

SEPTEMBER 2007 RESEARCH REPORT
COLLEGE OF MANAGEMENT
NC STATE UNIVERSITY

Newly Accepted Refereed Journal Articles

Robert Handfield

Paul Cousins, Benn Lawson, Robert Handfield, and Ken Peterson, "The effect of strategic purchasing and supply management practices on supplier relationship outcomes" *International Journal of Production Research*

Purchasing is increasingly seen as an important strategic activity of the firm. However, there is little evidence examining the effects of strategic purchasing on a firm's inter-organizational supply management practices and performance. The purpose of this paper is to examine the effect of strategic purchasing on the supply management practices of socialization, supplier integration and supplier responsiveness, together with relationship performance. Using empirical data collected from 111 United Kingdom purchasing executives, a structural equation model is used to test the theoretical framework. The results provide support for four of the six hypotheses developed. Strategic purchasing was found to have an indirect, significant effect on improving buyer performance, acting through supplier integration. Strategic purchasing also had a significant effect on the use of socialization mechanisms, but not on supplier responsiveness. Our research indicates that close, long-term supplier relationships can lead to the creation of relational rents. Implications for future research and suggestions for improving the rigour of strategic purchasing research are made.

Charles Jones

Charles Jones, "How Important is the P/E Ratio in Determining Market Returns?" *Journal of Investing*.

This analysis assesses the actual contribution of the P/E ratio to realized compound market returns for various periods by decomposing the average market return into its components, one of which is the P/E ratio. Using a supply side model, we are able to accurately measure the contribution of the P/E ratio to average market returns for various periods of time starting in 1871, but with primary emphasis since 1926.

Our results demonstrate that over very long periods of time the P/E ratio typically contributes little or nothing to the average market return. However, there are exceptions, particularly for shorter time periods. A clear understanding of this relationship will allow investors to concentrate on those determinants of the long-run average market return that will, typically, have the most important impact on the market's performance.

Lisa McNary

McNary, L.D., "Quality Management in the Public Sector: Applying Lean Concepts to Customer Service in a Consolidated Government Office," *Public Administration Quarterly*

Though Quality Management in the public sector has had mixed results, many government agencies at all levels – federal, state, and local – continue to implement various aspects of Quality Management. The Columbus Consolidated Government (CCG) has been faced with the

increasingly difficult tasks of extending essential as well as desired services and projects with a growing population while containing costs because of a freeze on property taxes since 1983. With many routes to becoming more effective and efficient as part of a newly formed strategy policy, the City Manager chose Quality Management as the method for the CCG. This article details the Quality Management structure in the CCG through the development and implementation of one particular project team working on an issue in the Office of the Tax Assessor. Called the "Quarter Walkers," the team's objective was to: *study the procedure for obtaining tax documents by citizens from the Tax Assessor's office for streamlining opportunities* by analyzing process data using a number of quality improvement tools. A recommendation was made regarding the reorganization of the process, resulting in increased customer satisfaction as well as projected labor and utility savings. Other observations on implementing a quality initiative in a public organization are also discussed.

Beverly Tyler

Lawson, B., Tyler, B.B., and Cousins, P.D. "Antecedents and Consequences of Social Capital on Buyer Performance Improvement." *Journal of Operations Management*.

The ability to leverage social capital within strategic buyer-supplier relationships is increasingly cited as a key driver of value creation. Despite the importance of strategic partnerships, the process by which social capital accumulates within buyer-supplier relationships and contributes to buyer performance improvements is not well understood. Drawing on social capital theory, we develop a model linking positive relational capital, and its antecedents, supplier integration and supplier closeness, to buyer performance improvements. Further, we hypothesize that structural capital, as reflected in managerial communication and technical exchanges, is also positively related to buyer performance improvements. Using data provided by 111 procurement executives from the United Kingdom, we find support for our hypotheses. The study extends the supply chain management and social capital literature and suggests important implications for both research and practice.

Publications

Robert Clark

Robert Clark, Naohiro Ogawa, and Andrew Mason (eds.), *Population Aging, Intergenerational Transfers, and the Macroeconomy*, Cheltenham, UK: Edward Elgar Publishing, 2007.

Presentations

Denis Pelletier

Denis Pelletier, "A New Approach to Drawing States in State Space Models," 2007 NBER-NSF Time Series Conference in Iowa City, Iowa, September 14-15.

Other accomplishments

Charles P. Gilliam has successfully applied for seven patents over the last year: three from South Korea, two from the U.S., and one each from Taiwan and Mexico.