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**ABSTRACTS****1. EXPLANATION OF CONFLICTS IN INTERNATIONAL JOINT VENTURES**

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**ABSTRACT**

*This study investigates factors influencing management contradictions and conflicts in international joint ventures (IJVs). I examine conflicts between Western and transition economy partners in IJVs operating in the context of transition economies. The paper starts from identification of a conflict and causes for conflicts. Major differences leading to greater management complexity and conflicts in IJVs may be explained by different perceptions of reality and differences in functional area knowledge and skills. Developmental theory of cognition is especially fruitful for the purpose of this study specifying conditions under which individual characteristics including perceptions of reality and mental schema for functional area skills and attitudes are developed from the infantile age. The paper proposes new dimensions of conflicts in IJVs in the context of transition economies. As implications for theory and practice, I suggest concrete ways of reducing the conflicts.*

**Keywords:** conflicts, international joint ventures, transition economies

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**2. TOWARD A BI-DIMENSIONAL MEASUREMENT OF COMPUTER EXPERIENCE**

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**ABSTRACT**

*Computer Experience (CE) has been defined as a bi-dimensional construct consisting of a quantitative Objective Computer (OCE) Experience and a qualitative Subjective Computer (SCE) Experience. Measurement of each construct has been discussed, but only SCE has had a scale published. Its construction, however, did not seem to be connected to its definition, nor was it differentiated from similar attitudinal measures such as self-efficacy or anxiety. We discuss the definition of SCE and factors differentiating SCE from similar constructs. We also present a statistically validated measure of SCE, and provide future research directions for the CE stream of research.*

**Keywords:** Computer Experience, Objective Computer Experience, Subjective Computer Experience

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**3. OPTIMAL LOT SIZE FOR EPQ INVENTORY MODEL FOR ITEMS OF DIFFERENT QUALITIES**

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**ABSTRACT**

*The classic economic production quantity (EPQ) model assumes that all items produced by a manufacturing process during a production run are of perfect quality. Due to deterioration or other factors, the production process may shift and produce some items of a lesser quality. In this study, we assume that during production, items are screened and classified as type A for perfect quality or type B otherwise. For simplicity, we assume that the percentage of type A items produced is constant so that the production rates for the both types of items are constants. The demands for both types are assumed to be known with certainty and are constant over time. Inventory models that account for the production of such an*

item are presented. The optimal operating policy that maximizes the total profit for the EPQ model under the effect of imperfect quality items is derived. Explicit expression for the optimal production quantity is obtained and the uniqueness of the optimal solution is demonstrated. Various variations of the model are investigated. Numerical examples illustrating the models are also given.

**Keywords:** economic production quantity model, manufacturing process

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#### 4. THE KNOWLEDGE CREATION WITH VIEW TO INNOVATION AS A DYNAMIC CAPABILITY IN COMPETITIVE FIRMS

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##### **ABSTRACT**

*In this paper, we discuss the organizational knowledge creation with view to innovation as one of the most important organizational dynamic capabilities. We present the dynamic capability theory, as well as the individual learning approaches, origin of the organizational learning and of the knowledge creation process in the organizations. We also discuss the data collected in eight domestic and multinational firms based on the quantitative research using a six-point Likert scale, developed specially for this study. In order to analyze the gathered information it was used the descriptive statistics and the factorial analysis techniques. The study pointed out the existence of more innovative and less innovative organizations, which suggested that the approach the firms give to the knowledge creation could be an important differentiation as to their capacity of innovation, what can be considered a dynamic capability.*

**Keywords:** Knowledge, Knowledge Creation Dynamic Capabilities, Innovation

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#### 5. A STUDY OF LONG TERM ECONOMIC IMPACT OF RAIL LINE ABANDONMENT

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##### **ABSTRACT**

*U.S. railroads are a vital part of our nation's transportation system moving virtually all types of freight to provide essential services to American commerce. More than 40 percent of all domestic ton-miles move by rail which (AAR 2007a). Railroads are also a critical component of our participation in a global economy. Although a vital part of our nation's transportation system, the number of rail carriers and miles of rail line have decreased dramatically. Rail operations have also evolved radically. The purpose of this study was to examine the long-term economic impact of rail abandonment on local economies.*

**Keywords:** Railroads; Abandonment; Rail Line Abandonment Rail Commodities; Miles of Abandoned Rail Lines

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## 6. THE LAW OF ONE PRICE: AN INTERPRETATION OF THE LITERATURE AND SOME NEW EVIDENCE

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### ABSTRACT

*The law of one price is important in the pure theory of trade and international finance. Unfortunately the empirical evidence appears at best mixed. This paper has two main objectives. (1) To explain why the evidence appears mixed when it actually supports the version of the law found in dictionaries and encyclopedias. (2) To provide estimates of half lives that can be used to evaluate the version of the law found in dictionaries and encyclopedias. Unlike earlier estimates of half lives in the literature, where practical, our half lives are corrected for the bias in OLS estimates and we provide confidence intervals.*

**Keywords:** exchange rates, thresholds, cointegration, law of one price, arbitrage

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## 7. AN EXPERIMENTAL GAME THEORETIC ANALYSIS OF THE URUGUAY ROUND TRADE NEGOTIATIONS: AN EFFICIENCY APPROACH

Willie J. Redmond, Southeast Missouri State University, Cape Girardeau, Missouri, USA

### ABSTRACT

*This paper examines the Multilateral Bargaining model of Rausser and Simon (1991), using the Uruguay Round Negotiations on Agriculture as a backdrop. Realizing that any negotiation outcome provides but one data point, limiting the possibilities for field testing, experiments are conducted whereby the model can be behaviorally tested in a laboratory setting. In the lab, a controlled negotiation environment is created and repeated a significant number of times, employing payoff parameters that are empirically estimated with a general equilibrium model. The game is played in strategic form, assigning five players to each negotiating group. The subjects are asked to negotiate by making three strategy choices: (1) a policy proposal, (2) a feasible coalition and (3) a minimum payoff threshold at which he or she will join another's coalition. Specifically we compare the actual payoffs to the payoffs defined by (1) minimally rational strategies and (2) fully rational strategies. Preliminary results indicate that the subjects perform at 65-90% "efficiency" while we can statistically reject minimally rational play.*

**Keywords:** International Economics; Agricultural Policy; Negotiations; Game Theory; Trade Reform

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## 8. THE HIGH COSTS OF DOING BUSINESS ON FIRST NATION LANDS IN CANADA

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Jason Calla, Fiscal Realities Economists, Vancouver, CANADA  
Andre Le Dressay, Fiscal Realities Economists, CANADA

### ABSTRACT

*This study analyzed investment projects on some of the best situated Indian reserves in Canada and compared them to projects off-reserve. It found that the lack of opportunities on reserve has resulted from the imposed system of First Nation governance, which has artificially raised the costs of doing business. It can cost four to six times as much to put together a major investment project on reserve and it takes much longer to take a project from the proposal to operating stages. As a result, even favorably located reserves have low business presence and see potential investment diverted to adjacent jurisdictions even when these alternative locations are less favorably sited.*

**Keywords:** First Nations, Transaction Costs, Economic Development, Market Failure, Investment

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## 9. IMPACT OF BANKRUPTCY RISK ON THE INTERACTIVE RELATIONSHIP BETWEEN DEBT FINANCING AND CORPORATE INVESTMENT DECISIONS: EVIDENCE FROM CHINA

Xing Liu, Chongqing University, China  
Cheng Peng, Chongqing University, China  
Benjamin Tai, California State University, Fresno, U.S.A

### ABSTRACT

*From the perspective of bankruptcy risk, this study analyzes the interactive relationship between debt financing and corporate investment of 730 Chinese listed companies from 2001 to 2005. The results reveal that, on the whole, debt financing is negatively correlated with corporate investment through its positive association with bankruptcy risk, and on the other hand, corporate investment is positively correlated with debt financing through its negative association with bankruptcy risk. When we considered how potential bankruptcy risk may affect a company in its investment decision, we found that high-growth absolute-control firms tend to under-invest while low-growth and non-control firms tend to over-invest. When we dichotomize our total sample into sub-samples, we found that contrary to the total sample, additional investment by low-growth absolute-control and non-control firms would increase bankruptcy risk. On the other hand, within high-growth firms, only additional investment by relative-control firms would lower bankruptcy risk.*

**Keywords:** Debt financing, corporate investment decisions, bankruptcy risk

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## 10. INTANGIBLE ASSETS IN THE VALUATION PROCESS: A SMALL BUSINESS ACQUISITION STUDY

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### ABSTRACT

*In the small business acquisition process, many business owners and business buyers lack a clear understanding of how specific intangible assets or a combination of these assets increase or decrease the market value of a business. The results of a phenomenological study of individuals that acquired small manufacturing businesses suggests that intangible assets were a significant consideration in the valuation process even if they were not specifically recognized in the formal financial valuation process. Intangible assets, including market presence, human capital, and unique products or technology, were a driving factor in the acquisition process. Although the historical financial performance of the acquired business was important, the value proposition and decision to purchase centered around the study participants' assessment of the company's intangible assets and their potential impact on future performance.*

**Keywords:** Intangible Assets, Small Business Valuation, Privately Held Businesses, EBITDA, Human Capital, Future Business Performance

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## 11. WHITHER THE PUBLIC ACCOUNTING AS A PROFESSION: HISTORICAL LESSONS OF AUDITOR INDEPENDENCE IN THE U.S.

Yin Xu, Old Dominion University, VA, USA  
Karl J. Wang, University of Mississippi, Oxford, MS, USA

### ABSTRACT

*Independence has long been recognized as the most important defining characteristic of the public accounting profession. Yet in recent decades, it has become increasingly questionable whether the*

*profession is able to maintain its independence, given the fact that accounting firms dramatically expanded consulting and other non-audit services. The Enron and Andersen events are an inevitable consequence from a gradual deterioration in maintaining independence in the accounting profession. The passage of Sarbanes-Oxley Act will not end the debate over auditor independence, and the issue will not go away as long as the profession continues to assume the role of independent public accountants in an ever changing economic environment. This paper places the issue in a historical perspective and tries to reach an understanding of the development.*

**Keywords:** Auditor Independence; Accounting Profession; Accounting History

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## 12. LIQUIDITY SHOCK INDUCED DIVIDEND CHANGE: MARKET REACTION BY FIRM QUALITY

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D. Michael Long, University of Tennessee, Chattanooga, Chattanooga, TN  
E. Dennis Pearson, Austin Peay State University, Clarksville, TN  
Garry Wann, Lyon College, Batesville, AR

### ABSTRACT

*We examine if share price reactions to large dividend change announcements differ by the firm's level of growth opportunities and excess cash. We find that the firm's level of growth opportunities and excess cash have a significant impact on excess abnormal returns around the announcement. Share price reactions are larger for firms characterized by low growth opportunities that significantly increase or decrease dividends, especially when accompanied by large changes in cash balances. In addition, markets do not immediately reflect all publicly available information. We find it takes 15 days for excess cumulative abnormal stock returns to disappear after significant dividend change announcements.*

**Keywords:** Dividends; Signaling; Agency Costs; Excess Cash; Dividend Model

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## 13. CULTURE-PERFORMANCE RESEARCH: CHALLENGES AND FUTURE DIRECTIONS

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Jennifer L. Franczak, Bradley University, Peoria, Illinois, USA  
Eric J. Michel, Bradley University, Peoria, Illinois, USA

### ABSTRACT

*An exhaustive review of research investigating the organizational culture-performance linkage was completed in an attempt to uncover the shortcomings across empirical studies that have led to inconsistent findings and limited generalizability. Specifically, we found that previous research has attempted to measure culture with limited or no content validity, has yielded conflicting operationalizations of culture, and has used inconsistent sampling methods and measures of performance. These inconsistencies have made it nearly impossible to establish criterion-related validity by explicitly linking organizational culture to performance. The organizational-behavior literature is compared to the strategy literature in an attempt to identify future research directions. Finally, our study develops propositions to establish content validity for organizational culture at the strategy level. Future research implications are discussed.*

**Keywords:** organizational culture

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