

## Working Papers For The Year of 2004

**#2004-01 "Investing in Product Development and Production Capabilities: The Crucial Linkage Between Time-To-Market and Ramp-Up Time"** Janice Carrillo (University of Florida) and Richard Franza (Kennesaw State University) Shorter product life cycles, more rapid product obsolescence, and the increasing intensity of global competition have driven firms to strive for a more rapid introduction of new products to market. We introduce a normative model, which yields insights concerning several key new-product development (NPD) decisions. First, we examine investment strategies related to the timing and duration for investments in both design and process capacity over a given planning horizon. Second, the model offers guidance regarding the optimal time-to-market and ramp-up time necessary to meet peak demand for the new product. The model thus provides both theoretical and managerial insights into the crucial linkage between time-to-market and ramp-up-time decisions. Finally, the implications of several specific NPD investment mechanisms on these NPD metrics are explored.

**#2004-02 "Elements of Six Sigma Implementation"** Samia Siha (Kennesaw State University) and Vidyaranya Gargeya (UNC-Greensboro) Hundreds of books and articles have been written on Six Sigma principles, processes, and practices in the last decade. This paper identifies the elements of Six Sigma implementation through a content analysis of published articles in academic and practitioner literature. A few propositions for future research are also presented.

**#2004-03 "Embarrassment and Efficiency in the Basketball Betting Market"** Ladd Kochman (Kennesaw State University) and Randy Goodwin (Kennesaw State University) Defining "embarrassment" as the straight-up loss of a game by a college basketball team when favored by 10+ points, we hypothesized that teams so embarrassed would be especially motivated in their next game and, in turn, beat the point spread. We applied our betting rule to the 191 schools handicapped by Las Vegas over the five seasons ending in 2003 and won 166 out of 290 wagers. The 57.2-percent wins-to-bets ratio was non-randomly profitable at  $p < 0.10$ . To the extent that we have found an intangible factor that is neither unimportant nor discounted by the spread, the market for bets may not be as efficient as generally believed.

**#2004-04 "E-Negotiation: An Assessment"** w Douglas Moodie (Kennesaw State University), Ernest Capozzoli (Kennesaw State University) and Sheb True (Kennesaw State University) Today, an organization's use of e-commerce tools for purchasing and sales has developed from e-catalogs and e-mail to auctions. This paper speculates on how organizations will progress from the use of intelligent buying and selling agents to a fully automated negotiation system for business transactions. The writers believe the largest market is not for e-systems to replace people in difficult and important negotiations but rather to carry out negotiations on small transactions where the cost of people is not justified and thus no negotiation occurs—e.g., fixed price, fixed delivery transactions.

**#2004-05 "The Evolution of Manufacturing Cells: A Case Study and Analysis"** Satya Chakravorty (Kennesaw State University) and Douglas Hales (Clemson University) This study documents a cell design implementation involving both structural and operational decisions and its subsequent evolution in a millwork manufacturing company over a six-year period. The purpose of this research is to provide a longitudinal analysis of how manufacturing cells evolve. Our research finds that both human and technical issues contribute to manufacturing cell evolution. An important finding of this research is that the evolutionary process consists of several distinct stages. In the first stage, both human and technical problems exist; then human problems are resolved and the cells perform effectively. Finally, cells go through several of these stages to reconfigure themselves to an

optimal cell size. Another important finding is that the role and responsibilities of a supervisor is key to successful cell design.

**#2004-06 "Strategic Directions for Improving Supply Chain Performance"** Samia Siha (Kennesaw State University) This paper discusses the main challenges currently faced in managing supply chains in general and those in highly dynamic decision environments in particular. These include complexity, uncertainty, behavioral, and informational challenges. A dual dimensional approach is proposed to help overcome these challenges. This includes both proactive and reactive strategies and systems.

**#2004-07 "Marketing Channels: An Integration Perspective"** Ernest Capozzoli (Kennesaw State University), Sheb True (Kennesaw State University) and Robert Winsor (Loyola Marymount University) Marketing channels are being reshaped by technology. Technological advancements in the area of e-business are quickly shaping the future of nearly every business domain by shifting power and scrambling traditional channel operations and relationships. As a result, there has been an increased effort to understand the role and competitive implications of emerging technologies. The authors propose a definition of an e-business structure that is operationalized along a continuum based upon internal and external systems. This transformation is directed toward improving the ease, desirability, flexibility, and value of channel interactions to maximize the lifetime value of every customer relationship.

**#2004-08 "A Perspective on Problem-Solving: A Process Improvement Experience in a Plastics Company"** Satya Chakravorty (Kennesaw State University) and Douglas Hales (Clemson University) Over the years, many authors [e.g., Cougar (1995)] have proposed theoretical models of problem-solving. These models work a problem in a stepwise sequential and rational manner. The purpose of the research is to find if there is a fundamental difference between what these models describe and what actually happens when problems are solved in a real-world setting. Using a process improvement experience in a plastics company, we find that when the problem is identified, problem-solving generally followed in a sequential and rational manner. However, when the problem is not identified, problem-solving proceeded in a recursive and reflective manner, which appears irrational to the observer. The relationships among problem-solving steps are much more complex than implied in the existing literature. We also provide insights for academicians and practicing managers, which are beneficial for implementing process improvement projects.

**#2004-09 "Ethics and the Relational-Self"** Lou Pelton (University of North Texas) and Sheb True (Kennesaw State University) A code of ethics serves as a benchmark for an organization to provide a behavioral roadmap for employees and other stakeholders. The development and management of these guidelines are influenced by cultural norms (e.g., society, profession, industry, and organization) as well as an individual's personal characteristics (e.g., values, beliefs, strength of moral character, ethical sensitivity, demographics, and experiences). The focus of this paper is on one's perspective to understand and act upon the processes and outcomes related to codes of ethics. More specifically, the concept of the *relational-self* implies that individuals see and act through the eyes of the "others".

**#2004-10 "Necessary Conditions for Military-to-Private Sector Technology Transfer"** Richard Franza (Kennesaw State University) Technology transfer has become an increasingly important mission of military laboratories with results that benefit the government, private companies, and the nation's economy. However, the performance of this mission over the past decade has been a mix of successes and failures. The purpose of this research is to improve this performance by identifying the characteristics found to be

common among successful military-to-private sector technology transfers. Detailed case studies of 19 U.S. Air Force technology transfers to the private sector are examined to determine the “necessary conditions” for successful transfer. These necessary conditions include upper management support of technology transfer in the military laboratory, project champions in the military laboratory, shared personnel of the military and private organizations throughout the transfer project lifecycle, acquiring organization technical capability and resources, and acquiring a business plan for commercialization.

**#2004-11 “Course Revitalization as a Change Driver Throughout Undergraduate Business Curriculum”** Elke Leeds (Kennesaw State University) and Radwan Ali (Kennesaw State University) This paper describes the revitalization of Business Information Systems and Communication—a high-enrollment, prerequisite course for all undergraduate business students in the Coles College of Business. An overview of the course components is presented and the original structure is described. The rationale for change, technologies leveraged and measures of success are presented. The change drivers are identified, and their impact on undergraduate curriculum is delineated. Lessons learned and future implications are discussed.

**#2004-12 “Investments in Health and the Retirement Decision: An Empirical Analysis of the Length of Retired Life”** Kenneth Chapman (California State University-Northridge) and Govind Hariharan (Kennesaw State University) This paper develops the first formal analysis of the length of retired life by incorporating retirement and Social Security in a simple model of health investment. We identify the determinants of length of retired life and find important interdependencies between length of life and retirement age—some of which was reported by Waldron (2001). Using data from the Longitudinal Retirement History Survey, we found that greater benefits increase age at death by about half as much as those greater benefits increase the age of retirement. Thus, increases in Social Security benefits reduce the typical period spent as a beneficiary. **–Judged best working paper in Series #37 and winner of \$100**

**#2004-13 “Adult Learning Program to Capture and Conceptualize Teaching Innovation”** Elke Leeds (Kennesaw State University) This paper describes the creation of an adult learning program in the Michael J. Coles College of Business at Kennesaw State University. The program’s mission is to capture and conceptualize teaching innovation across comparable business degree programs and to educate faculty on innovations in use for the purpose of planned implementation. The program is the result of an AACSB International re-affirmation compliance effort and is intended to meet AACSB International standards while motivating faculty to re-examine teaching practices and to improve the overall course delivery and teaching methods.

**#2004-14 “Process Improvement: Conceptual Methodologies and a Framework”** Samia Siha (Kennesaw State University) What is process improvement and how can its success be measured? Is it an internal measure or should it depend on customer satisfaction? Is it local or global? Is the bottom line the ultimate indicator or are market share and value added to stakeholders important considerations? We shall answer these questions by briefly surveying and analyzing existing process improvement approaches and then extending them in a new integrated framework. The framework proposed synthesizes behavioral and analytical concepts in a way that provides both conceptual extensions and practical advantages for implementation.

**#2004-15 “An EMBA Perspective”** Ernest Capozzoli (Kennesaw State University) and David Gundersen (Stephen F. Austin State University) The results of an executive MBA program assessment are analyzed and interpreted against the backdrop of increasing competition among universities to attract and retain qualified students. The public education

environment is currently in a turbulent state. This turbulence is in part caused by such factors as reduction in public funding for higher education due to constrained state budgets, student expectations, requirements imposed by accrediting bodies, and other outside constituencies requesting more accountability. The pressure to hold educational institutions accountable is increasing at a rapid rate. To provide a measure of accountability and to quantify program quality, those institutions have placed a great deal of emphasis on program assessment. Informational results from program assessments influence a myriad of decisions made by many that ultimately impact student enrollment, program support, and program funding. Despite questionable psychometric properties and potentially conflicting outcomes, student evaluations of teaching faculty continue to be a primary source of information used in program assessments. This burdens educators and administrators with the task of interpreting and utilizing incomplete and perhaps inaccurate information. Results indicate that student response rates decline with increased numbers of evaluations, and influences on teaching quality assessments may be unrelated to content and presentation.

**#2004-16 “Audit Committee Oversight—It’s More Than Asking the Right Questions”** Mark Beasley (North Carolina State University) and Dana Hermanson (Kennesaw State University) To perform their oversight duties, audit committees today rely heavily on inquiries of management and auditors. While asking the right questions is important, we encourage audit committee members also to focus carefully on assessing the overall credibility of management and the auditors as well as on evaluating the quality of responses to specific inquiries. We offer issues for audit committee members to consider and encourage those members to consult the literature on indicators of deceit and lying in fraud-related interviews.

**#2004-17 “Incentives for Monitors: Director Stock-Based Compensation and Firm Performance”** James Cordeiro (SUNY-Brockport) and Rajaram Veliyath (Kennesaw State University) Since the mid-1990s, U.S. corporations have increasingly emphasized stock-based compensation for outside directors in order to align their interests with stockholders and thus boost firm performance. We demonstrate that stock options and stock grants (each as a ratio relative to total compensation) for directors were positively related to future firm performance (measured as stock returns and, separately, as Jensen’s alpha) for a panel of 450 S&P 500 firms over the 1995-97 period. Stock option ratios appeared to have a stronger impact on firm performance than stock grants did. Further, stock options and grants ratios were more strongly associated with performance in firms with higher investment opportunities as well as in firms with weaker external monitoring.

**#2004-18 “The Shingo Prize for Excellence in Manufacturing: Rewarding and Expanding World-Class Practices”** Satya Chakravorty (Kennesaw State University) and Brian Atwater (Utah State University) Established in 1988, the Shingo Prize for Excellence in Manufacturing recognizes manufacturing organizations in the United States, Mexico, and Canada for successful implementation of world-class practices. The Shingo Prize emphasizes the improvement of operations and processes, adoption of proven world-class practices, the use of specific measurements related to quality and process improvement, empowerment of employees, and the integration of other business functions. To date, many manufacturing companies or plants have received the Shingo Prize—including Exxon, Johnson and Johnson, Lucent Technologies, Johnson Controls, Ford Motor Company, and Wilson Sporting Goods. The Shingo Prize recipients have demonstrated that successful application of world-class practices results in increased productivity, enhanced quality and customer service, and improved bottom-line business results.

**#2004-19 “Simple Tech Tips for Teaching Introductory Accounting”** Paula Morris (Kennesaw State University) and Kathleen Wilcox (Kennesaw State University) You do not have to be a computer whiz to use technology in the classroom. WebCT®, Microsoft Excel®, and the Internet serve as simple but dynamic tools for managing class as well as

enhancing the learning environment. WebCT© provides the instructor with an easy-to-use Internet-based application for administration, communication, and assessment. The use of Excel© and in-class Internet access provide the teacher with opportunities to create presentations and examples that are effective and relevant. In this paper, we describe and demonstrate techniques and tips for using WebCT©, Microsoft Excel ©, and the Internet to improve efficiency and effectiveness in the introductory accounting classes.

**#2004-20 “A Historical Perspective on Accounting Practices in the 1800s”** Ernest Capozzoli (Kennesaw State University) The study of history from an accounting perspective is like traveling down a dark and gloomy hallway that occasionally glows with the light of unexpected surprises. On occasion, the researcher is fortunate enough to find accounting records in a state of preservation that allows for investigation and exploration of the past. The reward for exploring the past comes when a link is discovered between recorded events of an accounting and historical nature that can then be synthesized and placed into a meaningful context. The discovery and synthesizing process adds to the body of knowledge about previous accounting practices and cultural settings. This paper explores the accounting practices and cultural setting of a general merchandise store in Natchez, Mississippi during the early-to-mid 1800s. The facts concerning the store came from a cash book (referred to as the ledger) that recorded financial transactions prior to and after the Civil War. Before the War, daily sales and disbursement entries were maintained from 1837 to 1845. The ledger also recorded complete sales and payroll entries from January through December 1865.

**#2004-21 “The Relevance and Quality of Service Operations Management”** Samia Siha (Kennesaw State University) As the service sector grows, so does interest in service operations research. However, no evaluation of publication outlets for such research exists. This research evaluates the quality and relevancy of such journals through a survey of academics with service operations expertise and citation analysis of the top journals they identified.

**#2004-22 “The Fraud Diamond: Considering Four Elements of Fraud”** David Wolfe (Glasgow Forensic Group) and Dana Hermanson (Kennesaw State University) To help advance the ability of CPAs to manage fraud risks as well as the ability of auditors to detect fraud, we present a somewhat different way to think about fraud risk factors—a four-sided fraud diamond consisting of incentive, opportunity, rationalization, and capability. In this fraud diamond, capability refers to personal traits and abilities that allow some people to turn fraud opportunities into reality. We assert that such personal factors should be separately and explicitly considered when attempting to prevent or detect fraud. The fraud diamond is designed for use by a variety of CPAs—including auditors, corporate accountants, and audit committee members.

**#2004-23 “Ethics and Technology: Data Warehousing a Conflict in Process”** Robert Parker (Troy State University-Okinawa) and Ernest Capozzoli (Kennesaw State University) This paper provides a background on the characteristics, components, and information flows of a data warehouse. As the practice of warehousing data increases, ethical concerns are raised. Three such concerns about the impact data warehouses can have on an individual are discussed—including dirty data, invasion of privacy, and identification theft.

**#2004-24 “Funding Economic Transition in China: The Privatization Option”** Penny Prime (Kennesaw State University) Since the late 1970s, China’s leaders have been trying to transform their enterprises and institutions into dynamic forces for socialist development. Unlike other economies in transition, outright privatization of state-owned enterprises has been shunned inasmuch as this would undermine the legitimacy of the one-party system led by the Chinese Communist Party. Now the CCP itself is promoting the private sector within

its ranks. Within a framework analyzing the rising cost of government activity, this paper argues that the growing resource constraints in China are the key economic motivator for the changes in the laws and attitudes towards private ownership but also that the mechanisms chosen are aimed at increasing efficiency without undermining CCP control. — *Judged best paper in series and winner of \$100*

**#2004-25 “Globalization Through a Different Lens: The Perspectives of Developing Countries and Non-Business Disciplines”** Rajaram Veliyath (Kennesaw State University) and Janet Adams (Kennesaw State University) This paper argues that business interests need to hear what critics have to say about the negative effects of globalization on developing nations and to balance economic and non-economic interests. Further, the importance of non-economic effects of globalization requires the regulation of pure capitalism through radically different perspectives and approaches—some of which are proposed in this paper. These include consciously acknowledging the downsides, modifying our thinking about globalization, developing alternative models of development, creating frameworks for collaboration among agencies in critical areas, and establishing multilateral institutions with enforcement powers.

**#2004-26 “The Home Field Disadvantage: A Test of Football Market Efficiency”** Ladd Kochman (Kennesaw State University) and Randy Goodwin (Kennesaw State University) The argument that home sports teams tend to be underpriced and generate abnormal returns when picked to beat their respective point spreads was extended to college football. While aggregate wins-to-bets ratios for home favorites and home underdogs for the 1997-2003 seasons revealed no such systematic behavior, results from certain conference-specific betting rules suggested that home teams may actually be overpriced and that a home field *disadvantage* exists. Betting against home teams in the Sunbelt and Southeastern Conferences produced statistically significant W/B ratios greater than 60 percent.

**#2004-27 “Internet Pharmaceutical Sales: Pros, Cons, and Implications”** Katie Buckinger (Troy State University) and Ernest Capozzoli (Kennesaw State University) Internet-based pharmacies (E-pharmacies) are now becoming more abundant. With the advent of Internet pharmaceutical sales, new opportunities and risks are presented to both retailers and consumers. This paper investigates and discusses the positive and negative aspects of Internet pharmacies. It also explores efforts underway to resolve problems associated with online pharmacies.

**#2004-28 “Internal Auditing: The Initial Impact of the U.S. Accounting Scandals”** Joseph Carcello (University of Tennessee), Dana Hermanson (Kennesaw State University) and K. Raghunandan (Florida International University) This paper examines changes in internal auditing in the wake of the Enron and WorldCom disasters and the related legislative and media focus on internal control and corporate governance. Data gathered from 271 mid-sized U.S. public companies reveal that internal audit budgets, staffing levels, meetings with the audit committee, and length of meetings increased dramatically from 2001 to 2002. Regression analyses provide evidence of (1) smaller firms catching up to larger ones in terms of their investment in internal audit, (2) companies with strong operating cash flows having greater increases in their internal audit budget and staff levels, and (3) more financially-distressed companies experiencing greater increases in the interaction between the audit committee and internal audit.

**#2004-29 “The Importance of Integrated Goal-Setting: The Application of Cost of Capital Concepts for Private Firms”** Frank Adams (Kennesaw State University), George Manners (Kennesaw State University), Joseph Astrachan (Kennesaw State University) and Pietro Mazzola (University IULM of Milan) This paper examines the concept of financial

return, answers the question of how do you know when the return is adequate, and explores the relationship of short- and long-term returns as they relate to business health.

**#2004-30 "Management of the Assurance-of-Learning Process"** Linda Malgeri (Kennesaw State University) Many of the accrediting organizations for higher education have instituted an assurance-of-learning standard in the requirements for accreditation. These standards explicitly recognize the importance of student learning outcomes assessment in the continuous improvement of academic programs. This paper explores the activities of an institution's campus-wide assurance-of-learning council and provides perspectives in developing student learning outcomes assessment plans and reports.

**#2004-31 "IT Outsourcing: Strategic Implications for E-Commerce"** Ernest Capozzoli (Kennesaw State University) and Jason Capozzoli (Troy State University) Organizations are increasingly utilizing IT outsourcing in their efforts to find competitive advantage. This trend is due to an increasingly competitive global environment, expanding E-commerce activities, and the pressure to deliver IT solutions in a more-timely manner. This paper discusses some of the benefits which companies can derive from outsourcing their IT needs.

**#2004-32 "Factors Associated with U.S. Public Companies' Investment in Internal Auditing"** Joseph Carcello (University of Tennessee), Dana Hermanson (Kennesaw State University) and K. Raghunandan (Florida International University) This study examines factors associated with U.S. companies' investment in internal auditing. Data from a survey of members of the Institute of Internal Auditors were supplemented by publicly-available data. Based on replies from 224 mid-sized firms, the results indicate that internal audit budgets (and staffing levels) are positively associated with company size and operating cash flows. Total internal audit budget levels are lower when a greater share of the internal audit effort is outsourced—suggesting a cost-saving motive for outsourcing. We also found that companies with more involved audit committees (as measured by the number of meetings between the audit committee and internal audit committee review of the internal audit budget) invest more heavily in their internal audit function.

**#2004-33 "China 's WTO Compliance: Commitment and Progress in the Initial Stage"** Penny Prime (Kennesaw State University) This paper surveys China 's WTO commitments for the first two years of membership and evaluates broadly the progress toward meeting those commitments. This evaluation takes into account views on compliance from both inside and outside China as well as develops the international and national economic context within which this process is unfolding. After introducing the key issues, the paper summarizes the nature and extent of China's initial commitments. The next section describes the monitoring infrastructure that has emerged. Monitoring compliance itself is part of the institution building that is required of a WTO member and is an important part of the adjustment process. The penultimate section analyzes the progress and problems with compliance—taking different reference points into account. The final section draws some conclusions in light of the experience of other countries and China's task ahead.

**#2004-34 "Georgia Electronic Government: An Opportunity Missed?"** Ernest Capozzoli (Kennesaw State University) and David Gundersen (Stephen F. Austin State University) This paper explores the impact associated with budgetary shortfalls in the state of Georgia. Specifically, it assesses the impact of budgetary shortfalls and the extent to which county government has used the Internet to conduct business in a more productive manner within the state. The paper also describes the current level of E-government deployment in the conduct of county business along with demographic data.

**#2004-35 "Internal Consistency in Components of International Management/Internal Business Syllabi: Roadmaps with Mixed Messages"** Rajaram Veliyath (Kennesaw State University) and Janet Adams (Kennesaw State University) The course syllabus is a contract between instructor and students, a schedule of course assignments and activities, and a roadmap delineating objectives and checkpoints in the course. It is also a planning and reference tool for both students and instructor, and it models the professor's expectations for his/her students. This study investigates whether a sample of 191 international business/international management syllabi showed consistency between knowledge and skill development objectives cited in the syllabi and actual topic areas covered in reading and other assignments. We also examine congruence between teaching methods and grading policies. The findings reveal a significant lack of consistency in the items examined. Potential problems likely from the resulting mixed messages are discussed.

**#2004-36 "Sales Management and Technology"** Joy White (Troy State University-Japan) and Ernest Capozzoli (Kennesaw State University) In today's environment, information systems are an important factor in marketing and sales management. There are many ways that an organization can use information systems to develop effective sales and marketing programs. This paper focuses on two uses of information systems to augment sales and marketing plans. One, electronic commerce is a growing method of increasing sales. It broadens brand name recognition by adding another outlet to the consumer. It also enhances advertising plans by using the Internet as another medium. Two, data-mining is a software tool that sifts through large amounts of data to show trends and relationships. This allows an organization to target a smaller audience, reduce customer turnover, or segment a market.

**#2004-37 "Continuous Monitoring of Transactions"** Dana Hermanson (Kennesaw State University), Brian Moran (Oversight Systems, Inc.), Christopher Rossie (Oversight Systems, Inc.) and David Wolfe (Glasgow Forensic Group) Traditional methods of monitoring and controlling organizations often appear incapable of preventing or detecting fraud, and they do not leverage recent advances in information technology. As a result, occupational fraud and fraudulent financial reporting continue to increase in frequency and severity. This paper discusses the emerging ERP-based framework for integrated, continuous monitoring of organizations' transactions with the goal of significantly reducing fraud, misuse and errors by insiders. The continuous monitoring concept first is described, followed by a discussion of the response team needed to address the "incidents" identified by continuous monitoring software. This paper concludes with consideration of potential results and future directions in continuous monitoring. *--Judged best paper in series and winner of \$100*

**#2004-38 "The Fallacy of Trends: A Test of Basketball Market Efficiency"** Ladd Kochman (Kennesaw State University) and Randy Goodwin (Kennesaw State University) A popular selling technique used by sports magazines is to promise profitable betting trends gleaned from historical scores and point spreads. One such claim by a recent newsstand publication for wagers on National Basketball Association games was targeted for statistical testing. Among the 145 "proven winning trends", 78 (67) generated wins-to-bets ratios no lower than 60% (no higher than 40%). When the latter set was necessarily reversed for betting purposes, the only two trends that proved non-randomly profitable emerged.

**#2004-39 "Wage Negotiation under Good Faith Bargaining"** Jesse Schwartz (Kennesaw State University) and Quan Wen (Vanderbilt University) We study the wage negotiation model of Haller and Holden (1990) and Fernandez and Glazer (1991) under the "Good Faith Bargaining" (GFB) rule where a party may not demand more than it has previously demanded. The GFB rule significantly restricts feasible strategies but, at the same time, makes the game non-stationary and the analysis complicated. We introduce a state-dependent backward induction that generalizes Shaked and Sutton (1984) to

characterize the equilibrium payoffs. We find that the GFB rule eliminates the union's credibility to strike. Without the strikes, the union's strategic opportunities during disagreement disappear so that there is a unique equilibrium. This uniqueness contrasts sharply with the multiple equilibrium outcomes that occur when no GFB rule is imposed.

**#2004-40 "Expectations of Executive MBAs"** Ernest Capozzoli (Kennesaw State University) and David Gundersen (Stephen F. Austin State University) Currently there are over 200 EMBA programs worldwide. The programs have grown in popularity and have increased by more than a third over the past three years. Overall, schools are aggressively marketing their EMBA programs and, as a consequence, prospective EMBA participants have numerous options for EMBA program enrollment. To successfully compete in the current environment, EMBA programs must understand and market to expectations of prospective MBAs. This paper explores the suitability of using the Teaching Goals Inventory (TGI), developed by Angelo and Cross (1973), as an appropriate instrument to analyze expectations of MBAs in the U.S. and describes results of a survey of 262 EMBA participants using the TGI.

**#2004-41 "Are Higher Tobacco Taxes Good for Health? An Empirical Analysis of the Effect of Addiction and Substitution in Teenage Cigarette Smoking"** Govind Hariharan (Kennesaw State University) This paper examines the empirical support for predictions that cigarette taxes or price increases will improve smokers' health. Most of the current literature argues that since taxes reduce the number of cigarettes smoked, they should improve the health of smokers. In a recent article, Evans and Farrelly argued that the effect of higher taxes may not be as clear-cut if there is also a substitution into more nicotine- and tar-intensive cigarettes—i.e., the substitution hypothesis. They found some evidence that higher taxes reduce consumption of cigarettes but induce a substitution into higher nicotine and tar cigarettes. Their study was based on cross-sectional data and was unable to isolate changes in behavior over time. In this paper, we use longitudinal data from the Teenage Attitudes and Practices Survey of 1989 and 1993 to examine whether the Evans and Farrelly findings are an artifact of the cross-sectional data set or are more robust. We also expand on their study by posing important questions on when such substitutions occur—if they do at all. When we exploit the longitudinal nature of the data, our results suggest that initial changes in prices or taxes are more important determinants of cigarette consumption by teenagers than taxes once teenagers become addicted. We also find some evidence in support of the substitution hypothesis. The overall results indicate that the effect of higher taxes in the initial years of smoking has very beneficial effects on health-damaging tar consumption.

**#2004-42 "Dealing with Complexity in Organizational Control Processes: Drawing Lessons from the Human Brain"** Rajaram Veliyath (Kennesaw State University) and K. Sathian (Emory University School of Medicine) Organizational control is the process of monitoring, checking, and comparing actual accomplishments against intended goals—along with the process of taking corrective action. The early control systems were based on cybernetic models derived from electro-mechanical systems. Their application in organizational control processes resulted in numerous control problems like managerial tendencies to behavior substitution, goal displacement, and short-term orientation. Today's organizational control systems have to accommodate the multiple requirements mandated by different types of control—operating in different contexts under varying rates of environmental turbulence. This paper applies certain lessons from the brain to current organizational control processes—identifying specific features of the brain and their corresponding benefits in an organizational context.

**#2004-43 "Business Strategy and System Integration"** Ernest Capozzoli (Kennesaw State University) and David Gundersen (Stephen F. Austin State University) This paper explores the relationship between business strategy and system integration activities as well

as the shortcomings associated with linking the two processes. We also elaborate on a continuum used for defining and describing the level of computer-based systems, activities, business functions and system integration necessary to link business and IS strategy in the business organization. The paper concludes with a discussion on how the framework can be utilized to gain an understanding of an organization's level of integration and support movement along the continuum.

**#2004-44 "Internal Audit's Role in Enterprise Risk Management"** Mark Beasley (North Carolina State University), Richard Clune (Kennesaw State University) and Dana Hermanson (Kennesaw State University) Interest in Enterprise Risk Management (ERM) has increased dramatically in recent periods. The Committee of Sponsoring Organizations of the Treadway Commission issued an exposure draft in July 2003 that laid out key elements of a process for managing all types of risk. Given ERM's rising interest and the existing focus of many internal auditors on risk management, we conducted a survey of audit executives in various U.S. and non-U.S. companies to learn the extent to which ERM was being adopted. Responses from the 175 respondents were quite diverse—ranging from *complete ERM framework in place* to *none in place*. However, most respondents were generally positive about ERM's impact on the organization and the internal audit process. Further, we expect ERM adoption to continue to gain momentum and foresee many more organizations becoming involved in efforts such as ERM education and monitoring. Concluding remarks include several ways in which firms can start and perfect the ERM process.

**#2004-45 "Stock Options: Emerging Trends and Implications"** David Gundersen (Stephen F. Austin University), Ernest Capozzoli (Kennesaw State University) and Ravi Behara (Florida Atlantic University) Stock options have been discussed widely over the last several years. Most of those discussions have centered on the use of stock options as a compensation tool for executives and, more recently, as an item impacting the financial statements when expensed. The purpose of this paper is to explore both of those issues by first providing an explanation of stock options and then reviewing the history, trends, pitfalls and expensing of these controversial instruments.

**#2004-46 "Enterprise Risk Management and the Internal Audit Function"** Mark Beasley (North Carolina State University), Richard Clune (Kennesaw State University) and Dana Hermanson (Kennesaw State University) Despite the recent emergence of Enterprise Risk Management (ERM) processes within organizations globally, there is a paucity of empirical research about ERM. This study provides evidence about factors associated with the impact of ERM on the internal audit function—an issue under considerable debate within the profession. We find that ERM has had the greatest impact on internal audit's activities when (1) the organization's ERM process is more completely in place, (2) the CFO and audit committee have called for greater internal audit activity related to ERM, (3) the chief audit executive's tenure is longer, (4) the organization is in the banking industry or is an educational institution, and (5) the internal audit function has provided more ERM leadership. We also address specific areas of the internal audit focus in ERM and offer implications and future research direction.

**#2004-47 "Online Trading: An Evolving Channel"** John Krysa (Troy University) and Ernest Capozzoli (Kennesaw State University) With the growth of the Internet and e-commerce, a drastic change has taken place in the way individuals invest in the stock market. The Internet has refined two important steps in the investing process: the way in which people place their trades and the way in which they learn about investment alternatives. This paper traces the evolution, benefits and pitfalls of online trading.