Newly Accepted Refereed Journal Articles

Mark Beasley


Enterprise risk management (ERM) is the process of analyzing the portfolio of risks facing the enterprise to ensure that the combined effect of such risks is within an acceptable tolerance. While more firms are adopting ERM, little academic research exists about the costs and benefits of ERM. Proponents of ERM claim that ERM is designed to enhance shareholder value; however, portfolio theory suggests that costly ERM implementation would be unwelcome by shareholders who can use less costly diversification to eliminate idiosyncratic risk. This study examines equity market reactions to announcements of appointments of senior executive officers overseeing the enterprise’s risk management processes. Based on a sample of 120 announcements from 1992-2003, we find that the univariate average two-day market response is not significant, suggesting that a general definitive statement about the benefit or cost of implementing ERM is not possible. However, our multivariate analysis reveals that there are significant relations between the magnitude of equity market returns and certain firm specific characteristics. For non-financial firms, announcement period returns are positively associated with firm size and the volatility of prior periods’ reported earnings and negatively associated with leverage and the extent of cash on hand relative to liabilities. For financial firms, however, there are fewer statistical associations between announcement returns and firm characteristics. These results suggest that the costs and benefits of ERM are firm-specific.

Marianne Bradford

Marianne Bradford and Joe Brazel, "Are Private Companies Voluntarily Performing SOX Section 404-Related Activities?" *Strategic Finance*

This study seeks to answer a very basic question: are privately-held firms voluntarily performing SOX Section 404-related activities? Through a comparison of survey responses of IMA members who hold accounting and finance-related positions at both private and public companies, we provide some very interesting findings. While not to the extent of public companies, private companies do appear to be spending a substantial amount of resources on documenting and testing internal controls. In fact, private companies appear to be devoting more of their resources to acquire additional accounting personnel and external consultation, while spending less on beefing up their own internal audit departments or outsourcing this activity. As expected, public companies were more likely to purchase 404-compliance software to assist them with compliance, but private companies were found to be more likely to purchase other forms of 404-related software (e.g., workflow management software). At both public and private companies, accounting personnel are spending more time reading and preparing systems documentation and top management are now more actively engaged in reviewing this documentation. This article shows that, while 404 may be mandatory for only public companies, it has also changed the business practices of many privately-held corporations.
Joe Brazel

Marianne Bradford and Joe Brazel, "Are Private Companies Voluntarily Performing SOX Section 404-Related Activities?" Strategic Finance

See above for abstract

Bartley Danielsen


We explore the relationship between stock splits and subsequent long-term returns during the period from 1950 to 2000. We find that, contrary to much previous research, firms do not exhibit positive long-term post-split returns. Instead, we find that significant positive returns after the announcement date do not persist after the actual date of the stock split. We also observe that abnormal returns are correlated with the price-delay market friction metric of Hou and Moskowitz (2005). We conclude that the stock split post-announcement “drift” is only of short duration, and it is attributable to trading frictions rather than behavioral biases.

Robert Handfield


A growing body of research suggests that firms who effectively manage their supply chains can realize improved performance. To provide more specific insights into the key antecedents and outcomes of supply chain effectiveness, findings are reported from four focus groups involving 46 supply chain executives. The findings are integrated with extant research to derive a testable model proposing that firm performance is shaped, in part, by how firms manage their supply chain. The proposed supply chain model asserts that a firm’s knowledge, technology, and trust in supply chain partners are key enablers of knowledge transfer along the chain, and that the application of this knowledge has important implications for both the supply chain’s and focal firm’s performance.

John McCreery


The purpose of this study is to investigate whether linkages, proposed by previous researchers, among business strategies and structural and infrastructural investment decisions of manufacturing are empirically supported. A sample of 101 US manufacturing firms is classified into three groups based on their predominant business strategies. The classification is validated using analysis of variance (ANOVA) tests on the taxons and on the environment in which the firms operate. ANOVA tests on manufacturing investment decisions are then used to address the central question of the paper – whether the three business strategy groups differ in their emphases on structural and infrastructural areas of manufacturing. The three business strategy based groups of firms, labeled broad-based competitors, differentiators, and price leaders, differ in their emphasis on several of the structural and infrastructural areas of manufacturing, thus supporting the contention of linkages among business strategy and manufacturing investment.
decisions. The popular notion of linkages among business strategies and investments in structural and infrastructural areas of manufacturing is empirically tested.

Don Pagach


See above for abstract

Richard Warr


See above for abstract

**Publications**

Lynda Aiman-Smith


Mark Beasley


Mark Walker


**Presentations**

Gary Palin

Gary Palin, “The Role of Universities in Converting Innovation into Impact,” 10th Annual MIT $100K Global Startup Workshop, Trondheim, Norway, March 26th - 28th, 2007. The talk was followed by a panel discussion moderated by Gary. He also moderated a panel discussion on the topic “Startup to IPO: Paving the Innovator’s Road for Success”.
Fanis Tsoulouhas

Fanis Tsoulouhas and Kosmas Marinakis, “Are Tournaments Optimal over Piece Rates under Limited Liability for the Principal?” 1st World Meeting of the Public Choice Societies, University of Amsterdam, March 30.

Paul Williams

Paul Williams and Sue Ravenscroft, "Making Imaginary Worlds Real: The Case of SFAS 123R," Ivey School of Business, University of Western Ontario, March 9

Other recognition

Alvin Headen has accepted an appointment to serve on the National Advisory Council on Minority Health and Health Disparities of the National Institutes of Health. The term begins immediately and ends February 28, 2010.