ABSTRACTS

1. FORECASTING VOLATILITY: PERFORMANCE OF TRADITIONAL TIME SERIES MEASURES AND VIX®

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ABSTRACT

Extensive research has been done on price volatility. One of the results of this research is that volatility changes over time. The Chicago Board of Options Exchange (CBOE) has had an index to measure expected volatility, the VIX®, since 1986. However, in order to incorporate recent advances in financial theory and to facilitate planned trading in futures and options on its volatility index (VIX®), CBOE has modified the methodology used to measure expected volatility. This paper compares the performance of four traditional forecasting models and the Chicago Board of Options Exchange volatility index, VIX®. We find that the VIX® does not seem to be a better measure than the more traditional time series measures like the Moving Averages, ARCH and the GARCH.

Keywords: Forecasting Volatility, Volatility Index, VIX®, VXO®

2. AN EMPIRICAL ANALYSIS ON THE DETERMINANTS OF FOREIGN DIRECT INVESTMENT FLOWS TO CHINA

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ABSTRACT

This study aims to provide an econometric model analysis of the influence of China’s country characteristics on FDI inflows. Seven hypotheses are theoretically developed and empirically tested by using the econometric model analysis covering whole period of FDI inflows into China, 1979 to 2003. The evidence from this study supports the contention that China offers several specific country advantages to foreign investors in terms of market size, labour cost, economic freedom, economic stability and market openness. Other variables, investment incentives and market potential are not significant in attracting FDI flows to China. The study concludes that more FDI is likely to be attracted to China with the following: bigger market size; lower labour cost; higher levels of economic freedom; greater market stability; and a higher level of market openness. It also contributes to the literature by empirically investigating the influence of China’s country characteristics on FDI inflows over the whole time frame, 1979 – 2003 for the first time, and by innovatively identifying and investigating a new determinant of FDI inflows, the level of economic freedom.

Keywords: Foreign direct investment (FDI), Country-specific factors, Economic freedom, China
3. SECURITY ANALYSTS’ COMPETENCE IN VALUE AND GLAMOUR

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ABSTRACT

The purpose of this study is to investigate whether analysts perform differently in processing information concerning glamour versus value stocks. We show that analyst recommendations contribute more (less) to the selection of glamour (value) stocks. Across a variety of glamour/value measures our results consistently indicate that the glamour stocks with analyst’s favorable ratings yield significantly greater abnormal returns than value stocks after controlling size, book-to-market, and beta. Another notable result is that, across portfolio ranks, analysts are subject to greater (less) earnings forecast errors for value (glamour) stocks. Moreover, earnings forecasts are more accurate in Glamour than those in Value stocks. Perhaps due to their superior proficiency in analyzing glamour stocks’ information, analysts’ forecasts and recommendations appear to be less subject to optimism with glamour stocks.

Keywords: Analyst recommendations, earnings revisions, earnings forecast errors, value stocks, glamour stocks

4. THE PERFORMANCE EFFECT OF BENCHMARKING AND THE BALANCED SCORECARD APPROACH IN PERFORMANCE REPORTING: AN EXPLORATORY STUDY

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ABSTRACT

This paper reports the results of an exploratory study on the performance effect of benchmarking in setting performance targets and using the balanced score card (BSC) approach in performance reporting. Fifty chief executive officers (CEOs) working in manufacturing firms in Australia participated in the study. For data collection, each of the CEOs was personally interviewed by one of the researchers using a prescribed questionnaire. Following the BSC approach (Kaplan and Norton, 1996, 1993, 1992), this study explores the impact of eleven performance reporting dimensions on the CEOs’ performance. Of the eleven dimensions, employee satisfaction, product quality, and customer satisfaction are found to have a significant and positive association with the CEOs’ performance. However, use of the benchmarking in setting the CEOs’ performance standards (targets) is not associated with their performance. The results also reveal that benchmarking in setting performance targets together with BSC approach in performance reporting do not add to the explanation of the CEOs performance. Implications of the results are discussed later in the paper.

Keywords: balanced score card, performance reporting, manufacturing firms

5. WHAT IS THE MARKET’S PERCEPTION OF FIRM QUALITY?

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ABSTRACT

This paper examines the shareholder wealth effect of firms that win prestigious quality awards such as the Malcolm Baldrige National Quality Award (MBNQA). On aggregate, we find firms’ enjoy marginally
significant positive abnormal returns on the announcement of the award, while smaller firms enjoy highly
significant positive abnormal returns. The evidence is consistent with asymmetric information-based
theory, and suggests that that the stock market values quality. The results may be most useful to small
firms weighing the costs and benefits of quality program implementation and evaluation as our findings
suggest that such an undertaking is beneficial to these firms.

Keywords: quality, event study, asymmetric information, signaling

6. SIGNIFICANCE OF COMPUTING CAPABILITY OF AFRICAN-AMERICAN BUSINESS LEADERS
UPON ONLINE INFORMATION SEARCH STRATEGIES

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ABSTRACT

Based upon a survey of African-American business leaders in the US., it may be concluded that individual
computer capability is a significant factor when searching for information online. In this regard, it was
also concluded that those African-American leaders with an higher degree of computer capability have
stronger connections to the Web and perceive their strategies as somewhat different than those with
lesser degree of confidence. However, computer capability is less of a significant factor when making
decisions as to the credibility of information sources located.

Keywords: African-American business leaders, minority Internet use, information searching, information
technology

7. THE USE AND EFFECTIVENESS OF CONTEMPORARY TRAINING METHODS IN HIGH
TECHNOLOGY FIRMS IN SOUTH KOREA

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ABSTRACT

The uniqueness of high technology organizations in South Korea along with their usage of and derived
effectiveness of various training techniques is the focus of this research. In particular, the study looked at
how different training techniques were utilized and evaluated over four separate employee groups. The
findings of the study demonstrate statistically significant differences in the employed training techniques
relative to management, marketing, research and development as well as production employees. Surprisingly, many Korean high technology firms continue to employ training techniques they deem to be
less effective.

Keywords: Training Methods, High Technology, South Korea, Effectiveness
8. NAFTA’s IMPACT ON INDUSTRY RETURN RELATIONSHIPS AMONG NORTH AMERICAN COUNTRIES

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ABSTRACT

This study examines the impact of the North American Free Trade Agreement (NAFTA) on the relationship between industry specific stock indexes from the U.S., Canada and Mexico. The five indexes examined include consumer discretionary, financials, industrials, materials and utilities. Results of correlation and regression analysis support the notion that U.S. and Canadian industries have become more entwined in the post-NAFTA period. However, four of the five U.S. and Mexican industry relationships appear to be unaffected by NAFTA. This implies that Mexican equities offer U.S. investors substantial diversification benefits.

Keywords: NAFTA, stock index, diversification

9. SAFE HARBOR: US RETAILERS MISS INTERNATIONAL OPPORTUNITY

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ABSTRACT

The purpose of this study was to investigate basic trends in the use of consumer privacy seals. The researchers wanted to determine if US retailers had complied with the European Union’s directive, and did they post participation in the Safe Harbor agreement? Top-ranking retailers were identified from four industry-recognized sources, and their respective web sites were examined for privacy policies, third party seals of endorsements and Safe Harbor participation. The results indicate that the majority of the retail web sites examined did not participate in Safe Harbor.

Keywords: Global Retailing, Online Privacy, Online Trust, Safe Harbor

10. PYRAMIDAL OWNERSHIP STRUCTURE AND PROPRIETARY DISCLOSURES: EVIDENCE FROM SEGMENT REPORTING IN HONG KONG

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ABSTRACT

We examine the effect of concentrated ownership structure on the quality of segment disclosures for a sample of 224 firms listed in Hong Kong during period from 1993 to 2000. Consistent with the expropriation hypothesis, we find that the degree of divergence between control and cash flow rights by the controlling owner is negatively associated with the level of disaggregation in segment reporting. We find some evidence that management’s concern about competitive harm is negatively associated with then level of aggregation in segment disclosures. We further find that the external monitoring from creditors and auditor fees are positively associated with the level of disaggregation in segment disclosures. Taken together, our findings suggest that firms with pyramidal ownership structure keep a low level of proprietary disclosures to prevent outsiders’ monitoring on their expropriation activities.

Keywords: Segment Reporting; Pyramidal Ownership Structure; Proprietary Disclosures; Expropriation
11. TO PURCHASE OR TO POOL? AN INCOMPARABLE HISTORY OF COMPARABILITY DILEMMAS

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ABSTRACT

The major purpose of this article is to point out the failure of decades of accounting pronouncements to move toward comparability in accounting standards for business combinations, specifically in the decision to combine by purchase or by pooling-of-interests. Flawed standards actually helped bring about the increased usage of pooling; other standards made mandatory the artificial treatment of indefinite-life goodwill through amortization over a definite period. Even these flawed standards were not sufficiently monitored or enforced. Finally, after standards setters realized the cumulative problems that were being caused, they failed for decades to act decisively to correct them. The major historical problems with pooling and goodwill are discussed. Pooling allows goodwill, an intangible asset, to go unrecorded. Also, pooling lies outside the boundaries of accounting theory and, most often, practical reality. Finally, in 2001, it was disallowed. Goodwill has been defined inconsistently, used when and as convenient rather than in adherence to standards, and used to write off every conceivable asset, are discussed. At last, as of 2001, it is to be carried on the books indefinitely, with adjustments made if it is impaired (reduced in value). This treatment fits the status of most goodwill of an indefinite-life intangible. Additionally, the identification and measurement of goodwill have been made a serious issue.

Keywords: Accounting History, Goodwill, Purchase Method, Pooling-of-Interests Method, Comparability, Business Combinations, Intangible Assets

12. BROADBAND – A HURDLE ON THE U.S. BUSINESS MOVE

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ABSTRACT

The lag of broadband development became a major challenge facing America’s business. In 2000, The U.S. had the world’s third-highest broadband adoption rate. Now it’s no.10 – and could slump further in the years ahead. While other nations like S. Korea, Japan and Canada adopted policies to promote broadband years ago, no U.S. administration has yet endorsed a comprehensive plan. The U.S. has never had aggressive pro-broadband policies, and it’s now moving backward. What hurdles hold a quicker broadband move in the U.S? Are technology or politics issues the major holdup? What is the U.S broadband roadmap in the U.S? These issues will be briefly addressed in this article.

Keywords: broadband development, pro-broadband policies

13. A MOTIVATIONAL PERSPECTIVE ON VIRTUAL COMMUNITY MEMBERSHIP

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ABSTRACT

This study aims to find out what motivates members of an online community to participate actively, and thus maintain their membership. The author has looked at a successful online community that encourages professional development of its members. Four interviews with management executives and members were conducted to learn more about the motivation to participate in an online community.
Based on the results a questionnaire was sent to 2,000 members, of which 192 members replied. The results showed that the members are motivated by personal growth, social and recognition needs.

**Keywords:** Virtual community, Motivation, member participation, e-commerce, internet marketing

14. RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND PERFORMANCE IN INDIAN BANKS: AN EMPIRICAL STUDY

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**ABSTRACT**

Service profit chain is much discussed as a means to link customer profits to operational resources under the influence of vendor manager, though empirical testing to date has been limited primarily to consumer service settings. In this research paper performance of the banks has been linked with satisfaction of the customer with various services provided by the banks. The relationship dimensions which lead to customer satisfaction have been identified with the help of factor analysis. The author presents an application that demonstrates how adaptation of these dimensions which satisfy the customer can lead to better performance. The results show the proposed regression models linking performance with customer satisfaction thus reinforcing the importance and validity of relationship marketing in today’s competitive environment.

**Keywords:** Relationship Marketing, Customer Satisfaction, Relationship Banking

15. ASYMMETRIC ADJUSTMENT IN THE EFFECTS OF MONETARY POLICY: EVIDENCE IN JAPAN USING A COINTEGRATION ANALYSIS

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**ABSTRACT**

Using a set of cointegration and error correction models with Threshold Autoregressive (TAR) or Momentum Threshold Autoregressive (MTAR) asymmetric adjustment, we investigate the effects of monetary policy on output in Japan are asymmetric or not. Forty years of quarterly series on output, money supply, price of oil and interest rate for Japan obtained from the International Monetary Fund’s International Financial Statistics CD-ROM were used for the different tests. Empirical results show that the effects of monetary policy on output are symmetric in Japan. Furthermore, the impulse response functions indicate that the results are not consistent with a dynamic asymmetry in the behavior of money supply movements in Japan.

**Keywords:** Cointegration, Asymmetric adjustment, monetary policy, Threshold Autoregressive model, Momentum Threshold Autoregressive model
16. DATA WAREHOUSING, REPRESENTATIONAL DATA QUALITY, AND PROBLEM SOLVING PERFORMANCE

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ABSTRACT

A data warehouse plays a role as a repository of information. The size of a data warehouse is usually massive and the data warehouse typically stores a wide range of information (Benander et al., 2000). Accordingly, because of a huge amount of data in a data warehouse, data may vary in quality and relevance to decision tasks, which makes decision tasks difficult for decision-makers. In the IS literature, little has been learned about the impact of data quality (DQ) on decision performance. Representational DQ means that data must be interpretable, easy to understand, and represented concisely and consistently (Wang and Strong, 1996). This study explores the effects of representational DQ and task complexity on decision performance by conducting a laboratory experiment. Based on two levels of representational DQ and two levels of task complexity, this study had a 2 x 2 factorial design. The dependent variables were problem-solving accuracy and time. The results demonstrated that the effects of representational DQ on decision performance were significant. The findings suggest that decision makers can expect to improve their decision performance by enhancing representational DQ. This research extends a body of research examining the effects of factors that can be tied to human decision-making performance.

Keywords: Data Warehousing, Representational Data Quality, Decision Performance