ABSTRACTS

1. PROCESS OF CHANGE IN THE ORGANIZATIONAL CULTURE IN BUILDING A CO-CREATIVE COMPANY: A CASE STUDY AT GE HEALTHCARE

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ABSTRACT

This article seeks to identify the methods used for cultural change in building a co-creative company, as well as obstacles faced in this process. The study analyzes the multinational GE Healthcare which gives the value creation overall strategy for ensuring greater access to the public health. As we used the theoretical model of strategic change Pettigrew, considerations of organizational culture Schein, Fleury and Deal and Kennedy, among others, and the four principles to Co-create Prahalad and Ramaswamy. The method used was the case study, using the techniques of observation, analysis of internal and external content and open interviews. As a result, it was found that the cultural transformation required the development of several mechanisms, such as launching a program with the goal of creating a culture of health in employees to facilitate internal management in an environment conducive to co-creation.

Keywords: Co-creative Company, Organizational Culture Change, Health Sector.

2. NEW ADVANTAGES AND INSIGHTS INTO THE LIVING CASE TEACHING METHOD: AN EXPLORATORY STUDY.

Charles McMellon

ABSTRACT

This paper reports on an experiential learning approach using a living case study in two graduate marketing strategy classes as a term paper assignment, one class using student groups and the other, using individual students to write a term paper. The same case study was used for both classes. Analysis of the group and individual student term paper comments produced insights suggesting two possible new advantages: developing ownership and discovering service to the business community. Also highlighted are examples of student insights into marketing management and the ambiguity of a real-life marketing situation. Although student groups are the more accepted method in case teaching, this paper will also report on some interesting insights for individual student case history projects.

Keywords: Living Case method, ownership, service, teaching

3. THE EFFECTS OF SFAS NO. 159, FAIR VALUE DISCLOSURE, ON COMMERCIAL BANKS

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ABSTRACT

This study examines the association between the market value and fair value disclosures of commercial banks since the implementation of Statements of Financial Accounting Standards No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (SFAS No. 159) for the first four years following its implementation (2008-2011). In recent years, the debate surrounding the use of fair value accounting (FVA) in lieu of historical cost accounting (HCA) has intensified as the FABS has issued five
fair value standards since 1991. Proponents of HCA contend that FVA is too subjective, makes financial information susceptible to managerial manipulation, and that fair value estimates do not provide consistently reliable information. Conversely, FVA advocates contend that FVA captures future benefit of assets and liabilities at a specific moment in time, reflective of the current economic environment, and thus, more relevant information compared to HCA. Significant changes to the economic environment as a result of the economic collapse of 2008, has further amplified academic and professional debate. Hence, the purpose of this research is to examine the value relevance of the fair value disclosures made by commercial banks since the implementation of SFAS No. 159. The results of this research provide evidence for accounting policy makers to increase the extent of fair value disclosure to provide more relevant information for investors and other stakeholders or to reduce the extent of fair value disclosure to reduce its implementation costs.

4. UNDER THE COMPETITIVE DYNAMICS OF THE FIRM: WHICH VALUE CREATION INDICATOR IS THE MOST RELEVANT?

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ABSTRACT

This paper shows the relevant value creation indicator in a competitive economic equilibrium framework. We analyze the relationship between the cost of capital and the competitive dynamics of the firm. Several related propositions on the most relevant value creation indicator under dynamic competitive advantages are developed to establish the theoretical framework of the research hypotheses. A sample of 80 U.S. firms and cross section data are used in the empirical analysis. Firstly, we compare the costs of capital estimated from the CAPM with those from the Discounted Residual Income Model (DRIM). Using the competitive advantage period “T” as the forecast period in the DRIM, we considered it as an ex ante model that takes into account the competitive dynamics of the firm. Secondly, we tested the explanatory power of the marginal return to cost of capital ratio from the DRIM compared to that of the CAPM. Finally, we tested the explanatory power of the marginal return to cost of capital ratio compared to the marginal performance spread (the difference between the marginal return on capital and the cost of capital). The results of difference tests, Cox tests, and J tests of Davidson and MacKinnon (1981) show that the marginal return to cost of capital ratio from the DRIM is the most valuable test of value creation.

Keywords: Value creation, Competitive economic equilibrium, Competitive advantage period, Competitive Dynamics.

5. TOWARD AN ETHICAL AND LEGAL FRAMEWORK FOR MINIMIZING ADVERTISING VIOLATIONS

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Dr. Brion Scudder
Dr. Andreas Klein

ABSTRACT

Ethical violations in the advertising field have triggered justifiable and plausible concerns and action by lawmakers, regulators, government, and society, as well as firms in the industry. The related literature contains a preliminary framework for consolidating various ethical issues in advertising under four umbrella dimensions, namely, the ethical violations pertaining to the ‘sender’, the ‘message’, the ‘product’, and the ‘target audience’ of the advertising communication (for example, see Byramjee, Klein and Batra, 2010). This paper attempts to supplement and strengthen that framework by suitably appropriating and explaining many of the recognized and practiced legal perspectives and regulatory implications for each
of these four factors leading to ethical violations in advertising. The discourse attempts to consolidate the salient features pertaining to ethical violations within each of these factors, and presents detailed explanatory regarding the legal and regulatory norms, rules, codes, laws, and legalities-in-practice to mitigate their influences on potentially impacted stakeholders.

6. DETERMINANTS OF PARTICIPANTS’ RESPONSES TO MARKETING COMMUNICATIONS ON SOCIAL NETWORKING SITES

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ABSTRACT

To date, evidence regarding the effectiveness of marketing communications on social networking sites (SNS) has been primarily anecdotal. This research fills an identified gap in the literature by examining participants’ general perceptions of or beliefs in marketing communications on SNS and exploring the link between such beliefs and participants’ reactions to marketing communications in the form of behavioral intentions. Findings indicate that consumers’ attention to SNS ads is positively related to their beliefs in locating product information from SNS and the legitimacy of marketers using SNS as a platform to deliver product information. Consumers’ likelihood to use information generated by different sources on social networking sites differs among the participants categorized into search, experience, credence segments. Consumers who are in search segments are likely to use information generated by other members, marketers, and third party neutral sources, and consumers in experience segments are prone to using information from marketers and third parties. However, consumers in credence segments seem to confine themselves more to seeking information from third parties. Managerial implications from these findings are discussed.

Keywords: Online Advertising, E-commerce, Internet Marketing, Marketing Communication, Market Segmentation, Social Networking Sites

7. INCORPORATING MINDFULNESS MEDITATION IN THE CLASSROOM

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ABSTRACT

Mindfulness can be defined as “bringing one’s complete attention to the present experience on a moment-to-moment basis” (Marlatt & Kris-teller, 1999, p. 68). One way to focus the mind on the present and being aware of one’s thoughts and actions in a nonjudgmental way is through meditation. Although many people believe this 2,500 year-old Buddhist practice requires isolating oneself to sit in quiet contemplation for hours, days, or weeks. However, one can actually improve mindfulness with meditations lasting one minute or less. We conducted a classroom experiment by incorporating one-minute mindfulness meditations in two sections of introductory managerial accounting at the beginning of each class period. Our paper addresses the following: 1) why and how we chose to incorporate mindfulness meditation in the classroom, including a brief history of mindfulness, 2) the effect of in-class mindfulness meditation on students’ self-reported stress levels, 3) the effect of mindfulness meditation on students’ exam performance, and 4) future directions to incorporate other aspects of mindfulness into business course curricula.

Keywords: Mindfulness, meditation, business education
8. THE DE-BUNDLING OF U.S. AIRLINE BAG FEES AND FARES: AN EXPLORATORY STUDY

Dr. Hans O. Schumann
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ABSTRACT

Most, but not all, major US Airlines began charging extra for passengers to check bags in 2008. Prior to this, airlines had traditionally allowed for two free checked bags per passenger. Regardless of their bag fee choice, all airline executives claimed to have made the intelligent marketing decision. The purpose of this exploratory research was to look at market data to determine how the changing baggage pricing paradigm has affected competition, and which set of executives’ claims were correct. Our data analysis shows that the firms that refrained from implementing separate baggage fees seem to have gained market share as well as an increase in base price and market revenue.

9. UNVEILING THE DETERMINANTS OF THE MAURITIAN BANKING SECTOR FDI.

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ABSTRACT

This study attempts to analyze and model the significant components of international trade in financial services, namely, FDI in banking for Mauritius for a period of 1970-2010 in a Vector Autoregressive (VAR) approach. Results from the analysis reveal the causal ordering between FDI and its other determinants both in the long run and short run. The empirical results of FDI in banking indicate that FDI in non banking sector, human capital, trade openness, bank’s foreign assets, and cost of capital are the major channels of FDI in banking sector.

Keywords: FDI, Banking, Vector Error Correction Model (VECM).

10. AN APPROACH FOR THE DETERMINATION OF THE IMPACT OF PRODUCTION LOT SIZE AND SEQUENCE ON LOGISTIC OBJECTIVES IN HYBRID MANUFACTURING SYSTEMS

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ABSTRACT

The main issue of todays manufacturing companies is to plan their production according to the customer needs to be competitive on market. The prevailing problems of lot size and sequence planning in business, reflected by an expert survey and literature study, lead to the conclusion that the development of models and approaches is necessary to improve the situation on lot size and sequence planning in industrial environment. The in this paper presented 3-phase concept of procedural model supports companies in optimizing their production line and reaching their business goals. Thus the findings present an integrated improvement approach for production planning (with focus on lot size and sequence planning), which considers both economical aspects and manufacturing specific attributes. In all the model represents an approach which will support manufacturing companies in future to choose a lot size and sequence which lead to reach a higher production efficiency. However, this model is not restricted to hybrid manufacturing systems and could be applied in any production systems in future.

Keywords: production lot size and sequence planning/optimization, hybrid manufacturing system, assessment model, procedural concept
11. INVESTMENT COSTS AND RETURNS OF MUNICIPAL BOND FUNDS

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ABSTRACT

The universe of economic agents cannot deliver an excess investment rate of return. The foremost cause of municipal bond fund underperformance is above-average expenses. After the deduction of investment management costs, investors collectively underperform market averages. Differences in expense ratios are a significantly influential factor in explaining municipal bond funds’ relative returns. Expenses are a deadweight loss to investors. High expenses impede and impair the objective of creation of wealth and reinforce and amplify the disparity between gross returns and net returns. Investors should exercise caution before committing investment capital to high-cost municipal bond funds. Since investors are unlikely to foretell the best-performing municipal bond mutual funds, they should be alert to a signpost that increases the probability of identifying winners--funds that levy below-average financial intermediation expenses.

Keywords: Mutual Funds, Municipal Bond Funds, Investment Expenses, Gross Returns, Net Returns

12. IMPACT OF CONSUMER ATTITUDES ON SUSTAINABILITY PRACTICES WITHIN THE PAPER INDUSTRY: THE MODERATING ROLE OF DIGITAL MEDIA

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ABSTRACT

Consumer knowledge about the environmental impacts of paper as well as digital products is a key element in driving their perceptions regarding the environmental sustainability of these industries. We inherently believe that consumers’ primary understanding about these complementary products in addition to the sustainable practices within the underlying industries could have a complex “interaction” effect on their perceptions about the sustainability of these industries. Therefore, our research focuses on studying the effects of consumer knowledge of environmental practices on the sustainability performance of the paper industry. Specifically, we study the impact of consumer knowledge on destruction of trees, sustainable raw material usage and sustainable production processes, as well as the environmental impact of digital media on the sustainability performance of the paper industry. Using data collected from 504 consumers across the United States (US), we hypothesize and test a number of direct and moderating effects between these constructs. Our results provide persuasive support for the considerable role that consumer knowledge could play in perceptions relating to the paper industry’s sustainability performance. We also offer implications for future research and practice within the paper industry.

Keywords: Consumer Perceptions, Paper Industry, Sustainability Performance, Tree and Energy Usage, Environmental Impact of Digital Media, Structural Equation Modeling
13. PROMOTIONAL EFFORT IN NEWSVENOR SELLING WITH STRATEGIC CUSTOMERS

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ABSTRACT

This paper presents a newsvendor model when customers have strategic behaviors. The newsvendor seller makes decisions on promotional effort and stocking quantity. We characterize the rational expectation equilibrium and find that the seller’s effort level and profit are less than those in the standard newsvendor model without strategic customers. We show that the seller’s profit can be improved by committing to stocking quantities or prices. We also examine the impact of parameters on the outcomes of different models.

Keywords: Promotional Effort; Strategic Customers; Newsvendor; Commitment.

14. HEDGING THE VOLATILITY OF SPOT MARKETS WITH FINANCIAL FUTURES: A PRICE DISCOVERY

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ABSTRACT

Hedging with financial futures is now more than ever an alternative for risk averted and risk neutral investors to help them manage their portfolio’s interest rate risk during volatile periods and periods of active monetary policy. Managing changing volatility is an issue that has fostered the need for traditional mean variance and more sophisticated estimation and prediction models applied to financial market instrument analysis. The purpose of this paper is to measure the degree of predictive capability of selected financial futures instruments to forecast the underlined cash market (spot) instruments in order to assess how well the instruments serve to establish a hedging strategy. The research focuses in the application of time series methodologies and models to simulate situations that investors face regarding interest rate volatility, which affect their portfolio values. In this study, tests of market efficiency in the convergence of futures market instruments to their underlined spot markets counterparts are performed in order to verify how well the futures market can predict the cash market and measure bias risk and persistence (long term memory). Our testing of hedging effectiveness or optimal hedging capability will be assessed using the traditional financial Unbiased Forward Rate Hypothesis (UFRH). Market efficiency tests show that the UFRH holds for 7 out of 14 instrument co-integrated combinations using futures market hedges. Futures market's relative efficiency is explained with the statistically significant convergence of the futures Treasury Bills, Fed Funds and Eurodollars instruments to the spot market at expiration dates for terms shorter than six month, using weekly data series analysis for periods between 1991 through 2011.

Keywords: Market Efficiency, UFRH; Convergence; Co-integration; Error Correction Model; E-Garch; Risk Premium; Noise Risk; Forward Risk; Behavioral Anomalies; Order Flow Information.
15. THE FINANCIAL AND ECONOMIC EFFECTS OF THE PATIENT PROTECTION AND AFFORDABLE CARE ACT (PPACA)

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Laurie Black, Sam Houston State University, Texas, USA
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ABSTRACT
The Patient Protection and Affordable Care Act was signed into law by President Obama on March 23, 2010. This historic legislation is celebrated and opposed by Americans alike. To understand the controversy and the historical value of this legislation, one must also understand the history of health care reform in the United States. It is also important to take a look at other countries that provide universal health care and its successes and failures. Next, the major changes to the Patient Protection and Affordable Care Act will significantly impact many Americans, some favorably and others negatively. This study will review financial and economic impact of this legislation from different perspectives.

16. THE REPUTATION EFFECT ON SYNDICATED LOAN PRICING

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Yibo Xiao

ABSTRACT
This paper analyzes the reputation effect of the lead arranger on syndicated loan pricing. To exclude the effect of the financial crisis of 2007-2009 on our study, we focus on syndicated loans lent to non-financial U.S. firms from 1994-2006. Theory suggests that the reputation/spread relationship should generally be positive because more reputable lenders usually employ more costly loan screening and monitoring techniques and therefore must be compensated with a higher spread. After controlling for endogeneity in lender-borrower matching, the empirical results show that the reputable arrangers charge a “reputation premium” for monitoring and due diligence, and a commitment against extracting an information rent from borrowers. The results also show that the less-reputable arrangers offer a “reputation discount”, since the market competition from both the loan market and bond market makes it more difficult for less reputable arrangers to sustain a reputation mechanism. In addition, the reputation effect on pricing becomes less significant when the borrower enters a repeat loan relationship with a prior or existing lender.

Keywords: Reputation Effect, Syndicated Loan, Loan Spread, Competition Effect, Information Asymmetry