

---

**ABSTRACTS****1. THE DORNBUSCH-FRANKEL EXCHANGE RATE MODEL AND COINTEGRATION: EVIDENCE FROM THE YEN-DOLLAR**

Jae-Kwang Hwang, Virginia State University, Petersburg, Virginia, USA

**ABSTRACT**

*The Dornbusch-Frankel monetary model is used to estimate the out-of-sample forecasting performance for the Japanese yen / U.S. dollar exchange rate. By using Johansen's multivariate cointegration, up to three cointegrating vectors were found between the exchange rate and macroeconomic fundamentals. This means that there is a long-run relationship between exchange rate and economic fundamentals. Based on error-correction models, the random-walk model outperforms the Dornbusch-Frankel model at every forecasting horizon. However, the Dornbusch-Frankel model with the modified money demand function dominates the random-walk model at every forecasting horizon except twelve month. As a result, the stock price variable can improve the accuracy of forecasts of exchange rates at short-run horizons.*

---

**2. NONLINEARITY IN MARKET EFFICIENCY: A COMPARISON STUDY OF MALAYSIA, LONDON AND SINGAPORE**

N. A. Azizan, Universiti Sains Malaysia, Malaysia  
D. Brookfield, The University of Liverpool, Liverpool, UK

**ABSTRACT**

*It is argued that efficiency in a futures market depends on the nature of trading activity and on its relation to the underlying security. Previous research in this area has largely concentrated on linearly efficient relationships with fewer studies reporting possible nonlinear aspects of efficiency. We seek to address this omission and construct and apply a testing methodology using a general BDS framework to establish the presence or otherwise of nonlinear patterns in the data and subsequently employ model-specific Threshold Autoregressive Model (TAR) methods to estimate possible nonlinear relationships using data on stock index futures in Malaysia, Singapore and London. We conclude that prediction is possible within the futures market by using nonlinear models but that profits, however, do not exceed transaction cost bounds.*

---

**3. CRUDE OIL WEALTH, CONSUMPTION SPENDING, AND INCOME DISTRIBUTION IN OIL DEPENDENT AFRICAN ECONOMY**

C. Pat Obi, Purdue University Calumet, Hammond, Indiana, USA

**ABSTRACT**

This study examines the wealth and political issues surrounding crude oil discoveries in Africa and the impact of this precious commodity on the poverty alleviation efforts in an African state. It then traces the unsuccessful attempts by some African governments to leverage their fiscal obligations by joining the Organization of Petroleum Exporting Countries (OPEC). A framework is introduced showing that even though energy revenues and rising consumer confidence may have recently brought about a rise in consumption spending, these countries are still far from achieving sustainable economic growth. This paper supports the notion that poverty alleviation can only be achieved by the combined effects of consumption growth and a balanced income distribution. For this goal to be achieved, a prescriptive strategy for wealth creation is offered.

---

#### **4. PRIVATIZATION: STRATEGIES, ISSUES AND LESSONS THE CASE OF ZAMBIA CONSOLIDATED COPPER MINES**

Luka Powanga, Regis University

##### **ABSTRACT**

*Developing countries use privatization programs to accelerate economic growth by attracting and infusing the needed foreign capital into the economy. While this prescription has worked well in many countries such as Ghana and Uganda, Zambia's experience has been quite painful. Though the divestiture of the mining industry was started in 1992, by July 2004, 67% of the mining assets were still in government hands. The lack of success is attributed to political factors, lack of transparency and asset stripping, deteriorated infrastructure, and the entry of Anglo American Corporation on the Zambian mining scene. These factors in combination delayed the transfer of the assets to the private sector up to the time when the world copper prices were severely depressed rendering the mine assets unattractive. Though AAC purchased the main assets in 2000, two years later it pulled out of Zambia effectively renationalizing the mining industry. The Zambian government is still looking for equity partners in the mines. To help with the process, the Zambian government needs to rehabilitate the mining infrastructure and rebuild its transparency image. The main lesson that can be drawn from the Zambian experience is to privatize as quickly as possible once the program is in place and to fully comply with the framework of the divestiture.*

---

#### **5. THE EMERGENCE OF MULTINATIONAL ENTERPRISES: A GENERAL-EQUILIBRIUM ANALYSIS**

Guoqiang Li, University of Macau, Macau, P. R. China  
Yew-Kwang Ng, Monash University, Melbourne, Victoria, Australia

##### **ABSTRACT**

*This paper develops a general-equilibrium model to explain the emergence of multinational enterprises from the trade-offs between transaction costs and the economies of specialization. After management specialists' real incomes from domestic production, domestic licensing, export, international licensing and international production have been derived in a unifying framework, the emergence of multinational enterprises can be explained endogenously. Inframarginal analysis (total cost-benefit analysis across corner solutions in addition to marginal analysis of each corner solution) of the model shows that, even without structural market distortions, the activities of multinational enterprises still occur wherever there are transaction gains from the common governance of activities in different locations.*

---

#### **6. OPTIMIZING FINISHED GOODS INVENTORY ACROSS DEMAND CHAIN UNDER UNCERTAINTY**

Durgesh K. Agrawal, Lal bahadur Shastri Institute of Management, New Delhi, India  
Dev P. Agrawal, Union Public Service Commission, Govt. of India, New Delhi, India  
Deepali Singh, ABV-Indian Institute of Information Technology and Management, Gwalior, India

##### **ABSTRACT**

*In the present dynamic and hyper competitive business environment, there is huge stockpile of finished products across demand chain resulting into cost and responsiveness inefficiency. This paper is an attempt to identify the reasons behind huge inventory holding by various demand chain members and to propose a new business model for optimizing inventory across demand chain addressing various opportunities, challenges and issues of new business environment.*

---

## **7. THE INFLUENCE OF SERVICE CONTENT ON INTERNATIONAL MARKET ENTRY MODE: THEORY AND AN EMPIRICAL TEST**

Peggy A. Cloninger, University of Houston-Victoria, Sugar Land, Texas, USA

### **ABSTRACT**

*Emerging evidence suggests that service content, the degree to which the service characteristics intangibility, perishability, simultaneity, and heterogeneity are present in a firm's output, influences firm internationalization. Drawing on the Eclectic Theory (OLI), this study 1) examines how service characteristics may be necessary variables that influence the development of a firm's OLI -advantages and entry mode selection, and 2) based on theory developed, it reports a test of their influence on the choice of entry mode. The sample was designed to help isolate the service characteristics in order to study their influence. To ensure sufficient variance in service content while at the same time controlling for extraneous sectoral and national variables, data were collected for 16 theoretically based items from 190 diverse U.S. based firms in the environmental control industry. Factor analyses yielded a nine item, four factor solution that explains 73.5 percent of the variance. For this sample, the findings indicate that one service characteristic, tangibility, was positively related to the use of a higher control entry mode ( $p < 0.10$ ). This result provides significant, but limited support for the growing evidence that service characteristics are important variables that influence internationalization, but it raises the question of whether or not all service characteristics are 'created equal', since neither perishability, nor heterogeneity were significant influences in entry mode.*

---

## **8. STRATEGIES FOR GLOBAL INVESTMENT AND EVALUATION OF CAPITAL PROJECTS**

Bhavesh Patel, Ph. D., Myers University, Cleveland, OH, USA

### **ABSTRACT**

*The current wave of globalization is unstoppable. Could this also turn out to be a bubble causing despair among investors and others? Usually, there are riders of waves, who are responsible for the bubble-burst. Have all the globalizing firms done right thing? The paper attempts to provide synthesis of a potentially successful globalization strategy. Getting ready with development of ownership advantage is a precondition. Search for place that could provide best location-specific advantage and evaluation of maximizing internalization advantages are the crucial points for a viable global operation. Depending upon the degree of advantages a firm might go global by step-by-step selecting different forms of global presence. The form of presence selected must be carefully evaluated. The paper investigates the evaluation approach and issues for global projects. This is a theoretical model, to be case-studied later with successful and failed multinationals, before further developing the effective model.*

---

## **9. CONSUMER DISSATISFACTION: A CROSS-CULTURAL COMPARISON**

William J. Lundstrom, Cleveland State University, Cleveland, Ohio, USA  
D. Steven White, University of Massachusetts-Dartmouth, North Dartmouth, USA  
Andrew McAuley, University of Stirling, Stirling, Scotland, UK

### **ABSTRACT**

*Lundstrom and Lamont's seminal article on consumer discontent was published in 1976. Since that time, the literature on consumer discontent has evolved and fragmented. New research themes include consumer satisfaction, customer relationship management, and consumer complaint behavior. While there have been significant efforts to reduce customer complaints, enhance relationships and improve the quality of the consumer purchasing experience in the last three decades, the question remains whether the construct is pervasive across cultures and in similar form. The purpose of this study is to revisit*

consumer discontent as a construct and determine whether there are similarities across like cultures. A factor analytic comparison is made between samples of U.S. and U.K. business student/consumers and shows markedly dissimilar structures.

---

#### **10. THE ROLE OF MOBILE MARKETING IN COMPANIES' PROMOTION MIX: EMPIRICAL EVIDENCE FROM FINLAND**

Heikki Karjaluoto, University of Oulu, Finland  
Matti Leppäniemi, University of Oulu, Finland  
Jari Salo, University of Oulu, Finland

##### **ABSTRACT**

*Mobile marketing is step-by-step gaining foothold in the advertising field. With the use of a review of recent literature on mobile marketing and two empirical studies, the study investigates mobile marketing medium's role in the promotion mix. The main results of the study indicate that mobile marketing is a growing two-way marketing medium that is already today cost-effective and more importantly, interactive channel that can be utilized to drive the sales of myriad products and services. However, the new channel has many challenges such as technological and legislative issues that must be taken into account in planning and implementing mobile marketing campaigns. The results of the study provide several managerial insights into the role of mobile marketing medium today and in the near future.*

---

#### **11. CAPTIVE INSURANCE COMPANIES: RISK MANAGEMENT SOLUTION FOR WESTERN COAST OF UNITED STATES**

Marius D. Gavriletea, Babes Bolyai University, Business Faculty, Cluj – Napoca, ROMANIA

##### **ABSTRACT**

*The actual impact of globalization can be noticed also in the insurance industry. An important aspect of this trend is the fact that great international corporation can set up their own captive insurance companies almost in every jurisdiction – onshore and offshore. The purpose of this material is to show the importance of these companies in the globalization context, the fronting context and a pertinent analysis of the worldwide statistics and evolution, with a real compare for Western Coast of United States. It is known that insurance is a way of covering some risks that people and firms are dealing with in their day to day activity. In time, because of risk diversification and intensification, the insurance industry has developed itself a lot, and in the same time offered new way of covering risks. One of these techniques is the captive insurance company. A captive insurance company is an insurance company that only insures all or part of the risks of its parent. The decision of setting up a captive must take into consideration the offshore and onshore domiciliation. In principle there is no reason why a captive insurance company cannot be established in any country where insurance legislation permits insurance companies to operate. From a practical point of view, domestic captives, located in the country of origin of the parent, are usually subject to additional legislation, high capitalization, high taxation and onerous data requirements of the authorities. Because the legislation, the parent company isn't allowed to pay directly insurance premium to the captive. First it pays the premium to a local insurance company, and then will cede through reinsurance this premium to the captive. Fronting is a term that describes a specialized form of reinsurance frequently employed in the captive insurance marketplace. In its most common form, a commercial insurance company ("fronting company"), licensed in the state where a risk to be insured is located, issues its policy to the insured. That risk is then fully transferred from the fronting company to a captive insurance company through a reinsurance agreement, known as a fronting agreement. Even from the years when captive insurance companies became an important technique of risk financing some specialists had been predicted their' early ending. In time, after 50 years, these companies have developed, and just threats have changed. Because of their increasing success, financial authorities from*

*most developed countries were confronted with loss of revenue, and proposed the reducing of financial facilities for the captives' parents.*

---

## **12. THE LOCATION DETERMINANTS AND TIMING OF FDI: AN EMPIRICAL ANALYSIS OF PHARMACEUTICAL FIRMS' FDI IN CHINA**

Fuming Jiang, The Australian National University, Australia

### **ABSTRACT**

*This study investigated how the location factors at sub-country level affected operation location decisions in the context of international pharmaceutical firms' FDI in China during the period of 1980-1998.*

*It also performed a comparative analysis between early and late entrants on the decision. The results suggested that the stage of a region's economic development in China had the most significant influence on international pharmaceutical firms' decision on the choice of operation location within China. Joint ventures' FDI location decisions were heavily dependent on the region where the Chinese partner was located. Infrastructure and Chinese government's incentive policy in the region also attracted significant attention from international investors. Effectiveness of energy supply, the purchasing power in the region, quality of marketing infrastructure, land cost, local customs, and historical/traditional connections/linkages between the regions and foreign investors had a moderate influence on international pharmaceutical firms' FDI destination within the country. The research also revealed that the incentive policies provided by the Chinese government for a particular region, the stages of economic development in a region, and the availability of infrastructure had a stronger influence on early entrants' decision in selecting an operation location in China.*

---

## **13. SUSTAINABLE DEVELOPMENT AND MULTINATIONAL CORPORATIONS: NEW EVIDENCE FROM THE BATTLEFIELD**

Detelin Elenkov, University of Tennessee, Knoxville, Tennessee, USA  
Gergana Peneva, Sofia University, Bulgaria

### **ABSTRACT**

*The main proposition investigated in this study is that multinational corporations (MNC)s could benefit economically by resolving major problems in the natural environment. Umicore is used as an example of a MNC that has adopted successfully the concept of sustainable development. The Environmental Remediation Program implemented by Umicore in Bulgaria is offered as an illustration of sustainability in action. The findings of the study have provided support to our main proposition.*

---

## **14. DETERMINANTS OF INTERNATIONAL LICENSING PARTNERS: EVIDENCE FROM US INFORMATION AND COMMUNICATION TECHNOLOGY FIRMS**

YoungJun Kim, The George Washington University, Washington D.C., USA

### **ABSTRACT**

*This paper studies the validity of potential factors that might affect US technology holders' choice of international licensing partners within the context of a global information and communication technology industry. We find that transaction costs considerations weigh in heavily in explaining the probability that two firms will engage in a licensing agreement as a licensor and a licensee between specific dyads of companies. The important explanatory factors relate to the knowledge appropriability (i.e. strength of*

*IPRs protection) and the level of freedom to trade with foreigners of a licensee's country, and familiarity between partners through prior licensing agreements. US companies also license technology more to publicly traded partners and to companies who have joint manufacturing experience with themselves. Prior independent experience with licensing of both the licensor and licensee also raises the propensity that two firms will engage in a licensing agreement together. Business similarity between partners, however, appears to be an insignificant factor.*

---

#### **15. CONDITIONAL HETEROSCEDASTICITY AND THE DISTRIBUTION OF STOCK RETURNS IN THE EMERGING MARKET OF OMAN**

Mazhar M. Islam, Alabama A&M University

##### **ABSTRACT**

*This paper applies the family of ARCH models to examine the volatility of the Muscat Securities Market (MSM) in Oman. Empirical results show that GARCH(1,1) model can adequately describe stock market behavior of the MSM which is much smaller and thinner than other developed stock markets. The coefficient of ARCH(1) indicates that the current period volatility is higher if the past period had large disturbances. Estimation results of the TARARCH and EGARCH parameters estimates show that the impact of news is asymmetric, indicating an existence of the leverage effect in future returns of the stock. The estimate of the asymmetric ARCH also indicates that the long run component converges very rapidly to the steady state, and the short run volatility component appears to be trivial.*

---

#### **16. SUPPLY MANAGEMENT ORIENTATION AND BUYER/SUPPLIER PERFORMANCE- SOME INSIGHTS FROM AUTOMOBILE INDUSTRY IN INDIA**

T. A. S. Vijayaraghavan, XLRI, Jamshedpur, India  
S. B. Raju, Tata Cummins Ltd. Jamshedpur, India  
Samik Kumar Biswas, Tata Cummins Ltd. Jamshedpur. India  
I. S. F. Irudayaraj, XLRI Jamshedpur, India

##### **ABSTRACT**

*The supply chain management literature emphasizes the need and importance of Supply Management Orientation (SMO) and its impact on Supplier Performance (SP) and the Buyer Performance (BP). In this paper, we study these hypotheses in Indian automobile industries taking up the companies, which are closely associated with an automobile giant in India. We study the confirmatory analysis of these constructs of the SMO impacting SP and BP in the first phase. In the second phase, we expand the scope of the constructs and variables as encountered in the present study and verify all the hypotheses relating to SMO, BP and SP using Structural equations modeling. In the third phase, we study the buyer-supplier cooperation with behavioural variables and explain the development of dimensions for COURTESY instrument.*

---

#### **17. CORPORATE GOVERNANCE ACCOUNTABILITY FOR MULTINATIONAL FIRMS: BEYOND THE CALL FOR REGULATORY REFORMS**

Karim S. Rebeiz, American University of Beirut, Beirut, Lebanon

##### **ABSTRACT**

*In the aftermath of the Enron's and World Com's scandals, the debate over the adequacy of corporate governance accountability has emerged as a topic of considerable importance that echoes across many*

boardrooms. The egregious passivity, non-inquisitiveness or even collusion of some boards in the face of deceitful management maneuverings has undoubtedly caused nervousness in the marketplace. In the year 1999 alone, more than 200 corporations issued earnings restatements, up from about 50 and 100 corporations for 1995 and 1996, respectively. The Wall Street Journal has reported that due to recent inventory and accounting write-offs which totaled \$148 billion, all the profits purportedly reported by NASDAQ companies in the last five years have been erased. The result has been the unjust enrichment of the managers at the expense of the shareholders since compensation is linked to financial performance metrics. Institutional investors have justifiably embarked in class action law suits to recuperate lost investments, while influential groups such as the Congress, the SEC, the NYSE, and other constituents have called for legislative and regulatory reforms to promote additional independence in the boardroom and to ensure additional transparency in the financial reporting. Based on survey and interview results administered to individuals with significant experience in the boardroom of multinational firms, it is argued in this paper that although regulatory initiatives are steps in the right direction, they have proven not to be always effective since corporate fraud continues to be committed in increasing numbers. The best defense mechanism against the management of earnings and other fraudulent practices starts within the firm itself through a change in corporate governance culture, attitude and self-discipline.

---

## **18. ECONOMIC GROWTH AND UNEMPLOYMENT IN TURKEY: AN EMPIRICAL STUDY**

Tekin Akgeyik, The Istanbul University Erdal Karagol, Balikesir University

### **ABSTRACT**

*In this study, we have investigated a series of unit root, co-integration and causality tests to ascertain the direction of causality between the economic growth and unemployment in Turkey for the period 1970-2003. Moreover, the information on co-integration (Johansen, 1988 and Johansen and Juselius, 1990) in variables is taken into consideration in specifying the correct model. The results show that short-run unidirectional causality running from economic growth to unemployment but not vice versa.*

---

## **19. A STATISTICAL APPROACH TO MEASURING INTERNATIONAL COMPETITIVENESS; THE CASE FOR THE BALTIC SEA REGION**

Tiiu Paas, University Of Tartu, Estonia  
Nancy J. Scannell, University of Illinois at Springfield, Illinois USA  
Ingrid Hunt, Estonian Ministry of Education and Research, Tartu, Estonia

### **ABSTRACT**

*This paper affords an overview of the comparative assessments of Baltic Sea Region (BSR) countries' relative competitiveness in a global paradigm under various methodological approaches. The authors then propose a statistically-based approach for measuring the same. Results of factor analysis determine that economic development, the level of foreign economic links, population growth, and the country's business attractiveness to be the four generalized factors characterizing international competitiveness for the Baltic Sea Region (BSR).*

---

**20. PORTFOLIO RISK EXPOSURE AND PERFORMANCE MEASUREMENT IN CHANGING ECONOMIC CONDITIONS: SINGAPOREAN EVIDENCE**

Gao Zhangpeng, Nanayang Technological University, Singapore

**ABSTRACT**

*The performance of Unit trusts in Singapore is not significantly different from zero during the sample period from 1998 to 2003 using unconditional and conditional measures, controlling the managers' possible responses to predetermined information variables, i.e., the dividend yield in the stock market, the risk-free interest rate, and the term structure. The evidence supports Grossman and Stiglitz's version of EMH with costly information. It implies that fund managers are compensated for their superior information gathering and research activities. The results on conditional model are mixed. The conditional model shifts the distribution of alphas to the right; however, the impact of information variables on the portfolio's risk exposure is not significant. The managers' responses to the macro information are consistent with what the finance theories implies, but interestingly contradict the actual movement of the local market.*

---

**21. TECHNOLOGICAL TRADE, INTERNATIONAL COMPETITION AND MANAGEMENT FOR INFORMATION COMMUNICATION INDUSTRY**

Teng Kun WANG, National Chung Cheng University, Chia-Yi, TAIWAN

**ABSTRACT**

*With the coming of invention and innovation in information technology, the industry of Information Communication Service (ICI), which included service of information, communication by satellite and system integration, has broken the traditional behaviour of management. Owing to the high growth rate in this industry, but with no guarantee of increasing profit from greater competition, it is important to improve the inter management. Meanwhile, this study analyses the ontology which influences the intra-firm technological trade effect from the international data to describe the current competitive environment, and compares the results with other developed countries, such as U.S.A, Japan and the EU, in this information industry. Then, the OLI advantage theory is applied to control the interior management. Finally, some suggestions are provided for ICI in Taiwan to get more pragmatic consideration.*

---

**22. MANAGERIAL VIEWS ON DETERMINANTS OF FDI PERFORMANCE IN CHINA: A COMPARISON BETWEEN JOINT VENTURE AND SOLE VENTURE**

Fuming Jiang, The Australian National University, Australia

**ABSTRACT**

*This paper, from managerial perspectives, aimed at exploring the variables that determine the performance of the China FDI ventures in the context of international pharmaceutical firms' FDI in China during the period of 1980-1998, and further comparing the perception differences of foreign senior managers from FDI ventures with joint venture entry mode (JV-Firms) and FDI ventures with sole venture entry mode (SV-Firms). The research found that the performance of the international pharmaceutical firms' China ventures was influenced by "investment strategy variables", namely full feasibility study before investment, timing of investment, and cross-region location in China. Similarly "business strategy variables" were important, namely, product quality, advertising, ability to differentiate products, R&D intensity and venture's reputation and image. SV-firms were more concerned with the full feasibility study before investment, timing of investment, product quality and venture's ability to differentiate its products. JV-Firms tended to have a greater concern with advertising for their business success in China.*

---

**23. US CROSS-BORDER MERGERS: A STUDY OF FREE CASH FLOW AND TECHNOLOGY ACQUISITION MOTIVES**

R.S. Rathinasamy, Ball State University, Muncie, Indiana, USA  
Mahmud Rahman, Eastern Michigan University, Ypsilanti, Michigan, USA  
Hans Banerjee Rao, Oklahoma City University, Oklahoma City, USA

**ABSTRACT**

*This paper examines two acquisition motives: the free cash flow, and technology, in cross-border acquisition of US firms by foreign companies. Brown and Warner comparison mean approach reveals significant excess returns to the stockholders of acquired US firms studied during a ten-year period. Free cash flow strongly positively motivates acquisition of US firms by foreign firms. Technology, when proxied by capital expenditure, exhibits weak positive relationship to being a target of foreign acquisition. Jointly considered, free cash flow remains strongly positive, while capital expenditure turns negative.*

---

**24. A NEW MODEL TO TRANSFORM FIRM'S CORE COMPETENCIES IN TO CORE PRODUCTS**

Alan S. Khade, California State University-Stanislaus, Turlock, USA  
Gauravedeep Grewal, California State University-Stanislaus, Turlock, USA  
Ratha Lim, California State University-Stanislaus, Turlock, USA

**ABSTRACT**

*Core products are developed based on core competencies within an organization. In order to establish a process of developing products from competencies, an organization must have a market demand for the potential product or service in which the core value of the core competency is to be embodied. An understanding of what strategy, competitive advantage, core competencies, core products, and the essential link between all of these intricacies provides the solution to the question: How do companies create core products from core competencies?*

*This paper discusses the development of a process model for transforming core competencies into core products for an organization. We discuss the existing models of this transformation process and develop our model. We also present comparison of the models and make recommendations.*

---

**25. SOCIAL CAPITAL EXPLANATION OF ETHNIC IMMIGRANT ENTREPRENEURSHIP: A THEORETICAL PERSPECTIVE**

Joseph B Richards, California State University-Sacramento, Sacramento, California, USA  
Seung B. Bach, California State University-Sacramento, Sacramento, California, USA

**ABSTRACT**

*A descriptive framework exploring value creation processes of ethnic social network is conceived. In particular, four critical dimensions of social capital, structural, relational, cognitive, and leverage dimensions, are identified and espoused to explain functions of social capital in ethnic immigrant founded high-tech startups.*

---

**26. FOREIGN LOBBYING, COMPETITIVE BEHAVIOR AND STRATEGIC TRADE POLICIES**

Teng Kun WANG, National Chung Cheng University, Chia-Yi, Taiwan

**ABSTRACT**

*This article studies the consequences of foreign lobbying in the case of price-setting firms. When foreign firms can affect the policy-making process by engaging in lobbying activities, which not only decreases national welfare, but it also hurts the lobbying party itself. Based on imperfect competition and seek to explain why lobbying efforts might be influenced by the Home government's viewpoints. Endogenously decided lobbying may distort the outcome of strategic trade policies and the result would be different from the original expectation. A staged game is applied to analyse the firms' behaviors and to influence the decision of government trade policies*

---

**27. HUMAN RESOURCE STRATEGIES FOR RUSSIA**

Detelin Elenkov, University of Tennessee, Knoxville, Tennessee, USA  
Gordon Lowery, University of Tennessee, Knoxville, Tennessee, USA  
Terron Hills, University of Tennessee, Knoxville, Tennessee, USA

**ABSTRACT**

*This study takes an in-depth look at human resource management (HRM) practices that various U.S. Multinational Corporations (MNCs) have found to be effective in Russia. The study also focuses on Coca-Cola, Inc. and provides an analysis of the company's HRM strategies for Russia. Finally, the study offers suggestions for human resource professionals and management strategists planning to conduct business in that country.*

---

**28. MANAGING CULTURAL DIFFERENCES IN INTERNATIONAL PROJECTS**

F. T. Anbari, The George Washington University, Washington, DC, USA  
E. V. Khilkhanova, Eastern-Siberian State Academy of Culture and Arts, Ulan-Ude, Russia  
M. V. Romanova, State University of Management, Moscow, Russia  
S. A. Umpleby, The George Washington University, Washington, DC, USA

**ABSTRACT**

*Effective use of cross-cultural project teams can provide a source of experience and innovative thinking to improve the likelihood of project success and enhance the competitive position of the organization. However, cultural differences and related conflicts and emotions can interfere with the successful completion of projects in today's multicultural global business community. To achieve project goals and avoid cultural misunderstandings, project managers should be culturally sensitive and promote creativity and motivation through flexible leadership. This paper describes the most wellknown and accepted theories of cultural differences and illustrates them with examples from international project management. These theories consider relations between people, motivational orientation, orientation toward risk, definition of self and others, attitudes toward time, and attitudes toward the environment. We discuss motivation and training of multicultural project teams and relevant implications for project management. We provide specific examples of success and failure in international, multicultural projects and relate project performance to cultural differences. The paper concludes that international project management can succeed through culturally-aware leadership, effective cross-cultural communication, mutual respect and reconciliation. Without them, it is destined to fail.*

---

## 29. HOW THE REGIONAL DISTRIBUTION OF FDI IS INFLUENCED BY REGIONAL CHARACTERISTICS IN CHINA?

Yuanfei, Kang, Massey University (Albany), Auckland, New Zealand  
Qiyuan, Ye, Massey University (Albany), Auckland, New Zealand

### ABSTRACT

*Since China opened up to the outside world in 1979, FDI has flooded into almost all of its provinces. However, the distribution of FDI at sub-national level has been heavily skewed, and little is known of the influence of regional characteristics with experience of recent years, when critical changes occurred in those location factors. This research report aims to examine the influence of regional characteristics on Foreign Direct Investment (FDI) regional distribution in Mainland China and investigates the determinants of this distribution, in terms of realized FDI. Based on the statistical data set of crosssection and time-series within the sample period of 1992-2002, and by using log-linear modelling method, seven hypotheses are developed and empirically tested. The findings indicate that foreign investors do favour a set of location variables including market size, labour cost, labour productivity, infrastructure, investment incentives and culture proximity when deciding where to locate their investments within Mainland China. Another variable, agglomeration effect does not matter in such FDI distribution. Statistical results from this regression analysis demonstrate that a bigger market size, lower labour cost, higher labour productivity, better infrastructure, more investment incentives and closer culture proximity to investors does increase the inflow of FDI to particular regions in China. This paper contributes to the literature by empirically addressing the issue of regional distribution of China's FDI inflows in the time frame of 1992-2002 for the first time, and also by identifying and testing a new determinant of FDI regional distribution – labour productivity.*

---