2008 National Honours Colloquium Presenters

Accounting

Dominic Soh, University of Sydney
*The relationship between the audit committee and the internal auditor: what works, what doesn’t?*

The recent regulatory reforms following high profile corporate collapses in Australia and the wider international arena have had significant implications for the roles and responsibilities of the audit committee (AC) and the internal auditor (IA), both integral parts of the corporate governance mosaic. The reforms have also placed more importance on the relationships and interactions between the AC and the IA. In light of these regulatory reforms, this study employs a qualitative approach in investigating the evolved (and evolving) nature of the roles and the relationship between the AC and the IA. In addition, this study also investigates the current and the ideal performance evaluation practices relating to both the AC and the IA. The data will be collected through semi-structured interviews with AC members and Chief Internal Audit Executives across a number of industries selected from the top 300 ASX listed companies.

Jim Chuang, University of New South Wales
*The pricing of earnings and its components*

This study aims to investigate the pricing of both the managed and unmanaged components of earnings. Understanding how earnings and its components are priced is important because it improves our understanding of how the market processes accounting information. Notably, this study assesses whether the market is efficient and capable of distinguishing managers’ opportunistic manipulation through real activities manipulation, from other value relevant information contained in the earnings figure. In addition, my proposed study makes two further contributions. First, I contribute to the earnings management literature by developing an empirical model to estimate the magnitude of earnings managed through real activities manipulation. Second, I extend the market pricing literature, which has concentrated on the pricing of managed earnings that are managed through accruals manipulation, by investigating the pricing of real activities manipulation. This is an important extension to the market pricing literature because real activities manipulation is believed to be the more prevalent form of earnings management after the passing of the Sarbanes-Oxley Act in 2002.

Anthony Coralluzzo, University of Melbourne
*Can stock price momentum lead to more accurate earnings prediction?*

Post 2000, regulation and growing instability in capital markets has impacted on both manager and analyst’s ability to develop accurate earnings expectations. I revisit the question of the relative accuracy of time series based forecasts to those of security analysts, and how the analyst superiority has varied over time. This paper contributes to existing literature by developing an alternative approach to time series estimation, namely expanding the information set on which time series forecasts are conditioned to include portfolio returns.
National Honours Colloquium 2008

Nicolette Landsbergen, University of New South Wales
Greenhouse Gas disclosure and assurance practices of Australian firms

The purpose of this study is to develop a better understanding of the current reporting and assurance practices of Australian firms in regards to greenhouse gas (GHG) emissions. The study draws on legitimacy theory in an attempt to determine the factors associated with a firm’s decision to disclose, to obtain assurance and the choice of assurer. In addition, the study examines the preferred form and content of assurance statements from both the firm and shareholders’ perspective, and thereby determines the preferred assurance provider. The proposed study will involve a three stage investigation. First, a content analysis of the GHG disclosures and associated assurance (if any) of these disclosures will be conducted for Australian firms for the past two years (2005-6, 2006-7). Second, regression analysis will be used to determine what factors are associated with a firm’s decision to disclose, obtain assurance and the choice of assurance provider. The third stage of the study involves surveying members of the Australian Shareholders’ Association in order to determine their perceptions relating to quality of assurance providers. Preliminary results confirm the findings from prior research, with significant variability in the provision of assurance from the two types of assurance providers for environmental and sustainability disclosures.

John Preiato, University of Western Australia
International Financial Reporting Standards and analyst forecast accuracy and dispersion

This paper will examine whether the mandatory adoption of International Financial Reporting Standards (IFRS) in the European Union and Australia has been beneficial for financial analysts. Specifically, I will assess the impact of mandatory IFRS adoption on two key properties of analysts’ earnings forecasts: forecast accuracy and forecast dispersion. Additionally, this study aims to provide evidence on whether a country’s institutional arrangements play a significant role in the effects of IFRS adoption on analysts’ earnings forecasts. In particular, the level of legal enforcement at the country level might influence the extent to which IFRS adoption is beneficial for financial analysts.

Deidre Tshien, University of New South Wales
Differential abilities within teams: Implications for team performance under individual, group and hybrid incentive structures.

The purpose of this study is to investigate the impact of different incentive structures upon team performance and the sharing of knowledge within work teams, given differential abilities among team members. The different team incentive structures studied include an individual-based structure, a group-based structure and a hybrid incentive structure. Each team will include one team member who possesses high ability in the given task, and the other displays low ability the given task. Team members will be allocated into teams based on their performance in a pre-test task. This study then contains a two-step analysis approach. The first stage is assessing, through a 1 x 3 experiment, the influence of the different incentive structures upon team performance and the sharing of knowledge. The second stage draws on social cognitive theory to investigate the impact of the particular incentive structure on each team member, effectively creating a 2 x 3 analysis from the same experiment. It is expected that behaviours of each individual will change given their ability level, the ability level of their team member, and the incentive structure impacting upon them.

John Webster, Monash University
The Association Between AGAAP / AIFRS Goodwill Accounting And The Investment Opportunity Set

The recent adoption of AIFRS has resulted in a significant transformation in the accounting treatment for goodwill. Under AIFRS, firms are no longer permitted to amortise goodwill on a straight-line basis over a period not exceeding 20 years. Instead, firms are required to test for impairment at least annually. Various regulatory bodies such as the FASB and IASB claim that a goodwill impairment regime better reflects the underlying economic value of goodwill than an amortisation regime. It is the purpose of this thesis to investigate this claim by empirically examining the association between goodwill accounting treatment and firms’ investment opportunities in both an amortisation and
impairment regime. A comparison between the two reporting frameworks will be informative as to whether the newly adopted AIFRS goodwill impairment regime better reflects firms’ underlying economic substances than under the previous amortisation regime. Results will assist in validating or countering the FRC’s decision to adopt international accounting standards and will either provide evidence that the recently adopted regime has enhanced the usefulness of financial statements for decision-making purposes or in fact compromised the credibility of financial statements as reports of underlying economic attributes.

Yi (Ava) Wu, Australian National University

The relationship between analyst forecast accuracy and prior CEO changes, and the extent to which this relationship is contingent on earnings management behaviour

This paper examines if there is a relationship between analysts’ forecast accuracy and prior CEO changes, and the extent to which this relationship is contingent on earnings management behaviour. Empirical research reveals that on average analysts make biased forecasts (DeBondt and Thaler 1990; Abarbanell and Bernard 1992). These biased (normally optimistic) forecasts are sometimes optimal forecasts. Lim (2001) demonstrates that analysts’ optimal forecasts are optimistic forecasts for firms under highly uncertain environment. A change of CEO in a firm creates uncertainty regarding the firm’s financial future. I consider whether CEO changes are systematically associated with future analyst forecast errors.

Additionally, prior studies have reported conflicting results regarding analysts’ forecast errors and earnings management. Some studies suggest that analysts fail to incorporate large past accruals (that is a proxy of earnings management) in predicting future earnings (see Bradshaw, Richardson and Sloan 2000; Teoh and Wong 2002). While other studies (Kim and Schroeder 1990; Liu 2005) provide evidence that analysts can ‘see through’ the accruals and anticipate their implications to make relative accurate forecasts. CEO changes are hypothesized to correlate to the earnings manipulation behaviour (Moore 1973; Wells 2002). Consequently, I will conduct a research to determine whether any association between CEO changes and forecast errors is conditional upon earnings management by looking at all listed Australian firms for the year between 1998 and 2007.

Carmen Wai-Yan Chan, University of Adelaide

Does Earnings-Per-Share (EPS) Accretion or Dilution Impact Upon Acquiring Firms Shareholder Value?

This study examines the conventional belief amongst acquirer managers and their advisors that the EPS impact of a deal (whether it is accretive or dilutive for the acquirer) is a reliable indicator of M&A value, and hence, acquirer shareholder value. This is despite the “earnings illusion” which exists in the sense that whenever a firm with a higher P/E buys a target with a lower P/E, EPS accretion results by default regardless of whether there is a change in the underlying value of the firm. The converse situation applies if a lower P/E firm acquires a higher P/E target. Hence, anecdotal evidence suggests that managers often live by the rule-of-thumb that they should pursue only EPS accretive deals, and are highly reluctant about taking on EPS dilutive deals, even if the cash flow effect is purely superficial – lest the market fails to see through the “earnings illusion”. Neoclassical valuation theory, on the other hand, posits that such artificial EPS changes should have no effect on the post-merger market value of acquirers. This study aims to find some form of consensus amongst these contradicting views – seeing as valuation theory is positing one outcome, whilst managerial actions would seem to indicate that the market is not efficient enough to see through the simple EPS illusion. Are managers concerned with the artificial EPS impact simply because they are trying to fulfil investors’ expectations in a fundamentally inefficient market? Or does the neoclassical academic view hold in reality– thereby rendering the time and effort spent by managers on improving the cosmetic EPS effects somewhat fruitless? The outcomes of this study can provide M&A practitioners with some guidance as to the best way of managing market reaction to the EPS impact of a deal, as in the context of Australian publicly-listed acquirers.
Daniel Gold, University of Queensland
*Carbon as a Commodity: the Costs and Consequences for Corporates and Capital (C6)*

Given the introduction of an emissions trading scheme (ETS), any asset which increases a company’s emission profile will increase the carbon liability of that firm. An impact on company valuations is likely to result. This study investigates whether the Australian share market is impounding corporate greenhouse gas (GHG) emissions data. It concludes that average unbooked liabilities – abatement and/or emission permit spending obligations – for high carbon intensity firms are equal to at least 3.5% of market capitalisation. This is in line with recent professional estimates. If follows that price pass-through and Government assistance may be inadequate to fully shelter firms in their adjustment to a low-carbon economy. Emissions reporting, disclosure and due diligence will each increase in importance and it will become increasingly necessary for these issues to be properly considered both in corporate transactions and from a funds management perspective. This research is intended as an early study to address a topical and fast-growth area. Limitations are acknowledged however numerous research opportunities are also identified. Further work will facilitate a smoother transition to emissions trading.

David Hunt, University of Tasmania
*Mean Reverting Tendencies under Investor Sentiment Fluctuations*

This paper examines the Closed End Fund Discount puzzle in an Australian context under the investor sentiment theory. Under this theory fluctuations in discount levels are driven by individual investor sentiment changes. This theory predicts that discount levels will be highly correlated and discounts will also be correlated with securities also affected by individual investor sentiment. The research presented supports both these inferences and indicates that the individual investor sentiment theory is sustained in an Australian context. This theory also predicts that the additional risk component created by sentiment fluctuation will induce a persistent mean reverting discount to exist. The research conducted also provides evidence to support this forecast in Australian equity Closed End Funds.

Bonnie Hoi Ian Ip, Monash University
*Return-Based Style Analysis with Time-Varying Exposures: Australian Evidence*

This thesis aims to assess the returns of Australian managed funds using return-based style analysis (RBSA). Specifically, we are interested in predicting and explaining fund returns. We innovate by proposing to employ state space methods to estimate time-varying asset class weightings using strong form RBSA. Although RBSA has gained wide acceptance as an analytical tool by both academics and practitioners, existing literature still has a number of drawbacks and limitations. Most studies only conduct RBSA under static and rolling window regressions, assuming the exposures are constant within the sample or sub-samples. Therefore, state space method is introduced to include time-varying exposures to the analysis in its strong form. Further, the strong form of RBSA is more conceptually justified as it implies that funds cannot be short an entire asset class. Thus, we aim to better explain and predict fund returns using a superior and more conceptually justifiable methodological technique.

Michael Lebbon, University of Adelaide
*A Retail Firm’s Best Response in the Voluntary Carbon Market: A Theoretical study based on game theory models to explain interactions in the Carbon Market*

The paper below is a preliminary investigation of consumer and firm behaviour in the voluntary carbon market. The aim of the research is to determine what type of carbon credit a retail firm should offer for sale in the voluntary carbon market under prevailing market conditions. With the growing concern about global warming and climate change the voluntary carbon market is expanding rapidly. The results are intended to shed some light on the best avenue for the market to expand by describing the best type of credits to offer in the market.
Michael Lee, University of New South Wales  
*Corporate Governance and Firm Performance Following an Equity Issue: An Australian Study*

Following a string of high-profile corporate collapses, the introduction of the Sarbanes-Oxley legislation in the US and a subsequent renewed focus on corporate governance, Gompers, Ishii and Metrick (2003) instigated a series of academic papers exploring the link between corporate governance and US firm performance. We intend to combine this literature with evidence surrounding the long-term underperformance of firms following the issue of seasoned equity, by conducting an Australian study evaluating whether good corporate governance can mitigate the underperformance of issuing firms.

Scott Molloy, University of New South Wales  
*International Financial Contagion during the Subprime Mortgage Crisis*

The definition, cause, measurement, and very existence of the phenomenon now commonly called financial contagion remain controversial. This phenomenon has seemingly emerged only in the last few decades, most likely as a result of increased international financial integration, and much of the literature has focused on a small number of crises during the late 1990s. The recent subprime mortgage crisis arguably ranks as one of the most significant crises in recent times, along side the 1997 Asian financial crisis and the 1987 stock market crash; however, the extent of its international pervasion appears, prima facie, to have been greater. My thesis will examine whether there is any evidence to suggest that financial contagion played a role in the international propagation of the subprime mortgage crisis in equity markets, and consider the implications of this evidence for the growing body of theory concerning financial contagion. A number of approaches will employed to detect contagion over the period 2000 to mid-2008, including the dynamic conditional correlation (DCC) GARCH model of Engle (2002). The incidental results of this model concerning trends in international financial integration are also considered, in particular whether there has been intensification in Sino-Australian financial integration accompanying the recent increase in bilateral trade between the two countries.

Ammala Pholsena, Monash University  
*The Risk Return Trade-off in Carry Trade*

The objective of this research project is to evaluate risk and return in carry trade. Specifically, the objectives of the project are: (i) assessing the profitability of carry trade to find out if enthusiasm for this activity is exaggerated; (ii) evaluating the criteria used to select carry trade positions that produce profitable operations; and (iii) finding out if carry trade has to involve yen to derive superior returns. Twelve currency combinations involving two funding currencies and six target currencies are used in the empirical analysis.

Economics

Daniel Brass, Canterbury, New Zealand  
*The High country pastoral lease System: Ownership and Bargaining*

This project explores the economics of New Zealand’s high country pastoral lease system. One of the many South Island runs, Mount John Station, is examined in depth with particular focus on a hold up event that results in the creation of freehold title. Two guiding questions are addressed “What was the relevant system of property rights on Mount John?” and “How did the high country pastoral lease system affect contracting and the use of Mount John?”

Evan Calford, University of New South Wales  
*Pass-Through Profits and Strategic Market Interaction in an Emissions Trading Scheme*

This paper provides a link between the growing literature on pass-through profits (inspired by recent developments in the EU Emissions Trading Scheme (ETS)) and the literature dealing with strategic permit/product market interactions. A critical review of previous work dealing with strategic behavior in
permit markets is presented, along with a brief overview of the EU experience and the theory of electricity pricing. The electricity market within an ETS is modeled by a four-stage game involving technology choice. A key initial result relating the initial allocation of permits to the final distribution of permits is presented.

Belinda Cheong, Australian National University
The effects of health and institution levels on determinants (savings, technological change, capital growth, population growth) of sustained economic growth.

This paper’s aim is to provide a brief overview of my thesis topic. Following on from Dr Martina’s work on the requirement for minimum levels of health and institutions for an economy to achieve sustained economic growth, my thesis will be looking at whether there is an indirect relationship between health and institution levels on the long term determinants of sustained economic growth: savings, capital, population and technology. Using various health and institution variables, I will conduct regressions to determine which health and institution variables are related to the long term determinants.

Tom Cusbert, University of Sydney
Price Dispersion in an Intermediated Search Market with Repeated Interaction

This paper employs a repeated stochastic game theoretic model of search and exchange to investigate price dispersion. Merchants act to intermediate producer exchange in a decentralised search market. Equilibria are characterised in both symmetric and asymmetric Markov strategies, and conditions are found under which a price dispersed equilibria can arise. This paper is a work in progress, so some attention is paid to the likely future directions of investigation for the final thesis.

Vivienne Groves, University of Melbourne
Charity Auctions with Multiple Goods

This paper extends existing models of charity auctions to allow for the sale of multiple goods. Charity auctions are defined as auctions where the proceeds of the good for sale are donated to a non-profit organisation. They are an example of auctions with externalities. This model assumes that charitable preferences are linear, each bidder exhibits unitary demand, and valuations are drawn from a uniform distribution. In this paper I derive the bidding function for common multiple-good auctions in a game with three players and two goods. I also discuss (but do not prove) my findings in a general charity auction with n players and m goods.

Callum Jones, University of Western Australia
House Prices in Western Australia

This paper summarises the current stage of my honours research project on the Western Australian housing market. It gives a brief outline of the motivation for the project, the aims, how it contributes to the literature and current results. A brief overview of different models of house price measurement is provided and an empirical analysis conducted to demonstrate each model. House sales data for Geraldton, Mandurah and Perth from 1994 to 2007 are used in the empirical analysis. In this paper, only Geraldton results are presented for space considerations.

Garima Verma, University of New South Wales
Do job-specific flexibility and maternity leave features affect women’s decision to return to the same employer after giving birth?

This study intends to analyse the influence of family-friendly workplace policies upon women’s labour mobility decisions, focussing on the key period surrounding childbirth. It aims to provide Australian empirical evidence for the role of workplace policies on worker retention, which has implications for productivity and economic growth. The analysis involves two steps: 1) testing the effect of work policies upon the probability of being in work after childbirth (as opposed to being unemployed or not in the labour force), and 2) using women who have chose to work, testing the effect of such policies upon the probability of return to their previous employer. Preliminary results indicate that family
friendly policies do impact the return-to-work decision, however there are difficulties in isolating precise estimates for the policy variables. Self-selection into family-friendly workplaces is yet to be addressed. Other models under consideration include testing the effects of workplace policies on industry and occupational mobility.

**Paul Ryan**, University of Sydney

*Optimal division of a good auctioned to budget constrained bidders*

This paper considers a seller with a divisible good facing two budget constrained players. The effects budget constraints introduce to the auction environment is explored briefly, followed by an investigation of the problem with which the paper is primarily concerned. The seller’s optimal division and subsequent revenue is characterised for each relevant case, with revenue from dividing the good optimally strictly exceeding the revenue from selling the good as a whole in each case.

**Marketing**

**Matthew Bugg**, Deakin University

*Retail Franchising: Management and Support within the Franchise Network*

Power and control in retail franchising has seemingly been identified as a somewhat underdeveloped, and under researched area in the extant literature from an international perspective. Subsequently the current study will focus on management and support by examining the relationships between uniformity, the franchise offering and control mechanisms as key elements in the franchise network both domestically and internationally. More specifically the research will examine whether the control methods and mechanisms employed by franchisors in order to mange and support their franchisees, influence, or are influenced by the degree of uniformity and the franchise offering. In this case standardisation and adaptation comprise the degree of uniformity, and store operations and the retail offer comprise the franchise offering. It is acknowledged that the research questions detailed in the current study require great depth and detail, due to the complex interrelations between the previously mentioned constructs, and as their very nature demands. In light of this acknowledgment, the current study will employ in-depth, semi-structured interviews in order to gain the detailed and comprehensive understanding that is required in this line of research. The current research will endeavour to contribute to the limited research that has been conducted to date, and add a new dimension to the literature for future studies. The current work will also aim to provide franchise companies with further insight into the effective management and support of the franchise network.

**Rory Challen**, University of Adelaide

*Is It Where You Are from or What You Know? Investigating the Influence of Country Image on Consumer Expectations of Service Quality*

Whilst extensively investigated in relation to tangible products, the influence of country of origin (COO) on consumer perceptions of intangible products is comparatively limited. Moreover in relation to services, the complex COO construct has not been decomposed to investigate the dimension of country training image (CTI) and service provider national stereotyping. Results of an initial exploratory qualitative investigation indicate that a positive CTI can overcome concerns generated as a result of a negative stereotypical country image, with the reverse effect also signified. Thus it appears that a decomposition of COO specific to services is relevant to understanding the impact of COO on consumer evaluations of intangible products. Methodology for the quantitative research stage is presented along with suggestions for additional future research.

**Serena Ng**, University of Melbourne

*The impact of branding on consumer motivations to purchase “green” mobile phones*

There is an absence of knowledge in consumer’s minds of what “green” mobiles are, which might be linked to the evident decline of environmental concerns in recent years (The Age, 2004). Thus, this suggests that measures need to be taken to increase consumer awareness of green phones. This necessitates educating consumers about the features of “green” mobiles, particularly the impact of
disposability on the environment. Doing so will help to ‘push’ the product and boost sales. Consumer motivation is critical in facilitating the exploitation of this growing market (Blackwell Synergy, 2007). In fact, various drivers have been identified as being crucial to motivate green consumer purchases. These would include perceived consumer effectiveness, perceived knowledge of the product and environmental concerns (Aceti, 2002). These variables shall be assessed further.

Specifically, this thesis aims to address the following research objectives:

1) What are the factors that motivate consumers to form positive attitudes towards “green” mobiles?
2) Do these factors, together with attitudes and subjective norms, ultimately influence consumer purchase behaviours?
3) What is the impact of branding on these factors, in terms of facilitating consumer purchase behaviours?

The subsequent review in the extant literature will begin by exploring the significance of the overarching theoretical frameworks, the Theory of Reasoned Action (TRA) and Theory of Planned Behaviour (TPB). A discussion of various factors that motivate consumers to form favourable attitudes towards “green” mobiles will follow. A list of hypotheses, which will be empirically tested, will be included as well. Thirdly, an outline of what my research has indicated so far, will be discussed. Lastly, the final section will consist of my expectations in the last stages of my research as well as what I hope to find and why.

Vanessa Rennie, Macquarie University
Business-to-business cooperation and relationship effectiveness within an advertising network

Becky Shan, University of New South Wales
Branded Variants and Its effects on Consumers’ Choice of Retailers and Manufacturers

The use of branded variants has been commonly used by manufacturers as a tool to expand its product range, and hence satisfy wider tastes of consumers. Many manufacturers do this by altering the features, design, layout, motif, colour, or flavour of its product range (Bergen, Dutta and Shugan 1996). However branded variants can serve purposes more than its common use of catering for wide ranging consumer tastes, for example, it can be used to reduce intrabrand competition, as proposed by the Bergen et al. (1996) paper. This study aims to extend the study by Bergen et al. (1996) to examine the effects of branded variants on consumers’ choice of retailers and manufacturers. This will give important implications to both manufacturers and retailers.

Budi Soetarto, University of Western Australia
The Motivations & Outcomes of Electronic Word-of-Mouth in Online Communities: A Study on Financial Services

Consumers are placing less trust in organisations and traditional advertising. Word-of-mouth (WOM) marketing is a unique marketing tool that uses the consumers as a mediator to spread marketing message to other consumers. It is a very powerful concept, as consumers tend to believe more of
what other people say rather than what companies say about a particular product. By correctly identifying what motivates consumers to participate in WOM communication, companies can attempt to tailor their marketing efforts to stimulate these motivations, thus encouraging WOM communication among the consumers. This study also takes into account the complexity of WOM messages that previous literatures often neglected. By utilising a set of scales that measures the content and delivery aspects of each individual WOM message, this study ensures that the complexity of each WOM message is accounted for. The research methodology for this study is divided into two stages; the first stage comprises of a content analysis of two hundred WOM messages collected from two online communities that will be analysed independently by two judges, and the second stage comprises of an online survey that will be posted in multiple online communities.

Bernard Visperas, University of New South Wales

**Affect in Consumer Decision Making - A Study of Movie Choices**

Choices are affected by unobservable, psychological latent constructs, such as affect, attitudes and personality. However traditional random utility models do not account for the effect of these latent factors on utility assessments. We propose and test a model that incorporates affect – specifically affective states (positive affect and negative affect), and an individual’s need for emotion. This project examines whether incorporating latent factors into empirical decision making models provides a richer and more behaviourally realistic representation of consumer choice processes. Also, insights into how affect influences choices can be gained. Preliminary findings suggest that a person's current affective state influences and moderates preferences for individual product attributes, an effect which is heightened by their need for emotion.

Xiaojun (Sophia) Zhang, University of Melbourne

**Exploring the Effectiveness Of Banner Advertising In Social Network Sites**

Current marketing research has shown that banner advertising is significantly less effective in social network sites as in other internet websites. This contradicts the view that favourable attitudes to websites lead to a higher click through rate and positive attitudes toward banner ads by consumers. Therefore, the purpose of this paper is to explore why banner advertising in social network site have not been effective and what factors influence the effectiveness of banner advertisements.

A combination of survey and interview methods will be used to better understand the current phenomenon in social network sites. In August 2008, surveys will be collected from 50 university students to gain an understanding of user motives and the “website personality” of social network sites. In addition, semi-structured, in-depth interviews will be conducted with 8 to 12 young adults who use social network sites on a regular basis (at least three times a week). These interviews will be content analysed and classified according to emerging themes.

Organisation and Management

Jennifer Bennett, University of Western Australia

**Absorptive Capacity: Maintaining Relevance in a Knowledge Economy**

In an economy where the chief sources of production and wealth are knowledge, managers lack critical guidance as to what constitutes effective knowledge management. Absorptive capacity is a firm’s capacity to absorb knowledge from external sources. It is traditionally defined as an organisation’s “ability to recognize the value of new information, assimilate it, and apply it to commercial ends.” (Cohen & Levinthal 1990, p128). It has been recognised that “developing and maintaining absorptive capacity is critical to a firm’s long term survival and success” (Lane, Koka & Pathak 2006, p833). Consequently, some 900 peer-reviewed academic papers have used the construct since Cohen and Levinthal’s (1990) seminal article (Lane, Koka & Pathak 2006, p833). However, “it is unclear what this large stream of papers has collectively accomplished” (Lane, Koka & Pathak 2006, p833). Researchers recently conducted an analysis of literature to date and identified crucial limitations of previous studies (Lane, Koka & Pathak 2006).
Consequently, Lane, Koka and Pathak (2006) develop a more detailed definition, emphasising absorptive capacity as a dynamic capability, embedded in processes and structures. They define absorptive capacity as “a firm’s ability to utilize externally held knowledge through three sequential processes (1) recognising and understanding potentially valuable new knowledge outside the firm through exploratory learning, (2) assimilating valuable new knowledge through transformative learning, and (3) using the assimilated knowledge to create new knowledge and commercial outputs through exploitative learning” (Lane, Koka & Pathak 2006, p856).

Following this return to Cohen and Levinthal’s (1990) process perspective, this study seeks to examine the influence of organisational drivers on absorptive capacity. Firms’ strategy and characteristics of firms’ social integration mechanisms will be empirically tested for their impact on an organisations ability to absorb new external knowledge. The research methods incorporate both qualitative and quantitative approaches. I will examine the level of assimilation and application of the new external knowledge through an online survey to individuals recently exposed to external knowledge. Semi-structured interviews with managers are conducted to assist the development of valid construct measures. The value to be gained from this study lies in having empirical evidence to support a largely theoretical body of knowledge on absorptive capacity. The project aims to provide managers with recommendations for effectively sharing and exploiting external knowledge, staying relevant in the knowledge economy.

Cameron Fitzpatrick-Ramirez, University of New South Wales
Employer and Employee responses to hot-desking

Hot desking is part of an umbrella category of location independent working, which uses temporarily assigned desks for casual and/or permanent office staff. Hot desking has not grown in isolation, but has been a common feature of open plan layouts. The popularity of hot desking and open plan layouts is due to their potential cost savings and purported ability to influence the behaviour of occupants. The removal of departmental and team partitions, coupled with the continual movement of employees, suggests hot desking within the open plan layout will increase communication, interaction, knowledge sharing between teams and departments, morale and productivity. However, a deterministic relationship between the built environment and workplace productivity, fails to take into account the negative effects of open designs to which employees are subjected, such as the lack of a personal workspace with which to identify, increased distractions that workers cannot control and the continual movement from place to place that encourages feelings of detachment and replacement. These hidden costs have adverse effects on the managerialist rationale that architectural driven strategies will deliver productivity gains. This study suggests that any gains may be short-lived and are concomitant with longer term negative impacts on morale, turnover and overall profitability. Hot desking and the responses from employees and employers are examined through a case study of the FuelCo call centre. The methodology is exploratory, utilising semi-structured in-depth interviews, document analysis and participant observation.

Maha Gorgious, University of Western Sydney
Capturing Tacit Knowledge to Improve Conference Management Procedures: A Case Study on a Healthcare Company

Since the late 20th century knowledge has been seen as a valuable resource-base for achieving optimum competitiveness and strategic success (Andrew 2004; Cook & Yanow 1993; Darnell 2004; Lubit 2001). However, only recently has tacit knowledge and its ability to allow for differentiation, innovation and creation of knowledge been examined within the knowledge management and learning organisations literature. Despite the proliferation of research materials on the benefits of transferring tacit to explicit knowledge there appears to be an apparent gap in the application of this research knowledge to the conference management industry. Capturing tacit knowledge can improve effectiveness and efficiency of operations. However, tacit knowledge, unlike explicit information is hard to access, replicate, articulate and codify in written and oral forms of language. Only explicit knowledge can be shared.
The purpose of my research paper is to describe how participatory action research and qualitative methods may be used to capture the tacit knowledge and best practice approaches to improve conference and event management procedures for a healthcare company. The outcome of my research will identify and refine aspects of conference management for the company and add to the body of knowledge of tacit knowledge and its uses in conference management.

**Nathan Gray**, University of Western Sydney  

This exploratory study focuses on identifying the key cultural and other contextual influences that affect the process and outcome of commercial negotiations between Australians and Non-Australians. A survey of negotiators will be conducted asking for information, based on their experience of the business negotiation process involving Australians and Non-Australians. Utilising the studies of Hofstede, and Ghauri, the responses of Australian negotiators will be analysed and negotiating styles, behaviours and strategies displayed by Australian negotiators in international business negotiations will be identified.

**Christian Russo**, University of New South Wales  

This paper aims to introduce analysis of current network theory and strategy theory. It extends prior social capital analysis by specifying network theory attributes which may be used to identify a network. It seeks to deviate from prior research in order to explain the effect that inter-organisational networks may have on a firm’s strategy. Current network theory explains outcomes such as power, leadership, mobility, employment, individual performance, entrepreneurship and team performance that networks yield for firms. These outcomes fail to link strategic outcomes pursued by firms. This paper will present a detailed examination of an inter-organisational network that exists between a company and its customers. Business-level strategy formulation and implementation are often considered through a whole industry focus or alternatively through a firm level focus. The role that an inter-organisational network contributes to a firm’s business level strategy will be examined through a Maintenance, Repair & Overhaul (MRO) company located in China. Interview data, company documentation and primary observations are used to compliment the triangulation methodology of this exploratory study.

**Hayden Teo**, University of Western Australia  
*Whistle (blow) while you work? Exploring the impact of organisational culture on the willingness of employees to utilise internal disclosure policies*

Whistleblowing has been defined as “the disclosure by organization members (former or current) of illegal, immoral or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action” (Miceli & Near 1992, p. 15). Recent corporate scandals such as Enron appear to confirm that effective internal whistleblowing is a cornerstone of an organisation’s corporate governance. As opposed to external whistleblowing, this form of whistleblowing refers to disclosures made within an organisation to managers, supervisors and specially designated individuals (Vandekerckhove & Commers 2004).

Internal whistleblowing may be facilitated by formal internal disclosure policies. These policies aim to encourage disclosures via organisationally approved channels (Hassink, de Vries & Bollen 2007). Some quantitative studies have identified various organisational factors that appear to impede the effective operation of these in encouraging acts of whistleblowing (Miceli & Near 1984; Miceli & Near 1988; Mesmer-Magnus & Viswesvaran 2005). The proposed study seeks to develop this existing research in two ways. Firstly, it utilises a qualitative research method. Secondly, the research adopts a more holistic understanding of “factors” that may discourage internal whistleblowing, beginning with Berry’s (2004) conceptual model of organisational culture. This study essentially treats organisational culture as a mechanism through which understandings of whistleblowing (and as a result, whistleblowing intentions) are regulated.
Organisational culture exists “on many levels and can be described by examining organizational structures and policies, stories and rituals, and behavioural norms and espoused values” (Berry 2004, p. 2). It is proposed that the study will extend Berry’s conceptualisation of organisational culture by drawing on the work of Michel Foucault and Scott (1985).

Through in-depth interviews with Western Australian employees working in the financial services sector, as well as case studies of real-life whistleblowers, this study will explore the different levels of relations and classifications that regulate whistleblowing within organisations. Additionally, the study will consider the specific impact of organisational culture upon the whistleblowing intentions upon employees; that is, their willingness to utilise an internal disclosure policy.

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*Generational Differences in using Web 2.0 in the Workplace*

Due to the success of many online communities, some organisations have started to consider adopting Web 2.0 technology into the workplace in an attempt to enhance knowledge sharing and collaboration. This is a relatively new field of study which has not been well-developed.

This article presents a research-in-progress for the research project which explores the generational differences in using mass collaborative technology in the workplace. Two research questions are put forward: (1) What the definition of collaboration is in the context of Web 2.0 technology; and (2) How the role of technology and trust has changed in the process of collaboration via Web 2.0 technology.

The project proposes that different generations have different answers to the above questions. Generation Y and, to a certain extent, Generation X grow up in a digital world, whereas the Baby Boomers, who are going to retire in the near future, may have different perceptions towards the concept of mass collaboration. Taking into account the implications of generational differences is expected to help understanding the concept of mass collaboration which has not been well developed.

Since it is an exploratory research, a multiple-case study approach was adopted to collect qualitative data in answering the research questions. At this initial stage of the research process, no conclusive statements will be made in this article.

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*Establishing Faith in Enterprise Bargaining: Understanding the formal and informal regulation of bargaining processes in Australian industrial relations*

The formal regulatory instrument of “good faith bargaining” (GFB) in industrial relations will be reintroduced at Federal level in Australia in 2010. GFB is “the obligation of an employer [or a union] to enter into negotiations upon request with a view to arriving at a collective agreement” (Bendel, 1980: 1). GFB provisions are a central part of decentralised enterprise bargaining systems in other “liberal market economies”. The principle of GFB attempts to establish a normative framework for bargaining processes and relationships (Gillan & Caspersz, 2005), but the provisions are considered to be „open-ended” and therefore designed to interact with informal rules that regulate the employment relationship. The interaction between formal and informal dimensions of employment relations and rule making in bargaining processes is thus crucial to our understanding of decentralised, enterprise based, bargaining in industrial relations.

This thesis will examine how actors” understand the term “good faith” and whether the formal proscriptions adequately reflect actual bargaining tactics and behaviours deployed in enterprise based bargaining. It will thus seek to examine „informal” rule-making and tactical behaviours in bargaining processes and whether they are considered to be in accordance with “good faith” for the purposes of the formal legislation. Ultimately, the thesis will seek to discover what implications this formal
proscription of GFB will have on the current understandings that industrial relations actors have of the term “good faith”, in order appreciate how it will operate in Australia in 2010 and beyond.