ABSTRACTS

1. ACCOUNTING INFORMATION SYSTEM COMPETENCIES IN FIRMS: A CONCEPTUAL MODEL

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ABSTRACT

Business organizations can no longer rely on human and material resources. Now they require information as evidenced by the current global information revolution. Particularly, accounting information has an increasingly important role in the process of managing an enterprise’s activity in preserving valuable resources. In the last ten years the world has intensely implemented accounting information systems in large industrial and small trade enterprises. Recently, implementation also started in general, state institutions and import-export enterprises. However, in general the area of research in accounting information systems still has the perspective that is focused on the what and how factors of effectiveness. Little attention has been given to the consequences of accounting information systems. This paper proposes that accounting information system competencies relate to business innovation, and business innovation functions on decision making accuracy, internal control effectiveness, and cost management improvement. As a result of these competencies, the firm enhances its competitive advantage in the marketplace. Contribution and implications are also presented.

Keywords: Accounting Information System Competencies (AISC), Decision Making Accuracy, Internal Control Effectiveness, Cost Management Improvement, Competitive Advantage

2. PREDICTING THE LEVEL OF BANKS´ CUSTOMER TRUST FOLLOWING A BANKING CRISIS

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ABSTRACT

In October 2008 three of the biggest banks in Iceland collapsed along with the biggest savings and loans. Customer trust towards the banks was lost. This paper deals with the research questions, “Which factors predict the level of banks´ customer trust following a banking crisis?” and “Which factor is the most important in predicting the level of banks´ customer trust following a banking crisis?” The methodology is quantitative, in the form of a survey. The population of interest was customers of the Icelandic banks. A convenience sample was used. The findings show that six factors explain 76.7% of the variability in trust. The factor that is most important in predicting the level of banks´ customer trust is how well they thought they could rely on the banks to meet their expectations.

Keywords: Customer trust; Regression analysis; Banks; Banking crisis
3. A SMOOTH TRANSITION AUTOREGRESSIVE APPROACH TO INVESTIGATING THE MARKET TIMING ABILITY OF FUND MANAGERS

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ABSTRACT

We derive a logistic smooth transition autoregressive (LSTAR) beta process to replace the dichotomous beta of Merton (1981). Fund betas follow an autoregressive process and most managers switch from one autoregressive regime to another in response to movements in the market condition indicator. We model beta directly using realized monthly betas and apply the LSTAR model and associated nonlinearity testing methodology to the realized betas. A serially correlated beta series seems to suggest passive variation in the betas with transition from one regime to another in response to the market indicator. We find that most funds are well represented by the LSTAR form and that sixteen percent of the funds exhibit the correct adjustment in their exposure to the market.

Keywords: Market Timing; Logistic Smooth Transition Regression

4. MARKET INFORMATION EVENTS AND INFORMED TRADING

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ABSTRACT

New information attributable to changes in macro-economic fundamentals, such as the interest rate, the rate of inflation, the unemployment rate, industrial output, and GDP, affect the long-term prices of many financial instruments simultaneously, including corporate stock and bond prices. These market information events impact the present values of stocks, for example, by altering companies’ expected future cash flows and/or their discount rates. Furthermore, such events are more likely than not to lead to convergent trading activities in all stocks. For example, a fall in expected interest rates is more likely to prompt market-wide buying than selling, whereas a rise in oil prices is more likely to do the opposite. This study uses the Easley, Kiefer, and O’Hara (1997) approach to develop a model for estimating the probability of informed trading due to market information events. As an illustration, the study then estimates the model empirically for two companies to determine the pervasiveness of informed trading prompted by such events.

5. THE REALITY OF DIGITAL CURRENCY AS A FINANCIAL MEDIUM OF EXCHANGE

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ABSTRACT

This paper presents a discussion of the requirements for the long term acceptance of digital currency as a financial medium of exchange through the examination of fundamental criteria associated with common tender and the examination of selected digital currencies. According to the U.S. Treasury, digital currencies are subject to regulation if that digital currency has a substitutive purpose for facilitating exchanging goods and services (Financial Crimes Enforcement Network, 2013). Although governments can place stipulations on currencies, users of common tender, such as digital currencies, expect at least three basic privileges for a digital currency to evolve from conception to realization. First, a digital
currency must be considered intangible personal property similar to trademarks, copyrights, and patents. Second, ownership disputes must be subject to a system such as a Judicial Proceeding or Binding Arbitration to resolve property conflicts. Finally, a digital currency must be subject to similar regulation as other financial instruments (e.g., legal tender, scrip, and credit cards) used in facilitating exchanges.

**Keywords:** Digital currency, common tender, currency regulation, virtual currency, medium of exchange.

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### 6. CONSUMER CHOICE AND BANKRUPTCY: AN INTERRUPTED TIME SERIES APPROACH TO CHANGES IN FILING RATES

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S. Keith Lowe, Jacksonville State University, Jacksonville, AL, USA  
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**ABSTRACT**

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, known simply as the “Reform Act,” is the most significant bankruptcy legislation since the enactment of the Bankruptcy Code in 1980. It was designed to address perceived abuses by individuals of the consumer-bankruptcy system by reducing the number of Chapter 7 filings through dismissal or conversion of abusive cases to Chapter 13. The primary focus of this study examines what impact, if any, the Reform Act has had on the consumer-bankruptcy filing rate? This question is examined through an interrupted time-series multiple regression technique. Regression analyses were implemented using several predictor variables to detect any causation between Reform Act and their effect on the applicable dependent variable. Four dependent variables were employed: per capita total consumer-bankruptcy filings, per capita Chapter 7 consumer-bankruptcy filing rate, per capita Chapter 13 bankruptcy filing rate, and Chapter 7 consumer-bankruptcy filings as a percentage of aggregate consumer-bankruptcy filing rates. The results indicate that the Reform Act will not have a long-term impact on filing rates. Future research opportunities and potential policy implications are suggested.

**Keywords:** Consumer Bankruptcy, Bankruptcy Reform, Bankruptcy Code, Chapter 7, Chapter 13

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### 7. AUDIT PRACTICE EFFECTIVENESS, AUDIT QUALITY, AND AUDIT SURVIVAL: AN EMPIRICAL INVESTIGATION OF TAX AUDITORS IN THAILAND

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**ABSTRACT**

This study aims at investigating the influences of audit practice effectiveness and audit quality on audit survival of tax auditors (TAs) in Thailand. Audit practice effectiveness consists of best audit standard compliance, competent audit planning, efficient client communication, and audit report quality. It is hypothesized to become an independent variable of the study. Audit learning is determined as the moderating variable. Ethical awareness, audit experience, audit independence, and stakeholder pressure are assigned as the antecedents of audit practice effectiveness. Here, 146 tax auditors (TAs) in Thailand were chosen as the sample of the study. The results of OLS regression analysis indicate that efficient client communication has an important positive impact on audit quality and audit survival. Likewise, competent audit planning and audit report quality have a significant positive association with audit quality. Moreover, best audit standard compliance and audit quality have a positive relationship with audit survival. For the moderating effect of audit learning, it interacts positively and significantly with the efficient client communication relationship on audit quality. Besides, four antecedents have a partial positive influence on audit practice effectiveness. To outstandingly achieve more benefits of the
aforementioned relationships, future research is needed to collect data from different populations and/or a comparative population in order to increase the level of reliable results. A potential discussion with the research results is effectively implemented in the study. Theoretical and managerial contributions are explicitly provided. The conclusion, suggestions, and directions for the future research are included.

**Keywords:** Audit Practice Effectiveness, Audit Quality, Audit Survival, Ethical Awareness, Audit Experience, Audit Independence, Stakeholder Pressure

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8. **AUDIT CREATIVITY, BEST AUDIT PRACTICE AND AUDIT GOAL ACHIEVEMENT: EVIDENCE FROM TAX AUDITORS IN THAILAND**

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**ABSTRACT**

This study aims at investigating the relationship between audit creativity and audit goal achievement and also to investigate the antecedence and consequences of audit creativity of tax auditors in Thailand. Audit creativity consists of audit originality, audit fluency, audit flexibility and audit elaboration. In this study, 139 tax auditors in Thailand were chosen as the sample for the study. The results show that some dimensions of audit creativity have a significant positive association with audit goal achievement and best audit practice. Audit flexibility has a significant positive impact on audit goal achievement and best audit practice, while audit originality has a significant positive impact on audit goal achievement. In addition, it reveals that best audit practice has a significant positive effect on audit goal achievement. Moreover, audit expertise has a positive moderating effect on audit goal achievement and best audit practice. Additionally, the potential discussion with the results is implemented in the study. Theoretical and managerial contributions are presented. Future study needs to search for mediating variables and moderating variables and include them in the conceptual model in order to increase the contributions and benefits of the study. Likewise, it needs to collect data from other countries.

**Keywords:** Audit creativity, Audit Originality, Audit Fluency, Audit Flexibility, Audit Elaboration, Best Audit Practice, Audit Goal Achievement

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9. **ANTECEDENTS AND CONSEQUENCES OF INFORMATION QUALITY: AN EMPIRICAL STUDY OF PRINTING AND PACKAGING FIRMS IN THAILAND**

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**ABSTRACT**

The economic situation is highly competitive nowadays, including the quick changing, and development in many dimensions. The owner of a firm needs to adjust to support this kind of changing and competition to obtain the firm’s success and sustainability. For this study, we aim to test the effect of information quality (accuracy, relevance, timeline, and completeness) on decision-making effectiveness and firm success in the case study of 800 printing and packaging industries in Thailand using OLS regression. We have suggested four variables (best accounting practice, internal audit system quality, information reporting efficiency, and information management effectiveness) that would affect information quality. The results show that the relevance and timeline of information quality is higher, the decision-making effectiveness, and the firm success is better. While, the decision making effectiveness is also the positive related with the firm success. In addition, information reporting efficiency has a positive relationship with the accuracy and relevance. For the mediating variables, the accounting employee knowledge is positive moderated with the best accounting practice – timeline information relationship, internal audit system
quality – accuracy information quality, and internal audit system quality – relevance information quality. It is clear that the information management effectiveness has not any relation with all information quality. Likewise, the accounting employee knowledge will not moderate both of information reporting efficiency and information management effectiveness with information quality.

**Keywords:** information quality, Accuracy, Relevance, Timelines, Completeness, firm success, Decision Making Effectiveness, Best Accounting Practice, Internal Audit System Quality, Information Reporting Efficiency, Information Management Effectiveness, Accounting Employee Knowledge

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10. AUDIT MORAL REASONING OF CPAs IN THAILAND: AN EMPIRICAL INVESTIGATION OF THE ANTECEDENTS AND CONSEQUENCES

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Mahasarakham University, Thailand

**ABSTRACT**

The purpose of this study is to investigate the effects of audit moral reasoning, audit practice efficiency, audits quality, professional vision, ethics orientation, survival mindset and competitive pressure of auditors in Thailand. Audit moral reasoning focuses on four dimensions: innate ethical characteristic, professional virtue practice, ethical decision making, and decisive consequences awareness via the moderating effect on professional learning. The model is a trial using data collected from mail survey questionnaires of 164 auditors in Thailand who were selected as the key informants. The results show that dimension of audit moral reasoning is innate ethical characteristic and decisive consequences awareness have significant positive effects on audit practice and efficiency, but professional virtue practices and ethical decision making have no effects on audit practice efficiency. The relationships among the four dimensions of audit moral reasoning and audit quality show that innate ethical characteristic and ethical decision making have significant positive effects on audit quality, but professional virtue practices and ethical decision making have no effects on audit quality. The relationships among audit practice efficiency and audit quality have significant positive effects on audit quality. Moreover, the relationships among professional vision, ethics orientation, survival mindset, competitive pressure with four dimensions of audit moral reasoning, including, innate ethical characteristic, professional virtue practice, ethical decision making, decisive consequences awareness making, show that professional vision and survival mindset have significant positive effects on four dimensions of audit moral reasoning. Additionally, professional learning has an impact as it moderates the relationships among four dimensions of audit moral reasoning and audit practice efficiency. The results indicate that professional learning negatively moderates audit practice efficiency, including the impact of professional learning that positively moderates the relationships among audit practice efficiency and audit quality and the impact of professional learning that positively moderates the relationships among four dimensions of audit moral reasoning and audit quality. Theoretical and managerial contributions are explicitly provided. The conclusion, recommendations and trends for future research are suggested.

**Keywords:** Audit Moral Reasoning, Audit Practice Efficiency, Professional Learning, Professional Vision, Ethics orientation, Survival Mindset, Competitive Pressure, Audit Quality

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11. U.S. INFLATION AND ASSET RETURNS AROUND BUSINESS CYCLE TURNING POINTS

Sandip Mukherji, Howard University, Washington, DC, USA

**ABSTRACT**

This study documents abnormally high inflation and Treasury bill returns, and low returns on long-term corporate bonds, in the 6-month period before recessions. Large and small company stocks do not
anticipate recessions, suffering large losses in the first 6 months of recessions. Government and corporate bonds have abnormally high returns, anticipating expansions, in the quarter before they begin. Large company stocks anticipate expansions two months before they begin, but most of their abnormally high returns are in the first 3 months of expansions. Small company stocks do not anticipate expansions but provide abnormally high returns in the first 6 months of expansions.

**Keywords:** Financial Asset Returns, Business Cycles, Turning Points

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12. DETERMINANTS OF LOAN REPAYMENT USING DATA MINING TECHNIQUES

Abbas Heiat, Montana State University-Billings, USA
Rakesh Sah, Montana State University Billings, USA

**ABSTRACT**

This research uses data mining techniques to identify the factors that are relevant to determining loan repayments using data from over 1,200 small loans that were granted for a variety of purposes for the period 2006 to 2011 by a regional bank located in the United States of America. We use quarterly data to identify loans that were in default, and IBM SPSS modeler data mining software to isolate factors that seem to influence loan default.

**Keywords:** Data Mining, Loan default, Microloan Repayment.

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13. DOES CORPORATE GOVERNANCE MATTER IN WEAK GOVERNANCE ENVIRONMENT?

**EVIDENCE ON STOCK PRICE INFORMATIVENESS**

Liu Wang, Providence College, Providence, RI, USA

**ABSTRACT**

This study explores whether, and to what extent, internal corporate governance mechanisms matter in inducing more informative stock pricing in such an emerging market as China where external governance mechanisms are relatively weak. Empirical evidence indicates that insider ownership tends to discourage informed trading while board independence fosters the capitalization of value-relevant firm information. Earnings quality is found to have no significant impact on stock price informativeness. These findings suggest that emerging market investors tend to emphasize more on perceived corporate governance characteristics such as ownership structure and board composition when valuing stocks, while less attention has been paid on the level of corporate transparency and the quality of reported earnings.

**Key Words:** Stock Price Informativeness, Corporate Governance, Earnings Quality, China
14. THE ASSOCIATION BETWEEN DIVIDEND POLICY AND EARNINGS MANAGEMENT

Li-Lin (Sunny) Liu
Clark M. Wheatley
Farrukh Suvankulov
Mustafa Z. Younis
Xinmei (Lucy) Xie

ABSTRACT

Manuscript Type: Empirical

Research Question/Issue: This study explores the relationship between dividend policy and earnings management by using the cash dividend payout ratio as a test variable while controlling for factors associated with earnings management.

Research Findings/Insights: We find that conservative dividend policies are associated with higher discretionary accruals. We further suggest that firms are less likely to manage their earnings when financial leverage is high, there are outside blockholders on the board, and there is a larger fraction of the total payout issued in the form of share repurchases. Finally, the study also suggests that sectoral affiliation of the firm has a significant relationship with an amount of discretionary accruals.

Theoretical/Academic Implications: We use panel data and Hausman-Taylor panel IV procedure and report that conservative dividend policies are associated with higher discretionary accruals. In fact, by controlling unobserved heterogeneity and endogeneity of dividend payout ratio we are able to claim that relationship is causal in nature, a pivotal finding on its own given the discourse in existing studies.

Practitioner/Policy Implications: Dividend policy is generally deemed a critical tool for conveying information about firms’ future prospects to the capital markets - particularly with regard to valuation, reducing agency costs, and attracting new investors. Firms may thus be motivated to pay dividends even when internally generated capital is insufficient to meet company needs. Such firms may then be motivated to manage earnings so that their dividend policy does not appear inconsistent with their operating performance.

Key Word: dividend policy, earnings management, Hausman-Taylor IV, instrumental variable

15. AN EVOLUTIONARY METANORMS APPROACH TO COOPERATION WITH ACCOUNTING RULES

Elie Menassa, Notre Dame University – Louaize, Lebanon

ABSTRACT

The empirical study included in this paper is an experimental model based on Axelrod 1997’s metanorms game. It attempts to isolate mechanisms that might help to enforce accounting regulation and identify conditions that favor their development so that cooperation can be promoted. The case selected relates to the effect of cooperation factors upon the interaction between lenders-borrowers within a controlled environment, where the lending decision is at the core of the experiment. The results showed that defectors from accounting regulation can secure an advantage over the other players in the market if their non-compliance went unnoticed and that the supporting mechanisms as advocated by the literature, in particular, the reputation and the history of the player, the degree and timing of punishment, as well as the nature of the game (one shot versus repeated), play a major role within the co-operative decision making process. Moreover and on the general level, this experiment showed that game theoretical models can be used to explain compliance/defection behaviour in accounting choices and that, subject to the
measurement problems, this method can be used to provide a framework for assessing the economic consequences of accounting policy choice.

**Keywords:** Accounting Regulation, Enforcement, Compliance, Norms, Metanorms

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### 16. LONG-RUN OPERATING PERFORMANCE OF QUALITY CERTIFIED FIRMS

Eurico Ferreira, Indiana State University
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**ABSTRACT**

With a large number of US firms, obtaining the ISO 9000 quality certification, we investigate the impact of the certification on those firms’ operating performance. The data used in this study is from the ISO 9000 Registered Company Directory – North America CD published by the McGraw-Hill Company, and includes 397 firms in 36 industries. Our results indicate the most benefits occur before certification.

**Keywords:** ISO9000 quality certification, Industry-adjusted and matched-adjusted operating performance, and control firms. JEL classification: G32, G33, G34

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### 17. CULTURE, LAW, AND BUSINESS

**BRAZIL’S CLEVER DODGE WAY OF ACCOMPLISHING WTO AND MERCOSUR RULES**

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Wilson Almeida, Universidade Católica de Brasília (UCB), Brasilia, Brazil
Tâgory Figueiredo, Universidade Católica de Brasília (UCB), Brasilia, Brazil
Rafaella Barros Barreto, Universidade Federal de Goiás (UFG), Goiania, Brazil

**ABSTRACT**

Based on Zimmerman (2012) approach on the anthropological concept of “jeitinho brasileiro” (Brazilian society clever dodge way), this study focuses on the potential relations between three elements: the Brazilian “jeitinho”, Mercosur and World Trade Organization (WTO)’s constraints over Brazil’s international trade; and the domestic fiscal practices used by the emerging Latin-American country to escape from the barriers and obstructions placed in its path by Mercosur and WTO’s international economic law. This article key argument is that Brazil’s repeated domestic tax decrease for some non-competitive group of products or for a set of inefficient industries is in fact an instrument that has frequently been used as a tool by which government and Brazilian private sector can, first, avoid the many obstructions and barriers the complex WTO and Mercosur trade rules place in their commercial path and, second, keep the country old protectionist and nationalist commercial practices. This paper is divided into three parts. First, it focuses on Mercosur’s constraints on Brazil’s international trade. Second, it goes throw WTO’s restrictions over Brazilian global business. Third, it presents how Brazil has frequently used some domestic fiscal mechanism as a tactic to keep the country old protectionist and nationalist commercial practices.

**Keywords:** Economic International Law, Mercosur, World Trade Organization, Brazil
18. ACCOUNTING GOVERNANCE AND FIRM SUSTAINABILITY OF AUTOMOTIVE BUSINESS IN THAILAND

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Rodjarin Kulrisorn, Mahasarakham University, Thailand.

ABSTRACT

This study examines the association between antecedent and consequence variables on accounting governance of Automotive Business in Thailand. The questionnaire is used to collect data from 110 accountant manager. Stakeholder theory is utilized as the underlying theoretical framework of accounting governance. OLS regression is used for data analysis. The results show that moral attention and public orientation are positively and significantly associated with accounting governance. Moreover, accounting governance is significant and positive with stakeholder trustworthiness. Finally, accounting governance and stakeholder trustworthiness have positive effect on firm sustainability. Contributions and suggestions for future research are discussed.

Keyword: moral attention, public orientation, accounting governance, stakeholders’ trustworthiness, firm sustainability.