

**ABSTRACTS****1. GROWTH WITH TECHNOLOGICAL PROGRESS IN JOHN VON NEUMANN'S MODEL**

Raquel Díaz Vázquez, University of Vigo, Spain

**ABSTRACT**

*In this paper we analyse the effects of including Technological Progress in the original John Von Neumann's Model. First, we show that it is possible to eliminate the assumption of constant technology of the von Neumann's original model maintaining the conditions of "balanced growth". As result, we show that it is possible to obtain a rate with "balanced growth" for the economy expanding with Technological Progress. Also, we show that the expanding economy rate with Technological Progress has a minimum which is the maximum expanding economy rate without Technological Progress. This paper is the first step in a new line of research in multi-sector economic growth models, and where there are no restrictions about the functional form between input and output. These two are the most important differences between this model and the Solow's model. After showing that the incorporation of Technological Progress in the John von Neuman's model is possible, the following steps must include the effects of endogenous growth or open economies, between others.*

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**2. USING THE SOCIO-ECONOMIC EQUATION TO STIMULATE THE GLOBAL ECONOMY**

Marilyn E Harris, Central Michigan University & Human Systems Change Consulting, Inc.  
Beverly Jones, Kettering University, Michigan  
Denise Lucy, Dominican University of California, San Rafael  
Sandra L. Sell-Lee, Boeing Commercial Airplanes, Renton, WA  
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**ABSTRACT**

*The authors explore the development of the Socio-Economic Equation employing an action research approach and discuss practice in four different settings. The use of the Socio-Economic Equation activates new learning on leadership, network building, large-scale change and Presencing [Learning from the Future}. Understanding of the newly developed Socio-Economic Equation [2001] is achieved in light of the relevant literature review. Four innovative applications are discussed in light of the importance of first developing the social interactive behavioral factors [ $S_{ib}^3$ ] involved, before multiplying them by the business economic factors [ $E^2$ ] to gain innovative results – so needed to stimulate the global economy. Finally, the paper concludes with the ramifications of using the Socio-Economic Equation in stimulating the global economy.*

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**3. INVESTMENT AND CORRUPTION: A LOOK AT CAUSALITY**

Ernst Coupet, Jr., Chicago State University, Chicago

**ABSTRACT**

*Using the Granger test on panel data of corruption and national accounts for 58 countries, this paper investigates causality between investment and corruption. While controlling for country and time fixedeffects and ensuring against the existence of a unit root of each time series, we find strong evidence of investment Granger-causing corruption. This finding is robust up to four lags of the investment variable. The F-test of the fixed-effect variables suggests that time and place have no effect on causation. We find no evidence of reverse causality of corruption on investment. Using a similar model for economic growth and corruption, we find no evidence of causality, nor reverse causality.*

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#### 4. EARNINGS OF MEXICAN MALE WORKERS IN THE U.S. LABOR MARKET: ROLE OF ENGLISH LANGUAGE PROFICIENCY

Jongsung Kim, Bryant College, Smithfield, Rhode Island

##### ABSTRACT

*Using the data drawn from the 1990 U.S. Census, this paper reaffirms the importance of English language proficiency (ELP) in determining the earnings of Mexican male workers in the U.S. labor market. The returns to work experience and educational attainment are higher for workers with higher ELP than workers with lower ELP. Although the exact nature of reciprocal relationship between ELP and educational attainment is not clearly identified in this paper, it appears that the acquisition of ELP and educational attainment gives access to better occupations, allowing workers to earn more in the labor market. Focus on the Mexican youth for "drop in" and "stay in" the U.S. school system, and flexible schedules of English language classes to accommodate adult workers will be important considerations for future policy tasks.*

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#### 5. TESTING PRODUCTIVITY PARADOX: THE SLOVENIAN CASE

Vlado Dimovski, University of Ljubljana, Slovenia Miha Škerlavaj, University of Ljubljana, Slovenia

##### ABSTRACT

*This study examines the relationship of information technology (IT) investments and productivity of Slovenian economy. Based on panel data for all 15 Slovenian industries (SIC: A to O) in period from 1996 to 2000 we tested for presence (or absence) of the productivity paradox in the field of IT investments in Slovenia. Specifically, this project tests multiple regressions with 3 information and telecommunication technology investment measures and investments in research as independent variables (hardware, telecommunications, software and research) and value added as measure of productivity (dependent variable). The methodology consists of EDA – stem-and-leaf plots, correlation coefficients, OLS and panel regressions (fixed effects model and random effects model). The findings show mixed results – significantly positive association between hardware and value added, slight but positive association between investment in telecommunication and value added and non-significant results for impact on software and research investments on value added. However, weight of first two independent variables is well above 75%. Therefore, the productivity paradox is rejected.*

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#### 6. INTERNATIONAL ECONOMICS AND STATE-SPONSORED TERRORISM

Michael Cosgrove, College of Business, University of Dallas  
Daniel Marsh, College of Business, University of Dallas

##### ABSTRACT

*States known to sponsor terrorism such as Iran, North Korea and the former Taliban regime in Afghanistan as well as terrorist organizations such as al Qaeda are strongly opposed to globalization and free trade with the West. Our thesis is that they behave this way because they believe free trade reduces their utility. An explicit utility-maximizing model for fundamentalist Muslims and an implicit utilitymaximizing model for suicide attackers are developed to illustrate this. The models are developed within the context of a standard international trade model framework. A familiar result of the standard trade model is that the benefits of free trade in goods and services greatly outweigh the related costs of the transition to an open economy. This result follows from the assumption that individuals have similar enough preferences that their utility functions can be aggregated and represented by community indifference curves. In this model, however, we posit the existence of special interest groups with altruistic*

preferences, which radically diverge from that norm. Fundamentalist Muslims may be an example of that, and their utility model can be used to illustrate their impact on globalization trends.

According to public statements by al Qaeda leaders, their utility would be enhanced by the eradication of all U.S. economic, cultural, and military influence from the Islamic world. Al Qaeda is attempting to achieve that by implementing a direct challenge to America via the channel of terrorism. Within this context, suicide attacks can also be seen as rational acts by utility-maximizing individuals. Leaders of al Qaeda apparently believe that the superior Islamic way of life is threatened by materialistic Western culture that is spread by globalization and free trade. State sponsors of Al Qaeda act as the supply chain that allows the Al Qaeda type of terrorist organization to function.

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## **7. REAL EXCHANGE RATE STATIONARITY IN DEVELOPING COUNTRIES A NEW PANEL TEST**

K. Hassanain, UAE University

### **ABSTRACT**

*This article examines the mean reversion behavior of the real exchange rate for panels with cross sectional dependency. The study is conducted using a newly developed nonlinear IV unit root test for a panel of 41 developing countries. The test allows for a general dependency structure among the innovations that generate data for each of the cross-sectional units, is asymptotically normal, and does not require any tabulation of the critical values. Using the US dollar as a numeraire and annual data that extends from 1971 and up to 2000, we were able to reject the null of unit root for the full panel and for sub panels for Africa, Latin America and for high inflation countries.*

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## **8. THE BUSINESS VALUES IN INFORMAL SECTOR: THE CASE OF STREET VENDORS IN (EMINÖNÜ DISTRICT) ISTANBUL: A SURVEY**

Tekin Akgeyik, The Istanbul University, Istanbul/Turkey

### **ABSTRACT**

*As the informal sector has experienced rapid growth in developing countries and also developed countries, it has consequently attracted the increasing attention and there has been a growing body of literature focusing on its different aspects. However, the issue of business values (or business ethics) has received little attention in the informal sector literature. The aim of this study is to research on the business values in informal sector according to the pilot district (Eminönü) research in Istanbul/Turkey that was undertaken between April 2002 and May 2002.*

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## **9. CUBA: POTENTIAL OR POTENTIAL THREAT**

Hilary M. Becker, Carleton University

### **ABSTRACT**

*Cuba has undergone major changes over the past decade, both socially and economically, and to some extent politically following the demise of the Soviet Union and the decline of soviet monies and support. Within this framework of change exists opportunities to restructure the interwoven social and economic structures. Cuba is indeed making many of these changes and providing economic opportunities for those willing to do commercial business with Cuba. For the United States, the U.S. Embargo with Cuba prevents direct investment and limits this opportunity; however, this same embargo provides benefits to the interests of some commercial enterprises in the United States. Recently, the United States has*

*engaged in limited normalization of relations with Cuba leading many to believe the embargo will be lifted in the near future. This paper will investigate some of the issues of doing business in Cuba, and provide viewpoints on the potential advantages and threats of the normalization of relations between the United States and Cuba and its implications in international markets. Specifically, this paper will discuss the U.S. Embargo, potential changes to fiscal and monetary policy being considered in Cuba, accounting and performance measurement systems, and changes in the business environment in the tourism, fisheries and agriculture sectors.*

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#### **10. ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS: ANTECEDENTS, PROCESSES AND OUTCOMES**

Bert J. Zarb, Embry-Riddle Aeronautical University  
Notis A. Pagiavlas, Embry-Riddle Aeronautical University

##### **ABSTRACT**

*This paper examines international accounting standards focusing on the antecedents, processes, and outcomes influencing the adoption of a commonly accepted set of accounting standards. It is found that most critical antecedents are economic (stage of development, inflation, financial markets), political system stability, legal requirements relating to accounting reporting and general business laws, and cultural idiosyncrasies reflected in values, educational systems, religion and language. The most dominant processes relate to accounting practices (transparency, accountability, disclosure requirements), standardization efforts, motivation to harmonize, and exchange controls. Key outcomes include quality of financial reporting, adoption of explicit accounting standards, investment decisions, access to global capital markets, economic welfare and corruption controls.*

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#### **11. JUST-IN-TIME MANUFACTURING AND ORGANIZATIONAL PERFORMANCE: THE ROLE OF INFORMATION TECHNOLOGY FOR COMMUNICATION**

##### **ABSTRACT**

Lokman Mia, Griffith University, Australia  
Lanita Rebecca Winata, Satya Wacana Christian University, Indonesia

*In today's business world where customers place orders in real-time and manufacturers/suppliers are expected to have systems in place to process, fill and ship the orders in real-time, the application of just in time manufacturing (JIT) supported by information technology for communication (ITC) is a way forward. This paper reports the results of a study that investigated the role of managers' use of the (ITC) in the relationship between strategic business units' application of the JIT and financial performance. Data for the study were collected from 103 general managers (GMs) in charge of one strategic business unit (SBU) each. The results indicated that the SBUs' financial performance was positively associated with the interaction between managers' use of the ITC and application of the JIT. Specifically, as the application of the JIT and managers' use of the ITC increased; the SBUs' performance improved. Implications of the results are discussed in the paper.*

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**12. INDIRECT COST ALLOCATIONS AND THE INCENTIVE TO REPORT HIGH PROGRAM SERVICE EXPENDITURES IN FORM 990: AN EXAMINATION OF DONORS' PERCEPTIONS**

R. Steven Flynn, Thomas More College

**ABSTRACT**

*The Internet presence of Forms 990 has provided nonprofits with increased incentives to report high program service expenditures. Organizations can artificially inflate these expenditures by allocating large amounts of indirect costs to program services. An experiment investigating donors' perceptions regarding program services and indirect cost allocations finds that nonprofits' attempts to mislead donors through cost allocations may succeed, even when signs of potentially manipulative allocations appear on functional expense statements. Donors possessing financial analysis skills may, however, detect these attempts, suggesting that web sites may need to emphasize a careful examination of the expense composition of program services.*

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**13. IS THERE STILL A MANDATE FOR CHANGE IN ACCOUNTING EDUCATION: AN EXAMINATION OF THE NEEDS OF LOCAL AND REGIONAL ACCOUNTING FIRMS**

Sherri Anderson, School of Business and Economics, Sonoma State University  
Elizabeth Stanny, School of Business and Economics, Sonoma State University

**ABSTRACT**

*This paper is a follow up to the Albrecht and Sack study (2000) that called for significant changes in accounting education to respond to practitioners' needs. Have practitioners' needs changed since the AS survey was administered which was before the audit failures of Enron and WorldCom, the demise of Arthur Anderson and the passage of the Sarbanes-Oxley Act of 2002? This paper follows up the AS study to assess whether practitioners' opinions on accounting education have changed. In particular, we ask local and regional practitioners about their perceptions of the accounting profession, the amount of classroom time that should be allocated to different topics, and whether accounting programs should attempt to develop professional skills. In contrast to the AS study we did not find support for combining accounting with finance or with information systems. In addition, compared to the AS study we found more support for allocating class time to traditional accounting topics such as taxes and auditing and less support for allocating class time to information systems and finance. Similar to the AS study we found high levels of support for developing analytical thinking, written and oral communication, and decisionmaking skills. Interestingly, we did not find support for recommendations based on the AS study (Russell et al., 2000). The differences in responses we found compared to AS could be the result of changes in the business environment or to differences in services provided by national versus regional and local firms. Our findings should be useful to schools considering changes in their accounting programs particularly those that serve local and regional accounting firms.*

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**14. THE IMPACT OF PENSION ACCOUNTING ON COMPANIES' FINANCIAL STATEMENTS**

Nashwa George, Montclair State University

**ABSTRACT**

*The Financial Accounting Standards Statement No. 87 "Employers' Accounting For Pension" gives companies chance to choose the expected rate of return on pension assets as well as the discount rate that is used to calculate the present value of pension liabilities. Companies tend to choose these rates in such a way to reduce pension expense and pension liabilities. With the declining in stock market, actual return on pension assets is very low compared to the expected return that is used to calculate pension expense and pension liabilities. If companies used the actual return, their pension expenses are much*

*higher and net incomes would be much lower. In addition, pension liabilities would be much higher. By using expected return and high discount rate, companies' financial statements do not reflect the economic condition of companies' pension expense or pension liabilities. The Financial Accounting Standards Board should clarify the assumptions as well as the rates that should be used by companies in calculating their pension expenses and pension liabilities.*

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#### **15. AN INTERNATIONAL FINANCIAL ANALYSIS PROJECT FOR THE ACCOUNTING CURRICULUM**

Marilyn B. Misch, Pepperdine University

##### **ABSTRACT**

*This paper discusses a team-based international financial analysis project that was incorporated into an intermediate financial accounting course. The project requires students to: obtain financial reports for a U.S. company and a similar non-U.S company with shares traded in the United States; discuss differences in format, terminology, and methodology in the two companies' reports; discuss possible reasons for the differences and assess the potential impact of those differences on investors; compare the financial results for the two companies giving attention to the impact of the differences in accounting regime; and prepare both written and oral reports summarizing the findings. The paper discusses the pedagogical approach used, the project requirements, the grading techniques employed, the results of the project, and suggestions for incorporating the project in other classes.*

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#### **16. CORPORATE RESPONSES TO THE INTRODUCTION OF THE AUSTRALIAN CONSOLIDATION STANDARD: A TEST OF DISCLOSURE COST EXPLANATIONS**

Jean M. Canil, University of Adelaide, Adelaide, Australia  
Bruce A. Rosser, University of Adelaide, Adelaide, Australia

##### **ABSTRACT**

AASB 1024 was introduced to mandate consolidation of controlled associates, and hence disclosure of debt issued by these associates. Firms with debt-laden controlled associates faced significant disclosure costs, so therefore had an incentive to avoid consolidation. Disclosure cost arguments are used to generate hypotheses in relation to pre- and post-adoption investment structures. Corporate sell-offs and straight non-disclosure of controlled associates are found to have been significant mechanisms for reducing the impact of the disclosure provisions of AASB 1024.

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#### **17. MARTHA TICK, DAUGHTER OF MARK TICK, AUDITOR EXTRAORDINAIRE: A CASE STUDY**

Rodger G. Holland, Georgia College & State University  
Patrick T. Hogan, Columbus State University

##### **ABSTRACT**

*Lessons learned through the appropriate use of humor often are quite effective while making class more interesting and enjoyable. Paul D. Johnson's 1974 case "Mark Tick's Data Center Audit" was an excellent counter-example where students learned by observing Mark's mistakes. However, being a product of the 1970's it was written for mainframe operations in the days of punched cards and is older than many of today's students. The out-dated technology partially negates its effectiveness as a teaching tool in today's environment, particularly for small to mid-size businesses that use micro computers. This update brings the technology more up to date to restore the effectiveness for use in the classroom. Rather than interrupting the flow of the case, we have identified direct quotes through careful wording.*

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**18. ANALYSIS OF FACTORS LEADING TO SUCCESS IN INTERMEDIATE ACCOUNTING**

Karen Martinis, Central Washington University  
Norman Gierlaskinski, Central Washington University  
Ron Tidd, Central Washington University

**ABSTRACT**

*This paper examines if various factors such as academic performance in other courses, age, gender, and primary language of communication affect student success as an accounting major. Success for this paper is completion of the second unit of intermediate accounting. Knowing what factors predict success is valuable as it allows counselors to direct students to other majors, if appropriate, and helps accounting programs identify the best and brightest students. If it is known what factors influence success, those factors should be used for determining who gets admitted into the major.*

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**19. AN EXPLORATION OF ONLINE ADVERTISING: U.S. VERSUS INTERNATIONAL PORTALS**

Peggy Osborne, Morehead State University  
Michelle B. Kunz, Morehead State University

**ABSTRACT**

*An exploratory study was conducted, examining U.S. and international online advertising. The study investigated standardized sizes, animation and special effects of ads employed on five portal sites. While there were some similarities, results indicated differences within and between sites, as well as global regional differences.*

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**20. CONSUMER EVALUATIONS OF BRAND EXTENSIONS: EVIDENCE FROM INDIA**

Sanjay K. Patro, XLRI Jamshedpur, India  
Anand K. Jaiswal, XLRI Jamshedpur, India

**ABSTRACT**

*Aaker & Keller's (1990) article is a seminal study in the area of systematic brand extension research. More than eight replications of original study have been conducted in the developed countries. We replicate and extend the original study in India to examine the generalizability and robustness of the Aaker & Keller's model in the context of developing economies. Our study provides support for three out of four hypotheses of Aaker and Keller's model. QUALITY of original brand and three fit variables, TRANSFER, COMPLEMENT and SUBSTITUTE, have strong positive effect on consumers' attitude towards the brand extension. Only the interaction of QUALITY and TRANSFER is positive and significant and hence hypothesis 2 is partially supported. The relationship of difficulty in making the extension with customers' attitude towards the brand extension could not be supported. We find support that consumers' attitudes towards brand extensions are driven primarily by the main effects.*

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## 21. COINTEGRATION ANALYSIS OF THE AGGREGATE ADVERTISING-CONSUMPTION RELATIONSHIP

Chiquan Guo, University of Texas-Pan American

### ABSTRACT

*This paper examines the relationship between advertising and consumption at the aggregate level. In applying unit root tests and cointegration analysis to the annual U.S. data on advertising, personal consumption, and disposable personal income, we found that aggregate advertising, personal consumption, and disposable personal income from 1929 to 1997 are cointegrated with one cointegrating vector. That is, there is a long term equilibrium relationship among them. Also, the logged values of these variables were found cointegrated with one vector. The results show that advertising was negatively related to disposable personal income. The findings also indicate that advertising elasticity was low, which supports the basic findings at the micro level. Several forms of causal tests were conducted to make causal inferences on the relationships among the variables. Managerial and research implications of the findings are also discussed.*

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## 22. MEDIA SELECTION DECISION IN SOCIAL SYSTEM: A FUZZY GOAL PROGRAMMING APPROACH

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### ABSTRACT

*Media selection has been a perennial problem with any communication mix and this is more of a resource allocation exercise than anything else. Traditionally, the media researchers use the available forecasting model, their long-term experience or intuition to select the media mix for any promotional campaign. This process may not be that scientific and effective all the time. Specifically, when the case considered here is social science based; that of a disintegrating cottage industry in the handloom sector of undivided Ganjam district of Orissa State in India and the available resources is too few. The handloom sector has got its rich cultural heritage and some cross-cultural products have been suggested as a solution to their existing problem. But none of the product design can ever be successful without an adequate positioning theme and promotion is the key ingredient in it. The current paper aims to design an optimal media plan for the cross-cultural product keeping the cultural background of the target consumer in mind. Obviously this involves managerial decision-making and any management decision-making can be viewed as a multi-criteria decision situation with multiple, conflicting and non-commensurable objectives seeking simultaneous solution. Various methodologies have been devised to solve this class of problems viz., vector maximization method, goal programming etc... But, when the imprecision in the decision variables / environment is more due to fuzziness than randomness; most of the existing methodologies fail to give satisfactory solutions. Hence, fuzzy sets and fuzzy logic are applied here, specifically with fuzzy goal programming, to provide an implementable solution procedure. Actually, the use of fuzzy goal programming has got added significance when culture is defined in a holistic manner in the consumer society for better differentiation, proper segmentation and effective positioning.*

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**23. AN INFORMATION THEORETIC APPROACH TO MODELING CUSTOMER SATISFACTION FOR LOW-TECH INDUSTRIAL OFFERINGS ABSTRACT**

Michael W. Preis, Long Island University/C.W. Post Campus  
Gregory M. Kellar, Penn State University, Delaware County

*Researchers have paid a great deal of attention to overall customer satisfaction for high-tech industrial offerings but little attention is paid to customer satisfaction for low-tech offerings. This is significant because for industrial buyers, repurchase intentions have been shown to be correlated with overall customer satisfaction.*

*Data collected from a cross section of industrial offerings are categorized according to their levels of technology. Optimal models are developed and the results suggest that overall satisfaction for low-tech offerings can best be considered a linear function of satisfaction with the vendor's performance. This optimal model includes no other component of satisfaction. This model differs from other models that have been found in previous studies for other levels of technology. This result is significant to practitioners and researchers because it demonstrates the value of concentrating marketing efforts for low-tech offerings on vendor performance.*

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**24. DIRECTION OF EXPORTS UNDER INCREASING GLOBALIZATION OF MARKETS: A LONGITUDINAL EXAMINATION**

Tahi J. Gnepa, California State University-Stanislaus, Turlock

**ABSTRACT**

*A commonly predicted trade effect of globalization is the creation of an environment in which exporters of all nations are venturesome enough to shed progressively the relative comfort of familiar markets and increase their share of distant ones. To test this contention, export direction of 59 countries in four trade organizations was analyzed for the period between 1988 and 1997. The findings indicate that, based on the geographic proximity or language similarity criterion, globalization failed to lead to the predicted shift in focus from familiar markets to distant ones. Indeed, ALADI, APEC, and ECOWAS countries reinforced their trade with other countries within a short geographic distance. Only the EU countries increased their penetration of both geographically and psychically distant markets over the decade of analysis.*

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