1. THE RISK AND RETURN REACTIONS OF REITS DURING THE 9/11 EVENT

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ABSTRACT

This paper investigates the risk and return reactions of REITs by type and size to the terrorist attacks of 9/11 within the theoretical framework of the capital asset pricing model (CAPM). In the short run, there is evidence that the returns of the real estate/REIT industry declined at the event date. In addition, the 9/11 event, and thereby geopolitical concerns might have affected investors' confidence and risk aversion for the real estate industry especially the REITs with holdings of hotel/motel and regional shopping mall holdings, thus exerting long-lasting influences and altering their systematic risk in the post-9/11 period. Furthermore, it appears that the classification by REIT size does not play an important role to explain the effects of geopolitical risk on real estate/REIT sector.

Keywords: REITs, Capital Asset Pricing Model (CAPM), Systematic Risk, Geopolitical Risk, Terrorism

2. DATA ENVELOPMENT ANALYSIS APPROACH TO PERFORMANCE-BASED BUDGETING IN A PUBLIC UNIVERSITY SETTING

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ABSTRACT

Public institutions in higher education have been under enormous pressure to improve their accountability and program efficiency. They are required to develop annual performance plans, to assess their efficiency, and to make budget decisions based on performance. The integration of the annual performance plan with the budget has been envisioned as “Performance-Based Budgeting.” This study applies Data Envelopment Analysis (DEA) to performance-based budgeting in a public university setting. The efficiency scores of 42 academic units in a public university were computed and the inefficient academic units were identified with the analysis of the causes of inefficiencies. A performance-based budget with the specification of target budget and outcomes was proposed based on DEA performance assessment.

Keywords: Performance-Based Budgeting, Data Envelopment Analysis, Efficiency

3. DO SEASONED CEOS PREFER FEWER BOARD MEETINGS?
EVIDENCE FROM PUBLICLY TRADED FIRMS

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ABSTRACT

We examine how firm characteristics and CEO compensation contract affect the frequency of annual board meetings. As predicted by corporate governance under managerial entrenchment hypothesis, the propensity to hold board meetings is significantly and positively associated with the size of the firm and is significantly and negatively associated with Return on Equity (ROE). Using data on 1,735 corporations during 1992-2000, we find evidence that seasoned CEOs with long tenure, high level of cash
compensation are less likely to hold frequent board meetings. However, the existence of executive stock options and CEO long-term incentive plan may increase the frequency of board meetings. Our model performs well in predicting number of board meetings for firms using out-of-sample period of year 2001 and 2002. Our results extend and refine the growing literature on the relation of executive compensation, board activities and corporate governance.

**Keywords**: Board Meeting Frequency; CEO Incentive Plans; Corporate Governance; Executive Compensation; Firm Characteristics.

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### 4. INTERNAL AUDITING: DOES THE IMPACT EXTEND BEYOND QUANTITATIVE STUDIES?

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**ABSTRACT**

Internal auditing functions have gained extensive notoriety in recent years. Much of this increased visibility can be attributed to the financial scandals that plagued American businesses beginning in 2001. The business world undergoes a constant metamorphosis as our economy becomes increasingly global in nature. This metamorphosis has been typified by a paradigm shift involving the move from a biological to a sociocultural model. Internal auditing has played a pivotal role in ensuring that businesses are constantly reviewing efficiency and effectiveness. Additionally, internal auditing functions have assisted organizations in strengthening corporate integrity while at the same time ensuring compliance with federal regulations such as the Sarbanes-Oxley Act.

**Keywords**: Internal Auditing Processes, Impact on bottom line, Auditing Management

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### 5. TOWARDS A FRAMEWORK FOR THE MEASUREMENT OF THE FINANCIAL & MANAGERIAL IMPLICATIONS OF GREEN ACCOUNTING IN CORPORATIONS

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**ABSTRACT**

The increased awareness of the need to protect the environment and the consequent demands for environmentally friendly products and services have increases the need for better identification and measurement of the costs and the associated variables in order to enhance managerial planning, control and decision making as well as assessment of the financial impact on a corporation’s bottom line. A framework to measure green accounting must include outflows and inflows, or additional costs as well as revenues or costs saved. Thus, the cost side would include the economic, environmental, operating, regulatory, social and community costs. The inflow side would include the additional benefits and revenues received, cost savings, regulatory costs avoided and grants/subsidies received by the company. It is important that all of the variables involved are captured in the green cost accounting model so as to accurately measure the cost or benefit of the environmental initiatives. This paper identifies the variables that should be considered by managers in valuing the effects of environmental projects. It further discusses the various factors that should be considered and/or captured in the development of a model for the measurement of green cost accounting in U.S. corporations.

**Keywords**: Green accounting, financial reporting, cost accounting, managerial planning, control & decision making, environmentally friendly measures, social responsibility, sustainability measures.
6. USING THE SEC “BULLY PULPIT” TO ALTER REPORTING BEHAVIOR: THE CASE OF ARTHUR LEVITT ON IN-PROCESS RESEARCH AND DEVELOPMENT

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ABSTRACT

In 1998, Arthur Levitt, then chairman of the United States Securities and Exchange Commission (SEC), claimed (and warned) in a public address that companies making an acquisition frequently allocated overly-large amounts of the purchase price to in-process research and development (IPR&D) instead of goodwill. (The result was a one-time charge in the first year followed by several unrealistically rosy years of earnings that were not disturbed by the amortization of goodwill.) This study investigates the impact of Levitt’s warning by showing that in the three years after his claim the amount firms allocated to IPR&D dropped significantly and the amount allocated to goodwill and other intangibles increased significantly. Moreover, more-profitable firms began taking bigger IPR&D charges and less-profitable firms began taking smaller charges. This study illustrates the effective use of a “regulatory bully pulpit” to promote compliance with regulatory requirements.

Keywords: Financial Accounting, regulation, in-process research and development (IPR&D), purchase accounting, earnings management

7. A STUDY OF THE RELATIONSHIPS BETWEEN LEADER POWER AND FOLLOWER’S ATTITUDE TOWARD POWER, AND OCB- A CASE OF NAVY

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ABSTRACT

Though studies regarding leadership seems popular, topic covering issues regarding leader power and follow attitude toward leader power are relatively few. This study purposely focuses on the discussion of leader power, trust follower attitude toward leader power and OCB. Using soldiers and sailors in a Naval base as the sample, the results of this study indicate: (1) position power is positively and significantly related with resistance and compliance attitude of followers, whereas personal power is positively and significantly related with commitment attitude followers, (2) followers’ attitude toward leader power is significantly related with OCB, (3) trust leadership moderates the relationships between leader power and followers’ attitudes toward leader power. Results, recommendations, as well as limitations were also discussed.

Keywords: leader power, follower’s attitudes, trust, OCB

8. ASSESSING AMERICAN MNC’S COMPLIANCE WITH SARBANES-OXLEY: A PRACTICAL APPROACH

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ABSTRACT

Multinational Corporations (MNC) play a major role in the world economy and Sarbanes-Oxley Act (SOX) has potentially had a major impact on how they conduct business. The moral outrage heard in the wake of ENRON, triggered the passage of the Sarbanes-Oxley Act in 2002. The SOX is an example of how the U.S. government has sought to regulate the conduct of American MNCs domestically and abroad. U.S.
firms seeking to do business in foreign and domestic markets must be familiar with SOX. This paper will review the history and parts of the SOX, its effectiveness, and its current and future implications on American MNCs and the Six Sigma process as an aid in compliance with SOX.

9. THE ROLE OF INTERNATIONAL CORPORATE DIVERSIFICATION ON THE PROBABILITY OF FINANCIAL DISTRESS

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ABSTRACT

This study investigates the effect of corporate international diversification on a firm's financial distress costs by using a sample of international acquisitions. We examine the relationship between economic correlations between U.S. acquiring firms and foreign target firms, and the change on financial distress costs of acquiring firms. Based on a sample of 148 foreign acquisitions by U.S. firms during the period of 1993-1998, we show that the probability of U.S. acquiring firms' bankruptcy, measured by Altman’s Z score, decreases when the foreign target firms are less economically correlated with the U.S. acquiring firm. The result is consistent with the risk diversification effect explanation of international corporate diversification.

Keywords: Acquisitions, International Corporate Diversification, Bankruptcy, Financial Distress.

10. DECISION MARKETS: A GLOBAL DECISION-SUPPORT SYSTEM

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ABSTRACT

This paper examines and models the recent innovation of decision markets, and thereafter develops a decision tool to utilize such markets as a global decision-support system. Decision markets are online betting markets that make forecasts of events in business, finance, economics, government, politics, science, weather, natural disasters, culture, and virtually every other realm of human activity. According to one comprehensive study, these markets make “uncannily accurate” predictions of every type of event. As a decision-support system, knowing the probability of a particular event coming true significantly facilitates decision making regarding that particular event, as well as other outcomes partially or wholly determined by that event.

Keywords: decision markets, prediction markets, decision-support systems.
11. THE TRADING BELL AT THE NEW YORK STOCK EXCHANGE

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ABSTRACT

Following the methodology used by Meshke (2002), we investigate the information content of the media event of ringing the trading bell at the NYSE. Using a sample of 153 firms which had been invited to ring the opening and the closing bell at the NYSE in the year 2004, we fit a standard market model and test for the presence of abnormal returns around the event date. The evidence suggests that ringing the trading bell at the NYSE is a non-event in terms of having effect on stock prices and the markets are efficient.

Keywords: bid-ask spread, market maker, liquidity

12. AN EMPIRICAL EXAMINATION OF PRICE-RENT RATIOS IN THE UNITED STATES

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ABSTRACT

We calculate the ratio of home prices to annual rental costs (PR ratio) for 293 US metropolitan statistical areas over a 20-year sample period. We find significant variation in the PR ratios across these markets. Most of the highest PR ratios are located in California, while most of the lowest PR ratios are found in Texas cities. We show that the variation in PR ratios can be attributed to local economic factors, demographic differences, and non-financial features of each market.

13. AN EXAMINATION OF MUTUAL FUND EXPENSE RATIOS BEFORE AND AFTER THE 2003 MUTUAL FUND LATE-TRADING SCANDALS

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ABSTRACT

The improper behavior of some mutual fund managers came to the attention of the general public in 2003 as a consequence of the New York state investigation of some mutual funds’ late trading practices. For many investors, this publicity may have been the first time that they came to understand that mutual fund managers might not always be acting in the best interests of fund shareholders. It is also likely that mutual fund sponsor organizations began to fear continued public scrutiny of other mutual fund industry business practices. This paper examines the data in an attempt to determine whether another questionable practice in the mutual fund industry, expense ratio determination, was impacted by the 2003 revelations. We apply regression analysis to test for evidence of verifiable independence of the so-called independent directors of mutual funds. Specifically, we test for changes in the sensitivity of fund expense ratios to fund size after the 2003 scandal revelation. Our results are not corroborative of the existence of verifiably independent directors working in the best interests of their funds’ shareholders. Our analysis highlights the necessity of using measurable operating results rather than qualitative criteria to determine whether a director is either independent of or affiliated with the fund sponsor organization. The willingness of mutual funds to allocate a significant majority of the benefits associated with the spreading of fixed operational costs over larger asset size to the fund shareholders, rather than the fund sponsor, is one such measurable operating result.

Keywords: Mutual Fund Expense Ratios, Shareholder Wealth Expropriation, Scale Economies, Mutual Fund Governance.
14. SYSTEMIC RISK: IDENTIFICATION & MEASUREMENT

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ABSTRACT

Exposures faced by critical financial institutions to certain factors could lead to systemic risk, if an only if the institution facing certain exposures is unable to effectively manage the resulting risks, which it could then pass to the economy and other participants. This research seeks to establish whether there has been a shift in the exposures to interest rates, exchange rates, and basis spreads among the major players in the field. If there has been a shift in the exposures to these items from the dealers (predominantly the largest of the US banks) to the identified users, over the recent years, it might signify potential systemic risk. Results indicate that in some years, hedge funds were probably taking an active but opposite stance to that of the investment and commercial banks, and might well indicate that these hedge funds could well be potential cause for systemic financial contagion. It is evident that we need better measurement and identification techniques, since at present we are in a position to understand only one aspect of the derivatives usage, the originators part, while most of the users of the derivatives might well be flying under the regulators’ financial radar. Financial institutions, such as hedge funds, may be at considerable risk, due to the increased exposures of hedge funds to most of the factors.

Keywords: Systemic risk, hedge funds, bank holding companies, derivatives exposure.

15. EXAMINING THE MERGER BETWEEN J.P. MORGAN, CHASE, AND BANK ONE

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ABSTRACT

The stocks of investment banks have performed well in 2006 due to the diversity of their financial products and the increasingly international nature of their advisory services. Global investment banking deals, hedge, and in some cases, supersede, the domestic U.S. capital market levels. Industry profits also have been buoyed by robust merger and acquisition trends. Positive investing opportunities in investment banking are likely to be enjoyed for the next two to three years due to the aforementioned trends, and a general increase in trading levels by both retail and institutional clients. We also examine the investment opportunities and risks associated with investing in one of the leading investment banking franchises- JP Morgan & Co. JP Morgan represents a unique combination of three storied and hereto independent baking franchises: Chase Manhattan, J.P. Morgan, and Bank One. The short-term investment prospects for investors in J.P. Morgan & Co. are largely neutral, while the long-term investment prospects are more robust.

Keywords: Investment Banking, Mergers and Acquisitions, Divestitures

16. THE CENTRALITY EFFICIENCY INDEX: A NEW SOCIAL NETWORK ANALYSIS MEASURE

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ABSTRACT

This research develops a new measure of communication efficiency, the centrality efficiency index (CEI), by examining the ratio of actual centrality to potential centrality. The CEI has two purposes. One, it can be a useful measurement for calculating communication flow efficiency through social networks with respect
to central actors. Two, it provides a way to calculate the degree to which trust moderates closeness centrality of actors responsible for dispensing sensitive information to actors with lower degrees of centrality.

**Keywords:** communication flow; measurement; social networks.

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17. **INDIVIDUAL ADOPTION OF INSTANT MESSAGING IN THE WORKPLACE: A CONCEPTUAL VIEW**

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**ABSTRACT**

This research examines the drivers of Individual adoption of instant messaging (IM) in the workplace. Instant messaging once associated only with teenagers is rapidly proliferating business organizations at an alarming rate. Unlike most technologies, the adoption of IM is fueled by employees rather than pushed as an IT directive. To explain the widespread adoption of this service, findings from within the IT implementation research are reviewed and integrated into a conceptual model.

**Keywords:** Instant Messaging, IM, IT Implementation, workplace communication, IT Adoption, Motivational Model

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18. **MOBILE PHONES IN PERSONAL USE IN AUSTRALIA: A FIVE-YEAR STUDY**

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**ABSTRACT**

This study aims to examine characteristics of Australian households which had privately funded mobile phones for personal use. The study is based on data collected in two nationally representative surveys conducted by the Australian Bureau of Statistics in 1998-99 and 2003-04. Findings indicate that during the five-years of this study the number of households with mobile phones increased by 80%, and market penetration increased from 37% to 60% of all households. Propensity to own a mobile phone was higher among younger household heads, and seemed to increase with the household income and the number of credit cards. The use of mobile phones was somewhat lower among female-headed households. Some managerial implications of the findings are also discussed.

**Keywords:** Adoption, Cell Phones, Consumers, Demographics, Mobile Phones