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**ABSTRACTS****1. AUDIT EXPERTISE AND AUDIT EFFECTIVENESS:  
EVIDENCE FROM CPAs IN THAILAND**

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**ABSTRACT**

*Audit expertise becomes a main determinant of audit effectiveness. Here, the objective of this study is to examine the influences of audit expertise on audit effectiveness of certified public accountants (CPAs) in Thailand. Audit expertise consists of technical knowledge, problem solving and decision quality. In this study, 113 CPAs in Thailand are the sample of the study. With the interest of the study, technical knowledge has a significant positive relationship with audit effectiveness. Also, problem solving has an important positive association with audit effectiveness. Likewise, decision quality has a critical positive interaction with audit effectiveness. Accordingly, audit expertise (technical knowledge, problem solving and decision quality) plays a key driver of enhancing audit effectiveness of CPAs in Thailand. CPAs with greater audit expertise tend to achieve more audit effectiveness. Potential discussion is efficiently implemented in the study. Theoretical and professional contributions are explicitly provided. Conclusion and suggestions and directions for future research are also highlighted.*

**Keywords:** Audit Expertise, Technical Knowledge, Problem Solving, Decision Quality, Audit Effectiveness, Certified Public Accountants (CPAs)

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**2. BUSINESS MODEL INNOVATION BY CREATING TWO-SIDED MARKETS**

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**ABSTRACT**

*In this dynamic and fast-changing environment, business model innovation plays an important role for a company in terms of the financial performance. In this paper, we propose a new framework to create this innovation from the perspective of two-sided market business model. After analyzing various existing two-sided markets industries and carefully considering the creation process, we present four different ways to create two-sided markets: become a broker, extend the purpose, open components other than the core, and find a new money-making side. We also introduce connection diagrams as an analytical tool, and indicate that companies can understand the relationship between users and other agents to create two-sided markets by drawing the connection diagram of the current ecosystem. We find that creating a two-sided market model allows companies to generate strategies that are more efficient than conventional strategies: flexible pricing structure, easy extension to new business models, and quick capturing meaningful market share.*

**Keywords:** Two-sided market, Strategy, Business model, Hyper-competition, Innovation

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**3. EVIDENCE ON INNOVATION FAILURES IN MANUFACTURING INDUSTRIES**

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**ABSTRACT**

*This paper argues that a better understanding of innovation failures would contribute to improve our understanding of innovation successes and that it would carry practical implications for both the research*

and management of the innovation process. This issue is addressed by asking three questions: What are the factors that lead innovation projects to termination? What is the impact of the degree of novelty of product innovation on the termination of innovation projects? Are there differences in the factors explaining the innovation projects that succeed and those that are terminated by managers? In order to address these questions, we were led to differentiate three innovation contexts based on the idea that the likelihood of innovation failure is related to the specificities of firms' innovation context. Our results provide new evidence that shows that many of the variables explaining innovation failure also explain innovation success. Moreover, the results of this study also show that the degree of novelty of product innovations influences the likelihood of project termination and that innovation failures are related to the specificities of the innovation contexts of firms. What do these results suggest for the management of the innovation process? The results of this study clearly point to the fact that some factors explain both the success and failure of innovation projects. They also suggest that project failure is associated with success, in the sense that failures rise as the degree of novelty of the product innovations that are commercialized rises. Moreover, the results of this study suggest that project failures generate knowledge spillovers that may be captured in other innovation projects. Therefore, managers of innovation should develop a portfolio management approach that constantly updates and revises the different innovation projects. A balanced portfolio should likely include some projects involving the development of product innovations that rely on new or different technologies for a firm and others that rely on a firm's existing technological capabilities. Likewise, some of these projects should target the current needs of existing customers, while others should target new needs for new markets.

**Keywords:** Innovation, Failures, Determinants, Manufacturing firms, Logit regressions

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#### 4. SMALL FIRMS' USE OF THEIR BUSINESS RELATIONSHIPS TO COPE WITH INCREASED COMPETITION

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##### ABSTRACT

The purpose of the study is to explore the effect of how small firms draw on their limited networks to develop their markets and serve them well, a performance that will guarantee their survival and success. Drawing on a business relationship approach, two case studies have been used to highlight the extent to which exchange relationships have impacted on the performance of the small firms in this study. As an important finding, the study highlights the extent to which regular and intensive interactions between the case companies and the limited actors in their network have enabled each of the case companies to develop their respective niche markets and serve them well, something which also explains their survival and ability to win and retain loyal customers.

**Keywords:** Small firms, limited network of relationships, performance, loyal customers

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#### 5. PROFILE OF THE KNOWLEDGE BROKERS IN CANADA'S HEALTH SYSTEM: WHO ARE THEY AND WHAT DO THEY DO?

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##### ABSTRACT

The gap between what is known and what is done contributes to poor health outcomes, and ultimately results in wasted time and resources. During the past two decades, there has been intense interest in understanding the reasons for the gap and identifying strategies to bridge it. Different ways of bridging this gap have been proposed, but a key finding is that integrating science for action requires the active involvement of researchers, practitioners and decision makers. Among the recommended strategies is

*the practice of knowledge brokering. It is performed by knowledge brokers whose role is to bridge this gap, to help turn research into policies, and to ensure their implementation. Their job is to create linkages and facilitate the transfer of knowledge between researchers and practitioners. This paper aims to present an early portrait of the profile of knowledge brokers working in Canada's health organizations. In this perspective, we conducted several descriptive analyses (such as the distribution of knowledge brokers according to their membership organizations, their status, education, and their experience) and bivariate analyses to compare knowledge brokers regarding their knowledge transfer activities. The statistical analyses of this paper are based on a survey data of 301 knowledge brokers primarily engaged in professional activities at the Canadian Health Services Research Foundation (CHSRF).*

**Keyword:** Knowledge brokers' activities, Profile of knowledge brokers, Descriptive statistics, Bivariate analysis

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## **6. EUROPEAN MONETARY UNION AND THE OPTIMAL CURRENCY AREA THEORY: THE COMPETITIVENESS GAP WITHIN THE EUROZONE**

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### **ABSTRACT**

*The media promptly coined the acronym PIIGS, to designate main troublemakers in the Eurozone – Portugal, Italy, Ireland, Greece and Spain. A sudden rise in the number of articles related to the crisis of euro gives an impression that the problems are surprising and recent. In this paper, we argue that the Eurozone's problems are neither surprising nor recent. The paper surveys the optimal currency literature and looks at the main divergences in competitiveness within the Eurozone. The paper concluded that PIIGS countries suffer from a competitiveness problem. Given that devaluation is not an option because they all belong to the Euroland, and that the monetary union has imposed fiscal rigidity and removed monetary independence, it appears that the adjustment has to come through the labor market. Therefore, policy discussions have focused on analyses of labor costs and productivity growth.*

**Keywords:** Optimum currency areas, EMU, competitiveness, labor costs

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## **7. ANTECEDENTS AND CONSEQUENCES OF E-MARKETING STRATEGY: EVIDENCE FROM E-COMMERCE BUSINESS IN THAILAND**

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### **ABSTRACT**

*The objective of this research is to examine the effects of e-marketing strategy on success of e-commerce businesses in Thailand. This study indicates that social network, internet dissemination, internet competitive learning, and information technology capability. In addition, competitive environment and customer acceptance are the moderating variables of the research. Data was collected from e-commerce business in Thailand. The results show that e-marketing strategy has significant positive influences on e-commerce success. Moreover, internet competitive learning, and information technology capability have positive effects on e-marketing strategy. For moderating effects, customer acceptance has positive statistically significant influences on the relationships. Theoretical and practical implications are presented. Conclusion and suggestions for future research are also discussed.*

**Keywords:** e-marketing strategy, Customer Acceptance, Competitive Environment, E-Commerce Success, Social Network, Internet Dissemination, Internet Competitive Learning, Information Technology Capability.

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**8. A TEST OF RATIONAL EXPECTATIONS IN THE VALUATION OF HUMAN CAPITAL**

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**ABSTRACT**

*This paper provides a test to examine whether market-based inferences regarding the contribution of human capital to firm value are based on rational expectations. Compensation information from companies in the United States, the United Kingdom, Germany and Japan is used in multi-country samples to enable comparisons across differing business cultures.*

**Keywords:** *Human capital, value relevance of earnings, intangible firm value, income components*

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**9. MANUFACTURING PRACTICES AND PERFORMANCE:  
A COMPARATIVE STUDY OF EUROPEAN SMES**

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**ABSTRACT**

*The importance of world-class competitiveness has been widely discussed and there is strong evidence for the hypothesis linking the adoption of best practice directly to the attainment of high performance. However, much of the research has focused on large organisations and their subsidiaries. In this paper, the focus is on small firms. We present our findings in respect of Irish SMEs in the manufacturing industry regarding how competitive they really are. Comparisons are made with almost 1,000 European SMEs using the Microscope database which links the adoption of best practice in manufacturing to improvements in operational and business performance.*

**Keywords:** *Competitiveness; Best Practice; High Performance*

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**10. ONE COMPANY'S HEADACHE, ANOTHER COMPANY'S PRIZE:  
BEIJING NO. 1'S ACQUISITION OF WALDRICH COBURG**

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**ABSTRACT**

*In June 2005, Cui Zhicheng was promoted to the position of Plant Manager of the Beijing Number 1. Machine Tool Plant (Beijing No. 1). However, this was no simple promotion. He was told that his new duties would include taking charge of the possible acquisition of a German company. Cui Zhicheng decided to take his steps boldly but solidly. Through careful preparation and management, Beijing No. 1 acquired Waldrich Coburg, the target German company and, despite trepidation on the part of the German employees, the ongoing cooperation has been good for both sides. It was crucial that the integration of the two companies was managed so that each company retained its identity and they still built a stronger business together. This case is about how Beijing No. 1 found a prize in what the selling firm had regarded as a headache.*

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## 11. THE STRATEGIC CHOICE OF NON-EQUITY MODES BY CHINESE ENTERPRISES UNDER THE CURRENT GLOBAL FINANCIAL CRISIS

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### ABSTRACT

*On July 26, 2011, United Nations Conference on Trade and Development (UNCTAD) released the World Investment Report 2011 in Beijing. It is interesting but not surprising that the current report, different from the previous reports, was entitled "Non-Equity Modes of International Production and Development", as non-equity modes of international production generated over US\$2 trillion in sales in 2010 far surpassing foreign direct investment amount of US\$1.24 trillion in the world market. Apparently, non-equity modes of international production pose a new approach worth much concern and further research by Chinese corporate executives and scholars alike.*

*Along with the intensity of globalization, more and more Chinese enterprises have been actively involved in the globalization of markets and production. By the end of 2011, enterprises in mainland China had established 18,000 invested firms offshore in 178 countries and regions in the world, with total assets exceeding US\$ 1.1 trillion and stock of FDI outflows reaching US\$322 billion. While the global FDI has substantially shrieked due to the international financial crises, the last three years have witnessed an unprecedented surge of outward FDI by the Chinese enterprises in global market with the year of 2011 hitting historic record of US\$60.07 billion.*

*The author holds that under the current global financial crisis and weak investment on the part of enterprises, operation by non-equity modes poses a new perspective for Chinese corporate executives. Chinese enterprises should take the opportunity of slow recovery of foreign direct investment in the global market and try to explore the non-equity modes in their endeavor of "Going Global". The author then puts forward some specific proposals for the Chinese enterprises of engaged in international operations based on the analysis of non-equity mode practices of Chinese enterprises in recent years.*

**Keywords:** Chinese enterprise, Non-equity modes, Go-global strategy

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## 12. AN EMPIRICAL INVESTIGATION OF THE DIVERSIFICATION STRATEGY: THE CASE OF SOME ROMANIAN LISTED COMPANIES

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Anca Borza, Babes-Bolyai University of Cluj-Napoca, Romania

### ABSTRACT

*This paper investigates the degree to which corporate diversification is exercised in the Romanian economy through an empirical analysis of the listed companies. The study reports on both the amount of diversification and on the different forms of corporate diversification using a common measure of diversification employed by strategy scholars, the Specialization index. This paper acknowledges the relationship between several company determinants, like size, age and ownership structure and corporate diversification. Additionally, it contributes to the understanding of how these determinants impact on the decision making process in regard to the diversification strategies pursued by companies.*

**Keywords:** Diversification Strategy, Specialization Strategy, Company Characteristics, Listed Companies

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### 13. A REVIEW ON THE APPLICATION OF INVESTMENT DECISION RULES APPLIED WHEN CONSIDERING PORTFOLIO SELECTION

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#### ABSTRACT

*This study looks at investment decision rules which are applied when considering portfolio selection. Most major corporations use two or more investment decision rules to evaluate requests for capital appropriations. This note presents a short discussion of several of these rules. However, since the payback rule and the average accounting rate of return rule are relatively simple and subject to a number of advantages and disadvantages. The balance of the discussion is devoted to a comparison of the internal rate of return criteria with the net present value rule with examples. However, prior to this comparison, each of these investment decision rules is briefly summarized in terms of its advantages and disadvantages.*

**Keywords:** *investment, investment decision rules, portfolio selection*

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