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A RETIREMENT PLANNING MODEL WITH PROCRASTINATION CONSIDERED

Gary D. Brooks, University of Virginia

ABSTRACT

Over the past 30 years, the responsibility to finance retirement has shifted dramatically from employers to employees. An overwhelming amount of retirement planning information exists in the United States. Conventional retirement models include a three-legged stool to represent only the sources of retirement income. Psychological factors are part of the retirement planning process, and procrastination can permeate throughout. However, retirement planning often does not address procrastination. First, this paper addresses procrastination theory and retirement planning. These associations provide the input required to develop a model for retirement planning that addresses procrastination. A comprehensive, long-term model may help to address effectively and mitigate the impact of procrastination by individuals to save for retirement. An active and flexible retirement saving model can educate future retirees to take responsible action, maintain control of the entire process, and avoid a retirement funding crisis.

INTRODUCTION

Two trends over the past 30 years include an increased awareness of procrastination and the responsibility to finance retirement shifting dramatically from employers to employees. However, there is not a retirement planning model to provide strategies to address effectively and mitigate the impact of procrastination by individuals to save for retirement.

Psychological factors are part of the retirement planning process, and procrastination can permeate throughout. First, this paper addresses procrastination theory and retirement planning. These associations provide the input required to develop strategies for retirement planning to consider procrastination. An active and flexible retirement planning model can educate future retirees to take responsible action, maintain control of the entire process, and avoid calamity.

PROCRASTINATION THEORY REVIEW

The majority of early procrastination research focused on short-term time spans related to academic procrastination (Schouwenburg, 1992; Schraw et al., 2007). The percentage of students procrastinating regularly can be as high 90% (Coleman, 2007). Senecal and Guay (2000) defined

procrastination as an irrational tendency when an individual lacks the motivation to finish tasks when expected.

O'Donoghue and Rabin (1999) used an economic discounted utility model to explore procrastination and found that unpleasant tasks are more susceptible to procrastination. Later research (O'Donoghue & Rabin, 2001) emphasized the nature of the task, importance of time, and choice complexity to measure procrastination levels.

Ferrari et al. (2006) completed a survey of 100 plus college undergraduates and found that students postponed hard tasks lacking enjoyment. Not understanding how to perform as task was a common reason for delay. Students acknowledged that completing a delayed task would likely generate positive benefits. Procrastination research and measurement tools continued to focus on academic procrastination.

Until 2005, procrastination research studied the negative aspects of procrastination. Chu and Choi (2005) found that procrastination could provide coping benefits, and they classified procrastination as active and passive. The results provided three specific types: decisional, preference for time pressure, and completing tasks by deadlines. Schraw et al. (2007) created a new procrastination model that supported the idea of positive benefits including healthy ways to cope and help to prioritize tasks.

Flavell (1979) explained metacognitions are the beliefs, events, psychological structures, and processes that help control an interpret thinking. Spada, Hiou, and Nikcevic (2006) found evidence to support the idea that metacognitions are part of procrastinating behavior. The concept of metacognitions laid the foundation to develop new procrastination theories.

Steel and König (2006) used metacognitions to propose the temporal motivation theory (TMT). The theory proposes that "motivation can be understood by the effective of expectancy and value, weakened by delay, with differences for reward and losses" (p. 897) (Steel & König). TMT provides a way to leverage empirical results across multiple disciplines to study procrastination.

Steel (2007) predicted an increase in the prevalence of procrastination. Vohs et al. (2008) found an interrelationship between decision-making and self-control. Procrastination can create financial penalties (Gura, 2008), and financial management is prone to procrastination (Balkis & Duru, 2007). Alexander and Onwuegbuzie (2007) found that students displaying hope procrastinated less. Ariely and Wertenbroch (2002) found that external deadlines can mitigate procrastination. Tift (2007) found that procrastination occurs with retirement planning.

RETIREMENT PLANNING REVIEW

People worked as long as they could without much time for leisure before the industrialized society, and retirement is a new social concept in human history (Rappaport, 2008). Three major changes that significantly changed the nature of retirement in the United

States include: people living longer, more women in the workforce, and early retirement (Reitzes & Multran, 2004).

Jacobs-Lawson and Hershey (2005) identified a future time perspective, financial knowledge, and financial risk tolerances as three variables to predict savings practices. Kreitler (2004) proposed that Americans would change savings behavior with direction and constant repetition. Personal savings and savings in employer-sponsored retirement plans are major sources for retirement income (Wolff, 2003).

For prior generations, retirement only spanned five to 10 years. In the early 21st century, retirement can be a life stage that lasts for decades (Willet, 2008). Jacobs-Lawson and Hershey (2005) predicted that future retirees will find it difficult to remain financially independent throughout retirement. The genuine success of a retirement plan is having enough resources accumulated to reach and maintain a desired standard of living throughout retirement (Hershey, Jacobs-Lawson, McArdle, & Hamagami, 2007).

The use of a three-legged stool as an analogy for the retirement system in the United States was popular (Crawford & Anand, 2005; Falk, 2005; Herd, 2009; Scanlan & Lyons, 2006). The three income legs included a defined-benefit plan, government-provided income, and personal savings. The metaphor provided a visual representation used by retirement experts, economists, and scholars to explain the retirement system. A proposed new model must include every possible sources of retirement income.

Acknowledgment of the weaknesses in this analogy included adding annuities as a fourth leg (Crawford & Anand, 2005) and removing the defined-benefit leg (Herd, 2009). Another weakness in the three-legged stool metaphor is the idea that all legs of the stool are equal, but the retirement income sources are not proportionally equal for most retirees (Smith, 2002). The three-legged stool metaphor suggests a passive attitude that retirees just getting a stool to plan.

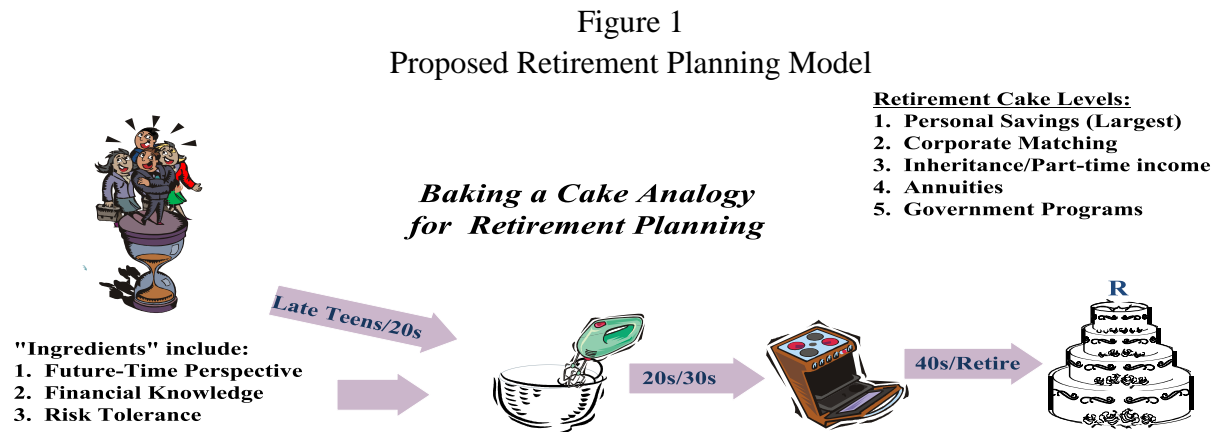
ANALYSIS OF RESULTS

Table 1 lists important ideas related to procrastination with related concepts from retirement planning along with the characteristics of a desired a new retirement planning model.

Table 1		
New Model Development		
<i>Procrastination</i>	<i>Retirement Planning</i>	<i>Proposed Model</i>
Delay long-term tasks	Long-term proposition	Incorporates time element
Avoid unpleasant tasks	Easier if started earlier	Enjoyable way to see process
Ambiguity increases rate	Specific steps required	Clarifies actions required
Choices can overwhelm	Risk tolerance determines choices	Decide desired product at the beginning

Brooks (2011) proposed a retirement planning model for Generation X, but it can apply to multiple generations. The model helps to provide a visual way to understand the time element

of retirement planning and how procrastination can delay the desired the result, a multi-layered cake. Delay in planning because of procrastination can mean only a cupcake or working indefinitely to reach a desired outcome. Figure 1 is a graphical display of the model.



CONCLUSIONS

Prior retirement models like the static three-legged stool are not adequate for future retirees. A model that shows a longer process with steps or decisions required at various points early in the process can provide a more realistic planning tool. Baking a cake is one analogy, but building a house or assembling a car are other examples to help visualize retirement planning. These models also incorporate the concept of procrastination to show the impact of delay.

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A CASE STUDY OF THE CITIZEN CENTRIC REPORT INITIATIVE

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ABSTRACT

The “Citizen-Centric Report” (CCR) initiative was founded by the Association of Government Accountant (AGA). The instructor used this initiative as a team project that requires each team to prepare a four (4)-page report of a government or not-for-profit (NFP) organization. This project challenges student to work as a team, while exercising their communication, research and technology skills in gathering information and preparing the report. The team is to develop a CCR that identifies the organization’s mission and goals; identifies performance measurements; translates financial statements into laymen terms; and identifies the economic challenges and future outlook of the organization.

The instructor’s government accounting course was the first to create such reports for various Government of Guam agencies, therefore, not only did this project enhance student learning but also led to the enactment of Public Law No. 30-127, “An Act Relative to Adopting the Association of Government Accountants’ Citizen-Centric Report Initiative” in Guam.

BANK LOAN AGREEMENT AND CEO COMPENSATION

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ABSTRACT

Contrary to other forms of outside financing, the announcement of a bank loan agreement prompts a positive and significant market return. Throughout the literature, bank loans are deemed special and unique due to multiple benefits accruing to bank borrowers. The short-term positive market reaction is however inconsistent with the long-term underperformance of borrowing firms (Billet et al., 2006). We find that unlike shareholders, CEOs gain from the bank loan relation over the long-term. Specifically, we find that bank loan agreement elicits a significant increase in total compensation through an increase in non-performance based compensation components such as salary, bonus and other compensation. We also report a smaller proportion of performance based compensation following the bank agreement. Generally, the results suggest that subsequent to a major bank loan, CEOs seem to gain enough influence to shield their compensation from the firm's underperformance. In particular, this evidence supports the "uniqueness" of bank loan relations.

PAPERLESS PROCESSES: SURVEY OF CPA FIRMS IN A SMALLER MARKET REGARDING OBSTACLES, CHALLENGES AND BENEFITS OF IMPLEMENTATION.

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Joseph Hadley, Cornerstone Research & Development, Inc.
Hal Davis, Davis & Sanchez, PLLC**

ABSTRACT

Many professional CPA firms are taking advantage of technology and software to implement paperless office processes in their client services and firm operations. With current technology, a paperless office is not just for large firms, in large markets. The survey was sent to partners of firms in a smaller business market and the firms were generally smaller firms. The survey results regarding obstacles, challenges, and benefits of “going paperless,” found that partners of firms who had implemented paperless processes, generally indicated a higher level of challenges than the partners of firms who had not yet implemented paperless processes. This suggests that implementation of paperless office practices was more difficult than anticipated before implementation. However, the partners of smaller firms that had implemented paperless processes agreed fairly strongly with the benefits of “going paperless. The results of the benefits questions in the survey showed that the partners seem to believe that the benefits of paperless processes generally are worth the obstacles and challenges.

MARKET-TIMING ABILITY OF LOWE TRANSPARENCY THROUGH FIXED-PRICE TENDER OFFER STOCK REPURCHASE

Y. Ling Lo, Western Kentucky University

ABSTRACT

In this paper, I examine whether low transparency (LT) firms with more information asymmetry problems have more market-timing opportunities and are able to earn higher market-timing profits through fixed-price tender offer stock repurchase. I find LT firms are more likely to announce larger repurchase than high transparency (HT) firms. In addition, the long-term performance shows that LT firms do earn higher market-timing profits than HT firms, because of incomplete and less immediate market reactions.

INTRODUCTION

In this paper, I examine the impact of transparency on corporate management's market-timing ability through fixed-price tender offer stock repurchase. More specifically, I examine whether low transparency (LT) can provide managers with more market-timing opportunities and profits through fixed-price tender offer stock repurchase. The study of fixed-price tender offer stock repurchase is important because the size of repurchase of fixed-price tender offer is in general much bigger than the size of other forms of stock repurchase, such as open market repurchase and Dutch auction.

In addition, while corporate advocates of higher corporate transparency have identified several advantages that are linked to high transparency; others have found that higher transparency has significant downside effects. For example, higher quality disclosure can reduce the cost of debt (Sengupta (1998) and Schrand and Verrecchia (2004)), cost of equity when firms have low analyst following (Botosan (1997)), and cost of IPO (Ang and Brau (2002)). On the other hand, Almazan, Surez, and Titman (2004) argue increasing transparency may reduce firm value. Botosan and Plumlee (2002) find that increase in timeliness disclosure can increase cost of equity capital, while Bushee and Noe (2000) find that timely disclosure tends to attract transient investors and increase stock return volatility. Even though the literature of corporate disclosure has been well examined in numerous studies (Myers and Majluf (1984), Baker and Wurgler (2000), and Graham and Harvey (2001)), none of the above studies has examined whether low transparency allows managers to time stock repurchases more efficiently, even

though managers' market timing intent and success have been well documented in SEO and repurchase literatures.

LT firms have more information asymmetry problems (Diamond and Verrecchia (1991)), while such information asymmetry problems can cause the market price to deviate from its intrinsic value. In addition, the adverse selection problem can also cause the less informed market to discount the stock of LT firms as a form of compensation or information discount (Beatty and Ritter (1986)). More importantly, less informed investors will be willing to sell the stock at a reservation price that is below the fair market value viewed by the manager of LT firms because of the information asymmetry problems. On the other hand, managers of LT firms with complete information will treat the price discount as undervaluation and an opportunity for timing the share repurchases if the magnitude of undervaluation is big enough to generate market timing profit. By contrast, high transparency (HT) firms have little or no information asymmetry problem. Therefore, the stock of HT firms is more likely to be priced at or close to the intrinsic value. In addition, when the stock of HT firms is undervalued, the magnitude of the undervaluation may not be big enough to generate market timing profit. Consequently, managers of HT firms have fewer market-timing opportunities and smaller market-timing profits than managers of LT firms do.

To determine if LT firms are more successful in market timing through stock repurchase, I examine (1) whether the market reacts less immediately to repurchase announcements of LT firms because the market views the undervaluation signal of LT firms to be less credible as a result of information asymmetry problems and (2) whether LT firms outperform HT firms in the long run after the repurchase activities.

Consistent with the hypotheses, I find LT firms are more likely to announce larger repurchase and are more likely to time the stock repurchase repeatedly, indicating that they are more successful in timing the stock repurchase. Therefore, LT firms have more market-timing opportunities. In addition, I examine the market reactions at announcement and the long-term performance post the repurchase. I find LT firms to experience smaller market reactions, while such market reaction is incomplete. In the long run, LT firms earn more robust and more significant positive profits than HT firms post repurchase. My results are consistent with my hypotheses; LT firms do earn higher market-timing profits through fixed-price tender offer.

In the following sections, I will present the specific hypotheses examined in this study, the methodologies used to test the stated hypotheses, the empirical results, and the conclusions of this study.

HYPOTHESES

H1: Low transparency firms should have more market-timing opportunities and earn higher market-timing profits through fixed-price tender offer stock repurchase than high transparency firms should.

Both theoretical and empirical studies agree that LT firms have more information asymmetry problems and that increasing disclosure can reduce information asymmetry problems. However, the flip side of information asymmetry is that managers would have more of an information advantage than the outside investors, and such an information advantage provides more chances for opportunistic market timing behavior. Therefore, reducing information asymmetry problems by improving transparency may reduce the opportunity and size of timing gains through repurchase.

Since LT firms have more information asymmetry problems than HT firms, stock of LT firms is more likely to be traded at discount because of the higher information risk. In addition, the information asymmetry problems also predict difficulty in accurate firm valuation. Therefore, mispricing and higher price dispersion are also more likely to occur among LT firms. Such larger scale of price dispersion and deeper discount of LT firms can provide managers with more market-timing opportunities. The larger the price discount, the higher the market-timing profit, while everything else being equal. Therefore, the above mentioned market-timing opportunity and large price discount can encourage market-timing behavior and guarantee profits.

On the other hand, HT firms with fewer information asymmetry problems are more likely to find their stocks priced at or close to the fair market values. Therefore, HT firms should have a fewer market-timing opportunities and earn lower market-timing profits.

H2: Signaling theory predicts that, if low transparency firms' signals are less credible than those of high transparency firms, low transparency firms should receive less immediate and less positive market reactions than high transparency firms, while such less immediate market reactions will allow low transparency firms to buy back stocks at lower prices and earn higher market-timing profits in the long run. Therefore, low transparency repurchase firms should outperform high transparency repurchase firms and non-repurchase firms in the long run (Ikenberry, Lakonishok, and Vermaelen (1995)).

Based on signaling theory, repurchase announcements can signal that the firm expects higher returns in the future. In addition, the signal also indicates that the firm has enough financial resources to implement the repurchase in addition to investing in all of its positive NPV projects. Therefore, repurchase announcements often trigger positive market reactions (Spence (1973) and Stephens and Weisbach (1998)).

However, information asymmetry theory predicts that the market will perceive the announcement of LT firms to be less creditable because of the information asymmetry problem. With more information asymmetry, investors tend to react to the announcement with more caution, while such slower and less immediate market reactions may allow LT firms to more successfully purchase the stock at lower prices and therefore earn higher market-timing profits in the long run.

A few empirical results indicate that LT firms' signals may be less credible than those of HT firms. Price (1998) finds a positive relationship between the level of disclosure and responsiveness to earnings. Therefore, his result indicates that the market should respond to the announcement of HT firms more promptly. In addition, investors of LT firms are more cautious; they want to wait for other confirming information before reacting on the announcement instead of taking the undervaluation signal for granted.

RESULTS

In this study, the final fixed-price tender offer sample consists of 89 firm year observations and 79 completed repurchases. In Table 1, I examine market reactions to repurchase announcements. Three benchmarks are used to calculate CARs.

Whether the market reaction is measured based on CRSP returns; size and book-to-market matched firm returns; or size, book-to-market, and industry matched firm returns; results are similar in most cases.

Results of fixed-price tender offer firms are consistent with the hypothesis. LT firms' announcements are viewed as less credible; therefore, the market reacts less immediately and less positively in the short run.

In Table 2, I use CARs and BHARs to examine the long-term performance of repurchase firms.

Only firms that actually carry out the repurchases are examined. Again, consistent with the hypothesis and my earlier findings, LT firms do earn higher CARs and BHARs in the long run. CARs provide stronger results than BHARs, while the small sample problem may explain some of the statistical insignificance in the results.

In Table 3, calendar-time approach FF factor model provides consistent yet stronger results. LT firms outperform HT firms in the three- and five-year windows post the repurchase

For an additional robustness check, RATS procedure factor model is used in Table 4. In this case, only LT firms earn statically significant positive returns in the 36-, 48-, and 60-month period, while HT firms do not earn statistically significant profits in the long run.

CONCLUSION

Consistent with the market-timing hypothesis, I find LT firms are more successful in timing fixed-price tender offer repurchase through size of the announcement, less immediate market reactions and more positive long-term performance.

Table 1: Market Reaction of Repurchase Firms

Three benchmarks are used for the CAR calculation. The first benchmark is CRSP value and equal weighted returns. In this case, the CAR is calculated based on Brown and Warner (1985) methodology. The second benchmark is the size and book-to-market matched returns, while the last benchmark is the size, book-to-market, and industry matched returns. Industry matching is done based on the 2-digit SIC codes. Only purged sample firms are used for the firm characteristic matching to avoid statistical problems.

<u>Panel A: Market Reaction base on CRSP Returns</u>	Value-Weighted CAR (-1,1)	Value-Weighted CAR (-1, End-of-the-Month)
Overall Sample	7.96% (3.38%) [<.0001]***	7.95% (4.44%) [<.0001]***
LT targets	4.39% (3.02%) [<.0001]***	4.42% (4.44%) [<.0001]***
HT Targets	9.60% (5.07%) [<.0001]***	9.53% (4.45%) [0.0008]***
LT minus HT (P-Value of T Test) [P-Value of Wilcoxon Test]	-5.21% (0.0424)** [0.8087]	-5.11% (0.1437) [0.5853]
<u>Panel B: Market Reaction based on Size and Book-to-Market Matched Return</u>	Value-Weighted CAR (-1,1)	Value-Weighted CAR (-1, End-of-the-Month)
Overall Sample	8.81% (4.00%) [<.0001]***	9.42% (4.43%) [<.0001]***
LT targets	4.79% (2.63%) [0.0003]***	4.26% (4.31%) [0.0047]***
HT Targets	10.37% (5.52%) [<.0001]***	11.42% (4.43%) [0.0003]***
LT minus HT (P-Value of T Test) [P-Value of Wilcoxon Test]	-5.58% (0.0710)* [0.6002]	-7.16% (0.0799)* [0.5926]
<u>Panel C: Market Reaction based on Size, Book-to-Market, and Industry Matched Firms</u>	Value-Weighted CAR (-1,1)	Value-Weighted CAR (-1, End-of-the-Month)
Overall Sample	9.07% (4.08%) [<.0001]***	10.92% (5.65%) [0.0001]***
LT targets	6.95% (6.06%) [<.0001]***	4.63% (7.53%) [0.0426]**
HT Targets	9.71% (3.95%) [0.0007]***	12.79% (4.40%) [0.0042]***
LT minus HT (P-Value of T Test) [P-Value of Wilcoxon Test]	-2.76% (0.4840) [0.6052]	-8.16% (0.2038) [0.5682]

Table 2: Long-Term CARs and BHARs

In Panel A, cumulative abnormal returns (CARs) are estimated based on the Brown and Warner approach (1980). 12-, 36-, and 60-month CARs from the month after the original announcement date are calculated for the high transparency (HT) and low transparency (LT) repurchase, based on both CRSP value- and equal-weighted index returns. Standard errors are calculated using month -36 to +48 from the announcement. Firms are classified as completed repurchase firms when the repurchase is at least partially completed. In Panel B, Bootstrapping methodology is used to calculate the long-term buy-and-hold abnormal returns. (Brock, Lakonishok, and LeBaron (1992)). The matching firm is determined based on the size, book-to-market, and 2-digit SIC code of the repurchase firm. Matching is done each year post repurchase announcement to adjust for the change of market value of equity post stock repurchase. The matching sample is purged of any firm that announced any type of stock repurchase in the past five years. NYSE breakpoints are calculated each year. Size is the market value of firm equity as of June 30. Book value of equity is calculated as the book value of common equity plus deferred taxes and investment tax credits for fiscal year t-1.

<u>Panel A: Long-Term CARs</u>	One-year CAR	Three-year CAR	Five-year CAR
Completed Sample (median) [P-value]	2.78% (3.16%) [0.5255]	24.98% (16.05%) [0.0003]***	30.38% (21.55%) [0.0004]***
LT targets N = 39 (median) [P-value]	-0.65% (1.58%) [0.9057]	26.52% (21.56%) [0.0040]***	38.45% (36.08%) [<.0001]***
HT Targets N = 40 (median) [P-value]	4.15% (3.16%) [0.5344]	22.72% (12.05%) [0.0300]**	22.93% (7.25%) [0.1089]
LT Targets minus HT targets (P-Value of T Test) [P-Value of Wilcoxon Test]	-4.80% (0.5126) [0.9024]	3.80% (0.9634) [0.5796]	15.52% (0.5488) [0.5271]
<u>Panel B: Long-Term BHARs</u>	One-year BHAR	Three-year BHAR	Five-year BHAR
Completed Sample (median) [P-value]	-6.26% (-10.80%) [0.3578]	19.45% (-1.60%) [0.0351]**	26.22% (29.58%) [0.0518]*
LT targets N = 39 (median) [P-value]	18.50% (12.10%) [0.1006]	42.81% (38.17%) [0.0236]**	33.60% (3.48%) [0.2143]
HT Targets N = 40 (median) [P-value]	-19.42% (-10.80%) [0.0192]**	7.04% (-1.60%) [0.3986]	22.30% (29.58%) [0.0988]*
LT Targets minus HT targets (P-Value of T Test) [P-Value of Wilcoxon Test]	37.92% (0.0063)*** [0.2484]	35.77% (0.0579)* [0.4862]	11.30% (0.6874) [0.9804]

Table 3: Calendar-Time Approach Factor Analyses of Completed Repurchase Firms

LT and HT targets are classified based on industry median-adjusted analyst forecast dispersion. $r_{it} = \alpha_i + b_i \text{MKT}_t + s_i \text{SMB}_t + h_i \text{HML}_t + e_{it}$ where i represents the LT or HT portfolio, while r_{it} represents the monthly return on the LT and HT portfolios, respectively, in excess of T-bill rate at month t , starting at $t = 1$, the month following the merger completion date. MKT represents the excess monthly return on the value-weighted market proxy at time t . SMB and HML represent monthly returns on value-weighted zero-investment portfolios, which are calculated as the small portfolio return minus the large portfolio return and the high book-to-market return minus low book-to-market return, respectively. The intercept reflects the average monthly abnormal return. In addition, a zero-investment portfolio is to determine if a long position in LT target portfolio and a short position in HT target portfolio will provide positive long-term abnormal returns. Again, the intercept will represent the monthly abnormal return obtained from the zero-investment portfolio.

	1-year Intercept	3-year Intercept	3-year Intercept
LT Firms	-0.49 (0.4335)	1.06 (0.0043)***	0.70 (0.0164)**
HT Firms	-0.25 (0.6858)	0.17 (<.0001)***	0.18 (<.0001)***
LT – HT	-0.04 (0.9660)	1.12 (0.0420)**	0.47 (0.2390)

Table 4: RATS Procedure Factor Analyses of Completed Repurchase Firms

The abnormal return is calculated based on the Fama-French three-factor model. Firms are classified into LT and HT portfolios. However, the returns, r_{it} , used in the regression are event-time excess returns of individual firms within the portfolio starting from the month after announcement. $r_{it} = \alpha_i + b_i \text{MKT}_t + s_i \text{SMB}_t + h_i \text{HML}_t + e_{it}$. MKT represents the excess monthly return on the value-weighted market proxy at time t . SMB and HML represent monthly returns on value-weighted zero-investment portfolios, which are calculated as the small portfolio return minus the large portfolio return and the high book-to-market return minus low book-to-market return, respectively. The intercept reflects the average abnormal return in the specified event month of the portfolio. The abnormal returns are then cumulated to calculate CARs. Panels A and B present results of completed repurchase firms, while Panel C presents results of cancelled and incomplete repurchase firms.

Month	AR of LT Firms	CAR of LT Firms	AR of HT Firms	CAR of HT Firms	Difference in CAR
12	-2.36 (0.1881)	-5.00 (0.4358)	2.87 (0.1616)	-4.14 (0.4999)	-0.86 (0.9227)
24	-1.54 (0.3090)	15.36 (0.2303)	-4.95 (0.0652)*	-3.63 (0.6785)	18.99 (0.2189)
36	3.81 (0.2267)	35.90 (0.0070)***	0.84 (0.6872)	6.44 (0.5180)	29.46 (0.0687)*
48	-2.36 (0.5864)	28.80 (0.0230)**	1.17 (0.6760)	14.07 (0.2230)	15.73 (0.3557)
60	-0.92 (0.5244)	29.55 (0.0162)**	-1.68 (0.5208)	14.81 (0.2702)	14.74 (0.4083)

OCI VALUE RELEVANCE IN CONTINENTAL EUROPE: AN EXAMINATION OF THE ADOPTION OF IAS 1 REVISED

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ABSTRACT

The present study examines the value relevance of Other Comprehensive Income (OCI) in Continental Europe. Through an extensive data set covering firms in 19 countries from 1995 to 2010, we provide a comprehensive discussion of OCI value relevance over time, focusing in particular on the introduction of IAS/IFRS in 2005 and IAS 1 Revised in 2009. We discuss how the implementation of these standards has affected the extent to which the market takes OCI into account, finding an increase in OCI value relevance after the introduction of IAS/IFRS in 2005 and IAS 1 Revised in 2009. We also test what the drivers of these results we obtain are, in terms of differences between IAS and national GAAP and importance of the equity market. Our results are strengthened by a sensitivity test which examines these effects in companies with high / low OCI variability and by several other robustness tests.

EMPIRICAL STUDY ON THE RELATIONSHIP BETWEEN ENTREPRENEURIAL MINDSET AND THE FACTORS AFFECTING INTRAPRENEURSHIP: A STUDY IN INDIAN CONTEXT.

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ABSTRACT

Intrapreneurship, also called corporate intrapreneurship, corporate venturing, Intra corporate. Intrapreneurship is the spirit of entrepreneurship within the employees working in an established organization. The data collected through personal interview from 380 employees spread over 376 companies has revealed that entrepreneurial mindset or the entrepreneurship in the employees is one of the main factors, influencing intrapreneurship in the Indian companies. Entrepreneurship mindset in itself is a set of four qualities. They are, risk taking ability, learning from mistakes and successes, always in search of innovative ideas and being optimistic & motivated. Study is also focused on the demographics and its relation to the entrepreneurship mindset. Knowing the intrapreneurship factors existing in any organization helps the organization to understand the existing situation in the organization and focus on the area which needs attention. This knowledge enables the organization to keep up the intrapreneurial spirit in the organization and face globalization challenges with ease. Nurturing intrapreneurship has resulted in the growth of organization such as 3M, Google.

Keywords: Intrapreneurship, Entrepreneurial mindset, Behavioral aspects, Intrapreneur, Entrepreneurship, Intrapreneurial factor.

SMALL BUSINESS AND OBAMACARE: GUT-WRENCHING CHOICES

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ABSTRACT

Obamacare, or officially The Patient Protection and Affordable Care Act (abbreviated PPACA or ACA), has been a contentious topic in the public sphere and the subject of intense coverage by the popular media. In the days immediately following the launch of HealthCare.gov, the website which has been intended as the destination for consumers and small businesses to shop for and purchase (supposedly) affordable health care insurance coverage, it became obvious that the site's capacity to serve users was overwhelmed by technical and design flaws. Widespread instances of "sticker shock" have been reported by those who have managed to shop for or obtain insurance, while at the same time millions of cancellation notices have been sent to consumers, and it is anticipated that millions more cancellations will follow, affecting both small and large employers.

INTRODUCTION

Surveys from reputable research organizations show that small businesses are reacting to the Affordable Care Act (ACA), otherwise known as Obamacare, by reducing hours and putting off hiring decisions. As well, large employers such as Home Depot and Trader Joe's are cutting health benefits for part-timers while others such as are IBM are removing retirees (Whelan, 2013) while United Parcel Service (UPS) announced that it was removing approximately 15,000 spouses employees' from its company health plan (Wieczner, 2013). "By denying coverage to spouses, employers not only save the annual premiums, but also the new fees that went into effect as part of the Affordable Care Act" (*Ibid.*). Besides legal challenges, implementation of Obamacare has been accompanied by a government shutdown (Rinaldi, 2013), numerous other delays, exemptions (Pfeiffer, 2013), waivers (Radnofsky, Weaver, & Needleman, 2013), and millions of existing policy cancellation notices (Barrineau & Dastagir, 2013; Roy, 2013).

Recently, due to problems with the HealthCare.gov website, it was announced that the Small Business Health Option Program (SHOP) marketplace exchanges on the HealthCare.gov site would be delayed for another year until November 2014 (Taulli, 2013), thereby exacerbating an environment of economic uncertainty (Banjo, 2013; Rogers, 2012; Straud, 2013). While these website problems were at first passed off as glitches, through a series of hearings, investigations, and media reports, it became obvious that a plethora of problems existed, including security vulnerabilities that put users' personal privacy at risk. The law's complexity

is such that consumers and small businesses will be subjected to a difficult, underestimated, and costly compliance burden (Lahm, 2013).

With the above as a backdrop, scholars in the business disciplines have not yet made significant contributions to the literature with respect to the impacts of Obamacare on entrepreneurs and small businesses. Given the importance of small businesses and their contributions to the U.S. economy, and hence the world economy (Boot, 2010; Faal, 2013), substantial and ongoing research efforts are warranted. As such, this present paper constitutes one such effort to explore ramifications of the law and to present conceptual frameworks.

THE SMALL BUSINESS ECONOMY AND RESPONSES TO OBAMACARE

The 2007 recession hit businesses hard (Kobe, 2012), and even though recent years have shown some improvement, the U.S. economy has yet to fully recover. The U.S. Small business Administration's (SBA) Office of Advocacy publication entitled, *The Small Business Economy 2012*, is part of an ongoing series of reports (released over the past three decades) which document trends on financing, ownership, employment and other characteristics. In a cover letter introducing this latest report, it was observed that "the effects of the most recent downturn are still being felt. The number of business births and their associated employment remain below pre-downturn levels and employment gains have been muted compared with previous downturns" ("The small business economy," 2012). Small business share of Gross Domestic Product (GDP) was above 48 percent in 2002 but plunged to about 44.5 percent in 2010. (Kobe, 2012). Although challenged by the continuing repercussions of the downturn, small firms were nevertheless responsible for creating almost two thirds of net new jobs between 1993 and 2010. In numbers, 11.8 million of the 18.5 million net new jobs created during this period were generated by small firms ("Frequently Asked Questions about small business," 2012).

Findings from a survey released by the International Foundation of Employee Benefit Plans (IFEBC) for which it collected data in March of 2013 indicated that 16% of respondents have adjusted or plan to adjust hours for employees in order to lower the number who are classified as full-time workers (Mrkvicka, Held, Stich, & Kolsrud, 2013). A Gallop poll of small business owners in April 2013 indicated that slightly more than four in ten (41 percent) have held off on hiring new employees and nearly the same number (38 percent) "pulled back on plans to grow their business" (Jacobe, 2013). Approximately two months after the Gallop poll's release, the U.S. Chamber of Commerce released findings indicating that "one-half of small businesses say that they will either cut hours to reduce full time employees OR replace full time employees with part-time workers to avoid the mandate" ("U.S. Chamber of Commerce Q2 2013 small business survey," 2013).

MORE THAN MERE GLITCHES: MAJOR FLAWS PLAGUE HEALTHCARE.GOV

The healthcare insurance exchange marketplace ("Health insurance exchanges: An update from the administration," 2013; Siegel Bernard, 2013; "What does Marketplace health insurance cover?," 2013) that was created under Obamacare for consumers and small businesses via a new HealthCare.gov website was to open October 1, 2013. In the site's first two days of operation it received a reported 7 million visitors (Chumley, 2013). However, the site was clearly not ready to service users. While at first freezing (Pearson, 2013; Wallace, 2013) and other issues were attributed to a large volume of site traffic and "glitches," (Chumley, 2013; Howell, 2013; Young, 2013) it was later determined that major design flaws and other problems plagued the site (Wallace, 2013). According to a *National Public Radio* (NPR) report, a programmer who built the campaign website for President Obama in 2008 stated that "the HealthCare.gov system could have been built for a tenth of the cost had the government hired better talent—and taken a more open, agile approach to software development" (Hu, 2013).

Following the initial launch problems a new self-imposed deadline for fixing the HealthCare.gov site by the end of November 2013 was announced, but during the preceding weeks leading up to that deadline, the Obama administration began to issue statements signaling lowered expectations, to the effect that the site would be functioning better for the vast majority of users ("Health insurance exchanges: An update from the administration," 2013; Pearson, 2013). "After initially saying the problems were caused by overwhelming interest in Obamacare that swamped the website's computer systems, administration officials acknowledged the issues ran deeper and ordered a 'tech surge' to address them" (*Ibid.*).

THE COMING STORM OF BUSINESS POLICY CANCELLATIONS

Much of the controversy with regard to cancellations is directly associated with well-publicized and oft-repeated presidential campaign promises (and others made afterwards) to the effect that those who liked their existing health insurance policies and doctors, could keep them. For instance, while a candidate for a second term in office, Mr. Obama stated: "If Americans like their doctor, they'll be keeping their doctor. You like your plan? You'll be keeping your plan" (Obama, 2010). According to estimates in a *Federal Register* table ("Rules and Regulations," 2010, p. 34553), small employers that would no longer have grandfathered plans by 2013 were estimated as follows: low-end, 49%; mid-range, 66%; and high-end, 80%. For purposes of these estimates small employers were defined in the footnotes to this table as those with 3 to 99 full-time employees, and larger employers as those with 100 or more employees. So, questions to the effect of what did the president know and when he knew it have arisen, leading many to challenge the president's credibility (Roy, 2013).

CONCLUSION

Given delays (including the one year SHOP Marketplace delay for small businesses with under 50 FTE employees), sticker shock over premium pricing and deductibles, security and privacy threats, the complexities, costs and time-suck entailed in compliance, and the enormously expensive health care system that already exists in the United States it is hard to imagine how the implementation of a government-designed health care system will result in either an economically healthy or a happily-ever-after ending of any kind. Small businesses must nevertheless do the best that they can to adapt and hopefully survive. For entrepreneurs, it will not be easy to make sometimes gut-wrenching choices that might include cutting people's hours, not hiring or (typically worse) firing, raising prices, or not investing in marketing, equipment, facilities, professional development, training, or other areas that may support growth.

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CULTIVATING BLACK TECHNOLOGY ENTREPRENEURS THROUGH HBCU ENGINEERING PROGRAMS

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ABSTRACT

In today's society, the black community is suffering from high unemployment rates and low levels of entrepreneurial activity. The phenomenon of technology entrepreneurship has dominated the discussion as a solution to business creation and job growth. As a result, many top-tier academic institutions have incorporated a focus on entrepreneurship within their engineering programs, in addition to a technology-oriented focus on entrepreneurship in business programs. To assess the involvement of historically black colleges and universities HBCUs in the promotion of entrepreneurship, a review of accredited engineering and business programs was conducted to identify the existence of an entrepreneurship focus. Based on the findings, it was concluded that entrepreneurship education is relatively nonexistent within HBCU engineering programs. However, the majority of HBCU business school programs offer entrepreneurship courses in varying forms. Suggestions to increase the entrepreneurship focus in HBCU engineering programs are offered as a means to address elevated unemployment and diminished technology entrepreneurship in the black community. Practical implications and considerations for future research are also discussed.

Key Words: HBCU, engineering, entrepreneurship, education, job growth, black unemployment

DEMAND ANALYSIS ON BUSINESS SUPPORT TRAINING FOR THE MSME SECTOR IN JAMAICA

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ABSTRACT

An exhaustive search of the training/firm-size literature has uncovered a number of studies that have diagnosed training needs of the MSME sector; albeit very few and with limited coverage. Nowhere to be found however, within the related literature, is a demand analysis of training needs of this sector or a comparative assessment of training demanded by firm-size; despite the importance of business support training for bolstering performance of these firms. This study has addressed this gap; and argues that training demanded by this very important sector must be met if Jamaican MSMEs are to deliver on the herculean tasks of economic growth, employment generation and poverty alleviation. Utilizing telephone survey and final sample of 200 Jamaican firms, the study found that customer service, managing your business for success and marketing your business were the top three courses demanded by the MSME market. More detailed findings revealed that, in all instances, where demand for training was delineated by firm-size, micro firms had less demand for training courses than small and medium. Implications for training providers, limitations and opportunities for further research are also discussed.

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ABDUCTION, DEDUCTION AND INDUCTION AS CONCEPTS FOR UNDERSTANDING ENTREPRENEURIAL OPPORTUNITIES. A META- PERSPECTIVE BASED ON THREE VIEWS OF THE MARKET PROCESS.

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Oystein Rennemo, North Trondelag University College**

ABSTRACT

There is a considerable amount of literature about entrepreneurial opportunities containing different views and strategies. Three such views focus on entrepreneurial opportunity as a market process: the allocative, discovery and the creative process. Thus it is possible to understand the entrepreneur in different contexts of opportunities. Using these three views of entrepreneurial oriented research, this article presents an extended and complementary meta-perspective in terms of C. S. Peirce's concepts of abduction, deduction and induction. By means of an instrumental case study of the entrepreneurial firm Bread and Circus, we describe the non-linear, recursive and multiple dependent processes of opportunity practice.

QUALITIES UNIVERSITY STUDENTS SEEK IN A TEACHER

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David S. Fike, University of the Incarnate Word

Gladys Dejesus, Chowan University

ABSTRACT

The unique contribution of the study is that it explores the perception of an ideal teacher from students of different backgrounds rather than evaluations of faculty performance. The paper finds that the two qualities that ranked highest at both schools were “knowledgeable” and “grades fairly.” Another very interesting result is that faculty’s use of technology was ranked to be the least important quality at both universities. Females rated five of the twenty-two faculty characteristics higher than did males. “At risk” students may need more support such as demonstrating a caring attitude, listening carefully to students, being sensitive to diversity, and engaging the students at their level.

USING CONCEPTUAL CHAPTER MAPS IN INTRODUCTORY ECONOMICS COURSES

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ABSTRACT

A Conceptual Chapter Map is a modified version of a traditional concept map. In addition to illustrating the links among concepts Conceptual Chapter Maps also provide explanations of concepts, which makes it a more practical learning tool since students can use it to understand the concepts and also while studying or working on problem sets. This paper discusses the benefits of Conceptual Chapter Maps as compared to traditional concept maps and lecture notes, discusses why instructors of economics courses should consider using this valuable learning tool, provides practical strategies for creating and delivering Conceptual Chapter Maps, and reports students' attitudes toward the use of these maps in introductory economic courses.

PROBLEM-SPACE THEORETIC ANALYSIS OF PROCESS DESIGN ALTERNATIVE GENERATION METHODS

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ABSTRACT

Extensive tools exist for modeling, analyzing and comparing processes, but very few tools support the generation of new processes. This paper describe a grammar-based approach for generating process alternatives. It then uses the problem space framework to illustrate its benefits such as its ability to make the dimensions of a design space explicit, systematically and exhaustively generate alternatives in a given design space, and embody domain specific knowledge in the form of rules. As such, it provides a powerful tool with which to address the ill-structured problem of process design. The grammatical approach we discuss is focused narrowly on the problem of generating alternatives; it is meant to supplement, not replace, existing frameworks for analysis and design.

INTRODUCTION

The literature on process redesign and re-engineering has grown rapidly, starting with the early calls to innovate (Davenport and Short 1990) and obliterate (Hammer and Champy 1993). The rhetoric of reengineering created a huge wave of practical and theoretical interest, a large number of methods, tools, and techniques have been developed to assist in the task (Bucher 2010, 2010; Brocke and Rosemann 2010). Sophisticated tools have been developed for analyzing an existing or proposed process, but tools for identifying potential new processes are very limited and ad hoc (Bernstein, Klein and Malone 1999(Lee et al. 2008). This seems unfortunate, because the potential for really significant innovation is constrained by our ability to generate interesting alternatives (Malone et al 1999).

This paper describes a grammatical approach to process design, such as described in (Lee et al 2008), provides most of these benefits without inheriting all their limitations. In this framework, our knowledge of what is possible is captured in the form of a grammar that can be used to generate a variety of possible models. A grammar provides a way to represent our knowledge about the space of alternative processes economically and generatively. Not all processes are feasible or desirable in every situation, but a grammatical framework can make the space of alternatives explicit, visible and searchable.

GRAMMATICAL APPROACH

The approach is based on the concept of formal grammar, which originated in the field of linguistics has been applied to organizations (Salancik and Leblebici 1988; Pentland 1994, 1995), manufacturing (Chung, Kwon and Pentland 2001), and a range of other topics (Honavar and Slutzki 1998, Miclet 1996). Grammar augments the use of other tools by suggesting combinations and alternatives that might otherwise be missed. It helps us to explore deep, cross-domain, analogies that go beyond local variations. Because a grammar is an inherently generative mechanism, it can be viewed as a framework for enabling the systematic exploration of alternatives where we formerly had to depend on creative insights.

A GRAMMATICAL FRAMEWORK FOR GENERATING PROCESS ALTERNATIVES

Below is a brief description of the major components of the grammatical approach. A particular instantiation of this approach, called Process Grammar, can be found in (Lee, et al. 2008), along with a review of the related work and a specific illustrative example. The framework we present here is generic and could be used to represent many different process domains. We will illustrate it with a sales process, using data from the Process Handbook (Malone et al 1999), which contains a large number of sales related processes. Our grammar consists of the usual elements of any phrase structure grammar, each of which is discussed and illustrated below.

- *Lexicon (terminal symbols) – put, get, pay....

- *Non-terminal symbols – noun phrase (NP), determiner (DE), verb (V)s

- *Rewrite Rules -- S -> (DET) (NP) V (NP)

Readers unfamiliar with the concept of formal grammar may find the terminology burdensome and difficult to follow, but the basic idea is very simple. A grammar describes all and only the valid possibilities in some set. In the case of natural language, a “sentential” grammar describes the set of all the valid sentences in that language. Since this set is potentially infinite, direct enumeration is impossible. So a grammar represents the potentially infinite set of valid possibilities by generating them from a lexicon and a set of rules. The process of generating valid possibilities is called “re-writing.”

In the problem space model that was introduced and used successfully in the context of General Problem Solver (Newell 1981, Newell and Simon 1972), any problem can be described in terms of the initial state (an under-specified representation of a process such as “sell”), the goal state (a more fully specified specification of the process), and the rewrite rules are the operators. Each application of a re-write rule makes the under-specified process increasingly specific and concrete (c.f. Figure 1). Viewed in this framework, we can see why the grammar-

based approach makes the design dimensions explicit and the role that each of the rewrite rules as operators contribute toward the goal state.

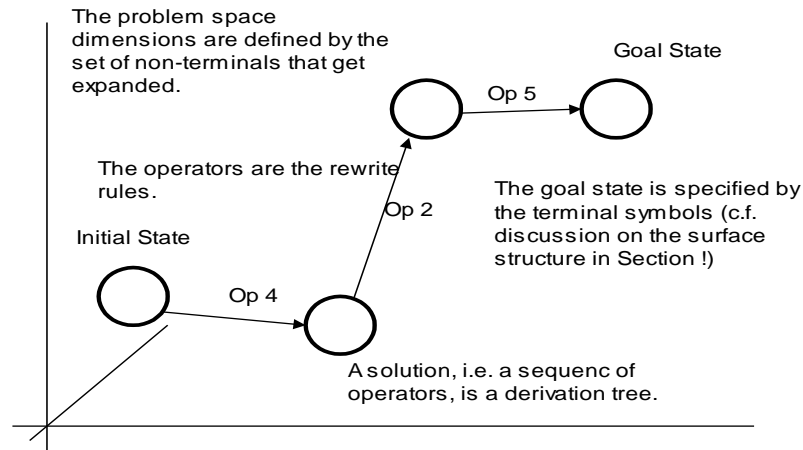


Figure 1. Grammatical approach makes the design dimensions for the problem space and the operators explicit.

TERMINAL AND NON-TERMINAL SYMBOLS

The lexicon of our sales grammar consists of the major steps in a sales process, as shown in Table 1.

Table 1. Terminal and Non-Terminal Symbols in the Sales Grammar	
Terminal symbols (lexicon)	Sell, Identify-Potential-Customer, Identify-Customer-Needs, Inform-Potential-Customer, Take-Order, Deliver-Goods, Receive-Product,
Non-Terminal symbols	Act, agent, location, temporality, object, beneficiary, instrument, how, and all terminal symbols

The lexicon of our sales grammar consists the specific activities such as Sell, Identify Potential Customer, Identify Customer's Needs, Information Potential Customers, and so on. They are the basic building blocks of the process as it is modeled in this grammar. There are also non-terminal symbols, which can be further elaborated or specified. The non-terminal symbols consist of generic categories such as Act, agent, object, location, and temporality, as well as all the terminal symbols.

In formulating this grammar, we have taken the unusual step of including the "terminal" symbols as non-terminals, for the following reason. What we put into the lexicon or the terminal symbol set depends on what we want the surface structure to include. In sentential grammar, sentences that we can utter constitute the surface structure. The surface structure in turn depends

on when we want our grammatical analysis to stop. We want to stop rewriting when all the symbols are terminal. In a process grammar, no a priori stopping point for the level of detail or abstraction can be specified. In principle, one can proceed to an infinitesimal degree of refinement, which contributes to the ill-structured nature of the problem (Simon 1973). But at some point, the practical value is exhausted. As in the current state of the art, human judgment is required to determine when we have interesting processes that are concrete enough to start assessing and comparing. Therefore, if we have a specific level of analysis in which we are interested and if we can characterize this level with a specific vocabulary, then we can define this set to be the lexicon, or terminal symbols. For example, if we wanted to see how a given process model gets implemented in a workflow system, then the lexicon would consist of the constructs for the chosen workflow system.

REWRITE RULES

Our process grammar includes a set of rewrite rules that allows us to generate the set of possible processes from a completely generic sales process (the “deep structure”). These rules are of two kinds: a decomposition rule and a set of domain-specific rules. The generic decomposition rule is generic; it is based on a framework proposed by Fillmore (1968) and can be applied to any action or process. The domain-specific rules, however, reflect knowledge about a variety of alternative sales processes.

GENERIC DECOMPOSITION RULE. THE CORE OF OUR GRAMMAR IS A GENERIC DECOMPOSITION RULE THAT CAN BE APPLIED TO ANY PROCESS (OR PART OF A PROCESS) ANY NUMBER OF TIMES, INCLUDING ZERO TIMES. THIS RULE CAN BE EXPRESSED FORMALLY AS:

$$\text{Act} \rightarrow [\text{Act} [\text{agent} \mid \text{locality} \mid \text{temporality} \mid \text{object} \mid \text{beneficiary} \mid \text{instrument} \mid \text{how}]]^*$$

The rule expresses the fact that there are a number of different cases that can be explored and potentially specified for any given action. This rule specifies that any activity (Act) can be rewritten as itself plus some additional information that makes the description of the activity more specific. The alternatives for what kind of additional information is needed are called “cases” (Fillmore 1975). For example, if our action is “Inform-Potential-Customer” (IPC), this rule says that we can re-write in any of the following ways

IPC \rightarrow IPC agent

IPC \rightarrow IPC locality

IPC \rightarrow IPC agent IPC locality

IPC \rightarrow IPC agent IPC locality IPC temporality

In grammatical terms, “agent”, “locality” and “temporality” are non-terminal symbols that will be rewritten further with domain-specific rewrite rules, which are discussed below. In

practical terms, they are aspects of the process design that need to be explored and finalized. For example, if one is selling vacation packages to the Bahamas, one might consider running television advertisements in Northeastern United States during the early January. To express this possibility in terms of re-write rules, we would need to include rules such as: agent → TV, locality → Northeastern US, temporality → first week of January, object → advertisement for the Bahamas. Thus, each of these cases can be elaborated into some specific aspect of the activity.

Researchers have proposed alternative sets of cases (Simmons 1973; Fillmore 1968, 1975, Winograd 1981). Which set to adopt would depend on the domain and the purpose of analysis. For our purpose of exposition, we have chosen to use a set of cases that are most intuitive and also consistent with the original set of Fillmore (1968): agent, object, location, temporality, instrument, result, beneficiary, how. The first four roughly correspond to Who, What, Where, and When. These are essential to the specification of any real activity, and they form the major dimensions of the problem space.

Domain-specific rules. Domain-specific rules rewrite a current process design by elaborating on the cases associated with the process. These cases represent the different aspects of the deep structure such as the agent, object, location, temporality, and instrument. These domain-specific rules are also straightforward way of introducing context-specific knowledge. As in the example of selling vacation packages, one might have a large body of data and experience about geographic regions, market segments, seasons, destinations, and alternative advertising media. It is worth remembering, of course, these dimensions comprise only one step in the overall sales process: Inform-Potential-Customers. Each of the other steps may entail similarly rich domain knowledge.

One of the cases in our grammar, “how”, is qualitatively different from the other cases and may embody a particularly rich set of domain specific knowledge. This is because answers to “how” questions tend to involve a combination of the other case slots. For example, when asked how potential customers were identified, the following are plausible answers:

- *Identify potential customers on sales call
- *Identify potential customers through tele-sales
- *Potential customers identify themselves
- *Obtain mailing list of potential customers

By describing different ways of executing an activity, each “how” case embodies a set of small “off-the-shelf” process models, as one might find in a book of best practice benchmarks. By allowing us to mix and match process fragments, the “how” case embodies the core functionality of the Process Recombinator (Bernstein et al 1999). It allows us to group a complex of other cases that are closely intertwined and treat them as a unit. It also acts as a temporary holder of such cases until they are sorted out into individual cases. Thus the how case can be viewed as an “escape bin” where either the separation of the complex into individual dimensions is difficult or not worth the cost for the purpose in hand. But we should also

recognize that by using this escape bin, we are relinquishing the ability for the grammar to generate combinations that require teasing out individual dimensions

Case independence. The grammar presented here assumes that the cases are independent: all combinations of cases are plausible alternatives, unless there are domain-specific rules that indicate otherwise. For example, rules can be added to express the constraints that prevent certain combinations of cases, such as selling liquor across state lines on the internet. We discuss the more general issue of introducing constraints into the grammar later in the paper. “How” offers an interesting exception to case independence, however. Each alternative case of “how” holds a combination of different slot values encompassing specific cases for who, what, when and where. Thus, the “how” cases may hold important clues about the implicit constraints that may be operating in the domain. If we find certain combinations of cases and not others, it may indicate that some technical or physical constraint is limiting the valid combinations.

The assumption of case independence simplifies the representation, but it is not necessary for the grammatical structure outlined here to be useful. The main issue is the extent to which one relies on automatic processing (versus common sense) to identify and rule out invalid alternatives. By assuming independence, the current grammar will tend to generate combinations that do not seem feasible in the real world. While this would be a flaw in a formal system intended to express only the valid combinations, it might provide an interesting aid to creativity. For example, it may have seemed implausible to sell large durable goods (like furniture) or professional services (like medical diagnosis) over the internet, but these models are now widely accepted as plausible, if not always economical.

Methods for building a process grammar and exploring it for process design are presented in (Lee, et al. 2008), along with a software prototype developed to assist the user. Also a fuller example of each components described above is presented and used to explore new design alternatives for the sales process, such as the possibility of selling the service to remotely monitor customer’s repair needs before any of the registered appliances (e.g. A/C, TV, refrigerator) malfunctions.

DISCUSSION

The successive re-writing and elaboration of alternatives embodies one of the core issues in design: generating innovative alternatives. The grammatical framework presented here is intended to help generate alternatives in a useful, systematic way, by combining and instantiating alternative decompositions for each of the cases associated with any component of a business process. By having the alternatives explicitly captured in the form of rewrite rules, the grammatical approach allows new processes to be generated. Because these rules can embody context-sensitive, domain-specific knowledge, they provide a powerful tool with which to address the ill structured problem of process design.

As with other tools, successful application of a process grammar requires knowing the conditions under which it is useful such as: The domain must be relatively stable so that the rules do not have to be changed or updated constantly; The domain objects and constraints have been already identified or should be relatively easy to identify; Significant innovation in the process is both desirable and feasible. These conditions embody an implicit cost-benefit-feasibility trade-off. For example, there is no point in developing a grammar for process where only incremental changes will be allowed. In addition, one may speculate that some process domains are more amenable to grammatical representations than others. For example, it has been argued that VLSI design is more amenable to automation than mechanical design (Whitney 1997). The factors that may facilitate or hinder the success of grammatical process representations remain to be worked out.

CONCLUSION

A process grammar can express, with a relatively compact set of rewrite rules, the invariants of a process (decomposition rule) and its numerous variations (domain-specific rules). Each domain-specific rule focuses on one dimension (case) along which the process can be specialized. Thus, a grammatical representation provides us with a principled way to represent and organize the existing practices collected, for example, in best practices databases. A process grammar also allows us to go beyond the collection of existing practices and systematically explore various generation of alternative process designs. While context-sensitive rules (e.g. Inform-Potential-Customer locality \rightarrow ..) can keep the scope of rewrite rules in the proper domain, context-free rules allow our exploration to go beyond the local variations. Furthermore, because non-terminal categories represent various levels of abstraction in decomposition or in the amount of details, a process grammar allows us to weave our exploration in and out of varying levels of abstraction, not restricted to the surface level (bottom up) or to the top level (top down). Thus it provides an overall framework within which the existing tools such as the process modeling and case-based technologies can be used. Articulating a grammar also enables us to identify the different types of constraints and explore the implications of such constraints or their relaxation.

Other topics of research include the identification of grammatical cases for specific processes so that we know what kind of information to collect or how to represent existing processes. Other research would be empirical -- e.g. collecting the data that will provide a basis for the rewriting rules. It will be a hard work, but we believe that the grammatical approach, when buttressed by such work, lays a solid foundation for the study and exploration of process or business model design/redesign from both theoretical and practical perspectives.

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SUPPORT FOR THE INCLUSION OF PERSONAL VALUE PREFERENCES IN DECISION SUPPORT SYSTEMS

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ABSTRACT

We consider the important issue of including personal value preferences in decision support systems (DSS). Various personal differences have been shown to affect the acceptance, use, and effectiveness of DSS. Decision-making models offer a theoretical basis for the inclusion of various personal differences (including personal value preferences) in decision-making. Research in the field of psychology has long recognized the importance of values in both motivation and choice behavior. Other research has also found personal values to be relevant in decision-making. We posit that since personal values are important in the decision-making process, they should also be important in the support of decision-making and thus in decision support systems.

TOWARDS A FRAMEWORK FOR INTEGRATING OPEN SOURCE PRINCIPLES INTO ENTREPRENEURIAL VENTURES

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ABSTRACT

Open-source software has thrived in the last several decades. The energy and direct accomplishments in this area has led to the diffusion of many of these principles into a wider forum of organizations. Much of the previous open source success is attributed to common goals, the ability of the community to reach consensus, and the willingness to openly share intellectual property rights. The visible lack of formal analysis, planning, and weak control has retarded the adoption of open source principles in the for profit sector.

This research develops a conceptual framework for capitalizing on the key motivational and organizational distinctions that are inherent in this model in order to assist the drive for entrepreneurial action in for profit ventures. A formal analysis of the open source process, governance alternatives, and the motivations and incentive systems from prior literature is reviewed and a model is developed to enhance entrepreneurial action. Five key principles are defined and their theoretical foundations and practical implications are developed for enhancing entrepreneurial ventures.

AN EVALUATION OF CUSTOMER SATISFACTION WITH LEADING WALK-IN AND ONLINE US STORES

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ABSTRACT

This article describes ten major US stores on several dimensions of customer satisfaction. These stores are Costco, Kohl's, JC Penny, Target, Macy's, Meijer, Sears, Sam's Club, Kmart, and Walmart. The customer satisfaction dimensions include quality, selection, value, checkout, service, and layout. These ten leading walk-in stores were evaluated by 55,108 customers, while their online counterparts were evaluated by 26,344 customers. Numerous statistical techniques like cluster analysis, principal components analysis, and correspondence analysis are utilized to summarize, analyze, and describe this information for a better understanding of customer perceptions. The findings are useful in identifying the underlying dimensions of customer satisfaction with leading walk-in stores and their online counterparts.

DECEPTIVE POLITICAL ADVERTISING: SOME NEW DIRECTIONS

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ABSTRACT

In 2010 the Supreme Court (Citizens United v. FEC) overruled, on First Amendment grounds, the electioneering spending limits of political campaigns. This has led to a heightened concern about the role of money in politics. It is proposed that more than the amount of money spent in political campaigns it is how it spent that is a bigger cause for concern. Research indicates that some of the political ads are misleading and yet effective in influencing public opinion. The increasing use of deceptive political advertising has ethical and public policy implications. Some of these ads focus on a single event from the past, and research indicates that human decision-making can be significantly influenced by a single instance from an individual's past experience or memory. This paper provides the theoretical background and presents a model of how single exemplars might influence decision-making and how their effect may be offset by appropriate action. Possible solutions to mitigate the negative effects of deceptive political advertising are discussed in the context of the model.

[KEYWORDS: Deception, deceptive advertising, political advertising, single instances]

THE POWER OF CAN'T: REACTANCE AND PRODUCT PREFERENCE AMONG YOUNG CONSUMERS

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ABSTRACT

The theory of psychological reactance (Brehm 1966) and commodity theory (Brock 1968) generally state that individuals may respond to warnings or restrictions in ways that are counter to expectations with products or other items becoming more desirable.

This research involves product preferences displayed by adolescent males who are under the recommended age to purchase video games with a restrictive "Mature" label. An experiment involving 156 adolescent males and 143 adult males compares respondent opinions to gaming products with allowed, non-restrictive labels ("Everyone") to those with restrictive labels.

Findings suggest that male adolescents less than 17 years of age have a higher preference for video games with labels intended to discourage use for individuals in their age group.

THE EFFECT OF A WAL-MART SUPERCENTER ON SUPERMARKET FOOD PRICES: THE CASE OF THE CITY OF PLATTSBURGH IN UPSTATE NEW YORK

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Rohit Rampal, SUNY College at Plattsburgh
Laurent Josien, SUNY College at Plattsburgh

ABSTRACT

The present study assesses the competitive impact of a Wal-Mart Supercenter on food prices on three local Supermarkets chains located in the city of Plattsburgh in upstate New York. The price data collected was part of a Market Basket Consumer Price Index Study and was collected on a bi-weekly basis over a period of twenty-three months. Forty-one (41) Food Items prices ranging over eight (8) categories are studied. Food price differences between a Wal-Mart Supercenter and three (3) Supermarket chains are reported. Price differences between national brands and private labels are equally reported. We compare our findings with that of a number of previous studies that have addressed the same issue, this within the Marketing Literature. Our results are, overall, similar in both magnitude and direction as that of previous studies. Specifically, we found that Supercenter prices were lower in all eight (8) food categories and significantly so in three out of five common food categories. Notwithstanding this result, we find that supermarket prices are not directly influenced by the Wal-Mart Supercenter's pricing strategy.

Keywords: Food prices, Supercenter, Supermarket, National Brands, Private Labels, Marketing Strategies, EDLP.

ANALYSIS OF SERVICE ORIENTATION AND EMPLOYER'S SERVICE CLIMATE IN THE AMERICAN HOTEL INDUSTRY

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Yuliya Yurova, Nova Southeastern University
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ABSTRACT

The ability to provide excellent customer service is vital to the success of hospitality industry organizations. To achieve superior customer service, employers seek to hire employees with excellent service orientation due to their disposition to be helpful, thoughtful, considerate and cooperative at an individual level (Hogan, Hogan & Busch, 1984; Chen, 2007). Teng & Barrows (2010) noted that in addition to service orientation, a hospitality organization's success also relies on the organizational service climate of the establishment. The organizational service climate is constructed of the support that management provides to employees and the support employees receive from co-workers, in order for employees to provide excellent customer service. Service orientation research indicates that these aspects of providing service affect the job behavior of service employees with positive employee experiences resulting in enhanced service performance by employees (Gonzalez & Garazo 2006). Our research has surveyed American hotel employees in order to measure employee perceptions of their own service orientation, employer's service climate and perceptions of their job quality. Using this survey data, relations between these variables have been investigated.

Keywords: service orientation, organizational climate, job satisfaction, organizational commitment

INTRODUCTION

Homberg, Hoyer & Fassnacht's (2002) analysis indicated that service orientation research falls into three perspectives: an employee perspective, an organizational perspective and a business strategy perspective. The employee perspective focuses on the employee attributes of customer service orientation that employees need in order to provide excellent customer service (Hogan et al., 1984; Cran, 1994; Dale & Wooller, 1991; Hurley, 1998). This research was extended to consider employee perceptions of their own service orientation; with results, indicating that an employee's perceptions of their own service orientation was mirrored by their

own service orientation actions (McBride, Mendoza & Carraher, 1997; Chait, Carraher & Buckley, 2000). Research performed from the organizational perspective examines the organizational service culture attributes that create a climate that is customer service-oriented. This perspective investigates the extent to which an organization's internal design creates a service climate (Schneider, Wheeler & Cox, 1992; Johnson, 1996; Lytle, Hom & Mokwa, 1998). The business strategy perspective investigates service orientation as a response to market conditions (Homburg et al., 2002). Previous studies on service orientation either focused on one of the three perspectives or addressed them all together as a single group (Teng & Barrows, 2010).

Individual literature on employee perceptions of their own service orientation or their perceptions of the service climate of their employer and their effects on employee perceptions of job satisfaction, commitment to their employer, and intent to leave their employer or the hospitality industry (referred to collectively as 'job quality') is limited. This research investigates the relations between employee perceptions of their service orientation and the service climate of their organization on perceived job quality

Service orientation theory research investigating employee perceptions of their own service orientation has been limited to a small number of researchers. Previous research has investigated employee service orientation perceptions among students, the healthcare industry, entrepreneurial enterprises, small retail firms and the financial services sector. However, hotel employee service orientation perception research appears to be unaddressed. This research intends to fill gaps in service-orientation theory literature by analyzing hotel employee perceptions of service orientation and service climate and their relation to hotel employee perceptions of personal job satisfaction, commitment to his or her employer.

This study will be advantageous to hotel human resource personnel in understanding employee perceptions of his or her own service orientation, and of his or her employers' service climate and their effects on performance. Investors will benefit from positive effects on firm performance resulting from good service orientation. This information provides insights to management regarding where to adjust practices to improve employee outputs, reduce employee turnover and to develop service orientation in employees, resulting in increased hotel performance.

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STRATIFICATION, COMMUNICATION TACTICS, AND BLACK WOMEN: NAVIGATING THE SOCIAL DOMAIN OF NONPROFIT ORGANIZATIONS

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ABSTRACT

This paper explores the experiences of Black women working in the nonprofit industry in an urban setting in the state of Minnesota, as well as the targeted strategic communication tactics they utilize to achieve upward mobility in their respective nonprofit organizations. Academic literature on racial and ethnic stratification, nonprofit leadership and intercultural communication is explored in addition to original research results of Black women in the nonprofit industry. Discussion includes the utilization of strategic communication tactics by Black women as a response to experiences of institutional racism and challenges navigating informal social networks.

THE IMPORTANCE OF ECONOMIC DIPLOMACY FOR A SMALL OPEN ECONOMY – THE CASE OF SLOVENIA

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ABSTRACT

This paper discusses the importance of economic diplomacy for a small open economy in the case of Slovenia. Additionally, it also discusses the importance of foreign trade and foreign-trade promotion for growth and development of a small open economy, in the same case. Nowadays, economic diplomacy plays a very important role in restoring economic stability, which is, in addition to political stability, essential for peace and prosperity, both in Slovenia and elsewhere in the world.

Keywords: economic crisis, economic diplomacy, economic power, economic promotion, economic security, foreign trade, foreign-trade promotion, small open economy, Slovenia.

INTRODUCTION

Economic diplomacy is the management of economic relationships between (two or more) countries. It plays an increasingly important role worldwide (including in Slovenia) due to various reasons. One of them is the need to take an action on the current economic crisis, nationally and internationally. This need is due to the changing characteristics of economic and other crises that have become more common, partly because of the growing number of intractable economic and other problems such as the unequal distribution of income or wealth (Romih, 2013a, p. 115).

The current economic crisis is an important factor of Slovenia's economic diplomacy. One of the reasons for this is the need for more effective and efficient economic diplomacy as a result of changing economic and other conditions at home and abroad. Increasing the effectiveness and efficiency of Slovenia's economic diplomacy is therefore essential to accelerate Slovenia's economic growth and development, which are crucial for improving Slovenia's economic situation (particularly in terms of reducing the number of unemployed).

However, economic diplomacy is not a panacea for all economic problems (see Woolcock & Bayne, 2013).

FOREIGN TRADE AND RELATED ISSUES OF A SMALL OPEN ECONOMY

Foreign trade is very important for Slovenia, contributing to its economic growth and development, which are the main goals of Slovenia's economic policies (Romih, 2013b, p. 95). Foreign-trade promotion (which is a subtype of economic promotion) is therefore essential to achieve these goals, especially in times of economic crisis like the current one. This is one of the reasons that foreign-trade promotion has become one of the main tasks of Slovenia's diplomatic and consular representatives, especially of those representing Slovenia in non-European countries.

Foreign-trade diversification (particularly in terms of increasing the number of countries with which Slovenia trades) is essential to accelerate Slovenia's foreign trade. Additionally, it is also essential to accelerate Slovenia's economic growth and development, which are needed to restore economic stability (which is in addition to the political stability essential for peace and prosperity) in Slovenia. Removing foreign-trade barriers is therefore essential to achieve some of the main goals of Slovenia's economic policies. These are more or less inconsistent with each other, making them less effective and efficient, which is one of the reasons that Slovenia is less competitive in comparison to some other European countries. Estonia, for example, ranks 32nd out of 148 countries, according to the Global Competitiveness Index 2013–2014, which is 30 ranks higher than Slovenia (see Schwab, 2013, p. 15).

In order to become more competitive, Slovenia needs to carry out some economic reforms which should be consistent with each other, making them more effective and efficient. This is essential to increase public confidence in these reforms (especially during the current economic crisis) and to create an environment conducive to economic reforms which are necessary to adapt to changing economic conditions at home and abroad. Additionally, this is essential to accelerate Slovenia's foreign trade, which is crucial to improve labour market conditions in Slovenia and stop the 'brain drain' to more competitive countries, such as Australia and Canada. This is another reason for Slovenia to accelerate its foreign-trade promotion.

ECONOMIC DIPLOMACY AND FOREIGN-TRADE PROMOTION

Foreign trade is crucial for a large number of Slovenian enterprises. Removing foreign-trade barriers is therefore essential for their continued survival, especially in the times to come. Economic diplomacy, which can help in entering foreign markets, is becoming increasingly important for Slovenia's economy, which is heavily dependent on trade with a small number of European countries, namely Austria, Croatia, France, Germany and Italy.

Foreign trade is therefore an important factor in Slovenia's economic relationships with other countries (mainly the aforementioned). Additionally, it is also an important factor of Slovenia's economic security, the provision of which is essential to accelerate Slovenia's economic growth and development. For a small country like Slovenia, economic diplomacy is particularly important because its economy is heavily dependent on other economies, which are larger and stronger, and this makes it more difficult for Slovenia to defend its economic interests abroad. Making alliances is therefore very important for it, although it can be a double-edged sword, especially when used as a device to 'beggar thy neighbour'.

FOREIGN-TRADE POWER AND SECURITY

Foreign trade is affected by the current economic crisis, and has, among other things, a very important impact on the distribution of foreign-trade power between countries, which has changed over time due to various reasons, such as the rapid economic development of some countries, particularly in Africa, America and Asia.

Foreign-trade power, which is closely linked to foreign-trade security, plays a similar role to other types of power and is very important in national and international politics, which are influenced by national and international interests. These are often in conflict with each other and can, therefore, cause conflicts between countries that need to be solved by diplomacy as soon as possible. Unsolved conflicts between countries can have a negative impact on their relationships and, consequently, on their security. They can also have a negative impact on their brand, which plays an increasingly important role in foreign trade, as it can affect the decision-making of foreign-trade participants. Slovenia, for example, ranks 63rd out of 118 countries, according to the Country Brand Index 2012–2013 (see FutureBrand, 2013, p. 106), which is neither good nor bad, considering the factors that affect the ranking.

A country's brand is affected by various factors such as the current economic crisis. This factor is particularly important for countries which are heavily affected by the aforementioned crisis, like Slovenia (which is still in recession), as it has a highly negative impact on their reputation abroad. Slovenia is no exception, and this can negatively affect its economic relationships with other countries, particularly in the field of foreign trade and foreign-trade promotion. A country's reputation abroad is also a very important factor in attracting foreign people and enterprises (foreign investment). This is especially important for Slovenia, as it can accelerate its foreign trade and, consequently, its economic growth and development, which are essential for Slovenia's future. This is one of the reasons that Slovenia, whose reputation abroad is worsening, should become more attractive to foreign people and enterprises, especially those from developing countries such as Brazil and Chile. Economic diplomacy can be very helpful in this task.

CONCLUSION

Economic diplomacy is very important for a small open economy like Slovenia. One of the reasons for this is the importance of foreign trade for its growth and development (especially nowadays). Economic diplomacy, which can help promote foreign trade, is therefore essential to improve the economic situation in Slovenia and other small open economies, especially those affected by the current economic crisis.

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HOMEOWNERSHIP IS NOT ALWAYS A BLESSING

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CASE DESCRIPTION

This case can be used to illustrate problems that arise when homeowners get into financial difficulties and have to make hard choices on which monthly bills to pay and which to ignore. Little known to many homeowners is that failure to pay mandatory Homeowner Association dues can lead to foreclosure on the family home. An ethical dilemma arises when the family home is sold at a foreclosure auction. The new deed holder can extract rents from the property and use slow-moving court procedures to forestall a primary lienholder's foreclosure, thus delaying justice. The case is designed for discussion on the topics of financial literacy, basic real estate transactions, and a gaming the justice system. These issues can be covered in one class session and requires one hour of preparation time from the students.

CASE SYNOPSIS

Fred and Megan Schmidt are a married couple who found themselves in financial straits when their expected and unexpected expenses exceeded the amount of Fred's paycheck. The couple failed to pay mandatory dues to their Homeowners Association (HOA), which allowed the HOA to take a lien against their house. The HOA then foreclosed on the property. Jack Dawes, an attorney, gained a trustee's deed to the property by being the highest bidder at the foreclosure auction. Even though the trustee's deed is subject to the first lien on the property, held by the original borrowers' mortgage company, Dawes was able to make a profit on his investment by renting out the property until the mortgage company foreclosed. Dawes can delay this process by filing suit against the mortgage company to tie the matter up in the courts, giving him more opportunity to collect rent.

BACKGROUND

Fred Schmidt graduated with a bachelor's degree in accounting from a small college seven years ago. His spouse, Megan, a social worker, held down a job to pay the bills, as Fred completed graduate school, earning a master's degree. Because Fred and Megan both had student loans, the young family struggled to make ends meet. The financial forecast looked brighter as

Fred began his career in accounting. He was first a staff auditor, then senior auditor, and most recently an audit manager for a local audit and accounting firm in San Antonio. No SEC work, but the firm had a nice audit practice out of a string of local construction companies, two small-town banks, a half-dozen water districts, and the like. Salary wise, Fred's paycheck did not seem to be to him to be as big as it should be, given the deductions for taxes, Social Security, Medicare, health insurance, etc. But with his last raise, Fred appeared to be doing OK.

Megan quit work after the birth of their first child; so, of course, the Schmidt family income took a hit. Although the couple had group insurance through Fred's employer, the health plan they could afford had high deductibles and large co-pays. Because of complications with the recent birth and ongoing healthcare needs of the child, medical expenses were higher than the couple had expected. To make finances even tighter, Fred spent a recent bonus check on a new car—and because it was a high-performance sports model, insurance costs were steep. The couple also bought a house, a starter home, for \$175,000, in a neighborhood with a community pool, green spaces, and other amenities paid for through dues to a Homeowners Association (HOA). Anticipating steady increases in Fred's pay, and a rising real estate market, they bought all the house they could, enticed by an adjustable rate loan and 5% down payment.

Credit card debt rose for Fred and Megan as they bought furnishings for the home and charged medical expenses. They took annual SCUBA vacations, which was Megan's passion. For the past two years, property taxes on the house crept up, requiring an increase in the amount the mortgage company held in escrow. Insurance costs were high, including both homeowners coverage for casualty loss, and private mortgage insurance (PMI), which lenders require when the down payment is less than 20% of the home's value. The Schmidts' house payment jumped up with a scheduled increase in the adjustable rate on the mortgage. This meant that they were only able to make the minimum payments on their several credit cards. The couple started questioning whether they had made sound financial decisions on the home front.

Then matters took a turn for the worse. In *Hamlet*, Shakespeare wrote: "When sorrows come, they come not single spies, But in battalions." He could have been talking about Fred and Megan. Things fiscal immediately unraveled when the partners at Fred's firm announced that due to the loss of one of the two biggest clients, the firm needed to save some money on people costs. Rather than downsizing by letting 15% of the employees go, the company reduced everyone's gross pay across the board by 15%. Fred and Megan had no savings. This pay cut pushed them into the red.

In shock and unable to prioritize what fat to cut from the budget, Fred ran the numbers on selling the couple's largest asset, the house. With a real estate sale one does not always get full price (especially if the money is needed quickly), and real estate transactions come with substantial built-in costs, such as commissions to the brokers, title insurance, and other closing costs. Fred realized they were upside down in their mortgage (with the debt exceeding his estimated value of the property). As the bills piled up, Fred and Megan focused all of their

resources on paying the mortgage. Visa, Mastercard, and dues to the Homeowners Association could wait.

What these (and most) homeowners did not know was that HOAs are legal entities created by real estate developers to provide services to residents who buy homes in subdivisions or other planned communities. When setting up an HOA, a developer typically drafts a declaration that defines covenants and restrictions by which all future homeowners must abide. When attached to the deeds of each parcel, the covenants (in legal parlance) “run with the land.” Thus, they can be enforced by filing a lien that encumbers the property, with the corresponding right to foreclose the lien. Such liens are security interests that the HOA can wield to induce the collection of dues so that it can meet its obligations to pay expenses, such as for the community pool, landscaping, the monthly newsletter, etc. When the Schmidts failed to pay their monthly HOA assessments, despite repeated notices of collection, the Association filed a lien against the deed to the real property and foreclosed.

Foreclosure in Texas, where the Schmidts’ property is located, is relatively simple. If the HOA declarations in the deed so provide, a non-judicial foreclosure is an available remedy. First, notice of the intended foreclosure sale must be posted on the door of the courthouse in the county in which the property is located not less than 21 days prior to the sale. Second, the homeowner must be given 20 days’ written notice, sent by certified mail, to cure the default. Third, the party foreclosing appoints a trustee who conducts a foreclosure auction. Such auctions must be held on county courthouse steps on the first Tuesday of each month. The highest bidder takes title to the property. Liens junior to the lien foreclosed are cut off, but the property is conveyed subject to any liens that are superior to the foreclosed lien.

Jack Dawes, a local attorney, bought Fred and Megan’s home at a foreclosure auction. As the new owner, Jack demanded that the family vacate the premises or, alternatively, continue occupying the house in exchange for a rental payment roughly \$250 per month more than their old monthly mortgage payment. Were the Schmidts to move on, Dawes could just bring in another tenant to rent the property.

What Dawes purchased at the foreclosure auction was a trustee’s deed subject to the Schmidts’ mortgage. His bid exceeded the amount of the back dues owed to the HOA for last year—about \$600. (A bid of \$1 more than the HOA dues owed generally satisfies the Association that brought the foreclosure and stops it as a competing bidder.) In the last three or four years, Dawes has bought over 300 houses like the Schmidt property. For most of them, the purchase price was less than \$1,000. Because HOA liens are typically inferior to valid purchase money liens, the houses were bought subject to any former owners’ original mortgage debts. Dawes, of course, makes no monthly payments on any of these mortgages. Rather, he knows from experience that it takes lenders from six months to a year to go through the delinquency process before posting the properties for foreclosure of the superior first liens. During this period, Dawes simply collects rent on his properties. When a mortgage company eventually forecloses on its lien, Dawes will file a law suit claiming that he did not receive notice of the

delinquencies (because notices were sent to the original borrower, not him). The purpose of such a law suit is not to prevail on the legal merits, but to tie the matter up in court so that more rent can be collected on the property.

THE IMPACT OF THE CARIBBEAN BASIN INITIATIVE PROGRAM ON THE ECONOMIC GROWTH & DEVELOPMENT IN THE ENGLISH SPEAKING CARIBBEAN REGION

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ABSTRACT

The purpose of this paper is to examine the impact of the Caribbean Basin Initiative (CBI) Program on the English-speaking Caribbean countries and assess the impact on foreign direct investment (FDI), economic development and growth in the region. Export and import data between the United States and the CBI region were examined for the period 1994-2009 to determine the direction of trade. The Gross Domestic Product (GDP) of the CBI countries for the same periods was examined to determine if any economic growth and development had occurred. Over the period of this study, the data indicate that the Caribbean Islands, with the exception of Trinidad and Tobago, experienced negative balance of trade and deficit balance of payments. The results indicated that the CBI impact on the English-speaking Caribbean countries did not meet expectations as relate to economic development and growth.

Keywords: Caribbean Basin Initiative, English-speaking Caribbean countries, Economic Growth & Development