

ABSTRACTS**1. INTERNAL AUDIT INNOVATION AND FIRM STABILITY OF THAI LISTED COMPANY: HOW DO IMPLEMENT IN AN ORGANIZATION?**

Chaiyot Sumritsakun, Mahasarakham University, Thailand
Phapruek Ussahawanitchakit, Mahasarakham University, Thailand

ABSTRACT

This purpose of this study is to examine the relationship between internal audit innovation and firm stability via financial report reliability, organization process improvement and risk management effectiveness as mediators. Also, this study test antecedence of internal audit innovation including employee competency for operation, proactiveness strategy and competitive learning and test moderator effect of change awareness. In this study, internal audit innovation consists of four dimensions, namely, auditing integration, corporate risk evaluation, computer assisted audit technique and control self-assessment. The results of OLS regression reveal that auditing integration is positively related to financial report reliability, corporate risk evaluation has positive influence on risk management effectiveness, and control self-assessment has positively effect on both organizational process improvement and risk management effectiveness. In addition, organization process improvement and risk management have positive effect on firm stability. Moreover, employee competency for operation and competitive learning has influence on internal audit innovation. Contributions, suggestions for future research and conclusions are presented.

Keywords: Internal Audit Innovation; Financial Report Reliability; Organization Process Improvement; Firm Stability; Employee Competency for Operation; Proactiveness Strategy; Competitive Learning; Change Awareness

2. ASSET REPLACEMENT IN THE ELECTRIC UTILITY INDUSTRY

Christopher M. Brockman, University of Tennessee at Chattanooga, Chattanooga, Tennessee, USA
Russell C. Hardison, University of Tennessee at Chattanooga, Chattanooga, Tennessee, USA

ABSTRACT

In most industries, assets used to generate revenues are replaced based on increasing maintenance costs or on the fact that newer assets have dramatic production improvements. Not so in the electric utility industry. There are no dramatic production improvements with newer assets and newer assets require only slightly less maintenance than the older equipment. So when should a utility replace aging assets? Should they follow vendor recommendations; should they wait until the equipment fails; or is there somewhere in between where they should make the decision to replace assets? The discussion that follows takes a look into what are the options and what is the low cost and high reliability solution. With appropriate data collection, utilities can monitor equipment health and failure rates, so that management, employees, and customers can be informed of the current condition of the utility's assets. When properly applied, this information can then be used to replace assets prior to failure, but beyond their recommended lives, balancing the scale between reliability and cost to keep both failures and costs to a minimum.

Keywords: Capital Budgeting, Asset Replacement, Utility Industry

3. IMPACT OF INVENTORY POLICY CONSISTENCY ON THE THREE-STAGE SUPPLY CHAIN PERFORMANCE

Liang-Chieh (Victor) Cheng, University of Houston, Houston, Texas, USA

ABSTRACT

This paper contributes knowledge to effective supply chain management from a new perspective – the consistency of supply chain inventory policy combinations. Selection of inventory policies by individual supply chain partners has a profound impact on logistics performance. Consistent upstream and downstream inventory policies imply similar routines and norms of operation and decision making processes; in contrast, inconsistent inventory policy combinations imply otherwise. In extant supply chain literature, to what extent consistent vertical inventory policy combinations can impact inventory performance, however, remain not fully examined by researchers. Based on the economic order quantity and economic order interval models, this paper develop simulations models and examine the impact of inventory policy consistency on the performance of a three-stage supply chain (i.e., a reseller-vendor-manufacturer triad). Simulation results indicate that combinations of different inventory policies demonstrate significant bullwhip effects. Additionally, synchronized inventory management practice outperforms all other inventory policy combinations.

Keywords: *supply chain management, inventory management, inventory policy, inventory policy consistency, supply chain integration, simulation*

4. THE RELATIONSHIP BETWEEN AUDIT FIRM TENURE AND PROBABILITY OF FINANCIAL STATEMENT FRAUD

Nashwa George, Berkeley College, New Jersey, USA

ABSTRACT

The present study is an extension of auditor tenure literature investigating the effect of the auditor-client consecutive years of relationship on financial reporting quality. Multivariate cross-sectional regression analyses were run to examine the relationship between five quantitative fraud indicators (used as proxies for potential fraud risk situation) and audit firm tenure (expressed in terms of consecutive years' audit engagement for a specific client company) in presence of several firm-specific variables. Using a sample of 350 firms, I find evidence of a negative relationship between four out of five financial fraud indicators and audit firm tenure. Consistent with prior studies (e.g., Carcello and Nagy, 2004; Myers, Myers and Omer, 2003; Johnson, Khurana and Reynolds, 2002), the result suggests that with increase in auditor-client relationship, the probability of financial statement fraud diminishes. The main result largely remains unchanged even after controlling for the effect of heavily represented industries in the sample. The overall result is consistent with the view that the financial statement fraud is most likely to occur in the initial years of auditor engagement. The longer audit firm tenure is associated with lower probability of fraudulent financial reporting.

Keywords: *audit, financial statement fraud*

5. EFFECTS OF INTERNAL AUDIT TEAM ON OPERATIONAL EFFECTIVENESS OF THAI LISTED COMPANIES

Suwan Wangcharoendate, Mahasarakham University, Thailand
Phapruek Ussahawanitchakit, Mahasarakham University, Thailand

ABSTRACT:

This study examines the effect of internal audit team function on operational effectiveness through internal audit team outcomes. Also, we investigate one moderator effect: business environment influence on the relationship between internal audit team function and internal audit team outcomes. Internal audit team function this study defined as five characteristics: shared knowledge, project participative, planning integrative, interpersonal communication and teamwork commitment. Besides it determines internal audit team outcome as the mediator: risk reduction, economics of resources and governance. We posit the positive relationship among internal audit team function, internal audit team outcomes and operational effectiveness. While business environment as a moderator is positive or negative in these relationship, therefore, the purpose of this study is to examine a conceptual framework relating through a model drawn from Joint intention theory and SharePlans theory and the internal audit team literature that provides by Thai listed companies. Samples are internal audit manager who has a qualification levels, experience, and competence through an appropriate ongoing development their responsibilities in the coordinate work. Questionnaire was a tool to collect data and analyzed by regression statistic technique and then interpreted the relationship between these variables. Overall the results indicate that shared knowledge, project participative and interpersonal communication positively influence risk reduction, economics of resources and governance. Moreover it has influence on a moderator as business environment. But, it showed no influence on planning integrative and teamwork commitment. Surprisingly, this finding also indicates that the positive relationships between internal audit team outcomes and operational effectiveness has just occurred too. Giving probable discussion is competently implemented in the study. Worthily, contributions, suggestions, and conclusions are provided for future research.

Keywords: *Internal Audit Team, Shared Knowledge, Project Participative, Planning Integrative, Interpersonal Communication, Teamwork Commitment, Risk reduction, Economics of Resources, Governance*

6. ESTIMATING SCALE ECONOMIES, TECHNOLOGICAL CHANGE AND THEIR EFFECTS ON THE REGIONAL CONCENTRATION OF INDUSTRY

Mark P. Karscig, University of Central Missouri, Warrensburg, Missouri, USA

ABSTRACT

Within the context of the above issues, the main purpose of this research is first: to modify and extend earlier empirical works which have sought to estimate industry productivity and/or returns to scale and to add to the existing sample size in order to expand the results. Specifically, a flexible functional form is used to isolate parameters for selected two-digit, Standard Industrial Classification (SIC) industries. These parameters, once estimated, are then presented in order to determine what effects they may have had in contributing to overall growth and productivity in the selected industries during the period 1948-1994 (previous studies' data set was from 1948 through 1973). The second portion of this research attempts to present a viable means of integrating the above parameters with the aforementioned regional economic area of agglomeration economies. One important aspect of these economies, as outlined by Isard (1956), is the concept of localization economies (i.e. those economies of scale attributed to a specific industry). The scale economies estimated in this research provide industry-specific information about localization economies.

Keywords: *industry productivity*

7. THE IMPACT OF NONPROFIT ORGANIZATION BOARDS ON REVENUE DIVERSITY

Christine A. Lai, SUNY College at Buffalo, Buffalo, New York, USA

ABSTRACT

Existing research on the linkage between nonprofit organizations' boards of directors and organizations' performance examines various board characteristics and activities. This study explores the relationship of nonprofit board member composition and activity to a calculated revenue concentration index, an objective measure, and self-reported subjective measures. Based on the survey data of 63 nonprofit performing arts organizations, this study found that the organizations' performance improved as measured by the revenue concentration index when board members included business or community leaders, participated directly in fundraising, and had reporting committees. Results also indicated that organizations which meet with funding donors annually, demonstrate improved financial flexibility.

Keywords: Nonprofit Organizations, Board of Directors, Performing Arts Organizations, Performance Measure

8. ON A RESEARCH AND DEVELOPMENT FINANCING CONTRACT

Ayi Gavriel Ayayi, Université du Québec à Trois Rivières, Québec, Canada

ABSTRACT

This paper presents a financial contract for high-tech small and medium size enterprises (HTSME) suffering from financing shortage. The proposed contract allows these firms to funnel the R&D funds without jeopardizing their frail balance sheet equilibrium and as well as their developed technology/product without relinquishing their property rights. If the research is unsuccessful, the equity dilution produced by the incorporation that is proposed is less than that induced by incorporating the project into the firm existing assets. We show that, in equilibrium, the equity contract designed is positively related to the signal. In addition, we argue that an increase in the signal results in an increase in the value of the optimal contract.

Keywords: Financial Contract, Asymmetrical Information, R&D, Small and Medium Firms

9. TRANSFORMATIONAL LEADERSHIP AND WORK COMMITMENT: AN EMPIRICAL STUDY OF PLASTIC AND CHEMICAL EXPORTING FIRMS IN THAILAND

Veeraya Pataraarechachai, Mahasarakham University, Thailand
Phapruek Ussahawanitchakit, Mahasarakham University, Thailand

ABSTRACT

This study is motivated by the pervasive confusion about the role of transformational leadership on followers' commitment. We proposed a theoretical framework for understanding how a leader can influence followers to make self-sacrifices, to commit to difficult objectives, and to achieve much more than initially expected. This approach is a stimulus – response mechanism to explain the reaction of leaders and their subordinates to management actions. The theoretical and empirical validation of the framework require first and foremost the theoretical development of validation the relationships among transformational leadership, learning climate, learning enthusiasm and work commitment in the context of

a real world organizational study. The author attempts to fulfill these specific goals within the scope of this paper, using a field survey and company data of 74 firms in the plastic and chemical exporting firms in Thailand. We tested an integrated theoretical model relating CEO transformational leadership, learning climate, learning enthusiasm, and work commitment. The findings support a direct and positive link between a style of leadership that has been labeled as "transformational" and work commitment. They also indicate that transformational leadership has significant and positive relations with both learning climate and learning enthusiasm. Future empirical research on the integration of motivation and commitment within contexts of transformational leadership and organizational learning is expected to further advance the theoretical and empirical development of the proposed framework.

Keywords: Transformational Leadership (TL), Learning Climate (LC), Learning Enthusiasm (LE), Work Commitment (COM)

10. THE UTILITY OF CLUSTERING FOR KNOWLEDGE MANAGEMENT SYSTEM BY STRUCTURATION THEORY

Ook Lee, Hanyang University, Seoul, Korea

ABSTRACT

Knowledge management systems contain knowledge depositories that are often large and written in natural language. Therefore they are not easy to maintain. The reason for this kind of difficulty was not fully investigated in Computer Science discipline. This study introduces the Structuration theory to explain why human beings have more difficulty in dealing with unstructured objects. As a solution for this problem, a clustering software tool was developed and can be used for facilitating maintenance of a knowledge depository in knowledge management systems. This software will automatically categorize knowledge pieces of a knowledge depository according to its lexical similarity among words. Having clusters out of a knowledge depository will facilitate the knowledge management system maintainer since categorized knowledge pieces are easier to understand than natural language-based knowledge pieces of a knowledge management system.

Keywords: knowledge management systems

11. GLOBALIZATION AND MARKET PERFECTION: AN EMPIRICAL STUDY BASED ON TESTING PURCHASE POWER PARITY

Jian Zhao, Shandong University, China

Ann Rensel, Niagara University, Niagara University, New York, USA

Tenpao Lee, Niagara University, Niagara University, New York, USA

ABSTRACT

Globalization commonly refers to the rising trade and financial integration of the world economy; we expand the definition of globalization to include the structural improvement in markets and the elimination of market handicaps in the different countries and regions of the world. This paper proposes a simple but new way to measure the United States globalization trend through Purchase Power Parity (PPP). The robustness of PPP, usually visible in a structure-improved and frictionless international market, may be related to the degree of globalization. We develop an econometric model based upon PPP, test the model using CPI as the price level and explore the model residuals. From our empirical results we find

that PPP is useful as a measure of globalization and that the model residuals indicate that the financial crises in the past have had an important effect on globalization.

Keywords: Globalization; Purchase Power Parity; H-P Filtering, Chow Breakpoint Analysis

12. A CRITICAL REVIEW OF ONLINE AFFILIATE MODELS

Subir Bandyopadhyay, Indiana University Northwest, USA
Julie Wolfe, Indiana University Northwest, USA
Ranjan Kini, Indiana University Northwest, USA

ABSTRACT

There are a variety of affiliate models currently in place on the Internet today. The most popular models include percentage of sales, flat referral rate, pay per lead, pay per email, cost per click, and cost per view. Almost every website offers one form or another of these affiliate models. Many recent websites offer a combination of these models. While affiliates offer tremendous promise in generating traffic and sales for the merchant, it must evaluate each potential relationship carefully before embarking on it. We outline a set of critical steps a merchant should take to ensure a perfect match.

Keywords: Affiliate Models; Online Affiliate Models; eCommerce; eBusiness

13. CEO AGE AND MANAGERIAL DISCRETION: EVIDENCE FROM CEO SUCCESSION

Hongxia Wang, Ashland University, Ashland, Ohio, USA
Wallace N. Davidson III, Southern Illinois University, Carbondale, Illinois, USA

ABSTRACT

Managerial discretion defines the working environment of a manager. We hypothesize that boards tend to appoint younger (older) CEOs in firms with high (low) managerial discretion. We further propose that the relation between managerial discretion and successor CEO age may be moderated by the age of board members, the origin of the successor, and the successor's designated heir status. Using a sample of 629 successions occurring between 1994 and 2005, we find empirical evidence that supports our first hypothesis for the total sample and the sample of successions with voluntary turnover. Board age, successor origin, and the successor's designated heir status do not moderate the results for our total sample. However, we find that board member age and designated heir status moderate the relation between managerial discretion and CEO age following forced turnover. Following voluntary turnover, successor origin and designated heir status moderate the result. These three board and CEO characteristics may either strengthen or weaken the link between managerial discretion and CEO age, depending on how the incumbent CEO leaves the CEO position. In addition, several other factors also statistically affect boards' decisions regarding CEO age, including governance, CEO board tenure, and the titles held by the successor.

Keywords: CEO age, managerial discretion, successor origin, designated heir, board member age

14. SATISFACTION AND CUSTOMER PERCEIVED NEED IN ADOPTING AN ENTREPRENEURIAL INNOVATION

Notis A. Pagiavlas, Winston-Salem State University, Winston-Salem, North Carolina, USA

ABSTRACT

This study explores the effects of consumer satisfaction with existing options of a high involvement service as it shapes perceived need for an alternative and likelihood to try a new entrepreneurial offering. Especially in business-to-business markets, heavy users are expected to be the most feasible target market in switching to "superior" alternatives. Results indicate that this might not be the case. While respondents in a survey study indicated relatively low satisfaction with attributes of existing air transport commercial services, and need for an alternative, the correlation between the two measures was not significant. In addition, lower satisfaction did not relate to the expressed likelihood to utilize the new service, once available. These findings shed light into decision making processes that do not conform to standard marketing discussions and findings relating to adopting an entrepreneurial offering. Post hoc theoretical explanations include the concepts of "desired" vs. "adequate" service levels that influence consumer choice and demand for alternatives.

Keywords: *Opportunity Recognition, Consumer Feedback, Entrepreneurship, Service*

15. CASE STUDY: STARBUCKS- ADDING VALUE TO BRAND EQUITY THROUGH AN INNOVATIVE BRAND IMAGE

Luiz Carlos Jacob Perera, Universidade Presbiteriana Mackenzie, São Paulo, Brazil
Roberto Borges Kerr, Universidade Presbiteriana Mackenzie, São Paulo, Brazil
Herbert Kimura, Universidade Presbiteriana Mackenzie, São Paulo, Brazil
Fabiano Guasti Lima, Universidade de São Paulo, Ribeirão Preto, Brazil

ABSTRACT

The objective of this paper is to address the paradigms of brand image and brand equity. The evolution of economic, cultural, social, and corporative scenarios has shown that many benefits can be achieved with the combination of these elements. An image of innovative brand allows for a price premium on the product, this fact, expanded to the corporate level, means that companies with an innovative brand image will have a greater value. The case study focus on the period from 1996 to 2000, of the Starbucks network, after the decision to internationalize the company. The strategy of internationalization effectively strengthened the image of the Starbucks brand, which is present in more than forty countries with about 13.600 outlets. The performance of Starbucks's stock compared to the performance of the stock of its direct competitors proved to be superior. The value of the brand and the stock price shows that the innovative brand image of Starbucks, consolidated over the years, adds value to the Brand Equity.

Keywords: *Starbucks; Brand Equity; Innovation; Brand Image*

16. THE ROLE OF EXPECTANCY THEORY IN GOAL STRIVING PROCESSES

David J. Radosevich, University of Wisconsin – Green Bay, Green Bay, WI
Melanie S. Levine, Hofstra University, Hempstead, NY
Kenneth E. Sumner, Montclair State University, Montclair, NJ
Michael B. Knight, University of Wisconsin – Green Bay, Green Bay, WI
Lucy A. Arendt, University of Wisconsin – Green Bay, Green Bay, WI
Valerie A. Johnson, University of Wisconsin – Green Bay, Green Bay, WI

ABSTRACT

This longitudinal study examined common motivational predictors of how business students revise their performance goals using concepts from expectancy theory. Over 15 weeks, 115 business students completed an exam every two weeks and indicated their goals and motivation prior to each test. Results showed that the business students both raised and lowered their goals when presented with performance feedback. Goal revision was primarily a function of goal-performance discrepancies, valence, and expectancies. Implications for the role of expectancy theory in goal revision processes are discussed.

Keywords: Goal Revision; Expectancy Theory; Performance; Goal Setting

17. THE DETERMINANTS OF OPENING WEEKEND BOX OFFICE REVENUE FOR MOVIES

Neil Terry, West Texas A&M University, Canyon, Texas, USA
De'Arno De'Armond, West Texas A&M University, Canyon, Texas, USA
Miles Zachary, West Texas A&M University, Canyon, Texas, USA

ABSTRACT

This paper examines the determinants of opening weekend box office revenue for movies. The sample consists of 398 films released during 2006-2008. Regression results indicate the primary determinants of opening weekend box office revenue are release exposure, action movies, children's movies, sequels, Academy Award nominations, critical ratings, and production budget. Specific results include the observation that a ten percent increase in critical approval raises opening weekend box office revenues one to two million dollars, action movies add approximately four million dollars, children's movies add over two million dollars, and the built in audience from sequels add over thirteen million dollars in opening weekend box office revenue.

Keywords: Academy Award, Action Movies, Children's Movies, Movie Revenue, Movie Sequels, Opening Weekend Box Office
