ABSTRACTS

1. **EFFECTS OF OWNERSHIP TYPE AND SOCIO-CULTURAL CONTEXT ON LEADERSHIP IN THE BANKING SECTOR: AN INTERNATIONAL STUDY**

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ABSTRACT

This study investigates the relationship between the company's ownership and the leadership style of bank managers in a transition country. Based on leadership theory and our analysis of the specificity of the banking sector in that country, we proposed three hypotheses: managers of foreign-owned bank institutions are more likely to use transformational leadership style; managers of Bulgarian-owned bank institutions are more likely to use transactional leadership style; and managers of bank institutions with mixed-ownership are more likely to use both transformational and transactional leadership styles. A further question was posed: Does socio-cultural context directly affect leadership? The research questions were investigated with data from seven bank institutions based in Bulgaria. Consistent with the culture-specific view of leadership, socio-cultural context proved to directly influence the leadership style of managers in the Bulgarian banking sector.

Keywords: *Type of Ownership, Banking Sector, Transformational Leadership, Transactional Leadership*

2. **WHY DO PRIVATE EQUITY FUNDS-OF-FUNDS GROW?**

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ABSTRACT

Private equity funds-of-funds are investment vehicles that combine investor commitments for allocation to a portfolio of private equity funds. Over the last fifteen years, there has been an explosion in the private equity funds-of-funds market. In this paper, we argue that the growth of these funds is the result of increasing demand for private equity investments, changes in the regulations governing limited partnerships, and the need for diversification in private equity investments. The presence of this new pool of investment money in private equity suggests that more investments will get funded locally as well as globally and therefore, venture capitalists, leverage buyout specialists, and hedge funds will take on riskier investments. Since they have more capital to invest, it may result in possible over-investment and decline in returns on overall venture capital, private equity, and hedge fund investments.

Keywords*: Private equity, Funds-of funds, Venture capital*

3. **EMPLOYEE BENEFITS AND WORK CONDITIONS BY DEMOGRAPHIC CATEGORIES**

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ABSTRACT

Respondents strongly embrace the Equal Employment Opportunity Law, family-oriented benefits, and protection of workers during economic downturns and mergers. They feel compensation should be based on performance, fair and competitive, best in industry, and in line with upper management compensation. This includes pensions, again best in industry, and money for education and career development. Promotions and raises should also be based upon performance. They believe in drug testing for new and

current employees; however, electronic monitoring (EM) is seen an unwarranted invasion of privacy. Differences did not exist between those aged 35 and under and over 35. Women believe more than men in EM and providing pensions that are best in the industry, and that upper management compensation should be in line with that of employees. Employees in larger firms believe more strongly than those in smaller firms that firms should provide the best wages and pensions in the industry. Both agree that promotions should be based solely on proven performance, although those in larger firms hold this belief with greater conviction. Those in larger firms believe financial support for employee education and career development should be provided by employers.   No differences exist between those with or without children.

Keywords: *employee benefits*

4. TAX LIABILITY OF A U.S. MULTINATIONAL CORPORATION OPERATING A FOREIGN BUSINESS ENTITY

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ABSTRACT

This paper investigates the tax consequences of a foreign branch versus a foreign subsidiary corporation. In the case of a foreign branch, the foreign government imposes income tax on the pre-tax income and branch profit tax on the "dividend equivalent amount." The dividend equivalent amount is the after-tax income adjusted by the change in equity. However, in the case of a foreign subsidiary corporation, the foreign government imposes income tax on pre-tax income plus dividend withholding tax on the dividends payout. The U.S. government would impose tax on a foreign branch's entire amount of profit, but only on the foreign subsidiary corporation's cash dividends received. A foreign branch's loss is fully deductible against the U.S. tax liability, but not a foreign subsidiary corporation's loss. The foreign financial statements must be translated into U.S. dollars in determining the corporation's taxable income. The branch's accounts are mostly translated at the historical rate, while the foreign subsidiary's accounts are translated at the current rate. In terms of tax planning strategy, if a foreign business entity earns a profit, it is more beneficial to adopt the form of a foreign subsidiary corporation. However, in the event of loss, the foreign branch organization form is more advantageous. If the foreign tax paid is greater than the U.S. tax liability, it is better to let the low-tax foreign subsidiary corporation pay cash dividends to the U.S. parent corporation. On the country, if the foreign tax paid is less than the U.S. tax liability, it is more beneficial to let the high-tax foreign subsidiary corporation pay cash dividends to the U.S. parent corporation.

Keywords: *Foreign branch, foreign subsidiary corporation, income tax, dividend tax, branch profit tax, taxable income, tax liability, deemed income tax paid, allowable foreign tax credit, allowed foreign tax credit foreign financial statements, foreign exchange rate, historic rate, current rate, foreign currency transaction gain/loss, translation adjustment*

5. GOAL ORIENTATION AS A PREDICTOR OF COGNITIVE ENGAGEMENT, PERFORMANCE, AND SATISFACTION

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ABSTRACT

This study examines the influence of a goal orientation model comprised of four factors on cognitive engagement, academic performance, and satisfaction. 657 participants completed an online survey assessing their personality, learning strategies, and academic outcomes. Results indicated that (a) cognitive engagement was positively influenced by mastery–approach and performance–approach, and negatively influenced by mastery-avoid and performance-avoid, (b) academic performance was positively influenced by cognitive engagement and performance-approach, and negatively influenced by performance-avoid, and (c) satisfaction was positively influenced by mastery-approach and cognitive engagement and negatively influenced by performance-avoid. Theoretical and applied implications for future research on the interplay of goal orientation and cognitive engagement are discussed.

Keywords: Goal Orientation; Cognitive Engagement; Academic Performance; Satisfaction

6. ASYMMETRIC VOLATILITY, RISK AND FILTERED HISTORICAL SIMULATION

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ABSTRACT

Asymmetric volatility in equity markets increases risk.   To illustrate this point and to demonstrate a semiparametric approach to risk measurement, we bootstrap from the residuals of symmetric and asymmetric volatility models (filtered historical simulation), update volatility as suggested by Hull and White (1998) and estimate value-at-risk for U.S. and U.K. market indexes.   We also estimate expected shortfall using bootstrapped value-at-risk and find confidence intervals for both risk measures.   Filtered historical simulation with volatility updating is an appropriate approach because it makes no assumption about the distribution of returns and takes into account recent changes in volatility.   Empirical results for both markets support the view that asymmetric volatility increases value-at-risk.   The measures of expected shortfall from the asymmetric model demonstrate that in both markets, on a bad day when value-at-risk is exceeded, portfolios may lose on the average more than one percentage point over value-at-risk.

Keywords: Value-at-Risk; Expected Shortfall, Filtered Historical Simulation

7. PROFITIBILITY AND ROYALTY RATES ACROSS INDUSTRIES: SOME PRELIMINARY EVIDENCE

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ABSTRACT

Is the licensing market efficient such that royalty rates reflect the costs and profitability across industries? This paper tries to answer the question through exploring the relationship between royalty rates and

profitability. Our analysis shows that the reported royalty rates across industries do not converge with the rates generated by the 25% rule, although they tend to fall between 25% of gross margins and 25% of operating margins. Regression analyses indicate that there is a linear relationship between the reported royalty rates and various profitability measures, which suggests that the licensing market is efficient and that cost structure and profitability across industries have been factored into royalty rate negotiation. Therefore, the 25% rule is simply a special case of such a general linear relationship. A revisit to the data in Goldscheider et al (2002) further demonstrates that, a "forced" linear fitting seems to make the average royalty rate equal to 23% of the operating profit margins, rendering indirect support to the 25% rule. However, such a conclusion should be taken with caution, because no general linear relationship was found between the reported royalty rates and operating margins as defined by Goldscheider et al (2002).

Keywords: *Royalty rate, profitability, the 25% rule, regression analysis, linear relationship, industry, royalty negotiation, profit margin*

8. INTERNATIONAL COMPETITIVENESS OF A FOOTWEAR INDUSTRY CLUSTER IN FRANCA: BRAZIL

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ABSTRACT

This article investigates internal aspects that affect the exportation of footwear, by discussing the results of an exploratory research conducted in 2004 with exporters of a Brazilian footwear cluster. The main results show that the industry has expertise on variables related to the production, but has many deficiencies in the commercialization dimension. The data analysis was conducted through the study of correlations and the application of factor analysis. The analysis highlighted four main factors: direct export, efficiency in management, internal structure and market segmentation.

Keywords: *International Competitiveness, Brazilian Footwear Industry, Brazilian Export*

9. THE IMPACT OF THE STRUCTURE OF SHAREHOLDING ON THE RESTRUCTURING OPERATIONS TAKING PLACE IN ROMANIA

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ABSTRACT

Each economic entity conducts its business in a certain environment. This can be either a stable environment meaning either that changes are rare or have little impact or that they can be easily predicted or it can be a changing, inconsistent environment meaning either frequent changes with variable impacts, but which are still predictable or an unpredictable environment with frequent changes with variable impact and great influence on the activity of the entity that are difficult to anticipate. One could say the activity of all entities is directly and continuously affected by their environment, i.e. by all the external and internal elements, which have an influence on the entity. In its attempts to make itself less vulnerable to change, on the one hand and more effective and efficient, on the other hand the economic entity has a tendency to undergo restructuring processes.

In our analysis and evaluation of the factors influencing the activity and performance of an entity we find that endogenous factors, also called internal or contextual factors have an important role.

The owner of the entity – a natural person and/or a legal entity or a group of natural persons and/or legal entities – is the internal factor having the most important role in defining the strategic options and adopting and implementing the appropriate strategy. Since the owner is the economic power of the entity his goal is to adopt and apply objectives that can provide the entity the performance the owner expects from it.

The management of the entity is the endogenous factor interested in achieving greater performances and also in providing continuity of the entity by applying the adequate strategies which would lead to economic vitality.

The research hereby has as its purpose to show that one motivates its decision of restructuring and implements this decision primarily on the basis of the information received from the accounting department, while for the actual restructuring process a restructuring from legal, organizational and economic point of view is needed. The study hereby analyses the restructuring operations that imply changes in the patrimony of the economic entities undergoing restructuring aiming to establish a relationship between the structure of the shareholding before restructuring and the methods and values applied during the restructuring operation.

In short, the study attempts to answer the following question: Is there a relationship between the structure of the shareholding of the restructured entities and the financial and accountancy conditions of the restructuring operation?

Keywords: *shareholding, economic entity, restructuring, extensive study*

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10. THE OPTIMUM FINANCIAL MANAGEMENT FOR COLLEGES BASED ON THE TUITION

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ABSTRACT

The private higher educational institutes receive insufficient allocated funds leading to deteriorating educational quality at present in Taiwan. A sudden increase of the number of universities leads to the problem of 'University Collapse' and 'Dislocation of Time'. The problem is made worse by lower birth rate in recent years. As a result, more universities will face the problem of not having sufficient student applicants. An increasing number of instructors must accompany the increasing number of student to maintain a certain educational quality. The parameter includes fixed income and other items that are related to number of student and educational quality. The tuition alone will not be sufficient for a university to reach a balanced budget. If the student number reaches 8,000 per year, the fund that needs to be raised becomes US$ 27,540,983. While pursuing the optimal management of a school, the administration has responsibility and obligation to conserve a superior educational quality.

Keywords: *higher institution, school management, educational quality, tuition*

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11. HOW MUCH CONFIDENCE CAN WE HAVE IN CONFIDENCE INTERVALS?

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ABSTRACT

One of the standard techniques of teaching hypothesis testing is to outline how an appropriate test statistic should be selected and to compare its calculated value, based on the available sample

data, with a critical value that is usually obtained from tables. In this way a single value of the population parameter is tested. For two-sided tests a common alternative, and increasingly popular, method of performing exactly the same tests is to use confidence intervals, since in a sense they perform a multitude of hypothesis tests all at the same time. It is the interpretation of just what the intervals tell us in relation to the location of the hypothesised mean that is the subject of this paper with some intriguing results.

Keywords*: Confidence interval, simulation, hypothesis testing, simulation*

12. ORGANIZATIONAL CITIZENSHIP COMPETENCY DEVELOPMENT DURING COLLEGE PROMOTES TECHNICAL COMPETENCE FOR CORPORATE EXPERIENCE

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ABSTRACT

This article identifies the benefits of teaching Organizational citizenship behaviors during college as a means to increase the technical expertise and professionalism of students as new employees in organizations. Expanding the citizenship framework to demonstrate how volunteerism and/or civic engagement in college can oftentimes be identified as organizational citizenship behavior in the world of work offers increased opportunities for students' experiential learning to further develop their technical competencies. The analogy is that as students represent their university, employees represent the organization of which they are employed and it is important to make this point explicitly evident in developing student competency.

Keywords: *Organizational citizenship, competency for organizational citizenship, community service and volunteerism*

13. A RISK-BASED MATHEMATICAL METHODOLOGY FOR PROJECT PLAN ASSESSEMENT AND SELECTION

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ABSTRACT

The present paper introduces a technique to identify the project plan efficient frontier for assessing the alternative project plans and selecting the best plan. The efficient frontier includes two criteria: the project cost and the project time. Besides, the paper presents a scheme to incorporate Directed Acyclic Graph (DAG) into the project risk analysis. This scheme is used to estimate the expected impacts of the occurrence of the project risks on the project cost and the project time. The application of the proposed technique in the companies in construction industry represented a considerable cost and time improvement.

Keywords*: Project risk analysis; Efficient frontier concept; Directed Acyclic Graph (DAG)*

14. EFFICIENT OPTIMIZATION FRAMEWORK AND ALGORITHMS FOR SHOP-FLOOR SCHEDULING

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ABSTRACT

Scheduling problems have received ample attention in every context of manufacturing, mainly because of the optimization solutions they yield. Firms often face bottle-necks due to limited capacities and time caps of deliverables. Hence, they are constantly on the look-out for robust scheduling models and redesigning of the same just to ensure greater reliability. Computational complexity is another factor the models try to contribute to the NP-hardness of the problem. Our work is faced with scheduling non-identical processors. The items' cylindrical nature provide for zero-degree orthogonal rotation. This problem is solved initially through a generic optimization framework (GOF) and testing the former by means of a weight optimization heuristic (WOH). We also propose decomposition heuristic (DH) that ensures the efficiency of WOH whilst producing near optimal solutions to that of the GOF. This framework is application-suitable in industries such as aircraft, insulator manufacturing, VLSI design, and shoe manufacturing.

Keywords: Incompatible, GOF, WOH, Decomposition

15. LAYOFFS, EQUITY-BASED COMPENSATION, AND CEO OWNERSHIP

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ABSTRACT

We investigate the relation between CEO equity compensation and layoffs. In particular, we measure the extent of CEO stock selling in the year of the layoffs. We find that CEOs who layoff workers engage in little or no selling of stock acquired through stock-based compensation. Non-layoffs CEOs sell substantial shares after receiving stock compensation. Our results indicate that equity compensation succeeds in lifting the incentive levels of CEOs who announced layoffs, despite the controversy over self-interest layoffs decisions. Moreover, CEOs perceive the restructuring layoffs as value-enhancing activities or tend to avoid conveying negative signals to shareholders by retaining most of their stock-based compensation awarded during the year of layoff announcements.

Keywords: CEO Ownership, Equity-Based Compensation, Layoffs

16. A VALIDATION OF A COLLECTIVE HUMAN CAPITAL STRENGTH MEASUREMENT

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ABSTRACT

Human capital (HC) has become one of the most researched topics in the knowledge economy. Yeh (2006) in a review on the concept of human capital revealed several problems in the research of human capital at organizational level. To correct these problems, Yeh (2006) developed a new measurement of organizational HC which included three new sub-constructs (i.e., human capital-organization fit, complementarity of human capital, and specificity of human capital) from the resource-based perspective. This study attempted to extend Yeh's 2006 study in order to cross-validate the

newly developed measure of collective human capital. Data were collected from a larger sample of knowledge-based companies in Taiwan. All analyses were targeted at the organizational level. A total of 153 highest-level executives of Taiwan's knowledge-intensive companies provided ratings of their collective human capital strength using this instrument. After exploratory factor analysis, measurement items were screened for congruence with the theorized factor structure. The remaining items form a second-order measurement model which included four first-order constructs (human capital-organization fit, complementarity of human capital, cohesion of human capital and specificity of human capital) under collective human capital strength. The model was entered into a confirmatory factor analysis using LISREL. After minor modification, the model achieved acceptable fit on major fit indices reported by LISREL.

17. INTERNATIONAL EQUITY PARITY WITH EXCHANGE RISK

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ABSTRACT

The standard uncovered interest rate parity condition relates the expected change in the exchange rate to deterministic interest rates on fixed income instruments. In this paper we examine a similar parity condition for equity markets in which the expected exchange rate change is related to the differential between the expected domestic and foreign stock returns as well as covariance risk measures. Estimation results for the G-7 countries indicate that the estimated sensitivity of the expected foreign exchange return to the expected stock market return differential is less than the predicted value of unity and is significantly positive only for Canada and Italy. However, one or several of the covariance risk measures are significant except in the case of the U.K, which underscores the importance of systematic exchange risk. Finally, we show that a significantly positive relation between the expected change in the exchange rate and the stock market differential emerges in Germany after a CUSUM–determined structural break.

18. CHANGING DIMENSIONS AND GROWTH OF KNOWLEDGE BASED ECONOMY IN INDIA

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ABSTRACT

Knowledge management is a new emerging discipline with its inter-disciplinary approach in today's business world. It has now become a mainstream priority for any business organization. It has become the driving force for social development. Globalization of the technology would indeed bring the world closer. Today, knowledge economy is converting intellectual assets of manpower into productive force. It helps in reserve knowledge resources that already exist in the economy. This paper highlights the concept of knowledge management and its need, components, India's position in the global economy. Growth of India as knowledge economy, current issues and challenges faced by Indian knowledge economy.

19. DIVIDEND YIELD AND INTEREST RATE RISK OF BANK STOCKS

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ABSTRACT

We investigate the conjecture that bank stocks with high dividend yield tend to be more sensitive to changes in interest rate. Our findings provide weak evidence in favor of this conjecture. We also find that the extra-market interest rate risk of bank stocks is consistent over the sample period from 1976Q1 to 2005Q4. This result contradicts previous studies that find the extra-market interest rate risk is transitory and sensitive to sample period. We attribute the difference to the choice of the proxy for market interest rate.