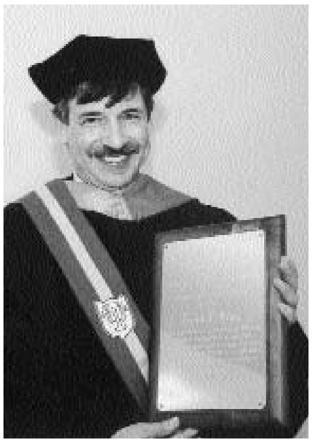
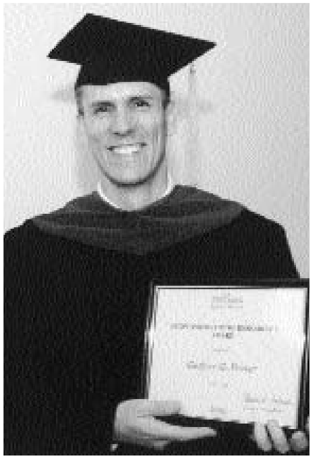
FACULTY NOTES



Russell P. Robins



Geoffrey Parker

Faculty Awards

The following faculty members received awards at the 2002 Freeman School diploma ceremony.

James T. Murphy Teaching Excellence Award
Venkat Subramaniam

Erich Sternberg Award for Faculty Research
Amiya Chakravarty

Irving H. LaValle Research Award
Robert Folger
Robert Hansen

Outstanding Young Researcher Award
Geoffrey Parker
Sheri Tice

Harold W. Wissner Award for BSM Teaching
David A. Lesmond

Harold W. Wissner Award for MBA Teaching
Russell P. Robins

BSM Honor Roll
David Lesmond
Paul Spindt
Paul Tewkesbury
Robert Wiggins

MBA Honor Roll
John Elstrott
James Marvel
Russell Robins
Sheri Tice

Kacker and Waller join faculty

The Freeman School welcomed two new members to its faculty for the 2002–2003 school year. Manish Kacker joined as assistant professor of marketing and Mary J. Waller joined as associate professor of organizational behavior.

Prior to joining the Freeman School, Kacker served as visiting assistant professor of marketing at Northwestern University's Kellogg School. Kacker also served as assistant professor of marketing and lecturer in marketing at the Smeal College of Business Administration, Pennsylvania State University. His research interests include design and management of marketing channels; franchising, retailing, buyer-seller relationships and business marketing; legal implications of distribution and marketing policies; marketing strategy; research methods in marketing; and international and e-business applications of research.

Waller comes to the Freeman School from the University of Illinois, where since 1998 she had served as assistant professor. Prior to that, Waller was an assistant professor at the University of Wisconsin and a research assistant and assistant instructor at the University of Texas. Her research interests include team processes and performance under time pressure and stress; adaptive behaviors in teams; interteam coordination; team-level human factors in complex technological systems; and managerial cognition.

Manish Kacker

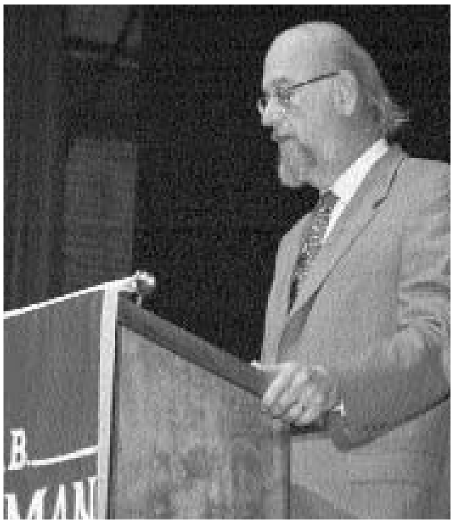
Mary J. Waller

The ingredients of corruption

When news of corporate scandals first surfaced two years ago, one person who wasn't surprised was Arthur Brief. Brief, Lawrence Martin Chair of Business and director of the Burkenroad Institute for the Study of Ethics and Leadership in Management, has studied corporate reporting fraud for more than 25 years. In a 1996 study published in *Journal of Ethics*, Brief found that 47 percent of CEOs surveyed were willing to commit fraud by lying to their public accounting firms and understating write-offs that cut into profits.

While the study's underwriters, the American Institute of Certified Public Accountants, expressed shock at Brief's findings, the study's author says the results weren't so surprising.

"My data suggests it's more a function of the circumstance the person finds himself in rather than the person himself," Brief explains. "I think you and I are just as capable of cooking the books as those other guys are."



Art Brief, director of the Burkenroad Institute for the Study of Ethics and Leadership in Management, has studied corporate accounting fraud for more than 25 years.

According to Brief, the most egregious examples of accounting fraud share three characteristics: extremely high expectations for profits, extremely high stakes for the individual and the organization, and virtually no guidance as to the right thing to do.

"You put almost anybody in that situation and there's going to be trouble," Brief says. "That's why my studies show 75 percent of the MBAs surveyed do it and 47 percent of the CEOs do it. I think many of us would go astray."

Another factor, Brief suggests, is the type of company involved. Most were companies that grew exponentially in a short period of time, usually with relatively inexperienced management at the helm.

Brief has consistently found that such organizations are not "immoral," per se, but amoral. Ethical principles are rarely brought to the table when making decisions, and companies that have instituted codes of conduct and appointed chief ethical officers have often done so not out of moral imperative but in response to federal guidelines that stipulate more lenient sentences to companies that take such steps.

Given the corporate climate, one built on high stakes and high expectations, what can be done to prevent future debacles like Enron and WorldCom? Brief says corporate accountability laws are a positive though tentative step. "I have no problem with what little has been done," he says. "I think legislation is good, I just don't think it's enough."

Brief reserves most of his praise for the New York Stock Exchange, which immediately in the wake of the scandals issued tough new guidelines for its listed companies. Those regulations include requiring listed companies to have a majority of independent directors, having auditors report to the board rather than the CEO and holding board committee meetings with no management present.

"This stuff is wonderful," Brief says. "This really will create change."

Integrating Marketing and Finance

Victor Cook is at a loss to explain why, but no academics have ever examined the interplay of a company's share price and its market share in a meaningful way. Until now, that is. Cook, professor of marketing, and Kenneth Boudreaux, professor of finance, together with former Freeman School accounting professor Prem Jain, now on the Georgetown faculty, presented "Value–Sales Differentials: Linking Financial and Marketing Performance" at the October 2002 Marketing Science Institute Conference in Dallas.

The groundbreaking study examined the interplay of stock market and product market metrics and proposed a new metric—the value–sales differential—to capture the outcome of competition for capital and customers in a single measure of company performance. The value–sales differential is the risk adjusted difference between a company's share of capitalized value and its share of sales revenues in a market space.

Companies with higher differential, such as for example Toyota, can be said to be effective with respect to marketing and financial management in the sense that investors have added a sustained premium to the company's value in excess of its relative market power. Conversely, companies with lower differentials can be said to be ineffective in the sense that investors have discounted the company's value relative to its market power.

According to Cook, no scholars have previously attempted to integrate marketing and finance to discover an explanation for the differential. The answer, he speculates, might include financial variables such as debt-to-capital and total return to shareholders as well as marketing variables such as the profit and cost per market share point.

In Brief

• Arthur P. Brief, Lawrence Martin Chair of Business, contributed "Organizational Behavior and the Study of Affect: Keep Your Eyes on the Organization" to *Organizational Behavior and Human Decision Processes*, 86, 131–139, 2001. With co-authors E.H. James, J. Dietz and R.R. Cohen, Brief contributed "Prejudice Matters: Understanding the Reactions of Whites to Affirmative Action Programs Targeted to Benefit Blacks" to *Journal of Applied Psychology*, 86, 1120–1128, 2001. With H. Weiss, Brief contributed "Organizational Behavior: Affect in the Workplace" to *Annual Review of Psychology*, 53, 279–307, 2002. Brief has two book chapters in press: with J.C. Bradley and J.M. George, "More Than the Big Five: Personality and Careers," a chapter in *Work Careers: A Developmental Perspective*, edited by D.C. Feldman and published by Jossey-Bass; and, with J.M. George, "Personality and Work-related Distress," a chapter in *Personality and Organizations*, edited by B. Schneider and B. Smith and published by Erlbaum. Brief was recently awarded a Batten Fellowship at the University of Virginia's Darden School, and in January 2003, Brief became editor of the *Academy of Management Review*.

FACULTY NOTES

• Amiya Chakravarty, A. B. Freeman Distinguished Professor in Operations Management, presented an invited semi-plenary on collaboration in e-business at the International Federation of Operations Research Societies Conference in Edinburgh, Scotland, July 2002. With co-author N. Balakrishnan, Chakravarty contributed "Achieving Product Variety Through Optimal Choice of Module Variations" to *IIE Transactions*, 33, 587–598, 2001.

Tom Gerace

• Tom Gerace, director of information technology, and William Hydrick, director of media services, presented the paper "Building and Maintaining a Remote Technology-enabled Classroom Facility" at the annual conference of the Consortium of College and University Media Centers in Wichita on Oct. 25, 2002. The paper described the process of creating, building and maintaining the Freeman School's Houston executive education facility, which includes two technology enabled classrooms, study rooms, offices and a dining room to support the executive education program. The suite features state-of-the-art classroom technologies, computer networking including wireless connectivity, cable television and a virtual private network that connects the facility with the New Orleans campus.

• Manish Kacker, assistant professor of marketing, contributed "Informants in Organizational Marketing Research: Why Use Multiple Informants and How to Aggregate Responses" to *Journal of Marketing Research*, November 2002. The article was co-authored with Gerrit van Bruggen and Gary L. Lilien.

• Thomas Noe, A. B. Freeman Chair of Business, received the Caesarea Center Award for the best risk management paper at the 2002 meeting of the Western Finance Association. The paper was co-authored with assistant professor of finance Suman Banerjee. Noe contributed "Investor Activism and Financial Market Structure" to *Review of Financial Studies*, 15, 289–319, 2002, and, with co-authors M. Rebello and M. Shrikhande, "Structuring International Joint Ventures: Bargaining, Equity Participation, and Private Information" to *Review of Financial Studies*, 15, 1251–1282, 2002.

• Geoffrey Parker, assistant professor of management, contributed two articles co-authored with E.G. Anderson to *Production and Operations Management*: "From Buyer to Integrator: The Transformation of the Supply Chain Manager in the Vertically Disintegrating Firm," Vol. 11, No. 1; and "The Effect of Learning on the Make/Buy Decision," Vol. 11, No. 3. Parker was also co-chair of the 2002 Workshop on Information Systems and Economics, held in Barcelona, Spain, in conjunction with the 2002 International Conference on Information Systems.

William A. Reese Jr.

• William A. Reese Jr., assistant professor of finance, contributed "Protection of Minority Shareholder Interests, Cross-listings in the United States, and Subsequent Equity Offerings" to the *Journal of Financial Economics*, October 2002. The article was co-authored with Michael S. Weisbach.

• F. Kelleher Riess, clinical professor of business, and Lucy Riess, adjunct professor of accounting and taxation, presented "Benefits and Pitfalls of the Marital Deduction in Gift and Estate Planning" at the 50th Annual Tax Institute at the University of Montana, Nov. 8, 2002.

F. Kelleher Riess

• Bill Strickland, librarian of the Turchin Library, is president of the Louisiana/Southern Mississippi Chapter of the Special Libraries Association. The winter meeting of the association took place in New Orleans in January. Headquartered in Washington, the SLA is an international organization of thousands of corporate, academic and government librarians.

• Chi-Wen Jevons Lee, professor of accounting, was appointed World Renown Scholar Chair for 2003 by the China Ministry of Education. The chair assists the two top universities in China, Tsinghua University and Peking University, in becoming world-leading institutions. Lee delivered the keynote speech "Accounting Research in China" at Cardiff University's Accounting and Finance Symposium in July 2002. Lee presented the paper "Heterogeneous Belief and Seemingly Emotional Behavior in Capital Market," written with Zhanhui Chen, at the Econometric Society Conference, held at UCLA in June 2002. Lee presented "Field Study in Accounting" at the 2002 conference of the China Accounting Professors Association in Chengdu, China, in July 2002. Lee also presented a paper with his student Yenheng Song, "Face Off in China Stock Market: A Field Study of SEGA," at the conference. With coauthor Inchi Hu, Lee contributed "Bayesian Adaptive Stochastic Process Termination" to *Mathematics of Operations Research*.