

Volume 6, Number 1

2006

**Allied Academies
International Conference**

**New Orleans, Louisiana
April 12-15, 2006**

**Academy for Studies in
International Business**

PROCEEDINGS

Volume 6, Number 1

2006

Table of Contents

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| CONVERGENCE IN MAJOR EURO-ZONE STOCK MARKETS: EVIDENCE FROM MONTHLY DATA | 1 |
| Stephen Caples, McNeese State University Michael E. Hanna, University of Houston at Clear Lake Grady Perdue, University of Houston at Clear Lake Matiur Rahman, McNeese State University | |
| FOREIGN DIRECT INVESTMENT INTO THE UNITED STATES, 1998-2004 | 3 |
| Amitabh S. Dutta, Columbus State University John Theis, Columbus State University | |
| INTEREST RATE PARITY AND OPPORTUNITY FOR COVERED INTEREST ARBITRAGE | 7 |
| Mohammed Ashraful Haque, Texas A&M University-Texarkana | |
| MACHIAVELLIANISM, FEAR OF SUCCESS, AND BIRTH ORDER: A PILOT STUDY OF THE CONTEMPORARY POLISH COLLEGE STUDENT | 9 |
| Harry A Harmon, Central Missouri State University Michał Baran, Jagiellonian University Piotr Stalinski, Central Missouri State University | |
| ASIAN COLLECTIVISM AND ETHICAL DECISION MAKING | 11 |
| Fuan Li, William Paterson University Leslie J. Vermillion, The University of the District of Columbia | |
| THE ASIAN FINANCIAL AND MEXICAN PESO CRISES: A DETAILED ANALYSIS | 17 |
| Balasundram Maniam, Sam Houston State University Steve Kutz, Sam Houston State University | |
| A REVIEW OF THE FINANCIAL MARKETS IN THE GCC | 19 |
| James Reagan McLaurin, American University of Sharjah | |
| THE CONSUMPTION REALITY OF MODERN RUSSIA | 25 |
| Nikolai Ostapenko, University of the District of Columbia | |

CHINESE ECONOMIC PERFORMANCE AND
CULTURAL DIFFERENCES IN ASIA:
A BEHAVIORAL LINKAGE 27
Dennis Pollard, California State University Fullerton
Peng Chan, California State University Fullerton
Vincent Dropsy, California State University Fullerton

THAILAND: SOUTHEAST ASIAN TIGER OR
HISTORICAL UNDERACHIEVER 29
Thongchai Srivardhana, Louisiana State University
John James Cater, Louisiana State University

A CROSS-CULTURAL CONTEXTUAL MODEL
OF WORK-FAMILY INTERFACES IN
MANAGING INTERNATIONAL ASSIGNMENTS 31
Nini Yang, San Francisco State University

CONVERGENCE IN MAJOR EURO-ZONE STOCK MARKETS: EVIDENCE FROM MONTHLY DATA

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ABSTRACT

This paper investigates whether the introduction of the euro as a common currency promotes integration among the major Euro-zone stock markets. To carry out this investigation, the dynamics of the stock markets of Germany, France and Italy are studied. Monthly data on stock returns from February 1994 through December 2003 are employed. There is some evidence of increasing integration among these markets. Presumably, the post-euro sub-sample period is too short to reveal a true extent of enhancing market integration.

FOREIGN DIRECT INVESTMENT INTO THE UNITED STATES, 1998-2004

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ABSTRACT

This paper examines the flow of international investment into the United States between 1998 and 2004. The impetus behind the paper was, given the terrorist act of 9/11 was such a significant event, what impact – if any – did it have on foreign direct investment into the United States (defined as inward FDI)? The data can be examined either annually or quarterly. Given the possibility that annual aggregation would lead to very few data points, the authors examine quarterly data. Inward FDI is reported by region and then by individual country. The quarter of 9/11/2001 is omitted as being the event defining quarter. In the dataset collected, there are 13 quarters pre- and post- the event quarter. At first glance, the world seems to have definitely lowered its FDI into the United States. However, further examination is needed to determine whether inward FDI to the United States post 9/11 has been significantly affected.

INTRODUCTION

The motivation behind this paper was primarily to examine whether the terrorist attack of September 11th, 2001, had had any negative impact on inward FDI in the U.S. If any changes are observed, while there may potentially be multiple contributing factors – one such could be that businesses are afraid of further terrorist activity within the United States.

LITERATURE REVIEW

There are few studies on inward U.S. FDI. Zitta and Powers (2003), in examining the motives for FDI in the U.S., report foreign companies arrive seeking either factors such as technology or skilled workforce or markets for either capital or products. Cooke (2001) examines whether inward FDI in the U.S. has been seeking union avoidance and reports mixed results.

Neither of the above studies actually examines changes in the level of FDI, which is the thrust of this paper.

DATA

The inward U.S. FDI data were collected from the Bureau of Economic Analysis (BEA) website, which is part of the U.S. Department of Commerce. Data for the seven years, 1998-2004, were tabled for analysis.

The data first shows the total investment by all regions and countries and then is broken down by region/country. Given the quarter of 9/11/2001 as the defining event quarter, there are 13 quarters following till December 2004. To have an equivalent period, the 13 quarters preceding 9/11/2001 are gathered for comparison. Table 1 has the country/region in column 1, followed by the pre-event 13 quarters average inward FDI in column 2 and the post-event 13 quarters average in column 3.

| TABLE 1: U.S. INWARD FDI 1998-2004 | | |
|--------------------------------------------|---------------------------|-----------|
| | QUARTERLY AVERAGE (\$ MM) | |
| | PRE 9/11 | POST 9/11 |
| All countries | 55072.83 | 19440.23 |
| By region/country | | |
| Canada | 4417.22 | 4076.85 |
| Europe | 44863.17 | 10200.54 |
| Austria | 47.67 | 98.08 |
| Belgium | 607.61 | -113.08 |
| Denmark | 60.22 | 254.54 |
| Finland | 408.56 | -136.62 |
| France | 6473.11 | 1676.77 |
| Germany | 6992.61 | 946.23 |
| Ireland | 808.50 | -484.08 |
| Italy | 228.44 | 56.62 |
| Liechtenstein | -1.88 | 3.69 |
| Luxembourg | 3998.67 | -2294.69 |
| Netherlands | 6267.67 | 1576.62 |
| Norway | 13.41 | 24.77 |
| Spain | 100.44 | 89.23 |
| Sweden | 840.11 | 272.38 |
| Switzerland | 2250.94 | 4325.00 |
| United Kingdom | 15039.06 | 2732.54 |
| Other | 352.25 | 1172.62 |
| Latin America and Other Western Hemisphere | 2284.17 | 1587.92 |
| South and Central America | 399.11 | 889.00 |
| Brazil | -46.83 | 85.46 |
| Mexico | 399.89 | 243.85 |
| Panama | 3.72 | 466.31 |
| Venezuela | 40.11 | 73.62 |
| Other | 2.06 | 19.46 |
| Other Western Hemisphere | 1885.11 | 698.92 |
| Bahamas | -1.78 | -25.27 |
| Bermuda | 885.67 | -846.92 |
| Netherlands Antilles | -239.63 | 38.31 |
| U.K. Islands, Caribbean | 1128.17 | 563.15 |
| Other | 26.06 | 723.82 |
| Africa | 62.89 | -101.00 |
| South Africa | 28.22 | -74.67 |
| Other | 34.89 | -32.15 |
| Middle East | 152.11 | 148.62 |
| Israel | 118.39 | 81.23 |
| Kuwait | 15.92 | 18.30 |
| Lebanon | 0.00 | -0.25 |
| Saudi Arabia | -14.38 | -70.00 |
| United Arab Emirates | -4.88 | 2.62 |
| Other | 1.62 | -7.00 |

| | | |
|------------------------|----------|---------|
| Asia and Pacific | 3293.22 | 3527.08 |
| Australia | 738.72 | 1181.23 |
| Hong Kong | -0.47 | 31.69 |
| Japan | 2047.61 | 2111.77 |
| Korea, Republic of | 107.29 | 13.85 |
| Malaysia | 2.61 | 1.00 |
| New Zealand | 17.41 | 23.45 |
| Philippines | -3.81 | 1.00 |
| Singapore | -31.44 | 79.77 |
| Taiwan | 33.11 | 12.15 |
| Other | 11.61 | 66.18 |
| Addenda: | | |
| European Union (15)/1/ | 42193.83 | 1434.30 |
| OPEC/2/ | 71.33 | 3904.50 |

RESULTS

The data in Table 1 is presented in millions of USD. The pre- and post- 9/11 averages do present a wide gap, having gone from about \$55 billion to less than \$19.5 billion per quarter, on average. However, on examining the different regions and individual countries, it is seen that there has not been a uniform decrease across the board. Canada, historically our largest trade partner, has barely changed in its average FDI in the U.S., while Europe's average FDI in the U.S. has dropped by a little more than 77%.

Our first impression is that the level of U.S. inward FDI has changed post 9/11.

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INTEREST RATE PARITY AND OPPORTUNITY FOR COVERED INTEREST ARBITRAGE

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ABSTRACT

According to Interest Rate Parity Theorem an investor should be indifferent between investing in the U.S. or Abroad regardless of interest rate differentials. This is because higher interest rate in one country will be eliminated by devaluation of that country's currency in the forward market. This study examines the interest rate parity between the United States and four industrialized countries and six developing countries. The finding shows that interest rate parity does not hold between the U.S. and four industrialized countries, the interest rate parity gap is even greater between the U.S. and the six developing countries. Therefore there is opportunity for Covered Interest arbitrage.

MACHIAVELLIANISM, FEAR OF SUCCESS, AND BIRTH ORDER: A PILOT STUDY OF THE CONTEMPORARY POLISH COLLEGE STUDENT

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ABSTRACT

*The tactics, strategies, and behaviors that were suggested by Niccolo Machiavelli in *The Prince* (1513) have become synonymous with manipulative and unethical behavior. Although Machiavelli wrote to the politician, his writings have since been expanded to describe business leaders as well as general behavior. Is the propensity toward Machiavellianism explained, or influenced, by an individual's fear of success? The fear of success construct purportedly describes why individuals may elect not to compete with their peers. The research reported here examines the Machiavellian tendencies and the fear of success of a sample of students in Poland. The student sample also includes data to distinguish the respondents according to their birth order. The literature indicates that the child who is the first born frequently displays different behavior as an adult compared to the youngest child or a child in the middle. The research also examines the difference among those groups in their Machiavellian tendencies and fear of success. The statistically significant results suggest the need for future research with the constructs. For example, the research serves as a pilot study to examine Polish students over time, and to develop a comparison with the seminal study by Christie and Geis (1970) of U.S. students over time. We believe the research will provide insight for understanding the dynamics of contemporary college students and suggest a continuing societal movement toward Machiavellian behavior across cultures.*

ASIAN COLLECTIVISM AND ETHICAL DECISION MAKING

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ABSTRACT

Cultural differences affect perceptions of acceptable behavior and influence ethical decision-making. By contrasting collectivism, the dominant cultural orientation in Asia, with individualism, the current study examines how Asians' moral thinking differs from that prevalent in an individualistic culture. This paper proposes that individuals' moral schemas and cultural orientations jointly determine moral behaviors. Collectivism, as a cultural dimension, can have both direct and indirect impacts on one's ethical perception, judgment, moral reasoning and behavior.

INTRODUCTION

In recent years there has been an increase in interest among both academicians and practitioners in Asian business ethics. It has been suggested that the long-term nature of relations among Asians results in an ethics that extend far beyond the limited idea of rights (Koehn, 1999). Empirical studies reveal that culture and socioeconomic conditions in Asian countries place constraints on codes of ethics and have significant influence on ethical perception (Rashid and Ho, 2003). Moreover, differences in ethical values and standards lead to drastic contrast in moral judgment and what people choose to do when facing an ethical dilemma (Thorne and Sauders, 2002). Nevertheless, previous research has focused on identifying similarities and differences in business ethics without giving much attention to the underlying mechanism that may help to explain how culture affects business ethics. This paper attempts to examine the impacts of collectivism, the dominant cultural orientation in Asia, on ethical decision-making by contrasting individualistic and collectivistic views of ethics.

ETHICAL DECISION MAKING AND THE ROLE OF INDIVIDUALISM/ COLLECTIVISM

Adapting Rest's model of moral action (1994), we propose that the moral decision process begin with moral dilemma identification, proceeds to prescriptive judgment and assessment of alternative courses of actions. Moral choice is then made that further leads to ethical actions.

Collectivism and individualism (C/I) may influence ethical decision through two routes. First, we expect C/I to have a direct effect on ethical decision-making. Research shows sharp contrast between collectivism and individualism in their value systems. Given the differences between collectivism and individualism in their value systems, we expect collectivists to differ from individualists in their ethical standards and, consequently, perceived acceptable behaviors. Undoubtedly, such differences will in turn directly affect ethical decisions. For example, lack of consensus on accepting behaviors was observed in Swinyard, Rinne, and Kau's (1990) empirical study of ethical orientation in the area of software piracy. Since the collectivistic culture in Asia emphasizes sharing and reciprocity, the individual artist or writer is expected to share his or her

creation. As a result, Singapore management students were found more likely than American students to make copies of software even though they had greater knowledge of software laws.

Secondly, moral psychologists have long regarded ethical behavior as being determined by moral judgment derived from moral reasoning (Kohlberg, 1969; Trevino, 1992). Built on Kohlberg's moral development model, Rest and his colleagues (2000) examine the construction of basic moral categories (e.g., justice, duty, legitimate authorities, and rights) and propose three distinctive schemas of moral judgment: the personal interest schema, the maintaining norms schema, and the postconventional schema. Since moral development as the part of the socialization process is primarily a process of acquiring cultural values, norms, and behavior standards, we propose that C/I may have impact on ethical decision through its power of shaping the structure of moral judgment. Given the collectivistic nature of Asian culture, we may expect that community-oriented ethical talking is more likely to occur in Asians' moral thinking.

More importantly, the difference in moral talking or ethical values may extend to postconventional schemas. According to Rest et al. (2000), essential to postconventional thinking in an individualistic culture is that moral obligations are based on shared ideals or abstract and universal principles. Kohlberg and Wasserman (1980) propose: "at heart, these are universal principles of justice, of the reciprocity and equality of human rights, and of respect for the dignity of human beings as individual persons" (p562). In contrast, collectivists view the self as inherently interdependent (Trandis, 1995) rather than as independent of others. It seems that the principles of caring, love, brotherhood and community (Sweder and Haidt, 1993) are more likely to be at the heart of collectivists' postconventional moral thinking.

Drawing on previous research, we propose that C/I may affect moral behavior by influencing the process of moral development and consequently the nature of moral schemas (Rest et al., 2000), which in turn determine the structure of moral judgment and affect individuals' moral reasoning.

EFFECT OF INDIVIDUALISM/COLLECTIVISM ON MORAL BEHAVIOR

Our fundamental assumption about the direct and indirect effect of C/I on ethical decision holds that C/I not only determine the nature of moral schemas but also affect moral behavior along with schemas of moral judgment. First, compared with individualists, collectivists might have different perception when faced with an ethical dilemma. Ethical decision-making begins with the perception that a particular problem falls within the moral domain (Rest, 1986). Thus, C/I influence decision makers' perception of acceptable or unacceptable business practices.

Given their emphasis on behavioral norms and the importance they assign to virtues (Slingerland, 2001), Asians as collectivists have great expectation of ethical behaviors and are more likely to be sensitive to ethical issues. Thus, they are generally more concerned with ethical issues. However, collectivists may be less sensitive to certain ethical dilemma, especially when a questionable action appears to be in favor of the collective. This is confirmed by Moon and Franke (2000), who demonstrated that Koreans were generally more sensitive to ethical problems in sales practices, but were less sensitive to ethical problems involving questionable fees than were the U. S. practitioners. In short, we propose,

Proposition 1. Individuals in Asia are more likely to be sensitive to questionable business practices, especially those that adversely affect group welfare. In contrast, individualists are more likely to be sensitive to business practices that adversely affect individual interests.

Individualists and collectivists should differ in formulating the ideal ethical judgment that ought to occur in a given situation. They may disagree on what is the right thing to do in a variety of ways. First, in individualistic cultures, individuals tend to place priority on the achievement of

personal goals over group goals given their emphasis on self-interest. For individualists, the meaning of life lies in personal success and fulfillment (e.g., self sufficiency and self glorification), which are essential for self-esteem and more important than one's relationships with groups. Thus, individualists are more likely than collectivists to activate the personal interest schema in moral reasoning and to formulate prescriptive judgment by focusing on personal concerns and, perhaps, concerns for those with whom they have close relationships.

In contrast, collectivists have stronger institutional norms and structures that may reinforce individual's consideration of multiple stakeholders when formulating prescriptive judgment. In collectivistic cultures, individuals are more likely to give priority to group interest. This suggests that individuals in Asia would be more likely to consider the broader needs of society in addition to the needs of themselves. Apparently, C/I influence the formulation of prescriptive judgment.

Proposition 2. Unlike their individualistic counterparts, individuals in Asian collectivistic culture are less likely to use the personal interest schema in moral reasoning.

C/I moderates the relationship between moral judgment and behavioral choice because of their views on the relationship of beliefs and norms. Value differences between them suggest different attitudes toward behavioral norms. Because one's responsibility in a collectivistic culture includes clan, community, and even society as a whole besides the responsibility to one's self and immediate family, collectivists emphasize the collective interest of the groups and feel a moral obligation of conforming to prescriptive norms. As a result, collectivists may be more susceptible to social norms and interpersonal influences than individualists when deliberating on which course of action to take in resolving a particular ethical dilemma. Given that, we would expect individuals in Asian countries to be more likely to choose a course of action consistent with social norms and others' expectations in a given situation. In contrast, believing in internal locus of control and driven primarily by internal needs, perceptions and attitudes, individuals in an individualistic society will be more likely to form ethical intentions consistent with their moral schemas and personal philosophy rather than social norms.

Proposition 3. Individuals in Asia are more likely than individualists to make a choice with a greater concern for others' expectations and social norms.

Finally, compared with individualists, collectivists' moral behavior may vary drastically with different situations. Hampden-Turner and Trompenaars (1993) found a majority of American managers believe that each man and woman has charge of his or her own destiny and moral direction. Because individualists are more likely to hold the locus of control internal and because moral responsibility lies in individuals in an individualistic society, individualists are highly likely to fulfill their intentions to act ethically. In addition, individualism regards individuals as universal entities, and advocates understanding, appreciation, tolerance, and protection for the welfare of all people. Viewing individuals as universal and rational, individualists hold that the moral principles and social norms are equally applicable to all individuals. Therefore, individuals from individualistic societies may be more resistant to situational influence and more likely to engage in ethical actions that are consistent with their ethical beliefs, judgments and personal moral philosophy.

In contrast, individuals' ethical behavior in a collectivistic culture may vary with the context and situations. Unlike individualists who value universalism, collectivists' morality is more likely to be 'contextual' (Triandis, 1995 p77). Viewing individuals' behaviors as concrete, relational, and bound in behavioral contexts, collectivists de-emphasize abstract principles and allow moral judgment to vary according to situations. For instance, lying violates social norms and is a serious offense to individualists, but it may be acceptable for collectivists. Confucius' perspective

(collectivistic) emphasizes social cohesion, is more concerned with social norms, and harmonious relationship Lying would not be viewed as unethical in a situation where it may contribute to social cohesion and benefit the in-group. Therefore, it seems reasonable to assume whether collectivists carry out a chosen ethical action depends on if it is consistent with social norms and/or viewed to be beneficial to the groups.

Proposition 4. Relative to individualists' behaviors that are more likely to be consistent across situations, individuals' behaviors in Asia are more likely contextual and vary with situations.

CONCLUDING COMMENTS

In sum, research concerning the impact of culture on ethics has been focusing on identifying similarities and differences in moral judgement and ethical behaviors across cultures. By exploring how C/I affect moral thinking and ethical behavior, this study attempts to go beyond simple observations and to formulate theoretical explanation of cultural effects on ethical decisions. The study should enhance our understanding of business ethics across cultures and, accordingly, provide guidance to international and transnational businesses. However, it is worth noting that this research narrowly focuses on C/I, which are only one aspect of cultural influence. Doubtlessly, further examination of cultural impacts on ethical behavior should embrace other cultural dimensions such as power distance as well. In addition, the propositions we developed are by no means exhaustive, but only illustrative. Further exploration of the impact of C/I is also in need in future research.

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THE ASIAN FINANCIAL AND MEXICAN PESO CRISES: A DETAILED ANALYSIS

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ABSTRACT

This research provides an overview of both the Asian Financial Crisis and the Mexican Peso Crisis followed by a comparison of the two events. Both crises took international investors by surprise, as economies of both regions were quite promising prior to their demise. Some may argue that the aftermath of extraordinary growth in developing countries was obvious. Milton Freedman was one who foresaw the Mexican peso crisis before it unfolded; yet his advice was not taken into effect. The economies of Asia and Mexico expanded until local currencies could no longer sustain their values that were pegged to the US dollar, resulting in an erupted financial crisis.

A REVIEW OF THE FINANCIAL MARKETS IN THE GCC

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ABSTRACT

With the advent of globalization, which necessitated economic and financial development across the globe, the notion of setting the rules and regulations that would govern ethical domestic and international dealings became a foremost priority to many nations. Be it an employment contract, an entrepreneurial venture, or a global-scale stock market transaction, clarity, integrity and transparency are constructs that have nowadays become highly delineated and sought.

The Gulf Cooperation Council (GCC) countries provide a concrete example of nations that have perceived the significance of regulating their market affairs. This can be seen in their almost-uniform call for the creation of Financial Markets in interest of further promoting privatization in a time where traditional reliance on the oil sector proved – like all things – transient.

INTRODUCTION

This paper presents a cross comparison of four GCC Financial Markets – Kuwait, Qatar, Bahrain, and United Arab Emirates, namely Dubai. A brief recount of the Judicial System prevalent in each of the four countries is presented and an introduction to the regulating Investment Authority – or its equivalent – in each country. Further, the concept of privatization shall be explored as relevant, followed by an introduction to the Financial Market and its regulations as applicable across the countries in question. The fundamental notions of transparency and integrity shall be presented accordingly, followed by a comparison of the most prominent findings and the conclusion.

State of Kuwait Judicial System In Kuwait, the legal system “is an amalgam of British common law, French civil law, Islamic legal principles, and Egyptian law” (Pogar – Kuwait: Judiciary, 2004). Judiciary in Kuwait consists of three levels, the first of which is the Courts of First Instance that “handle civil, commercial, personal status and penal matters separately” on which sanctions on wrongdoings “by less than three years of imprisonment or fines of less than 250 Kuwaiti dinars cannot be appealed to a higher level court [whereas] commercial and civil judgments involving fines less than 1000 dinars are final.” Subsequent to that come the Courts of Appeal, which serve “as both the intermediate and final court” (Pogar – Kuwait: Judiciary, 2004). Then, at the final level comes the Court of Cassation serving as the final court of appeal.

Kuwait Investment Authority (KIA) The mounting amount of allocated investment funds has led to the development of the Kuwait Investment Authority (KIA) in interest of “improving the quality of investment operations and processes [consequently,] Law 47/1982 was issued establishing KIA as an independent legal entity operating under the auspices of the Ministry of Finance” (Kuwait Investment Authority, 1996). As a substitute to the Ministry of Finance, “KIA is authorized to develop and manage the General Reserve, and the assets of the Future Generations Fund as well as any other funds entrusted to it by the Minister of Finance” (Kuwait Investment Authority, 1996). KIA aims to continue with the investment of the Future Generations Fund assets and the General Reserve Funds in the usual most appropriate manner where the generated income is eventually “to be used to implement state economic and social policies for local development on the one hand and regional and international cooperation on the other” (Kuwait Investment Authority, 1996).

Privatization The aspect of privatization is greatly emphasized in the ongoing practices of the KIA in its continuous attempts at developing “national financial systems” through “training

nationals in various investment fields” (Kuwait Investment Authority, 1996). **Kuwait Stock Exchange: An Introduction** Established in 1977, the Kuwait Stock Exchange (KSE) was the “twelfth largest stock exchange” prior to the Iraqi invasion in 1990 because of which it had to halt its operations and reopen in 1992 (Kuwait Information Office – USA, 2002). However, it “recovered strongly after it adopted an automated trading system in 1995 [and became] the most active market in the Arab World” with “77 listed companies in 2002” (Kuwait Information Office – USA, 2002; Pogar – Kuwait: Financial Management, 2004).

In 2000, *Law No 20/2000 – Foreign Participation in Kuwaiti Companies Listed on the Kuwait Stock Exchange* – was enacted to permit “overseas investors to participate in the Kuwait Stock Exchange through ownership of shares of Kuwaiti shareholding companies” (AsiaLaw Profiles 2002: Middle East- Kuwait, 2001). This law was passed to further regulate share cross-trading amongst the Kuwait Stock Exchange and its neighboring Bahraini, Egyptian, and Lebanese Stock Markets which took place in 1998. In May 1999, Kuwait and Jordan “signed a memorandum of understanding that permitted cross-listing on their respective Stock Exchanges” (Pogar – Kuwait: Financial Management, 2004). “Trading on the bourse had been restricted to Kuwaitis and nationals of the GCC states. Foreigners could own Kuwaiti stocks only through mutual funds” (Kuwait Information Office – USA, 2002).

Kuwait Stock Exchange: Foremost Regulations In terms of rules and regulations governing the Kuwait Stock Exchange, it is important to note that the Kuwait Stock Exchange Committee is the authorized body that sets forth all such regulations.

Transparency & Integrity In August 1996, the Kuwaiti Government passed Law 25 in which it “require[d] full transparency and accountability in all government contracts in excess of one hundred thousand dinars (approximately \$300,000) in value... [as well as] a stipulation by the contracting party as to whether it has paid or will pay a commission of any kind to a disclosed or concealed intermediary.” Furthermore, this “law imposes an obligation on both the payer and the payee to disclose in a separate declaration, the amount of the commission, the type of currency, and the place and manner of the commission.” Failure to do so will result in “sanctions for non-disclosure or misinformation [which] range from civil and criminal penalties equal to the value of the payment to imprisonment” (Ali & Partners, 2004).

On the Transparency International’s 2003 Corruption Perception Index, Kuwait ranked fourth among Arab countries and 35th out of 133 countries worldwide with a score of 5.3 on a scale from 1 to 10, where 10 represents no corruption” (Pogar – Kuwait: Financial Management, 2004).

State of Qatar Judicial System The legal system in Qatar focuses on following Shari’a principles “although it has been influenced by the Egyptian legal traditions.” While the judicial structure is composed of Shari’a and Civil Courts, “those two systems are unified in a single structure” and judiciary in Qatar is made up of three levels (Pogar – Qatar: Judiciary, 2004). The first of which are the Courts of Justice and the Shari’a Courts of First Instance where the former “are empowered to hear civil, criminal, and commercial matters” and the latter are dedicated to dealing with “cases involving personal status” (Pogar – Qatar: Judiciary, 2004). Depending on the nature of the case, “decisions rendered in these courts may be appealed” either to the Appeal Court of Justice or the Shari’a Court of Appeal. The third level in the judicial system, the decision of which is deemed final, is the Court of Cassation that includes “one chamber for Shari’a cases and one to serve as the appellate court for Court of Justice appeals” (Pogar – Qatar: Judiciary, 2004).

Central Bank & Doha Securities Market Qatar does not have an Investment Authority that would regulate the financial procedures in the country from a single body but rather encompasses two key players, Qatar Central Bank (QCB) and Doha Securities Market (DSM) that take hold of these responsibilities.

Privatization Arising from the fact that the government of Qatar viewed privatization as an essential basis that would “reduce pressure on the budget,” the process of privatization came into effect in 1998.

Doha Securities Market: An Introduction Law 13/ 2000 was enacted in October 2000 to confer “upon foreign investors privileges, benefits and protection.” This law allows “foreign investors to invest in ‘all national economy sectors’ except banking, insurance, commercial agencies and trading in real estate” (The Law Offices of Sultan M. Al Abdulla Advocates & Legal Consultants, 2001).

In the Doha Securities Market, “GCC nationals can own up to 25% of the shares of any traded company, and other foreigners can only participate in the market by means of local mutual funds”(Pogar – Qatar: Financial Management, 2004). Moreover, “The Council of Ministers approved on 29 May 2002 the Law of Investment Funds draft allowing non-Qataris to invest in all listed companies”(Ministry of Foreign Affairs, 2001). Recently, as reported by Gulf News “Qatar has issued regulations for the establishment of mutual funds that will allow foreigners to invest in the Doha Securities Market for the first time... Only banks and securities firms with three years or more of experience in the local market will be able to set up mutual funds” (Cooper, 2004).

Doha Securities Market: Foremost Regulations Under article 3 of section 2 – Market Formation – of Unit 1, the Securities Market Committee is the authorized body that sets forth the regulations governing company share listing, stock trade transactions and stock ownership requirements.

Transparency & Integrity Upon the inauguration of the Doha Securities Market, Hussain Al-Abdullah – Director – advised that the “key success factors of the [Doha Securities Market] will be integrity, liquidity, efficiency, and transparency” (Stock Market Director Addresses ABC Qatar, 1997).

Qatar is ranked third in the Arab World on the Transparency International’s Corruption Perception Index with a worldwide score of 5.6 (Transparency International’s Corruption Perception Index, 2003).

Kingdom of Bahrain Judicial System The Bahraini legal system is “a mixed system based on British Common Law models and Sunni and Shi’a Shari’a traditions [; however,] the Constitution declares that Shari’a is [the] principal source of law” (Pogar – Bahrain: Judiciary, 2004).

The Judiciary in Bahrain is the authorized body “empowered to review the constitutionality of laws.” Essentially, the judicial system is divided into two main branches – the Civil Law Courts and the Shari’a Law Courts. The Civil Law Courts reserve the authority to resolve all “commercial, civil, and criminal cases, and all cases involving disputes related to the personal status of non-Muslims.” (Pogar – Bahrain: Judiciary, 2004).

The Economic Development Board of Bahrain The Economic Development Board (EDB) of Bahrain is “an autonomous semi-private agency [that] was established by Amiri Decree in April 2000, and is chaired by the Crown Prince.” The EDB devises and monitors the economic development strategy of Bahrain. This semi-private agency aspires to attract Foreign Direct Investment to Bahrain and has “identified six main economic clusters which capitalize on Bahrain’s competitive advantages and present significant investment opportunities.”

Privatization “Privatization of some state-owned industries and economic diversification with the aim of providing more jobs for Bahraini nationals” is considered one of the main priorities of the EDB (Pogar – Bahrain: Financial Management, 2004). **Bahrain Stock Exchange: An Introduction** In 1957, the National Bank of Bahrain became the first public shareholding company in Bahrain. During the late 1970s and early 1980s, Bahrain realized there was a growing need for a regulated stock market; therefore, the Government, in collaboration with the International Finance Corporation “prepared a feasibility study highlighting the importance of establishing an official stock market in Bahrain.” This study resulted in establishing the Bahrain Stock Exchange (BSE), which commenced operations in June 1989, under Amiri Decree No. 4 (Bahrain Stock Exchange, 2004). In addition to serving as a regular stock exchange, the BSE acts as a securities regulator and undertakes supervision of the capital market.

Transparency & Integrity Bahrain has been renowned for its “solid international reputation for low occurrence of corruption. It ranks in the top quarter of all countries worldwide on Transparency International’s Corruption Perception Index, with a CPI of 6.1 on a scale from 1 to 10...” which ranks it second in the Arab World after Oman (Pogar – Bahrain: Financial Management, 2004).

The United Arab Emirates Judicial System “The Constitution, first written in 1971 and reaffirmed several times since then, declares Shari’a to be a principle source for law in the United Arab Emirates.” Other sources that might influence the UAE legal system include Common Law and Egyptian legal traditions (Pogar – UAE: Judiciary, 2004). Civil matters are usually dealt with by the “federal judiciary structure of UAE, although two emirates, Dubai and Ras Al Khaimah, remain outside of this structure.” The first-level or so-called “lowest courts in the system are the Courts of First Instance” and are located in each of the emirates. Beyond the Courts of First Instance, the UAE judiciary system houses a “two-tiered appellate system.” This system encompasses the “Federal Appeal Court, located in each of the emirates, and the highest court in the structure, the Court of Cassation.” Separate criminal and Shari’a courts are also part of the UAE judiciary system. “While the criminal courts have a separate appeal system, cases heard in the Shari’a Courts of First Instance may be appealed to the Civil Courts of Appeal and the Court of Cassation in Abu Dhabi” (Pogar – UAE: Judiciary, 2004).

Dubai Development & Investment Authority The Dubai Development and Investment Authority (DDIA) is a “Government Authority entrusted with catalyzing the growth and development of Dubai’s economy by attracting corporate and private investors to the UAE and by facilitating the growth of leading local businesses and encouraging local entrepreneurs” (Dubai Development & Investment Authority, 2004).

Dubai International Financial Center The instigation of the Dubai International Financial Center (DIFC), one of the milestones delivered by the DDIA and Dubai Government, aims at facilitating the transformation of Dubai into a key financial hub since the Center serves as a liaising point accounting for the trade time gap imposed by other international financial centers.

Privatization The UAE Federal Government encourages diversification and privatization of the economy.

Dubai Financial Market: An Introduction The Dubai Financial Market (DFM), an internationally-recognized market espoused by the DDIA and Dubai Government, formally commenced operations in June 2000.

Dubai Financial Market: Foremost Regulations The Dubai Financial Market essentially bases its rules and regulations on the policies espoused by the United Arab Emirates Stocks and Commodities Authority (ESCA). (Emirates Freezones.com, 2004).

Transparency & Integrity The ESCA sets specific rules that ascertain that investors are protected at all times, and that guarantee the reliability of the “interaction between supply and demand which allows for the natural setting of prices” In terms of The Transparency International’s Corruption Perception Index in 2003, the UAE ranked fifth among Arab countries and 37th out of 133 countries Worldwide with a score of 5.2

CROSS COMPARISON OF THE FOUR GCC MARKETS

It is evident that the countries in question display shared principles and undergo, to a certain extent, similar functions. Specifically, all four countries’ judiciary systems include three levels and apply Shari’a law in cases involving personal status. Moreover, each country appears to have gained a certain amount of financial market experience, although fairly limited, given the relative novelty of its operations. Additionally, the concept of privatization has been greatly emphasized and applied in all four countries.

In a time characterized by globalization and openness to trade, it becomes imperative to combine efforts in the GCC region in order to effectively respond to the challenging business environment.

CONCLUSION

This research document has briefly looked into the judicial systems of four main GCC countries – Kuwait, Qatar, Bahrain, and the United Arab Emirates. As noted, all four countries rely mainly on Shari'a Law as a basis upon which the local legal system is built. In addition to the national judicial system, these countries have set forth policies and procedures that regulate domestic and foreign trade. A critical area where such policies and regulations are made evident is the Financial Market or Stock Exchange housed by each of the individual countries.

In light of the dominant similarities prevalent amongst the four Financial Markets, the notion of an integrated GCC Market further proves a feasible establishment. The fact that the region's four markets tend to rely on relatively comparative regulations, such as capital and liquidity requirements and registration procedures, among others, indicates that joining forces in one market shall not only increase trade volume, but shall also allow the region further international recognition as a dominant body. Moreover, creating a sole GCC Market would imply a boost in capital inflow into the region from increased foreign trade and would lead to more solid domestic investment grounds.

THE CONSUMPTION REALITY OF MODERN RUSSIA

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ABSTRACT

The article reviews the evolving pattern of consumption in Russia since the beginning of the last century. The attention focuses on the background of the 'deficit economy' as well as on the new reality after the collapse of the Soviet Union. Deep process of social stratification views as a prerequisite of the contemporary consumption diversification. "New Russians" consumption pattern reflects the trend towards mainstreaming of the luxury attitudes in the country. Emphasis is also on the 'not-so-luxury' attitudes of an average Russian that are usually missed by the Western observers. There is still a huge luggage of the past consumption psychology as well as various limitations within the dynamics of the Russian consumer market.

CHINESE ECONOMIC PERFORMANCE AND CULTURAL DIFFERENCES IN ASIA: A BEHAVIORAL LINKAGE

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ABSTRACT

All countries in Asia, with the exception of one, suffered greatly from the devastating and lasting effects of the financial crisis. What made China so resilient? Could it be their inherent capitalist mentality and entrepreneurial spirit? To demonstrate how the “Pragmatic Thinking Group” (which includes China, Hong Kong, Taiwan, Singapore) outperformed the rest of the region in group comparisons, “soft data” of a behavioral nature will be combined with an econometric study based on panel data. This will provide a window to structure present and future perspectives regarding these factors as related to future economic growth and performance.

THAILAND: SOUTHEAST ASIAN TIGER OR HISTORICAL UNDERACHIEVER

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ABSTRACT

We examine the historical cultural development and work attitudes of the people of Thailand in order to understand the country's current competitive position. Specifically, Porter's (1990) framework of the Competitive Advantage of Nations (CAN) and Hofstede's (1983) cultural indices are integrated into an historical analysis. This study reveals that significant Thai cultural values, such as a less-competitive mindset, loosely structured social systems, and fatalism are key factors, which demonstrate the current absence of sustained competitive advantage in Thailand. For the nation to join the ranks of the Asian "tiger" economies of Japan, South Korea, Taiwan, and Singapore, the business leaders of Thailand must understand their cultural heritage and capitalize on the opportunities that will come to a people who proudly call their country the "Land of the Free."

Keywords: Competitive Advantage of Nations, Cultural Values, Historical Analysis, Thailand

A CROSS-CULTURAL CONTEXTUAL MODEL OF WORK-FAMILY INTERFACES IN MANAGING INTERNATIONAL ASSIGNMENTS

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ABSTRACT

The study is focused on work-family interfaces pertaining to international assignments with special attention to the role of family and leader flexibility in managing expatriate performance and retention. It extends prior work in work-family research by developing a cross-cultural contextual model. Several research questions are addressed to identify contextual variables that contribute to the cultural distance across national boundaries (e.g., between an expatriate's home country and the host country), difference in complexity between domestic human resource management and international human resource management (e.g., regarding expatriate selection, training and development, relocation assistance, performance, and retention), different types of international assignments (e.g., short-term versus long-term, standard versus non-standard), and expatriate personal profiles relevant to international staffing and work-family related matters (e.g., gender, marital status, family structures, and personnel classification of parent country nationals, host-country nationals and third country nationals). Based on the existing IHRM literature, multivariate variables are incorporated in an effort to gain a better understanding of their direct or indirect influence on expatriate work-family adjustments and performance outcomes so that to help develop culturally appropriate IHRM practices and assistant programs for managing international assignments.