

NOVEMBER 2006 RESEARCH REPORT COLLEGE OF MANAGEMENT

ACCEPTED PAPERS IN REFEREED JOURNALS

Cecil Bozarth

Bozarth, C., Blackhurst, J., & Handfield, R. (2006). "Following the Thread: Industry Cluster Theory, the New England Cotton Textiles Industry, and Implications for Future Supply Chain Research," *Production and Operations Management*.

The purpose of this paper is to introduce supply chain management researchers to industry cluster theory within the context of supply chain management decisions. Industry cluster theory emphasizes the explicit and implicit benefits that accrue to various economic players due to geographic proximity. As such, it provides a contrasting view to the current pressure on supply chains to seek out the "best" partners, regardless of location. We review the theory behind industry clusters, and illustrate it using the example of the New England cotton textile industry. Incorporating these concepts into future research has the potential to improve our understanding of how decisions regarding supply chain location and sourcing decisions are currently made, and what role location-based benefits should play in these decisions.

Bruce Branson

"Accounting for Accelerated Share Repurchase Programs," *The CPA Journal*, with Don Pagach

Corporate share repurchases have recently overtaken traditional dividend payouts to shareholders. Fueling this growth has been the recent proliferation of accelerated share repurchase (ASR) programs. These programs afford corporate participants an opportunity to rapidly reduce the number of outstanding shares. Recent announcements of accelerated share repurchase plans have included such entities as Duke Energy, Hewlett-Packard, Lincoln National Corporation, and DuPont. This article focuses on the increased complexity associated with accounting for these ASR programs.

Accelerated share repurchase programs differ in a number of subtle but important ways from traditional share repurchase programs. First, the implementation of an accelerated share repurchase program immediately results in a decrease in the number of shares outstanding for a company. Thus the accelerated share repurchase program can result in a more significant change to earnings per share than a traditional open market share repurchase program. The complexity arises due to the embedded derivative that is created in these transactions—the obligation to cover any losses incurred by the investment bank on the company's behalf as the bank covers their short position in the company stock.

Tom Grennes

"The Columbian Exchange and the Reversal of Fortune". *Cato Journal*, Winter 2007.

Prior to the arrival of Columbus, there were no horses, cattle, pigs, or wheat in America. There were no potatoes, corn, or tomatoes in Europe. The Columbian Exchange of animals and crops across the Atlantic Ocean had a major effect on what people ate, the agricultural products they produced, and general economic growth. The responses to the Columbian Exchange were significantly different in the United States and Mexico.

Prior to 1492, residents of the land that became the United States were less affluent than the people of Mexico, but subsequently there was a reversal of fortune. This paper considers the effects of differences in colonial policy and institutional development after independence on the reversal of fortune in the U.S. and Mexico.

Robert Handfield

Bozarth, C., Blackhurst, J., & Handfield, R. (2006). "Following the Thread: Industry Cluster Theory, the New England Cotton Textiles Industry, and Implications for Future Supply Chain Research," *Production and Operations Management*. Abstract reported above.

Art Padilla

"The toxic triangle: Destructive leaders, susceptible followers, and conducive environments," *Leadership Quarterly*

Destructive leadership entails the negative consequences that result from a confluence of destructive leaders, susceptible followers, and conducive environments. We review how destructive leadership has been discussed in the literature and note that it has not been clearly defined. Building on prior research, we develop a definition of destructive leadership that emphasizes negative outcomes for organizations and individuals associated with and affected by them. Then we outline *the toxic triangle*: the characteristics of leaders, followers, and environmental contexts associated with destructive leadership. We illustrate the dynamics of the framework using case studies.

Don Pagach

"Accounting for Accelerated Share Repurchase Programs," *The CPA Journal*, with Bruce Branson. Abstract reported above.

Richard Warr

"A valuation-based test of market timing," with William B. Elliott and Johanna Koëter-Kant, *Journal of Corporate Finance*

We implement an earnings-based fundamental valuation model to test the impact of market timing on the firm's method of funding the financing deficit. We argue that our valuation metric provides a superior measure of equity misvaluation because it avoids multiple interpretation problems faced by the market-to-book ratio. It also eliminates the need to infer market timing based on the actions of corporate insiders or other indirect measures. We find a strong positive relation between the degree to which a firm is overvalued and the proportion of the firm's financing deficit that is funded with equity. This result is found cross-sectionally and through time and is robust to firm size, and other variables known to impact capital structure. We find evidence that overvaluation in the 1990s led to equity being increasingly preferred over debt. For a broad set of firms, market timing explains a significant portion of the variation in the type of security used to fund the financing deficit.

REFEREED JOURNAL ARTICLES IN PRINT

Cecil Bozarth

Bozarth, C. (2006). "ERP Implementation Efforts at Three Firms: Applying lessons from the SISP and IT-Enabled Change Literature." *International Journal of Operations and Production Management*, 26(11), pp. 1223-1239.

Bozarth, C & Vilarinho, P. (2006). "Analyzing the impact of space density and planning and control procedures on plant space requirements: A case study and methodology." *International Journal of Industrial Engineering*, Vol. 13, No. 1.

GRANTS, CONTRACTS, AND GIFTS

Marianne Bradford

NetSuite ERP/CRM 50-user site license grant, \$72,564.00

Vanguard Business Intelligence site license, \$164,000

PRESENTATIONS

Steve Allen

"The Service Science Initiative at North Carolina State University," with Paul Kontogiorgis, IBM, at AACSB Graduate Programs Conference, Scottsdale, Ariz., November 17.

Denis Pelletier

"Non-nested testing in models estimated via Generalized Methods of Moments" (co-authored with Alastair Hall), 2006 Triangle Econometric Conference, December 1st, 2006.