

PROPOSAL FOR UNIVERSITY FUNDING

RESEARCH INSTITUTE FOR ORGANISATIONAL AND INSTITUTIONAL PERFORMANCE



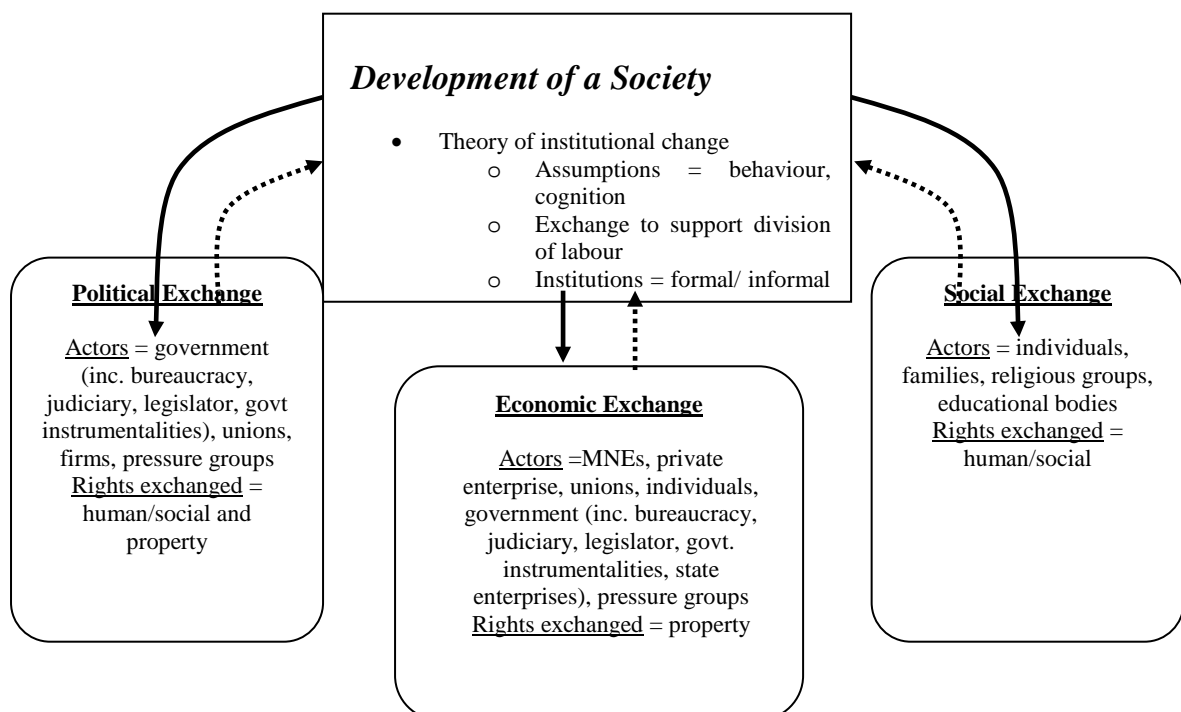
**Faculty of Business and Law
The University of Newcastle**

**Contact Details:
Professor Stephen Nicholas
Pro Vice-Chancellor**

Studying the Development of Whole Societies: Conceptual Basis for the Research Institute for Organisational and Institutional Performance

The Faculty of Business and Law forms part of the social science enquiry into how legally-politically, economically and socially beneficial exchange is organised for the development of society. As shown in Figure 1, Business and Law combines three core branches of social science study (economic, political-legal and social), anchored by an overarching research question of what explains the differential growth and development of societies across time and across geographic space. The framework cascades from a central theory of institutional change, or the development of whole societies, which defines the key relationships linking individuals, organisations (including political parties, governments, firms, families), institutions (formal and informal 'rules of the game') and the long-run economic evolution of societies. The three branches of analysis are delineated by theories to explain the main forms of exchange conducted by societies: political-legal, economic and social.

FIGURE 1 – New Institutional Economics: Three branches of analysis



Economic exchange, in Figure 1, is the necessary counterpart to the specialisation of labour, including corresponding innovations in technology, which facilitates improvements in living standards. The property rights system provides the incentives for economic activity and the allocation of productive effort.

Societies generate formal and informal institutions to provide certainty and structure to human interaction by inducing – or incentivising – co-operation and co-ordination of effort. The assumption underpinning human behaviour in

organisations arises from the view that individuals have limited and differing cognitive abilities and integrity. Coincident with these cognitive limitations is the ability of individuals to exercise choice or freedom of will in electing among a range of behaviours. The acknowledgement of conscious choice of behaviour introduces not only opportunism as a variable but also tactics, strategy, honesty, openness, trust and reputation.

The extent to which individuals are able to choose different types of behaviour is influenced by the context within which they make decisions. Behaviour may be conditioned by social structures, such as kinship ties, status or religious beliefs, or limited by coercive pressures, such as convict labour or slavery. Each of these behavioural influences forms part of the wider institutional environment (or rules of the game) that structure all human interaction. Functioning either as informal or formal constraints, institutions limit the choice set of individuals. Formal institutions encompass political, judicial and economic rules, such as legislation, common law decisions, and government competition and welfare policies. Informal institutions are the conventions or codes of behaviour in a society, including religious rules governing food consumption, respect for the elderly and sharing of common resources among indigenous communities.

At any point in time, the institutional environment – the sets of formal and informal rules held and enforced by a society – defines the organisations that will be viable. Firms and political parties are two such organisations. Organisations are the players of the game, ranging from political bodies (such as the organs of government, regulatory agencies and political parties), economic groups (including firms and trade unions), to social bodies (such as churches, clubs and educational groups). As players, organisations form, shift and, sometimes, decay, in response to the opportunities created by institutions. Organisations in turn mould changes in the rules of the game in a complex process of institutional evolution. The big questions for business and law research include: how is economic activity organised economically and socially within firms and between firms and other economic, social and political organisations; how do political parties and governments make and enforce formal laws that contribute to growth, welfare and (in)equality; what is the nature of firm-state relations; how do firms impact on global and domestic competition; and what role do governments, politics and business play in globalisation.

Aims and Goals

The aim of the Research Institute is to:

1. Support policy makers in understanding how policies, regulations and laws (from deregulations to new forms of partnerships between for-profit and non-for-profit actors) translate into the creation, evolution, operation and performance of organisations;
2. Help managers in the business, legal, government and non-governmental sectors assess and improve the performance of their organisation, such as export performance or regional networking;

3. Contribute to the understanding and operation of organisations within their institutional settings, including the role of trust and cooperation, whether in the operation of multinational firms in China or domestic firms in Australia;
4. Understand the responses of households, firms and communities, especially in transitional economies, to institutional and organisational change;
5. Understand the management, regulation and performance of financial, political and economic organisations; examine the case for deregulation of public utilities and the health sector and the operation and performance of public-private partnerships

Management	
Director (interim)—Professor Stephen Nicholas	Pro Vice-Chancellor' Unit Faculty of Business & Law
Lead Researchers	School/Unit
Economic Organisations and Business Network Programme	
Prof Stephen Nicholas	Pro Vice-Chancellor's Unit Faculty of Business & Law
A/Prof Amir Mahmood	Newcastle Graduate School of Business
Prof Aron O'Cass	Newcastle Graduate School of Business
Legal Justice Programme	
Prof Ted Wright	School of Law
Prof Frank Bates	School of Law
A/Prof Anne Rees	School of Law
Employment/HRM Programme	
A/Prof John Burgess	School of Business and Management
Prof Mark Bray	School of Business and Management
A/Prof Julia Connell	Newcastle Graduate School of Business
Corporate Social Responsibility Programme	
A/Prof Jim Psaros	School of Business and Management

Research Students		
RHD Students	Number currently enrolled and associated with the proposed Centre	32
	Number of Completions 2003 – 2005 associated with the proposed Centre	11
	Target number to enrol in the proposed Centre 2006 – 2008	9
Research Standing		
Research Income	Total research income 2003 – 2005 directly related to proposed Centre	\$1.26m
Publications	Total 2003 – 2005 directly associated with the proposed Centre	187

Faculty Support

The Faculty supports the Research Institute of Organisational and Institutional Performance as an umbrella centre to include all research within the Research Institute's broad aims and goals.

Dedicated Research Institute Funding

For 2006 the Faculty will budget \$80K, and from 2007 the Faculty will budget \$180K, per year towards: (equivalent) 50% of a Level E Director's salary, research assistance, administrative support, post-doctoral fellowship(s), PhD scholarship(s), establish a Centre website that will facilitate the publication of Centre working papers after peer review; public policy discussion and debate; and publicise events. accommodation in the form of offices and seminar space for research and support staff, research students and visitors.

Promoting Public Debate and Contributing to Policy-Making

The Research Institute seeks to contribute to public debate, both nationally and internationally. The Research Institute aims to publish in leading international journals and book publishers, but also seeks to influence policy-making and decision-making by governments, business and the legal community, including the judiciary.

Promoting Research Critical Mass in the Faculty

Research Institute and Faculty Research Plan

The concept of a Faculty-wide research centre is specified in the Faculty's Research Plan and 2006-7 Faculty Objectives: 2.1.2 Provide funding to create and sustain centres of research excellence.

The Institute will rely on the following Research Plan and Research Objectives for 2006-7:

Key Objective 2: Create critical research mass

Key Objective 3: Increase income from external sources;

2.2.1 Fund research that bridges disciplinary boundaries within the Faculty;

4.3.1 Implement policies to prepare the Faculty for RQF;

6.1.1 Fund research with policy implications and practical applications

Senior Research Leadership and Improving the Faculty's Research Performance

Led by associate directors and senior academic staff, who are Faculty research leaders, the Research Institute will be the vehicle to improve the research performance of the Faculty (see Appendix 1).

Inclusiveness and Support for All Staff

The Institute's programmes are areas of research focus, broadly based to ensure the addition of new members and programmes.

The Institute aims to develop inclusive research programmes that involve all academics. A major priority will be to co-opt all interested academics into the Institute's research programmes. The following staff have been invited to participate: Ms Lisa Barnes; Dr Anton Kriz; Dr Loong Wong; Dr Peter Waring; Dr Jackson Maogoto; Mr Ben Sheehy; Mr Michael Seamer; and Dr Cynthia Webster.

Cross-Faculty Links

After the Institute develops a coherent research agenda, the Institute will build and expand cross-Faculty research cooperation, such as the existing links with the Centre for Research and Education on Aging. These cross-Faculty links will form part of the Institute's 2007 agenda.

Associate Members in Australia

The Research Institute will invite a number of leading researchers and young researchers to be associate members of the Research Institute. Informal discussions have identified researchers at UNSW, Sydney, Melbourne and QUT.

Associate Members From Leading International Universities

The Research Institute will invite a number of leading researchers and young researchers to be associate members of the Research Institute. Informal discussions have identified researchers at the University of Illinois, Champagne-Urbana, LSE and University of Reading.

Joint Research Partnerships in China

The Research Institute has collaborative research agreements and joint research higher degree training agreements with the School of Business at Jilin University, China (see Appendix 2) and Centre for Economic Research, Shandong University, China (see Appendix 3).

A/Prof Chen G Jin, Nanjing University of Economics and Finance, will collaborate on research in the Economic Organisation and Business Network Programme for one year from November 2006.

Partnerships with Academic Associations

The Faculty is a member, and Professor Nicholas is a member of the Executive, of the Pacific-Asia Consortium of International Business Education and Research, which

is a consortium of 26 universities, including Columbia, Chinese University of Hong Kong, Thunderbird, University of British Columbia, University of Indonesia, York University, Waseda University and University of Hawaii.

Teaching-Research Nexus

Consistent with the University's priorities to link teaching to research strengths, the Institute will promote Key Objective 3: Research-led and Evidence-Based Learning in the Faculty's Teaching and Learning Plan and Objective 3.1.1 Teaching Informed by Research & Up-To-Date Content and Resources.

Research Institute and University Strategic Directions

The University's data on research output identifies the Faculty as a poor relative performer, especially in terms of being in the top 10 of Australian research universities. The Institute addresses this research poor performance.

The Institute's aims are consistent with *Creating Our Future*, especially the University's commitment to 'internationally recognised research centres', research training and research alliances. In the context of the University's Institutional Strategic Plan 2003-2006, the Institute will fulfil:

- developing areas of existing and emerging strength;
- maintaining strong ties with our regional and other industry partners;
- establishing new partnerships;
- initiating cross-Faculty and cross-discipline collaboration across thematic research areas;
- fostering the development of our researchers and research students.

RESEARCH PROJECTS

Research Project: Operation of Economic Organisations in Transitional Economies
Director: Professor Stephen Nicholas

This project involves research on the operation and performance of economic organisations in the transitional economy of China. The economic organisations studied include wholly-owned foreign investment firms, equity joint ventures and non-equity alliances.

The research takes a contracting or transaction cost perspective, where we assume uncertainty, asymmetric information, bounded rationality and opportunism (trust). To ensure mutually beneficial exchange given potential opportunism, economic organisations implement safeguards, which are either formal contractual or informal relational mechanisms, including contracts, credible commitments, dispute resolution procedures, and contract revision. These economic organisations adjust their internal organisational structures and operations to transition economies where the property right regimes and the legal system are different than in developed countries.

The interplay between how the external environment and the transfer of knowledge,

goods and services shapes the economic organisations' internal organisational design is the common element across this study of multiple economic organisations in China.

Research Project: Employment Practices of Multinational Corporations

Director: A/Professor John Burgess

Co-Researchers: Professor Mark Bray, A/Prof Julia Connell; A/Prof Amir Mahmood

This project seeks to identify how much divergence there is across multinational corporations (MNCs) human resource management (HRM) practices in offshore subsidiaries. We are interested in the extent to which there is divergence or convergence across MNC operations in the one country and across countries. We are also interested in whether there is a distinctive national approach to HR management according to the country in which the MNC originates. In particular, do US based MNCs differ in their HR practices from Japanese based MNCs? If there are differences, then how can these be accounted for? The project can provide insights into the organisation and management of MNCs and to whether the internationalisation of corporations results in divergent and adaptive patterns of management according to country of investment and country of head office location or does it result in uniform practices within the MNC and across subsidiaries. The intent of the project is to study HR management practices of MNCs in Australia and feed the findings into a larger researcher project that is being co-ordinated by researchers at Warwick and de Montfort Universities.

Research Project: The Utility of General Rules in Contract Law

Director: Professor Ted Wright

This large and ambitious research program seeks to make several substantial, original contributions to a topic which has been the subject of sustained jurisprudential debate for at least two centuries and which is of significance not only to contract law but legal regulation in general. Its central thesis is that by taking advantage of overriding standards of justice (recognised in all modern legal systems) the whole of contract doctrine can be encompassed in a comparatively small number of general rules which are nevertheless sufficiently specific to serve as a practical means of regulating contracting and contract disputes. This thesis, if verified, provides the key to two hitherto elusive goals, namely codification of contract law in "case law" systems (such as Australia's) and transnational harmonization of this foundational part of trade law. This program builds on and extends in important ways two earlier studies, *An Australian Contract Code* (Victorian Law Reform Commission, DP27, 1992) and *Models of Contract Law: An empirical evaluation of their utility* (Federation Press, 2005 (research supported by the ARC and the Law & Justice Foundation of NSW)).

The Global Law of Contract

This part of the project involves reviewing 4 national and international statements of the law, namely the *Contract Law of the Peoples Republic of China* (CLPRC), the *Principles of European Contract Law* (PECL), the American *Uniform Commercial Code*

and *Restatement of Contract Law* (UCC + Restatement) and Australian Case Law (representing the “common law” family apart from the USA) and specifying, at the level common to these statements, the general rules of contract law. Rather than attempt to draft a “harmonizing” code of contract law, this project adopts a more modest aim and methodology. It seeks merely to demonstrate that at an appropriately chosen level of generality there *is* a globally “harmonized” law of contract. Other projects described here will address whether this “Global Law of Contract” can effectively be used to regulate contracts at an international level.

The Jurisprudence of Rules

This part of the project aims to develop and explicate two opposing models of contract law. In one model a small number of general rules provide the point of departure for the application of just a few overriding broad principles of justice. In the opposing model, while broad principles of justice are explicitly recognised, they are not applied directly to determine legal rights; instead they are applied in accordance with “mediating” detailed rules. Using working examples of these models this study will, through a number of case studies, demonstrate the tendency, on the one hand, of broad principles (applied with reference to a few general rules) to promote certainty, while on the other hand demonstrating the tendency of mediating detailed rules to generate uncertainty.

Empirical Jurisprudence: Why do general rules work better than detailed rules?

The aim of this part of the project is to extend and replicate previous empirical work on the utility of general rules. A proposal to conduct 3 further experiments is currently the subject of a 2006 ARC Discovery Project grant application. In another, pilot project, being conducted by a Psychology Honours student under the joint supervision of Wright and A/Prof Heathcote (School of Behavioural Science) we are seeking to ground our empirical and theoretical studies of the utility of two models of contract law in explanations offered by research on the cognitive processes involved in complex, rule-based decision making.

Research Project: First Party Insurance Scheme for NSW Motor Accident Compensation

Director: Professor Ted Wright

This project, funded by the Motor Accidents Authority of New South Wales, involves the preparation of a Discussion Paper which explores the policy options for introducing a 1st Party Insurance motor accident compensation scheme in New South Wales, with particular reference to maintaining major points of similarity with the current 3rd Party scheme regulated by the *Motor Accidents Compensation Act 1999*. It is envisaged that the Discussion Paper, likely to be released after March next year, will lead to further research and detailed community consultation, followed by the writing of a detailed report and implementation proposal.

Research Project: Director Share Trading: Disclosure and Market Integrity
Director: A/Prof Jim Psaros

Australian legislation and Australian Stock Exchange Listing Rules adopt a two-fold approach to preventing insider trading and ensuring market integrity. Insider trading is prohibited and legislation mandates that disclosure of changes in the interests of directors in company securities occurs within specified short periods after the change. Existing institutional research commissioned by Australian superannuation funds documents widespread breaches of these disclosure requirements, even for S&P/ASX200 companies. This project will undertake a detailed analysis of the level and nature of compliance / non-compliance with disclosure requirements, and examine the implications of that compliance / non-compliance for market integrity.

This project has attracted some seed research funding (\$14,000) from the Melbourne Centre for Academic Research. In addition, the project is seen as a "springboard" into an ARC linkage research grant with Horwath Accounting (Australia's sixth largest accounting firm).

International Conferences

Director: Professor Stephen Nicholas

International Research Conference November 13-15, 2006: New Perspectives on Subsidiary Management Research

The Institute is hosting a November 13-15 International Research Conference on Subsidiary Management, organized jointly with Professor Joseph Cheng, Director, Centre for International Business Education and Research, University of Illinois, Champagne-Urbana, Dr Elizabeth Maitland, School of Management and Organisation, UNSW and Professor Stephen Nicholas, Director, Institute for Organisational and Institutional Performance.

The Conference will attract leading North American, European and Asian scholars, as well as leading researchers from Australia.

The Conference papers will be refereed for a special issue of *Advances in International Management* (Elsevier/JAI), edited by Cheng, Maitland and Nicholas.

The confirmed participants are:

Professor Julian Birkinshaw (London Business School) and Professor Cyril Bouquet (York University, Toronto).

Professor Tony Frost (Ivey Business School, University of Western Ontario).

Professor J.T. Li (HKUST) and Dr Jing-Yu Yang (Sydney University).

Professor Anoop Madhok, Schelich Business School, University of York, Canada

Professor Sea-Jin Chang (Korea University)

Professor Tim Divenney (AGSM).

Professor Lorraine Eden (University of Texas)

Dr Andre Sammartino (University of Melbourne)

Dr Wang Yue (University of New South Wales)

Dr Chris Wright (University of New South Wales)
Pierre Richard (AGSM)
Dr Liang Fan (University of Tasmania)
Sebastian Reiche (University of Melbourne)
Professor Joseph Cheng Director, Centre for International Business Education and
Research, University of Illinois, Champagne-Urbana
Dr Elizabeth Maitland, School of Management and Organisation, UNSW
Professor Stephen Nicholas, Director, Research Institute for Institutional and
Organisational and institutional performance, University of Newcastle

APPENDIX 1-RESEARCH EXPERIENCE OF LEAD RESEARCHERS

Prof Stephen Nicholas

Prof Nicholas has over 120 publications, including more than 30 refereed journal articles and 15 book chapters in international business. Since 2003, he has 8 international journal and book chapter publications and 15 refereed conference proceedings and papers in international business and knowledge and diversity management. In addition, Prof Nicholas has 36 publications in aboriginal employment and business, economic and anthropometric history.

Prof Nicholas is a Fellow of the Academy of Social Sciences of Australia; Inaugural President of the Australian-New Zealand International Business Academy; President of the Economic History Society of Australia and New Zealand; Member of the International Economic History Association Executive; and a member of the Executive of the Pacific-Asia Consortium of International Business Educators and Researchers.

He was visiting Professor, Nagoya University; Research Fellow, RSSH-RSPacS at ANU; and a Visiting Fellow at Economics, Reading University. He is on the editorial board of the *Journal of International Business and Economics*.

With external funding of over \$700K, Prof Nicholas was founder and co-director of the Australian Centre for International Business (joint Melbourne-UNSW), with 12 academic members; five associate business and academic members; 2 Research Fellows and up to 5 RAs. Prof Nicholas has developed a range of corporate partnerships with NAB, Westpac, IBM, Rio Tinto, Ford, Holden and Telstra; published articles in professional journals, as well as contributed to the media, including *The Australian* and *The Financial Review* and appearing on ABC 7pm National News.

He has completed eleven (11) PhDs completions; and is external supervisor to 4 PhD students. One PhD will commencing in August, 2006.

A/Prof Amir Mahmood

Since joining the University of Newcastle in 1992, Associate Professor Amir Mahmood has been actively involved in various facets of research. A vast majority of his work is in the Asian context, dealing with issues such as international trade flows, foreign market access, export competitiveness, and trade policy. His research outcomes include 14 refereed journal publications, 5 book chapters, 2 Internet publications, 24 conference papers, 7 invited seminars, 4 internal research grants, 1 external (CRC) research grant. His most recent work on the shifting export competitiveness of ASEAN manufacturing was published in a top tier journal in the area of international economics (*The International Trade Journal*). His 2005 work on WTO and market access issues in *The Journal of American Academy of Business* won the best author award.

Associate Professor Mahmood has also provided professional consulting services to international and national organisations. He has worked on international consulting projects funded by the World Bank, Canadian International Development Agency (CIDA), and the Department for International Development (DFID), UK. In 2003, he completed a major WTO-related project to assist the Pakistani

government to formulate trade negotiation strategy under the Doha Round of Negotiations.

He is an effective PhD supervisor within the Faculty of Business & Law. Since 2002, he has successfully supervised 3 PhD dissertations in the areas of health economics, export competitiveness, and export involvement of SMEs in Malawi. At present, he is supervising 2 PhD candidates in the areas of global supply chain management and export development of Indonesian SMEs, and 2 DBA students in the areas of equity and debt financing choices for Hong Kong's SMEs, and supply chain management issues faced by SMEs in Hong Kong.

Associate Professor Mahmood has an extensive cross-cultural management experience, undertaking professional activities in countries such as Canada, Pakistan, Malaysia, Singapore, Hong Kong, Thailand, China and South Korea.

Prof Aron O'Cass

Professor O'Cass has been an active researcher in marketing management, market strategy, consumer behaviour, branding and political marketing since joining academia in 1996. He has undertaken a number of major research projects (with total competitive grants received of over \$400,000), including research into firm internationalisation and performance, marketing strategy and brand performance, organisational learning and marketing capabilities, marketing in political parties, voter behaviour, tourism and brand strategy and innovation. He has made a major contribution to research in his role as researcher, assistant dean research training/research manager and supervisor, with his graduates gaining employment in Australian universities and Australian and International firms. Professor O'Cass has supervised to completion 9 Postgraduate students dissertations, is currently supervising 8 students, with four to be submitted for examination by mid 2006. In recent years, he has made contributions to four major areas – marketing strategy (& marketing management) and branding; voter behaviour; consumer behaviour and services marketing. Marketing strategy and marketing management are critical components of the current proposal. Professor O'Cass has extensive experience in marketing research and practice, particularly so with respect to marketing management, firm performance and branding research. He has published on marketing and consumer research, particularly so with regard to the application of marketing management in politics and brand association and consumer behaviour. Professor O'Cass has extensive experience in both qualitative and quantitative research methods, and skills and knowledge in the design and administration of survey based research and extensive knowledge of multivariate analytical approaches (particularly Structural Equation Modelling).

Prof Ted Wright

Esteem factors

- Appointed Law Reform Commissioner of Victoria (1991-2)
- Appointed member of Commonwealth Access to Justice Advisory Committee (1993-4)
- OzReader, Australian Research Council (2003 – continuing)
- Invited by the House of Representatives Standing Committee on Legal and Constitutional Affairs to give evidence, on 7 March 2006, on the relevance of research with Ellinghaus to its inquiry into harmonization of legal systems.
- Have undertaken research on behalf of the Law Council of Australia, the Attorney-General's

departments of the Commonwealth, NSW, Queensland and Victoria, the Legal Aid Commission of NSW, the Queensland Criminal Justice Commission (now the Crime and Misconduct Commission), Queensland Legal Services Commissioner, Motor Accidents Authority of NSW, County Court of Victoria, and NRMA Insurance (now IAG).

Prof Frank Bates

The period 2003 – 2005 was not especially indicative of Prof Bates' productivity prior to appointment in Newcastle or subsequently. In late 2002, Prof Bates suffered an almost fatal stroke which affected his productivity significantly. In *toto*, he has approximately 300 publications across the usual DEST categories.

Esteem Factors

The positions held by Prof Bates include:

- a Senior Falbright Scholarship in the United States,
- Membership of the Australian Family Law Council,
- Membership of the Tasmanian Law Reform Commission
- a Vice-Presidency of the International Society of Family Law.

Associate Professor Anne Rees (formerly Finlay)

A/Prof Rees was absent from the University/academia from 2001-Nov 2004. In that time Rees was Commissioner on the Australian Law Reform Commission.

Esteem Factors

- Commissioner Australian Law Reform Commissioner (2001–004)
Lead Commissioner on 3 inquiries: Civil penalties; Gene patenting & human health; evidence.
- *World Health Organization Nuie Island November–December 1997*
The consultancy was conducted through the Centre for Health Law & Ethics at the University of Newcastle. It involved a review of existing health legislation; drafting of new legislation in relation to public health; approval and sale of pharmaceutical drugs; and registration and discipline of medical practitioners (four Bills were drafted).
- Member Editorial Board of the *Australian & New Zealand Trade Practices Law Bulletin* 1994 – 2001. Recently invited to contribute further articles
- Member, Board of Governors Law Foundation of NSW 1994–1997
Board administered some \$2-million annually in project grants
 - Secretary Judicial Conference of Australia 2001

A/Prof John Burgess

Associate Professor Burgess has an extensive research record on employment developments, the labour market, gender and work, and labour regulation in Australia. He has examined the development of part-time work, casual work, home work and temporary agency work. He is on the editorial board of the *Australian Journal of Labour Economics*, the *New Zealand Journal of Employment Relations* and the *Journal of Economic and Social Policy*, and is one of the invited Australian participations to the annual Conference of the International Working Party on Labour

Market Segmentation. He has published in refereed international journals including *Work, Employment and Society* (UK), *Feminist Economics* (USA), *Management Review* (Germany), *British Journal of Industrial Relations* (UK), *Journal of Socio Economics* (USA), *New Zealand Journal of Employment Relations* (New Zealand), *International Contributions to Labour* (UK), *Asia Pacific Business Review* (UK), *Personnel Review* (UK) and the *European Journal of Industrial Relations* (EU). Burgess has experience with large project management and with cross-disciplinary and cross institutional research. He has jointly edited special issues of journals including the *International Journal of Manpower* (UK), *Personnel Review* (UK), *Labour and Industry*, *Australian Bulletin of Labour*, *Australian Journal of Labour Economics* and *International Journal of Employment Studies*. He has a record of commissioned research on workplace industrial relations (Federal Department of Industrial Relations) and women in the regional labour market (Human Rights and Equal Opportunity Commission). He is Director of the Employment Studies Centre at the University of Newcastle and this centre has an established record of commissioned research on the Hunter region for Federal, State and local government organisations.

Prof Mark Bray

Theoretically, Prof Bray's research adopts a 'neo-institutionalist' paradigm – the development and articulation of which has been the goal of several of my more theoretical publications. His empirical research and publications have focused on 'micro' projects in several industries, including road and air transport, manufacturing (power transformers), electricity generation and health care. A key focus in many of these projects has been the regulation of the employment relationship through institutions such as bargaining structures, unions and various regulatory instruments (ie. awards, enterprise agreements and individual contracts). Bray has also published on more 'macro' issues of public policy trends and comparisons between Australia other countries on issues like bargaining structures and trade unionism.

Esteem Factors

- Fulbright Scholar, visiting the Universities of Pennsylvania, Wisconsin-Madison and California-Berkeley in the USA in 1991-92.
- Elected as President of the Association of Industrial Relations Academics of Australia and New Zealand (AIRAANZ) for 1999-2000.
- Since late 1990s, approached and/or selected competitively by government departments and trade unions to undertake contract research projects of significant public policy concern.
- ARC Reviewer, the soliciting correspondence including the statement that: 'the ARC College of Experts has nominated you as an "expert of international standing"'.
- In 2004, approached by Prof Steve Deery and McGraw-Hill publishers to take over lead authorship of the leading Australian textbook in industrial relations. Their market research had revealed Bray's high status amongst academic colleagues around the country.

A/Prof Julia Connell

Julia Connell has fairly extensive research experience in the fields of general management, HRM and employment. General management includes organizational effectiveness, management-employee relationships, management style, organizational change; HRM relates to skills, training, dealing with an ageing workforce, workplace trust and workplace performance areas particularly. Employment relates to investigations into temporary work, call centre work and workplaces and work in Asia. She

has taken on the role of co-editor for nine different journal special issues, five from Australia and four from the UK. She has recently been invited to apply for a position on the editorial board of Personnel Review (UK journal). She has published in refereed international journals including: the *International Journal of HRM (UK)*, *Managerial Psychology (UK)*, *the Journal of Strategic Change (UK)*, *The Journal of Knowledge Management (UK)*, *Personnel Review (UK)*, *the Journal of Asian Business (Asia)* and *The Qualitative Report (US)*. Julia was Deputy Director of the Employment Studies Centre for two years, has managed a number of research projects and was made a Director of the Hunter Valley Research Foundation in 2004. Julia has received invitations to present seminars and investigate joint research projects with a number of institutions as a visiting scholar including:

University of Leicester,UK	April 2002	Centre for Labour Market Studies
University of Galway, Ireland	April 2002	Dept of Management
University of Cardiff, Wales	May 2002	Dept of Social Sciences
Oxford Brooks University	Sept 2005	Centre for Applied Research in HRM
Greenwich University	Oct 2005	Business School

A/Prof Jim Psaros

Associate Professor Psaros has focused his recent research around corporate governance and social responsibility. He has authored several commissioned reports which have received coverage in the popular and financial media (newspaper, television and radio). Psaros has co-authored the Horwath Corporate Governance Report for the past four years, which is made available free of charge on the School of Business and Management website. The report makes an important and significant contribution to the corporate governance debate in Australia. It has resulted in numerous media articles and reports, with recognition by several organisations including Telstra Ltd and The Australian Olympic Committee. The data contained within the commissioned reports have also been the basis of several academic research papers.

Esteem Factors

- Continued funding of the annual Horwath Corporate Governance Report by Horwath Accounting, the sixth largest accounting firm in Australia. Resulting from this report was an invitation by the Australian Olympic Committee for a review of the Corporate Governance Structures of that Committee. The findings of the review were discussed prominently by the President of the Australian Olympic Committee (John Coates) at its 2005 General Meeting.
- Invited keynote speaker on corporate governance at professional conferences such as the Institute of Internal Auditors – Australia (2006), Australian Institute of Company Directors (2004), and Industrial Relations Society of NSW Annual Conference (2003).
- Many journal and newspaper interviews in prominent Australian publications such as the Australian Financial Review, Business Review Weekly, Sydney Morning Herald, The Australian, The Age, Courier Mail. See - <http://www.newcastle.edu.au/school/sbm/horwath/index.html>
- Television interviews with Sky Business Report and ABC Radio National due to research conducted into corporate governance.

**APPENDIX 2—RESEARCH PARTNERSHIP WITH SCHOOL
OF BUSINESS, JILIN UNIVERSITY**

**ORGANISATION AND OPERATION OF
BUSINESS AND THE ECONOMY**

Joint Research with Jilin University



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Faculty of Business and Law

The Faculty of Business and Law is a research-intensive Faculty, with research strengths across Law, Business and Economics.

The Faculty is comprised of two research centres, the Research Institute for Organisational and Institutional Performance and CoffEE—the Centre for Full Employment and Equity.

The Faculty's research centres will provide the links for joint research with business, economics and law at Jilin University.

COOPERATION WITH JILIN ECONOMICS, BUSINESS AND LAW

Staff Exchange

Newcastle and Jilin will facilitate staff exchange to undertake joint research.

To facilitate staff exchange, Newcastle will provide \$AUS400 per month towards the living expenses for one full-time Jilin business, economics or law academic staff member to visit Newcastle to participate in joint research.

Newcastle will also provide office accommodation, access to computer facilities and the University Library and involvement in the seminars and conference in the Faculty. Visitors may attend the Faculty's courses at no cost.

Research Grants

Newcastle and Jilin will prepare research grant proposals seeking funds to conduct joint research from the Australian Government, Chinese Government, Australian and Chinese research grant

bodies and international non-governmental organisations.

The Faculty of Business and Law will allocate \$AUS1000 to support the development of each grant application.

Research Funding

To fund joint Jilin-Newcastle research, proposals will be assessed by the Newcastle Faculty research Committee with up to \$AUS10000 for each successful proposal.

Research Publications

The aim of joint research is to publish co-authored research papers in international English-language journals of high academic standing.

Research Training

Newcastle would like to explore how Jilin PhD students or academic staff completing a PhD might attend Newcastle for part of their research training.

Research Project 1: Operation of Foreign firms in Transition Economies

This project involves the study of the operation of multinational firms, joint ventures and non-equity alliances in China.

Using surveys of more than 400 foreign firms investing in China, Newcastle will develop papers on the investment motives; transfer of know-how and technology; control and decision-making through HQ; HRM practices; and supplier-buyer relationships with domestic firms by MNEs. The foreign firms will comprise a sample of

Australian, Japanese, Asian, American and European firms.

The project will provide practical advice to Chinese government officials on the management of foreign firms and practical advice to managers of foreign firms on operating in China.

Newcastle will also develop papers on non-equity alliances, or contractual joint ventures, between Hong Kong firms and their Guangdong partners

Research Project 2: Sustainable Regional Development

Developing models of sustainable regional development – linking rural-urban migration trends to workplace reforms; creating effective employment arrangements for people with mental disabilities; examining the impact of workplace on health particularly the incidence of TB; and developing leisure and tourism systems.

Research Project 3: Labour standards and labour regulation issues in emerging economies.

As economies undergo rapid transformation labour standards become important in terms of meeting international treaty obligations, heightened expectations of citizens and satisfying requirements built into trade agreements. A system of labour regulation develops to codify and enforce these standards and to provide supporting infrastructure for the development of a skilled and mobile workforce. The research will focus on how emerging economies are meeting the challenge of linking economic transformation and market liberalization to the development of institutional arrangements that formalize and support labour standards.

Research Project 4: Corporate Governance Models in Emerging Economies

In recent years, corporate governance reform has been a significant global issue. Even countries with well established corporate governance rules and principles, including the USA, Australia, and the UK, have sought to reform the regulatory and the corporate governance frameworks of their respective countries. In the main, this has been due to significant corporate failings. Other countries, including China and India have very large and emerging economies, but a shorter history of corporate governance rules and principles. With respect to these emerging economies the “perception” is that they will need to adopt commonly accepted standards of corporate governance to be able to attract adequate foreign capital.

Invariably, commonly accepted standards of corporate governance imply standards based on the Anglo-Saxon model of corporate governance. However, it is questionable whether countries with emerging economies are either suited or ready for Anglo-Saxon principles of corporate governance. Consequently the purpose of this study is to assess critically alternative models of corporate governance and determine which are most suited for emerging economies.

Research Project 5: Harmonization of Asian Contract Law

This project involves a detailed consideration of comparable contract law, especially the draft Australian Contract Code and the Chinese Revised Contract Law of 1999. There is a growing movement towards trans-national harmonization of contract law,

within Asia and, indeed, globally. Australian contract law is, at present, “common law” (that is, the law is to be found largely in the form of the reasons for decisions in court cases). China has adopted a modern code of contract law.

Harmonization of contract law presumes, practically speaking, codification. It is also generally recognised that trans-national harmonization of contract law is only likely to be achieved at the level of broad principles (as distinct from detailed rules). The draft Australian Contract Code (a project involving a Newcastle academic) is a statement of Australian contract law in the form of 27 broadly stated articles. Testing its concordance with the Chinese Revised Contract Law would not only be a test of its suitability for adoption as the Australian law (a benefit to Australia), it would also test its potential to act as a vehicle for the harmonization of contract law throughout the region (a benefit to both Australia and China, and our major trading partners).

Research Conferences

Each research project will involve a conference. The aim of the conference will be to revise papers for publication.

Conference 1: Jilin

A first joint conference will be organised by Jilin where Newcastle-Jilin academics will present their research papers.

Except for accommodation and meals for three days, Newcastle will be responsible for all the costs incurred by their academics, including travel.

Jilin will provide accommodation and meals for three days for up to 5 Newcastle academics and all expenses related to organizing the conference.

Conference 2: Newcastle

The second joint conference will be organized by Newcastle where Newcastle-Jilin academics will present their research papers.

Except for accommodation and meals for three days, Jilin will be responsible for all the costs incurred by their academics, including travel.

Newcastle will provide accommodation and meals for three days for up to 5 Jilin academics and all expenses related to organizing the conference.

The Research Institute for Organisational and Institutional Performance

The Research Institute for Organisational and Institutional Performance studies the differential growth and development of societies across time and place. The Institute researches how socially beneficial exchange is organized through legal, political, economic and social institutions and organisations. Organisations comprise economic and legal firms, unions, judiciary, political parties, pressure groups, families, non-governmental and not-for-profit bodies, religious groups, educational bodies and international bodies (UN, World Bank and IMF).

The Institute analyses the evolution and attributes of a society’s institutions, which are the formal laws and regulations, and the informal mores, values systems and beliefs, which govern exchange. The formal laws and regulations encompass the criminal legal system, contract law, judicial decisions, the common law, and the enforcement of economic and political regulations. The informal institutions are trust-based and social value systems that encourage and protect exchange.

The Institute studies both the development of societies' institutions and the operations of economic-political-social organisations. The aim of the Institute is to:

6. Support policy makers in understanding how policies, regulations and laws (from deregulations to new forms of partnerships between for-profit and non-for-profit actors) translate into the creation, evolution, operation and performance of organisations;
7. Help managers in the business, legal, government and non-governmental sectors assess and improve the performance of their organisation, such as export performance or regional networking; contribute to the understanding and operation of organisations within their institutional settings, including the role of trust and cooperation, whether in the operation of multinational firms in China or domestic firms in Australia;
8. the responses of households, firms and communities, especially in transitional economies, to institutional and organisational change;
9. understand the management, regulation and performance of financial, political and economic organisations; examine the case for deregulation of public utilities and the health sector and the operation and performance of public-private partnerships

Institute Staff

Director

Professor Stephen Nicholas

Professor Nicholas is Pro Vice-Chancellor of Business and Law and Professor of International Business. He

was elected to the Academy of the Social Science in Australia in 1997 and served as the Inaugural President of the Australian-New Zealand International Business Academy; President of the Economic History Society of Australia and New Zealand; and Member of the International Economic History Association Executive. He has been Visiting Professor at Nagoya University, Research Fellow at the Australian National University, a Visiting Fellow at Economics, Reading University and a visitor at the London School of Economics, Business History Unit.

Professor Nicholas has published over 120 refereed journal articles, book chapters and conference proceedings in international business, knowledge and diversity management, international HRM, and business, economic and anthropometric history. His recent publications include *Journal of International Business Studies*, *Management International Review*, *International Studies in Management and Organizations*, *Asia Pacific Journal of Management*, *International Journal of Human Resource Management* and *Oxford Economic Papers*.

Co-Directors

Professor Ted Wright

Professor Wright is Dean of Law and Head of the School of Law. He was appointed Law Reform Commissioner of Victoria in 1991 and 1992, and was appointed as a member of the Commonwealth Access to Justice Advisory Committee in 1993 and 1994. He has undertaken research on behalf of the Law Council of Australia, the Attorney-General's departments of the Commonwealth, NSW, Queensland and Victoria, the Legal Aid Commission of NSW, the Queensland Criminal Justice Commission (now the Crime and

Misconduct Commission), Queensland Legal Services Commissioner, Motor Accidents Authority of NSW, County Court of Victoria, and NRMA Insurance (now IAG).

A/Professor John Burgess

A/Professor Burgess has an extensive research record on employment developments, the labour market, gender and work, and labour regulation. He has examined the development of part-time work, casual work, home work and temporary agency work. He is on the editorial board of the *Australian Journal of Labour Economics*, the *New Zealand Journal of Employment Relations* and the *Journal of Economic and Social Policy*.

A/Professor Burgess has published in refereed international journals including *Work, Employment and Society* (UK), *Feminist Economics* (USA), *Management Review* (Germany), *British Journal of Industrial Relations* (UK), *Journal of Socio Economics* (USA), *International Contributions to Labour* (UK), *Asia Pacific Business Review* (UK), *Personnel Review* (UK) and the *European Journal of Industrial Relations* (EU).

A/Professor Jim Psaros

A/Professor Psaros has focused his recent research around corporate governance and social responsibility. He has authored several commissioned reports which have received coverage in the popular and financial media (newspaper, television and radio). He has co-authored the *Horwarth Corporate Governance Report*. The report makes an important and significant contribution to the corporate governance debate in Australia. It has resulted in numerous media articles and reports, with recognition by Telstra, Australia's largest company, and The Australian Olympic Committee.

Senior Leaders

Professor Mark Bray

Professor Bray's research adopts a 'neo-institutionalist' paradigm. His empirical research and publications have focused on the regulation of the employment relationship in several industries, including road and air transport, manufacturing (power transformers), electricity generation and health care.

A/Professor Amir Mahmood

A vast majority of A/Professor Amir Mahmood's research work is in the Asian context, dealing with issues such as international trade flows, foreign market access, export competitiveness, and trade policy. He has published in a top tier journal in the area of international economics (*The International Trade Journal*) and his work on WTO and market access issues published in *The Journal of American Academy of Business* won the best author award.

A/Professor Julia Connell

A/Professor Connell has extensive research experience in the fields of general management, HRM and employment. She has published in refereed international journals including: the *International Journal of HRM* (UK), *Managerial Psychology* (UK), the *Journal of Strategic Change* (UK), *The Journal of Knowledge Management* (UK), *Personnel Review* (UK), the *Journal of Asian Business* (Asia) and *The Qualitative Report* (US).

Professor Aron O'Cass

Professor O'Cass has been an active researcher in marketing management, market strategy, consumer behaviour, branding and political marketing since

joining academia in 1996. His major projects include research into firm internationalisation and performance, marketing strategy and brand performance, organisational learning and marketing capabilities, marketing in political parties, voter behaviour, tourism and brand strategy and innovation. Prof O’Cass has published in refereed international journals including *Journal of Business Research (UK)*, *Journal of Service Marketing (USA)*, *Journal of Retailing and Consumer Services (Netherlands)*, *Journal of Consumer Behaviour: an international research review (UK)*, *European Journal of Marketing (IRE)*.

Professor Frank Bates

Professor Bates held a Senior Falbright Scholarship in the United States of America. He was a member of the Australian Family Law Council, the Tasmanian Law Reform Commission, and held a Vice-Presidency of the International Society of Family Law. He has approximately 300 publications across the usual DEST categories.

CofFEE

CofFEE is an official research centre of the University of Newcastle and promotes research aimed at restoring full employment and achieving an economy that delivers equitable outcomes for all. It enjoys a strong national and international exposure and its research has had demonstrated impacts on policy debates and developments. It is directed by Professor Bill Mitchell who also holds the chair in economics at the University. CofFEE has 16 researchers and 20 postgraduate students working on a broad range of projects.

The Centre is known for its macroeconomic modelling capabilities. It

also maintains a focus on regional labour markets and analyses how effective they are in creating employment for the disadvantaged is a major research aim of CofFEE. Its researchers are leaders in the application of spatial econometric techniques within Australia.

Major research programs of public interest include:

1. Development of the Job Guarantee policy framework and research into public sector employment in OECD countries;
2. The development of alternative labour market indicators (measures of underemployment and labour underutilisation);
3. Extensive work on regional development frameworks and local labour markets employing spatial econometric and other spatial analytic techniques. This work includes the analysis of neighbourhood effects on labour market outcomes, multilevel modelling of family and area influence on unemployment and other spatial modelling;
4. The development of CofFEE 1 - our large-scale macroeconometric model of the Australian economy
5. Creating effective employment arrangements for youth with psychosis (a major study in partnership with Hunter Mental Health);
6. Examining job creation and job destruction dynamics;
7. Studies in leisure and tourism.

CofFEE is a participating member of the recently formed Australian Research Council Research Network in Spatially Integrated Social Science (ARCRNSISS).

CofFEE enjoys strategic research partnerships with universities in Europe, the United Kingdom and the USA.

CofFEE-Europe was established at University of Maastricht, Netherlands as CofFEE's sister centre to build international research collaborations.

The international research partnerships have been extended through the creation of EPIC – an international collaboration between CofFEE, CofFEE-Europe, CFEPs (University of Missouri) and Centre for Economic and Public Policy (Cambridge University) aiming to facilitate staff and student exchange, organise panels at international conferences, prepare joint funding bids and joint publications.

CofFEE is regularly invited to make submissions and personal appearances to federal government enquiries (7 major submissions/appearances since August 2003).

CofFEE researchers regularly provide expert testimony in wage and related hearings to Federal/State industrial courts. Particular recent contributions have been made to the National Safety Net Hearings and the Family Provisions Test Case in 2005. Methodology developed by CofFEE has also featured in the major realignments of pay structures in the Child Care industry. CofFEE also developed a methodology for comparing wage structures which proved influential in the decision of the NSW Industrial Commission to award significant pay increases to NSW teachers recently.

Centre Staff

Director

Professor William Mitchell

Professor Bill Mitchell holds the Chair in Economics and is the Director of the Centre of Full Employment and Equity

(CofFEE), an official research centre at the University of Newcastle. He is also on the board of CofFEE-Europe, which is a sister centre established at the University of Maastricht, The Netherlands. He currently supervises 10 PhD students, with topics covering labour, macroeconomics, spatial econometrics, regional development and financial economics, most of which involve applied econometric modelling. He has published widely in refereed academic journals and books and regularly gives conference presentations abroad.

The external impact of his work is evidenced in a number of ways: His seminal work on job guarantee schemes has attracted international attention and application. It has directly informed the policy agenda of the New Zealand Mayors' Taskforce on Jobs which signed an MOU with the New Zealand Government to guarantee jobs for all youth in NZ. In Australia, the Newcastle City Council, the Hunter Region of Councils and Australian Local Governments Association all endorsed the Job Guarantee model as a desirable regional policy model. A delegation of NZ mayors hosted by CofFEE met with Australian mayors in 2005 and an Australian Mayors Taskforce for Jobs is being developed. In Argentina, the Head of Households program began in 2001 and was strongly influenced by the Prof. Mitchell's published work and presentations made by him international conferences in Chicago and New York (1998).

Senior Leaders

A/Professor Martin Watts

A/Professor Martin Watts is Deputy Director of the CofFEE and Head of the School of Economics, Politics and Tourism. He has published 15 book

chapters and 49 refereed journal articles, of which 28 are in international journals, including *Economica*, *Applied Economics*, *Cambridge Journal of Economics*, *Manchester School*, *Journal of Post Keynesian Economics*, *Demography*, *European Sociological Review*, *Work, Employment and Society* and the *Australian Journal of Labour Economics*.

A/Professor Watts has collaborated with members of CoffEE on projects relating to unemployment, wages and spatial analysis, many of which have culminated in refereed publications. During his academic career A/Professor Watts has established an international reputation for his research in the conceptualisation and measurement of occupational sex segregation. He is a member of the Editorial Board of *Gender, Work and Organisation*, a leading international journal.

A/Professor John Jenkins

John Jenkins is Associate Professor of Leisure and Tourism Studies and Research Associate at CoffEE. He has

sole and co-authored and edited 8 books, including the *Encyclopedia of Leisure and Outdoor Recreation*, *Outdoor Recreation Management* (2nd edition), *Tourism and Public Policy* (which has been translated into Korean), and *Crown Lands Policy-Making in New South Wales 1856-1991*. His most recent book, *Tourism Planning and Policy* will be published by Wiley & Sons later this year.

A/Professor Jenkins has also published more than 60 refereed articles and book chapters. He is Vice President of the Australian and New Zealand Association of Leisure Studies, and is Managing Editor of *Annals of Leisure Research*.

A/Professor Jenkins current research interests are continuing to develop in the areas of Australian tourism and public policy, outdoor recreation management, and men's leisure and non-resident fatherhood. He is currently working on two books - the history of Merewether surf lifesaving club, and the history of national parks policy and administration in NSW.

APPENDIX 3—RESEARCH PARTNERSHIP WITH CENTRE FOR ECONOMIC RESEARCH, SHANDONG UNIVERSITY

Property Rights, Institutions and Economic Organisations in a Transitional Economy

Joint Research with Shandong University



**Faculty of Business and Law
The University of Newcastle
University Drive
Callaghan NSW 2308**

Contact Details:
Professor Stephen Nicholas
Pro Vice-Chancellor
Phone: 02 4921 7979
Fax: 02 4921 7977
Email: Stephen.Nicholas@newcastle.edu.au



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The Institute evaluates how organisations operate subject to the formal and informal institutions, which both facilitate and constrain the behaviour of organisations. For example, multinational firms operate subject to host and home country government laws and regulations and the host and home society's values that set expectations about the firm's behaviour.

Finally, the Institute studies the internal operations of economic-political-social organisations. For example, the Institute investigates how the performance of firms is organised through human resource management practices; internal cooperation and competition; managerial leadership; and the firm's history. The aim of the Institute is to:

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Staff Exchange

Newcastle and Shandong will facilitate staff exchange to undertake joint research.

To facilitate staff exchange, Newcastle will provide \$AUS400 per month towards the living expenses for one full-time Shandong business, economics or law academic staff member to visit Newcastle to participate in joint research.

Newcastle will also provide office accommodation, access to computer facilities and the University Library and involvement in the seminars and conference in the Faculty. Visitors may attend the Faculty's courses at no cost.

Research Grants

Newcastle and Shandong will prepare research grant proposals seeking funds to conduct joint research from the Australian Government, Chinese Government, Australian and Chinese research grant bodies and international non-governmental organisations.

The Faculty of Business and Law will allocate \$AUS1000 to support the development of each grant application.

Research Funding

To fund joint Shandong-Newcastle research, proposals will be assessed by the Newcastle Faculty research Committee with up to \$AUS10000 for each successful proposal.

Research Publications

The aim of joint research is to publish co-authored research papers in

international English-language journals of high academic standing.

Research Training

Newcastle would like to explore how Shandong PhD students or academic staff completing a PhD might attend Newcastle for part of their research training.

Research Project 1: Property Rights, Institutions and Economic Organisations in a Transitional Economy

This project involves the study of the evolution of property rights regimes, including the institutions and economic organisations that support exchange in a transitional economy.

Newcastle will provide the following projects:

1. Theory of Property Rights, Contractual Safeguards and Relational Contracting in a Transitional Economy (see attached)
2. Operation of Contractual Joint Ventures in China (see attached)
3. Evolution of Legal Systems in Non-Transitional Economies

Research Conferences for Project 1

Conference 1: Shandong

A first joint conference will be organised by Shandong where Newcastle-Shandong academics will present their research papers.

Except for accommodation and meals for three days, Newcastle will be

responsible for all the costs incurred by their academics, including travel.

Shandong will provide accommodation and meals for three days for up to 5 Newcastle academics and all expenses related to organizing the conference.

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Research Project 4: Harmonization of Asian Contract Law

This project involves a detailed consideration of comparable contract law, especially the draft Australian Contract Code and the Chinese Revised Contract Law of 1999. There is a growing movement towards trans-national harmonization of contract law, within Asia and, indeed, globally. Australian contract law is, at present, “common law” (that is, the law is to be found largely in the form of the reasons for decisions in court cases). China has adopted a modern code of contract law. Harmonization of contract law presumes, practically speaking, codification. It is also generally recognised that trans-national harmonization of contract law is only likely to be achieved at the level of

broad principles (as distinct from detailed rules). The draft Australian Contract Code (a project involving a Newcastle academic) is a statement of Australian contract law in the form of 27 broadly stated articles. Testing its concordance with the Chinese Revised Contract Law would not only be a test of its suitability for adoption as the Australian law (a benefit to Australia), it would also test its potential to act as a vehicle for the harmonization of contract law throughout the region (a benefit to both Australia and China, and our major trading partners).

Research Project 1: Theory of Property Rights, Contractual Safeguards and Relational Contracting in a Transitional Economy

International Business (IB) research studies the economic organisation of mutually beneficial cross national border exchange of resources. At the heart of economic exchange is how firms (wholly-owned and equity joint ventures), non-equity alliances (including licensing and franchising) and markets protect and transfer property rights in firm-specific assets, including both codified and tacit know-how (Cheung, 1970; Demsetz, 1964; Eggertsson, 1990). The central place of property rights in IB research shares common theoretical ground with the new institutional economics (NIE), which is part of a much broader thrust in the social sciences to understand the complexities of organisations – the firm, the household and government – and to inject greater realism into the modelling of economic behaviour and activity for economic organisations and whole societies (Greif, 1989, 1993; Greif *et al.*, 1994; Eggertsson, 1990; Landa, 1994; Libecap, 1996; North, 1990a).

NIE focuses on how societies promote co-operative exchange by economic organisations through formal and informal rules that create and protect property rights. First, the state plays a unique role in setting the property rights regime. The failure of states to comprehensively define and protect property rights gives rise to the problems of free-riding and exploitation (Olson, 1965; Libecap, 1989). When there are underdeveloped state-based property right rule structures, such as in transition economies, there are two broad, non-

exclusive solutions to protecting firm-specific assets. Informal institutions or norms may effectively substitute for formal state-based constraints. Private ordering within close-knit groups often spontaneously generates rules that promote co-operative outcomes among group members (Ellickson, 1994; Landa, 1994). Non-legal sanctions within business communities or commercial networks are frequently complex and multidimensional, and include the desire to maintain reputation, profitable relationships and standing among peers (Macaulay, 1963; Charny, 1990; Beale and Dugdale, 1975; Arrighetti *et al.*, 1997). Second, economic organisations divert resources into the protection of property rights, discouraging violation of rights by other parties (Libecap, 1989).

The interplay between the institutional structure and the choice of economic organisation shapes the safeguards, including credible commitments, which allow firms to appropriate rents on their distinctive resources and capabilities (Jensen and Meckling, 1976; Johnson, 1970; Teece *et al.* 1997). Surprisingly, the role of safeguards, including credible commitments, is both under-theorised and poorly understood in practice. NIE (North, 1990, 1993) and transaction cost economics (Williamson, 1985, 1993) take different approaches to the study of safeguards and credible commitments. While North (1993) views the enforcement of property rights within the context of formal and informal institutions (rules of the game) as central to contractual safeguards, Williamson (1993) focuses on the implementation of relation-specific investments by organizations (players) as the key to contractual safeguards.

Combining new institutional and transaction cost economics, the theory paper develops a framework that analyses how the property rights regimes and relation-specific investment impact on the full range of contractual safeguards (from credible commitments to dispute resolution approaches) for managing alliances.

Research Project 2: Operation of Contractual Joint Ventures in China

To operationalise the theory, an empirical study of long-term strategic non-equity alliances, called contractual joint ventures (CJVs), is undertaken. The context is the transitional economy of China and the operation of CJVs are a type of strategic subcontracting arrangements mainly formed between Hong Kong manufacturing firms and township and village enterprises (TVEs) in South China province of Guangdong. CJVs differ from conventional equity joint ventures (EJVs) on two major fronts. First, CJVs may or may not have an independent legal status. Second, the assets committed by the partners are not based on equity shares, but long-term contracts that are often vaguely specified (De Keijzer, 1992; Casson and Zheng, 1992).

Drawing on IB and NIE to model non-equity strategic alliances, we assume uncertainty, asymmetric information, bounded rationality and opportunism (trust). To ensure mutually beneficial exchange given potential opportunism, the strategic alliance partners implemented safeguards, which are either formal contractual or informal relational mechanisms, including contracts, credible commitments, dispute resolution procedures, and contract revision (Figueiredo and Teece, 1999). The paper distinguishes formal and informal, relationship-specific and transaction-specific credible commitments made by alliance partners. Formal credible commitments (both relationship-specific and transaction-specific) rely on the asset's clear property rights, which are specified in the contract. Enforcement depends on the interpretation of the legal contract, supported by the public ordering in the event of disputes (e.g. courts)

(Williamson, 1975, 1979, 1983) and by informal institutional enforcement (e.g. a society's norms and values). Enforcement also depends on the cost of alliance termination measured by the loss of rents plus the original costs of the assets minus the sale of the asset for second best use, which may be scrap value (Klein *et al.*, 1976). Partners also make informal credible commitments (both relationship-specific and transaction-specific) in assets without clearly defined property rights, which are not specified in the legal contract. Informal commitments include mutual obligation, trust and reciprocity, which allow both parties to cooperatively re-negotiate the CJV contract for unforeseen contingencies without relying on the contract's formal terms or third party arbitration (Reuer and Arino, 2002).

The degree to which credible commitments can be enforced is determined by the formal and informal institutions within which the exchange of property rights occurs (North, 1990; Johnson *et al.*, 2002); the level of credible commitments (which determines the cost of partner switching); the costs of contract termination (Besanko, Dranove and Shanley, 2000); and the specific dispute settling and contract revision arrangements in each alliance (Macaulay, 1963; Williamson, 1983, 1985).

Based on data from 73 structured interviews with managers in CJVs, the paper explores CJV law to explain the formal institutional environment for designing CJVs and the significant decline both in the number and realized value of CJVs in Guangdong from 1988 to 1999. The paper also investigates the informal institutions of kinship and ethnicity, which support contract design and enforcement. Given these formal and informal institutions, the paper describes the

safeguards, including formal and informal credible commitments. The data revealed CJV subcontracting partnerships were supported more by informal (i.e. bureaucratic connections and knowledge of the local market) than formal (i.e. access to land, machines and labour) credible commitments. Even when formal credible commitments involved assets with clearly defined property rights, the lack of formal institutional support increased the costs of enforcing CJV contracts through legal means, forcing the existing CJVs to rely on relational safeguards for the continuity of the alliance partners.

Between CJV formation and 1999, the paper measured the significant reduction of informal credible commitments by both the Guangdong and Hong Kong partners. Consequently, there was also less reliance on cooperative dispute resolution approaches and more use of the letter of the contract and contract termination. The types of disputes also changed significantly between formation and 1999, with issues related to personnel and management replaced by questions about profit distribution, risk sharing and payment delays. The paper reveals (and explains) why, when the frequency of disputes remained constant, that CJVs experienced a fall in partnership satisfaction but a rise in performance satisfaction. These relationships are important for understanding the persistence of CJV as a contractual form in Guangdong.

Finally, we present a path dependent-relational safeguard argument to explain the persistence of the existing CJVs (only six CJVs were terminated), while new entrants into Guangdong chose equity joint ventures (EJVs) and wholly foreign owned enterprises (WFOEs) over CJVs as entry forms.