Influence of Leadership Positions on Internal Controls and Reported Fraud In Religious Organizations
Examines the extent to which various church leadership positions influence the presence of internal controls and the reported rate of fraud in religious institutions.
Sponsor: State of Oklahoma
PI/PDs: Robert Cornell, Carol Johnson, Bill Schwartz

Enhancing Student Experiential Learning with Structured Interviews
Studies the use of structured interviews for creating low-anxiety experiential learning activities for business students.
Sponsor: State of Oklahoma
PI/PDs: Robert Cornell, Carol Johnson, Bill Schwartz

An Examination of the Cost of Capital Implications of Financial Interpretation Number 46 (Revised)
FASB Interpretation No. 46/R (FIN 46), Consolidation of Variable Interest Entities—an Interpretation of ARB No. 51, associated with off-balance sheet activity, generally required that previously unconsolidated variable interest entities (VIEs) be consolidated and additional disclosures about all significant VIEs be provided. FIN 46 was often costly to firms, conveying new risks to market participants that could translate into a higher cost of capital. Examining disclosure notes and employing the methodology of Feng et al. (2009), we identify a broad sample of 1,389 firms with off-balance sheet structures. We find that these firms experienced a cost of equity increase following adoption of the standard, but firms with VIEs governed by FIN 46 experienced the largest increase. The type of VIE and firm-specific financial statement impact of the standard modify this effect. We observe no similar change in debt ratings. Although firms subject to FIN 46 experienced nominally lower debt ratings post-FIN 46, the change was not significant in multivariate tests.
Sponsors: Oklahoma State University; University of Memphis; California State University, Long Beach
PI/PDs: Angela Wheeler Spencer
University of Memphis: Carolyn M. Callahan
California State University, Long Beach: Rod Smith

The Impact of Opaque Financing Structure on the Value Relevance of Fair Value Information
We investigate how financial reporting opaqueness impacted the valuation of large bank holding companies during the 2008 market crisis. While we find use of special purpose vehicles (SPVs) has only a marginal overall negative valuation impact, use of these structures does alter the value relevance of amounts reported at fair value. Although there is evidence that the use of SPVs lowers the value relevance of Level 3 amounts, we find the opposite for Levels 1 and 2, indicating perhaps a positive valuation effect from the greater transparency afforded by fair value accounting. Our work is motivated by the need of regulators to disentangle the effects of off-balance sheet financing and related fair value accounting.
Sponsors: Oklahoma State University, University of Memphis
PI/PDs: Angela Wheeler Spencer, Robert (Tong) Yu
University of Memphis: Carolyn M. Callahan
The Valuation and Disclosure Implications of FIN 46 for Synthetic Leases: Off-Balance Sheet Financing
This study examines the valuation impact of Financial Interpretation Number (FIN) 46 on firms that disclosed involvement as a lessee with a leasing variable interest entity (VIE) post-FIN 46. Results of this study indicate that while disclosed future minimum lease payments are significantly valued by the market, recognized lease liabilities (following FIN 46) are valued with substantially more weight. Further, while maximum risk disclosures required under FIN 46 are considered by the market, they do not incrementally add information beyond the already required operating lease disclosures.

**Sponsors:** Oklahoma State University; University of Memphis; California State University, Long Beach

**PI/PDs:**
- Angela Wheeler Spencer
- University of Memphis: Carolyn M. Callahan
- California State University: Rod E. Smith

Fundamental Analysis of Firm Performance Following Strategic Alliance Announcements
We examine whether accounting-based fundamental analysis can predict long-term market performance in a strategic alliance context. From information disclosed in the alliance announcements and other context-specific information, we develop an alliance score (A-Score) that alone and in conjunction with Mohanram’s (2005) G-Score explains differences in future returns. We also document that—based on short-term market reactions—the market does not in general correctly predict long-term performance for the firms participating in the alliances. These results suggest that prior research that focuses on the short-term reaction to alliance announcements may overstate the benefits of alliances from a general perspective.

**Sponsors:** Oklahoma State University; University of Tampa; University of Memphis; California State University, Long Beach

**PI/PDs:**
- Angela Wheeler Spencer
- University of Memphis: Carolyn M. Callahan
- California State University, Long Beach: Rod E. Smith

Do Major Customer Relationships Enhance the Performance of Strategic Alliances in High Tech Industries?
This study examines the impact of major customer relationships on high-tech firms’ financial performance over the period 1988 to 2004. We categorize firms into partnering and nonpartnering groups based on whether the firm reports a major customer relationship under FAS 14 (superseded by FAS 131) and subdivide the partnering firm’s subsample based on whether those firms also announced alliances. We find little evidence that either partnership arrangement improves operating performance, although before entering partnerships, partnering firms tend to perform better than nonpartnering firms. When firms with major customer relationships discontinue those relationships, operating performance worsens regardless of alliance status.

**Sponsors:** Oklahoma State University; University of Memphis; California State University, Long Beach

**PI/PDs:**
- Angela Wheeler Spencer
- University of Memphis: Carolyn M. Callahan
- California State University, Long Beach: Rod Smith

Risk Implications of Increased Off-Balance Sheet Disclosure: The Case of FIN 46 and SOX
We investigate the impact of increased disclosures required by Financial Accounting Standards Board Financial Interpretation No. 46 (FIN 46), *Consolidation of Variable Interest Entities*, and the Sarbanes-Oxley Act of 2002 (SOX). We examine value relevance of the quantitative maximum risk disclosures made under FIN 46 and idiosyncratic risk change around both standards. Our results indicate that the maximum risk disclosures required under FIN 46 were only marginally priced, although differences exist
across type of VIE and whether each structure was ultimately consolidated. Further, while all firms experienced decreases in idiosyncratic risk in this time frame and upon adoption of SOX, off-balance sheet disclosures required by FIN 46 appear to have further altered idiosyncratic risk of affected firms.

**Sponsors:** Oklahoma State University, University of Memphis  
**PI/PDs:** Angela Wheeler Spencer  
University of Memphis: Carolyn M. Callahan

**Do PCAOB Inspection Reports Influence Corporate Executives’ Perceptions of Audit Quality and the Likelihood of Switching Auditors?**
The primary tool that the Public Company Accounting Oversight Board (PCAOB) uses to improve financial statement users’ perceptions of audit quality is audit firm inspections, which result in publicly-available reports that describe audit deficiencies identified by the PCAOB as well as audit firm responses. We investigate the effects of these reports on perceived audit quality and auditor switching in an experiment in which 133 corporate executives considered various firm response patterns across multiple inspection reports. Overall, PCAOB inspections decrease perceived audit quality, which increases the likelihood that executives will consider switching auditors. For some response patterns we find no change in perceived audit quality, and we find no evidence of an increase in perceived audit quality. We conclude that PCAOB inspections do not improve perceptions of audit quality and can have unintended consequences for the audit services market. We offer implications for audit policy and research.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Chad Stefaniak  
University of North Texas: Jesse Robertson  
University of Alabama: Richard Houston

**Audit Committee Directors’ Financial Expertise Influence on the Timeliness and Quality of Financial Reporting**
We investigate audit committee (AC) directors’ accounting financial expertise and its association with audit report lag (ARL) and earnings announcement lag (EAL). We find that AC accounting financial expertise is negatively associated with ARL and EAL. However, as earnings announcements are released earlier, the potential exists that perceived earnings reliability could be negatively affected. Accordingly, we also investigate whether the market’s response to early-announced unexpected earnings are conditioned on AC accounting financial expertise. We find that the market’s response to an early announcement of unexpected earnings is positively related to the AC’s accounting financial expertise. Our results support our hypotheses and suggest that AC accounting financial expertise helps improve AC effectiveness by improving both the timeliness and perceived reliability of financial information.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Chad Stefaniak, John Abernathy, Brooke Beyer  
University of Kansas: Adi Masli

**Investigating the Effects of Post-Audit Review Salience on Auditor Judgments: A Comparative Analysis of Audit Planning Decisions Resulting From PCAOB Inspections and Internal Quality Reviews**
This paper reports the results of a study that investigates the effects of PCAOB inspection (Inspection) and internal quality review (IQR) salience on auditors’ audit planning decisions. Consistent with our predictions, we find that post-audit review salience significantly increases both substantive testing and audit fees, and that the effect on audit fees is mediated by substantive testing. This study provides initial evidence as to the impacts of inspections and IQRs on auditor planning decisions, variables thus far not considered in the accounting literature. It also provides initial evidence and understanding of whether
and how auditors pass post-audit review costs along to clients. Finally, given prior research findings that
the majority of auditors can or try to anticipate the audits that will be subject to post-audit reviews, we
interpret our findings to indicate a potential loss of utility from the Inspection and IQR processes. That
is, Inspections and IQRs might not be capturing a true sample of an engagement team’s performance
and effort level.

**Sponsor:** Oklahoma State University, Spears School of Business

**PI/PDs:** Chad Stefaniak
University of Alabama: Richard Houston

### The Effect of End-of-Engagement Time Pressure on Auditor-Client Negotiations

This study examines the differential impact that end of the audit (“end-of-engagement”) pressure has
on auditors and clients in negotiations over audit adjustments. More specifically, it evaluates whether
this deadline pressure affects client concessions to a greater extent than it does auditor concessions.
Prior negotiation research has evaluated the impact of time pressures on the negotiation process and
proposes that individuals change their behaviors as time pressure increases (less time in which to
custom a negotiation) to increase the probability of reaching an agreement. Accordingly, we
manipulate the most prominent deadline pressure (the end of the engagement and earnings release).
Additionally, we manipulate audit committee effectiveness to investigate whether an effective audit
committee will improve the auditor’s negotiation position such that the difference between CFO and
auditor concessions will increase when the audit committee is effective. While we do not support
predicted audit committee effectiveness main effects of interactions, we do find support for differential
deadline pressure effects. Specifically, likely because there are asymmetric consequences for failing to
reach an agreement, we find that CFOs and auditors react differently to end-of-engagement time
pressure. CFOs determine their initial offers and set goals closer to the auditors’ preferred balance
(concede more) under high end-of-engagement pressure compared to low end-of-engagement
pressure. Conversely, auditors’ concessions on initial offers are not significantly altered by end-of-
engagement time pressure, while concessions on auditors’ goals were significantly higher under end-
of- engagement pressure. Overall, end-of-engagement pressure appears to have a differential effect on the
concessionary behavior of auditors and their clients, which may lead to directional differences in the
final outcomes of auditor-client negotiations occurring late in the audit.

**Sponsor:** Oklahoma State University, Spears School of Business

**PI/PDs:** Chad Stefaniak
University of Alabama: Richard Houston, Bradley Bennett

### Sent from my iPhone: The Medium and Message as Signals of Sender Professionalism in Mobile
Telephony

The growing ubiquity of mobile telephony able to access the Internet to send messages raises new
questions as well as renewing old questions about the effect of the medium on a message. Grounded in
signaling theory, we investigate the effects of messages sent from mobile devices as compared to
traditional email on receiver perceptions of the message sender. Specifically, we hypothesize that
senders of electronic mail sent from mobile devices increase perceptions of competency and credibility,
moderated by the grammatical accuracy of the message. We test our hypotheses using results of a study
involving 111 students who assessed the influence of medium and message characteristics on
perceptions of a sender. We find that although the content of a message exerts significant influence on
the recipient, little influence is exerted by the medium used to send the message. Findings are discussed
with respect to both practical and theoretical implications.
**Eco-Effective Management: An Empirical Link Between Firm Value and Corporate Sustainability**

Achieving corporate sustainability requires the implementation of management practices that create long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental, and social developments. Corporations that are sustainable create value that in the long run exceeds their environmental impact (Frigge and Hahn 2004). We examine the extent to which investors incrementally value the long-run benefits accruing from adoption of eco-effective management. We posit that adoption of eco-effective management results in increases in firms’ market valuation and that those increases persist beyond the current accounting period. Our results support this hypothesis. This study has broad public policy implications as accountants, managers, and government policymakers shift their focus toward sustainability and rely on market-based mechanisms to further environmental goals.

**Accounting for Leases: Issues and Implication for the Oil and Gas Industry**

The Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) are currently involved in a joint project that will substantively change the accounting rules pertaining to leases by adopting a right-of-use approach for almost all lease transactions. This approach requires leased assets and corresponding liabilities to be recognized on the statement of financial position. Our informal survey of major oil and gas producers indicates that the lease accounting standard will arguably be one of the top three FASB/IASB Memorandum of Understanding projects in terms of impacts on companies’ systems and procedures. In addition to the obvious changes to oil and gas producers’ financial statements, the proposed standards will affect ratios and other metrics used by analysts and financial institutions including debt to equity, earnings before depreciation and amortization, and return on assets. These changes have likely consequences for compensation contracts, debt covenants, and deferred tax positions. Because of the frequency, magnitude, and complexity of leasing arrangements among oil and gas producers, the proposed changes will be challenging to implement and maintain, particularly in the context of joint operations. This article explains the conceptual evolution of the proposed changes to lease accounting over the last several years and provides specific examples and context for how the proposed lease accounting changes will affect oil and gas producers going forward.

**Oklahoma Per Capita Personal Income: Converging or Diverging Trends?**

This paper investigates recent trends of per capita personal income in the state of Oklahoma to ascertain what if any long-run trends are exhibited. Standard theoretical analysis suggests that per capita incomes are expected to converge, especially across regions. However, recent research indicates
that the national trend is one of regional income divergence. The question posed by this paper is whether Oklahoma per capita income supports evidence of divergence. **Sponsor:** State of Oklahoma  
**PI/PDs:** Orley Amos Jr., Tim Ireland

**Optimal Pricing of Postal Services Under Endogenously Determined Entry**

We consider a regulated Universal Service Provider (USP) facing potential entry by a competitive entrant offering imperfect substitutes. Economies of scale in delivery exist for both the USP and the entrant. The Theorem on the Superiority of Access (Crew and Kleindorfer, 2011) states that competitive entry via access is in general welfare superior to entry via bypass. Therefore, when the regulator cannot select the delivery method of the entrant (i.e., under endogenously determined entry), the effect of the USP’s prices on the entrant’s delivery method choice must be incorporated into the optimal pricing problem. We propose a regulatory procedure (based on a decreasing Laspeyres chain index) that determines optimal end-to-end and access prices for the USP while incentivizing socially desirable entry via access. **Sponsor:** Oklahoma State University, Spears School of Business  
**PI/ PD:** Kevin M. Currier

**Recent Spatial Growth Dynamics in Wages and Housing Costs: Proximity to Urban Production Externalities and Consumer Amenities**

This study examines whether the recent relatively lower economic growth in remote U.S. counties is mostly attributable to household versus firm considerations. We generally find that productivity disadvantages increased with remoteness from urban agglomeration over time. At the same time, we find remoteness from larger metropolitan areas as increasingly attractive to households. In decomposing these influences on wage growth differentials, we find that the dominant force for lower wage growth in remote nonmetropolitan and small metropolitan-area counties is increasing relative productivity disadvantages. Yet, for medium-to-large metropolitan areas, increased attractiveness to households of remoteness from even larger metropolitan areas generally contributed the most to relatively weaker wage growth. Thus, the lower economic growth in remote U.S. counties is primarily attributable to increasing preferences of firms to be located in and near large cities. Stemming the economic decline in remote areas will require policies that address their increasing productivity disadvantages. **Sponsor:** State of Oklahoma  
**PI/PDs:** Dan Rickman  
Ohio State University: Mark D. Partridge  
University of Lethbridge: Kamar Ali  
University of Saskatchewan: M. Rose Olfert

**SCHOOL OF ENTREPRENEURSHIP**

**Positive Affect, Creativity, and Innovation in New Ventures: A Moderated Mediation Model**

Positive affect (positive moods, emotions, feelings) encourages creativity among entrepreneurs. Creativity, in turn, enhances innovations by new ventures. These effects are stronger in dynamic (i.e., rapidly changing) than stable industry environments. **Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Robert A. Baron,  
St. Louis University: Jintong Tang
Entrepreneurs’ Dispositional Positive Affect and Firm Performance: When There Can be “Too Much of a Good Thing

Positive affect (positive emotions, moods, feelings) enhance several cognitive processes that can contribute to excellent firm performance: creativity, certain aspects of perception, motivation/effort. However, at very high levels, positive affect may generate processes that interfere with firm performance (e.g., a strong tendency to ignore negative information, over-valuation of ideas or products). Hence, there can be “too much of a good thing” in such instances.

_Sponsor:_ Oklahoma State University, Spears School of business

_PI/PDs:_ Robert A. Baron  
Texas Christian University: Keith D. Hmieleski  
St. Louis University: Jintong Tang

Opportunity Recognition: Evolving Theoretical Perspectives

Opportunity recognition has long been a central concept in entrepreneurship. However, it has not been static; rather, understanding of the nature of this process has evolved over several decades to the point where it now emphasizes the cognitive foundations of this complex process.

_Sponsor:_ Oklahoma State University, Spears School of Business  
_PI/PD:_ Robert A. Baron

Workplace Bullying: A Social Interactionist Perspective

The social foundations of bullying in workplaces are reviewed and directions for future research on this important and timely topic are suggested.

_Sponsor:_ Oklahoma State University  
_PI/PDs:_ Robert A. Baron  
SUNY-New Paltz: Joel D. Neuman

Forms of Growth: How SMEs Combine Forms of Growth to Achieve High Growth

This research investigates how small and medium businesses grow. Past research has treated small and medium businesses as a homogenous category of businesses. However, it was hypothesized that they use a diverse set of growth strategies. A sample of 89 high-growth small- and medium-sized businesses were studied. Utilizing a cluster analysis methodology, it was found that they use four significantly different forms of growth. Research was published in the _Journal of Management and Organization_.

_Sponsor:_ Oklahoma State University, Spears School of Business  
_PI/PDs:_ Bruce Barringer  
Universidad Pablo de Olavide, Seville, Spain: Jose Luis Barbero Navarro  
University of Seville, Seville, Spain: Jose Carlos Casillas Bueno

Benchmarking Entrepreneurial Activity in an American Indian Nation: Extending the GEM Methodology

Using a methodology adapted from the Global Entrepreneurship Monitor, early stage entrepreneurial activities are examined within three American Indian nations. Comparisons are made between the tribes and the United States of American as well as a number of developing nations. Analysis is conducted of individual-level variables as they relate to nascent entrepreneurship activity. Implications are drawn for tribal entrepreneurship development and further extension of the GEM methodology. The research was published in the _Best Paper Proceedings_, 2011 Academy of Management Meetings, San Antonio, Texas.

_Sponsor:_ Oklahoma State University, Spears School of Business  
_PI/PD:_ Rebecca Franklin, Michael Morris, Justin Webb
Better/Cheaper College: An Entrepreneur's Guide to Rescuing the Venture Capital Industry
An innovative business model for making undergraduate education both significantly better and cheaper is developed in-depth. Barriers to innovation in existing colleges are identified, along with strategies for implementing innovative models. The research was published as a book.
**Sponsor:** Oklahoma State University, Spears School of Business, and Center for College Affordability and Productivity
**PI/PD:** Vance H. Fried

Federal Higher Education Policy and the Profitable Nonprofits
A conceptual model is developed demonstrating that many nonprofits actually “earn profits” from generating service revenues in excess of the cost of providing that service. These excess revenues are then spent by the nonprofit on economic rents and subsidies for other missions. Federal higher education policy is analyzed and changes suggested that would push down industry profits in order to make college more affordable for students and society. This research was published by the Cato Institute as a Policy Analysis.
**Sponsor:** Oklahoma State University, Spears School of Business, and Cato Institute
**PI/PD:** Vance H. Fried

A Primer on Cutting College Costs
Major strategies to cut undergraduate costs are identified and quantified. Major strategies are: 1) separately fund or eliminate research and public service, 2) optimize class size, 3) eliminate or consolidate low enrollment majors, 4) eliminate administrator bloat, and 5) downsize student life programs. The research was published by the American Enterprise Institute as part of the Future of American Education Project.
**Sponsor:** Oklahoma State University, Spears School of Business, and American Enterprise Institute
**PI/PD:** Vance H. Fried

Undercapitalization and the 2008 Financial Crisis
The concept of undercapitalization is revisited in light of the financial crisis. It is argued that the problem of undercapitalization is significantly greater for entrepreneurial firms than has been suggested by extant financial theory. This research will be published as an entry in the *Blackwell Encyclopedia of Management* (3rd ed.).
**Sponsor:** Oklahoma State University, Spears School of Business
**PI/PD:** Vance H. Fried

The Endowment Trap
The rationale for colleges to hold perpetual endowments is explored using a mix of law, economics, and institutional analyses. It is shown that the use of perpetual endowments is not justifiable on the criteria of economic efficiency. The research was published in *Clarion Call.*
**Sponsor:** Oklahoma State University, Spears School of Business, and John William Pope Center for Higher Education Policy
**PI/PD:** Vance H. Fried

Economic Liberty and Regulatory Institutions
Utilizing institutional theory and legal history, it is argued that economic liberty is a normatively derived, fundamental right. Further it is argued that Statism is normatively opposed to entrepreneurship. Therefore, economic liberty is entitled to the highest level of protection under the U.S. Constitution.
**Sponsor:** Oklahoma State University, Spears School of Business
The Business Model and Firm Performance: The Case of Russian Food Service Ventures
Employing a novel cluster analysis methodology, a number of business models employed by food service businesses in Russia are identified. Significant relationships are identified between model types and company performance. The research has been accepted for publication in the Journal of Small Business Management.

Sponsor: Oklahoma State University, Spears School of Business
PI/PDs: Michael Morris
St. Petersburg State University: Galina Shirokova

Framing the Entrepreneurial Experience
A conceptual model is developed regarding how individuals actually experience new venture creation. It is argued that the experience is strongly affective in nature and that ongoing experiencing leads to the emergence over time both of the venture and the entrepreneur. A number of research propositions are developed based on the model. The research has been accepted for publication in Entrepreneurship Theory and Practice.

Sponsor: Oklahoma State University, Spears School of Business
PI/PD: Michael Morris
Indiana University: Donald F. Kuratko
Syracuse University: Minet Schindehutte

Behavioral Orientations of Nonprofit Boards as a Factor in Entrepreneurial Performance: Does Governance Matter?
Four general orientations are identified in the board of directors’ governance approach within nonprofit ventures. Using structural equation modeling, relationships are identified between board orientation and levels of entrepreneurship demonstrated within the nonprofit organization and between entrepreneurial orientation and measures of organizational performance. Both financial and social performance is considered. The research was published in the Journal of Management Studies.

Sponsor: Oklahoma State University, Spears School of Business
PI/PDs: Michael Morris, Justin Webb
Virginia Commonwealth University: Susan Coombes
University of Central Florida: Jeffrey Allen

Understanding the Manifestation of Entrepreneurial Orientation in the Nonprofit Context
Problems with transferring traditional approaches to measuring entrepreneurial orientation with for-profit firms to the nonprofit context are uncovered. An alternative conceptualization of entrepreneurial orientation is presented for use in nonprofit contexts. A number of new sub-dimensions are introduced. A nonprofit typology is used to highlight the multiple facets of entrepreneurship in the nonprofit context. The research was published in Entrepreneurship Theory and Practice.

Sponsor: Oklahoma State University, Spears School of Business
PI/PDs: Michael Morris, Justin Webb, Rebecca Franklin

Inner City Engagement and the University: Mutuality, Emergence, & Transformation
The transformative impact of university-based entrepreneurship programs on local economic development is examined. Using complex adaptive systems theory as a guiding framework, core elements of the South Side Entrepreneurial Connect Program (SSECP) are summarized. The emergence
of parallel and interacting effects within the community and on the university campus are described, while underlying properties of the initiative contributing to these effects are specified. Outcomes are specified at a number of levels within the community and university. Ten principles are derived for use in economic development and community engagement initiatives. The research was published in *Entrepreneurship & Regional Development*.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PD:** Michael Morris, Craig Watters  
Syracuse University: Minet Schindehutte, Verona Edmonds

**Entrepreneurial Exit and Re-entry: An Exploratory Study of Turkish Entrepreneurs**
This study examines exit and re-entry processes of entrepreneurs in an emerging economy. Twelve case studies were conducted with Turkish entrepreneurs who, following entrepreneurial exit, re-entered entrepreneurial activities. The findings indicate that reasons for and modes of exit influence the entrepreneur’s decision in which sector to re-enter. Results further reveal that experiential and educational dimensions of human capital are instrumental in the re-entry process. The study finds that structural and relational dimensions of social capital are cardinal factors that influence the re-entry process. The research was published in the *Journal of Developmental Entrepreneurship*.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PD:** Michael Morris  
Ankara University: A. Kocak

**Ethnic Minority Entrepreneurship**
A synthesis of research perspectives on ethnic and minority entrepreneurship is provided. Dominant themes, major arguments, and key findings put forward by researchers in the field are integrated. Generalizations are made based on patterns that emerge within this body of research. An integrative model of factors explaining the emergence of an ethnic venture is formulated. Implications are drawn for theory building, entrepreneurial practice, and public policy. Priorities are proposed for future research. Research was published as a chapter in an academic book entitled *World Encyclopedia of Entrepreneurship*.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Michael Morris  
Canterbury University: Leo Paul Dana

**Corporate Entrepreneurship and Innovation**
A new edition of the leading book on corporate entrepreneurship was published. Latest findings on the obstacles to fostering higher levels of entrepreneurship within established companies and the most effective approaches to addressing these obstacles are integrated into the text. A number of new frameworks and conceptual tools are added to the book. Third edition of the book was published by Cengage Publishing.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PD:** Michael Morris  
Indiana University: Donald F. Kuratko, Jeffrey Covin

**Networks of Informal Economy Entrepreneurs**
The informal economy represents the set of economic activities that are illegal yet legitimate. Entrepreneurs operating unregistered business activities are one example of informal economic activity given tax/license avoidance (i.e., illegality) yet widespread use (i.e., legitimacy). While research has examined how various institutional policies influence the size of the informal economy, scholars have
paid less attention to how informal economy entrepreneurs overcome many of the challenges of operating in the informal economy, such as the inability to operate in the most desirable locations and the lack of access to institution-based resources. Using a survey of 150 entrepreneurs, we examine the influence of network size, strength, and composition on entrepreneurial performance. This research holds implications for effectively tailoring institutional policies as a means to influence transition to the formal economy.

**Sponsors:** Oklahoma State University, Spears School of Business
**PI/PDs:** Michael H. Morris, Rubin Pillay, Justin W. Webb

**Towards a Competency Based Framework for Nursing Management Education**
Core competencies for nursing managers were defined by surveying 420 nursing managers in both the public and private sectors. A competency based framework was developed that could form the basis for training and development of nursing managers. This research was published in the *International Journal of Nursing Practice*.

**Sponsor:** Oklahoma State University, Spears School of Business
**PI/PD:** Rubin Pillay

**The Skills Gap in Nursing Management in the South African Public Health Sector**
Using a cross sectional survey methodology, nursing managers rated the importance of several competencies for nursing management as well as self-assessed their proficiency therein. The findings revealed a lack of management capacity in the public sector as well as specific areas that needed to be addressed in management development initiatives. This research was published in *Public Health Nursing*.

**Sponsor:** Oklahoma State University, Spears School of Business
**PI/PD:** Rubin Pillay

**Strategies to Attract Prospective Students to the Nursing Profession**
Factors that could potentially be used to attract nurses to the profession were identified by examining what motivated current nurses to join the profession. Although there were marginal differences between nurses in the public and private sector as well as between urban and rural, the findings revealed that it was possible to adopt a uniform strategy irrespective of bio-socio-demographics. This research was published in the *International Journal of Nursing Education Scholarship*.

**Sponsor:** Oklahoma State University, Spears School of Business
**PI/PD:** Rubin Pillay

**How Relationship Matters: Women and Men Entrepreneurs’ Social Networks and New Venture Success across Cultures**
The role of social networks in the success of women-owned and men-owned new ventures in different cultures was examined with data from 637 entrepreneurs (278 female and 359 male) across four cultures (China, Russia, France, and the United States) that vary on social relationship orientation. The results showed that the positive effect of network size on the revenue growth of new ventures is stronger in high versus low relationship-oriented cultures, and stronger for male-owned than for female-owned ventures. Furthermore, both male and female entrepreneurs in high relationship-oriented cultures (China and Russia) as well as male entrepreneurs in low relationship-oriented cultures (France and the United States) benefited from larger networks. But female entrepreneurs in France and the United States did not benefit from large networks.

**Sponsors:** Oklahoma State University, Spears School of Business
**PI/PDs:** Justin W. Webb
When Do Incentives Increase the Likelihood of Opportunism: The Effects of CEO Characteristics and Institutional Ownership on Stock Option Backdating

We investigate the drivers of financial misconduct in the form of stock option backdating by examining the interactive effects of CEO’s characteristics (i.e., tenure, duality, and stature) and institutional ownership (i.e., professional investment fund and pension fund ownership). Hypotheses were tested using 82 matched pairs of public U.S. firms. CEO characteristics and institutional ownership alone do not influence the likelihood of backdating. However, results show that interactions between CEO tenure, duality, and stature and institutional ownership (both type and level) affect the likelihood of backdating.

Sponsors: Oklahoma State University, Spears School of Business
PI/PDs: Justin W. Webb
Texas A&M University: Joseph E. Coombs, Curtis Wesley, David G. Sirmon

Goal Orientation as Shaping the Firm’s Entrepreneurial Orientation and Performance

Firms’ top decision makers cannot possibly know what decisions to make. Rather, decision makers must interpret their situations and make the best possible decision based upon their interpretation of those situations. In a survey of 713 decision makers, we examine decision-makers’ goal orientations as influencing how they interpret their situations and then respond through making decisions in terms of their firms’ entrepreneurial orientations. We also examine whether these decisions influence firm performance. We find that decision makers’ goal orientations shape their firm’s entrepreneurial orientations, which in turn influence firm growth, relative performance, and expected future performance.

Sponsors: Oklahoma State University, Spears School of Business
PI/PDs: Justin W. Webb
Texas A&M University: R. Duane Ireland, Michael A. Hitt, Joseph E. Coombs, Laszlo Tihanyi

The Relative Capabilities of Suppliers versus Intermediaries to Reduce Transaction Costs with Heterogeneous Client Sets

Organizational economics and organizational capabilities serve as two perspectives for understanding firm boundaries. Intermediation theory, which in essence is an integration of organizational economics and organizational capabilities logics at the project unit of analysis and supply chain level, serves as a third perspective on firm boundaries. Drawing upon intermediation theory, we hypothesize that heterogeneous client sets will increase the likelihood that a supplier firm will use an intermediary as a means to reduce overall transaction costs of the supply chain. We further examine when the intermediary’s specialized transaction capabilities are important to the supplier.

Sponsors: Oklahoma State University, Spears School of Business
PI/PDs: Justin W. Webb
Ohio State University: Geoffrey M. Kistruck, Shad Morris, Charles Stevens

CEO Tenure, Compensation Committees, and Stock Option Backdating

Using an agency theory perspective, we examine the impact of CEO tenure and compensation committee monitoring on stock option backdating. We test our predictions on 70 matched pairs of U.S. public firms. We find that CEO tenure has a curvilinear (inverted U-shaped) relationship with the
likelihood of backdating. Moreover, we find that the influences of compensation committee size and the frequency of compensation committee meetings are situational. Larger committees and greater meeting frequency deter options backdating for longer-tenured CEOs. We also find larger compensation committees are associated with a greater likelihood of backdating early in a CEO’s tenure.

**Sponsors:** Oklahoma State University, Spears School of Business

**PI/PDs:**
- Justin W. Webb
- Curtis L. Wesley II
- Joseph E. Coombs

**A Multi-Theoretic Integration of Informal Economy Research: Laying Foundations for Entrepreneurship Scholars**

The informal economy consists of economic activities that occur outside of formal institutional boundaries but which receive support from large societal groups within informal institutional boundaries. We integrate informal economy-related research from a wide variety of domains around three separate theoretical frameworks: institutional theory, motivation-related theories from a sociological perspective, and resource allocation theory. Each of the three theories provides a unique framework through which to examine the incentives, constraints, motivations, strategies, and abilities of entrepreneurs to operate and grow their ventures in the informal economy. This theoretical integration lays foundations for future research drawing from these various domains.

**Sponsors:** Oklahoma State University, Spears School of Business

**PI/PDs:**
- Justin W. Webb
- Garry D. Bruton
- R. Duane Ireland, Laszlo Tihanyi

**The Likelihood and Performance of Informality in Developing Economies: Industry and Firm Effects**

Unregistered activities account for a significant portion of informal economy activity. Drawing upon a survey of Brazilian entrepreneurs, we examine the effect of industry conditions (dynamism, munificence, and concentration) on the likelihood of informality. We then examine the interaction of informality with these industry conditions as well as with firm characteristics (financial, human, and social capital) on the performance of entrepreneurs. Our findings suggest that industry conditions can influence the opportunity for entrepreneurs. Moreover, by facilitating the entrepreneurs’ ability to avoid monitoring and enforcement, both industry conditions and firm characteristics can enhance entrepreneurs’ ability to effectively exploit opportunities.

**Sponsors:** Oklahoma State University, Spears School of Business

**PI/PDs:**
- Justin W. Webb
- Garry D. Bruton
- Ana Siqueira

**Changing the Cassette: Overcoming Embeddedness Challenges in Base-of-the-Pyramid Markets**

An important approach used by social entrepreneurs to alleviate poverty in base-of-the pyramid (BOP) markets is the integration of rural producers into developed urban markets. However, producers in BOP markets are deeply embedded within their local context in ways that constrain social and economic change. Guided by prior literature, we undertook an exploratory study to examine how cognitive, structural, and cultural embeddedness among dairy producers in Leon and Chinandega, Nicaragua, created obstacles for a social entrepreneur seeking to integrate these producers into developed markets. We also explored ways in which the social entrepreneur attempted to mitigate the constraints of each type of embeddedness. We subsequently develop a theoretical model and a series of testable
propositions regarding the specific strategies that may be used by social entrepreneurs to overcome problems of embeddedness in linking BOP with developed markets.

**Sponsors:** Oklahoma State University, Spears School of Business
**PI/PDs:** Justin W. Webb
Ohio State University: Geoffrey M. Kistruck, Christopher J. Sutter
Texas A&M University: R. Duane Ireland
Auburn University: David J. Ketchen, Jr.

**Opportunity Exploitation: An Integration of Sensemaking and Structuration Perspectives**
Scholarly consensus has formed around the individual/opportunity nexus model of entrepreneurship. A recent review has also shown that significant research has focused on the “opportunity,” yet this review also highlights that opportunity-based research has primarily focused on the recognition of opportunities. Scholarly development in terms of opportunity exploitation has been undermined by the lack of a theoretical framework. We integrate sensemaking and structuration perspectives to provide a theoretical framework for understanding opportunity exploitation.

**Sponsors:** Oklahoma State University, Spears School of Business
**PI/PDs:** Justin W. Webb, Christopher G. Pryor
Texas A&M University: R. Duane Ireland
Auburn University: David J. Ketchen, Jr.

**Bringing the Entrepreneurship Back into Institutional Entrepreneurship**
Institutions refer to predominantly stable structures that prescribe rules of social acceptability for society. Recently, scholars have considered entrepreneurship as a source of transformation for institutions, whether through changing policies, centers of authority, or other institutional attributes. Nevertheless, scholars have largely approached the study of institutional entrepreneurship using sociological or economic lenses. We provide a complementary lens by discussing conceptualizations of key entrepreneurship concepts (i.e., risk, innovation, and opportunity) and presenting an entrepreneurship-based model of institutional entrepreneurship.

**Sponsors:** Oklahoma State University, Spears School of Business
**PI/PDs:** Justin W. Webb, Christopher G. Pryor

**The Rewarding and Punishment of Deviance**
Deviance occurs at all levels of organizations by different types of people every year, creating both benefits and costs to the organization. Complementing perspectives that seek to understand the individual- and situation-level factors that underlie deviance, we seek to understand how organizations reinforce deviance through rewards and/or punishment. Using a scenario analysis, we survey MBA students to examine the effects of deviant’s gender, race, and position in the firm, the monitor’s own personal attributes (e.g., moral disengagement), the nature of the deviance (constructive/entrepreneurial versus destructive), and the outcome of the deviance.

**Sponsors:** Oklahoma State University, Spears School of Business
**PI/PDs:** Justin W. Webb, Christopher G. Pryor
DePaul University: Yvette Lopez
Exposure, Hedging, and Value: New Evidence from the U.S. Airline Industry
We investigate the interaction of risk exposure, hedging policy, and value in the U.S. airline industry. Airline exposures to fuel prices are higher when fuel prices are high or when they are rising. Additionally, airlines tend to increase their hedging activity in response to higher fuel prices, rising fuel prices, and greater exposure to fuel prices. Finally, the interaction of hedging and exposure does not affect firm value, suggesting that an increase in hedging activity in response to higher fuel price exposure does not produce an increase in the hedging premium compared to those airlines whose hedging policy is consistent.

Sponsor: State of Oklahoma
PI/PDs: David Carter, Betty Simkins
Portland State University: Dan Rogers
California State University, Chico: Stephen Treanor

Does Operational and Financial Hedging Reduce Exposure? Evidence from the U.S. Airline Industry
We examine the effects of both financial and operational hedging on jet fuel exposure for the U.S. airline industry. We find that both operational hedging strategies are economically important. Our results suggest that both financial and operational hedging are important tools in reducing airline exposure to jet fuel price risk; however, operational hedging strategies appear to be more economically important. This result is consistent with the hypothesis that hedging with derivatives is more likely to be used as a “fine-tuning” strategy to adjust risk, whereas operational choices have a higher-order effect on risk exposure.

Sponsor: State of Oklahoma
PI/PDs: David Carter, Betty Simkins
Portland State University: Dan Rogers
California State University, Chico: Stephen Treanor

The Implications of Subchapter S Tax Status for Commercial Banks
In 1997, banks became eligible to elect Subchapter S status, which provides institutions the ability to maintain limited liability while avoiding double taxation. We use the methodology of Barber and Lyon (1996) to evaluate the performance of 1,658 banks that converted to Subchapter S status during the 1997-2004 period with a matched sample of banks that did not convert. We find that banks that converted to Subchapter S status increased dividends paid to shareholders, reduced salaries, and reduced the proportion of earnings retained as capital. Additionally, S-corporation banks reduced the amount of lending available to small businesses.

Sponsor: State of Oklahoma
PI/PDs: David Carter, Gary Simpson
Fort Hays State University: Emily Breit

Hedging, Opacity, and $R^2$
We investigate the relation between the use of derivatives and opacity for U.S. bank holding companies. Disclosure of derivative usage may be transparent, in the sense that it provides useful information for market participants to use in valuing the firm. However, the disclosure may be opaque in that it obscures the value of the firm and the risks it faces. Because banks can use derivatives to hedge risks as well as to act as dealers, we investigate the effect of each separately. Our results suggest that rather than increasing transparency, derivatives disclosure increases opacity.
The Determinants of Pecking Order Behavior in Transitional Market Economies
We investigate the financing behavior of publicly traded firms in 23 transitional market economies. Our objective is to investigate the extent to which information asymmetry and agency costs affect corporate financing choices. Examining pecking order behavior in transitional markets poses an interesting empirical question given the significant problems of outside investors coupled with the presence of strong asymmetric information and severe agency costs. Our results suggest that firms don’t strictly follow the pecking order. However, information asymmetry and agency costs drive the relationship closer to true pecking order behavior.

Federal Home Loan Bank Advances and Small-Business Lending
This research addresses the role of Federal Home Loan Bank (FHLB) advances in the financing of small businesses. We test the relationship between FHLB advances to depository financial institutions and financial institution loans to small-businesses with a panel of call report data for the years 2001-2009.

Equity Short Interest and the Cost of Corporate Debt
There has been considerable debate on whether short sales have pertinent information about firm fundamentals. We investigate this question by examining whether equity short interest is informative for corporate bond prices. We find that the adverse information conveyed by short interest leads to higher cost of debt. Highly shorted firms experience wider credit spreads in the subsequent months. Moreover, the increase in short interest leads to higher credit spreads. Short interest thus seems to contain information about firm fundamentals that can prove useful to bond investors. This relationship between equity short interest and bond prices further provides an independent verification of short sellers’ roles as detectives of firm value.

Does the Form of Growth Affect the Value Generation and Distribution?
In this study, we examine whether type of acquisitions influence value generation and distribution in acquisitions. We find that firm acquisitions generate lower returns for acquirer shareholders while resulting in more favorable reactions for the target parents. However, there is no difference in value-weighted announcement returns of acquirer and target parents. Collectively, these results suggest that differences in firm and asset acquisitions generate differences in distribution in value while keeping the total value intact.
Pension Conversion, Termination, and Wealth Transfers

This paper explores a firm’s motivation to change its defined benefit pension plan by either terminating the plan and replacing it with a defined contribution plan or converting it to a cash balance plan. Using data from both pension plan filings with the PBGC and IRS as well as firm financial data, we find that firms wishing to change their defined benefit plans are motivated by potential wealth transfer and tax implications. We find that firms terminating pension plans tend to have lower potential wealth transfers and lower taxes. Firms choosing to convert to a cash balance plan tend to have higher potential wealth transfer, indicating that they wish to modify the implicit contract instead of terminating the plan. We find no evidence to support that financial constrained firms choose to terminate rather than convert their plans.

Sponsors: Oklahoma State University, Spears School of Business
PI/PDs: Joel Harper
California State University, Chico: Stephen Treanor

Can Option Parameters Predict Asset Returns?

We develop a quantitative model to predict superior asset returns. Our model yields two parameters: omega, or the probability that investor’s double their stock wealth, and volatility, or uncertainty associated with future stock returns. We provide two empirical applications of our quantitative model. First, we investigate what happens to parameter values surrounding merger and acquisitions. We show that our model reflects a sharp drop in uncertainty around the announcement dates of mergers and acquisitions. Second, we construct portfolios with high/low omegas and volatilities. We show that a portfolio with low omega and volatility produces superior returns with low volatility. We also show that our parameters provide information about returns beyond the Fama-French factors.

Sponsors: Oklahoma State University, Spears School of Business
PI/PDs: Joel Harper, Antonio Camara

U.S. Pension Plan Status, Reporting Information and Plan Types: A Descriptive Analysis

We use data from plan regulatory filing data from Form 5500 to analyze the 1995–2002 reporting period. This is a time period of rapid changes in funding level for defined benefit plans. We investigate the reasons for changes in funding status as well as compare the performance of defined benefit plans to defined contribution plans. Finally, we compare the regulatory filing data with the financial reporting data from accounting measures. The descriptive statistics show that the current underfunding of defined benefit plans was due to in part the ceiling placed on contributions as well as an extended period of negative investment returns. Furthermore, we find that plan assets in both defined benefit and defined contribution plans behaved similarly during this time period, although defined benefit plans had better return performance in the period of low returns as well as more assets per participant. Finally, we find substantial differences in plan assumptions between the regulatory and financial report data.

Sponsors: Oklahoma State University, Spears School of Business
PI/PDs: Joel Harper, John Polonchek

Tracking Stocks: Restructuring Gone Awry

Starting in the mid 1980s and accelerating in the 1990s, many companies issued tracking stock, a class of stock that should track the performance of a unit within a diversified corporation. Despite the motivations of preservation of internal capital markets and increased information flow, the majority of tracking stock has been eliminated or dissolved. We find that the announcement of a dissolution of tracking stock has a positive stock price reaction for both the parent and tracking unit stockholders, with tracking stockholders experiencing an average 8% abnormal return over a two-day event window. The
positive reaction is related to debt ratio and method of dissolution for the parent shareholders, but not the tracking shareholders. The tracking shareholder return is mostly related to the size of the tracking unit relative to the parent firm. We find no evidence that abnormal returns are related to preserving internal capital markets.

**Sponsors**: Oklahoma State University, Spears School of Business

**PI/PDs**: Joel Harper, Travis Davidson

**Paying for Active Management: Evidence from Pension Fund Performance**
Using a sample of 70 public pension funds, we analyze the performance of external investment managers and the costs of external management. While most plans pay for a separate account, returns from investment managers indicate that they manage assets as a pooled account, but charge varying fees to plans based on size, which exhibits economies of scale. As a result, smaller funds have worse net of fee performance than larger funds.

**Sponsors**: Oklahoma State University, Spears School of Business

**PI/PDs**: Joel Harper

University of North Carolina, Wilmington: Nivine Richie

Thompson Rivers University: Sean Finucane

**Risk Management, Corporate Governance, and Bank Holding Company Performance in the Financial Crisis**
The purpose of this empirical investigation is to explore the influence of corporate risk management and corporate governance on the performance of U.S. bank holding companies during the financial crisis.

**Sponsors**: State of Oklahoma

**PI/PDs**: Subramanian Iyer, Takeshi Nishikawa, Ramesh P. Rao and W. Gary Simpson

**Sarbanes-Oxley Act and Corporate Credit Spreads**
In November 2002, congress passed the Sarbanes-Oxley Act in an attempt to resolve problems that lead to the collapse of corporate icons such as Enron. The main underpinning of these failures was the classical agency problem of asset switching, which affects bondholders dearly. We investigate whether the Sarbanes-Oxley Act affected credit spreads. We show that the Act indeed has caused most of the increase in credit spreads succeeding the collapse of Enron to dissipate, implying that the Act succeeded in resolving underlying problems.

**Sponsor**: Oklahoma State University, Spears School of Business

**PI/PDs**: Ali Nejadmalayeri, Ramesh Rao

St John University: Takeshi Nishikawa

**Equity Short Interest and the Cost of Corporate Debt**
There has been considerable debate on whether short sales have pertinent information about firm fundamentals. We address this question by examining whether short interest is informative for corporate bond pricing. We find that the adverse information conveyed by short interest leads to higher cost of debt. Highly shorted firms experience wider credit spreads in subsequent months. Short interest thus seems to contain information about firm fundamentals that can prove useful to bond investors. This relationship between short interest and bond prices further provides an independent verification of short sellers’ roles as detectives of firm value.

**Sponsor**: Oklahoma State University, Spears School of Business

**PI/PDs**: Ali Nejadmalayeri, Bilal Erturk
**Is There an Optimally Diversified Conglomerate? Evidence from Corporate Bond Market**
Recent theories predict that conglomerates choose an optimal number of operating divisions to utilize their comparative advantages in various industries and achieve economy of scope by eliminating redundancies. Using corporate bond markets as the experimental setting, we find that an optimally diversified conglomerate consists of approximately five equally weighted divisions. As conglomerates become more diversified and as divisions become more equally weighted, credit spreads decline, implying that better productivity gains and greater economy of scope benefit bondholders. However, beyond approximately five equally weighted divisions, the credit spread starts to increase gradually, manifesting the increasing difficulty of efficiently managing numerous divisions.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Ali Nejadmalayeri, Subramanian Iyer

**Managerial Compensation and the Demand for External Monitoring**
Extant research argues that borrowing from financial intermediaries subjects managers to external monitoring. Given managers’ considerable discretion in financing decisions, why would they submit themselves to external monitoring? Recent theory points to the role of managerial incentive compensation. Specifically, it is argued that managers will borrow from financial intermediaries if their compensation is tied to firm performance. Additionally, it is noted that a more optimal compensation scheme will induce managers to undertake intermediated loans only when the firm is sufficiently profitable. Such a compensation scheme is likely to exist in opaque firm settings where borrowing from financial intermediaries can serve to signal firm profitability. Our study provides corroborative evidence. We find the choice of syndicated debt (or syndicated, private, and Rule 144A debt) is positively associated with managerial pay for performance sensitivity. Second, this syndicated (or syndicated, private, and Rule 144A) debt-incentive compensation link is influenced by firm profitability, particularly among information problematic firms. Overall, our study points to the role of compensation in firm financing decisions.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Ali Nejadmalayeri  
Syracuse University: Susan Albring  
University of Missouri, Columbia: Inder Khurana, Raynolde Pereira

**GASB Mandatory Disclosure Rules and Taxable Municipal Bond Yield Spreads**
The implementation of Government Accounting Standards Board’s Statement 45, which mandates disclosure of other post-employment benefits in a standardized format, provides an opportunity to analyze noninformation impacts of mandatory disclosures because key components of the information were already publicly available. We find that this mandate is associated with a significant 47 basis-point increase in yield spreads, despite the fact that pre-disclosure estimates overstated the liability. This effect is particularly worse for riskier bonds—nonrated, shorter maturity bonds. However, states with strong a priori commitment to pay the entire retiree health insurance costs face the least rise in the yield spreads.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Ali Nejadmalayeri  
University of Nevada, Reno: Sheri Faircloth, Jeanne Wendel

**Industry Competition and the Corporate Cost of Debt**
Recent theory posits that in competitive industries, cash flows are more volatile and economic profits are smaller, hence credit risk is high. I use both inter- and intra-industry concentration measures and find that indeed as industry concentration rises (i.e., industries become less competitive), credit spreads
decline. Moreover, I find that the ameliorating effect of greater industry concentration on credit spreads is more pronounced for industries that the aggregate sales are growing and the number of firms is still increasing. These results suggest that while greater competition among industry firms extenuates credit risk, weaker barriers to entry and more entrants may benefit firms, perhaps because it creates a larger market for potential distressed assets.

**Sponsor:** Oklahoma State University, Spears School of Business

**PI/PDs:** Ali Nejadmalayeri

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**Enduring Effects of Demography on Retirement Planning**

Invest in stocks only if you are born lucky! More than a century of evidence suggests that only individuals born in the rising stages of population booms spend most of their retirement planning phase in bull stock markets with tamed inflation, thus benefiting greatly from investing in stocks. The most pertinent determinant of the return on investing for retirement is Geanakoplos, Magill, and Quinzii’s (2004) MY ratio—the ratio of middle-age-to-young population. Successful retirement planning seems to be greatly influenced, almost predestined, by the proportional size of aggregate savers during the retirement planning phase.

**Sponsor:** Oklahoma State University, Spears School of Business

**PI/PDs:** Ali Nejadmalayeri

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**Reporting Quality, SOX, and the Cost of Debt**

This paper studies the heretofore unexamined effect of the Sarbanes-Oxley Act of 2002 (SOX, hereafter) on the reporting quality-cost of debt relationship. We measure reporting quality in terms of accruals. We document that SOX has no impact on the overall bond spread-accruals relationship but, as hypothesized, it has a moderating effect on the discretionary (but not innate) component of accruals. The latter effect, however, is only revealed in the subset of firms characterized by high information quality risk in the pre-SOX period. The paper also adds robustness to prior findings by reconfirming the positive relationship between accruals and cost of debt but using a sample of seasoned debt issues with available secondary market prices. Earlier studies used historical costs of debt or focused only on newly issued debt. We also reconfirm that the accrual-debt cost relationship is stronger for innate than for discretionary accruals.

**Sponsor:** Oklahoma State University, Spears School of Business

**PI/PDs:** Ramesh P. Rao
Ohio University: Andrew K. Prevost
Utah State University: Chris Skousen

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**Credit Watch and Capital Structure**

This research examines the capital structure reactions of firms that have been added to Standard & Poor’s CreditWatch list in order to test the role of credit ratings in firm financial decisions. Survey evidence indicates that CFOs consider credit ratings as the second most important determinant of financing policy. If credit ratings are indeed important, we should observe that firms facing a potential downgrade should react by reducing debt financing in an attempt to avert the potential rating downgrade. In the case of a potential upgrade, we should also observe a scaling back of debt financing to reinforce the rating upgrade. We find evidence for the latter but for potential downgrade firms, contrary to expectations, we find that these firms issue more debt relative to equity. The only exception is for a subset of firms that regularly access the capital markets. Overall, we conclude that while credit ratings are a consideration in determining corporate financing policy, it is probably a secondary determinant.
Labor Unions as Shareholder Activists: Champions or Detractors?
This paper examines the impact of labor union shareholder activism through the submission of shareholder proposals during 1988-2002. We examine the effect of labor union-sponsored shareholder proposals on announcement period returns; on the corporate governance environment of the firm, including shareholder rights, board composition, and CEO compensation; and on long-run shareholder wealth. We find that the efficacy of activism is related to union presence at targeted firms and shareholder support for proposals. Our findings, hitherto not reported elsewhere, contribute to the shareholder activism literature by implying that labor unions may be unique in their ability to spur such changes relative to other shareholder proponents.

Shareholder Activism à la Carl Icahn: A Clinical Study
This is a clinical study of shareholder activism by one of the most prolific serial activists in the U.S.—Carl Icahn. The study examines whether firms targeted by Carl Icahn benefit from his activism. We find that Carl Icahn’s targets include firms from diverse industries and that his stated objectives vary across targets. We document a significant positive short-run return at the time of initial targeting but long-run returns are positive only for the subset of firms that are ultimately taken over. We do not document any improvement in operational performance following targeting. However, we find that in a majority of cases Carl Icahn achieves at least some of his stated objectives for targeting a firm. Our study contributes to the corporate governance literature on the short- and long-term impact of shareholder activism by private investors on the target firm and its shareholders.

Managerial Behavior and the Link between Stock Mispricing and Corporate Investments
This research examines whether and how managers’ investment decisions respond to stock mispricing. Unlike previous studies, we examine both aggregate corporate investment behavior and its components: capital expenditures, R&D, acquisitions, and asset sales. Overall, our study indicates that the sensitivity of investments to mispricing is a function of the nature of mispricing, type of investment, and source of financing.

Do Credit Ratings Really Affect Capital Structure?
This research examines the impact of labor union shareholder activism through the submission of shareholder proposals during 1988-2002. We examine the effect of labor union-sponsored shareholder proposals on announcement period returns; on the corporate governance environment of the firm, including shareholder rights, board composition, and CEO compensation; and on long-run shareholder wealth. We find that the efficacy of activism is related to union presence at targeted firms and
shareholder support for proposals. Our findings, hitherto not reported elsewhere, contribute to the shareholder activism literature by implying that labor unions may be unique in their ability to spur such changes relative to other shareholder proponents.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Ramesh P. Rao  
University of Wisconsin, Eau Claire: Kris Kemper

**Diversification Revised**  
Many investment companies hold diversified asset portfolios and frequently try to mirror or outperform a market index for each asset class such as stocks and bonds. As Wibaut and Wilford (2009) show, often the same issuers appear in each of those indices and this may lead to undesirable results such as during a crisis period. Our research further explores the topic of diversification with a special focus on the financial crisis period of 2007 through 2009. Our results indicate that there is benefit in terms of correlations from holding bond and stock portfolios. Interestingly, these findings show the benefit is most pronounced during times of market stress.  
**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Betty Simkins, Alissa Lee  
University of Wisconsin, Eau Claire: Kris Kemper

**Relative Valuation in the Oil and Gas Industry: Theory and Practice**  
This article describes the theory and practice of relative valuation as to how it is applied in the oil and gas industry. In the energy industry, relative valuations can be conducted through the use of enterprise value multiples such as EV/EBITDA and the oil and gas industry specific multiple, EV/EBITDAX. Equity multiples, such as price to book value and price to earnings, are also useful to approximate value.  
**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Betty Simkins, Chris Lilija

**ExxonMobil Corp’s Acquisition of XTO Energy, Inc: An Exercise in Relative Valuation**  
This case study illustrates how to value an acquisition of another company by using the recent acquisition of XTO Energy by ExxonMobil. The case study explains in detail how to perform the necessary calculations using best practices.  
**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Betty Simkins, Alissa Lee

**Exposure, Hedging, and Value: New Evidence from the U.S. Airline Industry**  
This research investigates exposure of equity prices to commodity price risk. We analyze the hedging behavior and the associated hedging premium for U.S. airlines as the exposure to jet fuel prices vary. Our results show that airlines’ exposure to fuel prices is 4 times higher when fuel prices are in the upper quartile rather than in the lower quartile and are 1.5 times higher when fuel prices are rising rather than falling.  
**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Betty Simkins, David Carter  
Portland State University: Daniel Rogers  
California State University, Chico: Stephen Treanor

**Does Operational and Financial Hedging Reduce Exposure? Evidence from the U.S. Airline Industry**  
Exposure and hedging in the airline industry is relatively straightforward compared to foreign exchange hedging by multinationals. We investigate the effects of both financial and operating hedging on jet fuel
exposure coefficients in the U.S. airline industry during 1994-2008. Our results suggest that both financial and operational hedging are important tools in reducing airline exposure to jet fuel price risk, but our results also suggest that operational hedging strategies are more economically important than are financial hedging strategies in reducing jet fuel price risk.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Betty Simkins, David Carter  
Portland State University: Daniel Rogers  
California State University, Chico: Stephen Treanor

**The Impact and Influence of the Journal Corporate Finance**  
This research investigates the communication and influence of corporate finance research published in top finance journals and how changes over time have led to the emergence of a top journal in corporate finance – the *Journal of Corporate Finance.*  
**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Betty Simkins, Alissa Lee  
Cleveland State University: Ken Borokhovich

**Options on Troubled Stock**  
This article uses equilibrium arguments to derive closed-form solutions for the price of European call and put options written on an individual stock when shareholders might lose all their claims on the firm. The stock price accounts for both a stochastic probability of bankruptcy and a stochastic probability of going concern. With a random probability of bankruptcy, shareholders lose all their claims in the firm. With a random probability of going concern, the stock price is lognormal as in the Black-Scholes model. The bankruptcy probability is correlated with aggregated wealth if the bankruptcy risk is systematic. The model is consistent with a bankruptcy probability negatively correlated with the firm’s stock price.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Betty Simkins, Antonio Camara (deceased)  
Texas State University, San Marcos: Ivilina Popova  
Unaffiliated: Ana Camara

**Determinants of Top Management Compensation: The Case of NCAA Football Head Coaches**  
The purpose of this research study is to examine head football coaching employment agreements for the NCAA FBS to determine the market for top management in athletics as well as gain further insight to relationships of top executive compensation in corporate firms. This research benefits the study of executive compensation, which is a very important branch of financial research.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Betty Simkins, Phillip Humphrey  
Drexel University: Jacqueline Garner

**DEPARTMENT OF MANAGEMENT**

**Voice Climate in Organizations: A Group-Level Examination of Antecedents and its Influence on Group Voice Behavior**  
This study draws from social information processing theory and the climate literature to examine antecedents and outcomes of voice climate. We investigate group-level antecedents to a voice climate in work groups and voice climate’s relationship with group voice behavior. Our results indicate that group perceptions of involvement climate and supervisor undermining have a significant influence on
group perceptions of voice climate. In addition, the relationship between involvement climate and voice climate is moderated by supervisor undermining, highlighting the unique influence of supervisors on the work group’s environment.

**Sponsor:** Oklahoma State University, Spears School of Business
**PI/PDs:** Wm. Matthew Bowler
Old Dominion University: Lance Frazier

**Boundary Conditions of Trust Transference Between Leaders, Followers, and Coworkers**
This study examines the spread of trust between supervisor/subordinate dyads to the broader employee network. Two separate three-way interactions are hypothesized and tested. The interactive effects of supervisor trust of subordinate, supervisor trust centrality, and supervisor communication centrality were significant in predicting subordinate trust. This finding demonstrates that the amount of communication between a supervisor and other employees enhances the combined effects of supervisor trust in the subordinate and network trust in the supervisor on network-wide trust of the subordinate. Implications and future research directions related to these results and the overarching trust literature are discussed.

**Sponsor:** Oklahoma State University, Spears School of Business
**PI/PDs:** Matt Bowler, Jeff Paul, Mark Gavin

**Experienced Workplace Rudeness: Its Antecedents and Consequences**
This network study examines how employees experience and demonstrate rude acts in the workplace. We look at the spiraling nature of rudeness, what causes rudeness, how rudeness spreads in the workplace, and how employees react both toward the instigator and the organization.

**Sponsor:** Oklahoma State University, Spears School of Business
**PI/PDs:** Wm. Matthew Bowler
University of Northern Illinois: Don Kluemper, Shannon Taylor

**Toward an Understanding of Advice-Seeking Behavior: A Social Network Perspective on Seeking Advice and Gaining Influence in Organizations**
Drawing upon theories of proactivity and impression management, we investigate the relationship between advice seeking and perceptions of influence in organizations. In a social network study of 91 employees, we found that employees who sought advice were rated as more influential. Furthermore, the results indicate that those who seek advice gain the most influence when they solicit it from influential advisors, experts, and those who bridge structural holes, and when they seek at least as much advice from their advisor as their advisor seeks from them. Implications and directions for future research are also discussed.

**Sponsor:** Oklahoma State University, Spears School of Business
**PI/PDs:** Wm. Matthew Bowler
University of Houston, Clear Lake: Troy Voelker
University of Oklahoma: Mark Bolino

**Measuring Personality Using Frequency Estimation**
The use of personality measures for high-stakes decisions gets a bad rap because they can be easily faked. We develop a new survey response based on estimations of behavior frequency — i.e., how often are you the “life of the party?” This new survey is resistant to faking. In fact, this new measurement system also does a better job of measuring self-reported personality dimensions.

**Sponsor:** Oklahoma State University, Spears School of Business
**PI/PDs:** Bryan Edwards
The Dark Side of Organizational Citizenship Behavior
We examine the negative outcomes of working beyond one’s job description. The main research question is: How does performing organizational citizenship effect employee burnout and in-role performance?
Sponsor: Oklahoma State University, Spears School of Business
PI/PDs: Gabi Eissa, Wm. Matthew Bowler

Agreement as a Moderator of the Relationship Between Individual and Team Level Antecedents of Helping Behavior: A Multilevel Model
Using a sample of 173 managers from 41 teams in a package delivery company, we investigated the influence of within-team agreement about the quality of the social environment on helping behaviors directed at coworkers. Support was found for agreement as a moderator of the relationship between each of task interdependence and socialization emphasis on helping behaviors.
Sponsors: Oklahoma State University, Spears School of Business; Northern Illinois University
PI/PDs: Mark Gavin
Northern Illinois University: Donald Kluemper

The Wisdom of Letting Go: Emotions and Performance at Work
A conceptual model is developed and tested using a sample of police officers that ties emotions to coping strategies and task performance. Results show differences, according to one’s level of Emotional Intelligence, in how individuals manage emotional events, which are then linked to task performance.
Sponsors: Oklahoma State University, Spears School of Business; University of North Carolina, Charlotte; University of Queensland
PI/PDs: Mark Gavin
University of North Carolina, Charlotte: Janaki Gooty, Jane Shumski
University of Queensland: Neal Ashkanasy

Organizational Justice, Trustworthiness, and Trust: A Multifoci Examination.
Using collegiate marching band members as a sample, we test a model of the relationship between subordinate perceptions of justice, trustworthiness of and trust in leaders, and subordinate performance of task-related and organizational citizenship behaviors. Results support links between perceptions of various dimensions of justice and the trustworthiness of the leader, which then affects trust in the leader and several aspects of subordinate performance. Patterns of relationships differ across immediate supervisors and the overall organizational leader.
Sponsors: Oklahoma State University, Spears School of Business; University of North Carolina, Charlotte; Old Dominion University; University of North Carolina, Asheville
PI/PDs: Mark Gavin, Brad Snow
Old Dominion University: Lance Frazier
University of North Carolina, Asheville: Paul Johnson
University of North Carolina, Charlotte: Janaki Gooty

How, When and Why Do Discrete Emotions Impact Performance: Perceived Control, Coping, and Emotional Intelligence
A conceptual model is developed that links emotions to coping strategies and coping strategies to each of task performance, organizational citizenship behaviors, and workplace deviance behaviors. Arguments are forwarded...
that the nature of these relationships will depend on an individual’s Emotional Intelligence and perceived control of the emotional event. Testable propositions are derived from this model.

**Sponsors:** Oklahoma State University, Spears School of Business; University of North Carolina, Charlotte, University of Queensland

**PI/PDs:** Mark Gavin
University of North Carolina, Charlotte: Janaki Gooty
University of Queensland: Neal Ashkanasy

**Distinguishing Amongst and Understanding the Differential Effects of Trust Referents**

This study examines the degree to which trust in the organization can be assessed and separated from trust in other referents, including an immediate supervisor and the organization’s leader. To the degree that trust in different referents can be disentangled, we examine the different conditions in the form of individual-level characteristics and status under which this occurs and the degree to which trust in such referents differentially relates to a range of organizationally-relevant outcomes.

**Sponsors:** Oklahoma State University, Spears School of Business; North Carolina State University; University of North Carolina, Charlotte

**PI/PDs:** Mark Gavin
North Carolina State University: Roger Mayer
University of North Carolina, Charlotte: Janaki Gooty

**Boundary Conditions of Trust Transference Between Leaders, Followers, and Coworkers**

This study examines how third party information can be used to inform one’s trust in a coworker. More specifically, we propose that a leader’s trust in a target coworker will inform one’s trust in a coworker only when the leader is trusted as a source of information. We hypothesize and test other conditions under which such effects will hold, including the degree to which the target coworker trusts the leader and the degree to which the leader communicates within the social network. Some support for our hypotheses was found. Managerial and organizational implications are considered.

**Sponsors:** Oklahoma State University, Spears School of Business

**PI/PDs:** Mark Gavin, Matthew Bowler, Jeff Paul

**When Leaders Fail to “Walk the Talk”: An Examination of Perceptions of Leader Hypocrisy**

This research examines a condition in which leaders’ expressed expectations are misaligned with their actual behaviors. In particular, we examine the interactive effect of supervisor undermining and interpersonal justice expectation on subordinates’ perceptions of leader hypocrisy (i.e., leader word-deed misalignment). We draw on cognitive dissonance theory (Festinger, 1957) to argue that subordinates experience an uncomfortable psychological state (i.e., dissonance) when their leaders are perceived as hypocritical. Accordingly, subordinates are motivated to reduce dissonance by psychologically distancing themselves from the leader by increasing turnover intentions. We examine perceptions of leader hypocrisy as the mediator of our proposed theoretical model while controlling for psychological contract breach and trust in supervisor. Results from a scenario-based experiment and a field study provide general support for our hypotheses.

**Sponsors:** Oklahoma State University

**PI/PDs:** Rebecca L. Greenbaum
Drexel University: Mary Bardes Mawritz
Rollins College: Ronald F. Piccolo
Moral Contracts
Traditionally, psychological contract research was concerned with *quid pro quo* exchanges that directly affected an employee's well being (Rousseau, 1989, 1995; Morrison & Robinson, 1997). More recently, however, Thompson and Bunderson (2003) argued that psychological contracts may also include global expectations of behavior that are not limited to an employee's personal treatment. We expand on this idea by arguing that employees may perceive that they have exchange agreements with the organization that include upholding moral obligations. Thus, employees may respond unfavorably to organizational unethical behaviors, even if employees are not directly affected by the behaviors, because the organization failed to uphold the perceived promise of abiding by moral obligations. We provide a conceptualization and definition of moral contract, moral contract breach, and moral contract violation as well as a theoretical model and propositions. Implications for theory are discussed.

**Sponsors:** Oklahoma State University
**PI/PDs:** Rebecca L. Greenbaum
University of Central Florida: Robert Folger, Robert C. Ford

Ethical Leadership and Core Job Characteristics: Designing Jobs for Employee Well-Being
Most organizations and its leaders are evaluated on specific, objective, and tangible short-term outcomes such as market, financial, and accounting metrics of organizational performance. Although this approach to measuring performance creates an environment that encourages continual innovation and growth, it also fosters a climate that puts pressure on managers at multiple levels to deliver and/or report favorable economic outcomes. The rewards for achieving financial objectives are rich (e.g., lucrative bonus packages, stock option appreciation) while the punishment for failing to achieve can be severe (e.g., dismissal). Such pressure has the potential negative consequence of driving a narrow view of success, creating dilemmas, often of an ethical nature, in terms of how decisions should be made. This is especially problematic in that employees have come to expect more from work than a narrow focus on bottom-line profits. The ethical nature of leadership has an important influence on the climate in which employees make decisions, as leaders shape the tangible and perceived characteristics of work.

**Sponsors:** Oklahoma State University
**PI/PDs:** Rebecca L. Greenbaum, Gabi Eissa
Rollins College: Ronald F. Piccolo

The Impact of Individual Behaviors on Absorptive Capacity
Absorptive capacity refers to the degree to which firms are able to identify, acquire, and exploit external knowledge. While individuals are integrally involved in organizational learning, the role of individuals in developing absorptive capacity has been largely ignored. We propose that specific types of individual behaviors (i.e., proactivity, adaptivity, and proficiency) impact the firm’s capability to extract knowledge from its environment, make sense of that information, and incorporate it into its operations in ways that create valuable resource positions that may lead to competitive advantage.

**Sponsors:** Southern Mississippi University, Oklahoma State University
**PI/PDs:** Timothy A. Hart
Southern Mississippi University: Bruce Gilstrap
University of Oklahoma: Mark Bolino

Assessing the Concurrent Validity of the Kinder, Lydenberg, & Domini Corporate Social Performance Indicators
We examine the concurrent validity of the KLD measures of social performance. This analysis had been done previously; however, because KLD changed its evaluation method to a richer approach, an additional look at the validity of the indicators became necessary. Our results suggest that the new...
versions of the KLD measures are now modestly correlated with the Fortune Social Responsibility score from its Survey of America’s Most Admired Companies. Our results reaffirm that the KLD data measure core CSP constructs and demonstrate concurrent validity with other measures.

**Sponsors:** University of Oklahoma, Oklahoma State University  
**PI/PDs:** Timothy A. Hart  
The University of Oklahoma: Mark P. Sharfman

**An Examination of the Relationship between Executive Compensation Disparity and Corporate Social Performance**

We investigate the relationship between executive compensation and corporate social performance. We find that at higher levels of compensation disparity, corporate social performance concerns increase. Likewise, at lower levels of compensation disparity, corporate social performance strengths increase. These relationships are moderated by the size of the firm and the amount of financial slack available within the firm.

**Sponsors:** Oklahoma State University, American University  
**PI/PDs:** Timothy A. Hart  
American University: Parthiban David, Michelle Westerman-Behaylo

**Too New to be True? An Investigation of the Relationship Between New Citations and Article Impact in the Strategic Management Journal**

We investigate the degree to which the inclusion of new citations within a scholarly article impacts the degree to which that article is later cited by other scholarly works. We find that when authors include citations to works that have not previously been cited within the Strategic Management Journal (SMJ), the frequency with which that article is then cited by future SMJ articles is far less than the degree to which such work is later cited by other journals. We discuss what these findings mean for SMJ.

**Sponsors:** Oklahoma State University  
**PI/PDs:** Timothy A. Hart, Scott Johnson, Corey Fox

**An Investigation into CEO Age and Equity Ownership and their Influence on Exploration and Exploitation**

I examine the influence of CEO age and equity ownership on the degree to which firms explore for new knowledge or exploit knowledge they currently possess. I find that older executives with greater equity stakes in their firms favor greater use of new knowledge, while younger executives with less equity stakes favor exploiting currently held knowledge.

**Sponsor:** Oklahoma State University  
**PI/PD:** Timothy A. Hart

**An Examination of the Curvilinear Relationships Between Organizational Financial Slack Resources, Search Scope, and Search Depth**

We examine the relationship between organizational slack and search scope and search depth. According to prior research, there is a curvilinear (inverse U-shape) relationship between slack and innovation. We find such a relationship between organizational slack and exploratory search activities of firms. However, we find a normal U-shape curvilinear relationship between organizational slack and exploitative search activities of firms. These findings suggest that organizational slack does not have a uniform impact upon innovation arising from different types of firms’ search activities. Rather, depending upon the type of innovation firms desire to generate, firms may choose to increase or decrease their levels of organizational slack.
Knowledge Accumulation Through Building Useful Models: The Case of Agency Theory and Incentive Pay

Empirical research in social science is often interpreted as a contest between multiple theories explaining observed behavior. Yet many empirical studies in management offer an important but subtly different contribution toward knowledge accumulation, demonstrating a useful model of some aspect of the real world rather than a direct test of the theory underlying the model. We illustrate the value of making this distinction by reflecting on the combined meaning of several empirical studies casting doubt on the hypothesis that granting stock options positively influences firm performance. This example clarifies how knowledge accumulates through empirical research that does not directly test theory.

Sponsor: Oklahoma State University, Spears School of Business
PI/PDs: Scott Johnson
University of Virginia: Jared Harris
University of Connecticut: David Souder

Board Composition beyond Independence: Social Capital, Human Capital and Demographics

Alongside investigations that employ easily measured attributes such as independence or size has been a growing body of research based on the notion that directors bring with them a basket of experiences, skills, and other characteristics that also impact how these directors behave. We propose to provide a comprehensive review of all of the management literature that has investigated board characteristics beyond independence at both the individual director and collective board levels, provide a catalogue of the various measures used in this literature, and develop an agenda for board composition research going forward.

Sponsor: Oklahoma State University, Spears School of Business
PI/PDs: Scott Johnson
University of Missouri: Karen Schnatterly
University of Nevada, Reno: Aaron Hill

Haste Makes Waste: Hidden Costs of Exploiting Temporary External Growth Opportunities

We contrast organic firm growth – financed by operating cash flows, motivated by excess managerial capacity, and directed by routine decision-making – with inorganic growth motivated by a munificent environment. We study the decisions and consequences of Internet-related technology firms that had initial public offerings between 1996 and 2000.

Sponsors: University of Connecticut; Oklahoma State University, Spears School of Business
PI/PDs: Scott Johnson
University of Connecticut: David Souder, Michael Willenborg

The Role of Novelty in Knowledge Creation: Evidence from the Strategic Management Journal

We exploit the similarities between knowledge creation in firms and knowledge creation by scholars of management to analyze what makes codified knowledge useful for future knowledge creation. We show that articles have a greater impact when their authors simultaneously build on their own existing knowledge while also including references to work that they have not cited previously. We further show that articles have a greater impact when they build on knowledge known to the research community while introducing knowledge that is new to the research community.
When Thought Worlds Collide: How the Top Management Team Influences New Product Introductions
We explore the question of how decision-makers in a firm affect the timing and type of new products that are introduced. We address this question by building on the idea that the process of developing new products involves many parts of the organization. Individuals within the organization adopt different thought worlds, or systems of meaning that affect how they perceive information and prioritize activity. We find that field and planning thought worlds influence the customer base for which new products are introduced while the manufacturing thought world negatively influences new product introductions.

Investor Preferences for Board Independence: An Agency and Institutional Approach?
We examine of the portfolios of institutional investors to determine whether attributes of the board of directors affect purchasing decisions. The dataset includes over 500,000 investment decisions of 1,205 institutional investors over a period of eight years. We test whether mutual funds (which face more institutional pressure) are more sensitive to board independence than other types of institutional investors.

The Impact of Strategic Disclosure and Geographic Distance on Target Selection
The active role of the target in the target selection process has been/remains largely unexamined. We explore the effect of potential targets’ voluntary strategic disclosure on the likelihood of their selection. Because strategic disclosure tends to be credible, we argue that voluntary disclosure reduces adverse selection in the market for intangibles, thereby increasing the likelihood of selection of disclosing firms. Building on prior research, which has shown that the likelihood of acquisition decreases with geographic distance between the acquirer and the target, we further argue that voluntary disclosure mitigates the effect of geographic distance. We test these predictions on a sample of R&D intensive firms in the chemicals, computer, communications equipment, and pharmaceutical industries.

Temporary Advantage and the Management of Resource Mobility
We examine how an exogenous event (the acceptance of free agency into the National Football League) makes resources more mobile and changes the relative value of that managers can add through bundling and leveraging these resources.
Cognitive and Social: The Role of Pictures in Computer Facilitated Choice
Using an extensive database of consumer-to-consumer lending decisions, we examine how photographs of borrowers affect decision-making compared to when displayed alongside objective financial information.

**Sponsors:** Oklahoma State University, Spears School of Business; Midwestern State University  
**PI/PDs:** Scott Johnson, Federico Aime  
Midwestern State University: Timothy DeGroot

Decision-Making Influences of Trade Association Membership
Based on the perspective of distributed cognition, I hypothesize that trade association membership will affect how firms perceive, behave, and perform. I use a propensity score matching method to create a synthetic control group. I find that after joining, firms become more like existing trade association members in forecasts, organization structure decisions, and performance.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PD:** Scott Johnson

Leader and Follower Attachment Styles
This study examines the effects of attachment styles on follower performance, job satisfaction, and organizational citizenship behaviors.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Debra L. Nelson  
University of Georgia: Laura Little  
University of North Carolina, Charlotte: Janaki Gooty  
Old Dominion University: Lance Frazier

Pregnancy and Identity Management at Work
This longitudinal study focuses on the ways women manage their identities at work during pregnancy and the effects of identity management strategies on job performance, organizational commitment, job satisfaction, absenteeism, and presenteeism.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Debra L. Nelson  
University of Georgia: Laura M. Little

Interpersonal Emotion Management at Work
This series of studies focuses on the ways individuals manage the emotions of other people at work. Studies include leaders managing followers' emotions and customer service representatives managing customers' emotions.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Debra L. Nelson  
University of Georgia: Laura M. Little

An Examination of Use of Competency Modeling in Industry
Use of competency modeling has grown since the early 1990s and may be replacing traditional job analysis. A survey of HR professionals is ongoing examining prevalence, forms, and effectiveness of competency models.

**Sponsors:** State of Oklahoma; State of Kansas  
**PI/PDs:** Thomas H. Stone  
University of Kansas: Stephen Schoonover, Ron Ash
Can Gender and Age Differences be Explained by Personality and Abilities?
Although the popular press attributes a range of behavior and performance differences to genetic differences between men and women and age groups, some research suggests: 1) there is considerable overlap in performance distributions and 2) a significant portion of the variance may be explained by personality, ability, and situational factors.

**Sponsor:** State of Oklahoma  
**PI/PDS:** Thomas H. Stone  
Hogan Assessments, Tulsa: Jeff Foster

Are Leaders Defined by Followers? Role of Follower’s ILT and the Mediating Influence of LMX on Follower Outcomes
An assumption underlying most leadership theory and research is that leaders play an active role and followers a passive one. Drawing on self-verification theory and implicit leadership theories (ILT), we assert that follower’s ILT influence perceptions of transformational leadership. In turn, both ILT and transformational leadership influence the development of high-quality leader-member exchange (LMX) relationship. LMX is expected to mediate the influence of ILT and transformational leadership on follower’s perceptions of organizational support, identification, and turnover intentions.

This model was tested in a longitudinal field study with data from 210 newly hired hospital employees. Results of structural equations modeling provided strong support for the mediating influence of LMX.

**Sponsors:** State of Illinois  
**PI/PDs:** Thomas H. Stone  
Illinois State University: Douglas Rahn, Jim Jawahar

The Relationship of Reporting Academic Integrity Violations, Personality, Organization Citizenship and Counterproductive Work Behavior
While a wealth of research has investigated factors affecting student cheating, very little has examined factors relating to who and why such violations are reported. Surveys will examine how reporting behavior is related to personality, organization citizenship behavior, and counterproductive work behavior among working students.

**Sponsor:** State of Oklahoma  
**PI/PDs:** Thomas H. Stone  
University of Oklahoma, Tulsa: Jennifer Kisamore  
University of Northern Illinois: Donald Kluemper  
Illinois State University: Jim Jawahar

An Investigation of Forms of Cheating
Academic integrity research has implicitly assumed that cheating and plagiarism is intentional. Preliminary data suggests that student cheating can be categorized into three types: planned, opportunistic, and panic. This study examines the prevalence of each type and its relationship to personality and demographic variables.

**Sponsor:** State of Oklahoma  
**PI/PDs:** Thomas H. Stone  
University of Oklahoma, Tulsa: Jennifer Kisamore  
University of Northern Illinois: Donald Kluemper  
Illinois State University: Jim Jawahar
**Venture Capitalists and the Governance of Entrepreneurial Firms**
This is research that seeks answers to the questions relating entrepreneurial firm characteristics, strategic actions, and venture capitalists support with firm performance as new businesses pursues IPOs.

**Sponsors:** State of Oklahoma, greenWells, Inc.

**PI/PDs:** Margaret A. White
Clemson University: Jason Ridge
greenWells, Inc.: Ann E. Echols

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**Myopic Behavior of Top Managers and the Effect on Performance**
In organizations, managers often develop myopic types of behaviors. Such behaviors can have both positive and negative effect on organizational outcomes. This research examines when and where myopic behaviors are likely to occur and the effect they have on competitive positioning.

**Sponsor:** State of Oklahoma

**PI/PDs:** Margaret A. White, Jason Ridge
Northeastern State University: David Kern

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**Strategic Implications of Pre-Merger Firm Characteristics on Post-Merger Results**
This series of studies examines how pre-merger characteristics manifest themselves in post-merger firms. In addition, the influence on merger effectiveness is examined for a variety of areas including social responsibility, power and influence, relative size, relatedness, and governance characteristics.

**Sponsor:** State of Oklahoma

**PI/PDs:** Margaret A. White
University of West Florida: Blaine Lawlor
Florida Atlantic University: Kimberly Ellis

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**Strategic Orientation of Small Firms**
This effort examines how strategic orientation of small business management relates to performance.

**Sponsors:** State of Oklahoma, Tulsa Chamber of Commerce-Small Business Development

**PI/PDs:** Margaret A. White
Georgia College and State University: Robert J. Duesing

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**Turnaround through Venture Capital Investment**
This study is an in-depth case study of a venture capital buy-out of a technology leading firm that was being used as a cash cow by its previous owners.

**Sponsor:** Oklahoma State University, Spears School of Business

**PI/PDs:** Margaret A. White
WB Consulting: Suzanne Behr

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**Hubris: Problems with Unobtrusive Measures**
These studies examine some of the issues with unobtrusive measures, especially in the research area of overconfidence/hubris of top managers.

**Sponsor:** Oklahoma State University, Spears School of Business

**PI/PDs:** Margaret A. White
University of Nevada: Aaron Hill
Northeastern State: David Kern
Clemson University: Jason Ridge
CEO Pay Disparity
We integrate the seemingly contradictory theoretical predictions and findings of behavioral and economic perspectives about the relationship between pay disparity and firm performance. We revisit the theoretical basis for both tournament and social comparison theories and acknowledge that in their complete formulation, they are more supplementary than contradictory in nature.

Sponsor: Oklahoma State University, Spears School of Business
PI/PDs: Margaret A. White
Clemson University: Jason Ridge

DEPARTMENT OF MANAGEMENT SCIENCE AND INFORMATION SYSTEMS

Impact of Frequency of Alignment of Physical and Information System Inventories on Out of Stocks
Inaccuracy in the information system inventory as compared to the physical inventory may lead to out of stocks. One way to reduce this inaccuracy is to adjust the inventory information in the systems at some regular frequency. Such alignments are quite expensive in practice. Thus how often to align the two inventories is the focus of this research.

Sponsor: State of Oklahoma
PI/PDs: P.M. Agrawal, Ramesh Sharda

Quantum Model of Human Decision Making, and Merger and Acquisition of Business Firms
A quantum model of human decision making is explored to understand various aspects of merger and acquisition of business firms. A large gain to the shareholders of a target firm and a small gain or some loss to the acquiring firm immediately after the announcement of the merger deal are explained through the quantum states of mind of acquiring firm, target firm, and the public. The results are illustrated through the stock market data related with the AOL-Time Warner and Pfizer-Wyeth mergers and a sample of 388 mergers with values over $1 billion each. A good agreement between the estimated and actual prices has been noted. The effect of quantum interference between the states of mind of managers and investors has been described to show that an unintended “obliqueness” in their communication can also adversely affect the merger deal. The potential of the future development and application of the model is discussed.

Sponsors: Oklahoma State University, Spears School of Business
PI/PDs: Paras M. Agrawal, Ramesh Sharda, Joel Harper

A Probabilistic Greedy Algorithm for Routing and Wavelength Assignment in Optical Networks.
In this paper, we study the routing and wavelength assignment problem in wavelength-division multiplexed optical networks. We adopt an approach that not only minimizes network wavelength requirement (NWR), but also maximizes resource utilization, measured by the number of additional lightpath requests of the communicating node pairs that can be admitted using the obtained NWR. We develop for the first time an integer linear programming formulation for the problem that minimizes NWR as the sole objective and a formulation that optimizes both objectives as well. We propose a Probabilistic Greedy Algorithm that incorporates simultaneously two diversification techniques, namely randomization and perturbation to diversify the search space and avoid getting trapped in local optima. The algorithm is applied to benchmark networks and other randomly generated data sets. Extensive computational tests show that the algorithm is quite effective in solving large instances of the problem in a reasonable amount of time. Direct comparison of the performance of our proposed algorithm to that developed by other researchers shows the superiority of our algorithm in finding better solutions to the problem.
Revisit a Multi-Attribute Decision Making Technique: Factor Rating Method
The objective of this paper is to revisit the evaluation technique and consider a problem situation in which the composite scores among the best decision alternatives are very close. We will propose a common sense and logical solution to break the tie for the problem situation described, which is expected to enhance the applicability of this useful and yet simple decision-making technique.

Sponsor: State of Oklahoma
PI/PD: David Ho

Recent Trends in Oklahoma’s Per Capita Personal Income
This study examines state, region, and county per capita personal income movements in Oklahoma over the last four decades. Regional and county growth leaders and losers are presented and analyzed. In addition, regional income variation is measured on both the state and regional level.

Sponsor: State of Oklahoma
PI/PDs: Tim Ireland, Orley Amos Jr.

Key Success Factors for Women Entrepreneurs
Key success factors will be identified through a large scale study of successful women entrepreneurs.

Sponsor: State of Oklahoma
PI/PD: Jeretta Horn Nord

Investigating the Influence of Product Reviews on Perceived Uncertainty in Online Transactions
Online customer reviews designed to deliver information in addition to manufacturers’ introduction of products have attracted the attention of researchers. In this study, we assume that the risks in an online transaction originate specifically from sellers’ hidden information and hidden actions. With the aid of customer reviews of products, we want to measure how this uncertainty and these risks can be alleviated. In addition, we measure the effects of customer reviews with different argument qualities and different star ratings.

Sponsor: Oklahoma State University, Spears School of Business
PI/PDs: Rathindra Sarathy, Jing Yang

Investigating the Influence of Seller Reviews in Online Transactions
Customers’ concerns about potential risks in online transactions have hindered the development of e-commerce. In this study, we measure the risks in an online transaction originating specifically from hidden information and hidden actions. With the aid of seller reviews, we find that it is the perception of sellers’ integrity that helps alleviate the worries of risks and therefore mitigate the perceived uncertainty in online transactions.

Sponsor: Oklahoma State University, Spears School of Business
PI/PDs: Rathindra Sarathy, Jing Yang

Form and Function: How Website Characteristics Impact User Behavior
This research aims to investigate the effects of website elements, visual appeal and ease of use, as central factors in website trust formation and subsequent behaviors. Drawing on existing theories and empirical findings in psychology, information systems, and human-computer interaction literature, a research model is developed and proposed to explain the relationships among website visual appeal and
its ease of use with trust, perceived usefulness, and intention to purchase. The findings of the study reveal that even though both website visual appeal and ease of use are significant determinants for website trust, visual appeal produces a much stronger impact.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Rathindra Sarathy, Supavich Pengnate

### A Comparison of Input and Output Perturbation Based on Statistical and Computational Notions of Privacy

Statistical disclosure limitation researchers have largely relied on statistical notions of privacy that are based on identity and value disclosure. More recently, computer scientists have considered statistical definitions inadequate and have attempted definitions based on computational efforts to compromise privacy. We comment on some aspects of the computational definitions. We also compare input and output perturbation based on both definitions of privacy, and we conclude that input perturbation should be the preferred approach to statistical disclosure limitation control.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Rathindra Sarathy  
University of Kentucky: Krish Muralidhar

### Ammunition Multimedia Encyclopedia (AME)

One mission of the Defense Ammunitions Center (DAC) is to provide training on the storage, transport, and handling of munitions. This includes initial training as well as periodic follow-on training as new munitions are developed and shipped to the field. The goal of AME is to provide a comprehensive “one stop shop” to support personnel handling munitions. It provides an encyclopedia of currently used munitions that can be used for identification and refresher training.

**Sponsor:** Defense Ammunitions Center  
**PI/PDs:** Ramesh Sharda, Joyce Lucca

### Developing an Efficient Pricing Model for Telecommunications Services Offered by OneNet

OneNet, a state agency run by the Oklahoma State Regents for Higher Education, operates the telecommunications infrastructure for educational institutions and some state agencies in Oklahoma. This project is developing a pricing model that is equitable, efficient, and simple to operationalize.

**Sponsor:** OneNet  
**PI/PDs:** Ramesh Sharda, Jongsawas Chongwatpol

### RFID for Better Supply-Chain Management through Enhanced Information Visibility

Adoption and implementation of the RFID technology in the retail industry is growing rapidly. One puzzling issue for retailers and suppliers is the compelling business case for RFID. In order to explore this case, we conducted a case study using actual RFID data collected by a major retailer for the cases shipped by one of its major suppliers. We present how such information can be valuable to both the retail store operator and the supplier. We also discuss the initial lessons learned from actual RFID data collected in the field in terms of data quality issues.

**Sponsor:** State of Oklahoma  
**PI/PDs:** Ramesh Sharda, Dursun Delen, Jongsawas Chongwatpol, Narges Kasiri

### How to Predict a Movie’s Success at the Box Office

Based on neural networks, the model attempts to classify a movie into one of nine categories, ranging from a “flop” to a “blockbuster.” Key factors used in the classification include MPAA rating, expected release month, star value, genre, level of special/technical effects, number of screens on which the
movie opens, and whether it is a sequel. The research now focuses on use of text mining in the forecasting process.

**Sponsor:** State of Oklahoma  
**PI/PDs:** Ramesh Sharda, Dursun Delen

## DEPARTMENT OF MARKETING

### How and When Does Customer Orientation Influence Frontline Employee Job Outcomes? A Meta-Analytic Evaluation

We conduct a meta-analysis of antecedents and consequences of customer orientation. In addition, we test potential moderating effects of job characteristics.

**Sponsor:** State of Oklahoma  
**PI/PDs:** Tom Brown, Alex Zablah, Darrell Bartholomew  
University of Alabama: George Franke

### Is Customer Orientation Enough? A Multi-Perspective Analysis

Prior research has shown positive effects of customer orientation on performance outcomes and service worker attitudes. This project investigates the degree to which the effects of service worker customer orientation on multiple outcomes (i.e., supervisor performance ratings, self-ratings, customer satisfaction, objective performance) may be mediated through a worker’s productivity orientation.

**Sponsor:** State of Oklahoma  
**PI/PDs:** Tom Brown, John Mowen  
Pittsburg State University: Eric Harris

### Internal Effects of Company Reputation on the Sales Force

This project demonstrates the influence of company identity and construed image on sales consultant self-efficacy, motivation, and the resulting selling effort. Most projects have examined the role of reputation on external audiences; this is one of the first to examine the effects on marketing personnel inside the organization.

**Sponsor:** State of Oklahoma  
**PI/PDs:** Tom Brown  
Queen’s University: Peter Dacin  
Erasmus University Rotterdam: Guido Berens  
Rollins College: Greg Marshall

### Competing Spillover Effects on Brand Personality Associations

We examine a common tactic used by retailers with their private label brands: using packaging that is a near copy of the associated manufacturer’s brand. Our results indicate that although the practice leads to positive spillover of manufacturer brand attributes onto the store brand, there is an associated negative effect on consumer evaluations of the store brand.

**Sponsor:** State of Oklahoma  
**PI/PDs:** Tom Brown  
Waterford Institute of Technology (Ireland): Susan Whelan  
University of Maryland: Amna Kirmani  
Manchester Business School (Great Britain): Gary Davies
Attracting Customer-Oriented Service Workers via Recruitment Advertising: An Application of Person-Situation Interaction

We examine the degree to which slight changes in recruiting advertisements can influence ability to attract service workers who are high in customer orientation.

**Sponsor:** State of Oklahoma  
**PI/PDs:** Tom Brown  
Waterford Institute of Technology (Ireland): John Power, Susan Whelan

The Interplay of Industry and Company Reputation

Despite its obvious importance to managers and interest among scholars, there is little empirical work on the influence of industry reputation on a specific company’s reputation (and vice versa). In addition, no one to date has considered the potential role of industry reputation as a context for the evaluation of company reputation or as a moderator on the influence of company reputation on company performance outcomes. This project seeks to address these issues using a combination of secondary and primary data.

**Sponsor:** State of Oklahoma  
**PI/PDs:** Tom Brown, Alex Zablah  
Queen’s University: Peter Dacin  
University of Arizona: Sabrina Helm

Eliminating Response Style Segments in Survey Data via Double Standardization before Clustering

Segmentation is the process of dividing a market into groups so that members within the groups are very similar with respect to their needs, preferences, and behaviors but members between groups are very dissimilar. Marketers often use clustering to find segments of respondents in data collected via surveys. However, such data often exhibits response styles of respondents. For example, if some respondents use only the extreme ends of scales for answering questions in a survey, the clustering method will identify that group as a unique segment, which cannot be used for segmentation. We first discuss the different data transformation methods that are commonly used before clustering. We then apply these different transformations to survey data collected from 959 customers of a business-to-business company. Both hierarchical and k-means clustering are then applied to the transformed data. Our results show that double-standardization performs better than other transformations in eliminating groups that identify response styles. We show how double-standardization can be achieved on any data using SAS® programs and SAS® macros.

**Sponsor:** Oklahoma State University, Spears School of Business  
**PI/PDs:** Goutam Chakraborty, Murali Krishna Pagolu

%GetTweet: A New SAS® Macro to Fetch and Summarize Tweets

The role of Twitter as a source of valuable information for spotting trends has been much talked about in the popular press. The open API in Twitter makes it one of the most sought-after platforms for textual data analysis. While SAS® Text Miner provides a robust method for analyzing textual data, the challenge remains to fetch customized Tweets and clean textual data before any text mining. We develop and discuss a new SAS® macro that can be used easily to fetch the Tweets a researcher wants from Twitter. The macro uses the search API in Twitter and the HTTP procedure in SAS to create a data set of Tweets that are customized using parameters such as combination of keywords, exact phrases, omission of specific words, and so on. The macro also purges terms such as http tags and URLs that might create problems in text mining. This paper also shows a visual analysis of “retweets” to identify influencers via network visualization graphs that are available in SAS/GRAPH® software.
Comparison of Probabilistic-D and k-Means Clustering in Segment Profiles for B2B Markets

Customer segmentation is a critical business analysis tool that allows organizations to build customer profiles and plan marketing efforts to satisfy the varying demands of different segments. The objective of the present study is to empirically explore the concept of probabilistic-D clustering for segment profiling in a business-to-business (B2B) market. A SAS® macro that can be used on any data set for application of this technique is developed and reported. To the best of our knowledge, probabilistic-D technique has never been empirically tested in a business environment. It was compared with the widely used k-means clustering technique. Findings indicate a better explanation of customer segment profiles using probabilistic-D clustering because k-means seems to force a high percent of observations in segments where cluster membership probabilities are less than 50% as calculated by probabilistic-D clustering macro. These observations are likely to be nonresponsive (or less responsive) to the marketing efforts directed towards respective k-means segments. Using a probabilistic-D clustering approach these

A SAS® Macro to Consolidate Data from Multiple Cards with Varying Time Validity but Belonging to a Single Account

Many business-to-business (B2B) marketers use loyalty cards to recognize their loyal customers and give them benefits for their continued patronage. A B2B customer typically has a single corporate account with the seller. But the customer often wants multiple loyalty cards that it can distribute to its employees who will be using the seller’s product and services for earning loyalty points. The loyalty cards points are often accrued over varying time frames, and sometimes cards become inactive or lost and need to be replaced. Problems arise in consolidating loyalty points in situations where cards are anonymous and lost or inactive cards are simply replaced by new ones. We develop and report a SAS Macro to solve this problem.

Improving Customer Loyalty Program through Text Mining of Customer Comments

Typical surveys contain closed-end questions that generate structured numerical data and open-ended questions that generate unstructured textual data. Given the perceived difficulties in analyzing texts, most companies ignore textual data or simply look at summaries of comments. We illustrate how textual data can be grouped together to generate insights into customers’ expectations and how such groupings can be used as input variables to build better predictive models than models based on numerical data alone. Data was collected at a national conference via a survey that had numerical and four open-ended questions. Ten clusters were found in grouping of textual comments. The target is a binary (Yes/No) variable about the best loyalty program in the industry. Data was split into training and validation before building predictive models. The best predictive model using numerical data has a misclassification rate of only 26.5% and a sensitivity of 60% in the validation sample. The addition of the cluster memberships as input variables substantially increased the performance of the predictive model (misclassification reduced to 18.7% and sensitivity increased to 82.8%).
Building Brands through Brand Alliances: Combining Warranty Information with a Brand Ally
While previous research has shown a positive influence of a brand ally or a warranty, published research has not explored the effects of using multiple types of quality signals. The purpose of this paper is to explore the joint effect of a default-independent signal (i.e., a brand ally) combined with a default-contingent signal (i.e., a warranty) on the focal brand's evaluations. Our findings indicate that individually both brand alliance and warranty were a significant signal of product quality. However, the use of multiple types of signals as opposed to one signal did not add incrementally to consumer's perceived quality evaluations of a focal brand. In addition, risk reduction mediated the effects of brand ally and/or warranty on the focal brand’s evaluations.

Sponsor: Oklahoma State University, Spears School of Business
PI/PDs: Xiang Fang, Bashar S. Gammoh, and Kevin E. Voss

The Influence of Status Differentiation on Vertical Brand Extension: Intercultural and Intracultural Comparisons
In this article, the authors propose that status differentiation, the extent to which people differentiate their behaviors or attribute power to others according to perceived status differences, moderates the effect of stretch direction (upward or downward) and brand image (prestige or functional) on consumers’ responses to line extensions. The results of two studies show that high status differentiation has a positive prestige enhancement effect on an upward extension but a detrimental effect on a downward extension. This effect is more pronounced for prestige brands than for functional brands. In addition, the authors found similar patterns for the prestige perceptions of the parent brands after extension. The research identifies status differentiation as an important factor for marketers to consider when extending their brands to global markets.

Sponsor: National Natural Science Foundation of China
PI/PDs: Xiang Fang and Shengdong Lin

Consumer Motivation and the Unintended Consequences of Health Supplement Information Regulations
This research provides a contextualized view of consumer responses to information regulation in the dietary supplement industry, the maladaptive behaviors accompanying information remedies, and the importance of considering consumer motivations in regulation design.

Sponsors: Oklahoma State University, University of Utah
PI/PDs: Marlys Mason
University of Utah: Debra Scammon

What Disability Reveals and Asks About Vulnerability and Market Imbalances
This research examines the ways that families with a disabled member interact in the marketplace. These families provide a window into structural assumptions and constraints of the market that may not be consciously identified by the able bodied.

Sponsors: Oklahoma State University, University of Utah
PI/PDs: Marlys Mason
University of Utah: Teresa Pavia

Youth and Risky Consumption: Beyond Paternalism to a Transformative Approach
This research challenges the traditional education, marketing, and legal remedies guiding youth risk reduction efforts and proposes a transformative consumer perspective for identifying and ameliorating risk behaviors.
Assessing Integration and Humanization of HRA into Annual Wellness Visit and Piloting Its Potential for Prompting Behavior Change Goals

Health Risk Assessment (HRA) is designed to be a personalized educational tool for raising awareness of unhealthy lifestyles with the intention to help promote behavior modification. This research proposes a pilot study to complement the measurements and analyses of HRA by observing the way that health risk information is made meaningful for the patient during the wellness visit.

Sponsors: Oklahoma State University, University of Oklahoma Health Sciences Center
PI/PDs: Marlys Mason
University of Oklahoma Health Sciences Center: James Mold, Robert Hamm

How Does a Brand Ally Affect Consumer Evaluations of a Focal Brand? Through Risk Reduction

Published research shows that an alliance with a well-known, reputable brand can improve quality perceptions of a previously unknown focal brand. Much of this research is based on signaling theory’s bonding hypothesis. However, customers face information search costs when evaluating brands with which they may be unfamiliar. Accordingly, the authors reason that a brand ally helps customers avoid the costs associated with information search. Because these costs are potential losses for the customer, they entail risk. Three studies show that the effect of brand ally information on quality perceptions of an unfamiliar brand is mediated by perceived risk reduction due to lower information search costs.

Sponsor: Oklahoma State University, Spears School of Business
PI/PDs: Kevin E. Voss, Bashar S. Gammoh, and Xiang Fang

Do Organic Cultures Really Matter in Marketing?

Organic cultures are present in every society and particularly pervasive in emerging-market countries. In this study, we theoretically and empirically investigate how two forms of organic culture (i.e., adhocracy and clan) influence marketing effectiveness and performance in an emerging market. Using the extended resource-based view as our theoretical framework, we demonstrate that market responsiveness (as a strategic action) is the important missing link between organic cultures (as strategic resources) and product strategy changes (as competitive advantage). Moreover, product strategy change (competitive advantage) converts both strategic resources and strategic actions into superior performance. We use China as the study context and collect our data from a sample of manufacturing firms. We use multiple informants in each firm to heighten reliability and gather financial data for responding firms independently of our primary data to avoid potential common methods bias. Our results demonstrate that organic cultures do matter to the effectiveness of market responsiveness and confirm the critical role of market responsiveness and product strategy change in the process of transferring organic cultures to superior firm performance. More importantly, our results uncover that although adhocracy and clan cultures individually can significantly improve market responsiveness, the presence of both organic cultures impedes market responsiveness.

Sponsors: Oklahoma State University, Spears School of Business
PI/PDs: Yinghong (Susan) Wei
Florida State University: Ruby P. Lee
University of Tulsa: Saeed Samiee
An Investigation into Three Types of Stakeholder Orientations in a Transition Economy: From Customer, Employee, to Societal Orientations

Previous research has not examined adequately what other stakeholder orientations can complement customer orientation to create superior firm value. This pioneer study investigates how a firm’s orientation toward two additional stakeholders, employees and society, can moderate the effect of customer orientation. Using archival financial data and surveying multiple informants of 180 firms in China, this study extends the market orientation and RBV literature by providing important evidence to demonstrate that employee orientation and societal orientation, along with customer orientation, are critical resources that complement each other and that through employee satisfaction and organizational innovativeness, positive performance outcomes could result.

Sponsors: Oklahoma State University, Spears School of Business
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Florida State University: Ruby P. Lee

The Effects of Innovation Orientation, Market Orientation, and Ethical Leadership on Firm Performance

The management and marketing literature documents inconclusive results on simple effects and interaction effects between innovation orientation and market orientation. We posit that this two-way interaction may depend on the level of a third variable – ethical leadership. We collect data from multiple informants in a sample of Chinese manufacturing firms to test our hypotheses. We find a significant negative three-way interaction indicating that ethical leadership can enhance performance in firms that are high in both innovation orientation and market orientation or in firms that are low in both innovation orientation and market orientation. However, firms with low levels of ethical leadership do better to focus either only on innovation orientation or only on market orientation.

Sponsors: Oklahoma State University, Spears School of Business
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Indiana University: Neil Morgan
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Countervailing and Context-Dependent Effects of Value and Risk Perceptions in Manufacturers’ Adoption of Expensive, Discontinuous Innovations

Both value and risk perceptions are germane to industrial firms’ adoption decisions involving discontinuous innovations. Yet a surprisingly limited number of studies examine how these two considerations jointly influence the innovation adoption phenomenon. We intend to fill this gap by studying the countervailing and context-dependent effects of value and risk perceptions on industrial firms’ intention to adopt discontinuous innovations. A conceptual model is proposed and tested with data collected from influential decision makers in pharmaceutical manufacturers on their decision to adopt the modular facility technology, a costly, discontinuous facility construction innovation. The findings confirm the offsetting roles of value and risk in affecting adoption and reveal the moderating effects of external market pressure in that both value and risk assume greater roles in affecting adoption as external market pressure increases. Furthermore, our results show a positive effect of external market pressure on value, and negative effects of external market pressure and internal adoption readiness on risk. Our study contributes to the innovation diffusion and industrial marketing literatures by: (1) studying the joint and countervailing effects of value and risk perceptions on adoption decisions by manufacturers, (2) considering the contextual influences on industrial adopters’ value and risk perceptions, and (3) gathering data from influential decision makers for a major capital investment decision.
Encouraging Individuals to Save
The study investigates what motivates people to save money for their retirement. The key findings are: people are motivated by having a positive vision of the future and confidence that they will be able to reach their goals. An unexpected finding is that having false beliefs can motivate low-income people to save (by increasing their confidence). The findings suggest that the educational approach employed by the Department of Labor and most organizations that are seeking to increase retirement savings is not adequate, and for low-income individuals may be counterproductive.

Support for Restricting the Use and Marketing of Tobacco Products
The study investigates why individuals will or will not follow regulations that restrict where people can smoke and how tobacco products are marketed. The key findings are that support is consistently associated with holding a negative view of smokers, holding a negative view of tobacco companies, and the belief that the regulation will be effective; whereas opposition is consistently associated with having a negative view of government regulation. Smokers are less likely to support limits on public smoking, but not less likely to support restrictions on tobacco marketing.

Restricting Tobacco Use in Multi-Unit Dwellings
A pilot study finds that about one in three people who live in an apartment or condominium that is part of a multi-unit dwelling would be willing to pay more in rent or fees to live in a smoke-free multi-unit dwelling.

Evaluation of the OSU Anti-Tobacco Campaign
A multi-year longitudinal study finds that the OSU campaign, which included a campus-wide tobacco ban, both lowered smoking prevalence and reduced the extent to which students reported being exposed to second-hand smoke. In addition, it was found that students strongly support the ban.