optimal Power-Log utility portfolios have lower downside risk and higher upside potential than mean-variance efficient portfolios. It also shows that intermediate term bonds should be given greater weight in conservative portfolios than mean-variance optimization suggests.

*Keywords: power-log, prospect theory, asset allocation, growth maximization, downside protection*

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## **Optimal Hedging with Power-Log Utility Functions vs. Portfolio Insurance for Downside Protection**

**Jivendra K. Kale**

*Saint Mary's College of California*

In this study we compare portfolios constructed by using a portfolio insurance strategy implemented with European put options with optimally hedged portfolios constructed by using expected utility maximization with Power-Log utility functions. We use simulated returns for a riskless asset, a stock index and put options on the stock index to construct the portfolios. We find that the optimal Power-Log portfolios have return distributions with risk and asymmetry characteristics that are consistently superior to those for the corresponding insured portfolios with the same expected returns.

*Keywords: power-log utility, prospect theory, downside protection, portfolio selection, portfolio insurance*

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## **Social Security in 2020: Guarantee Costs and Portfolio Selection in Privatised Accounts, with and without Inflation Indexing**

**Jivendra K. Kale**

*Saint Mary's College of California*

Co-Author: Philip Perry *Saint Mary's College of California*

The aging populations in industrialized nations make it inevitable that social security systems will have to be restructured by 2020. This study examines models of privatized social security with and without government guarantees and inflation indexing as alternatives or addendums to the current system in the United States of America. We examine privatized social security from the perspective of a participant. If there are no guarantees, the participant is likely to invest in some diversified mix of stock and bond funds. Using an option pricing model we show that if the government guarantees the principal, rational participants will shift their entire contribution to the riskiest fund available for investment, which in turn will maximize the cost of providing the guarantee. We find that the cost of the guarantee is substantially lower for younger participants than for older participants if the guaranteed principal is not indexed for inflation, but the difference is small if the guaranteed principal is indexed for inflation. Our findings suggest that the government needs to offer only one mix of funds for investment in guaranteed accounts, and to minimize guarantee costs, it would guarantee only the principal. Alternatively, it could take a more age-neutral approach by guaranteeing the inflation-indexed principal.

*Keywords: social security, privatization, option pricing theory, inflation indexing, government guarantees.*

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## **The Impacts of Sarbanes-Oxley Act from the Earnings Components Perspective**

**Lanfeng Kao**

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Co-Author: Dennis K.J. Lin *Smeal College of Business, Penn State University*

In July, 2002, the Sarbanes-Oxley Act (SOX) was issued. The SOX aims to improve the accuracy and reliability of corporate disclosure. It is thus important to understand the impacts of SOX and whether its objective has been accomplished. This paper investigates the changes in earnings persistence in both pre- and post-SOX periods. The earnings persistence is used to detect the SOX effects. The earnings persistence is a direct measurement, more so than earnings management, and can be used to examine the overall change of earnings quality before and after SOX. Comparisons with recent studies are also made. It is shown that the persistence of earnings components (cash flows and accruals) experience widespread loss in the years prior to the passage of SOX and the passage of SOX indeed improves the persistence of earnings components.

*Keywords: Earnings Persistence, Sarbanes-Oxley Act, Earnings Management*

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## **Trade, Growth and Income**

**Dong-Hyeon Kim**

*Department of Finance, Providence University*

This paper uses the instrument-variable (IV) threshold regressions approach of Caner and Hansen (2004) to investigate whether the trade's contribution to standards of living and long-run economic growth varies according to the level of economic development. The empirical evidence shows that greater trade openness has strongly beneficial effects on growth and real income for the developed countries but significantly negative effects for the developing countries. The heterogeneity in the relationships of trade with growth and income suggests that greater international trade and integration may foster uneven development and hence contribute to more diverging economies. In addition, trade seems to exert its influence via the productivity channel for higher-income countries.

*Keywords: Trade Openness; Economic Growth; Economic Development; Instrumental Variables; Threshold Regression*

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## **Earnings Management and the Market Performance of Stock Dividend Issuing Firms: NZ Evidence**

**Hardjo Koerniadi**

*Auckland University of Technology*

Co-Author: Alireza Tourani-Rad *Auckland University of Technology*

We examine the performance of stock dividend issuing firms in New Zealand and find that stock dividends provide management with incentives to manipulate earnings. During the sample period of 1989 to 2003, stock dividend issuing firms increase accruals substantially in the same year followed by poor earnings and stock price performances in the subsequent year. Consistent with the earnings management hypothesis, we find that discretionary accruals of stock dividend issuing firms in New Zealand are negatively and significantly correlated with the declines in both future earnings and abnormal stock returns. The negative association between discretionary accruals and the abnormal stock returns persists even after we control for the drift effect of earnings and the performance effect on discretionary accruals.

*Keywords: Discretionary accruals; Stock dividends; Earnings management*

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## **Foreign Institutional Investors and Security Returns: Evidence from Indian Stock Exchanges**

**Chandrasekhar Krishnamurti**

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India liberalized its financial markets by opening its doors to foreign institutional investors in September, 1992. We study this landmark event, by examining the impact of trading of Foreign Institutional Investors on the major stock indices of India. First, we find that unexpected flows have a greater impact than expected flows on stock indices. Second, we find strong evidence consistent with the base-broadening hypothesis. Third, we do not find any evidence that foreign institutional investors employ either momentum or contrarian strategies. Fourth, our findings support the price pressure hypothesis. Finally, the claim that foreigners' destabilize the market is not substantiated.

*Keywords: Foreign institutional investors, momentum and contrarian strategies, destabilisation*

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## **Consumer Responses toward Attribute Framing in Product Packaging**

**Sony Kusumasondjaja**

*Department of Management Airlangga University*

The contribution of attribute framing to consumer responses toward products was investigated. The attribute framing, numerical difference on the framing, and level of involvement were hypothesized to affect consumer responses. By using fresh milk as the product examined for the study, it was found that (1) level of involvement affects consumer responses toward framed product information in product packaging, and (2) numerical difference in framed product information significantly affects consumer responses. These results suggest that marketers should capitalize on the influence attribute framing has on consumer responses with consideration on numerical information on the framing and level of consumer involvement.

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## **A Star is Born: A New International Investment Style for US Mutual Funds during the 1986-1995 period**

**Paul Lajbcygier**

*Monash University*

Co-Author: Jinling Xu *Monash University* Jason Choo *Monash University*

We provide evidence that a new 'international growth' investment style in the US mutual fund is born between 1986 and 1995. This corresponds to a large increase in the number of equity international growth funds during this period and a greater appetite amongst investors for international investments.

*Keywords: Investment Style, US mutual funds.*

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## **An Empirical Analysis on Equity Style Portfolio Risk using Value-at-Risk**

**Wee-Yeap Lau**

*University of Malaya, Malaysia*

The knowledge of equity style of mutual funds has benefited investors by mitigating the issue of asymmetric information between fund managers and investors. Having information of portfolio risk enables investors to do risk budgeting. In this study, style analysis by Sharpe (1992) is used to decompose the fund returns into various asset classes. Subsequently, Value-at-Risk (VaR) measure is applied to calculate the portfolio risk based on Jorion (2007). Notably, this study finds that: First, VaR of value style funds is higher than VaR of growth style funds for both diversified and undiversified VaR. Second, adding international stocks as an asset class increases the undiversified VaR for both value and growth style funds. Third, growth style funds exhibit more portfolio diversification effect than value style funds as measured by reduction in diversified VaR. Fourth, adding international stocks to the portfolio intensifies the diversification effect and finally, on individual fund level, asset allocation explains the riskiness of the portfolios. This study highlights the importance of estimating portfolio risk in addition to using style-based classification in the context of Malaysian fund management industry.

*Keywords: style analysis, equity style management, mutual fund, portfolio risk, value at risk*

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## **Default Prediction of Alternative Structural Credit Risk Models and Implications of Default Barriers**

**Han-Hsing Lee**

*National Chiao Tung University, Taiwan*

Co-Author: Ren-Raw Chen *Rutgers University* Cheng-Few Lee *Rutgers University*

While most of the empirical studies of structural credit risk models try to test the performance of structural models in bond and credit derivatives pricing, little results are provided for default prediction. Therefore, in this study, we empirically compare four structural credit risk models – the Merton (1974), the Brockman and Turtle (2003), the Black and Cox (1976), and the Leland (1994) models – for their default prediction capabilities. Our empirical results indicate that exogenous default barriers, flat or exponential, are not crucial in default prediction. In contrast, modeling endogenous barrier has significant improvement in long term prediction for non-financial firms. However, we should note that the performance of the Leland model compared to the Merton model is weakened as the default prediction horizon shortened.

*Keywords: Default Prediction, Structural Credit Risk Model, Maximum Likelihood Estimation*

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## **Alternative Methods to Determine Optimal Capital Structure: Theory and Application**

**Cheng-Few Lee**

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Co-Author: Sheng-Syan Chen *National Taiwan University, Taiwan* Han-Hsing Lee *National Chiao Tung University, Taiwan*

In this paper, we review the most important and representative capital structure models. The capital structure models incorporate contingent claim valuation theory to quantitatively analyze prevailing determinants of capital structure in corporate finance literature. In capital structure models, the valuation of corporate securities and financial decisions are jointly determined. Most of the capital structure models provide closed-form expressions of corporate debt as well as the endogenously determined bankruptcy level, which are explicitly linked to taxes, firm risk, bankruptcy costs, risk-free interest rate, payout rates, and other important variables. The behavior of how debt values (and therefore yield spreads) and optimal leverage ratios change with these variables can thus be investigated in detail.

*Keywords: Optimal capital structure, structural model, capital structure model, credit risk*

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## Cash Holdings, Corporate Governance Structure and Firm Valuation

**Kin Wai Lee**

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Co-Author: Cheng-Few Lee *Rutgers University*

Firms with higher board independence, smaller boards, and lower expected managerial entrenchment, have lower cash holdings. We find that the negative association between cash holdings and managerial entrenchment is mitigated by stronger board structures. Specifically, in firms with higher expected managerial entrenchment, those with higher proportion of outside director on the board and smaller board size have lower cash holdings. We also find that firm value is negatively associated with cash levels. The negative association between firm value and cash holdings is more pronounced in firms with (i) lower proportion of outside directors, (ii) larger boards and (iii) higher expected managerial entrenchment. For firms with both high cash holdings and high expected managerial entrenchment, investors additionally discount the valuation of firms with lower proportion of outside directors and those with larger boards.

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## Long-term Share Performance of Malaysian Bidding Firms

**Siew Peng Lee**

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Co-Author: Mansor Md. Isa *University of Malaya, Malaysia*

This study examines the long-term share performance of bidding firm listed on the Bursa Malaysia (formerly known as Kuala Lumpur Stock Exchange) during the period of January 2000 to December 2004. We find that bidding firms are slightly underperform following the post-acquisition. This underperformance persists even after controlling of overlapping acquisitions, match firm from the same industry, firm size and book-to-market. However, this underperformance is not statistically significant different from zero. Further analysis reveals that long-term return are insignificant different from zero irrespective to the method of payment for acquisition

*Keywords: Bidder, mergers and acquisitions, long-term performance, event study, and abnormal returns*

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## **Empirical Performance of Affine Option Pricing Models: Evidence from the Australian Index Options Market**

**Steven Li**

*University of South Australia*

Co-Author: Timothy Sharp *Queensland University of Technology*

This paper investigates the performance of affine option pricing models in the context of the Australian S&P/ASX200 index option market. This investigation is done through the implicit estimation of the risk neutral parameters of affine option pricing models using actively traded S&P/ASX200 index options between January 2001 and December 2006. In particular, stochastic volatility and jumps in both price and volatility are considered. First, model fitness is considered. Overall, call options are best modelled with a process that includes stochastic volatility and jumps in price and volatility, while put options are best modelled with a process that allows stochastic volatility and jumps in price (but not in volatility). Under the assumption of near constant parameters through time a more parsimonious model is the best choice, with a plain stochastic volatility model performing best for call options and a jump-diffusion or stochastic volatility model performing equally well for put options. Second, model internal consistency is studied by looking at the time series of implicit volatilities and implicit volatility smiles. Differences in the implicit distribution of call and put options are consistently found and all models are shown to be significantly misspecified through analysis of model internal consistency and implicit volatilities.

*Keywords: Affine Option Pricing Models; Implicit Volatility; Jump-Diffusion Processes; Stochastic Volatility; Risk-Neutral Distributions.*

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## **The Impact of Capital Structure on Agency Costs: Evidence from UK Public Companies**

**Steven Li**

*University of South Australia*

Co-Author: He Zhang *University of South Australia*

This paper aims to provide empirical evidence on the agency costs hypothesis which suggests that increase of leverage may reduce agency costs. Both multivariate tests and univariate tests are employed in this study. The multivariate tests reveal that general relationship between leverage and agency costs is significantly negative. Univariate tests are further used to assess whether agency costs are significantly different when a firm has a relatively higher debt to asset ratio from when it is less leveraged. Similar supporting evidence is found for the agency costs hypothesis. Moreover, results from the univariate tests also indicate that this general negative relationship no longer holds when an extremely high level of leverage is present.

*Keywords: Agency costs, Leverage, Agency costs hypothesis, and Opposite effect*

## **The Degree of Stock Price Deviations from Random Walk: A Cross-Country Analysis**

**Kian-Ping Lim**  
*Monash University*

Co-Author: Robert D. Brooks *Monash University*

This study employs the rolling bivariate correlation statistic to measure the degree of stock price deviations from random walk for the stock markets of 50 countries. We find that stock markets in economies with low per capita GDP in general experience more persistent price deviations than those in the high income group. This clustering effect is not due to market size, market liquidity, or other economic structural characteristics such as macroeconomic instability, country size or even economy diversification. Instead, our results show that the degree to which legal institutions protect private property rights can account for the negative correlation between per capita GDP and stock price deviations. Our conjecture is that weak protection deters the participation of informed arbitrageurs, leaving the market being dominated by noise traders whose trading is subjected to sentiment.

*Keywords: Weak-form market efficiency; Random walk; International stock markets; Property rights*

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## **International Hedge Ratios for Index Futures Market: A Simultaneous Equations System Approach**

**Fu-Lai Lin**  
*Da-Yeh University*

This paper investigates the international hedge ratios for index futures markets. Instead of looking at hedging in a single market, we here construct a simultaneous equations system model to study the index hedging in the light of the cross-country linkages and interactions. The three-stage least squares (3SLS) estimating procedure is then applied to CAC40 and FTSE100 indices over the period 1990-2006. The empirical results indicate that the cross-country hedging strategy in both markets is feasible and the investors can bring down the holding position in own futures market. Moreover, the hedging effectiveness of cross-country hedging strategy performs better than the traditional single market hedging strategy in terms of the percentage reduction in variance.

*Keywords: Hedge ratio estimation, Cross-country linkages and interactions, Simultaneous equations system model, Hedging effectiveness*

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## **Dynamic Relationship between Inflation and Financial Development**

**Shu-Chin Lin**  
*Department of Economics, Tamkang University*

Co-Author: Dong-Hyeon Kim *Department of Finance, Providence University* Yu-Bo Suen *Department of Finance and Banking, Aletheia University*

This paper studies the long- and short-run relationship between inflation and financial development. Using the Pooled Mean Group estimator of Pesaran, Shin and Smith (1999) to unbalanced panel data for 87 countries over the 1960-2005 period, we find that a negative long-run relationship between inflation and financial development coexists with a positive short-run relationship. However, when splitting the data into different income or inflation groups, these results can be observed only in low-income or low-inflation economies.

*Keywords: Inflation, Financial Development, Pooled Mean Group Estimator*

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## **Voluntary Comprehensive Compensation Disclosure and the Firm Value: Empirical Evidence from a Capital Market with Revolutionizing Policies**

**Chih-Liang Liu**

*National Chiao Tung University, Taiwan*

The fact that voluntary disclosure of accounting information reduces the agency conflict and cost of capital is particularly true for the comprehensive compensation information. The purpose of this empirical study is to extend the notions presented by Bebchuk and Fried (2003) and Bushman and Smith (2001) that the comprehensive compensation disclosure provides better internal governance mechanism and economic performance. Using the hand-collected data of all the listed companies from 1998 to 2005 in Taiwan which provides a natural experiment to discuss the revolutionizing disclosure policies, we find the evidence that after considering the controlling effects, there is a significantly positive association between the voluntary disclosure of directors' comprehensive compensation and firm value. The robustness also supports our finding with instrumental variables approach and self-selection model and further demonstrates that the voluntary disclosure provides a mechanism through which the board independence affects the firm value.

*Keywords: Voluntary Compensation Disclosure, Agency Conflict, Board Independence.*

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### **Food "security" and enterprise viability**

**Mark McGovern**

*Queensland University of Technology*

The development of agriculture internationally is at a critical juncture. After years at relatively low levels, food prices have recently risen strongly along with the prices of many commodities. Societal instabilities have emerged as people, economies and governments variously react to strong price shocks. The basis and duration of "the global food crisis" is uncertain with assertions of permanently higher prices competing with claims of manipulated markets and stagflationary price spikes. Opposing trade policy positions have emerged. Some nations and organisations see solutions in international trade liberalisation while others have acted to restrict food exports and increase subsidies. Advocates for both these opposed positions argue that "food security" would then be improved. An analysis of associated arguments is one focus of this paper. A second focus is on the returns to food and fibre production. Issues of enterprise viability appear essentially overlooked in current policies. Australian agriculture provides an example of how naïve trade positions and policy blind spots can expose even the most secure of food producers to needless risks and insecurities.

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## Social Accounting In The Credit Union Sector: GRI Readiness

**Dianne McGrath**

*Charles Sturt University, Australia*

The Global Reporting Initiative (GRI) 2002, revised in 2006 is increasingly being used as a framework to report on an organisation's social and environmental impacts. This paper explores the ability of smaller regionally based credit unions to report under the GRI. In exploring the reporting information categories the paper draws on prior research which has documented the requirements for social accounting information by internal stakeholders in the credit union sector.

The information requirements under the GRI framework are compared with what is currently available or is potentially available under existing traditional reporting mechanisms in order to gain an insight into the level of change needed within organisations to adopt a social and environmental reporting strategy. Based on the responses of management and directors significant components of the reporting requirements of the GRI are currently able to be generated from existing internal systems. To many of the respondents this was a surprise as the organisations from which the participants had been drawn were not involved in regular or consistent reporting of their social and environmental impacts due to perceptions that it would require resources already tied up in other areas of the organisation. It was further found that the information provided by such a reporting framework would be of value to this group of decision makers.

The paper begins with a discussion of the literature pertaining to the reporting of social and environmental data by organisations before a brief overview of the credit union sector is provided. A summary of the findings of a study exploring the reporting requirements of stakeholders in the Australian credit union sector follows before the presentation and analysis of the results of a survey exploring the availability and usefulness of information of the type required under the GRI.

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## Empirical Risk Analysis of Pension Insurance – The Case of Germany

**Ferdinand Mager**

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Co-Author: Christian Schmieder *Deutsche Bundesbank & European Investment Bank*

The book reserve system is the most widespread method of financing occupational pension plans in Germany. The pension liabilities are mutually insured by the Pensions-Sicherungs-Verein VVaG (PSVaG) against bankruptcy. The PSVaG recently stated that the insurance system needed to be reformed. In the future, risk-adjusted premiums as foreseen for the newly established Pension Protection Fund in UK could become feasible. We perform a credit portfolio analysis to determine the risk profile of the PSVaG. Under an expected loss pricing plan insurance premiums would vary greatly. In a marginal risk contribution approach the variation of the premiums would be less pronounced. The magnitude of such a tail risk event suggests that under the current financing system it can only be smoothed out over decades.

*Keywords: Unfunded pensions, pension insurance, mutual insurance association, book reserve system, credit portfolio risk, risk-adjusted premiums*

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## **A Note on the Cost of a Generalized Term Loan and Internal Equity Mix**

**Keishiro Matsumoto**

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Co-Author: Solomon S. Kabuka *University of the Virgin Islands* Lonnie Hudspeth *University of the Virgin Islands* Sharon Simmons *University of the Virgin Islands*

A generalized term loan here refers to a group of all popular loans such as a bullet loan, an ordinary term loan, a deferred term loan, an interest-only loan, a balloon loan, a perpetual loan and a term loan whose payments are not fixed. The paper presents a unified theory to assess the cost of a generalized term loan and internal equity mix, provided that a firm's financial manager adheres to the target capital structure and that the cost of equity and the interest rate remain fixed. The salient finding of this work is that the true cost of the new capital mix can be obtained by the traditional weighted average cost of capital formula. The theory is new because the past proof of this assertion contained critical flaws. A concrete example is provided not only to point out their errors but a new and simpler proof is presented to re-establish the assertion.

*Keywords: loan amortization, weighted average cost of capital, true cost of capital*

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## **Selection and Retention Strategies for Employees for Expatriate Assignments**

**Patricia Mehegan**

*Cross-Cultural and Global Mobility Consultant*

As 2020 approaches, business is faced with a rapidly globalizing economy and a potential shrinking of the available workforce. The demand for employees who have the right combinations of qualifications, skills, experience and personal qualities to succeed in expatriate assignments will only increase. The ability to select the right candidate and retain them in the company will be crucial to a business's sustainability and success in the coming decades. At present, many expatriate assignments fail. Two significant reasons for this are flaws in the company's selection procedures and the mismanagement of the repatriation process. This paper looks at some current approaches to these issues, why they fail and suggests alternative ways of achieving good candidate selection and retention rates for overseas postings.

*Keywords: Selection procedures; retention strategies; expatriation; repatriation; expatriate workers; cross-cultural skills; cross-cultural awareness; intercultural awareness*

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## **Australia's Equity Home Bias and Real Exchange Rate Volatility**

**Anil V. Mishra**

*University of Southern Queensland*

This paper examines the impact of real exchange rate volatility on Australia's equity home bias by employing, International Monetary Fund's high quality dataset (2001 to 2006) on cross border equity investment. The paper finds some interesting trends in Australia's equity home bias. The paper uses different control measures and also conducts generalised method of moments robustness tests, to examine the role of real exchange rate volatility in Australia's equity home bias. The paper finds that real exchange rate volatility is a potential driver of Australia's equity home bias.

*Keywords: coordinated portfolio investment survey; float home bias; real exchange rate volatility; generalised method of moments.*

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## **A Comparison between Multiple Discriminant and Logistic Regression on the Performance of the Shariah Compliance Companies in Industrial Sector**

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Co-Author: Nuradli Ridzwan Shah Bin Mohd Dali *Islamic Science University of Malaysia* Suhaila Abdul Hamid *Islamic Science University of Malaysia*

In evaluating company's performance, we need tools that can be used to measure the performance and one of most popular tools is the financial ratio analysis. This paper will explore the use of alpha Jensen technique to classify the Shariah compliance companies in the industrial sector into two categories i.e. performing and non performing. Then the result would be used with the companies 20 financial ratios to identify the ratios that influence the performing and non performing companies using multiple discriminant analysis and logistic regression. There is cash / share differentiate significantly the non - performing and performing using MDA model and the ratios influencing the performance of the Shariah compliance companies using logistic regression are cash / share and cash ratio.

*Keywords: Multiple Discriminant Analysis (MDA), CAPM, Alpha Jensen, Wilk Lamda, Company's Performance, Logistic Regression, Shariah Compliant Companies.*

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## **Open strategies, open source strategies and the issue of value capture in the software industry**

**Laure Muselli**

*Queensland University of Technology*

Commercial software is traditionally governed by proprietary licenses that allow usage in exchange for a fee. Since the 90's, more and more commercial software publishers have switched to open source and hybrid licenses. Open source licenses allow users to freely download, copy, modify and distribute software whereas hybrid licenses place certain restrictions on freedom. Using Teece's concept of regime of appropriability (Teece, 1986), we highlight the strategic role of software licenses in both open and open source strategies, as well as the business models allowing open source software publishers to capture value in order to make some profits.

*Keywords: Open Source, software, regime of appropriability, open strategies, business models.*

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## **Knowledge Management as Dynamic Capabilities: Does It Work in Emerging Less Developed Countries?**

**Philip A. Neck**

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In the turbulent environments of today, knowledge management as dynamic capabilities have become the key for achieving and sustaining a competitive advantage. However, relevant research to date is mostly conceptual in nature and mainly explored in the context of advanced, developed countries while, at the same time, little empirical evidence has been found in investigating a dynamic capability view of knowledge management. This study aims to fill the perceived gaps by developing and empirically testing a theoretical model of knowledge management process capabilities in Vietnam, an emerging Asian less developed economy. The key findings supported the dynamic capability view of knowledge management demonstrating that knowledge management process capabilities significantly contribute to a firm's competitive advantage, among which knowledge application processes were found to be the most important dimension.

*Keywords: knowledge management processes, dynamic capabilities, competitive advantage.*

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## **The Reliability of Mandatory Cash Flow Forecasts by Australian Mining Exploration Companies**

**Jodie Nelson**

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Co-Author: Gerry Gallery *Queensland University of Technology*

This study examines the Australian Securities Exchanges (ASX) mandatory disclosure regulations relating to mining exploration companies. Unlike many overseas jurisdictions, these ASX regulations require these entities to lodge quarterly cash flow reports and, as part of this report, provide forecasted pre-production costs. In the absence of prior research on mandatory cash flow forecasts, we investigate the usefulness of this information and as such, the effectiveness of this particular type of disclosure regulation in Australia. Our findings indicate that firms with a more volatile cash flow and those that perform poorly, are important determinants of forecasting accuracy in general. Interestingly, mining exploration companies with higher financial slack are more likely to exhibit greater forecasting errors and demonstrate lower forecasting optimism. Our findings are expected to be of interest to financial reporting regulators worldwide who advocate the provision of forward-looking information. Furthermore, the results provide a basis for evaluating the quality of information contained in quarterly cash flow forecasts, to investors.

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## **Distribution of Short-Term Interest Rate in One-Factor Models**

**Kok Haur Ng**

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Co-Author: Ah Hin Pooi *University of Malaya, Kuala Lumpur, Malaysia* Y.C.Wong *Sunway University College, Selangor, Malaysia*

In this study, we propose a numerical method to approximate the distribution of the short-term interest rate in one-factor models. A discretized version of the one-factor model is used. The distribution of the short-term interest rate at time  $k$  is found recursively from the interest rate at time  $k - 1$  by using the method based on moments. The distribution at a given future time  $T$  is found to agree well with that based on simulation.

*Keywords: Short-term interest rate, CLKS model, Quadratic-normal distribution, Moments*

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## **Direct and indirect effects of voluntary governance codes on company disclosure practices**

**John Nowland**

*Queensland University of Technology*

This study tests for direct and indirect effects of voluntary corporate governance codes on company disclosure practices. Two direct effects of the codes are expected: (1) an overall improvement in company disclosure practices, which is greater when the codes have a greater emphasis on disclosure, and (2) a leveling out of disclosure practices across companies (larger improvements in companies that were previously poorer disclosers) due to the codes new comply-or-explain requirements. The codes are also expected to have an indirect effect on disclosure practices through their effect on company governance practices. The results show that the introduction of codes in eight East Asian countries has been associated with lower analyst forecast error and a leveling out of disclosure practices across companies. The codes are also found to have an indirect effect on company disclosure practices through their effect on board independence. This suggests that voluntary corporate governance codes have both a significant direct effect and a significant indirect effect on company disclosure practices.

*Keywords: analysts forecasts, Asia, board independence, corporate governance, disclosure*

## **Changes in Managerial Stock Ownership, Accounting Discretion, and Earnings Informativeness: The Role of Governance Contexts**

**Emeka Nwaeze**

*The University of Texas-San Antonio*

In this study, I examine the effect of managerial ownership change on the scale of accounting discretion and earnings informativeness. Drawing from the optimal-contracting theory of ownership structure and accounting choice, I predict that changes in managerial ownership are not independently associated with the scale of discretionary accruals or informativeness of earnings. I argue the effect of ownership change on the informativeness of earnings is rather tied to pre-existing agency/governance problems. Consistent with these predictions, I find that changes in managerial ownership are not independently associated with the scale of abnormal accruals or informativeness of earnings. I find, however, that increases in ownership are positively associated with earnings informativeness for firms with pre-existing governance and accounting problems. Additional analysis shows that increases in ownership beyond certain levels reduce earnings informativeness. The results are robust to alternative returns-earnings specifications and suggest that the effect of changes in managerial stock ownership on earnings informativeness is tied to agency contexts predicted to create demands for higher managerial ownership.

*Keywords: Managerial ownership change, accounting discretion, earnings informativeness, governance context*

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## **A Welfare Analysis on Third-degree Tariff Discrimination under International Trade Agreement**

**Cindy Hsiao-Ping Peng**

*Yu Da College of Business*

The literature on third-degree price discrimination tariffs is skimpy at best. In the wake of globalization and international economic coordination, reduced tariffs are frequently required of each participating member country. What the optimum tariff rates are under the circumstance needs to be examined carefully.

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## **Stochastic Dominance Analysis of CTA Funds**

**Kok Fai Phoon**

*Monash University*

Co-Author: Wing-Keung Wong *Hong Kong Baptist University* Hooi Hooi Lean *Universiti Sains Malaysia*

In this paper, we employ the stochastic dominance approach to rank the performance of commodity trading advisors (CTA) funds. An advantage of this approach is that it alleviates the problems that can arise if CTA returns are not normally distributed by utilizing the entire returns distribution. We find both first-order and higher-order stochastic dominance relationships amongst the CTA funds and conclude that investors would be better off investing in the first-order dominant funds to maximize their expected utility and expected wealth. However, for higher-order dominant CTA, risk-averse investors can maximize their expected utility but not their expected wealth. We conclude that the stochastic dominance approach is more appropriate compared with traditional approaches as a filter in the CTA selection process given that a meaningful economic interpretation of the results is possible as the entire return distribution is utilized when returns are non-normal.

*Keywords: commodity trading advisors funds, stochastic dominance, risk-averse investors, performance measurement.*

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## Effects of Non-Normality on the Distribution of Short-Term Interest Rate in the CIR Model

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The Cox-Ingersoll-Ross (CIR) model for short-term rate of interest can be expressed by a stochastic differential equation. The Brownian motion embedded in the equation implies that the source of randomness of change in the short-term rate within a small time interval of length  $\Delta t$  is a normal variate with mean zero and variance  $\sigma^2 \Delta t$ . In practice, the underlying variate is non-normal as it tends to have fat-tails. Presently, we find the distribution of short-term rate in the CIR model when the underlying distribution is non-normal. Our results show that non-normality does have an effect on the short rate within a small to medium length of time.

*Keywords: CIR, Short-term rate, Quadratic-normal distribution, Moments.*

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## Humor and Work? You got to be serious!

**Amber Raza**

*PAF Kiet*

A lot of work has been done on productivity and organizational commitment; however the linkage of humor with the organizational commitment and productivity is yet an unexplored area in Pakistan. As human beings, we have the ability to laugh at others and ourselves, to make jokes, to add humor to situations which are seemingly without humor.

The following study explores humor and its impact on group cohesion in formal settings of universities. Sample size consisted of 200 educationists with varying degree of experience. The impact of humor was on Group Cohesion and Organizational Commitment.

*Keywords: Humor, Superiority humor, Incongruity humor, Relief humor, organizational culture, Universities, Pakistan*

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## Innovations in the Czech Republic and New Technologies Risks

**Pavla Rehorova**

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Co-Author: Julie Volfova *Technical university of Liberec, Czech Republic*

Research and development (R&D) of new technologies and systematically utilization of its results are the key factors of current socio-economic countries development. Thanks to world interconnection the competitiveness on world markets increases and application of new findings becomes the fundamental presumption of permanent sustainable competitive advantage. Globalization in R&D appears not only in advanced countries but also in transforming economies (e. g. in Czech Republic) and development countries. In public R&D there get in front more and more questions of R&D results utilization and assurance of relationships between individual phases of innovative process, i. e. from R&D knowledge origin to their realization within innovations in business sphere. Typical example are new technologies (e. g. nanotechnologies) and their implementation in business practice - that could be a very important instrument of sustainability issues.

*Keywords: innovations; R&D; management; commercialization; micro and nanotechnology risks*

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## **An Analysis of Multidimensional Commitment of Salespeople**

**Adnan Riaz**

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It is widely believed that the organizational commitment and job satisfaction directly affect employee intention to leave or stay. Duly satisfied and committed employees not only provide competitive edge but also contribute in the success of the organization. This study contributes to the growing literature on the influence of commitment and job satisfaction on propensity to leave. The population of the study comprised the entry level salespeople, therefore the commitment was measured from multiple angle (360 degree) in terms of commitment with the supervisor, peers, customers/clients and sales profession. It provides empirical evidence to support theoretical models that link multidimensional commitment with organizational commitment and job satisfaction. Organizational commitment and job satisfaction were further tested with propensity to leave.

With the help of questionnaire survey, 30 responses from each four growing sectors i.e. Banking, Pharmaceutical, Telecom and Automobile were collected through convenience sampling. Findings showed significant relationship and interdependence between independent and dependent variables. However, significant association is not calculated by organizational commitment and job satisfaction on propensity to leave. Managerial implications and conclusions are presented based upon these results.

*Keywords: Commitment with Supervisor, Commitment with Peers, Commitment with Sales Profession, Commitment with Customers/Clients, Organizational Commitment, Job Satisfaction, Propensity to Leave*

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## **Bangladeshi Industrial Importers' Commitment to Their Supplier: Implications for Foreign Investment**

**Md. Abu Saleh**

*Queensland University of Technology*

The visible purpose of export and import policy of a country is to gear up the nation's promotion of self-reliance through export-led growth and foreign direct investment. However, import-led economic progress or otherwise invisible aspects of importing such as commitment behaviour of importers and their perception to the industrial import supplier might be an exotic strategy for a developing country to draw attention of the foreign investors. With this view in mind, this study investigates Bangladeshi industrial importers commitment behaviour and its instigator factors in an importer supplier relationship. The regression analysis revealed that importer trust to the supplier, communication, relative advantage of importing and transaction specific investment are the significant predictors of importer commitment. The non-significant findings of opportunism and environmental volatility are also contributory evidence in the study context. Such result makes it potentially attractive for foreign investors and policy makers to engage in joint ventures or foreign direct investment in Bangladesh because Bangladeshi importers are committed to developing long-term relationships.

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## **Dynamics of Entrepreneurship Intentions of MBA Students: An Asian Developing Country Perspective**

**Md. Abu Saleh**

*Queensland University of Technology*

Co-Author: Judy Drennan *Queensland University of Technology*

Entrepreneurial intention has largely been examined in a developed country context, but its investigation in emerging developing countries has been very limited. This study examines the impact of childhood experiences on entrepreneurial intentions in Bangladesh. A survey was conducted with 378 respondents MBA students from three Bangladeshi Universities. Results revealed that a difficult childhood, frequent relocation and family business background indirectly influence entrepreneurial intentions. Finally, future research directions are highlighted.

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## **An Empirical Examination of the Relationship between Corporate Social Responsibility Disclosure and Financial Performance in an Emerging Market**

**Mustaruddin Saleh**

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Co-Author: Norhayah Zulkifli *University of Malaya, Kuala Lumpur, Malaysia* Rusnah Muhamad *University of Malaya, Kuala Lumpur, Malaysia*

This study, using longitudinal data analysis, attempts to address the question of whether CSR is linked to financial performance for PLCs in Malaysia. Despite CSR disclosure being at a nascent stage in Malaysia, the findings of this study solidly support the outcome of the majority of results in developed markets. It was found to be positively related to financial performance. This suggests that local firms can achieve advanced levels of financial performance if they engage in social activities. The findings also confirm that there is limited evidence of a significant effect of CSR on financial performance in a long-term relationship.

*Keywords: Corporate Social Responsibility (CSR), Corporate Financial Performance (CFP), Fixed Effects (FE) model, Random Effects (RE) model, Bursa Malaysia*

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## **Knowledge Management: Inter Industry Comparison in India**

**Parag Sanghani**

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and Queensland University of Technology*

During last 15 years there are lots of journals, magazines and conferences have published special issues on knowledge management. Review of available literature on knowledge and knowledge management reveal us that majority of research work in Knowledge Management (KM) is either focused on any one organizations or focused on any one industries. Till today comparative knowledge management research are limited. Many Indian business houses have started implementing knowledge management programs in their organizations.

This research paper tries to show status of knowledge management in different industries in India. The research paper highlights differences among employee opinions in selected industries. As IT industries are first mover in implementing knowledge management program in India, paper tries to investigate status of KM in Banking, Pharmaceutical, Cement and Other Industries compare to IT industries.

## **An Analysis Of Productivity And Efficiency Of Assets Transformation in the Banking Industry in Sri Lanka**

**Senarath Lalithananda Seelanatha**

*School of Accounting and Finance, Victoria University, Victoria*

This paper examines trends in efficiency improvements and productivity changes in the assets transformation function of the Sri Lankan banks during the period of 1989 to 2003. Productivity and efficiency scores are estimated using the input-oriented DEA model. The study found mixed evidence. However the study found reduction of efficiency gap between state-owned and privately-owned banks during the study period. Further to that the commercial banks have improved their productivity mainly on technological changes.

*Keywords: Productivity and Efficiency, Banking, Sri Lanka*

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## **Pricing efficiency under the coexistent open outcry and E-mini index futures markets**

**Shufang Shiu**

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Co-Author: Wei-Peng Chen *Shih Hsin University, Taipei, Taiwan* Huimin Chung *National Chiao Tung University* Her-Jiun Sheu *National Chiao Tung University*

The arbitrage obstacles and arbitrage risk existing in trading mechanisms would cause the persistent asset price divergence. In an attempt to understand the differences in the effects of trading mechanisms on pricing efficiency, this study examines the E-mini and open outcry futures markets with DJIA and Nasdaq100 indices. By controlling for the factors of market characteristics in the OLS and quintile regression model, we have observed the occurrence of mispricing under the existing open outcry and E-mini futures markets in American. Our findings are in line with previous study (Cheng et al., 2005) and support the conclusion that pricing efficiency of electronic trading system seems to be superior to open outcry systems. These results may be explained by considering the market characteristics of electronic trading mechanisms. More specifically, speedier execution would benefit arbitrageurs to against latent risk when they executing arbitrage trades, therefore diminish the pricing errors and push the market prices to equilibrium

*Keywords: Trading mechanism; E-mini futures; Floor traded futures; Price efficiency*

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## **Alternative Explanations of the Volatility Trend: Are They Really That Different?**

**Daniel R. Smith**

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Co-Author: Amir Rubin *Simon Fraser University*

We study the puzzling behavior of the average level of individual stock return volatility around the turn of the Millennium. The academic literature has proposed a host of putative explanations for the increase in volatility, which we consider in detail. The key advantages to our analysis are that: 1) we study all the major variables jointly, and 2) our analysis focuses on both the time-series and cross-sectional evidence. We find that turnover, which has curiously been ignored by the current literature, is quite useful in both the time-series and cross-section. The market-to-book ratio (which proxies for growth options) although useful in a time-series context lacks power in the cross-section, and some of the proxies used for other explanations proposed in the literature fail in the time-series once lagged volatility is introduced in the regression. Finally, it seems that all of the variables that track average volatility well do so mainly by capturing changes in the post-1994 period. These variables have no time-series explanatory power in the pre-1995 years.

*Keywords: Volatility, Trend, Turnover.*

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## **The effect of corporate governance quality on accrual mispricing: Australian Evidence**

**Maria Elizabeth Strydom**  
*Monash University*

Co-Author: Michael Skully *Monash University* Farshid Navissi *Monash University* Madhu Veeraraghavan *Monash University*

This paper investigates the relationship in Australia between corporate governance quality, accruals quality and accrual mispricing as well as the impact of governance reforms. These reforms demand better disclosure and should produce enhanced quality financial reports. This in turn should reduce information asymmetry and so allow investors to better estimate the earnings persistence, reducing accruals mispricing & anomaly. A weighted internal governance index is developed and employed to explore firm-level mispricing pre and post governance reforms. Findings show good governance improves accruals quality and lowers accrual mispricing (and anomaly). This relationship is more significant post reforms, suggesting these have been effective. Contributions include documenting an association between corporate governance quality and accrual mispricing. We differentiate from other mispricing studies by looking at firm-level mispricing. In conclusion firm governance quality improves disclosure quality and yields better quality earnings and accruals. It should therefore be an important factor in the pricing decision.

*Keywords: Accrual quality, Accrual mispricing, Accrual anomaly, Corporate governance*

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## **The Mutual Fund Performance: Evidence from Thailand**

**Teerapan Suppa-Aim**  
*University of Birmingham*

This paper studies the performance of mutual funds in Thailand during the period 2000-2006, using Jensen's traditional technique and a conditional technique which incorporates predetermined information variables, namely Treasury bills, dividend yield, market return and the January effect. The results show that Thai mutual funds use naïve diversification strategies and follow the stock market very closely but under-perform the market by 1.7 percent per annum. The inferiority of the performance is not statistically significant. Retirement savings scheme funds over-perform the market, whereas general funds under-perform the market. The two models yield fairly similar results but the conditional model makes the performance look worse. Dividend yield, Treasury bills and term structure are individually and jointly significant in most funds, particularly flexible funds and funds in retirement savings schemes.

*Keywords: Mutual funds; Fund performance; Conditional models*

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## **Risk Consistency and Professional Fund Managers' Investment Behavior: Questionnaire-based Analysis on Japanese Market**

**Masayuki Susai**  
*Nagasaki University*

Co-Author: Hiroshi Moriyasu *Nagasaki University*

In this paper, we investigate risk consistency and other investment behaviors of fund managers working at Japanese investment institutions using a questionnaire based survey that was conducted in October of 2005. In particular, we focused on the herding behavior and disposition effect of fund managers. We found that 'risk inconsistent' fund managers have a tendency to show disposition behavior. As for herding behavior, we could not find any strong evidence that might indicate a difference between the two groups.

*Keywords: Risk Consistency, Disposition Effect, Herding Behavior*

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## **Volume or Order Flow? : Which contains more information in really traded Yen/Dollar Foreign Exchange Market?**

**Masayuki Susai**  
*Nagasaki University*

In this paper, we use real traded foreign exchange data to test mixture of distribution hypothesis. Up to now, it is difficult to use traded foreign exchange rate because foreign exchange rate trade is only a bilateral between dealers in foreign exchange markets. In many papers with foreign exchange rate, they use quoted data or limited data gained from a dealer or a bank directly. With this special data, we find clear impact of trading volume on the volatility and GARCH effect of foreign exchange rate. In addition to trading volume, we explore the impact of order flow and find limited impact. From these findings, trading volume can be better proxy for information arrival than order flow.

*Keywords: Traded Foreign Exchange Rate , MDH, GARCH model*

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## **Call auction transparency and market liquidity, evidence from the Shanghai stock exchange**

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Co-Author: Dionigi Gerace *Department of Finance, School of Accounting and Finance, University of Wollongong* Alex Frino *Department of Finance, School of Business, University of Sydney*

This paper examines the impact of pre-trade information transparency in pre-open call auction on market liquidity on the Shanghai Stock Exchange (SHSE). We examine the natural experiment affected by the Shanghai Stock Exchange in July 2006 when it changed its pre-open auction algorithm from an entirely black box into a limited transparent system with a closed order book. We find that the increase in pre-trade information transparency coincides with a statistically significant reduction in spread at the best quotes. The reduction in spread persists even after controlling for known determinants of depth. Furthermore, there is also evidence of a statistically significant reduction in market depths. Finally, the ratio of trading volume to total volume during call auction increases significantly over the first 15 minutes of continuous trading. We conclude that in a more transparent call auction, the change from an entirely black box into a limit transparent limit order book has led to an improvement in market quality in terms of market liquidity and increased participation in the call auction by investors.

*Keywords: call auction, information transparency, market liquidity*

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## **Financial integration of Chinese markets after WTO accession and financial liberalization**

**Gary Gang Tian**  
*The University of Wollongong, Australia*

This paper examines the cointegrating and long-term causal relationships among stock markets in the greater China region and the US and Japanese markets. To improve the quality of empirical results from the application of recently developed cointegration and level causality testing techniques in VAR, we used both the US dollar and local currencies as the term unit for share index prices and properly adjusted times for stock indices in different time zones. Our results suggest that a long-term equilibrium relationship measured by cointegration has been established among the Chinese, Hong Kong and Taiwanese markets as well as the US and Japanese markets. We also found that in addition to the existence of a long-term causal relationship existing between these two mainland Chinese markets, there is also some evidence that the Chinese markets are influenced by other markets including the US and Hong Kong.

*Keywords: International Financial Markets; Causality testing in VARs; Cointegration*



## **Tax Compliance, Tax Morale And Governance Quality**

**Benno Torgler**

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Co-Author: Markus Schaffner *Queensland University of Technology* Alison Macintyre *Queensland University of Technology*

Taxpayers are more compliant than the traditional economic models predict. Why? The literature calls it the “puzzle of tax compliance”. In this paper we use field, experimental and survey data to investigate the empirical evidence on whether presence of tax morale helps to resolve this puzzle. The results reveal a strong correlation between tax morale and tax evasion/compliance which confirms the value of taking the research a step further by looking at the determinants of tax morale. We explore this question with a particular focus on the importance of governance quality.

*Keywords: tax morale, tax compliance, tax evasion, institutional and governance quality, social capital*

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## **How Do Firms Manage Their Earnings Forecast Strategy? A New Zealand Study**

**Thu Phuong Truong**

*Victoria University of Wellington*

Co-Author: Keitha Dunstan *Victoria University of Wellington* Gerry Gallery *Queensland University of Technology*

In contrast to the trend of research investigating why firms decide to release earnings forecasts to pre-empt any expected change in earnings, our study investigates how firms manage their earnings forecast strategy once they have decided to release earnings forecasts. Using a sample of 350 NZX-listed firm years with balance date ending from 31 January 1999 to 31 December 2005 for 94 companies across the statutory-backed continuous disclosure regime, we document that firms are more likely to adopt an earnings forecast portfolio approach in the post statutory sanctions period, particularly for the group of firms expecting favourable earnings change. We also document that these good news firms have a higher propensity to gradually update the market with good news earnings forecasts while those with bad news are more likely to immediately correct current market expectations of earnings or prior earnings forecast errors. These findings indicate that firms expecting better earnings performance are more conservative in their earnings forecasting compared to those expecting worse earnings performance. Even though this asymmetrical treatment between good news and bad news might not meet the objective of corporate regulators in promoting a continuously updated market, the fact that good news firms indeed increase their earnings forecast practices in the post sanction period does indicate an improvement in the information flow to the capital market.

*Keywords: management earnings forecasts, continuous disclosure, earnings forecast strategy*

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## **An Empirical Study of the Hidden Markov Switching Moving Average Model**

**Pei-Ling Tsai**

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Co-Author: Shih-Kuei Lin *National University of Kaohsiung* Shin-Yun Wang *National Dong Hwa University*

In this paper, we propose a hidden Markov switching moving average model (MS-MA model) to extend and improve the moving average model when the dynamic process of stock return is predictable. That is, hidden Markov chain can be utilized to improve the performance of the moving average model when moving averages are correlated. Based on the MS-MA model, a recursive method of EM algorithm estimating parameters is proposed and a numerical analysis is demonstrated. Furthermore, we empirically test the hidden Markov chain model using Dow Jones thirty stocks' data. The empirical results show that the dynamic processes of stock returns exhibit the MS-MA property. Therefore, the moving averages of stock returns are correlated with the residuals of the previous periods, which tend to be time-varying.

*Keywords: Hidden Markov Chains, Moving Average, EM Algorithm.*

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## **The Predictive Power of the Term Structures of Interest Rates: Evidences for the Developed and Asian Emerging**

**Kai-Li Wang**

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Co-Author: Ming-Hsiang Chen *National Chung Cheng University* Meng-Feng Yen *National Cheng Kung University, Taiwan*

Researchers of term structure have often suggested that yield spread contains information about the real activities. In this paper, we examined the output-the domestic spread and the output -the spread of U.S. relationship across five Asian emerging countries including Korea, Malaysia, Singapore, Taiwan and Thailand. Then, we further decomposed the spread into two effects: the pure expectation effect and the term premium and examine their influences. From the results, we found that the spread of United States are more important than the domestic spread in the forecast for the future growth of economy and the spread of U.S. contain the information of the economic growth independent to the other economic indicator and money policy in most Asian emerging countries. The results also show that the domestic expectation effect and term premium effect contained little information about the economic activities and the expectation effect of United States doesn't have information for the economic activities as well. Conversely, the term premium effect of United States has consistently predictive power in most Asian emerging countries. For the spread of United States, the term premium effects are important than the expectation effect in the forecast of economic growth.

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## **Do Threatened Wildlife Receive More Support? Results from an Experimental Survey**

**Clevo Wilson**

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Examines how society allocates support for species' conservation when numbers involved are large and resources are limited. Rational behaviour suggests that species in urgent need of conservation will receive more support than those species that are common. However, we demonstrate that in the absence of balanced knowledge common species will receive support more than they would otherwise receive despite society placing high existence values on all species. Twenty four species, both common and endangered and some with a restricted distribution, are examined. We demonstrate that balanced information is vital in order to direct more support for species that are endangered than those that are not. Implications for conservation stemming from the findings are discussed.

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## **Factors affecting the operating performance of alternative markets for SMEs**

**Alvin Y.T. Wong**

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Co-Author: Gordon Y.N. Tang *Department of Finance and Decision Sciences, Hong Kong Baptist University, Kowloon Tong, Hong Kong*

Due to the booming of dot-com stocks in late 1990's, several stock exchanges have launched their alternative markets for SMEs. However, after the burst of the dot-com bubble, some of these alternative markets have recorded substantial decline in the number of listing and turnover. This research aims to explore the factors that affect the operating performance of alternative markets. Factors under study include GDP, interest rates, turnover, market capitalization, the governance structure of the exchange, the dot-com bubble effect, level of freedom, analyst coverage, governance indicators and listing requirement. Empirical results show that there are significant influences from different variables on the operating performance of different alternative markets. Though no single factor can explain the variations in all markets, the most common significant factors are GDP and governance structure of the exchange.

*Keywords: Alternative markets; second board markets; operating performance; listing*

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## **Managed Retail Equity Fund Attributes and Performance: Australian Evidence**

**Chee Jin Yap**

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This cross-sectional study goes beyond the traditional performance evaluation of managed funds and extends the literature to consider fund-specific attributes that influence performance. Using a sample of 168 Australian open-ended equity funds, the risk adjusted performance is measured using three alternative evaluation techniques. We find that funds with higher management fees and long fund history have contributed to the underperformance. Along with the traditional attributes identified by the literature, market capitalisation of the security held by the fund is included as a unique attribute with significant results, indicating that funds targeting small capitalisation companies display superior performance.

*Keywords: Managed Fund, Performance, Fund Attributes, Fund Characteristics, JEL classification: G23*

## **Financial Distress Announcement, Transaction Mode Change, and Aggregate Shareholder Wealth: Empirical Evidence from TAIEX-Listed Companies**

**Gili Yen**

*Chaoyang University of Technology*

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This study covers two principal research issues: First, the present study employs stock prices for TAIEX-listed financially distressed companies to estimate financial distress costs. Second, in Taiwan, besides “maintaining normal trading”, the Securities and Futures Commission, Ministry of Finance is empowered to decide the modes of transaction for financially distressed companies including “cash transaction only”, “suspended trading”, and “delisting” which allows us to further estimate financial distress costs under different categories.

After collecting 104 TAIEX-listed financially distressed companies, the primary empirical findings are as follows: Concerning the first research issue, for the entire sample, this study finds that the financially distressed companies during the period from the date of reporting financial distress in the press up to 20 transaction days after the date of changing transaction mode have registered a huge reduction in stock price. As expected, the financially distressed companies are experiencing a continuous deterioration in the aggregate shareholder wealth of which the magnitude has reached statistical significance. We have good reasons of thinking that the financial distress cost is substantially underreported in the literature because of underestimating reduction in asset value. Concerning the second research issue, the major findings are as follows: the present study finds that the financial distress costs of the “delisting” group are largest, the financial distress costs of the “maintaining normal trading” group are lowest, and those of “cash transaction only/suspended trading” group fall somewhere in between. Again, as expected, different types of financially distressed companies are associated with different degree of financial deterioration of which the paired differences in the financial distress costs have all reached statistical significance.

*Keywords: Financial distress; Transaction mode change; Financial distress costs*

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## **Testing the Pecking Order: Evidence from Japanese Firms**

**Rongrong Zhang**

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In this paper, we test how firm sizes and financial surpluses and deficits affect the pecking order theory's explanation power based on Shyam-Sunder and Myers's basic model. We find that, for both financial surpluses and deficits, firm sizes cause asymmetry when testing the pecking order model, pecking order coefficients generally increasing along with firm sizes. We also find that surplus coefficients are obviously larger than the corresponding deficit coefficients, indicating that the pecking order theory is more applicable when firms have financial surpluses. Though we take firm sizes and financial surpluses and deficits into consideration, pecking order coefficients of all cases (except for the largest firms with financial surpluses) are smaller than 0.5, much less than the model's expectation. This indicates that if we would apply the pecking order to characterize financing decisions in Japanese firms, we need to identify more conditions.

*Keywords: Capital structure, Pecking order*

## **Market Integration, Portfolio Correlation: A DCC Analysis for Seven Asian Emerging Markets**

**Liping Zou**

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This research empirically investigates the market integration impact on the correlation between the local market portfolio and the regional market portfolio, for seven Asian emerging markets. Using the Dynamic Conditional Correlation (DCC) model, the unconditional correlation in DCC model is allowed to depend on the time-varying levels of the local market integration and the regional market integration. Our results suggest that the correlation between the local emerging market portfolio and the regional market portfolio is time-varying and dynamic, and both the local market integration and the regional market integration have had impacts on the correlation. Further analysis is carried to explain these impacts, using wealth-constraint (WC) theory and portfolio-rebalancing (PR) theory. Our results suggest that impacts from the local market integration and the regional market integration are of WC nature for some countries, and of PR natures for others.

*Keywords: market integration, portfolio correlation, DCC, wealth-constraint, and portfolio rebalancing.*

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## PBFEAM 2009 Conference Announcement

The 17<sup>th</sup> Annual Conference on PBFEAM\* and  
The 3<sup>rd</sup> International Conference on Business in Asia (ICBA)  
will be held at the  
University of Thai Chamber of Commerce

July 8-9, 2009  
Bangkok, Thailand

### *Value Creation and Management: Vision for 2010s*

For information with respect to Paper Submission, Publication  
Note, Conference Registration Fee and Hotel Information, please  
see the details on the website

<http://www.utcc.ac.th/icba2009>

\*The 17<sup>th</sup> Annual Conference on Pacific Basin Finance, Economics,  
Accounting, and Management

## PBFEAM 2008 Detailed Program

Time	Room	Program
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### Wednesday, 2 July 2008

4:00 PM B Block Registration Evening & Welcome Reception  
- 7:00 PM Foyer

### Thursday, 3 July 2008

8:30 AM B Block Registration  
Foyer

9:00 AM B 117 **Welcome Remarks**  
*Speakers* : Professor Cheng-Few Lee, Distinguished Professor of Finance, Rutgers University  
Professor Peter Little, Executive Dean of the Faculty of Business, QUT  
Professor Tim Robinson, Head of School of Economics and Finance, QUT and PBFEAM 2008 Program Co-Director

9:30 AM B117 **Finance Keynote Presentation - Professor Wayne Ferson**, University of Southern California  
"The Problem of Alpha and Performance Measurement"  
*Session Chair: Tim Robinson*

10:30 AM	B Block Foyer	Morning Tea
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11:00 AM B507 **Accounting Session 1: Corporate Governance and Earnings Issues**  
*Session Chair: Emeka Nwaeze*  
An Investigation of the Association between Corporate Governance, Earnings Management and the Effect of Legislative Reforms  
Ownership Concentration and CEO Compensation Pay-for-Performance Sensitivity in New Zealand  
The Impacts of Sarbanes-Oxley Act from the Earnings Components Perspective  
Corporate Governance and Performance of the Equitised Company in Vietnam

Marion Hutchinson  
Haiyan Jiang  
Lanfeng Kao  
Tung Dao

## PBFEAM 2008 Detailed Program

Time	Room	Program	
11:00 AM	B508	<b>Accounting Session 2: Management Accounting</b> <i>Session Chair: Isabel Gordon</i> Sustainability in Management Accounting: Modeling 'Profit' Forecasting The Effects of Reliance on Financial Measures on Employee Behaviors: Empirical Evidence from France What Determines Meals and Entertainment Expenditures, and How Much Income-Contributing Are Those Expenditures?: Evidence from Korea An Empirical Study of the Effects of Nonfinancial Performance Measures on Employee Behaviors	Rozainun Abdul Aziz Chong Lau  Won-Wook Choi Chong Lau
11:00 AM	B223	<b>Doctoral Students - Finance</b> <i>Session Chair: Robert Bianchi</i> Are International Equity Markets Returns Predictable? The Mutual Fund Performance: Evidence from Thailand	Sungju Chun Teerapan Suppa-Aim
11:00 AM	B224	<b>Doctoral Students - Management and Marketing</b> <i>Session Chair: Jennifer Bartlett</i> Effects of Social Network, Learning, Entrepreneurial, Market and Strategic Orientation on Organizational Performance: an Empirical Study of Bangladesh SMEs Personality and culture as moderators in the job characteristics model The Role of "Ethical Brand" and its effect on Industrial Buyers' Responses in Malaysia	Mohammad Ziaul Hoq Michele Boonzaier Sulaiman Ali
11:00 AM	B505	<b>Economics Session 1: Financial Liberalization</b> <i>Session Chair: Shu-Chin Lin</i> Financial Development, Financial liberalization and Economic Growth in Sub-Saharan African countries: An Empirical Investigation Capital Account Liberalization, Financial Development and Economic Growth in Nigeria Effects of Direct Controlling over Capital Mobility and Ambiguous Policy Announcement in Global Game Dynamic Relationship Between Financial Development and Inflation	Abdullahi Ahmed Taiwo Ajilore Hung Ming-Chun Shu-Chin Lin

## PBFEAM 2008 Detailed Program

Time	Room	Program	
11:00 AM	B225	<p><b>Entrepreneurship &amp; Management Session 1: Knowledge Management</b>  <i>Session Chair: Parag Sanghani</i></p> <p>The Significant Effect of Quality Measurement, Benchmarking and Employee Focus on Productivity and Profitability: A Path Analysis on TQM Variables.            Knowledge Augmentation and Growth in International SMEs            Knowledge Management as Dynamic Capabilities: Does It Work in Emerging Less Developed Countries?            Knowledge Management: Inter-Industry Comparison in India</p>	<p>Za'faran Hassan            Per Davidsson            Philip A. Neck            Parag Sanghani</p>
11:00 AM	B119	<p><b>Finance Session 1: Banking Management and Performance</b>  <i>Session Chair: Keishiro Matsumoto</i></p> <p>Default Prediction of Alternative Structural Credit Risk Models and Implications of Default Barriers            A Note on the Cost of a Generalized Term Loan and Internal Equity Mix            An Analysis of Productivity and Efficiency of Assets Transformation in the Banking Industry in Sri Lanka</p>	<p>Han-Hsing Lee            Keishiro Matsumoto            Senarath Lalithananda            Seelanatha</p>
11:00 AM	B121	<p><b>Finance Session 2: Options and Futures I</b>  <i>Session Chair: Ferdinand Mager</i></p> <p>Is Underwriter's Retention on IPO Shares a Good Substitution for Underwriting Spreads?            Arbitrage Strategies on the Taiwan Convertible Bond Market: Conversion and Pull Strategies            International Hedge Ratios for Index Futures Market: A Simultaneous Equations System Approach</p>	<p>Anlin Chen            Mei-Ling Chen            Fu-Lai Lin</p>
11:00 AM	B122	<p><b>Finance Session 3: Behavioural Finance</b>  <i>Session Chair: John Nowland</i></p> <p>Risk Consistency and Professional Fund Managers' Investment Behavior: Questionnaire-based Analysis on Japanese Market            Loss Aversion and the January Size Effect: Evidence from Three Chinese Culture Oriented Stock Markets            Overreaction, Mispricing, and Stock Returns</p>	<p>Masayuki Susai            Chin-Chen Chien            Carl Chen</p>
11:00 AM	B124	<p><b>Finance Session 4: Investments I</b>  <i>Session Chair: Daniel Smith</i></p> <p>Asset Allocation with Power-Log Utility Functions, vs. Mean-Variance Optimization            Gender and Performance Differences for Fund Managers            Portfolio Adjustment on Jump Risk: Evidences from Asian Emerging Markets</p>	<p>Jivendra Kale            Jo-Hui Chen            Shu-Hsien Chen</p>

## PBFEAM 2008 Detailed Program

Time	Room	Program	
11:00 AM	B506	<b>Finance Session 5: Financial Econometrics I</b> <i>Session Chair: Adam Clements</i> The Degree of Stock Price Deviations from Random Walk: A Cross-Country Analysis How Does Implied Volatility Differ from Model Based Volatility Forecasts? The Predictive Power of the Term Structures of Interest Rates: Evidences for Developed and Asian Emerging Markets An Empirical Study of the Hidden Markov Switching Moving Average Model	Kian-Ping Lim Adam Clements  Kai-Li Wang Pei-Ling Tsai
12:30 PM	B Block Foyer	Lunch	
1:30 PM	B117	<b>Panel discussion - "How to Publish Finance and Accounting Papers in Top Academic Journals"</b> <i>Chairperson: Cheng-Fee Lee, Rutgers University</i> <i>Panelists: Stephen J. Brown, New York University; Carl Chen, University of Dayton; Wayne Ferson, University of Southern California; Elizabeth Gordon, Temple University</i>	
1:30 PM	B505	<b>Economics Session 2: Experimental Economics</b> <i>Session Chair: Uwe Dulleck</i> Tax Compliance, Tax Morale and Governance Quality A Welfare Analysis on Third-degree Tariff Discrimination under International Trade Agreement Do Threatened Wildlife Receive More Support? Results from an Experimental Survey The Experimental Economics of Credence Goods	Benno Torgler Cindy Hsiao Ping Peng Clevo Wilson Uwe Dulleck
1:30 PM	B224	<b>Marketing Session 1: Branding</b> <i>Session Chair: Sony Kusumasondjaja</i> Antecedents to Adoption of Global Brands: Empirical Evidence from India and Malaysia Analysis of Multidimensional Commitment Consumer's Perception and Purchase Willingness Towards Organic Food Products: Exploring the Attitude Among Malaysian Consumers Consumer Responses to Attribute Framing in Product Packaging	Sujana Adapa Adnan Riaz  Siti Nor Bayaah Ahmad Sony Kusumasondjaja

## PBFEAM 2008 Detailed Program

Time	Room	Program	
1:30 PM	B225	<b>Entrepreneurship &amp; Management Session 2: Strategy Issues</b> <i>Session Chair: Laure Muselli</i> Strategic Planning in Logistics Business: A Show case in Malaysian Airlines Cargo Sdn Bhd (MAScargo), Malaysia Taiwanese Digital Content Companies' Entrepreneurial Strategies in China Open strategies, open source strategies and the issue of value capture in the software industry	Nor Aida Abdul Rahman Vicki Chihsuan Chiu Laure Muselli
3:00 PM	B Block Foyer	Afternoon Tea	
3:30 PM	B121	<b>Accounting Keynote Presentation - Professor Elizabeth Gordon</b> , Temple University, Philadelphia <i>Session Chair: Natalie Gallery</i>	
3:30 PM	B122	<b>Marketing Keynote Presentation - Professor Steve Worthington</b> , Monash University, Melbourne "Financial Services in China; What role for the Credit Card" <i>Session Chair: Edwina Luck</i>	
7:00 PM	Rydges South Bank	<b>Conference Dinner "Under the Stars"</b> <i>Guest Speaker: Dr Michael Drew</i> , General Manager of Investment Services, Qsuper "Sublime to Subprime - Adventures in Financial Innovation"	

## PBFEM 2008 Detailed Program

Time	Room	Program
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### Friday, 4 July 2008

8:30 AM	B Block Foyer	Registration	
9:00 AM	B507	<p><b>Accounting Session 3: Capital Market Issues</b>  <i>Session Chair: Gerry Gallery</i></p> <p>Earnings Management and the Market Performance of Stock Dividend Issuing Firms: NZ Evidence            Changes in Managerial Stock Ownership, Accounting Discretion, and Earnings Informativeness: The Role of Governance Contexts            The effect of corporate governance quality on accrual mispricing: Australian Evidence            A Quantile Regression Analysis of the Economic Determinants of Bank Loan Pricing</p>	<p>Hardjo Koerniadi</p> <p>Emeka Nwaeze            Maria Strydom            Wuchun Chi</p>
9:00 AM	B225	<p><b>Entrepreneurship &amp; Management Session 3: Employees, Innovation and Internationalisation</b>  <i>Session Chair: Per Davidsson</i></p> <p>Selection and Retention Strategies for Employees for Expatriate Assignments            From sweatshops to sweetshops - Job redesign as an innovation for sustaining call centres            The Role of Human Capital and Strategic Intent in Internationalisation Scope of New Technology-Based Firms</p>	<p>Patricia Mehegan            Michelle Boonzaier            Per Davidsson</p>
9:00 AM	B121	<p><b>Finance Session 6: Options and Futures II</b>  <i>Session Chair: Gerard Gannon</i></p> <p>Empirical Performance of Affine Option Pricing Models: Evidence from the Australian Index Options Market            Market Makers V's the General Public: A first look at S&amp;P500 Futures Trade Data            Pricing efficiency under the coexistent open outcry and E-mini index futures markets</p>	<p>Steven Li            Gerard Gannon            Shufang Shiu</p>
9:00 AM	B122	<p><b>Finance Session 7: Corporate Finance I</b>  <i>Session Chair: John Nowland</i></p> <p>Alternative Methods to Determine Optimal Capital Structure: Theory and Application            The Impact of Capital Structure on Agency Costs: Evidence from UK Public Companies            Financial Distress Announcement, Transaction Mode Change, and Aggregate Shareholder Wealth: Empirical Evidence from TAIEX-Listed Companies            Direct and indirect effects of voluntary governance codes on company disclosure practices</p>	<p>Cheng-Few Lee            Steven Li</p> <p>Gili Yen            John Nowland</p>



## PBFEAM 2008 Detailed Program

Time	Room	Program	
9:00 AM	B124	<b>Finance Session 8: Emerging Markets I</b> <i>Session Chair: Chandrasekhar Krishnamurti</i> Call Auction Transparency and Market Liquidity, Evidence from the Shanghai Stock Exchange Long-term Share Performance of Malaysian Bidding Firms Foreign Institutional Investors and Security Returns: Evidence from Indian Stock Exchanges	Gary Tian Siew Peng Lee Chandrasekhar Krishnamurti
10:30 AM	B Block Foyer	<b>Morning Tea</b>	
11:00 AM	B507	<b>Accounting Session 4: Disclosure</b> <i>Session Chair: Rozainun Abdul Aziz</i> Information Asymmetry and Accounting Conservatism: Evidence from Taiwan Voluntary Comprehensive Compensation Disclosure and the Firm Value: Empirical Evidence from a Capital Market with Revolutionizing Policies The Reliability of Mandatory Cash Flow Forecasts by Australian Mining Exploration Companies How Do Firms Manage Their Earnings Forecast Strategy? A New Zealand Study	Wuchun Chi  Chih-Liang Liu Jodie Nelson Thu Phuong Truong
11:00 AM	B505	<b>Economics Session 3: Topics in International Economics</b> <i>Session Chair: Mark McGovern</i> Exposure to the World and Trading-Bloc Risks: A Multivariate Capital Asset Pricing Model Trade, Growth and Income Is Fear of Floating Justified? A Counterfactual Examination with Reference to East Asia Food "security" and enterprise viability	Kim-Leng Goh Dong-Hyeon Kim Tony Cavoli Mark McGovern
11:00 AM	B225	<b>Entrepreneurship &amp; Management Session 4: Innovation</b> <i>Session Chair: Pavla Rehorova</i> The Importance of Incorporating New Technology and Innovation in Supply Chain Management (SCM) Processes in Enhancing Performance Humor and Work? You got to be serious! Innovations in the Czech Republic and New Technologies Risks	Arawati Agus Amber Raza Pavla Rehorova

## PBFEAM 2008 Detailed Program

Time	Room	Program	
11:00 AM	B119	<p><b>Finance Session 9: Corporate Finance II</b>  <i>Session Chair: Kin Wai Lee</i></p> <p>Factors affecting the operating performance of alternative markets for SMEs            A Comparison between Multiple Discriminant and Logistic Regression on the Performance of The Shariah Compliance Companies in Industrial Sector            Testing the Pecking Order: Evidence from Japanese Firms            Cash Holdings, Corporate Governance Structure and Firm Valuation</p>	<p>Alvin Wong</p> <p>Hamdi Hakeim Mudasir            Rongrong Zhang            Kin Wai Lee</p>
11:00 AM	B121	<p><b>Finance Session 10: Foreign Exchange and International Investment</b>  <i>Session Chair: Gary Tian</i></p> <p>Re-examining Exchange Rate Exposure: Evidence from Taiwanese Stock Market            Volume or Order Flow?: Which Contains More Information in Really Traded Yen/Dollar Foreign Exchange Market?            Australia's Equity Home Bias and Exchange Rate Volatility</p>	<p>Yi-Chein Chiang</p> <p>Masayuki Susai            Anil Mishra</p>
11:00 AM	B122	<p><b>Finance Session 11: Investments II</b>  <i>Session Chair: Anup Basu</i></p> <p>Social Security in 2020: Guarantee Costs and Portfolio Selection in Privatized Accounts, with and without Inflation Indexing            Stochastic Dominance Analysis of CTA Funds            Towards a Dynamic Asset Allocation Framework for Target Retirement Funds: Getting Rid of the Dogma in Lifecycle Investing</p>	<p>Jivendra Kale            Kok Fai Phoon</p> <p>Anup Basu</p>
11:00 AM	B124	<p><b>Finance Session 12: Investments III</b>  <i>Session Chair: Ferdinand Mager</i></p> <p>Managed Fund Attributes and Performance: Australian Evidence            An Empirical Analysis on Equity Style Portfolio Risk using Value-at-Risk            Empirical Risk Analysis of Pension Insurance – The Case of Germany</p>	<p>Chee Jin Yap            Wee Yeap Lau            Ferdinand Mager</p>

## PBFEAM 2008 Detailed Program

Time	Room	Program	
11:00 AM	B224	<b>Marketing Session 2: Knowledge and People Management</b> <i>Session Chair: Abu Saleh</i> Bangladeshi Industrial Importers' Commitment to Their Supplier: Implications for Foreign Investment Diffusion of Mobile Internet Service Innovations: The Emerging Concepts of "Smart Technology" and "Smart Consumer" Investigating the Main Export Barriers and Drivers of Consumer Service Exporter Performance: Lessons from Australian Tourism and Education Sectors Dynamics of Entrepreneurship Intentions of MBA Students: An Asian Developing Country Perspective	Md. Abu Saleh Tom Chen Constanza Bianchi Md. Abu Saleh
12:30 PM	B Block Foyer	<b>Lunch Break</b>	
1:30 PM	B119	<b>Finance Keynote Presentation - Professor Stephen J. Brown</b> , New York University "Estimating Operational Risk for Hedge Funds: The $\omega$ -Score" <i>Session Chair: Robert Bianchi</i>	
1:30 PM	B122	<b>Management/Entrepreneurship Keynote Presentation - Professor Ben Oviatt</b> , University of New South Wales, Sydney "Entry into Geographically and Psychically Distant Foreign Markets by Small and New Ventures" <i>Session Chair: Per Davidsson</i>	
2:30 PM	B Block Foyer	<b>Afternoon Tea and Closing Remarks</b> <i>Mark Christensen</i>	
3:00 PM	B507	<b>Accounting Session 5: Accounting and Accountability</b> <i>Session Chair: Majella Percy</i> Rules versus Principles-based Pension Accounting Standards: An Analysis of Comparability Exploring Sustainability Reporting on the Net: Indonesia Case Social Accounting In The Credit Union Sector: GRI Readiness	Isabel Gordon Sasongko Budi Dianne McGrath

## PBFEAM 2008 Detailed Program

Time	Room	Program	
3:00 PM	B121	<b>Finance Session 13: Investments IV</b> <i>Session Chair: Robert Bianchi</i> Optimal Hedging with Power-Log Utility Functions vs. Portfolio Insurance for Downside Protection A Star is Born: A New International Investment Style of US Mutual Funds during the 1986-1995 period HACKing at Non-linearity: Evidence from Stocks and Bonds	Jivendra Kale Paul Lajbcygier Robert Bianchi
3:00 PM	B122	<b>Finance Session 14: Financial Econometrics II</b> <i>Session Chair: Daniel Smith</i> Distribution of Short-Term Interest Rate in One-Factor Models Effects of Non-Normality on the Distribution of Short-Term Interest Rate in the CIR Model A Grey Forecasting Model on the Systematic Risk Estimation: An Example of the Dow Jones Industry Index' Component Stocks Alternative Explanations of the Volatility Trend: Are They Really That Different?	Kok Haur Ng Ah Hin Pooi  Alex Kung-Hsiung Chang Daniel Smith
3:00 PM	B124	<b>Finance Session 15: Emerging Markets II</b> <i>Session Chair: Adam Clements</i> Financial integration of Chinese markets after WTO accession and financial liberalization An Empirical Examination of the Relationship between Corporate Social Responsibility Disclosure and Financial Performance in an Emerging Market Market Integration, Portfolio Correlation: A DCC Analysis for Seven Asian Emerging Markets	Gary Tian  Mustaruddin Saleh Liping Zou

## PBFEAM 2008 Program Schedule

		B117 270	B119 115	B121 100	B122 84	B124 66	B506 49	B507 49	B508 49	B505 36	B223 36	B224 36	B225 36	B226 36
<b>THURSDAY 3 JULY</b>		Tiered	Tiered	Tiered	Tiered	Tiered	Tiered	Tiered	Tiered	Flat/movable	Flat/movable	Flat/movable	Flat/movable	Flat/movable
Registration	8:30 AM	Welcome/ Keynote Speech 1 (Finance)												
Morning Session 1	9:00 AM													
M/Tea	10:30 AM													
Morning Session 2	11:00 AM		FIN 1	FIN 2	FIN 3	FIN 4	FIN 5	ACC 1	ACC 2	ECO 1	DS 1	DS 2	EM 1	
Lunch	12:30 PM													
Afternoon Session 1	1:30 PM	Panel Session								ECO 2			MKG 1	EM 2
A/Tea	3:00 PM													
Afternoon Session 2	3:30 PM			Keynote Speech 2 (Acc)		Keynote Speech 3 (Mark.)								

The Conference Dinner will be held at Rydges South Bank, starting at 7pm.

		B117 270	B119 115	B121 100	B122 84	B124 66	B506 49	B507 49	B508 49	B505 36	B223 36	B224 36	B225 36	B226 36
<b>FRIDAY 4 JULY</b>		Tiered	Tiered	Tiered	Tiered	Tiered	Tiered	Tiered	Tiered	Flat/movable	Flat/movable	Flat/movable	Flat/movable	Flat/movable
Registration	8:30 AM													
Morning Session 1	9:00 AM				FIN 6	FIN 7	FIN 8	ACC 3			EM 3			
M/Tea	10:30 AM													
Morning Session 2	11:00 AM			FIN 9	FIN 10	FIN 11	FIN 12	ACC 4		ECO 3	MKG 2		EM 4	
Lunch	12:30 PM													
Afternoon Session 1	1:30 PM	Keynote Speech 4 (Finance)					Keynote Speech 5 (Ent.)							
A/Tea & Closing Remarks	2:30 PM													
Afternoon Session 2	3:00 PM				FIN 13	FIN 14	FIN 15	ACC 5						

### Ent./Mgt

EM 1 - Knowledge Management  
EM 2 - Strategy Issues  
EM 3 - Employees, Innovation and Internationalisation  
EM 4 - Quality and Innovation

### Marketing

MKG 1 - Branding  
MKG 2 - Knowledge and People Management

### Economics

ECO 1 - Financial Liberalisation  
ECO 2 - Experimental Economics  
ECO 3 - Topics in International Economics

### Finance

FIN 1 - Banking Management and Performance  
FIN 2 - Options and Futures I  
FIN 3 - Behavioural Finance  
FIN 4 - Investments I  
FIN 5 - Financial Econometrics I  
FIN 6 - Options and Futures II  
FIN 7 - Corporate Finance I  
FIN 8 - Emerging Markets I  
FIN 9 - Corporate Finance II  
FIN 10 - Foreign Exchange and International Investment  
FIN 11 - Investments II  
FIN 12 - Investments III  
FIN 13 - Investments IV  
FIN 14 - Financial Econometrics II  
FIN 15 - Emerging Markets II

### Accounting

ACC 1 - Corporate Governance and Earnings Issues  
ACC 2 - Management Accounting  
ACC 3 - Capital Market Issues  
ACC 4 - Disclosure  
ACC 5 - Accounting and Accountability

### Doctoral Students

DS 1 - Finance  
DS 2 - Management and Marketing





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