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ABSTRACTS OF PRESENTATIONS AT THE 2013 ANNUAL AHFME RESEARCH SYMPOSIUM

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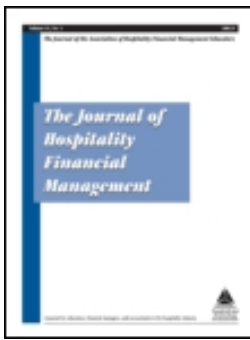
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Abstracts of Presentations at the 2013 Annual AHFME Research Symposium

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ABSTRACTS OF PRESENTATIONS AT THE 2013 ANNUAL AHFME RESEARCH SYMPOSIUM

MACROECONOMIC DETERMINANTS OF HOTEL MARKET PERFORMANCE - PATTERN ANALYSIS OF TIME-SERIES DATA (1950–2009)

A.J. Singh, SeungHyun Kim, and Robert Mandelbaum

ABSTRACT. This study analyzes the relationship between select macroeconomic variables typically examined by hotel managers or investors and indicators of hotel performance (HMPIs). Time-series data (1950 to 2009) were analyzed, based on the coefficient of correlation, to identify key macroeconomic determinants of HMPIs and their relationship patterns over time. Results of correlation analysis indicate that the three selected macroeconomic variables, Gross Domestic Product (GDP), Unemployment, and Consumer Price Index (CPI) were influential macroeconomic determinants affecting HMPIs during the 1950 to 2009 period studied. In general, these macroeconomic links with HMPIs became stronger with shorter time lags in the past four decades.

ORGANIZATIONAL SLACK AND FIRM PERFORMANCE OF U.S. RESTAURANT FIRMS

Murat Kizildag, Melih Madanoglu, Kyuho Lee, and Ersem Karadag

ABSTRACT. The relationship between organizational slack produced a stream of studies in management research. This relationship is investigated based on two prominent theories: agency theory and organization theory. In the context of the restaurant industry, the heavy use of franchising to reduce agency costs suggests that the effect of organizational slack may not be straightforward.

Our study contributes to debate of organizational slack and performance by looking at how operating cash flows (OCF) influence firm-specific risk and return on assets (ROA).

The sample of this study consists of 170 publicly-traded restaurant firms between 1997 and 2011. The key predictor—organizational slack—is measured as lagged (t-1) OCF scaled by total assets. We use two dependent variables to capture firm performance: ROA and idiosyncratic (firm-specific) risk. We also control for franchising (franchising vs. non-franchising dummy), firm size, debt leverage and dividend payouts (dummy). Findings show that organizational slack is has a positive effect on ROA. Larger and dividend-paying firms have a higher ROA. On the other hand, leverage has negative influence on ROA. The second analysis shows that slack is negatively related to firm risk. Here firm size helps reduce firm-specific risk while leverage magnifies risk. We conclude that organizational theory provides a better explanation for the relationship between organization slack and performance in the restaurant industry.

FINANCIAL PERFORMANCE AND INTERNATIONALIZATION IN THE U.S. RESTAURANT INDUSTRY: A SIMULTANEOUS PERSPECTIVE AND ANALYSIS

Conroy Hong, Dipendra Singh, and Nan Hua

ABSTRACT. This study examines the simultaneous relationship between financial performance (FP) and the degree of internationalization (DOI) in the restaurant industry to address the potential endogeneity bias in prior research. In previous studies, theoretical rationales and empirical results

appeared to contradict each other. These inconsistencies could have resulted from unilateral approach of analyzing firm performance and degree of internationalization. The results of this study suggest the existence of a simultaneous relationship between financial performance and the degree of internationalization.