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# **CROSS-CULTURAL MANAGEMENT AND DETERMINANTS OF TRUST**

**Yvonne Stedham, University of Nevada**  
**Valarie Bell, Texas Woman's University**

The importance of understanding and considering cultural differences when doing business internationally has been extensively researched and documented. Much has been written about the relationship between cultural characteristics and negotiation styles, decision-making, and managing and leading employees in an international context. This study contributes to the cross-cultural research on leadership by investigating the cultural determinants of trust. Trust is the foundation from which a person can lead others (e.g., Norman, Avolio, and Luthans, 2010). People will only follow a person they trust! A leader will only be able to influence others' behaviors if they trust him or her. An understanding of cultural variations related to trust is critical to effective cross-cultural leadership and management.

Although several conceptualizations of trust exist, it appears that all of them consider a person's "willingness of being vulnerable" to be central. Mayer et al (1995:712) propose an integrative model of interpersonal trust and define trust as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" - the trustor's willingness to take risk in a relationship. They suggest that a trustor's level of trust depends on the perceived trustworthiness of the trustee and the trustor's propensity to trust.

Schoorman et al. (2007) propose that culture affects trust through propensity to trust and that propensity to trust. A few frameworks have been developed that allow for a quantitative description of a country's culture. A well-known cultural framework in management research is Hofstede's Value Dimensions (1980). Hofstede's uncertainty avoidance dimension captures to what extent people feel comfortable or uncomfortable with ambiguous, "risky" situations. We submit that, if trust is the willingness to take risk in a relationship, uncertainty avoidance should be related to propensity to trust.

The data for this study were drawn from the World Values Survey. The cultural dimensions analyzed are based on the Hofstede (1980) items and propensity to trust was measured adapting the items in the Evans and Revelle's (2008) study. The results of our analyses support the proposed relationship between culture and propensity to trust. Practical and theoretical implications of these results will be discussed.

# **CONTRIBUTION TO THE KNOWLEDGE OF CONTINGENT FACTORS ON THE PERFORMANCE OF MUNICIPAL SERVICES**

**Donatien Avelé, University of Moncton**

**Nabil Bikourane, University of Paris Descartes**

## **ABSTRACT**

*The purpose of this study is to examine the contingency determinants in the performance of municipal public services of Cameroonian cities. This objective requires two related studies: the first consists of contributing to the understanding of municipal practices regarding the measurement of performance while the second consists of identifying the factors likely to influence the performance of municipal public services. The study relies on the hypothetical-deductive method. Two questionnaires were administered to both local elected officials and to different managers responsible for the public services visited. Globally, the results show the existence of structural factors influencing the performance of Cameroonian municipal public services.*

## **INTRODUCTION**

Public authorities in Cameroon continue to be faced with important challenges, both in terms of allocation of resources and in the satisfaction of the citizens they serve; who continue to insist that public officials deliver a sound quality/price ratio on the services they provide. As in most other African countries, Cameroonians have begun to ask for a greater transparency and opening from decentralized territorial municipalities. Wastefulness of any kind in municipal public services has become unacceptable. The reasons generally invoked are: insufficient control, lack of responsibility by elected officials and staff in charge of the functioning of decentralized territorial municipalities, and especially the absence of an accounting method that includes governance and ethical constraints.

According to (Anthony and Young, 1988; Nioche, 1991), this waste is explained by suppressing control a priori without having sufficient regulatory mechanisms in place, and especially by a lack of democratic control over municipal financial accounts that are quite opaque (Berman and Wang, 2001; Meny, 1992). In order to overcome these deficiencies due to mismanagement of public finances, the Account Chamber<sup>1</sup> came into existence and has been operational ever since 2006, outside the highest state audit control already in place. Its principal mission is to ensure that operations linked to expenses are normal and justified. As stated by Meyssonier (1993), municipalities have a number of informational systems at their disposition: public accounting (financial and mandatory and analytical accounting more or less developed). Our investigations onsite allowed us to note that the use of analytical accounting is still rudimentary in the Cameroonian municipal sector. This is unfortunate since analytical accounting allows us to measure the costs per department, equipment, operation, etc (Evraert and Mevellec, 1991). It also allows us to have an overall view of the resources provided and used by each service individually (Demeestere, 2007).

Without entering into a detailed analysis of the difficulties faced by Cameroonian municipalities, a certain number of questions underlie our problematic. First, we must inquire on the nature of the performance measuring systems used by Cameroonian municipal public services. In other words, do the measurements taken by Cameroonian officials allow them to realize the performances within local entities, such as the new documentation on decentralization, balancing and stabilizing public finances,

and the implementation of a sector-based accounting plan? In addition, what are the factors likely to influence the performance of Cameroonian municipal public sectors? As stated, the objective of this article is two-fold:

- To contribute in the understanding of the contingency determinants for performance of municipal public services;
- To identify the factors convincible to influence the performance of municipal public services.

Firstly, we present the performance measuring systems as seen through structural contingency factors, and afterwards we specify the hypotheses to verify. Secondly, we will give details on the methodological research steps undertaken. Finally, the third part concentrates on the discussion and the presentation of the main results obtained.

## **PERFORMANCE DETERMINANTS IN MUNICIPAL PUBLIC SERVICES AND RESEARCH HYPOTHESES**

### **Dependent Variables**

Dependent variables were chosen by taking into account the organizational specificities of African municipalities. Because of a general reticence by African municipal officials to publicize their financial statements, particularly by Cameroonian officials, we have measured the performance by a set of six criteria.<sup>2</sup> These criteria were personally assessed and evaluated by department managers, as a function of their importance on a five point Likert scale.

### **Independent Variables**

The determinants for municipal performance are grouped into a set of five exogenous variables. After presenting the theory behind each of these explicative variables, we will give out the applicable hypotheses.

#### *Degree of computerization of activities*

The degree of computerization as a structural contingency factor has been the subject of numerous empirical studies in organizations, notably in SME (small and medium-sized enterprise). Its use as a community performance measurement in the scope of our research no longer needs justification. The study by Chapellier (1994) is one of the few who tried to characterise globally the accounting practices of SME, defined simultaneously in terms of data production and utilization by the director, pertaining to the following three fields of general accounting: management control, financial analysis, and control panels. Other studies, notably those by Lacombe-Saboly (1994) and Lavigne (1999), concentrated on the particular field of general accounting. These latter studies (Chapellier, 1994; Lacombe-Saboly, 1994; and Lavigne, 1999), which adhered principally to the mainstream contingency theory, both objectively (structural) and subjective (behavioural), demonstrated the heterogeneity of the computerized accounting system of SME, and also identified a few of its determinants. According to Chapellier (1994), the structural contingency factors can be reduced to a few fundamental characteristics that lead to more general complex and uncertain concepts, which are more all-encompassing in the context of SME.

In his research, Chapellier (1994) retains the size and age of the company, the degree of management computerization, and the nature of the activity. On the other hand, Germain (2000) shows in his study on SME that there exists a significant link between the degree of computerization of a company's

activities and the sophistication of its control panels. His results corroborate the conclusions of other research studies that examined this relationship following the examples of Kalika (1987) and Chapellier (1994). Therefore, it remains to verify if the degree of computerization of municipal activities exerts an influence or not on the organizational performance of municipal public services. Thus, the research proposes to test the hypothesis according to which:

*Hypothesis 1: The degree of computerization of activities positively influences the performance of Cameroonian municipal public services.*

#### *The effect of size on municipal performance:*

The research on this subject has been the most often quoted and viewed as a pioneering effort, notably for being a leader in comparative analysis, whose aim is to uncover the common and specific problems of organizations of all types. The main results of the Aston School reinforce the idea according to which the “size of the organization constitutes a *major predictive factor* of its structure” (Desreumaux, 1992). As for the size/structure ratio, numerous empirical works confirm the Aston School results (Blau & Schoenherr, 1971; Child and Manfield, 1972; etc.). However, a study conducted by Meyssonier (1993) on the utilization of control panels in 82 French municipalities shows that a large majority of cities do not use control panels to control the functioning of services and to guide municipal activities. By using the khi2 method to evaluate the hypothesis of independence (no correlation) between the use of control panels and the size of municipalities, the author finds a value of 4.59 for a khi2 with 2 degrees of separation and a probability of 9.85%. According to this author, “we cannot affirm, with certainty, that size and the use of control panels are correlated, especially since these control panels can be variable by nature.” Considering the preceding statements, the size of an organization as such seems to be a variable likely to influence the performance characteristics of Cameroonian public services. Returning to the current context in our study, inspired by previous works, we have formulated the following hypothesis:

*Hypothesis 2: The size of municipalities positively influences the performance of Cameroonian municipal public services.*

*Hypothesis 3: There exist a significant link between the use of control panels and the size of Cameroonian municipalities.*

#### *Degree of decentralization of the municipal structure*

Decentralization must be accompanied by a strong re-structuring of activities; in other words, a precise definition of the roles and responsibilities of each person is required in order to maintain control. For Bruns and Waterhouse (1975), “*in an organization that is decentralized and structured, activities are clearly defined, areas of responsibility and authority are clearly identified, and control is essentially impersonal.*” Therefore, decisions may be delegated since organizational control is maintained. “Decentralization also transfers a certain degree of autonomy left to those responsible for decision-making” (Chenall and Morris, 1986). The explicative variables, pertaining to decentralization and autonomy, were measured by Bruns and Waterhouse (1975) using the scales proposed by the Aston Group. The freedom of choice to act by various responsible officials in an organization was defined at different hierarchical levels for a certain number of decision types. The anticipated relationships between the structural variables and the control systems are as follows: positively influence “structured” decentralization of activities over the complexity of control systems and its perception and negatively influence decentralization and the lack of autonomy on the same variables to explain. Regarding the aforementioned work, it is clearly evident that organizational structure has been the object of numerous empirical studies in organizations. Consequently, it would

be interesting for us to see if the level of decentralization of activities can influence the performance of Cameroonian municipal public services. Thus it will be necessary in the scope of this study to test the following hypothesis:

*Hypothesis 4: There exists a positive relation between the degree of decentralization of municipal activities and the performance of Cameroonian municipal public services.*

## **RESEARCH METHODOLOGY**

The methodology is presented in the full paper

## **MAIN RESULTS**

All results are presented in the full paper

## **CONCLUSION**

The results of this study, based on a sample composed of 50 Cameroonian municipalities, clearly indicate the existence of a certain number of structural and behavioural contingency factors that measure the performance of municipal public services. These results show the influence that can affect the views and decision-making of elected officials and senior department managers in the performance of municipal public services. However, it seems that, overall, the ensemble of contingency factors related to the mayor and the department managers do not influence the performance of Cameroonian municipal public services. Regarding the intersection of the variables between the realization of objectives (RO) and the size of the municipality (SMU) and the use of control panels in the municipality (UCPM), we observe no significant link. By taking note of numerous studies pertaining to the structural and behavioural contingencies in companies, we have attempted to transpose this work in a municipal context. Our contribution is in the structural or concrete application of these theoretical works to a new field of activity, hardly examined, namely, the Cameroonian local municipalities. The first limitation on this research study is conceptual. In order for this work to be complete, it would have been necessary to examine, exhaustively, all the factors susceptible to influence the performance of Cameroonian municipal public services. Regarding the methodology, a larger sample would have certainly provided us with more information and would have allowed us to more easily generalize the results obtained and, in addition, develop more in-depth statistical tests. Overall, it would be interesting in the future to analyse more thoroughly the existing relational principals between the variables in order to expand the problematic of the contingent evaluation of the performance of municipal public services and emphasize the necessity of multiplying the context of the study.

## **REFERENCES**

References are available upon request.



# THE IMPACT OF FINANCIAL PERFORMANCE ON BRAND EQUITY OF JAPANESE MEGA AND LOCAL BANKS

**Michael Angelo A. Cortez, Ritsumeikan Asia Pacific University**  
**Mohamed Ithisham Mohamed Ikram, Ritsumeikan Asia Pacific**  
**University**

**Thanh Trung Nguyen Ritsumeikan Asia Pacific University**  
**Wickramanayake Pathirannalage Pravini, Ritsumeikan Asia Pacific**  
**University**

## ABSTRACT

*The financial performance and stability of the banking sector plays a dominant role in the sustainable operations of an individual, a family, an organization and a country as a whole, being the intermediary that manages the mobilization of funds and that acts as the backbone to all the other industries. Unlike other industries, bank is also where everyone invests their life savings and counts on for financial support. Each customer therefore, relies on a bank's credit worthiness. In this paper, we have limited our research to Japan, which is the 3<sup>rd</sup> largest economy in the world with its economy consisting of 73% service sector. The reason for choosing Japan is because in its service sector the financial market plays a vital role in contributing to the GDP and also in managing the credit market. In the year 2011, the gross public debt has heightened up to 220%, which was the highest ratio that befell globally. Not only that, the private sector credit from banking sector in year 2010 was almost 150% of the GDP. This evidently shows the significant role the banking sector plays in the Japanese economy and with more than 2200 local deposit taking institutions and other major mega banks make, we believe that financial performance itself is what affects the brand equity of banks.*

*In this research, we attempt to present on whether or not the financial performance of banks have a causality effect on the brand equity of the same. We aim to meet the following objectives:*

- (i) To determine the impact of financial performance on brand equity*
- (ii) To differentiate the financial factors that affects local and mega banks brand equity*

*For the purposes of this research, we have selectively chosen the top ranked (number) banks to be the representative sample for the banking sector; 6 domestically operating banks and 3 internationally operating banks. With a comparative period of 6 years (2005-2011), we perform a regression to identify the significant financial variables affecting the brand equity of banks.*

# **THE RELATIONSHIP BETWEEN GLOBAL-MINDEDNESS AND PREFERENCE FOR SELF-EMPLOYMENT OR ORGANIZATIONAL EMPLOYMENT**

**John Kalu Osiri, Washington State University**

**Kenneth Kungu, Tennessee State University**

**Erik Ekberg, Washington State University**

## **ABSTRACT**

*Global-mindedness as a construct and phenomenon has gained tremendous interest in recent times as evidenced by the rapid increase in the number of study abroad programs at universities, investments by companies to recruit, develop and retain employees with a global outlook, as well as the increase of global corporate social responsibility actions taken by companies. Researchers have shown that individuals who are globally-minded tend to be more inclusive and open-minded in their dealing with others, thus making them better global citizens (DeMello, 2011; Golay, 2006). The influence of global-mindedness on individual career planning and choices is an area that is attracting increasing attention. Relying on survey responses from students in a Northwestern United States university, this study explores the relationship between global-mindedness and employment preference. Effectively, this study investigates whether globally-minded individuals possess a preference to be self-employed or to be employed by an organization. First, we report the relationship between each sub-construct of the global-mindedness construct, namely: responsibility, cultural pluralism, global centrism, self-efficacy, and interconnectedness, and each form of employment preference. Second, we investigate the relationship between global-mindedness as a whole and employment preference. Lastly, we explore the differences in those relationships based on gender. Our study offers some support for the importance of developing a global mindset and by extension the importance of international business education in general as an avenue to create a preference for being future business owners; and suggests employers would attract globally-minded graduates if they offer positions that allow new hires to operate entrepreneurially.*

# **NECESSITY ENTREPRENEURSHIP: A LATIN AMERICAN STUDY**

**Michael Rubach , University of Central Arkansas  
Nicole Coburn, Hewlett-Packard Company  
Don B. Bradley, III, University of Central Arkansas**

## **ABSTRACT**

*The recent US census revealed that the Hispanic-American population in the United States will grow three times faster than any other ethnic group over the next 20 years. This rapid growth will very likely affect the American economy as immigrants are nearly twice as likely to create new businesses. Entrepreneurs' motivations are of key importance in contributing to economic growth. What prompts a given entrepreneur to launch a new venture? There is a distinction between entrepreneurship prompted by necessity, and entrepreneurship prompted by opportunity. The causes for early entrepreneurship activity include both a home country culture which supports entrepreneurship activity, and conditions in the United States which both encourage and necessitate the creation of new ventures. This study analyzes entrepreneurship from the perspective of a potential Latin American necessity entrepreneur. Using GEM data, the analysis contains an overview of the culture of entrepreneurship in Latin America and the Caribbean regions which generally supports entrepreneurship. Necessity entrepreneurship and its practice in Latin America and the Caribbean are quite prevalent, and necessity entrepreneurship among Latin American immigrants in developed countries, especially the United States, follows this pattern. In all cases the necessity entrepreneur is faced with numerous institutional obstacles, though the obstacles differ in each region. These obstacles often prevent individual's entrepreneurial activities from being as productive as they could be, leading to different degrees of contribution to overall economic growth. Community is a crucial component to the success of the new venture because it becomes for the immigrant entrepreneur a source of not just needed capital, but also co-ethnic employees and an ethnic market. Ethnic enclaves (ethnic geographical concentrations) and ethnic networks (social or business networks of people of the same ethnicity) influence venture creation. Community lowers the entry barriers for immigrants into small-scale enterprises. Additional solutions to the institutional obstacles are identified.*