

# School of Business Newsletter

Semester 1, 2009

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The School of Business at ACU is part of the Institute of Business and operates at ACU campuses in Melbourne, North Sydney and Brisbane.

The School offers a range of business programs at undergraduate and postgraduate level. In 2009 the revised Bachelor of Business with majors in Accounting, Human Resource Management, Marketing and Business information Systems and Financial Services (offered only on the North Sydney Campus) commenced as well as the new Bachelor of Business Information Systems with majors in eBusiness and Business Intelligence.

In 2010 the new Faculty of Business will commence operation with an exciting range of new post graduate programs to be offered. These programs include Masters degrees in Accounting, Human Resource Management, Marketing, Global Leadership and Business Information Systems and a much revised and updated MBA.

## **Reflection**

### ***The ongoing financial crisis and what it means for Australia***

In the last newsletter I considered the causes of the Global Financial Crisis (GFC). Essentially this revolved around making loans to borrowers, many of whom were not in a good position to repay their loans. The loans were “securitised” or bundled together and then bonds were sold to investors backed by the loan cash. The risks involved in buying such bonds were not always obvious. Often the issuers obtained “credit enhancement” for an issue such as insurance over the underlying mortgages making such investments seem less risky than they were. A combination of high returns and ambiguous risk profile attracted investors internationally into such arrangements.

#### *Why is this still discussion relevant?*

The GFC is still relevant because the underlying causes have not as yet been addressed and because the crisis is still working its way through the economy. Let me elaborate.

#### *Underlying Causes*

Many, if not most, international investment bank involved in such transactions kept the loans that they securitised ‘off balance sheet’. That is, they did not report them in their consolidated Profit and Loss Statement or Balance Sheet. Until issuers of these instruments account for these ‘off balance sheet’ items in the same way as other assets the true nature of their transactions will not be transparent. Further, the use of third party guarantees such as insurance over the underlying assets continues it makes it very difficult for investors to truly assess the actual risk of the assets they purchase.

### *Ongoing Crisis*

According to the International Monetary Fund there is little imminent sign of recovery in either the US or Europe. Latest press releases by the IMF and US Treasury indicate that economic recovery could be several months to several years away.

Whether Australia is over the worst effects of the crisis is debateable. If we look at just two of the key indicators of economic growth unemployment and interest rates Unemployment is still rising in Australia in the first quarter in Australia full-time jobs contracted but part-time jobs increase by nearly the same amount. Official interest rates remain at a 30 year low but the major banks have started to raise long term interest rates.

What is keeping Australia's head above the economic waters is that GDP, the standard measure of economic growth, is holding up keeping Australia out of a technical recession (two quarters of negative economic growth). This is due mainly to the impact of our commodity exports to Asia, notably China and India, and also the Federal Government's stimulus package. Whether either of these will be enough to stave off continuing economic problems in Australia is unclear. The price at which we export commodities such as iron is typically set for several years in advance and are being renegotiated significantly down from their recent highs. This means less export revenue and less tax revenue to the Australia government, hence less money the government has to spend and less available to repay debt. This will present difficulties in the longer term for the government.

My hope for the future is that we all learn from the GFC. Financial markets need serious and significant reform to avoid this from reoccurring. Individuals should take note and take steps to ensure they protect themselves and their families. In the face of historically low interest rates many people now have the opportunity to reduce their indebtedness. But many, if not most of us, continue to live well beyond their means. According to the Reserve Bank by 2006 the average amount owed by each household in Australia was \$128,000. I have heard it often it has been said thought that at least we are not as badly off as US households. This is not quite accurate. Australian household debt as a percentage of household disposable income in 2007 was 150% while the comparable figure for the US was 130% both had grown from 100% in 2001. These levels of debt are clearly unsustainable for most people particularly in a time of increasing unemployment.

One of our objectives in the School of Business is to spread the message of appropriate financial management practices not only to our students but the wider community. Our hope is that people will listen and act.

*Adam Steen*

Director of the Institute of Business and Professor of Accounting

## **ARC Success**

In May the Australian Research Council announced that the linkage project "The Cost of Youth Homelessness in Australia" was successful. The million dollar project is funded from the ARC and Linkage Partners including the Salvation Army, Mission Australia and Anglicare. The project will track the use of public and private support such as health and justice system as well as accommodation of 400 young Homeless persons around Australia for three years. It aims to better understand the trajectories into and out of homelessness as well as establishing the cost of youth homelessness to inform government policy. The research team includes **Professor Adam Steen** from ACU and Associate Professor David MacKenzie from Swinburne University of Technology, and Dr Paul Flatau from Murdoch University. Assessors of the project submission noted the national importance of the project, the quality of the research team and its long standing affiliation with linkage partners.

## Conferences and Presentations /Awards

**Dr Janet Chew:** Outstanding Research Award at The Institute of Business and Finance Research Global conference in Atlantic City, New Jersey, Paper, Chew, J (2009). Using the Delphi technique to identify key factors that shape the Human Resource architecture in the Australian Business environment

**Associate Professor Peter Lawrence** will presented a paper to the International HRM Conference in Santa Fe New Mexico (June 21-24).

**Associate Professor Timothy Davis** attended the 5<sup>th</sup> Annual Queensland Computing Education Conventicle on 5 June 2009 at Queensland University of Technology. At that time, he presented the outcomes of research conducted by Associate Professors Theda Thomas and Timothy Davis and Dr Alanah Kazlauskas on the formal inclusion of reasoning and critical thinking skills into Information Systems curriculum through the introduction of INFO117 Reasoning and Critical Thinking for IS Professionals as a core unit following the 2002 Course Review process. In addition, he discussed the broader impact of those outcomes and the subsequent introduction of BUSN100 Reasoning and Communication as a core unit across both the information systems and business curriculums following the 2007 Course Review processes. The presentation was well received and has resulted in several inquiries regarding content, presentation and assessment.

## Publications

### Recent Refereed Journals

**Chew, J.** (2009) "Factors that shape the Human resource architecture: the Delphi technique", Global Journal of Business Research, v3:i2.

**Chew, J.** (2009) "Organizational factors influencing employees' organizational commitment and intention to stay". Journal of Management and World Business Research.

**Chew, J** and Debowski, S (2009) "Developing an Effective Repatriation Strategy for MNC", Journal of Comparative International Management. Vol 11: 1, New Brunswick, Canada.

**Jacqui Larkin** (with Neumann, R) "Older Academics and Career Management: An Interdisciplinary Synthesis" Australian Journal of Career Development (forthcoming).

**Jacqui Larkin** (with Neumann, R) "University Career Management Practices for Academic Staff: A Reality Check?" New Zealand Journal of Human Resource Management (forthcoming).

**Adam Steen** (with Brown, I and Foreman, J) (2009) "Risk Management in Corporate Governance: A Review and Proposal," Corporate Governance: an International Review, 17(5).

**Helen Stuart** (with John M. T. Balmer, J. M. T and Greyser, S. A.) (2009) "Aligning Identity and Strategy: Corporate branding at British Airways in the late 20th Century", California Management Review Vol. 51, No. (3).

## Refereed Conference Papers

**Chew, J** (2009) Engaging MBA students in Problem based learning to foster self directed learning, The Learners Conference, Barcelona, 1-5 July.

**Chew, J** (2009). "Using the Delphi Technique to identify key factors that shape the Human Resource Architecture in the Australian Business environment" Global Conference on Business and Finance, Atlantic City, New Jersey, USA, 6- 10<sup>th</sup> January..

Renshaw, S. and **Krishnaswamy, G.** (2009), "Critiquing the Knowledge Management Strategies of Non-Profit Organizations in Australia", Proceedings of World Academy of Science, Engineering and Technology, Volume 37, pp. 456-464.

Welch, D., Tahvanainen, M. and **Steen, A** (2009) "Of Money, Motives and Mobility: The Contentious Value of International Assignments", Academy of International Business UK Annual Conference Glasgow, UK, 2-4 April.

## PhD Completion

We wish to congratulate Dr James Murray of Monash University for successfully completing his PhD on "The Pricing of Shares Issued Under a Dividend Reinvestment Plan". Dr Murray was co-supervised by **Professor Adam Steen** of ACU and Professor Michael Skully of Monash University.

## Other Events – congratulations

**Associate Professor Peter Lawrence** has been appointed member of the editorial board for the International Journal of Computer Aided Engineering and Technology (IJCAET) Invited by EUROSIS (European Simulation Society) as Guest editor for a special simulation edition of IJCAET

**Associate Professor Dr. Nasir Butrous** has been selected as a national judge for the 2009 Global Enterprise Challenge in Australia. The Global Enterprise Challenge is a 24 hour enterprise challenge that gives young people aged 16 – 19 the opportunity to develop their knowledge and experience of enterprise. Details of the judging panel could be seen at: <http://www.globalenterprisechallenge.com.au/categories/judging-panel.html>

**Associate Professor Dr. Nasir Butrous** has just been elected Treasurer to the Management Committee of the Australian Universities Community Engagement Alliance (AUCEA). AUCEA is an alliance of universities and affiliations committed to university-community engagement across Australia and Asia Pacific. For more information regarding AUCEA, you can go to: <http://www.aucea.net.au/>

**Girija Krishnaswamy** has been invited to serve as a reviewer for the International Conference on Information Systems, the premier IS conference, 2009, Phoenix. In addition Girija has recently been appointed as a member of the Editorial Review Board of the Economic and Administrative Series of the Annals of the University of Bucharest, Romania.

## Farewell

Farewell to **Ms Marica O'Neill** who leaves ACU after several years of service including the last three years as Head of School in Melbourne. Ms O'Neill was instrumental in organising introduction of the Accounting Major to the Bachelor of Business at the Melbourne campus. We are grateful for her years of dedicated service to ACU.

## Welcome

Welcome to the new head of the School of Business **Professor Brian D'Netto**. Professor joins us from the University of South Australia where he was associate professor in human resource management. The appointment follows the completion of an external review of the university's business and informatics program, which recommended combining the three business schools into one national School of Business. Having previously taught at Monash University and Mt Eliza Business School Professor D'Netto holds a MBA from the University of Arkansas and a PhD in human resource management from the State University of Buffalo.

Welcome back to **Associate Professor Tom Rohrer** who joins the School of Business as Assistant Head in Melbourne. Tom had worked previously in the School of Business in Brisbane before returning to the US. While in the US Tom made contact with his old School, Gannon University, as well as John Carroll University. John Carroll and Gannon are private, co-educational Catholic, comprehensive universities offering associate's, bachelor's, and master's degrees, certificates and doctoral degrees. Gannon is located in Erie, Pennsylvania and John Carroll in Ohio. His initial contact and subsequent visits from Tom and Tim Johnston from International Office in Brisbane has led to the signing of a study abroad and exchange agreement with both top of the top ranking US Universities.

## Buzz with Business

On 27 May the National School of Business (Brisbane) held the Buzz with business conference. The conference gave year 10, 11 and 12 students in Brisbane an opportunity to take part in an interactive, fun conference designed to stimulate their interest in business and to promote the development of their entrepreneurship skills.

The conference generated considerable interest among catchment schools and 325 participants registered for the event. The conference included an opportunity for participants to do a tour of the university and to learn about the business courses offered.

The theme for the Buzz with business was **"To succeed you need to grasp the opportunity"**.

The conference emphasised the fact that a person's success in business is often dependent on their ability to recognise and take advantage of opportunities. The aim of the conference was to be fun, interesting and inspiring.

The main component of the day involved informal, interactive activities that gave participants the opportunity to explore and discuss issues. The interactive activities:

- assisted students to be creative and to identify business opportunities
- involved successful business people who shared their experiences and explored issues with the participants
- included small group discussions.

Although the aim of the day was focussed on the business environment, the aim was also to assist students to recognise the importance of identifying and grasping opportunities in other areas of their lives, such as in their studies.

The conference presenters included lecturers and a range of experienced business people, including a former senior executive of a major Australian company and former senior executive of a leading international firm (Acxion Corporation) who is now a head hunter for multinationals operating in China.

Formal and informal feedback received from participants about the conference was excellent. Formal recognition for the success of the Brisbane event needs to go to Mr John Parke, Professional Experience Coordinator, Brisbane, and Ms Elizabeth Fisher, Student Recruitment, University Relations.

Another Buzz for Business is planned for Melbourne later in the year.

## **A New location and a new beginning**

The School of Business in North Sydney has undergone a great many changes over the last six months including the relocation of staff to their new home located on Level 10 of NCR House, in North Sydney.

Whilst it was a big shift, moving all North Sydney business and informatics staff who were previously located in two buildings amalgamation of the school into one site has proved invaluable to both lecturers, students and administrative officers alike.



The new facility provides a fresh start to the new national school and a base upon which to build on the continuing success of business at ACU. As you can see from the photos the many of the views of the harbour are spectacular!

**We value your comments and feedback regarding this newsletter.**

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