

ABSTRACTS**1. THE EFFECT OF SEC INVESTIGATIONS ON CORPORATE PERFORMANCE CHARACTERISTICS**

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ABSTRACT

We examine companies known to have engaged in fraudulent conduct and measure their financial and market characteristics before and after they entered the spotlight of public awareness due to SEC investigations. We find significant differences in firm characteristics of fraud companies both before and after an SEC investigation, compared to a sample of matched control firms. Before an investigation begins, fraud companies show distinct signs of poor operating performance, including low sales and large special charges. Not unexpectedly, it is when the investigation begins and the fraud stops that the signs of poor market performance are more easily observed. Of particular interest, we find that SEC investigations have distinctly different effects depending on the nature of the fraud (financial statement fraud or transactional fraud). Specifically, the commencement of an SEC fraud investigation causes firms engaged in financial statement fraud to experience more severe deteriorating financial performance, while it causes firms engaged in transactional fraud to experience more severe deteriorating market performance.

Keywords: SEC, Fraud, Financial Accounting, Corporate Performance, Earnings Management

2. AN INTEGRATING MODEL FOR MEASUREMENT OF CORPORATION'S KNOWLEDGE VALUE

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ABSTRACT

Knowledge is a key factor for a business to survive or succeed. In the information age, an effective knowledge management system can sustain a company's competitive advantage. People, especially knowledge workers, are the key determinants of the success to measure a corporation's knowledge value. It is an important task to design an effective model of management for knowledge workers to increase knowledge value of their companies and to achieve their goals and success. In this research, we propose a model of management for knowledge workers and an integrating measurement model for knowledge value. We design a knowledge value measurement model that can be linked to the accounting systems. In addition, we provide an algorithm that computes separately the knowledge value of individuals, departments and the total company. The model will be useful for further applications in justifying the compensation to knowledge workers on the basis of their contributions and in developing an effective knowledge management system.

Keywords: Information Age, Knowledge Management System, Knowledge Value, Compensation

3. PROBABILITY OF BANK CRISES IN THE EMERGING MARKETS OF ASIA AND SOUTH AMERICA: AN EXPLORATORY AND EMPIRICAL STUDY OF DETERMINANTS

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ABSTRACT

The literature on bank crises has emphasized both macroeconomic and financial variables as possible determinants. It is of particular interest to note the finding that the process of financial liberalization, usually indicated as an integral part of economic reforms, may have itself it the way to crises, especially in the dynamic east and Southeast economies in the mid 1990s. But it seems clear that the search for determinants must go on, and the net must be cast wider, especially as regards real economic variables. Current findings that recessions and lower export growth portend a bank crisis may not be capturing some fundamental underlying causes, such as the loss of international competitiveness, and there is a need to enlarge the sample of countries studied to include nations at various stages of development, as well as to locate possible region-specific determinants of crises. In this study a sample of 22 emerging market and industrial countries in Asia, South America and even Africa and the Middle East is chosen. A multivariate binomial logit model is used to study the determinants of the probability of a bank crisis, using historical data on crises, drawing upon variables identified in earlier literature, and adding other deemed as possibly significant. A fall in productivity, which may be a proxy for lowered international competitiveness, is seen to precede a bank crisis, as do a fall in output and employment and equity prices – which have been noted in the literature for predictive ability with respect to consumer price inflation. Regional dummies for Asia are also seen to be significant. The results seem to indicate that the search for 'economic fundamentals' as underlying causes of financial crises has to be continued and widened in scope.

Keywords: *Bank Crisis, Emerging Markets, Determinants*

4. ON SOME OF VEBLEN-S CRITIQUE OF KARL MARX-S ECONOMIC THEORY

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ABSTRACT

Various scholars have made profound and penetrating contributions to the field of Veblen-s scholarship to which many of Marx-s and Veblen-s scholars will be indebted to them, as they have established some of the basic foundations of the compatibility and incompatibility between Marx and Veblen. These foundations in turn can be used to construct a genuine Veblenian economic theory for analyzing capitalism. The purpose of this paper is to analyze Veblen-s critique of Marx-s economics and to build some of the fundamental elements of Veblen-s economic theory.

Keywords: *Dialectics; Sequence of cumulative causation; dualistic Economy; Markup Pricing, Reserve Capacity; Interdependence; Vested Interests, Business Cycle; Financial Fragility; Transformation of capitalism*

5. ACTION RESEARCH ON THE OPERATIONS OF PUBLIC PARTICIPATION POLICY IN OVERALL COMMUNITY PLANNING

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ABSTRACT

With the utilization of action research and documentary analysis, this paper reevaluates the complementary relationship that currently exists among the three action participants of community planning implementation (government, NGO and the public), and their roles and interaction model. The Taiwan government commenced the operation of overall community planning in 1994. The interaction among the action participants consisted of "top-down" and "bottom-up." Documentary analysis reveals that during overall community planning, a vertical dependence relationship among government, NGO and the public often leads to unfavorable communication, unequal distribution of resources, over-reliance of the public on government and specialists and acceptance of compromise when carrying out community planning. Therefore, the paper goes on to establish an effective model for the operation of community planning. The research results reveal the difficulty of operating a traditional "top-down" relationship among government, NGO and the public, and the merits of gradually developing an effective operational model utilizing a horizontal dependence relationship. In such a way, the recovery of community vitality can lead to community empowerment. Thus, public participation can be put into effect and implemented under ideal conditions.

Keywords: Action Research, Public Participation, Overall Community Planning

6. CULTURAL DIVERSITY IN ENTREPRENEURIAL TEAMS: FINDINGS OF NEW VENTURES IN GERMANY AND THE UK

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ABSTRACT

In this paper we explore how founders in cross-national entrepreneurial teams perceive cultural diversity and its potential advantages during early and later phases of a start-up. We suggest that a culturally diverse venture team provides the start-up with a variety of dissimilar skills, knowledge, and external contacts of the founders' networks improving a venture's generation and implementation of innovations. Within these networks a culturally diverse new venture team can be subject to a variety of working attitudes and styles, misunderstandings, conflicts that are grounded in different cultural education, socialisation, and behaviour. Our exploratory research evaluates seven-case studies in different stages of the venture process. The cases portray influences of cultural diversity on task distribution and different approaches to creativity generation and utilization in an intercultural venture team. Moreover, the cases indicate that the founders have divergent perceptions of the benefits of cultural diversity. Founders with a monochronic/low-context/high-space cultural background tend to neglect cultural diversity.

Keywords: cross-national entrepreneurial teams, venture process

7. PERFORMANCE OF PRIVATIZED COMPANIES IN EARLY TRANSITION: RUSSIAN CASES

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ABSTRACT

The paper demonstrates the applicability of Data Envelopment Analysis (DEA) and its supplementation by other methods, to an efficiency analysis of the post-liberalization recovery among a small selection of privatized companies in Russia. The twenty privatized companies studied share the same setting. The analysis groups them into better performing and less performing companies. Opinion surveys of business managers, with a view to identifying bottlenecks in production and marketing, and the impact of organizational development on enterprise behavior, are examined for the individual companies and for their aggregation in the two DEA groups.

Keywords: *Data envelopment analysis, privatized enterprises, transition economies, business performance*

8. ACCOUNTING ASPECTS FOR CAPTIVE INSURANCE COMPANIES FEASIBILITY STUDY

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ABSTRACT

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. The 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.

Keywords: *Captive Insurance Company, The Feasibility Study, Loss Reserve, Potential Profit of Tax Economy*

9. A POST ACQUISITION ANALYSIS

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ABSTRACT

This study explores the merger of First Union and Wachovia that created the fourth largest bank holding company in the United States in 2001 with \$320 billion in assets and \$180 billion in deposits. With over 82,000 employees the company reaches 9 million households and 900,000 businesses (Dickson, 2002). The company acquired a complete array of consumer, commercial, and investment banking products and services. Although there are strong separate corporate cultures in these two banks, this strategic acquisition provides an excellent chance to analyze a self reported "merger of equals". The CAMEL analysis results indicate the financial soundness of the newly founded combined firm is equivalent to industry standards. However, internal post-acquisition surveys indicate that the two once separate cultures still face major challenges before they reach full economies of scale and scope.

Keywords: *Mergers, Synergies, Commercial Banking, CAMEL Analysis*

10. THE DEMAND FOR MONEY IN MEXICO: EVIDENCE FROM COINTEGRATION TEST

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ABSTRACT

This paper shows that there exists a long-run equilibrium relationship between M2 and its determinant--real income and interest rate--in Mexico by using Johansen and Juselius maximum likelihood cointegration method. However, M1 does not have any meaningful cointegration relationships with its determinants. Real GDP is a more appropriate scale variable than real consumer expenditures. Based on the results, a broad definition of money is better measure than a narrow definition of money in considering the long-run economic impacts of changes in monetary policy in Mexico.

Keywords: Cointegration Test, Error-correction Model, Unit Roots Test

11. THE SARBANES-OXLEY AND THE FOREIGN CORRUPT PRACTICES ACT: A LEGAL LOOK AT TRANSNATIONAL BUSINESS

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ABSTRACT

Multinational Corporations (MNC) play a major role in the world economy and both the Foreign Corrupt Practices Act (FCPA) and the Sarbanes-Oxley Act (SOA) have potentially had a major impact on how they conduct business. The passage of the FCPA by the U.S. government in 1977 was done in response to corruption in the postwar era. The Watergate investigations revealed extensive bribery of foreign officials by American corporations. This extensive bribery triggered moral outrage in the business community. The same sort of moral outrage has been heard in the wake of ENRON, thus triggering the passage of the Sarbanes-Oxley Act in 2002. The FCPA and SOA are two examples of how the U.S. government has sought to regulate the conduct of American MNCs domestically and abroad. U.S. firms seeking to do business in foreign markets must be familiar with the FCPA and with the SOA. This paper will review the history and parts of the FCPA, its effectiveness, and its current and future implications on American MNCs as well as the implications the SOA may have on enforcement of the FCPA.

Keywords: Multinational Corporations, Foreign Corrupt Practices Act, Sarbanes-Oxley Act

12. THE EFFECTS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS, AUDIT COMMITTEES, UNCERTAINTY AVOIDANCE, AND ECONOMIC DEVELOPMENT ON CORRUPTION

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ABSTRACT

The globalization of business and the urgent need for universal understandability and transparency of financial statements on a worldwide basis have provided a stronger impetus for the accelerated adoption of a set of internationally accepted accounting standards. Globalization has operated as a catalyst to both the positive and negative aspects of international trade and exchanges. This paper examines whether or not International Financial Reporting Standards (IFRS), audit committees, uncertainty avoidance, and economic development, affect a country's level of corruption. It is posited that an internationally-accepted set of accounting standards would not only lead to a homogeneity of accounting reporting, but it would also serve as a direct positive influence for developing a uniform pattern that would curb widespread

corruption. Equally important in the fight against corruption is the existence and active role of audit committees. An audit committee ought to review a company's annual financial statements, oversee the work of the internal and external auditors, review and ensure compliance with internal controls, and finally oversee a company's risk management. This mandate allows audit committees to act as an additional bulwark against corruption. The level of economic development and uncertainty avoidance, also play an important role in the fight against corruption.

Keywords: International Financial Reporting Standards; Audit Committees; Uncertainty Avoidance; Economic Development; Corruption

13. ANALYSIS OF USER SATISFACTION ACROSS TYPES OF COMMERCIAL WEB SITES

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ABSTRACT

This study investigates whether the relationship between user satisfaction on the one hand, and usability and, user-centered design on the other, is moderated by the type of the Web site. Both stepwise regression and multidimensional scaling techniques yielded congruent findings, namely that trading sites are the lowest rated and that online shopping and customer self-service sites should serve as models for Web site developers. These findings are especially useful for designers of electronic commerce (EC) Web sites and can aid in the development and maintenance phases of Web site creation.

Keywords: Electronic commerce, user satisfaction, user-based design, usability, the World Wide Web

14. ROLES OF INFORMATION TECHNOLOGY CAPABILITY IN ACCOUNTING INFORMATION QUALITY

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ABSTRACT

As Information technology (IT) capability is essential to doing businesses now and in the future, this study examines the relationships between IT capability and accounting information equality. IT capability consists of IT infrastructure, human IT resources, and IT-enabled intangible resources. Accounting information quality is gauged from four aspects: relevance, reliability, comparability, and consistency. This study collects data from Thai-listed companies in the stock market. The results indicate that IT capability has positive influences on firms' accounting information quality, especially human IT resources and IT-enabled intangible resources as major components of IT capability. However, IT infrastructure has no effect on accounting information quality. Theoretical and managerial contributions are provided and suggestions for future research in the re-conceptualization of the relationships, the examination of other populations, and the addition of mediators and moderators to the relationship model are introduced.

Keywords : IT capability; IT infrastructure; human IT resources; IT-enabled intangible resources; accounting information quality; relevance; reliability; comparability; consistency

15. EMPIRICAL EVIDENCE FROM THE CORPORATE COLLAPSE LITERATURE SUGGESTING RE-EXAMINATION OF ACCOUNTING STANDARDS IN RELATION TO VALUATION OF ASSETS

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ABSTRACT

This paper examines the recent spectacular corporate collapses of Parmalat in Europe, Enron and WorldCom in the USA and HIH in Australia and argues for a re-examination of corporate governance regulations, particularly in relation to accounting standards regarding the valuation of assets. The recommendation that is put forward in this regard is based upon empirical evidence arising from further examination of the empirical results in (Hossari and Rahman, 2004). Specifically, the recommendation is based upon the realization that, among the 48 financial ratios across the 50-plus refereed studies, five financial ratios, all of which contained assets as one of the variables, were a relatively robust indicator of corporate collapse. The five ratios are: Net Income/Total Assets, Current Assets/Current Liabilities, Total Liabilities/Total Assets, Working Capital/Total Assets, and Earnings Before Interest and Taxes/Total Assets. This paper suggests that it's not the failure of the corporate collapse prediction models, rather it's the erosion of the reliability of some key input data, namely assets and the valuation thereof, that is largely responsible for the apparent failure of these models in capturing impending collapses, such as those that we witnessed in the recent past. Such empirical findings support the argument that assets are soft targets for misrepresentation, because of the leeway granted in accounting standards with regards to their valuation.

Keywords: corporate collapse, financial ratios, valuation of assets.