PBFEAM 2008
16TH ANNUAL CONFERENCE ON PACIFIC BASIN
FINANCE ECONOMICS ACCOUNTING MANAGEMENT

2–4 JULY 2008
BRISBANE AUSTRALIA

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
Welcome

For the first time in its history the PBFEAM conference is being held in Australia. We are very pleased to be welcoming you to this 16th 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 PBFEAM 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

PBFEAM 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 Dullec  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 RPBMP
## History of the Conference

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

Abstracts of Keynote Addresses

Professor Stephen J. Brown

*Estimating Operational Risk for Hedge Funds*

*The ω-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 ω-Score to measure hedge fund operational risk. The ω-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 ω-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.

Professor Wayne Ferson

*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.

Professor Elizabeth A. Gordon

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.
**Professor Ben Oviatt**

*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.

**Professor Steve Worthington**

*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*.


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.
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).

We welcome Dr Elizabeth (Betsy) Gordon to PBFEAM 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.
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.


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.
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 (e.g. 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 PBFEAM 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

<table>
<thead>
<tr>
<th>Time</th>
<th>Program</th>
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<tr>
<td>04.00 pm - 07.00 pm</td>
<td>Registration and Welcome Reception</td>
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Thursday, 3 July 2008

<table>
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<tr>
<td>08.30 am</td>
<td>Registration</td>
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<tr>
<td>09.00 am</td>
<td>Welcome Remarks</td>
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<td></td>
<td>Finance Keynote Speaker</td>
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<td>Wayne Ferson, University of California</td>
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<tr>
<td>10.30 am</td>
<td>Morning Tea</td>
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<td>11.00 am</td>
<td>Concurrent Sessions</td>
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<td>12.30 pm</td>
<td>Lunch</td>
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<td>01.30 pm</td>
<td>Panel discussion - “How to Publish Finance and Accounting papers in Top Academic Journals&quot;</td>
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<td>Chairperson: Cheng-Few Lee, Rutgers University</td>
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<td>Panelists: Stephen J. Brown, New York University</td>
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<td>Carl Chen, University of Dayton</td>
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<td>Wayne Ferson, University of Southern California</td>
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<td>Elizabeth A. Gordon, Temple University</td>
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<td>Elizabeth (Betsy) Gordon, Temple University</td>
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<td>07.00 pm</td>
<td>Marketing Keynote Speaker</td>
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<td>Steve Worthington, Monash University, Melbourne</td>
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<td>Guest Speaker: Michael Drew, General Manager of Investment Services, QSuper</td>
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Friday, 4 July 2008

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<td><strong>Ben Oviatt</strong></td>
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Sustainability in Management Accounting: Modelling ‘Profit’ Forecasting

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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 feedback issue.

We conclude our study by highlighting the use of simple modeling that will benefit business organisations, thereafter influence performance and sustainability.
Strategic Planning in Logistics Business Concept. A Show Case in Malaysian Airlines Cargo Sdn Bhd (MASkargo) Malaysia

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

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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

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

Arawati Agus

Universiti Kebangsaan Malaysia, Selangor, Malaysia

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

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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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Centre for Strategic Economic Studies, Victoria University, Australia

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 heterogenous 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.

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

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.

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
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.

From sweatshops to sweetshops – Job redesign as an innovation for sustaining call centres

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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.

Personality and Culture as Moderators in the Job Characteristics Model

Michele 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
Exploring Financial and Sustainability Reporting On the Web in Indonesia

Sasongko Budi
STIE Pebanas Surabaya

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

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

Alex Kung-Hsiung Chang
National Pingtung University of Science and Technology, Taiwan
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).

Is Underwriter’s Retention on IPO Shares a Good Substitution for Underwriting Spreads?

Anlin Chen
National Sun Yat-Sen University
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

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
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

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

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.
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.

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

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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
Information Asymmetry and Accounting Conservatism: Evidence from Taiwan

Wuchun Chi
National Chengchi University, Taiwan

Co-Author: Chenchin Wang National Taipei University, Taiwan

A recent joint project of the IASB and the FASB concludes that conservatism should be exclude 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.

Reexamining Exchange Rate Exposure: Evidence from Taiwanese Stock Market

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

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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

Taiwanese Digital Content Companies’ Entrepreneurial Strategies in China

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

Won-Wook Choi
Yonsei University, Korea

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

Are International Equity Market Returns Predictable?

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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
How does implied volatility differ from model based volatility forecasts?

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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

Corporate Governance And Performance Of The Equitised Company In Vietnam

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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

Knowledge Augmentation and Growth in International SMEs

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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

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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.

The Experimental Economics of Credence Goods

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

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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

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

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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

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

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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.

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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.

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

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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, 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.

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

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

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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

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

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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

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

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

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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.

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

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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
Trade, Growth and Income

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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

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

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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

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

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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
Consumer Responses toward Attribute Framing in Product Packaging

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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.

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

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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.

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

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

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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

Alternative Methods to Determine Optimal Capital Structure: Theory and Application

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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-from 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
Cash Holdings, Corporate Governance Structure and Firm Valuation

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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.

Long-term Share Performance of Malaysian Bidding Firms

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

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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.

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

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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

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This study employs the rolling bicorrelation 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

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

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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

Dynamic Relationship between Inflation and Financial Development

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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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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.

Food “security” and enterprise viability

Mark McGovern  
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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.
Social Accounting In The Credit Union Sector: GRI Readiness

Dianne McGrath
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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.

Empirical Risk Analysis of Pension Insurance – The Case of Germany

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

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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

Selection and Retention Strategies for Employees for Expatriate Assignments

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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
Australia’s Equity Home Bias and Real Exchange Rate Volatility

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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.

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

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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 Lambda, Company’s Performance, Logistic Regression, Shariah Compliant Companies.
Open strategies, open source strategies and the issue of value capture in the software industry
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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.

Knowledge Management as Dynamic Capabilities: Does It Work in Emerging Less Developed Countries?
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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.
The Reliability of Mandatory Cash Flow Forecasts by Australian Mining Exploration Companies

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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.

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

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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

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

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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

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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

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

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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.

Stochastic Dominance Analysis of CTA Funds

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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.
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

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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
An Analysis of Multidimensional Commitment of Salespeople

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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

Bangladeshi Industrial Importers’ Commitment to Their Supplier: Implications for Foreign Investment

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

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

Knowledge Management: Inter Industry Comparison in India
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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

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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

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

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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

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

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

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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

The Mutual Fund Performance: Evidence from Thailand

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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

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

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

Masayuki Susai
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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

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

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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

Financial integration of Chinese markets after WTO accession and financial liberalization

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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

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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

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

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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
An Empirical Study of the Hidden Markov Switching Moving Average Model

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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.

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

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

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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.

Factors affecting the operating performance of alternative markets for SMEs

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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

Managed Retail Equity Fund Attributes and Performance: Australian Evidence

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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

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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

Testing the Pecking Order: Evidence from Japanese Firms

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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

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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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</table>
PBFEAM 2009 Conference Announcement

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

July 8-9, 2009
Bangkok, Thailand

*The 17th Annual Conference on Pacific Basin Finance, Economics, Accounting, and Management

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
# PBFEAM 2008 Detailed Program

<table>
<thead>
<tr>
<th>Time</th>
<th>Room</th>
<th>Program</th>
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<tbody>
<tr>
<td>4:00 PM - 7:00 PM</td>
<td>B Block</td>
<td>Registration Evening &amp; Welcome Reception</td>
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<tr>
<td>8:30 AM</td>
<td>B Block</td>
<td>Registration</td>
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<tr>
<td>9:00 AM</td>
<td>B 117</td>
<td>Welcome Remarks</td>
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<td></td>
<td><em>Speakers</em>: Professor Cheng-Few Lee, Distinguished Professor of Finance, Rutgers University</td>
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<td></td>
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<td>Professor Peter Little, Executive Dean of the Faculty of Business, QUT</td>
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<td>Professor Tim Robinson, Head of School of Economics and Finance, QUT and PBFEAM 2008 Program Co-Director</td>
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<tr>
<td>9:30 AM</td>
<td>B117</td>
<td>Finance Keynote Presentation - Professor Wayne Ferson, University of Southern California</td>
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<td></td>
<td></td>
<td>&quot;The Problem of Alpha and Performance Measurement&quot;</td>
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<td></td>
<td></td>
<td><em>Session Chair</em>: Tim Robinson</td>
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<tr>
<td>10:30 AM</td>
<td>B Block</td>
<td>Morning Tea</td>
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<tr>
<td>11:00 AM</td>
<td>B507</td>
<td>Accounting Session 1: Corporate Governance and Earnings Issues</td>
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<td><em>Session Chair</em>: Emeka Nwaeze</td>
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<td>An Investigation of the Association between Corporate Governance, Earnings Management and the Effect of Legislative Reforms</td>
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<td>Ownership Concentration and CEO Compensation Pay-for-Performance Sensitivity in New Zealand</td>
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<td>The Impacts of Sarbanes-Oxley Act from the Earnings Components Perspective</td>
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<td>Corporate Governance and Performance of the Equitised Company in Vietnam</td>
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<td>Marion Hutchinson</td>
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<tr>
<td>11:00 AM B224</td>
<td><strong>Doctoral Students - Management and Marketing</strong></td>
<td><strong>Session Chair: Jennifer Bartlett</strong> 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 &quot;Ethical Brand&quot; and its effect on Industrial Buyers' Responses in Malaysia</td>
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<td>11:00 AM</td>
<td>B225</td>
<td><strong>Entrepreneurship &amp; Management Session 1: Knowledge Management</strong></td>
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<td><em>Session Chair: Parag Sanghani</em></td>
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<td>The Significant Effect of Quality Measurement, Benchmarking and Employee Focus on Productivity and Profitability: A Path Analysis on TQM Variables. Za'faran Hassan</td>
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<td>Knowledge Augmentation and Growth in International SMEs Per Davidsson</td>
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<td>Knowledge Management as Dynamic Capabilities: Does It Work in Emerging Less Developed Countries? Philip A. Neck</td>
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<td>Knowledge Management: Inter-Industry Comparison in India Parag Sanghani</td>
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<tr>
<td>11:00 AM</td>
<td>B119</td>
<td><strong>Finance Session 1: Banking Management and Performance</strong></td>
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<td><em>Session Chair: Keishiro Matsumoto</em></td>
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<td>Default Prediction of Alternative Structural Credit Risk Models and Implications of Default Barriers Han-Hsing Lee</td>
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<td>A Note on the Cost of a Generalized Term Loan and Internal Equity Mix    Keishiro Matsumoto</td>
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<td>An Analysis of Productivity and Efficiency of Assets Transformation in the Banking Industry in Sri Lanka Senarath Lalithananda Seelanatha</td>
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<td>11:00 AM</td>
<td>B121</td>
<td><strong>Finance Session 2: Options and Futures I</strong></td>
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<td><em>Session Chair: Ferdinand Mager</em></td>
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<td>Is Underwriter’s Retention on IPO Shares a Good Substitution for Underwriting Spreads? Anlin Chen</td>
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<td>Arbitrage Strategies on the Taiwan Convertible Bond Market: Conversion and Pull Strategies Mei-Ling Chen</td>
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<td>International Hedge Ratios for Index Futures Market: A Simultaneous Equations System Approach Fu-Lai Lin</td>
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<td>11:00 AM</td>
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<td><strong>Finance Session 3: Behavioural Finance</strong></td>
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<td><em>Session Chair: John Nowland</em></td>
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<td>Risk Consistency and Professional Fund Managers’ Investment Behavior: Questionnaire-based Analysis on Japanese Market Masayuki Susai</td>
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<td>Loss Aversion and the January Size Effect: Evidence from Three Chinese Culture Oriented Stock Markets Chin-Chen Chien</td>
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<td>Overreaction, Mispricing, and Stock Returns Carl Chen</td>
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<td>11:00 AM</td>
<td>B124</td>
<td><strong>Finance Session 4: Investments I</strong></td>
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<td><em>Session Chair: Daniel Smith</em></td>
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<td>Asset Allocation with Power-Log Utility Functions, vs. Mean-Variance Optimization Jivendra Kale</td>
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<td>Gender and Performance Differences for Fund Managers Jo-Hui Chen</td>
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<td>Portfolio Adjustment on Jump Risk: Evidences from Asian Emerging Markets Shu-Hsien Chen</td>
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<td>B506</td>
<td><strong>Finance Session 5: Financial Econometrics I</strong></td>
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<td><em>Session Chair: Adam Clements</em></td>
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<td>The Degree of Stock Price Deviations from Random Walk: A Cross-Country</td>
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<td>Analysis</td>
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<td>How Does Implied Volatility Differ from Model Based Volatility Forecasts?</td>
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<td>The Predictive Power of the Term Structures of Interest Rates: Evidences for Developed and Asian Emerging Markets</td>
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<td>An Empirical Study of the Hidden Markov Switching Moving Average Model</td>
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<td>Kian-Ping Lim</td>
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<td>Adam Clements</td>
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<td>Kai-Li Wang</td>
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<td>Pei-Ling Tsai</td>
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<tr>
<td>12:30 PM</td>
<td>B Block Foyer</td>
<td>Lunch</td>
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<tr>
<td>1:30 PM</td>
<td>B117</td>
<td><strong>Panel discussion - &quot;How to Publish Finance and Accounting Papers in Top Academic Journals&quot;</strong></td>
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<td><em>Chairperson: Cheng-Fei Lee, Rutgers University</em></td>
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<td><em>Panelists: Stephen J. Brown, New York University; Carl Chen, University of Dayton; Wayne Ferson, University of Southern California; Elizabeth Gordon, Temple University</em></td>
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<td>1:30 PM</td>
<td>B505</td>
<td><strong>Economics Session 2: Experimental Economics</strong></td>
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<td><em>Session Chair: Uwe Dulleck</em></td>
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<td>Tax Compliance, Tax Morale and Governance Quality</td>
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<td>A Welfare Analysis on Third-degree Tariff Discrimination under International Trade Agreement</td>
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<td>Do Threatened Wildlife Receive More Support? Results from an Experimental Survey</td>
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<td>The Experimental Economics of Credence Goods</td>
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<td><strong>Marketing Session 1: Branding</strong></td>
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<td><em>Session Chair: Sony Kusumasondjaja</em></td>
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<td>Antecedents to Adoption of Global Brands: Empirical Evidence from India and Malaysia</td>
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<td>Analysis of Multidimensional Commitment</td>
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<td>Consumer's Perception and Purchase Willingness Towards Organic Food Products: Exploring the Attitude Among Malaysian Consumers</td>
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<td>Consumer Responses to Attribute Framing in Product Packaging</td>
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# PBFEAM 2008 Detailed Program

## Time | Room | Program
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1:30 PM | B225 | **Entrepreneurship & Management Session 2: Strategy Issues**
*Session Chair: Laure Muselli*

- 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 | **Accounting Keynote Presentation - Professor Elizabeth Gordon**, Temple University, Philadelphia
*Session Chair: Natalie Gallery*

3:30 PM | B122 | **Marketing Keynote Presentation - Professor Steve Worthington**, Monash University, Melbourne
"Financial Services in China; What role for the Credit Card"
*Session Chair: Edwina Luck*

7:00 PM | Rydges South Bank | **Conference Dinner"Under the Stars"**
*Guest Speaker: Dr Michael Drew*, General Manager of Investment Services, Qsuper
"Sublime to Subprime - Adventures in Financial Innovation"
## PBFEAM 2008 Detailed Program

### Friday, 4 July 2008

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<th>Time</th>
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<td>9:00 AM</td>
<td>B507</td>
<td><strong>Accounting Session 3: Capital Market Issues</strong></td>
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<td><strong>Session Chair: Gerry Gallery</strong></td>
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<td>Earnings Management and the Market Performance of Stock Dividend Issuing Firms: NZ Evidence</td>
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<td>Changes in Managerial Stock Ownership, Accounting Discretion, and Earnings Informativeness: The Role of Governance Contexts</td>
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<td>The effect of corporate governance quality on accrual mispricing: Australian Evidence</td>
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<td>A Quantile Regression Analysis of the Economic Determinants of Bank Loan Pricing</td>
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<td>9:00 AM</td>
<td>B225</td>
<td><strong>Entrepreneurship &amp; Management Session 3: Employees, Innovation and Internationalisation</strong></td>
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<td>Selection and Retention Strategies for Employees for Expatriate Assignments</td>
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<td>From sweatshops to sweetshops - Job redesign as an innovation for sustaining call centres</td>
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<td>The Role of Human Capital and Strategic Intent in Internationalisation Scope of New Technology-Based Firms</td>
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<td><strong>Finance Session 6: Options and Futures II</strong></td>
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<td><strong>Session Chair: Gerard Gannon</strong></td>
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<td>Empirical Performance of Affine Option Pricing Models: Evidence from the Australian Index Options Market</td>
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<td>Market Makers V's the General Public: A first look at S&amp;P500 Futures Trade Data</td>
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<td>Pricing efficiency under the coexistent open outcry and E-mini index futures markets</td>
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<td>Alternative Methods to Determine Optimal Capital Structure: Theory and Application</td>
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<td>The Impact of Capital Structure on Agency Costs: Evidence from UK PublicCompanies</td>
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<td>Financial Distress Announcement, Transaction Mode Change, and Aggregate Shareholder Wealth: Empirical Evidence from TAIEX-Listed Companies</td>
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<td>Gili Yen</td>
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<td>Direct and indirect effects of voluntary governance codes on company disclosure practices</td>
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<td>John Nowland</td>
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# PBFEAM 2008 Detailed Program

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<td>9:00 AM</td>
<td>B124</td>
<td><strong>Finance Session 8: Emerging Markets I</strong></td>
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<td><em>Session Chair: Chandrasekhar Krishnamurti</em></td>
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|          |       | 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  

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<th>10:30 AM</th>
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<td>11:00 AM</td>
<td>B507</td>
<td><strong>Accounting Session 4: Disclosure</strong></td>
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<td><em>Session Chair: Rozainun Abdul Aziz</em></td>
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|          |               | Information Asymmetry and Accounting Conservatism: Evidence from Taiwan  
|          |               | 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          | **Economics Session 3: Topics in International Economics** |
|          |               | *Session Chair: Mark McGovern*                |
|          |               | 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          | **Entrepreneurship & Management Session 4: Innovation** |
|          |               | *Session Chair: Pavla Rehorova*                |
|          |               | 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  
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<td>B119</td>
<td><strong>Finance Session 9: Corporate Finance II</strong></td>
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<td><em>Session Chair: Kin Wai Lee</em></td>
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<td>Factors affecting the operating performance of alternative markets for SMEs</td>
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<td>A Comparison between Multiple Discriminant and Logistic Regression on the Performance of The Shariah Compliance Companies in Industrial Sector</td>
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<td>Testing the Pecking Order: Evidence from Japanese Firms</td>
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<td>Cash Holdings, Corporate Governance Structure and Firm Valuation</td>
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<td>Alvin Wong</td>
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<td>B121</td>
<td><strong>Finance Session 10: Foreign Exchange and International Investment</strong></td>
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<td><em>Session Chair: Gary Tian</em></td>
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<td>Re-examining Exchange Rate Exposure:Evidence from Taiwanese Stock Market</td>
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<td>Volume or Order Flow?: Which Contains More Information in Really Traded Yen/Dollar Foreign Exchange Market?</td>
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<td>Australia's Equity Home Bias and Exchange Rate Volatility</td>
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<td>Masayuki Susai</td>
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<td>11:00 AM</td>
<td>B122</td>
<td><strong>Finance Session 11: Investments II</strong></td>
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<td><em>Session Chair: Anup Basu</em></td>
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<td>Social Security in 2020: Guarantee Costs and Portfolio Selection in Privatized Accounts, with and without Inflation Indexing</td>
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<td>Stochastic Dominance Analysis of CTA Funds</td>
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<td>Towards a Dynamic Asset Allocation Framework for Target Retirement Funds: Getting Rid of the Dogma in Lifecycle Investing</td>
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<td>Jivendra Kale</td>
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<td>B124</td>
<td><strong>Finance Session 12: Investments III</strong></td>
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<td><em>Session Chair: Ferdinand Mager</em></td>
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<td>Managed Fund Attributes and Performance: Australian Evidence</td>
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<td>An Empirical Analysis on Equity Style Portfolio Risk using Value-at-Risk</td>
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<td>Empirical Risk Analysis of Pension Insurance – The Case of Germany</td>
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<td>B224</td>
<td><strong>Marketing Session 2: Knowledge and People Management</strong></td>
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<td><em>Session Chair: Abu Saleh</em></td>
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<td>Bangladeshi Industrial Importers’ Commitment to Their Supplier: Implications for Foreign Investment</td>
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<td>Diffusion of Mobile Internet Service Innovations: The Emerging Concepts of “Smart Technology” and “Smart Consumer”</td>
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<td>Investigating the Main Export Barriers and Drivers of Consumer Service Exporter Performance: Lessons from Australian Tourism and Education Sectors</td>
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<td>Dynamics of Entrepreneurship Intentions of MBA Students: An Asian Developing Country Perspective</td>
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<td>12:30 PM</td>
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<td>1:30 PM</td>
<td>B119</td>
<td><strong>Finance Keynote Presentation - Professor Stephen J. Brown,</strong> New York University</td>
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<td>&quot;Estimating Operational Risk for Hedge Funds: The ω-Score&quot;</td>
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<td><em>Session Chair: Robert Bianchi</em></td>
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<td>B122</td>
<td><strong>Management/Entrepreneurship Keynote Presentation - Professor Ben Oviatt,</strong> University of New South Wales, Sydney</td>
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<td>&quot;Entry into Geographically and Psychically Distant Foreign Markets by Small and New Ventures&quot;</td>
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<td><em>Session Chair: Per Davidsson</em></td>
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<td><em>Mark Christensen</em></td>
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<td>3:00 PM</td>
<td>B507</td>
<td><strong>Accounting Session 5: Accounting and Accountability</strong></td>
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<td><em>Session Chair: Majella Percy</em></td>
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<td>Rules versus Principles-based Pension Accounting Standards: An Analysis of Comparability</td>
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<td>Exploring Sustainability Reporting on the Net: Indonesia Case</td>
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<td>Social Accounting In The Credit Union Sector: GRI Readiness</td>
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<td>Dianne McGrath</td>
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| 3:00 PM | B121 | **Finance Session 13: Investments IV**<br>**Session Chair: Robert Bianchi**<br>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 | **Finance Session 14: Financial Econometrics II**<br>**Session Chair: Daniel Smith**<br>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 | **Finance Session 15: Emerging Markets II**<br>**Session Chair: Adam Clements**<br>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

### THURSDAY 3 JULY

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<td>Lunch</td>
<td>ACC 1</td>
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<td>Afternoon Session 1</td>
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**The Conference Dinner will be held at Rydges South Bank, starting at 7pm.**

### FRIDAY 4 JULY

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<td>2:30 PM</td>
<td>A/Tea &amp; Closing Remarks</td>
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**Doctoral Students**
- DS 1 - Finance
- DS 2 - Management and Marketing

**Ent./Mgt**
- EM 1 - Knowledge Management
- EM 2 - Strategy Issues
- EM 3 - Employees, Innovation and Internationalisation
- EM 4 - Quality and Innovation

**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

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**Risk Management & Insurance Magazine**
2006 Best Non-Life Insurer Elected by 1,000 Major Enterprises

**Business Today**
2007 Best Wealth Management Bank and Best Risk Management

**Euromoney**
2008 Asia's Best Managed and Governed Company

**Asiamoney**
2007 The Best Domestic Equity House

**Taiwanese Enterprise Award**
2005 Best Social Contribution Award

**Asian Insurance Review**
2005 Innovation of the Year

**FinanceAsia**
2007 Best Equity House in Taiwan

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行動效率

安全與效率兼備的好工具就在您左右

功能齊全：台、外幣匯款轉帳，線上開立國內、外信用狀，進出口業務查詢，線上融資，電子票據，台幣轉帳

附加服務：FAX與E-MAIL 通知服務，預約付款失敗自動重送，供應商應收帳款融資

品質可靠：本行採用國際資訊大廠IBM專案建置，具美國國防部網路安控等級

團隊服務：本行資訊中心獲BSI英國標準協會頒發ISO 27001資訊安全認證證書

絕對優勢：讓您IKey在手掌握全球，世界零距離安全又便利

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