
ABSTRACTS**1. LEARNING TO DANCE WITH CHINA AS THE DOMINANT ECONOMIC PARTNER**

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ABSTRACT

The People's Republic of China (PRC) is projected to have an economy equal to that of the U.S. within 35 years. Given that its population is about 4.5 times larger than the U.S., it is reasonable to expect that the PRC will be dominant economy of the world during the second half of the 21st century. Because of the vastness of PRC's market, it is necessary that business schools begin revamping their curricula today. We need to teach students about China. Certainly, the current strengths and weaknesses of the communist party and its capitalistic orientation are important areas of study. However, business students also must learn something about China's history in order to understand its commercial acuity. Further, students must also know more about the country's geography, culture, and dominant language. Appropriate courses as well as faculty and student exchanges will facilitate this process.

Keywords: *China, foreign language studies, business students*

2. RETHINKING LEADERSHIP AND ORGANIZATIONAL INNOVATION ISSUES IN SOUTHEASTERN EUROPEAN SUBCULTURES

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ABSTRACT

The main purpose of this study is to make a contribution to the current debate on finding adequate approaches for defining the specificity and exploring the effects of subcultures on critical organizational issues in international management research. In addition, the present study investigates at conceptual and empirical levels the similarities and differences of six subcultures in three Southeastern European countries as well as their effects on leadership and modes of organizational innovation.

Keywords: *leadership, international management research, organizational innovation*

3. MARKET SEPARATION AND MARKET PERFORMANCE IN THE TELECOMMUNICATIONS INDUSTRY

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ABSTRACT

In recent US telecommunications service providers suffered from low profitability and they got back to the consolidation, the situation of before the 1984 AT&T divestiture. In 1984 the telecommunications industry had been legally separated into local and long-distance market and one service provider could not enter the other market until new Telecommunications Act of 1996 was established. In contrast Korea's

telecommunications industry has not experienced such regulation and service providers benefited from the nonexistence. Statistical tests for the US and Korea data revealed that the growth rate in the Korea telecommunications industry was higher than the US's. Furthermore, the difference was bigger in the period of market separation. For the firm level difference, Korea's service providers are characterized as having the higher degree of diversification than the US's. Namely, the restriction of the flexibility of service providers as to the market has resulted in the lower level of revenue of individual firms and necessarily driven to the lower growth rate in the industry. This paper concerns about that how market separation influences the performance of the telecommunications industry by comparing the two countries. We may conclude that the costs of restricting individual firms' flexibility in respect of business operations are bigger than the benefits of preventing a dominant firm from transiting market power in a telecommunications industry.

Keywords: Telecommunications Management; Market Separation, Entry Regulation, Monopoly Transition, Business Diversification, Market Performance.

4. THE IMPACT OF CORPORATION SIZE ON CAPITAL STRUCTURE: TRADITIONAL INDUSTRY IN TAIWAN

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ABSTRACT

This study applies cross-sectional regression and simple-pooling regression methods to analyze the capital structure for different corporation sizes of Taiwan's traditional industry. The results indicate that (1) the simple-pooling method's explanatory capability for capital structure is better than cross-sectional method; (2) the large-size corporations prefer long-term loans and small-size corporations prefer short-term loans; (3) the relation between corporation size and debt ratio presents a U-shape, and the turning points fall in the medium-size group. This indicates that corporations with lower revenues have higher demand to exercise its borrowing ability, and higher revenue corporations are more able to borrow money to realize the benefits of financial leverage; (4) the different corporation size groups have different capital structure determinants. In the future, more suitable determinants on capital structure are needed to investigate in different corporation size groups.

Keywords: Capital Structure; Traditional Industry; Cross-Sectional Method; Simple-pooling Method

5. CROSS-BORDER INTELLECTUAL PROPERTY RIGHTS LITIGATION AND INTERNATIONAL MARKET COMPETITION

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ABSTRACT

The use of court litigation is a costly, yet popular means of enforcing intellectual property rights (IPR) across national borders. This paper analyzes litigation patterns and identifies factors influencing IPR litigation between four regions. We test whether firms within similar industries use litigation as an avenue to protect market share in the face of competition. The results suggest that IPR litigation, when controlled for asymmetries in laws, increases as competition rises from both domestic and foreign sources. In addition, recent reduction of barriers to cross-jurisdictional court proceedings has increased litigation.

Keywords: Intellectual Property, Cross-border Litigation, International Market Competition

6. COINTEGRATION OF JAPAN'S AGGREGATE IMPORT DEMAND FUNCTION: DOES NONLINEARITY MATTER?

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ABSTRACT

This study is aimed to extend the work done by Tang (2003), which has found no cointegration relationships among volume of imports, real income, and relative price of imports for the case of Japan. Contrary to Tang (2003), this study looks at the issue of nonlinear deterministic trend for cointegration analysis. Using nonparametric nonlinear cotrending approach (Bierens, 2000), this study does suggest nonlinear cotrending relationships among the Japanese aggregate imports, real income and relative price of imports. This finding suggests that stimulation of domestic business conditions in Japan will necessarily link to the quantity of imports.

Keywords: Aggregate Import Demand; Japan; Nonlinear Trend Stationary; Nonlinear Cotrending

7. INDEX FUTURES TRADING ACTIVITY AND SPOT PRICE VOLATILITY IN INDIAN MARKETS: A GARCH APPROACH

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ABSTRACT:

This paper examines the impact of futures trading on the volatility of the underlying spot market. To examine the relationship between information and volatility, the GARCH family of techniques is used. Since the time future trading began at the Chicago Board of Trade in 1865, considerable controversy exists over the nature of impact of index futures trading on the underlying stock market volatility. Many theories have been advanced explaining contradictory conclusions. The traditional 'Destabilization Theory' says that the futures trading lead to increased volatility. The alternative 'Stabilization Theory' view is that futures market provides an additional route by which information can be transmitted and therefore will reduce volatility in the spot.

The question of the proper relationship has practical importance, because it could have repercussions in a number of critical areas in the economy. Increased market volatility may increase real interest rates and cost of capital, leading to a reduction in the value of the investments and loss of confidence in the share market.

The impact produced by the introduction of stock index future on the underlying spot market, is a largely documented issue in the context of developed international markets like, USA, UK and Japan, and is unclear to what extent their studies are applicable in less developed markets. Research about index futures is sparse in India. In this study the GARCH family of techniques has been used to study the problem. The study goes into the sources of volatility and details of structural changes. It also looks at the effect of the 11th September 2001 attack on the futures market. The trading activity is captured through the trading volume and open interest. According to the study, open interest significantly influences the volatility and there exists a negative relationship. The post 11th September 2001 market is more efficient in assimilating the information into the prices.

Results of the study will be useful to stock exchange officials and regulators. It can help in designing trading mechanism and contract specifications for derivative contracts. It would also interest academicians as it examines the theories on futures trading and proves them in the Indian market.

Keywords: stock market volatility, index futures trading, international markets

8. DIVERSIFY OR DIE? HOSPITAL' S SURVIVAL STRUGGLES IN TAIWAN

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ABSTRACT

Diversifying corporate ventures into various scopes other than current business are popular in many industries with success by improving corporate synergy. Situated in a saturated market with rigorous challenges, hospitals operating in Taiwan are now engaging in a battle for survival. Vertically or horizontally Integrated other business or diversify into other industries would be favorable alternatives for hospital's survival. Being the first research in hospital's diversification strategy in Taiwan, this paper explored this growing important issue through systematic depth interviews with top management of various levels of hospitals. Drawn on the interviews, we are able to detect certain convergent perceptions of Taiwan hospitals toward the casual facets and potential ventures of hospital diversification. Although findings indicate that hospital favored more on integration-oriented ventures for surviving, we suggested hospital diversifying into cross-industry businesses for risk avoidance. Successes of new business units under both of diversification and integration will contribute substantial advantages to the corporate synergy, though the former may have better opportunity to be more sustainable.

Keywords: Hospital, Diversification, National Health Insurance, Strategy, Core Business

9. ON THE SOURCES OF UNEMPLOYMENT FLUCTUATIONS IN THE G-8

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ABSTRACT

The G-8 has experienced different unemployment dynamics over the last decade. This paper investigates whether these differences are due to exposure to different shocks, or reacting differently to the same shocks by estimating a macroeconomic model using the structural VAR methodology. The empirical result shows that labor supply shocks are the dominant source of unemployment fluctuations in the G-8 countries.

Keywords: Unemployment; Structural VAR; G-8

10. FEASIBILITY OF GLOBAL ECONOMIC AND FINANCIAL INTEGRATION

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ABSTRACT

The contagion effect of the 1997 Asian economic crisis is a result of the interdependence among countries fueled by the advancement of open economies, information technology and telecommunications. This together with significant increase in world trade volume and capital flows in recent years has exposed the weaknesses of our current financial system and the inadequacy of the world financial regulatory bodies in managing the system and makes one wonder whether a global economic integrated financial system would be feasible. Many studies so far have focused on the qualitative aspects of global integration. However, there have been few empirical studies to test the extent of such integration. This study aims to verify the degree of economic integration, using indicators

from several countries. The costs and benefits of having a Global Integrated Financial System are put forward. The feasibility of such a Global Integrated Financial System is also explored by using econometric analysis. Based on econometric testing, our study found that the four representative variables: annual GDP growth rate, exports, exchange rates and CPI of the global economic and financial systems were cointegrated individually among all countries. This evidence suggests that the global economic and financial integration in the future is feasible.

Keywords: Cost Benefit Analysis, Financial Crisis, Global Integration, Cointegration

11. AN EMPIRICAL ANALYSIS OF THE LEAD-LAG RELATIONSHIPS AMONG THE STOCK MARKETS OF CHINA, HONG KONG, AND SOUTH KOREA

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ABSTRACT

This paper investigates interrelationships among the equity markets of China, Hong Kong and South Korea using daily series from July 1, 1997 through February 24, 2005. Data are collected from the Standard & Poor's Emerging Markets Data Base and Yahoo Finance. Applying Johansen's cointegration technique we find that stock price indices of these countries have long-run relationships. Applying the Granger-causality tests, strong unidirectional causality has been detected from the South Korean market to the Hong Kong market, and between the Hong Kong to the Chinese market. Weak causality has been found from the Hong Kong to the Korean market. No causality has been detected between the South Korean market and the Chinese market. The overall result suggests South Korea and Hong Kong are the leaders and the China is the follower. These findings are helpful to investors who want to diversify their portfolio risks.

Keywords: Lead-lag, Unit Root, Cointegration, Granger Causality

12. HOW OPEN ARE THE SOUTH EAST ASIAN ECONOMIES? THE APPLICATION OF THE PARITY TEST

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ABSTRACT

This paper is an empirical investigation of the likelihood of any long-run relationship between real exchange rate and real interest rate differentials in the emerging South East Asian economies using unit-root tests and cointegration. The overall results, based on quarterly data covering period 1984 – 2004, are indicative of a rather strong long run relationship, indicating that parity holds in most cases. However, the empirical investigation also highlights the fact that in some cases, where parity is weak, deviations from parity is found to strongly correlate with foreign exchange reserves.

Keywords: real exchange rate, real interest rate, emerging South East Asian economies

13. MONETARY CONDITIONS INDEX: CONSTRUCTION AND IMPLICATION IN MALAYSIA

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ABSTRACT

This study aims to verify the implications of conventional monetary conditions indices (MCIs) in the conduct of monetary policy by using Malaysian data from 1974 to 2002. This study has evidently documented that the actual monetary stance that the Bank Negara Malaysia (the Central Bank of Malaysia) uses, to a large extent, reacts corresponding to the MCIs, except for 1997 - the year the Asian Financial crisis.

Keywords: *cointegrating equation, monetary policy stance, monetary conditions index, Malaysia*

14. MEASURING THE FOREIGN EXCHANGE RISK PREMIUM USING SURVEY DATA

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ABSTRACT

We use a previously unused survey dataset on exchange rate expectations to measure the amount of risk premium in the forward discount following Froot and Frankel (1989). Our analysis confirms FF's findings that both the presence of risk premium and expectational errors are responsible for the bias. However, we could not confirm that risk premium plays a minor role in the bias. We also did not find evidence of perfect substitutability of assets denominated in different currencies. We also confirm Fama (1984) and Hodrick and Srivastava (1986) findings that the variance of risk premium is greater than the variance of expected depreciation. We found some evidence that forecasters rely more on forward discount as the forecast horizon increases.

Keywords: *Risk Premium, Forward Discount, Foreign Exchange Market, Exchange Rate Expectations*

15. UNDERSTANDING THE 21ST CENTURY LEADERSHIP CHALLENGE: CHANGING PEOPLE'S BEHAVIOR

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ABSTRACT

This paper discusses creating new learning, new leadership, and new energy unleashed from people changing their behavior. People become a new source of energy to develop and improve innovative capability of self, organization, cultures and global systems. Key is being successful in mastering the ability to change, possibly the one thing that's most worth learning in the 21st century. This means that leaders need a business strategy for continuous mental rejuvenation and new learning. Further, the issue for everyone is to change or lose your mind.

Keywords: *new leadership, ability to change*

16. FOREIGN DIRECT INVESTMENT IN INDIAN INDUSTRIES: A PANEL DATA ANALYSIS

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ABSTRACT

India's vast emerging markets carry much potential for FDI as revealed from its impressive growth over the last decade. Hosts of determining factors are there which influence FDI flows to India. The present paper, while attempting to identify those determinants across industries through time, makes use of panel data for 19 different broadly two-digit industries for the period 1991-2000, the period known for large scale liberalization. The panel data model studies the effects of different determinants of FDI in a model that allows time-invariant, industry-specific variations on intercept but assumes uniform slope across industries through time. F-test carried out on the residual sums of squares for FE and pooled models shows industry-wise variations of non-stochastic intercept. The significant value of Hausman test further establishes superiority of FE model over RE model. Analysis by the FE model reveals that marketing and R & D intensities, considered as proxies for product differentiation and technological differentiation respectively, exert significant positive influence on FDI. These two factors represent ownership advantages as enjoyed by the foreign investors. The levels of export intensity and energy intensity, representing locational advantages in terms of trade performance and availability of basic infrastructure respectively, record positive and significant influence on FDI. However, as expected, the influence of wages is negative and significant, and the effect of total cost, though negative, is non-significant. Hence, both locational and ownership advantages are the basic factors that influence FDI flows to India.

Keywords: Panel data; Locational advantage; Ownership advantage; Industry-specific effects; Time-specific effects; Liberalization

17. U.S. CURRENT ACCOUNT DEFICIT AND NET FOREIGN CAPITAL INFLOWS: A DYNAMIC ANALYSIS

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ABSTRACT

This paper re-examines the causal linkages between U.S. current account deficit and net foreign capital inflow. The Engle-Granger (1987) bivariate cointegration procedure is implemented. Data from the first quarter of 1980 through the final quarter of 2003 are employed. Each variable depicts nonstationarity and I (1) behavior, based upon the well-known ADF and the Phillips-Perron tests. There is strong evidence of a cointegrating relationship between the above variables. The estimates of the error-correction models confirm a discernible long-run unidirectional causal flow from U.S. current account deficit to net foreign capital inflow with significant interactive feedbacks in the short run.

Keywords: U.S. current account deficit, net foreign capital inflow

18. DOES FOREIGN EXCHANGE RATE EXPOSURE MATTER? - SOME EVIDENCE FROM UK NON-FINANCIAL COMPANIES

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ABSTRACT

This study extends previous research on the foreign exchange rate exposure by investigating exchange rate exposure of UK non-financial companies from January 1981 to December 2001. The study uses different exchange rate measures and adopts a new equally weighted exchange rate. The analyses are conducted at the firm level. The findings show that a higher percentage of UK non-financial companies are exposed to exchange rate changes than those reported in previous studies. Generally, the results provide a stronger support for the equally weighted, the ECU/£, the JP¥/£ and the US\$/£ exchange rates than the trade-weighted exchange rates as an economic variable which affects firms' stock returns. The results also show a high proportion of positive exposure coefficients among firms with significant exchange rate exposure, indicating a higher proportion of firms benefiting from an appreciation of the pound. Furthermore, the results indicate that the level of foreign sales and foreign assets are significantly related to exchange rate exposure. Contrary to our expectations, the foreign income ratio variable is insignificant in most models. Additionally, a firm's size is an important determinant of a firm's sensitivity to exchange rate exposure. Finally, the results also indicate evidence that hedging variables affect firms' sensitivity to exchange rate exposure. Firms with higher growth opportunities, higher leverage and lower liquidity have more incentive to hedge, and thereby reduce the firm's exchange rate exposure.

Keywords: Exchange Rate Changes, Exchange Rate Exposure, Non-Financial Companies, Firm Value, Determinants of Exchange Rate Exposure

19. THE IMPACT OF ACCOUNTING REFORM ON PERFORMANCE EFFICIENCY CHANGES AND PRODUCTIVITY OF THE JORDANIAN HEALTH SECTOR

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ABSTRACT

This study provides an empirical analysis to identify the effect of implementing accrual-based accounting with capital charges at its core on the efficiency and productivity changes of the provision of health care services in Jordanian public hospitals.

Inputs, outputs, and other related data for 20 hospitals in the 4 years preceding and those following the introduction of accrual-based accounting (1993-1996 and 1997-2000) were used. The Data Envelopment Analysis (DEA) methodology was utilized to measure the efficiency of multiple-input/multiple-output Jordanian public hospitals over the two time periods. Malmquist productivity index was utilized to compute hospital efficiency and productivity change over time.

The Malmquist productivity index indicates a slight, albeit insignificant, improvement over time. An insignificant average productivity change by 6.3%, which occurred between 1993 and 1996 on one hand and 1997 and 2000 on the other, is mainly due to the significant changes by 5.9% in production technology rather than in the technical efficiency of these hospitals. Thus, it may be readily concluded that the reform has not yet had an impact on the efficiency and productivity of public hospitals to the extent expected. There seems to exist a reciprocal relationship between the reform and hospital behaviour, for as hospitals seem to react differently to the system, they seem to also affect the way the system itself is implemented.

Keywords: Jordanian health sector, Accrual-based accounting, Data Envelopment Analysis, Malmquist Productivity Index
