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**ABSTRACTS OF PREVIOUS STUDENT RESEARCH PAPERS  
GABELLI SCHOOL OF BUSINESS HONORS PROGRAM**

**OSCARNOMICS: EVALUATING THE ECONOMIC WORTH OF  
THE ACADEMY AWARDS**

*Jake Braithwaite, Max Honerkamp, Jim Sheilds, and Jillian Switzer*

Class of 2011

This investigation addresses limitations associated with previous research to determine empirically the value of winning or being nominated for a Best Picture Academy Award on a film's weekly box office grosses. In addition, this study delves into yet unstudied territory by measuring how an Academy Award affects the careers of actors and actresses nominated for or awarded the Best Actor and Actress trophies for the first time. Overall, results suggest that both nominations and wins in the Best Picture category increase weekly box office grosses following their respective announcements. Unexpectedly, findings indicate that Academy Award nominations and wins tend not to presage an increase in a winner's or nominee's future film grosses. Economic implications for the film industry are discussed. Future research directions are proposed.

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**THE MICHAEL VICK DOGFIGHTING CASE: A CULTURAL  
LITMUS TEST FOR THE DECISION-MAKING OF ADVOCACY  
GROUPS**

*Solange E. Badamo, Steven J. Burgermeister, Sidney Henne, and Sean T. Murphy*

Class of 2011

In this thesis, we examine how a wide range of animal advocacy groups react in the quasi-experimental setting of the Michael Vick dogfighting case. Using rich interview content, we explore three research questions: When a critical event occurs in the animal advocacy realm, what motivates

advocacy groups to respond, what determines the extent of their response, and what implications do these actions have on the issue? A key finding is that the stigmatizing nature of a high-profile opportunity motivates the advocacy group to action. This action is constrained by that group's scope and legitimacy. We investigate specific interactions in order to understand the overall effects on key stakeholders affected by the issue. The objectives of these interactions vary by stakeholder. The key long-lasting objective of advocacy groups is to improve the welfare of animals by increasing public awareness, which in turn legitimizes the cause for which these advocacy groups are fighting.

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## **BRIC IPOs: HOW DO CAPITAL MARKET AND ECONOMIC ACTIVITIES IN EMERGING MARKETS RELATE?**

*Robert Gu and Hoi Yeung Luk*

Class of 2011

Since the beginning of the millennium, the acronym BRIC (Brazil, Russia, India, and China) has captivated the world with an extraordinary economic growth story that has defined the first decade of the 21st century. Along with the newfound prosperity, entrepreneurs in the BRIC countries have been waiting to open themselves for further opportunities for investors all over the world through the method of equity financing by issuing IPOs. This paper primarily attempts to explore the relationship between the capital market activities of the BRIC countries and their corresponding economic indicators. Since the millennium, IPO activity has witnessed a rapid increase alongside with BRIC's magnificent growth. The hypotheses of the research are supported by theories such as aggregate money demand, IPO incentives, and the investment process of emerging market companies. The subjects concerned are the total number of IPO issuances and the total monetary value of the issuances within the first decade of the millennium for all of the BRIC countries. Through conducting multilinear regressions of data collected from the SDC platinum database and the World Bank, the paper has suggested that BRIC IPO deal numbers are highly contingent upon the different factors of the economies with significant levels of relationships, and that the total deal proceeds in any given year for BRIC are only contingent to overall GDP and slightly to the overall size of the equity markets of BRIC measured by market capitalization.

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## **UNDERSTANDING THE FORMATION OF UNDERWRITING SYNDICATES IN EMERGING NATIONS**

*John Keany and Daniel Sawyer*

Class of 2011

The process of new startup firms raising capital through equity markets and going public is a strong sign of financial growth and innovation. Going public for the first time requires the issuing firm to share information with potential investors and requires financial institutions to underwrite the effort, typically through a syndicate. The underwriting syndicate is a coalition of competing banks that serve as intermediaries between the firm and the investors. In emerging nations, this process is compounded by the differences in the maturity of the financial markets and the economic environment. The growth and significance of capital markets in the BRIC (Brazil, Russia, India, and China) nations offer a good laboratory to understand the formation of underwriting syndicates and their role as intermediaries in bridging the gap between savers and investors in asymmetric information settings. We empirically analyze the formation and development of the underwriting syndicate in BRIC nations, focusing on the size and nature of the underwriting syndicate focusing on changes and trends and how these relate to equity market growth. We examine the role of underwriter reputation, underwriter networks, and local/international underwriters as these attributes reflect the ability of the underwriter to reduce asymmetric information. We find that the probability that a bank is chosen to be a part of the syndicate is positively correlated to its reputation and ability to network, and is higher if it is a local bank. The size of underwriter syndicates decreases over time and is positively related to the size of the deal. We conclude that the ability to produce information and promote this ability to outside parties is critical, especially in emerging markets, where information asymmetries are generally greater.

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## **PROJECT 1012: GENTRIFICATION IN AMSTERDAM'S RED-LIGHT DISTRICT**

*Benjamin Garstka*

Class of 2011

This paper seeks to examine an instance of gentrification in the context of the creative city. Definitions of gentrification and how it is related to cognitive-cultural economies is first discussed. The author then highlights the link between production-driven gentrification, the idea of the creative class, and the effects of societal differences on how gentrification actually occurs at the neighborhood level. The city of Amsterdam's Red Light District and its urban restructuring plan Project 1012 are used as a case study. The paper then examines the effects of Project 1012 on the local housing market, ethnic composition of the district, tourism, and social developments in the neighborhood. The paper concludes by discussing how neo-liberal attitudes in Dutch society have transformed the idea of gentrification into a developmental strategy by emphasizing the creative industries in place of criminogenic businesses.

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## **AN EXAMINATION OF PERSONAL PRONOUN USAGE IN BRAND NAMES**

*Nicole Palermo*

Class of 2011

This study investigates how and under what conditions the personal pronouns "I" and "my" influence brand attitudes. Prior research on ownership and narrative self-referencing was employed to predict the effects of "I" and "my" on brand attitudes. It was hypothesized that my-noun word pairings would evoke greater feelings of ownership and more favorable brand attitudes than my-verb composite brand names. Similarly, I-verb pairings were expected to foster higher levels of narrative self-referencing and more favorable brand attitudes than I-noun structures. Furthermore, ownership was expected to mediate the influence of "my" on

brand attitudes, and narrative self-referencing would mediate the influence of “I” on brand attitudes. The results of an experiment with a nationally representative sample of U.S. consumers supported the predictions that my-noun brand names yielded higher levels of ownership and enhanced brand attitudes, and that I-verb compositions evoked greater feelings of narrative self-referencing and more favorable brand attitudes. Narrative self-referencing was found to completely mediate the effect of “I” on brand attitudes, while ownership was found to partially mediate the effect of “my” on brand attitudes.

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## **SUSTAINABILITY MARKETING: EFFECTS ON PRODUCT EVALUATION FROM CONSUMER ATTITUDE INFLUENCES**

*Stephanie Yu*

Class of 2011

Evaluating the relationship between sustainability marketing and consumer behavior is a field of study that has yielded different and sparse results. The primary purpose of this research is to test the impact of differences of perceived low/high warmth dimension on sustainable product evaluations. The secondary focus of this study is to test how consumers evaluate the attractiveness of a sustainable good when they are of low/high collectivist orientation or low/high materialistic orientation. This research will focus on consumer evaluations of sustainably produced wine as a product of reference that is perceived as either characteristically low/high in warmth. Therefore, the objective of the research is to determine effects of differences in perceived warmth on sustainable product evaluations, and also see if collectivist/materialist orientations affect consumer evaluations of a product’s attractiveness.

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## **THE EFFECT OF TAXES ON THE CHINESE CAPITAL MARKETS**

*Tiantian Wan*

Class of 2011

On December 31, 2009, China changed the tax treatment of restricted stock, effective January 1, 2010. The gain on transfer of founders' restricted stock of publicly listed companies is now taxed at 20%, whereas such sales were subject to no income tax before the change in law. The purpose of this research is to investigate the change of the Chinese capital market after the new tax treatment went into effect. The research examines whether firms' stock price changes are positively related with the amount of restricted stocks that a firm has outstanding. Furthermore, this research takes into account time in regard to the remaining lock-up period to see whether firms that have a longer lock-up period experienced a high stock return compared to firms that have a shorter lock-up period.

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## **AN EMPIRICAL STUDY OF THE STOCK MARKET EFFECT OF AUDITOR SWITCH DECISIONS ON ARTHUR ANDERSEN CLIENTS IN 2002**

*Cathryn Bennett*

Class of 2010

The purpose of this research is to investigate auditor-switch decisions precipitated by the Arthur Andersen meltdown in 2002. The research examines whether Arthur Andersen's audit clients experienced a significant market reaction (abnormal returns) when they announced their decision to replace Arthur Andersen as its auditor. Furthermore, this research will take into account the variable of time in regard to the announcement dates of companies to replace Arthur Andersen to see whether companies that decided to switch earlier experienced a different market reaction compared to companies that replaced Arthur Andersen later.

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## **REIT PRICING RELATIVE TO NAV: THE LEVERAGE FACTOR; EVIDENCE FROM THE ECONOMIC CRISIS**

*Daniel Carr*

Class of 2010

This research looks at a significant sample of United States equity Real Estate Investment Trusts (REIT) from 2002 to 2010. The research attempts to identify the relationship between changes in Net Asset Value (NAV), changes in Holding Period Return, and firm level leverage. Correlational testing is the main tool used to accomplish this examination. Findings show that a significant relationship between change in return and change in NAV existed only after 2007, when debt was not taken into account. When debt was taken into account, a correlation was seen earlier. The “office” property sector displayed similar results with a significant correlation being recognized only from the end of 2006 on.

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## **BANK LENDING NEWS DURING BUBBLES: RECENT EVIDENCE**

*Ian D. Taylor*

Class of 2010

Virtually all publicly traded firms borrow from banks. However, despite this commonality, the reporting of bank loan agreements in the financial press is associated with a positive share price reaction. In order to address this phenomenon, the frequency and determinants of bank loan reporting are examined. Overall, the results show that loan reporting frequency increased during the 2004 to 2007 banking bubble. However, reported loans and their borrowers are still riskier than non-reported ones, which suggests that loan news during the most recent bubble are still noteworthy and informative about the potential of the borrowers.

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## **DEFINING AND REGULATING INFORMATION PRIVACY: THE LEGAL AND ETHICAL RAMIFICATIONS IN THE AMERICAN WORKPLACE**

*Michael Keute*

Class of 2010

There is currently an ongoing debate with regard to information privacy between American employers vs. American employees and American law vs. international law. Through much intense research and study, the thesis herein focuses on solving each of these aforementioned disputes. Throughout American history, there have been numerous debates and significant deliberation regarding the controversial issue of the right to privacy and the extent to which it should be regulated. However, one important aspect of privacy that has been continuously neglected is the right to information privacy in the workplace. In order to effectively consider a proper regulatory method regarding this type of privacy, there first must be a proper definition of information privacy. Only after one has been created can a proper method of regulation be considered. This thesis will begin with the creation of such a definition and continue by proposing necessary regulation methods regarding the scope of information privacy in the workplace. It will be demonstrated that corporations are gathering personal information about both their prospective as well as their current employees (most of which happens without employees' knowledge or consent), and that this practice proves to be unethical and immoral, and therefore, should be considered illegal. Regulatory methods for the protection of one's information privacy in the workplace will be offered, as will the appropriate reasons why they must be implemented.

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## **THE EFFECT OF XBRL ON THE TRADING VOLUME OF U.S. COMPANIES**

*Scarlett Eva Lillian Sieber*

Class of 2010

Despite the proposed benefits of XBRL implementation, there exist few studies that empirically document its cost and benefits. The author examines all publicly traded firms on the Shenzhen Stock Exchange

during the 2003 to 2005 time period, with 2004 being the year of China's mandatory adoption for external financial reporting, as well as 21 companies on the New York Stock Exchange during the 2004 to 2008 time period. The author finds that trading volume around the three-day window of financial statement filing is slightly larger (minuscule enough to have no impact) in the post-XBRL period for U.S. companies; the trading volume around the three-day window of financial statement filing is relatively smaller in the post-XBRL period for the Chinese companies; and that the XBRL filings have a larger impact on U.S. companies than that of their Chinese counterparts. This suggests that XBRL may not fully facilitate the dissemination of financial statement information and improve its usefulness to market participants.

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## **INVESTMENT SUB-STYLES BASED ON INDIVIDUAL HEDGE FUNDS' INVESTMENT STRATEGY RISK PREMIUMS**

*Erin Perkins*

Class of 2009

The objective of this research is to identify hedge fund investment sub-styles within each major investment style based on idiosyncratic risks of each investment style. These styles include: convertible arbitrage, equity non-hedge, long/short equity, and fund of funds. The results of this research are compared to the results of both Mackey and Poole (2008), who studied the sub-styles of hedge funds based on systematic risks only, and Bourgois and Hing (2008), who studied the correlation of idiosyncratic risks to convertible arbitrage. This research proves that convertible arbitrage funds, equity non-hedge funds, and long/short equity funds have exposure to interest rate, equity, volatility, and credit risk, while fund of funds only has exposure to interest rate and equity risk. The differences and similarities between this research and the 2008 research will aid investors in choosing the hedge funds they invest in, and may aid them in hedging themselves against the risks of their investment. Regression analysis was used to correlate hedge fund investment styles to idiosyncratic risks.

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## **THE SARBANES-OXLEY ACT OF 2002: ITS IMPACT ON CPA VIOLATIONS**

*Steven DeGrand*

Class of 2009

This study explores whether the passage of the Sarbanes-Oxley Act of 2002 has had any effect on the number or types of violations of the AICPA Code of Professional Conduct by practicing accountants. Data spanning from July 2000 to October 2008 was collected from *The CPA Letter* and categorized according to gender, residence, date of infraction, and type of infraction. A one-way ANOVA test was performed on the number of violations to determine whether the act has had an effect on the number of violations that have occurred since its enactment. A  $\chi^2$  for Goodness of Fit was performed on the data concerning the types of violations that occurred to determine whether the act has had any effect on what types of violations are occurring since its enactment. A series of  $\chi^2$  for Goodness of Fit analyses were also conducted to determine whether gender or place of residence was significant. The results demonstrated that the number of violations has since increased and that the proportion of violation types is significantly different after the enactment of Sarbanes-Oxley than it was before. Place of residence was found to be significant for violations of Rule 501-Substandard Professional Conduct, Rule 501-Criminal-Business Related Infractions, and Bylaw Section 7.4.6: Failure to Comply/Respond; gender was found not to be significant.

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## **AN INTEGRATED MODEL OF CONSUMER ACCEPTANCE OF SMS ADVERTISING**

*Brynn Moynihan*

Class of 2008

This paper examines factors in determining consumer acceptance of SMS advertising via their mobile phones in both the United States and Turkey. The appeal of using the mobile phone as a marketing medium is its direct accessibility to consumers and its campaign accountability. The results of this study provide preliminary evidence that consumers' attitudes do have

a significant positive relationship with intentions to opt-in to the new medium. The integrated model for this study is based on employing the theory of planned behavior, the theory of reasoned action, and the technology acceptance model to understand consumer acceptance of new technology, the diffusion of that technology, and its effect on behavioral intention to accept the innovation. This study identifies the potential for a new research domain in marketing and presents a conceptual framework for its examination.

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## **THE EFFECT OF INDIVIDUALIST AND COLLECTIVIST CULTURAL ORIENTATION ON CONSUMERS' LUXURY PRODUCT CONSUMPTION**

*Cristina Garcia*

Class of 2008

This study attempts to determine the effect of individualist and collectivist cultural orientation on consumers' luxury products consumption. Individualist cultures are defined by Hofstede as societies in which individuals look after themselves and their immediate families only. Collectivist cultures, on the other hand, are defined as societies in which individuals can expect others—such as relatives, friends, or any other in-group—to look after them in exchange for a trustworthy relationship. These cultural orientations have similarities with individual orientations, namely, social and personal orientation. Similar to collectivism, social orientation is someone's tendency to act abiding by the social norms and expectations of the social network. In contrast to social orientation, personal orientation is someone's tendency to act abiding by one's personal integrity, desires, attitude, and emotions. Both cultural orientations and self-orientations have been studied extensively in different contexts. Never before, however, has the relationship between cultural orientation and luxury consumption been evaluated and tested. In this study, after viewing a print advertisement for a luxury cell phone, subjects were asked to evaluate a luxury product (luxury cell phone) according to hedonic and utilitarian dimensions. There were two versions

of the advertisement: one hedonic, stressing pleasurable factors; and one utilitarian, stressing functional factors. After performing careful analyses of variation between collectivism and the other variables (e.g., gift giving, social orientation, personal orientation) results found that culture did play a significant role in measuring the effect of consumers' luxury consumption.

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## **MASS CUSTOMIZATION AND THE FASHION INDUSTRY**

*Jillian Hastings*

Class of 2008

The fashion industry today is constantly changing, whether through technology or through the process consumers use to shop and purchase apparel. Technology is a growing field for fashion, especially for swimsuit manufacturing. Swimsuits are one of the hardest pieces of apparel to produce in sizes that will fit women well. Research has shown that mass customization is an effective and economic way to produce apparel and to give the consumer an overall better fit. This type of manufacturing is used in technologies such as body scanners, kiosks, and mirrors, which can virtually assist the consumer with fitting and selecting their garment. For the purpose of this thesis, swimwear consumption patterns and consumer behavior were the main focus in relation to the fashion industry. Research suggests that time, body type, social influences, perceived value/price, wealth of a consumer, the chain of consumption, and perceptual selection have an influence on purchases and consumer behavior. Out of n=122 participants, there were n=82 undergraduate students and n=40 graduate students, including faculty and staff members at Fordham University, who were asked to fill out a questionnaire. The questionnaire called for information on participants' height, how they perceive their body type, the number of swimsuits they try on, the maximum amount of time spent shopping, the maximum amount of time they would be willing to wait for a customized suit, how they felt about using mass-customizing machines, their income levels, and how they felt about purchasing or paying more for a customized suit as opposed to a mass-produced suit. The results were

conclusive and only two hypotheses were rejected. This topic of mass customization in the fashion industry has large potential for further exploration.

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## **THE IMPACT OF DEBT POLICIES ON OUTSIDE DIRECTOR COMPENSATION AND INCENTIVES**

*Josephine Simolacaj*

Class of 2008

This paper investigates whether leverage has an effect on outside director compensation and its components. The interest-alignment theory predicts that high-leverage firms pay more incentive-based compensation and higher total compensation, while the asset-substitution theory predicts the opposite. The OLS regression results show that leverage is negatively associated with total compensation. Moreover, leverage is positively related to cash retainer, stock-based compensation, and meeting fees, and is negatively related to option grants. This evidence supports the asset substitution problem, which suggests that firms that finance their assets with debt are more likely to be concerned with excessive risk-taking, and therefore pay less outside director compensation in the form of option grants.

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## **THE CHANGING CORRELATION OF FISCAL AND CURRENT ACCOUNT BALANCES**

*Amy Engel*

Class of 2007

This study examines the explanatory power of four variables on the twin-deficit hypothesis. The variables tested included fiscal balances, government expenditures, productivity growth, and price elasticity of

exports demanded. Data on the various measures was collected annually over a 12-year period, from 1993 to 2004, from a sample of 11 nations. The study employed a linear regression model to determine the explanatory power of the four variables. Furthermore, a stepwise test was performed on the variables found to be significant to determine the varying level of explanatory power of each variable. Additionally, a Pearson's correlation was conducted to assess the correlation among variables. The results demonstrated that fiscal balances and price elasticity of exports have a significant, positive correlation on the current account balance, while changes in productivity have a significant, negative effect on the current account balance.

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## **THE EFFECTIVENESS AND LEGITIMACY OF THE PRACTICE AND PROVISIONS OF EARNINGS STRIPPING**

*Anthony R. Scinto*

Class of 2007

Due to increased global competition from economic globalization, multinational organizations have had to create ways in which to protect their earnings and grow their business. One such method has been the combined use of corporate inversion through corporate restructuring and earnings stripping through related-party debt agreements. Both of these techniques are generally seen in the United States as harmful to the American economy and labor market because they expatriate corporate earnings and labor. In response, the U.S. Congress has established rules governing the use of earnings stripping. The new rules are embodied in Title 26 of the United States Code, Section 163(j) and restrict the allowance of the interest deduction that is normally allowed a U.S. taxpayer for interest payments paid to a related party.

This paper will explore the legislative history and congressional intent that precedes these new rules in an attempt to determine the effectiveness and legitimacy of Internal Revenue Code §163(j). If Internal Revenue Code §163(j) does not conform to previous tax history and its well-established standards and/or if Internal Revenue Code §163(j) is not an effective device to fix the problem that Congress wishes to address,

then the code section is lacking and should be revised or repealed. If Internal Revenue Code §163(j) does conform to previous tax history and the standards that have been established and/or if Internal Revenue Code §163(j) is an effective solution to the expatriation of American earnings and labor, then the code section should remain and be enforced.

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## **IMMIGRATION AND ITS IMPACT ON THE UNEMPLOYMENT RATE OF NATIVE-BORN AGRICULTURAL WORKERS IN THE UNITED STATES**

*Caitlin E. Leary*

Class of 2007

Since its founding, the United States has been a melting pot of different cultures, races, and ethnicities. The American demographic continues to change today as immigrants cross the U.S. borders to find work. This study focuses on immigration and its impact on native-born U.S. workers in the agricultural sector. Much of the debate on immigration focuses on whether or not immigrants are taking jobs away from Americans, or simply taking jobs that Americans do not want. According to neoclassical labor supply theory, as immigrants penetrate a labor force, the wages offered should decrease, sending people into unemployment. Using Iowa and California as testing states, and data from the Bureau of Labor Statistics, this study tests this theory. The results show that immigrant workers in the agricultural sector do not cause wages to decrease and native-born workers to be unemployed. Instead, in California, where the population is more than 25% foreign-born, the penetration of immigrants into the labor supply coincides with an increase in the wages in the agricultural sector.

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## **DOES BRAND PERSONALITY DEPEND ON COUNTRY OF ORIGIN?**

*Christine D'Angelo*

Class of 2007

This study attempts to determine the effect the country of origin of a



product has on the measurement of its brand personality. Brand personality, defined as the set of human characteristics associated with a brand, has recently been measured by the Aaker Brand Personality Scale, developed in 1997. Both the country-of-origin effect and brand personality had been studied extensively. Never before, however, had the relationship between the two concepts been evaluated. In this study, subjects were asked to evaluate a particular brand of digital cameras according to the 42-trait Aaker Brand Personality Scale after viewing a print advertisement for the camera. There were three different versions of the advertisement: one brand from Japan, one from America, and one from Russia. By performing analyses of variation among the brands and the Aaker scale measurements, results found that the product's country of origin did play a significant role in measuring brand personality.

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## **PERCEIVED CONSUMER EFFECTIVENESS AND ENVIRONMENTAL LOCUS OF CONTROL AS MODERATORS OF ENVIRONMENTALLY CONSCIOUS BEHAVIORS**

*Laura Greenwood*

Class of 2007

Although it seems as if nearly everyone has positive attitudes regarding the environment, environmentally conscious behavior has not reflected those attitudes. To account for this discrepancy, this survey-based research will examine the moderating effects of specific attitudes such as Perceived Consumer Effectiveness (PCE), a belief about the extent to which an individual can contribute to a solution to the problem, and Environmental Locus of Control (ELOC), a belief about the extent to which an individual believes he or she has the ability to affect pro-environmental outcomes through his or her own actions, on the attitude-behavior relationship. Therefore, it was hypothesized that as levels of PCE and ELOC increase, the correlation between environmental attitudes and environmentally conscious behavior increases. Undergraduate business (n=59), graduate business (n=88), undergraduate liberal arts and sciences (n=50), and graduate social services (n=21) students at Fordham University completed a questionnaire measuring their participation in environmentally conscious behavior, degree of environmental concern, perceived consumer effectiveness, and environmental locus of control. The results show that

the more specific dispositional variables did not serve as moderating variables to the relationship between environmental attitudes and environmentally conscious behavior. Instead, the results show that they were direct predictors of behavior and were actually better predictors than general environmental attitudes.

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## **MONITORING ELECTRONIC COMMUNICATIONS IN THE WORKPLACE**

*Nikki Pappas*

Class of 2007

Considering the rapid growth of Internet and electronic mail use, current U.S. law does not appropriately address the monitoring of such activities in businesses. Many areas of the regulations are either unclear or inconsistent, causing confusion on the part of both employer and employee. This paper will examine the existing laws of the United States and the European Union, including the United Kingdom and Ireland, to address the outdated and vague aspects of the law. Cases heard in both the United States and the European Union will be analyzed, demonstrating the inconsistencies and emphasizing the confusion. With this information, recommendations will be made to reduce or eliminate the problems, as well as modernize the existing regulations.

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## **ATTITUDES TOWARDS GLOBALIZATION**

*Yanely Reyes*

Class of 2007

The term globalization can be defined from a world, country, industry, firm, and individual perspective. It refers to the integration resulting from a variety of activities including cross-border transactions in goods, services, and technology. This empirical research studies the differences in attitudes towards globalization across college-educated individuals in countries of differing economic development. More specifically, it

examines the extent to which skill level, consumer ethnocentrism, and cultural differences impact individual attitudes towards globalization. A total of 95, 79, and 28 questionnaires were collected in the United States, Dominican Republic, and Dubai, respectively. Empirical support was found for the hypotheses that individuals exhibiting higher levels of consumer ethnocentrism and collectivism are more opposed to globalization. Further, support was found for the Human Capital Model's premise that a higher level of education would lead to more favorable attitudes towards globalization. However, the empirical findings did not support the hypotheses that in a developed country, lower-skilled individuals would be more opposed to globalization or that in a less developed country, lower-skilled individuals would be less opposed to globalization.

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## **COMPARISON OF SOCIALLY ETHICAL FIRMS AND PERCEIVED ETHICAL FIRMS**

*Maria Haritos*

Class of 2006

The purpose of this paper is to examine if there is any value added to the stock price of companies that are perceived as being ethical (through a consumer-based survey, Harris Interactive) versus those companies that have met certain ethical standards (and are listed on the Domini Social Index) to determine whether there is any value added in being ethical. Given the recent corporate scandals that have made headlines, it is likely that ethical behavior has become a factor in consumer investing. If so, companies can no longer just focus on increasing the bottom line, while disregarding ethics. Statistical tests were run using a regression to determine whether or not there was greater value in being perceived as ethical than in actually meeting ethical qualifications. The results of this paper conclude that in fact consumer perception is more valuable to a company because the stock prices of those companies in the Harris Study were higher than those in the Domini Index and higher than those companies' competitors. This shows that companies gain more value from

increasing their consumer's perception of the company as being ethical and caring.

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## **ACCULTURATION, NEED FOR UNIQUENESS, AND THE HISPANIC MARKET: THE INFLUENCE OF REFERENCE GROUPS ON THE CONSUMPTION OF CLOTHING**

*Holly Harper*

Class of 2006

Acculturation describes the process of changing attitudes, values and behaviors of a subcultural group or individual after continuous exposure to a new, dominant culture. This survey-based study examines the effects of this phenomenon on the consumer behavior and the influence of reference groups on Hispanic high school students, specifically when those students are purchasing clothing. Existing literature provides evidence showing that Hispanics in general tend to be influenced more by reference groups than non-Hispanics. Therefore, it was hypothesized that high-accultured Hispanics would be influenced less than low-accultured Hispanics. Both Hispanic (n=80) and non-Hispanic (n=52) Catholic high school students completed a questionnaire measuring degrees of acculturation, need for uniqueness, and the influence peers, family, and the media play in their decisions when they are purchasing clothing. The results show that acculturation did not have any significant effect on reference group influence. However, Hispanics displayed a significantly low need for uniqueness compared to non-Hispanics, providing implications for further research.

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## **IMPACT OF GRADUATE EDUCATIONAL INSTITUTIONS ON THE SPAWNING OF NEW BUSINESS ACTIVITY AND ON COMPANIES' EMPLOYEES**

*Joseph Cerrone*

Class of 2006

The purpose of this paper is to examine if there is a relationship between highly ranked graduate doctoral programs at universities and the number of employees within the university's county in the industry related to doctoral program's field of study. As our economy is continuously growing, the importance of intellectual labor has become increasingly significant. Certain high-growth industries are theoretically dependant on scientific advancements. The results of this paper confer that only certain doctoral programs experience this relationship. This relationship between the high-intellect individuals and companies within close proximity to the university has been shown to directly contribute to the economic growth of the specified geographic area.

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## **INTERNATIONAL EQUILIBRIUM RELATIONSHIPS IN LATIN AMERICAN AND CARIBBEAN COUNTRIES: VOLATILE MONEY GROWTH AND HYPERINFLATION, THE FISHER EFFECT, AND UIP EXPOSED IN AN ERA OF FLOATING EXCHANGE RATES**

*Vicken J. Kalaydjian*

Class of 2006

This study uses data from a sample of 30 Latin American and Caribbean countries from 1974 to 2004 to examine five relationships: the quantity theory of money (QTM), purchasing power parity (PPP), the Fisher effect, uncovered interest parity (UIP), and the money neutrality proposition. The results illustrate that the above-mentioned relationships are all interrelated concepts. The cycle starts with excessive money growth, which leads to higher inflation, and according to the Fisher Effect, higher nominal interest rates. The money neutrality proposition demonstrates that, in the

long run, money growth can only affect nominal variables, not real ones. Countries with higher inflation rates and higher nominal interest rates do in fact experience currency depreciation. The results are consistent with theoretical expectations. This study finds extreme support for PPP, QTM, and money neutrality in the long run and positive support for the Fisher Effect and UIP over a 10-year period. Equilibrium relationships become much more apparent when and where money growth and inflation are much more volatile. Since Latin American and Caribbean countries have experienced some of the most severe episodes of inflation in the past few decades, they provide greater support for certain equilibrium relationships. Although there is a vast literature on the long-run success of PPP and QTM, there has not been much support for these relationships in the short run. This paper finds strong support for PPP and QTM in periods as short as five years. In addition, this study shows that, in the long run, real growth has nothing to do with money growth.

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## **TRANSFERRING HUMAN CAPITAL TO FOREIGN SUBSIDIARIES**

*Amanda Pappalardo*

Class of 2006

U.S. parent companies cannot transfer property of any kind to foreign subsidiaries on a tax-free basis except when the taxpayer can assure the Internal Revenue Service (IRS) that the property will be used in the subsidiary's trade or business. This paper seeks first to discover whether human capital is property, and if so, to whom it belongs. If human capital is property of the parent company, then any transfers to foreign subsidiaries would be tax-free so long as the subsidiary uses that human capital in its trade or business. If human capital is not property of the U.S. parent company, then sections 351 and 367 do not apply.

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## **MENDING THE ALIEN TORT CLAIMS ACT**

*Tyson Bareis*

Class of 2005

For 215 years, foreign citizens have had the right to bring civil charges in U.S. District Courts under the Alien Tort Claims Act (ATCA). During this time, the scope and breadth of international law have changed greatly. Complicated by a poor understanding of the original statute and vague language, modern ATCA case law is complex and sometimes contradictory. This paper seeks to examine whether, given all the changes in international law and problems surrounding the statute, it is still possible for the ATCA to function properly. Upon answering this question, the paper will move on to propose changes in the statute and discuss the best way to go about reform. The goal of this paper is not necessarily to argue the superiority of one solution over another. Instead, this paper seeks to describe a very real problem in the justice system that will only get worse as globalization increases, and generate discussion on its possible solutions to the problem.

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## **Y-FLUENCE: A STUDY OF GENERATION Y'S EXTENDED PURCHASING INFLUENCES**

*Michelle DeLuca*

Class of 2005

Generation Y is a unique group that has a strong level of influence on spending in the economy. This study attempts to uncover the extent of the group's sphere of influence exhibited by the purchases made by family members and peers. For the purpose of this study, an online survey was conducted with a sample of 106 college students. Influence on family members was tested with two product categories, cars and computers purchased within the past two years. Additionally, influence on peers was tested with two other products, clothing and music purchased within the past six months. For each product category, three statements were presented: on advice requested before purchase, advice taken into

consideration, and advice that influenced the final decision to purchase the specific product. The survey data revealed an overwhelming response from participants who feel that they influence the purchase of these products, especially with regard to peers' decision to purchase clothing. Sufficient evidence demonstrates that the influence of Generation Y differs among various product categories and is not constant for all types of products. Additionally, gender was tested to see its connection with influence. The results were not consistent across the product categories, however. There was a significant relationship found only between gender and peers' decision to purchase clothing.

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## **ECONOMIC FREEDOM AND SHORT-TERM REAL INTEREST RATE PREMIA IN LESS-DEVELOPED COUNTRIES**

*Daniel Peter Fedeyko*

Class of 2005

This research studies the relationship between economic freedom in less-developed countries (LDCs) and the corresponding short-term real interest rate premia required in those countries to attract creditors. Although the phenomenon of higher real interest rates in LDCs is a commonly accepted occurrence, there is still much debate over what to attribute the risk premia to and which risk factors are most significant. Previous studies have used country credit ratings, conditional economic convergence, economic growth, fiscal and monetary policy, and political freedom to explain observed premia in real interest rates. This study approaches the issue of real interest rate premia for LCDs by focusing instead on economic freedom, which is a broad measure that incorporates many of the political, legal, economic, and fiscal factors that have been applied individually in previous studies. As its measure of economic freedom, the research employs annual data collected from the Fraser Institute's Economic Freedom of the World Index (EFW). The study compiles average EFW scores and average real interest rate spreads for 60 countries from 1995 to 2002. Regression analyses based on this data show a significant negative relationship between economic freedom and real interest rate premia (lower premia for economically free countries), which becomes stronger as the countries are grouped by region (Asia, Africa, Latin America, Eastern Europe, OECD). The study concludes by examining the



relationship between real interest rate spreads and individual components of the EFW index, such as property rights and freedom to trade. The results of these analyses show that economic freedom and several components of the EFW index have significant explanatory value in determining short-term real interest rate premia and should therefore be a considered criterion when making investments in emerging market sovereign debt.

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## **THE FUTURE OF MUSIC IN A DIGITAL AGE**

*Lori A. Morea*

Class of 2005

Every day, the world around us is changing as new technology is developed and introduced. Peer-to-peer technology offers a wide array of opportunities for enhanced communication capabilities and content distribution, but it also has led to massive music piracy and destructive consequences for the music business. In an effort to preserve its profits and protect its copyrighted works, the recording industry has fought hard against music piracy, filing lawsuits against both peer-to-peer services and individual copyright infringers. As these strategies have proven to be costly and time-consuming for the industry, many other means of preventing the harmful effects of music piracy on performing artists have been analyzed. Although Congress has suggested the possibility of increasing criminal penalties for copyright infringement over peer-to-peer networks, it is surely too severe to punish such a large number of Americans by requiring them to pay enormous fines or serve jail time for enjoying the benefits that new technology has to offer. As a result of the limited effectiveness of all strategies implemented by the recording industry to date, an alternative compensation system should be considered that would simultaneously compensate artists and allow the unobstructed use of peer-to-peer technology and file-sharing. A system to replace the seemingly outdated traditional copyright law that currently hinders the endless potential of peer-to-peer networks to encourage creativity and innovation would be a successful step toward fully embracing new technology and entering a world of digital music.

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## **THE RELATIONSHIP BETWEEN FEDERAL GOVERNMENT EXPENDITURES ON EDUCATION AND MEDIAN INCOME OF U.S. CITIZENS**

*Brendan T. Marshall*

Class of 2005

This study examines the level of federal spending on education at the elementary, secondary, and post-secondary level. It then compares the level of spending to the median income levels of various groups that are distinct in gender, race, and level of education. Previous studies have been conducted to examine personal returns on investment in regard to education, but none have taken the government's perspective. This study takes the two variables, federal spending and median income, and examines them through the lens of regression analysis. The results indicate a strong correlation between federal spending and median income. The study also derives an optimal level of federal spending to generate the highest level of median income. Surprisingly, after thorough background analysis, the federal government has not tried to apply such regressions to its investment behavior, suggesting a poor management of taxpayer's money. Therefore, this study can possibly help the government form a methodology to realize how it can maximize its returns on investment.

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## ***BUILT TO LAST: WHERE ARE THEY NOW?***

*Rebecca A. Nielsen*

Class of 2005

This study is a follow-up to the bestselling book *Built to Last* by James Collins and Jerry Porras. Collins and Porras chose 18 exceptionally performing visionary companies, then detailed the features, including core ideology, that distinguished these companies from a control set of comparison companies. The study followed the 36 companies from their first year of operation until around 1990. This study looks at the past 15 years of data on these companies, from 1989 to 2004. The companies were

first analyzed financially, based on their annual return. Next, they were analyzed by their corporate social performance, a piece of core ideology, based on data provided by KLD Research and Analytics. It was initially thought that the visionary companies would outperform the comparison companies in the financial arena, but surprisingly, the results were rather inconclusive. The major finding of this study shows that visionary companies have better relationships with important primary stakeholders through the operating practices that are assessed in determining corporate social performance. This shows that the 18 visionary companies featured in *Built to Last* have retained the visions and values that comprise the core ideologies on which they were founded.

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## **A MONETARY UNION IN LATIN AMERICA**

*Alejandro L. Rivera*

Class of 2004

This paper discusses the possibility of a monetary union in Latin America. Arguments in favor of monetary unions are presented to support the notion of a currency area in Latin America. Inflation rates, interest rates, government deficit to GDP ratios, and real GDP growth rates are analyzed in order to determine whether either Mercosur or the Andean Community could support a monetary union. The results of the analysis suggest that Mercosur could be a starting point for a Latin American monetary union provided that the countries meet the convergence criteria and the countries follow similar cyclical behavior.

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## **A COMMUNITY-WIDE BOLAR PROVISION FOR THE EU**

*Salvatore Giovine*

Class of 2004

This study provides insight on an area of pharmaceutical law in the European Union known as the Bolar provision. This relatively new area of

European Union law has been the subject of much recent debate with regard to the form a Bolar provision should take. A Bolar provision allows all development, testing, and experimental work required for the registration of a generic medicine to take place during the patent period of the original product. The study sets forth a proposal for a European Bolar provision. The nature, feasibility, implementation, and possible outcomes of the proposed Bolar provision are presented. As pharmaceutical innovation continues to create revolutionary products on a global level, it is increasingly important to understand the legal and economic forces at work in the pharmaceutical industry. On a legal level, intellectual property protection is the most relevant issue; on an economic level, competition theory plays a major role in defining an industry with a market capitalization well into the billions of dollars. This study will provide background information on the nature of the European Union in terms of its political, legal, and economic structure. With this clear understanding of the nature of the European Union, an explanation of intellectual property law as it applies to pharmaceutical products is presented. Such terms as “generic” and “experimental use” are defined in context. Having set the conceptual basis for understanding the issue at hand, the study defines in detail what a Bolar provision is and uses the United States’ Hatch-Waxman Act as a case study to understand how a Bolar provision functions. The issues presented are then applied to the European Union.

The case law of Member States with regard to experimental use is analyzed to understand its nature, form, and compatibility with the proposed provision. Furthermore, the compatibility of a Bolar provision with international trade agreements is analyzed. Through the analysis of European case law and international trade agreements, conclusions are drawn with regard to the probability that the proposed provision could be implemented. Given the material amount of legal precedent that the Bolar provision overrides, the study turns to why a Bolar provision should become a part of European Union law and outlines the nature of the proposed provision. Through macroeconomic statistics, corporate finance theory, systems theory, and mathematical models, the outcomes that the implementation of a pure Bolar provision would create are analyzed. The study presents these outcomes through an Economic Outcome Model. The Economic Outcome Model is also used to reject the Bolar provisions recently suggested by the European Council on the basis that they constitute a diluted form of Bolar provision whose restrictive parameters patently defeat the purpose of implementing such a provision. The study presents the underlying reasoning of this rejection and compares and

contrasts the Bolar provision it proposes with those that have recently been suggested by the European Union. The Bolar provision this study advocates should not be viewed as the only solution to the problems the European pharmaceutical industry faces. As such, this study presents policy recommendations beyond the Bolar provision which, when combined with the Bolar provision, would result in positive outcomes on a variety of levels.

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## **TITLE IX: A NEW FORMULA FOR EQUITY**

*Michael Nolan*

Class of 2004

Title IX has been a great success in creating opportunities for women in sports on the high school, collegiate, and professional levels. The law was written in 1972 to cover a broad scope of educational areas. The first regulations dealing with collegiate athletics were written in 1979. These statutes created three criteria for equality in collegiate athletics. First, proportions of male and female athletes must roughly equal the proportion of males and females in the student body. Second, the school must show a history of helping the underrepresented sex. Third, a university's athletics offerings must fully meet the interests of the underrepresented sex. Over the years since, many universities made strides to create equality in their respective athletics programs. In 1997, a monumental court case changed how Title IX is enforced. The lawsuit, *Cohen v. Brown* (Brown University), created the "proportionality test" as the standard for the enforcement of Title IX. These statutes imply that the second and third criteria of the original statute are not quantifiable. Therefore, a proportionality test will be the standard by which gender equity is judged. The proportion of female athletes must roughly equal the number of male athletes. After *Cohen v. Brown*, many schools, fearing lawsuits, quickly cut male athletics teams to save their program from being sued. Critics contend the proportionality test has led to the elimination of more than 400 male sports to since 1979.

This paper contends that cutting men's programs is not in the spirit of the original law. This paper presents a new formula that will preserve the future of women's sports and stem the tide of men's teams being eliminated to create proportionality. The proposed solution is to institute a revised proportionality test that holds universities responsible for meeting

the standards of the underrepresented sex, but excludes men's football and men's basketball from the proportionality formulation. Football and men's basketball generate the vast majority of money used to fund the entire spectrum of collegiate sports. They have morphed away from the average collegiate sport and should not be taken into account when formulating equality.

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## **THE EFFECTS OF TERRORISM ON DISASTER RECOVERY PLANNING IN INFORMATION**

*Frank Novick*

Class of 2004

The concept of terrorism plagues our society. The threat of terrorism is felt by everyone from politicians to business people. The mere mention of the word terrorism puts an extreme amount of fear into people worldwide. The business world has had a tough job of adjusting to the extra stress that terrorism is putting on it. The effects of terrorism and the threat of terrorism have already had on the business world are one issue; being prepared for future threats is an entirely different issue. This paper will discuss terrorism and its effects on disaster recovery plans and business continuity plans. Examinations of case studies and survey data are used in order to prove various points.

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## **CONSUMER SOCIALIZATION AND THE EFFECTS THAT THE LATINO MOTHER HAS ON HER CHILD'S BRAND PREFERENCES FOR PERSONAL CARE PRODUCTS**

*Rita M. O'Neill*

Class of 2004

This research aims to make a connection between Latino mothers and their children's consumer behavior. First, this paper gives background information about consumer socialization, the influence of mothers, and

the value of the Latino community in the United States. Then, hypotheses are laid out suspecting that there is a strong maternal influence over Latino children, more so than that of non-Latino mothers. These hypotheses have been either supported or not supported based on the statistical analyses performed. Overall, this research has shown that there is definitely a great influence on Latino children by their mothers. Tests show that Latino children are more influenced by their mothers than non-Latino children when purchasing a brand of personal care items they've never used before. Also, they were more likely to ask for their mothers' advice when purchasing a new brand of personal care items than they were when purchasing items in other product categories. Further research is suggested with a larger sample size, different age groups, and different product categories. This particular research has started the process of uncovering the important relationship between a Latino adolescent and his or her mother. Although it is only a start, it begins to shed light on the ever-growing and important Latino market.

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## **EFFECTS OF THE EURO-MEDITERRANEAN PARTNERSHIP**

*Noam Pitsker*

Class of 2004

Tunisia has begun the implementation of the Euro-Mediterranean Partnership (EMP), a bilateral free trade agreement between Tunisia and the European Union (EU), with hopes of furthering economic development and decreasing its high unemployment rate. This study presents a two-step analysis in determining the effect of the EMP on unemployment in Tunisia. The first analysis compares the changes in exports, imports, GDP growth, industry production, foreign direct investment (FDI), and unemployment rate before and after countries joined the EU. This analysis indicates that exports, imports, FDI, and unemployment rate are positively correlated with EU membership; industry production is negatively correlated with EU membership; and the correlation of GDP growth and EU membership is ambiguous. Second, this study uses a multivariable regression analysis to determine the effect of each of the variables mentioned above, plus a dummy variable to account for EU membership, on the dependent variable, unemployment

rate. The regression analysis found that exports, imports, and the EU variable significantly affect unemployment rate. Even though imports have the most significant effect on unemployment rate, exports have the largest impact or change on the unemployment rate.

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## **AN EXAMINATION OF THE NEGATIVE PRICE REACTION FOLLOWING DIVIDEND REDUCTION ANNOUNCEMENTS: A COMPARISON OF THE EXPLANATORY POWER OF FIVE SCENARIOS**

*Joseph A. Siano*

Class of 2004

This study examines the explanatory power of five scenarios on the negative stock price reaction that occurs immediately after a company issues a dividend reduction announcement. The scenarios tested are: announcements of dividend omissions, dividend reductions of a large magnitude, growth-induced dividend reductions, dividend reductions by firms with small-market capitalizations (small-cap firms), and involuntary dividend reductions. A sample of 93 dividend-reducing firms was collected and abnormal returns were calculated for each firm. Then the sample was separated into two mutually exclusive groups for each scenario, and analysis of variance (ANOVA) tests were conducted to determine if there were any significant differences in mean abnormal returns. Additionally, stepwise multiple regressions were run to ascertain which scenarios most significantly contribute to the negative abnormal price returns. The results of the ANOVA and stepwise multiple regressions suggest that dividend reduction announcements by small-cap firms and involuntary dividend reduction announcements cause significantly greater negative abnormal returns.

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## **WHERE DO WE GO FROM HERE? THE NEW STRUCTURE OF INDIVIDUAL DISPARATE TREATMENT**

*Stacey L. Wieder*

Class of 2004

The structure for litigating individual disparate treatment cases has always hindered the process of deciding Title VII discrimination claims. From the conception of the McDonnell Douglas three-step burden-shifting structure to Justice O'Connor's concurrence in *Price WaterHouse Inc. v. Hopkins* to the varying standards of direct evidence required by different circuits for mixed-motive instructions, the courts have never operated under a unified system. Then in June 2003, the Supreme Court decided *Desert Palace Inc. v. Costa* and changed the structure of individual disparate treatment forever. This paper critiques that structure, tracking the changes that resulted from prominent decisions and analyzing the lower court interpretations of *Costa*. It then proceeds to articulate a unified system under which all Title VII discrimination claims should be decided and offers an alteration in the use of the same-decision partial affirmative defense that is available to defendants in mixed-motive cases. The paper cites the limitation of the bona fide occupational qualification affirmative defense in systematic disparate treatment cases, the lack of a damage cap for race discrimination by the 1991 Civil Rights Act, the court's use of mandatory affirmative action plans targeting racial and ethnic minorities, as well as the history of United States and national figures such as Martin Luther King Jr., as support for its proposal to ban the use of the same-decision partial affirmative defense in racial discrimination cases. Though it may not solve the puzzle that is the structure of individual disparate treatment, this paper hopes to simplify at least one small section in an effort to unify the system.

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## **THE EFFECT OF DIVIDEND TAX RELIEF IN THE UNITED STATES**

*Chao (Kelly) Yan*

Class of 2004

The purpose of this research is to determine whether President Bush's (2003) dividend tax cut meets the needs of the current economy. The stated purpose of President Bush's dividend tax cut and other tax cuts included in Bush's Plan for Jobs and Economic Growth is to encourage customer spending and restore investors' belief in the stock market after the recent accounting scandals. Bush believes that his tax cuts will immediately stimulate the economy, which will lead to more investing—from both individual investors and corporate investors—and thus eventually promote economic growth through the creation of jobs. The debates between the pros and cons of dividend tax cuts have existed before the emergence of President Bush's proposal. Economists, accountants, politicians, and others have presented various beneficial and non-beneficial reasons for their positions. According to proponents of dividend tax cuts, some benefits include: increased dividend payments, additional after-tax income for senior citizens, and decreased corporate debt. On the other hand, opponents of dividend tax cuts cite the following non-beneficial aspects: benefits for the wealthy, increased complexity of the tax code, decreased tax collection, and increased U.S. federal deficit.

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