IBEC CHILE

XVI International Business and Economy Conference
Puerto Montt, Chilean Patagonia, January 4-7, 2017
http://www.ibec-info.org/2017/

Hosting Institution:
Universidad Austral de Chile Campus Puerto Montt

Folkloric Ballet, Universidad Austral de Chile.

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IBEC
The International Business and Economy Conference is administered by an executive committee and an editorial team. To achieve the objective of providing a platform for intellectual discussion among scholars and practitioners, IBEC rests on the collaboration of recognized scholars and institutions who voluntarily collaborate every year.

IBEC Timeline
2002- San Francisco State University (SFSU), San Francisco, California, US
2003- Japan Town, San Francisco, California (Sponsored by SFSU and Seoul National University)
2004- San Francisco, California (Sponsored by SFSU, Seoul National University, and Iona College, New York)
2005- University of Hawaii at Manoa
2006- Hawaii, sponsored by University of Hawaii, SFSU, Seoul National University and Iona College, NY
2007 and 2008- San Francisco State University
2009- Host: Advent Institute of Management, Udaipur, India
2010- Host: University of Economics and Management, Prague, the Czech Republic
2011- Host: Universidad Panamericana at Guadalajara, Mexico
2012- Royal Prince Hapuna hotel, Big Island, Hawaii, US
2013- Host: University of Caen, Normandy, France
2014- Host: Tianjin Polytechnic University, China
2015- Host: Assumption University of Thailand, Suvarnabhumi Campus Bangkok, Thailand
2016- Host: Nürtingen-Geislingen University (NGU), Germany
2017- Host: Universidad Austral de Chile at Puerto Montt, Chile
SPONSORING INSTITUTIONS IBEC 2017

Universidad Austral de Chile, Puerto Montt

Hagan School of Business, Iona College, New Rochelle, NY, USA

San Francisco State University, and US-Korea Business Institute

Escuela de Ciencias Económicas y Empresariales, Campus Guadalajara, Mexico

Nashville, TN, USA

Department of Agricultural & Resource Economics, Knoxville, TN, USA
Summary of activities. Subject to changes to be announced

**Wednesday, January 4**

<table>
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<tr>
<th>Time</th>
<th>Activity</th>
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<tr>
<td>4:00 - 5:00 pm</td>
<td>Registration: Main Auditorium UACH Campus</td>
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<tr>
<td>5:00 - 6:30 pm</td>
<td>Campus tour</td>
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<tr>
<td>6:30 to 8 pm</td>
<td>Cocktail Reception: Main Auditorium UACH Campus</td>
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**Thursday, January 5**

<table>
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<tr>
<th>Time</th>
<th>Activity</th>
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<tbody>
<tr>
<td>8:30 – 9:15 am</td>
<td>Registration: Classrooms Building “El Pabellón”</td>
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<tr>
<td>9:15 – 10:00 am</td>
<td>Session 1.1. Keynote Speaker</td>
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<td>Dr. Oscar Galindo</td>
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<td>Rector, Universidad Austral de Chile</td>
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<td>Welcoming Remarks</td>
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<td>Carlos R. Pitta, Co-Chair IBEC 2017</td>
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<tr>
<td>10:00 – 10:15 am</td>
<td>Coffee Break</td>
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<tr>
<td>10:15 – 11:45 am</td>
<td>1.2.A. Clusters, Social Networks, and Finance</td>
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<td>1.2.B. Marketing 1</td>
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<td>1.2.C. Economics 1</td>
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<tr>
<td>12:00 – 2:00 pm</td>
<td>Lunch -UACH</td>
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<td>2:15 – 3:45 pm</td>
<td>1.3.A. Finance</td>
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<td>1.3.B. Management 1</td>
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<td>1.3.C. Workshop on Oral Presentations (45 min)</td>
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<td>3:45 – 4:00 pm</td>
<td>Coffee Break</td>
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<tr>
<td>4:15 – 5:15 pm</td>
<td>1.4.A. Business Internationalization</td>
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<td>1.4.B. Business Ethics</td>
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<td>1.4.C. Accounting</td>
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<tr>
<td>7:30 pm</td>
<td>Dinner and Folkloric Ballet Universidad Austral de Chile (TBC)</td>
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### Friday, January 6

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<tr>
<td>8:30 – 9:00 am</td>
<td>Registration: Classrooms Building “El Pabellón”</td>
</tr>
</tbody>
</table>
| 9:00 – 10:30 am| 2.1.A. Media Management and Marketing  
2.1.B. Economics 2  |
| 10:30 – 10:45 am| Coffee Break                                                          |
| 10:45 – 12:15 pm| 2.2.A. Marketing 2  
2.2.B. Management 2  
2.2.C. International Trade |
| 12:15 – 2:15 pm | Awards Luncheon - UACH                                               |
| 2:30 – 3:15 pm | 2.3.A. Economic Analysis  
2.3.B. Business Cases and Banking  
2.3.C. Management 2  |
| 3:15 – 3:30 pm | Coffee Break                                                          |
| TBA           | Potential International Collaboration UACH                            |
| 7:30 pm       | Dinner (Sponsor Hagan School of Business, Iona College, NY)           |

### Saturday, January 7

<table>
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<tr>
<th>Time</th>
<th>Event</th>
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| 9:30-11:00 am | Planning and Organizational Meeting for IBEC 2018  
ALL ARE WELCOME & ENCOURAGED TO ATTEND & PARTICIPATE |
A new clustering approach for different dependency structures in different clusters
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BACKGROUND
In this proposal a new clustering approach for different dependency structures in different clusters is introduced. It is based on the T2-statistics of Hotelling (Kotz 1992) and thus, it is very similar to the Mahalanobis distance (Mahalanobis 1936) in clustering. The approach is partition-orientated and applied on three levels of the cluster analysis: initialization, optimization and consolidation.

The first step of a partition-orientated clustering procedure is the initialization. Based on a given number of clusters, so-called starting clusters have to be generated. In principle there are two possibilities. Firstly, to use hierarchical clustering procedures (e.g. Ward-procedure) to define starting clusters or secondly, to generate starting clusters randomly. In this proposal a procedure based on random numbers considering dependencies is introduced. In the next step the starting clusters are optimized. An exchange procedure by means of the T2-statistic is used to find more homogeneous clusters. The goal of the algorithm is to minimize the region (area or volume) of the defined clusters. Finally, as an additional step, a consolidation method is introduced. This step is not common in cluster analysis. But it allows to assess the stability of the discovered clusters.

A short literature review about clustering dependent characteristics is the starting point. Afterwards, the principle of the new approach is introduced illustrated by the generated example of figure 1. Finally, the already available and expected results are discussed, likewise the limitation of the approach.
Session 1.2.A. Continued

The Omniscience Model
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ABSTRACT
We are living at the intersection of massive computing power and the nearly unlimited flow of financial information. Stock market returns are based on the change in price from one period to another. The business plan of nearly all equity funds is based on having high conviction regarding whether holdings will go up (those that hold long) or down (those that short). While the business plan is based on conviction, success is based on being correct. Statistical tools and theories are available to help understand relationships, such as correlation, as well as explain divergent behavior, such as mean reversion. Other fields such as physics and biology utilize models that could be relevant to prediction of future events. This paper takes the formulae from the various fields and sorts them to determine which may be useful in the prediction of stock prices versus those that are descriptive and evaluative.

Keywords: STOCK MARKET, STOCK PRICE, STOCK PRICE PREDICTION
Session 1.2.A. Continued

Funding and Social Networks: The Case of the Minnesota Network (MAA) – Medical Alley Association

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ABSTRACT

The objective of this research is to demonstrate that companies, within a given industry network, benefit from their social network clusters to get better access to financing. Social network(s), a cluster of entities sharing common goals and outcomes, be they firms, individuals or associations, is measured by centrality measures of closeness, between-ness and degree. Recent research has demonstrated the efficiency of social network connections for early venture financing, achieved through bank or private investors, allowing to overcome the lack of information that investors have to face when deciding to invest in a new venture. The motivation for this research is to examine the social network of the Medical Alley Association (MAA) in Minnesota for the measure(s) of centrality that procures the most effective financing. Results of the examination can serve to refine the MAA network or the growth of other social networks. Therein resides the value added of this research. Using MAA membership data 2013-2015, we define 106 company strong social network with a member base of 59 members and their respective measures of centrality. We test for their significance in obtaining funding as a function of their centrality in the member network. The type of firm, medical device or not and the number of years of membership serve as control variables. The results are robust, indicating significant relationship between successful funding and the centrality measure of eigenvector.

Key words: Social Network; new venture creation; innovation; financing of entrepreneurial innovation.
ABSTRACT
The advantages and disadvantages of probability and quota sampling are widely discussed in the scientific community. When it comes down to cross-cultural studies even more complicated problems, like the translation of the questionnaire arises. This paper will focus on sampling issues as well as the problems of cross-cultural surveying and discuss the methodology of a survey about green packaging and environmental behavior as one possible implementation.

Keywords: CROSS-CULTURAL STUDIES, SAMPLING, QUOTA SURVEY, GREEN PACKAGING, ENVIRONMENT
Session 1.2.B. Continued

Purchase intention of ethnic textile: The mediating role of attitude of Mexican middle-class consumers
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ABSTRACT
The aim of this research was to analyze the way in which behavioral attitude mediated the relationship between ethincal identity and purchase intention of ethnic textiles. A sample of 405 postgraduate students from five different universities with characteristics similar to the Mexican middle-class was selected, because they complied with the following criteria: (1) they belong to the Mexican middle-class with incomes ranging from 479 and 630 dollars a month. (2) they are a potential consumer market, since they are under 30 years of age, in average (3) they are familiar with the dynamic of handmade ethnic textiles since they are living in a State in which there are original handicraft communities. By using the mediation model by Baron and Kenny (1986), it was found that the behavior attitude mediated the relationship between ethincal identity and purchase intention of ethnic textiles. It was also found that ethnic identity has an influence on the intention of purchase of ethnic textiles. This article attempts to provide relevant information with regards to purchasing behavior of ethnic textiles of middle-class consumers in Mexico, which will allow artisans to develop marketing strategies to access this market segment and increase their sales.

Keywords: Purchase intention, Ethnic identity, Behavior attitude, Ethnic textiles, Middle-class consumers.
Session 1.2.B. Continued

Building customer loyalty through service quality, customer engagement and commitment: The case of mobile network providers in Thailand

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Purpose- In the advent of dramatic changes in today’s marketplace, businesses face a number of difficult challenges that make customer loyalty more important than ever. This paper explores the associations of factors affecting the customer loyalty through which the researchers and practitioners can understand the factors underpinning customer loyalty in Thai mobile network setting.

Design /approach /methodology- The study used a sample of 120 usable questionnaires collected from users of different mobile network providers. Exploratory factor analysis and correlation analysis was performed on service quality, commitment, customer engagement and customer loyalty behavior variables to test the research framework.

Findings- Data analysis shows that service quality, promotional offers, commitment, customer engagement has positive association on customer loyalty. The results indicate that service quality has relatively stronger relationship with affective commitment and weak relationship with online engagement. The study identifies the significant association of competitive promotional package has with customer engagement as well as affective and calculative commitment.

Research limitations/implications- The survey was conducted in Bangkok, Thailand. This research can be considered as the basis for a more extensive research, covering other geographical areas that will produce results allowing more specific and accurate predictions regarding customer loyalty and the associative factors. Companies are advised to create coherent promotional offerings that integrate with proper customer engagement channel. Better value can be offered when the
service quality’s association is strong to trigger customers emotionally (affective commitment) towards its service provider.

**Keywords:** SERVICE QUALITY, CUSTOMER ENGAGEMENT, CUSTOMER COMMITMENT, CUSTOMER LOYALTY, CUSTOMER RETENTION, CROSS-BUYING BEHAVIOR
Effects of Crime in a Model of Precautionary Demand for Money: A Search Theoretic Approach
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BACKGROUND AND PROBLEM STATEMENT
There have been several ways in which crime has been studied in literature regarding monetary phenomena, which have produced different results. For example (Kahn, McAndrews & Roberds, 2005) use the risk of theft to generate an environment in which money is useful because provides privacy in an exchange economy. They show its usefulness not only on shady environments but whenever there is a lack of confidence between trading partners. In other example Choi (2011) constructed a model in which holding money is risky, because it can be stolen. In his model theft represents another opportunity cost of holding money, besides the nominal interest rate. Finally, (He, Huang and Wright, 2008), develop a model in the fashion of (Lagos and Wright, 2005), in which a proportion of the people is a criminal, which gives banks a role as safekeeping and liquidity providers.

However, it seems to be a lack of studies on the side of the seller, which in this case are represented as firms, which is important in the sense that, as proven by results in this paper, when they take defensive action against crime, they can influence the demand for money.
Session 1.2.C. Continued

Assessing the Economic Contribution of German Prisoners of War in the Soviet Union, 1941-1956
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ABSTRACT
This paper examines the history of German prisoners of war (POWs) in the Soviet Union from 1941-1956. The Soviet Union kept their German prisoners of war for 11 years after the end of World War II, until 1956, which was seven years longer than any of the other Allied victor nations. I argue that the Soviets did so for reasons of economic necessity and not punishment or revenge. German POWs were mobilized to rebuild the destroyed Soviet economy through the Gulag prison camp system. To assess their economic contributions, I use Russian archival sources and the GIS software ArcGIS to plot the locations of the camps with regards to natural resource deposits (coal, precious metals, timber, etc.) and proximity to industrial and population centers. Thus, I see the Gulag not as an instrument of political terror and repression, but one of economic reinvestment and ideological refashioning.

Keywords: ECONOMICS, HISTORY, GERMANY, RUSSIA, POWS
Extremal Dependence in Australian Electricity Markets

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ABSTRACT
We examine the dependence between extreme events in electricity spot prices across regional markets in Australia. Our analysis is based on four statistical methods for estimating extreme value dependence: the extremogram and cross extremogram, quantile regression, the cross-quantilogram and the upper tail dependence coefficient estimated using the Gumbel copula. We consider within series dependence but also cross dependence which may be of more interest. Our results are important for risk management and hedging decisions of market participants, in particular for those operating in several regional markets simultaneously.

Keywords: Electricity Prices, Dependence, Extremogram, Quantile regression, Quantilogram, Interconnectors
ABSTRACT
We investigate the cross sectional relation between abnormal research and development (R&D) investments change and expected stock returns. We provide evidence that firms that abnormally increase their R&D investments (RDI) earn higher returns in comparison to market portfolio. Our results are economically significant: a portfolio of stocks with abnormal increases in RDI outperforms value-weighted market portfolio 0.50% per month following portfolio formation. Our findings also indicate an annual significant positive RDI premium of that ranges 3.4% to 11.0%. These findings are robust to well-established risk factors in the literature and suggest that the abnormal increases in RDI impacts stock returns.

Keywords: ABNORMAL R&D INVESTMENTS, R&D INTENSITY, STOCK RETURNS
Lease rates, terms and options
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ABSTRACT
We develop a theoretical model using binomial rental rate movements to obtain rent values given the term and the possibility to renew or cancel a lease, or the risk of default of the tenant. Using commercial lease data from New York City, Chicago and Los Angeles from 2005 to 2016, we discuss lease rates in light of the predictions of our theoretical model.

Keywords: Leases, Lease Options, Binomial tree, Tenants.
Session 1.3.A. Continued

Firms’ Strategic Choice of Loan Delinquencies
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ABSTRACT
I analyze the repayment decisions of firms with multiple loans that, for liquidity constraints or strategic reasons, stop making payments in some but not all their loans. Using a sample of commercial loans from Colombia over the period 2002:03 – 2012:06, I find that firms are less likely to stop making payments on loans granted by banks with which they have long relationships and by banks with which they have a clean repayment history. These results suggest that firms are concerned with losing the benefits gained through the relationship. I also find that firms are more likely to stop making payments on loans from foreign banks when compared to domestic banks, and equally on loans from state owned banks when compared to private banks. This suggests that the ability and willingness of the bank to punish the firm for misbehaving play an important role in a firm’s decision. Overall, the results suggest that firms assess their delinquency choices based on their perceived ability to obtain new loans in the future.
1.3.B. Management 1
Session Chair: Sudhir K. Jain, Indian Institute of Technology Delhi, India, skjain51@hotmail.com

Industry 4.0 – Maximizing Economic Benefits and Firm Competitiveness for a Circular Economy
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BACKGROUND/PROBLEM
The economy is nowadays on the cusp of the fourth industrial revolution. Driven by the internet the real and the virtual world merge together to form the Internet of Things (IoT). This development is of utmost importance, especially for the manufacturing industry. Production comes together with the latest information and communication technology and digitalization of economy and society changes the way things are produced in a permanent way.

The digital transformation of the industry is accelerated by exponentially growing technologies, like for example intelligent robots, autonomous drones, sensors and 3D-printing. Due to this technological driven change whole firms and their industrial processes need to adapt if they are not to be left behind by developments of their competitors. Therefore an early adaption to this new environment will increase their competitiveness in the future. This adaption goes beyond only the automation of production, which has already taken place since the early 1970s. Through proper application of recent information and communications technology the boundaries between the real and virtual world increasingly disappear and cyber-physical systems (CPS) emerge.

Beyond all competitive advantages through for example improvement of efficiency and flexibility, which come along with the implementation of Industry 4.0, also an efficient use of resources should be considered. At this juncture production processes within Industry 4.0 should be seen as holistic balanced circuits, which guide and shape the new industrial production. (Arbeitskreis Industrie 4.0 2012, 30-31)
Environmental pollution and shrinking resources have incrementally increased pressure on industrial businesses. These circumstances confront manufacturing industries to cope with the pressure of environmental regulations set by governments, challenges of resource price volatility, because resources get scarce, and risks in resource supply. Therefore a rethinking of the conventional linear economy (take, make, dispose) takes place and concepts of a circular economy (CE) emerge. CE could be the solution to harmonize ambitions for economic growth and environmental protection, where CE is understood as realization of a closed loop material flow in the whole economic system. (Lieder & Rashid 2015, 36-51) Here the development towards Industry 4.0 provides immense opportunities for the realization of sustainable, eco-friendly and resource saving manufacturing (Stock & Seliger 2016, 536-541).
Comparison Study of Leadership Competences between Female and Male Mexican Expatriates

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ABSTRACT
The purpose of this study is to compare female and male leadership competences in Mexican expatriates in the USA, using a qualitative approach. A case study was conducted through a narrative analysis of the information. The study also revised the factors that contributed to the leadership competences of expatriates. The responses of one female and one male Mexican expatriates were collected through open responses using an electronic questionnaire. The research questions were: Which are the leadership competences in Mexican expatriates? Which are the main differences between woman and man leadership competences in Mexican expatriates?. The comparison was made using Pablo Cardona´s model on competences. Since leadership competences are observable behaviors, a narrative analysis was conducted. There were found some key differences between male and female leadership competences. For example, Mexican man expatriates tend to focus on leadership, receptiveness and informal features; while woman focus on values, information and formal position. There were found common features for both, man and woman, such as work and personal life related to time management competence. As a future research, a quantitative analysis must been done in order to find more evidence of these findings.

Keywords: Leadership, expatriates, gender, competences.
Potential Entrepreneurship-Mentors’ Perspective: A Study in India

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ABSTRACT
Entrepreneurship is the most important for employment generation. Children from business family background find it easy to get into an entrepreneurial occupation and career. However, in order to create more entrepreneurs for meeting the need for employment by the growing population, more First Generation Entrepreneurs (FGEs) need to be created. The failure rate of start-ups of FGEs can be substantially reduced through introduction of a sustainable system of mentorship. The viability of rewards for mentors has been investigated in this paper. The results of the present exploratory study reveal the importance and success of mentorship when linked to financial rewards. It has been found that mentors seem to be excited towards the inclusion of monetary rewards in entrepreneurship mentoring and do not like to undertake mentoring for philanthropic purpose. The results show that the long term financial rewards for mentorship are sustainable in nature. The inference drawn from the empirical statistical analysis reveals that mentoring in entrepreneurship requires more holistic approach with ‘accountability’ and ‘value addition’ for long-term sustainability. If more such studies endorse the current findings then very important conclusion can be arrived at, i.e. financial reward based mentoring system developed, and effectively implemented over time, will help solve the problem of unemployment in the world.
1.3.C. Workshop (45 min.)
Session Chair: Jianing Fang, Marist College, Poughkeepsie, New York, USA

How to Give an Impressive Oral Presentation: A Workshop Manual
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EXTENDED ABSTRACT
An oral presentation is one of the most important parts of any scientific research (Sekaran and Bougie, 2013); however, for many people, it can be a discomforting task. Especially for academic or professional conferences where a presenter is often allotted only 20 to 30 minutes to discuss so many important findings of his or her research. We often spend several months, if not years to complete a rigorous study. There is so much we need to say to try to deliver all the pertinent data and reports, but so little time to cover all of them. This can become exponentially more challenging when we have to give our presentations on a big stage to a large audience full of experts in our own fields. More challenging yet—many of us have to give the presentation in our second or third language! The good news is that everyone can become an effective presenter—all we need to do is to give enough time and efforts to learn and to practice this important skill.

One of the main reasons many colleagues and I keep coming back to the International Business and Economy Conference (IBEC) year after year is that this conference is never cut-throat competitive, but very professional, collegial and nurturing. Most of the attendees do not come to the conference to show off their skills, discoveries or inventions but to help each other to make our researches better. By attending the many concurrent sessions of the conference in the next two days, we all can hone our presentation skills from the expert speakers. The primary goal of this workshop is to lay a strong foundation by reviewing and discussing the effective ways to improve our oral presentation skills. Our researches are good, let us do every one of them justice with an impressive presentation.

Public speaking is a challenge to most people. But there are several steps that can be taken to meet this challenge and to
ensure that you give the best possible presentation. 知恥近乎勇 ("...To possess the feeling of shame is to be near energy [bravery]" Legge, 1981, 386). Hence, the first step is to acknowledge that we have the need to improve our oral presentation skills. The rest of the steps are easy. In this internet age, help is easy to find. Just Google “oral presentation,” we can find plenty articles, books and self-help manuals such as the principle of the “four Cs” (People, 2015) and “15 Strategies” (Jacobs and Hyman, 2010) for giving oral presentations.

In this workshop, we will first review all these helpful oral presentation rules and pointers. Then together, we will brain-storm and discuss to identify the five most important skills that can be quickly learned and immediately applied in this conference in the next two days in our own presentations. By trying and practicing these new skills, I am sure that all of us will improve our oral presentation from session to session every day. All of us will work as a group to perfect this workshop manual. Next year, we will conduct another workshop to learn more oral presentation skills.
1.4.A. Business Internationalization

Session Chair: Mahmood Hussain, San Francisco State University, San Francisco, CA, USA, hussain@sfsu.edu

Strategies of Mexican Rural Communities to Entry In the Local and Global Markets
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ABSTRACT
This paper highlights the current main features of the economies of peasants that were freed from the haciendas in 1910 by the Mexican Revolution and also were endowed by the federal government with agricultural land; and those of indigenous communities whose lands have remained untouched since Spanish colony. Strategies of Mexican rural households to entry in local, national and global markets are analyzed in four communities situated in two contrasting climatic environments in Oaxaca state, Mexico. Data were collected through a probabilistic survey and a model of household economy was built using ordinary least squares regression. Especial care was taken to avoid multicollinearity problems. This model not only identifies the household strategies of entry in the markets but also measure the impacts of such strategies in household wellbeing. Contrary to the discourse on Mexican-US migration, the paper shows that labor migration either internal and international is shrinking, because rural households are involved in a process of diversification of their income sources and rely more on wages, family businesses and government transfers. They complement their income with subsistence production and transfers from other households. Material and socio-demographic resources can become into constraints if resource allocation is not profitable in terms
of household wellbeing, or it is not suitable for the family life cycle.

**Keywords:** STRATEGY IMPACTS, HOUSEHOLD RESOURCES AND CONSTRAINTS.
Session 1.4.A. Continued

Analysis of the Potential for Internationalization of a Medium Enterprise in the Mexican Footwear Sector

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ABSTRACT

This research is a longitudinal case study with descriptive scope and mixed methodology: quantitative and qualitative. The aim of this paper is to analyze the potential for internationalization of a medium-sized enterprise (SME) in the footwear sector in the city of Leon Guanajuato, Mexico, in order to identify the feasibility of carrying out the plans of international trade.

An analysis of both the industry and the organization was made. SME has an incipient experience for the US market. The results show that the company has potential for internationalization, but insertion into other markets must be gradual, given the nature of the organization, and must be formally planned.

Keywords: Internationalization, enterprise strategies, SMEs.
1.4.B. Business Ethics
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Corporate Social Irresponsibility: Dole Corporation and Listeria Contamination
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ABSTRACT
In May 2016 it was revealed by the NY Times and other major news outlets in the USA following an announcement by the United States Department of Justice (DOJ) that it is investigating a criminal action against the Dole Corporation. The DOJ states that Dole Corporation knew for over a year and a half prior to a salad production plant’s closure and a product recall in January 2016 due to Listeria contamination, that the plant and its product were contaminated. These facts were known as early as July 2015 and led to an investigation that began in September 2015. In spite of the fact that 40 people had become ill and 5 had died, Dole did nothing until the US and Canadian governments traced the tainted product to the Springfield, Ohio production facility. Only then was the plant closed. Dole has had problems such as this in the recent past and clearly has learned nothing from its history.
This paper seeks to analyze the organizational culture of Dole, attempts to answer why the company would not act in a timely fashion to protect end-users and even those involved in salad production, and the impact of criminal actions against the company for deliberate intentional negligence and wrongful death. The paper concludes with an examination of corporate social responsibility and makes suggestions as to how Dole should proceed about rebranding itself in order to regain consumer trust.
**Exploring Ethical Awareness in Business: Global, Local, Or Business?**

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**ABSTRACT**  
Views of ethical practical can vary by the moral and ethical frameworks adopted and across times and situations. In a world of interconnected businesses, however, consensus on international norms, applications of contracts and treaties, and inter-personal obligations are the subject of much research and discussion. Understanding how managers perceive and understand ethical dimensions and priorities is complex. There are a variety of issues and approaches which have been undertaken in order to test various theories and gain some clarity on the underlying attitudes and priorities of individuals in varying country and cultural contexts. This research extends the PRESOR based investigations by examining both country and within country differences in ethical perceptions based on one underlying value difference shown to have a strong relationship to views on ethics and the role of business.
1.4.C. Accounting
Session Chair: Jay Kang, San Francisco State University, California, USA, jkang@sfsu.edu

Developments in methodologies for assessing internal control system. Evidence from Comprehensive Assessment Model (CAM) by Italian listed companies
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Abstract
The goal of this research is to analyze the evolution of the effectiveness of the internal control system (ICS). The ever more complex enterprise system has increased the importance of internal auditing within business organizations. The content and operating procedures of the ICS are constantly evolving to meet the changing needs of management to adapt to the relevant regulations and to the changing socio-economic scenarios. The internal auditing (IA) function is so often operating in a context of change-management, which changes both the stakeholders and their expectations, both business models. In such environments is essential certify the costs and benefits concerning the operation of SCI its effectiveness and especially also its contribution to creating value. The research focuses on the analysis of the main methods developed in the literature to evaluate the effectiveness of the ICS especially with particular reference to the Comprehensive Assessment Model (CAM). This is a recent methodology published in May 2014 by the Institute of Internal Auditors (IIA) can provide a guarantee based on the evaluation of the integrated control, the risk management processes across the business and considering the objectives of the government through a unified valuation approach.
Integrating Operating Risk & Profitability in Fixed-Cost Spending Decisions & Evaluation

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ABSTRACT
In my survey of 15 American managerial accounting textbooks, I find their cost-volume-profit analysis chapters (1) offer the operating leverage (OL) and the safety margin ratios (SMR) of a business firm as quantitative expressions of operating risk, but (2) fail to fully elaborate on the mathematical properties of these measures, and (3) also fail to integrate these risk measures in strategic spending decisions. Then, I examine the quantitative dimensions of operating risk. My findings are: (a) these two operating risk measures are mathematical inverse to each other; (b) a firm’s ratio of total fixed cost (TFC) to its total contribution margin (TCM) determines the degree of operating loss exposure (DOLE) which is a direct measure of operating risk; and (c) A risk-integrated decision or evaluation on strategic fixed-cost spending initiatives need to focus on both the profit return rate (P/TFC) and the operating risk rate (DOLE) from those spending initiatives. The computed profit-to-risk gap can indicate the degree of success or failure of operating-risk management. The DOLE and P/TFC rates of a firm are expected to be in their long-term equilibrium at 0.618033956, if the firm is pursuing a long-term sustainability.

Keywords: Operating leverage, safety margin ratio, operating loss exposure, and profit return on fixed cost, risk and return equilibrium
Why Do We Switch to Mobile Payment Service? An Empirical Analysis in Korea

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INTRODUCTION

With the rapid development of information and communication technology, smart phone has become an essential element in our life. As the market for smart phone matures, various innovative services using smart phone are introduced in the areas of home electronics, health care and farms. A new service is introduced in financial industry. Fintech, an innovative service in financial industry, became possible from converging IT technology and finance services. The primary functions of Fintech are electronic payment, financial management, capital transfer, crowd funding and etc. These new financial services are facilitated through the wide-spread usage of smart phones. Among the various services based on Fintech, we focus on mobile payment system in this paper.

In spite of huge benefits from the payment by smart phones, this new service is still in its infancy. The aim of our study is to investigate what are the factors that influence consumers’ intention to switch from credit card/check card payment to mobile payment. Many past studies have dealt with the consumers’ adoption of mobile payment (Lee and Noh, 2009; Kim, Mirusmonov, and Lee, 2010). Our study will concentrate on analyzing what enablers and inhibitors influence their intention to switch from their current credit card/check card payment to a new mobile payment. We present our research model drawn from the past studies about the adoption of innovative IT services, and test it empirically by using PLS software.
Session 2.1.A. Continued


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BACKGROUND AND PROBLEM STATEMENT

Many foreign observers see Cuba as an island “frozen in time,” (PBS, 2015). Such a characterization often evokes a mixture of romanticism and criticism. As Jeffrey Brown of PBS reported from Cuba in 2015: “It’s visually stunning, the layers of time all there before you in Havana’s crumbling buildings. With so few vehicles, it’s an easy city to move through. And those 1950s cars, of course! The “frozen in time” feel – all real. It’s fascinating to be in a commercial-free zone – no chain stores, no ads, few signs – without the visual clutter of so much of our lives.”

It all rings true if we focus only on the dilapidated structures along the famous el Malecón or on numerous billboards carrying pictures of Castro brothers, sometimes surrounded by Nelson Mandela or Hugo Chavez – dotting Havana streets. Yet plenty has changed in Cuba. A third-world country with first-world problem (Table 1), Cuba has been through significant transformations recently. After becoming Cuba’s president in 2008, Raul Castro brought about a series of political and economic changes in order to downsize the public sector, allow sale of real estate and cars, and promote entrepreneurship in several areas: e.g., shoe repair to souvenirs to pizza stands. After years of dormancy, Cuban entrepreneurship seems to be humming with excitement. Laws governing entrepreneurship were liberalized in 2010, allowing the hiring of employees. Although its private sector is slowly expanding, the absence of strong state support causes a part of it to grow in the shadow economy. This absence is glaring in the information, telecommunication, and entertainment sectors which are still heavily controlled by the state. Yet the consumers and entrepreneurs have proven innovative by skirting the censorship laws and other restrictions. In that sense, Cuba has made enormous strides – although illegally, yet under Cuban government’s indirect acquiescence.
Maslow and EWOM: Explaining motivations of Mexican Facebook users to share viral videos

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ABSTRACT
Organizations continually seek new ways to achieve competitive advantage and word of mouth (WOM) trough Social Network Sites (SNS) such as Facebook, represents such an opportunity because it has a powerful influence on consumers’ attitudes and behaviors. However, prior research on motivations behind propensity of users to send viral messages is scarce at the most and almost null in Latin-American countries like Mexico. The present study aims to investigate the motivations that trigger people to offer eWOM videos on SNS. Survey data from 203 participants who are active users of SNS were analyzed using structural equation modeling. The study findings indicate a positive relationship between the independent variables enjoyable escape, sharing view points and social standing with the dependent variable propensity to share videos on Facebook, sharing view points and enjoyable escape being the most important motivations affecting attitude towards viral marketing. The results of this exploratory investigation are of current interest particularly for advertising and marketing. Nowadays, it is a key to encourage word-of-mouth communication to spread information about products and/or brands. Knowledge of motives for viral sharing will contribute to the more effective development of strategic communication campaigns on the Web.

Keywords: Viral Marketing, ewom, motivations, FACEBOOK
2.1.B. Economics 2  
**Session Chair:** Christian Arndt, Nürtingen - Geislingen University, Nürtingen, Germany, [christian.arndt@hfwu.de](mailto:christian.arndt@hfwu.de)

**Quality of Life across the World’s Countries: Findings from a New Worldwide Societal Measure**

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**BACKGROUND**

Quality of life, wellbeing, and happiness have always been subjects of study for economists. Since the 19th century, economic approaches have generally taken the form of utility-maximization studies, but more recently economists, in line with the rest of the social science, have started to look deeper into these concepts. Today, the study of happiness is among the research areas of most rapid growth in the social sciences (Sáiz-Álvarez, Martínez, and Martínez, 2014). MacKerron (2012) finds that in the economic literature alone articles researching the often interchangeably used concepts of happiness, wellbeing, and quality of life (QOL) increased tenfold between 2003 and 2009. Following Diener (2000) and Costanza et al. (2007), researchers have increasingly called for a consolidated, macro measure to better gauge, compare, and contrast quality of life (QOL) in different countries. For example, Stiglitz et al. (2009, p. 6) argued, “the time is ripe for our measurement system to shift emphasis from measuring economic production to measuring people’s wellbeing.” Although a consensus measure of QOL across societies has not yet been established, attempts are being made by agencies in the governmental sphere to use QOL research to inform policy with the aim of improving overall societal wellbeing. An example of this is the United Kingdom’s recent efforts to measure national and personal wellbeing through the Office for National Statistics (Office for National Statistics, 2014; Dolan et al., 2011).
Session 2.1.B. Continued

Effect of socio-economic diversity on academic performance
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ABSTRACT
Este trabajo estudia el efecto de la diversidad socioeconómica en el aula, sobre el rendimiento académico de los alumnos que componen el curso. A su vez se examina la existencia de efectos diferenciados según nivel socioeconómico del alumno. Se implementan estimaciones con datos longitudinales que incorporan efectos fijos a nivel de individuo y escuela. Esta metodología y la inclusión de variables no consideradas previamente en la literatura, permiten sortear los problemas de identificación que enfrenta una investigación de este tipo para el sistema educativo chileno. Los resultados dan cuenta de un efecto promedio positivo asociado a la diversidad que es pequeño, pero robusto y estadísticamente significativo en todas las estimaciones.
Innovation for Sustainability – An Intercultural and Interdisciplinary Summer Course Based on the Method of Research-Lead Learning

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ABSTRACT

During the summer course „Innovation for Sustainability“ (IfS) students from different cultural and academic backgrounds convene and are faced with the challenge to engage creatively with current social, economic and environmental problems and questions in heterogeneous research teams. Four years of experience with conducting this format demonstrate in an appealing manner that the didactical method of research-based learning is suitable for summer schools. A summer school can motivate students and expose them to intensive learning experiences while the method of research-based learning enhances cognitive skills through their engagement with relevant contents. Its intercultural setting provides students with opportunities to acquire pivotal extracurricular skills for their future practical business careers.

The gap between theory and practical business is bridged by actively involving companies and trainers into the summer school. An intensive exchange of experiences in an international environment is guaranteed as the group consists of members of different cultural backgrounds and nationalities.
Eco-Friendly Packaging – A Consumer Perspective
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ABSTRACT
Growing waste production with roughly one third coming from packaging is one of today’s environmental threats that need to be dealt with. In order to find out whether consumers can make a difference with focusing (more) on eco-friendliness of packaging in their buying decisions, it is crucial to know how consumers define eco-friendly packaging and how they determine whether a packaging is eco-friendly or not. Knowledge on consumer behavior at the point of purchase is important for manufacturers, retailers as well as governments and NGOs. Results of our survey with more than 3,000 consumers in seven countries are an essential contribution to fill the research gap.

Keywords: Sustainability, Waste, Packaging, Environment, Consumer Typology
Session 2.2.A. Continued

Adaptation Needed: Eye-Tracking Study of Cross-Cultural Differences in Perception of B2B Websites

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ABSTRACT
It has been widely acknowledged that products, services as well as marketing communications need to match the taste of local markets, even in globalized industries. So far, the theme of website adaptation has been largely limited to translation and language issues. For B2B industries in particular, it seemed that customers tend to be more homogenous globally and lower degree of adaptation might be sufficient. The study contributes to the discussion about the need for website adaptation for globalized industries. The study depicts differences in perception of visual attractiveness of B2B websites across international audiences. The study observes this phenomenon in cross-cultural context utilizing eye-tracking.

A series of experiments was conducted with 2 groups of relevant audiences: Russian and German speakers. Experiments include the combination of survey and eye-tracking study during which participants were evaluating the aesthetical characteristics of different B2B websites for global players targeting German-speaking and Russian-speaking audiences. Experimental data was analyzed and significant conclusions were drawn. The data analysis has provided an opportunity to observe various differences in on-line behavior, general aesthetical preferences and an overall manner of judgment. Certain differences were noticed in a visual behavior of participants. Results of eye-tracking experiments showed, that on average both cultural groups have the same number of gaze paths per web-site session, however the amount of areas of visual concentration per web-site differs. Thus, German-speakers have on average more areas of concentration per website, than
Russian-speakers. In certain cases these areas differ in its position.
In addition, it was shown that German-speakers change their initial judgment of website attractiveness rarely, than Russian-speakers do. German-speakers have a certain tendency to value the website that has been representing a company from their country of origin. Differences in overall evaluation and perception of attractiveness were identified as well. Thus, Russian-speakers perceive a website with a clear and simple layout to be rather attractive and trustworthy, meanwhile German-speakers gave their preference to websites that are innovative in design and are interesting context-wise.
Study resulted in several managerial and academic implications. First, experimental models that were used during the study have shown their efficiency in the given context, and could be recommended for further research in a field of cross-cultural web-design. Moreover, the study results could be applied in a business context, namely in the field of B2B website design. The research outcome can provide a ground for consideration during the process of website adaptation for a different country or language.

**Keywords:** B2B websites, eye-tracking, cross-cultural studies
Session 2.2.A. Continued

Perceived Shopper Value for Consumer Beverage and Common CPG Products in Different Store Formats in the U.S. and Two Central European Countries
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BACKGROUND / PROBLEM
Obtaining value is a fundamental consumer goal in shopping. Consumer perceptions of value from products and the shopping experience are central to consumer re-purchase, satisfaction and loyalty. (Parasurman & Grewal, 2000; Jones, Reynolds, & Arnold, 2006; Davis, 2013) Key to the ability of both retailers and the companies that sell through them is how to create and deliver customer value. This research examines customer value for consumer products and three types of retail formats in three countries. It has been suggested that when measuring value that both functional value and hedonic value should be measured. For example, shopping has described as providing both task-related, or product-acquisition and hedonic value through responses evoked during the experience (Babin, Darden, and Griffin (1994). We will look at consumer perceptions of product and store format on a measure of total value.
Does Professional Investors Use Knowledge Performance Measures When Assessing MNE’s Knowledge Capital?
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BACKGROUND & PROBLEM STATEMENT
Our study examines international investments analysts’ decision choices when faced with different types of information that can be used in assessing the attractiveness of stocks of multinational firms. In particular, we are interested in understanding whether investors mainly use traditional financial information or explore untraditional information as part of their decision-making. The non-traditional information reflects the value of firms’ knowledge assets such as their brand names, patents, software, people teams etc. Knowledge assets of this kind often are not accurately reflected in financial statements.
In fact, a contemporary report that stated between 1978 and 1998, the non-book value of all organizations rose from 5% to 72% of market value.
Moreover, international investments firms also suffer if they are not able to incorporate relevant information on multinational firms’ knowledge assets into their investment analysis. Their investment strategies may not accurately reflect multinational firms’ rent generating potential. In fact, it has been argued in the literature (Eden, 2009) that many MNE’s makes extensive use of internal capital markets because external investors are not able to correctly assess the investment decisions of MNEs. The literature on internal capital markets points to the asymmetric information between investment bankers and the firms with respect to e.g. firm competencies and other types of knowledge assets as an important cause of the limited effectiveness of firm-external capital markets compared to the firm-internal capital markets.
However, firm-internal capital markets are limited in their ability to raise capital. This makes MNEs interested in improvements in the effectiveness of external capital markets. Likewise, investment bankers should be interested in improving the effectiveness of these markets as firm-internal capital markets is a substitute to the external capital markets where they do their business.
A Discussion on the Quality of Publications in Business and Economics
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ABSTRACT
The objectives of this study are (1) to describe journals in business and economics according to three quality categories, and (2) discuss potential implications of this categorization for both faculty and university administrators. Three journal tiers are discussed: (a) top quality journals, defined as those included in Thomson’s Web of Science or Elsevier’s Scopus, (b) predatory journals, as defined by Jeffrey Beall, a librarian from the University of Colorado at Denver, and (c) good journals, defined as those not included in the other categories and recognized as legitimate journals by peers within the discipline. Potential implications include the distortion of research productivity incentive programs and the demoralization of the faculty due to the establishment of unattainable research output objectives by university administrators, among others.
Session 2.2.B. Continued

NFL 2010 Rule Change Impact on Team Performance and Revenue

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ABSTRACT

This study analyses the effects of the NFL rule changes implemented in 2010 on passing efficiency and risk. We then analyze the effects the changes in efficiency and risk had on points scored. Also analyzed is the relationship between passing and winning games. We find that the 2010 rule change improved efficiency and lowered risk in pass plays. We also find that there is a negative relationship between teams that pass more than 50% of the time and game wins; furthermore, on average, teams that increased their passing rate after the rule change suffer a decrease in wins at about 1 win for every 4.97% increase in passing rate for an average loss of $30.22 million per game.

Keywords: NFL, FOOTBALL, PASSING, GAME WINS, REVENUES
Background and Objectives

In 1992 the three countries of North America signed a comprehensive free trade agreement, the North American Free Trade Agreement (NAFTA), which entered into force on January 1, 1994. This was the first free trade agreement between industrially advanced countries and a less developed economy. NAFTA has been vilified by certain politicians and nongovernmental organizations as being harmful to the countries involved. The alleged deleterious effects of NAFTA have been used repeatedly as arguments against proposed trade agreements such as the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership.

This paper will provide a careful analysis of NAFTA’s operation and effects during the twenty-two years that it has been in effect. Based upon this analysis, shortcomings in the operation of the agreement will be identified. Consideration will be given to how the agreement might be modified to remedy the shortcomings, and how they may be avoided in future agreements. In view of changes in the world economy during the past two decades, new trade issues have come to the forefront that were not adequately addressed in NAFTA. Suggestions will be made for how such issues may be most suitably addressed.
Evolution of International Trade Mexico –United States of America NAFTA–TPP: Challenges and Opportunities
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ABSTRACT
The trade relations between Mexico and the United States of America (USA), regulated mainly by the North American Free Trade Agreement (NAFTA), have experienced legal and economic changes, positive and negative for both states, which are reflected in economic data which would be analyzed in conjunction with the legal sources that promote and develop the commercial policy of the states. In this context, US trade policy has been the main promoter of global and regional free trade in the last 60 years.
At the regional level, NAFTA has been the legal framework that has allowed the creation and consolidation of several productive sectors in the region of North America, including Canada. Mexico, despite being a large recipient of US foreign investment and its main trading partner is the US, fails to break the developing country barrier, so the current context of regional negotiations such as the Transpacific Agreement are interesting to incorporate new themes and actions that seek to achieve a regional free trade project that allows to improve and maintain, the economic and social development of the participants.

Keywords: North American Free Trade Agreement, Trans-Pacífic Agreement, Bilateral Trade Relations.
Session 2.2.C. Continued

Traditions and Behavioral Factors as the Main Sources of Political Turmoil and Socio-economic Underdevelopment in the Countries of the Greater Middle East

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BACKGROUND AND PROBLEM STATEMENT

The petrodollars received by oil producing countries of the Greater Middle East since the early part of the past century could have potentially improved the economies of these nations and modernized their societies beyond imagination. Economic development specialists regard reaching some goals such as higher growth rate of real output, less chronic inflation, Improvements in education and healthcare services, greater diversity in the economy and in exports, greater equality in the distribution of income, larger participation of women and minorities in economic activities, greater participation of the citizens in decision making and political process, and lower unemployment rate as indications of economic progress or socio-economic improvements in a developing country. The purpose of this paper will be to evaluate the relative success of the Oil-Producing Countries of the Middle East in achieving the above socio-economic goals within the context of huge inflows of petrodollars into their countries that was continuing until recently when the price of oil had dropped sharply to place these countries in an awkward situation. Through analysis of data from this region and other areas of the world the author of this paper will tend to obtain convincing evidence in support of the view that the oil-exporting nations have, for the most part, wasted the abundant and extremely valuable foreign currencies that they have received for the past several decades.
2.3.A. Economic Analysis

Session Chair: Carlos R. Pitta, Universidad Austral de Chile and University of Florida, cpitta@ufl.edu

Analysis of subsistence and well-being strategies through a model of household economics in the Tlacolula Valley of Oaxaca State, México

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ABSTRACT
Survival and welfare strategies of rural households are analyzed using the model of rural household economies (MRHE). Three localities of the semiarid valley of Tlacolula located in the Central Valleys region of Oaxaca state, Mexico were selected. Equations of MRHE were constructed by regression of ordinary least squares. The information on variables was obtained through a probabilistic household survey. Thus, it was possible to measure the impact of these variables on household wellbeing. The results show that households in this valley are looking to diversify their income through several local and regional economic activities to increase wellbeing level, according to the availability of resources at household and the community. International migration and government transfers are the main sources of exogenous income that allow increase in household wellbeing. In addition, households invest in small family businesses whose net income contributes to the household income. Collection and hunting are part of the lifestyle of households that have survived since prehistoric times; these activities also represent additional sources of income.

Keywords: MODEL OF HOUSEHOLD ECONOMICS, SUBSISTENCE STRATEGIES, WELLBEING STRATEGIES
ABSTRACT
In the field of microfinance, it is of constant concern the high cost of financing microentrepreneurs. This article is intended to, address the costs of microcredit in Colombia in relation to some countries in the context of Latin America, in order to identify the factors that determine the level of interest rates. This paper is divided into three parts: The first part refers to the regulatory framework of Colombia in relation to interest rates of microcredit, where a pattern of stops is evident in interest rates of microfinance, which is a rigid structure capital costs, a situation that can lead to inefficiencies in the system. The second part focuses on an analysis of behavior in the periods between 2010-2015 in relation to other market interest rates. This analysis allows us to note that microcredit in Colombia have reached levels of coverage and depth in relation to other forms of credit, such as commercial and consumer. In addition, aspects such as market size and an approach to the concept of risk, through the delinquency rate are examined. And finally in the third part to comparison with other countries in the context of Latin America from the work done by the Economic Commission for Latin America and the Inter-American Development Bank in order to conclude with the costs of microcredit is done in the system of financing the microfinance industry.

Key words: Costs, micro-credit, late payments, interest rate risk
ABSTRACT
The Nopal (cactus) or “Nopalito” is one of the Mexico’s most emblematic crops, its production takes place in areas that are unsuitable for other crops and their products are part of the typical Mexican cuisine. The aim of this work was to determine the economic and financial viability of representative nopal (cactus) farms. Two Representative Production Units (URP) of one hectare, technologies conventional (CMNP01) and Good Agricultural Practices (GAP) certified (CMNPP01), in Milpa Alta, Mexico City, were modeled. The fieldwork was conducted in June-July 2016, using the producer panels technique, technical and economic information was gathered. Based on the methodology developed by the American Association of Agricultural Economists (AAEA), revenues and costs were estimated. This information was used to estimate financial and economic viability, and net cash flow. The two URP are not viable in economic and financial terms. The GAP increases costs of production (24 %), without impact on the selling price. The economic and financial situation of the certified URP is more vulnerable. Both URP faces viability problems who risk their permanence in the market. Results are indicative of the economic viability of similar URP, in the studied region.
BACKGROUND
On Sept. 8, 2016, media reports revealed that Wells Fargo, a prominent San Francisco-based financial services institution, settled charges alleging that its employees created and operated about two million fictitious/unauthorized customer accounts, which allowed them to meet sales targets and earn bonuses. The company stated that its subsidiary Wells Fargo Bank will pay $185 million in penalties after an audit found that the bank used such predatory, illegal sales practices since 2011; the bank has denied allegations that the creation of these accounts was “orchestrated” at the top management echelons of the company for the purpose of extracting millions in fees to boost its performance (Anonymous 2016; Kasperkevic 2016d).

Wells Fargo’s business model—based on aggressive sales tactics—has raised concerns in the past: former employees have publicly denounced, for instance, the pressure applied to personal bankers to cross-sell various bank products and services, including new deposit and credit card accounts, insurance, etc., to customers irrespective of whether they actually needed/wanted them. The bank’s—now infamous—mantra “eight is great,” suggesting that employees were expected to push customers to sign up for eight such products, has been cited as indicative of its troublesome incentive structure and the unacceptable institutional ethos prevailing in the retail division (Cowley 2016; Kasperkevic 2016d).

SCOPE OF PAPER—This paper focuses on the crisis communication management aspect of the recent Wells Fargo bogus accounts debacle. Drawing on the existing marketing and public relations literature, it seeks to provide an early assessment of how successful or not the bank’s management was at dealing with
the fictitious accounts scandal in order to minimize potential harm to both its short-term performance and long-term reputation, including possibly lasting damage to one of its most precious assets, the venerable Wells Fargo brand.
Ecuadorian Banking industry: is a hostile environment coming?
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ABSTRACT
This case illustrates how the banking industry anticipate strategies to face a hostile environment lead by a powerful political figure, the president of Ecuador, Rafael Correa. Correa, who was former Minister of Economy in 2005, declared that banks will have to eliminate fees and reduce financial costs paid by customers because they are "fleecing" people. After the deep financial crisis on 1999, the levels of profitability of banks had grown steadily. Ecuadorians still remembered with sadness the called “bank holiday” and freeze bank accounts that pulverize their savings on the local currency Sucre. The banks were considered the "bad guys". After 2000 the profitability of banking industry started to recover from negative to positive. On 2006 the ROE was over 23% being commissions’ loan portfolio an important component of income. The case figures show the income composition from 2002 to 2006 and also the most important financial ratios of the banking industry.

Roberto, a Personal Banking Manager of one of the largest banks of Ecuador, was wondering what to propose next Monday on the weekly committee lead by the CFO and where most of the managers participate. Do Banking Association may play an important role in order to defend the stability of the banking industry? Is this an opportunity to take advantage from the other competitors?
What strategies could propose as banking industry to face this hostile environment? Do they have to rethink a new model to improve their bottom line?
Session 2.3.B. Continued

An Integrated Case for Finance, Management, Marketing, Strategy and Sustainability Issues: Good ‘Ol Camp Teddy

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ABSTRACT

Camp Teddy was founded by a family that believed in the benefits of outdoor living for families on vacation in the tradition of Theodore Roosevelt. The Camp was founded by a family in 123 acres of land with a beach and docks for boats on a large freshwater lake with very pure water in Northwest Connecticut with a several hour drive from Westchester and Connecticut suburbs of New York City. The family financed much of the improvements consisting of cottages that would sleep 2 to 12 persons and other necessary buildings including a large dining hall and other buildings suitable for families and for groups of people from 30 to 350 people. Funding to purchase the land and to construct the buildings in the early twentieth century was provided by the founding family who issued shares of stock to family members and to families who bought some of the stock. Today 700 of the 1,000 shares are still owned by members of the founding family and the other 300 shares are owned by others, who mostly hold one or two shares of stock.
2.3.C. Management 2

Session Chair: Barbara Igel, Asian Institute of Technology, Pathumtani, Thailand, igel@ait.asia

Private and Public Sector Collaboration: Electric Car Sharing and Marketing in New York, Medellin and Indianapolis

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ABSTRACT
This paper examines the possibility of establishing an electric car-sharing program in New York, of the type that the French firm Bolloré articulated in France (Autolib) and in Indianapolis (Blue-Indy). It examines the current role of electric vehicles (EVs) in the global automobile industry. It explores how New York State and New York City policies could work in favor or against the establishment of a car-sharing program. This paper also discusses the product life cycle and rate of adoption for environmentally friendly vehicles and green marketing programs. It presents the opinions of energy and sustainability experts on electricity supply. Finally, this paper considers how an electric car-sharing system could fit into the ongoing reconfiguration of New York City’s Metropolitan Transit Authority, establishing a comparison in this regard to Indianapolis and Medellin.

Keywords: battery, car-sharing, EV (electric vehicle), public transport, energy, marketing, new product development, product life cycle, adoption curve, green business.
Mexican floriculture at the dawn of the twenty-first century: its position and dynamism in international markets

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ABSTRACT
At the end of the 20th century, in Mexico we searched for profitable economic activities in the agricultural sector, since traditional and with low productivity crops did not allow for improvements in rural areas. Floriculture, especially South of the State of Mexico, Morelos, Puebla and Mexico City, are encouraged to increase incomes of producers inside and outside the country. The trade outside of the floriculture has been reduced as is exported around the ten percent of it cultivated. Thus, the objective of this document is analyze the position and the dynamic of the floriculture Mexican in them markets international. The theoretical reference in international trade is based on the analysis of the dynamics of Mexican floriculture in international trade, in particular in economic openness, concentration of trade and complementarity. The methodology consists in the calculation of indicators to determine the situation and the changes of Mexico in the market international of the floriculture. Results indicate that there is a moderate level of opening economic of the sector, there is concentration of the trade Mexican as is high with United States (reflects a low diversification) and the complementarity is low. The conclusion is that international trade in Mexican floriculture is irrelevant in the international market and is concentrated in the United States.

Keywords: Mexico, floriculture, indicators of international trade
Session 2.3.C. Continued

A Reliable Measurement Scale for Benefits of Enterprise Resource Planning (ERP)
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ABSTRACT
Purpose - Challenges to validate the benefits of Enterprise Resource Planning (ERP) have increased with recent system extensions to the internet. We address this by developing a scale that can measure business benefits of the extended ERP system also from external stakeholder perspectives such as customers, suppliers and subcontractors.
Design/methodology/approach – A pilot questionnaire survey with 85 service and manufacturing companies identified the scope of ERP adoption in Thailand, followed by the main questionnaire survey of multiple respondents in ten leading ERP adopter firms. Cross validation through four in-depth case studies among the ten firms using a qualitative scale and Cronbach’s alpha confirmed reliability of the composite measurement scale that integrates quantitative and qualitative dimensions of ERP benefits.
Findings - Factor analysis of survey data confirmed four groups of ERP business benefits, namely efficient process, flexible process, market performance and delivery performance that are largely in line with other studies. The measurement scale and items, however, required substantial modification before a composite scale with both quantitative and qualitative dimensions emerged that can capture business benefits for the firm of an ERP system.
Research limitations/implications - The scale construction is entirely based on data from large Thai manufacturing and thus may not be applicable in other countries or industries without some adaptation
Practical implications - This scale greatly improved not only consistency and thus reliability of measuring ERP benefits post-implementation but can also be used by corporate IT managers to pre-examine factors before adoption that may have an impact on ERP the implementation process.
Originality/value - Limited empirical research on measures of ERP in general and particularly outside the western world has created significant interest in the challenges and benefits of adopting ERP in other regions of the world. This study contributes by adding empirical findings from an emerging economy in Asia about a robust and reliable measurement scale that is valid and useful for capturing ERP business benefits despite the cultural differences and additional difficulties caused by inadequate IT infrastructure, human resources and lower IT maturity.

**Keyword**: Enterprise Resource Planning (ERP), Benefits, Value Measurement, Survey Case Research, Thailand
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