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THE ASSOCIATION BETWEEN SYSTEMATIC RISK AND MULTINATIONALITY: A GROWTH OPPORTUNITIES PERSPECTIVE

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This study analyzes the association between multinationality and systematic risk as measured by the market model beta. Unlike previous studies the results of this study suggest that systematic risk is positively related to the level of multinationality after controlling for corporate reputation and other factors known to be associated with systematic risk. The difference with previous studies is due to a consideration of growth opportunities as measured by the investment opportunity set. While systematic risk is negatively related to multinationality for high investment opportunity set firms, it is positively related to multinationality for low investment opportunity firms.

SERIAL PROPERTIES AND FORECASTS OF LIBOR

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The London Interbank Offer Rate, LIBOR, is the rate prime banks offer to pay on Eurodollar deposits available to other prime banks for a given maturity. The global nature of the market and volume of trading in Eurodollars are both responsible for making LIBOR a widely accepted measure of floating rates on the dollar. This study explores the time series properties of the LIBOR rate and tests alternative specifications for the univariate time series model. Various time series models are used for a variety of LIBOR maturities. The findings suggest that significant disturbances to traditional autoregressive models occur making GARCH and Kalman Filter forecasting models appropriate. The Kalman Filter model provides the best performance in one-step-ahead forecasts over a holdout period.

EMPLOYEE PARTICIPATION IN QUALITY MANAGEMENT: INDUSTRY, STRATEGY, AND MANAGERIAL DETERMINANTS

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Previous research suggests that quality management positively impacts performance. This study draws on concepts developed in the strategy and organization theory literatures in an attempt to identify determinants of employee involvement in quality management. Specific determinants include industry characteristics, organization strategy, and top management team attributes.

MULTITRAIT-MULTIMETHOD INFORMATION MANAGEMENT: GLOBAL STRATEGIC ANALYSIS ISSUES

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International researchers commonly encounter fitting problems when analyzing Multitrait- Multimethod data with confirmatory factor analysis (CFA) in both domestic and cross-cultural research (Scherpenzeel and Saris 1997). In 1992, Kenny and Kashy examined a special case of one of the most frequently used CFA models using one data set and found that it was not statistically identified and, therefore, not estimable. They then argued that most MTMM data were likely to conform closely to this special case, and because of this, alternative CFA models should be utilized in most data analysis. In this study nine data sets are analyzed using five different additive factor analytic models (CFA with inequality constraints, CFA with error variances fixed to uniqueness estimates from exploratory factor analysis, Rindskopf parameterization, correlated errors model, and a combination of the Rindskopf correlated errors model) and one multiplicative factor analytic (MUTMUM) model. As with previous attempts, myriad fitting problems were encountered with all six alternative specifications. Closer inspection indicates fitting problems may be due to imperfections in the data rather than fundamental flaws with the model specifications - indicating possible problems with the robustness of the techniques utilized. Several suggestions for improving international research to possibly avoid these problems are provided as are alternative methods of estimating construct validity.

DYNAMIC INTERACTIONS BETWEEN THE SPOT AND FORWARD EURODRACHMA MARKETS

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The study examines the joint distribution of spot and forward rates returns for three Greek drachma exchange rates in terms of German marks, British pounds and US dollars. The empirical methodology is the bivariate Exponential GARCH model with an error-correction term. The results indicate that innovations originating in the forward markets do not transmit any significant information to the spot markets and vice versa. Moreover, the magnitude and/or the nature of shocks in one market do not affect the other asymmetrically. The evidence also implies that conditional variances (and covariances) do not vary over time and hence risk-minimizing hedging strategies remain unchanged. In all, the forward rates are not efficient predictors of the spot rates since the difference between them may incorporate valuable information.

HARMONIZATION OF INTERNATIONAL ACCOUNTING STANDARDS: AN EMPIRICAL ANALYSIS OF JAPANESE FIRMS

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This study examines the market's responsiveness to the earnings announcements of Japanese firms that use U.S. GAAP compared to Japanese GAAP by investigating earnings response coefficients. The empirical results show similar earnings response coefficients for U.S. GAAP firms compared to those of Japanese GAAP firms. The results suggest that investors' perceptions of the quality of a firm's external reporting system that uses U.S. GAAP have similar earnings' noise as when a firm uses Japanese GAAP. If this is the case, the findings of this study suggest that the SEC should not require foreign registrants to use U.S. GAAP to list in the U.S. stock market because there are no incremental benefits other than reduced noise and there are significant translation costs. Instead, the SEC should support harmonization of international accounting standards.

NONLINEAR DEPENDENCIES IN CURRENCY FUTURES

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Several studies have documented nonlinear dependencies in the exchange rates of major currencies. This paper provides similar evidence for the currency futures of the British Pound, Deutsche Mark, Swiss Franc, Canadian dollar, and Japanese Yen. It is established that the GARCH (1,1) model satisfactorily explains the nonlinear dependencies in the contracts investigated. Neither trading-volume/open-interest, nor the time to maturity or the basis are found to explain the GARCH effects in the data. However, the conditional volatility in the currency futures' is positively related to futures trading activity and the basis. Finally, we find no support for Samuelson's maturity hypothesis.

U.S.A. FOREIGN DIRECT INVESTMENT ABROAD: THE CHEAP LABOR MOTIVE EXAMINED

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In light of the recent surge in foreign direct investments (FDI) and renewed interests in the cheap labor motive, we empirically estimate the significance of relative wages as a determinant of FDI by the U.S. automobile industry in Germany, Spain, Canada, Australia, Brazil, Mexico, and the UK. Using data from 1980-1993 and multiple regression analysis the results are supportive of the cheap-labor theory of FDI in Mexico and Spain. Additional significant results include the market size theory in Germany, Spain, the U.K. and Australia and the cost of capital theory in Mexico and Canada. This approach is a significant improvement in the methodology employed in earlier studies by focusing on an industry with affiliates in different countries having significant variation in wage structure and pattern of economic growth.