

INNOVATIVE BUSINESS

at BAYLOR



PROVIDING KNOWLEDGE FOR
BUSINESS PRACTITIONERS

WINTER 2012



PUTTING FOCUS ON 'INNOVATIVE BUSINESS AT BAYLOR'

THIS EDITION OF OUR SIX-YEAR-OLD BUSINESS RESEARCH NEWSLETTER IS A SALUTE TO THE INEVITABILITY OF CHANGE IN DAILY LIFE. ADVANCES IN RESEARCH FREQUENTLY ALTER HOW WE WORK IN WAYS BIG AND SMALL, AND WE ARE INTENTIONALLY MAKING A CHANGE IN THE NEWSLETTER'S NAME, *FOCUS*, TO GIVE IT AN IDENTITY WITH MORE CLARITY.

Its new name is *Innovative Business at Baylor*. The title not only rebrands the publication, the new title better describes ongoing research conducted through the Hankamer School of Business.

The newly named newsletter ties into the Baylor Research and Innovation Collaborative (BRIC). This collaboration is the first project in Waco's Central Texas Technology and Research Park, which was created to develop, promote and market university research, technology and training.

One of the goals of research at Hankamer is to help serve fast-growth and emerging companies by allowing them to participate in the kinds of research that yield results—and participate *before* the research is published. Faculty have been delivering results for several years with our partners. Our publications, as well as BRIC, will help us expand and advance that goal.

INSIDE THIS NEWSLETTER:

- A report about Baylor's spotlighting of international business and research through the McBride Center for International Business.
- Stories about two Baylor professors, Cindy Wu and Van Pham, both of whom have won the title of Mayo McBride Global Scholar. The award grants its recipients a period of paid leave to focus their efforts on international research.
- More details about BRIC and the Innovative Business Accelerator, housed within BRIC, and its new director, Greg Leman.
- Announcement about the newly appointed associate dean of Research and Faculty Development, Cynthia Riemenschneider.

As we march forward with change, please enjoy this issue of *Innovative Business at Baylor* and watch for our twice-yearly printed spotlight on research.

TERRY S. MANESS

Dean, Hankamer School of Business

INTERNATIONAL LANGUAGE OF RESEARCH SPOKEN HERE

ALMOST 10 YEARS AGO, A STUDENT FROM A UNIVERSITY IN FRANCE SOUGHT OUT A BUSINESS PROFESSOR AT BAYLOR, HOPING TO STUDY WITH HIM IN TEXAS. SHE CONTACTED HIM BECAUSE OF HIS RESEARCH ON SOCIALLY RESPONSIBLE CONSUMER BEHAVIOR.

He agreed, she made the trip, and the collaboration was successful. Soon after, a second French student arrived.

Both students paid their own way to Waco to work intensively on her research. Each worked with a Baylor professor. Each of these early collaborations resulted in articles in scholarly journals.

In fact, the results of those two initial requests, the first coming in 2003, have had far-reaching consequences. Probably the most significant is that they inspired the McBride Fellowship Program, which has resulted in multiple international collaborations with Baylor professors that extend into the classroom.

The program, now in its sixth year, may host two or three post-doctoral candidates annually, attracting scholars from Europe

as well as Africa, China and Thailand. The fellowships operate under the auspices of the McBride Center for International Business.

The Fellows come to Baylor in more than one way. Faculty members in the Hankamer School of Business who have strong international relationships recruit students by asking university colleagues in other countries for recommendations. This often leads to direct international student to Baylor professor contact.

Sometimes, a student has heard about the McBride Fellowship Program and contacts Baylor without knowing which faculty member might be interested in his or her research. Once Baylor finds a faculty member willing to advise the student, McBride officials invite a proposal

that includes a specific date of study and a description of the student's research. The students work at Baylor for at least a month, sometimes longer.

Papers published or under production as a result of these Baylor-headquartered collaborations cover subjects as wide-ranging as the countries the students arrive from, and as varied as the topics that might be covered in business classes.

Here is a sampling of some of the papers that have been published, are in development, or are under consideration as a result of the McBride Fellowship Program:

EDWARD SIMIYU

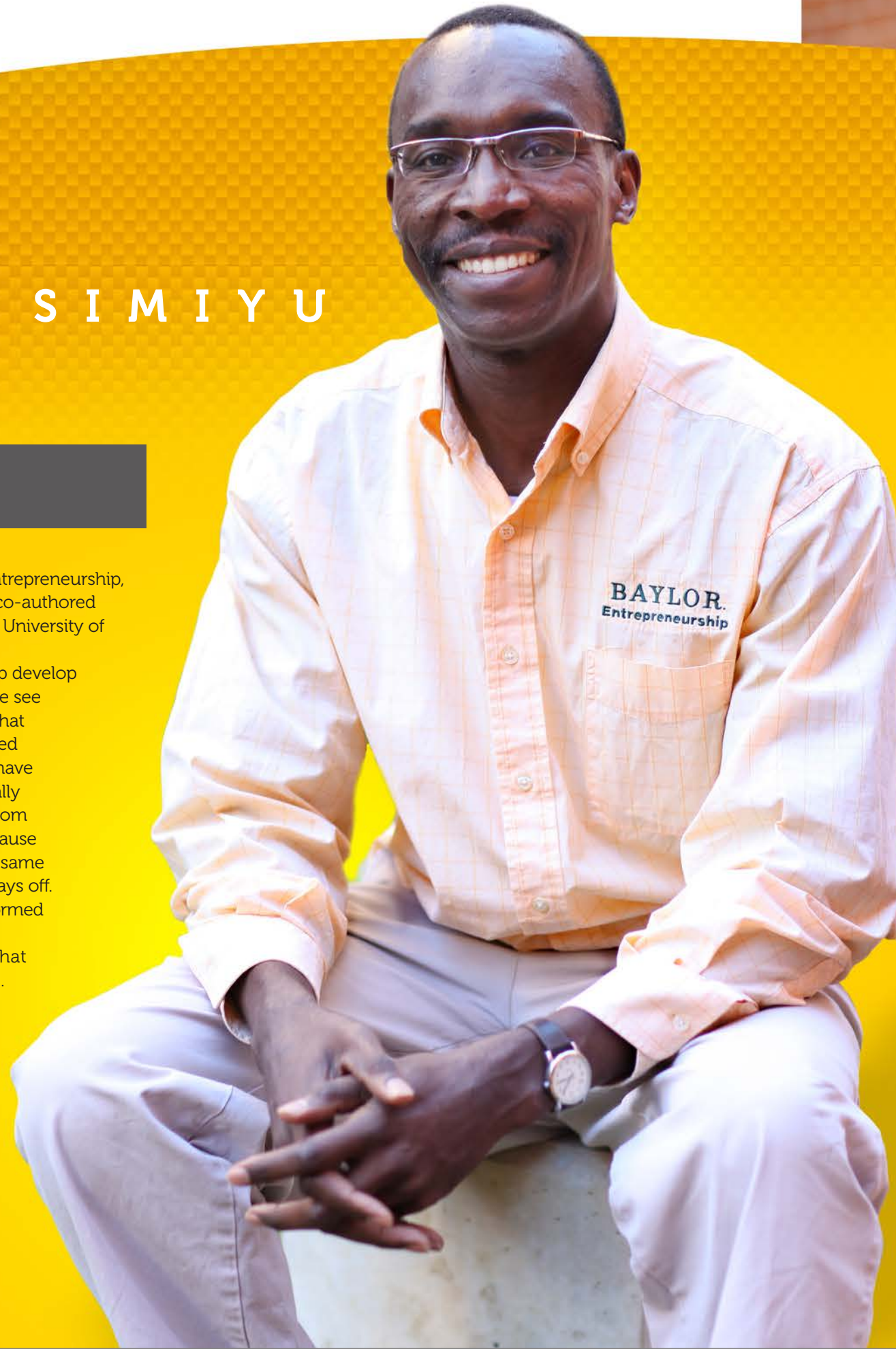
MICROCREDIT

STEVEN BRADLEY, assistant professor of Management and Entrepreneurship, has produced seven papers about microcredit, many of them co-authored by **EDWARD SIMIYU**, a graduate student from Jomo Kenyatta University of Architecture and Technology in Kenya.

Microcredit is the act of giving loans in small amounts to help develop businesses such as roadside vegetable stands, and some people see the loans as the solution to poverty. Bradley's research shows that is not necessarily the case. His research, for which Simiyu helped gather statistical data, reveals that although microcredit loans have some positive effects on a person's confidence, or help to literally put food on the table, they do not normally lift the recipients from poverty. Most of the businesses he studied lack innovation because the business owners tended to copy each other, operating the same types of businesses in the same places. However, innovation pays off. "If business owners did anything different, their businesses performed better," Bradley says.

These findings led the researchers to look at the factors that affect a person's ability to come up with new opportunities. They studied social capital, human capital and family business backgrounds.

"The policy implication is trying to help banks think more carefully about loaning money, about training business owners to come up with better opportunities, or to screen whether opportunities are worth pursuing," Bradley says. "Indebting people is not helping them if the business is not likely to thrive. There is growing criticism about microcredit because of this issue."



JEFF TANNER



ADVOCACY MARKETING AND SALES

Bradley recruited Simiyu to be a McBride Fellow after meeting him on the Baylor campus in 2009. Simiyu, also interested in microfinance, had operated a church program in Kenya. He was the data collector on each of Bradley's papers that use information from Kenya.

The papers include "Capital Is Not Enough: Innovation in Developing Economies," published in June 2011 in the *Journal of Management Studies*; "Self-employed or Employing Others? Pre-Entry Capabilities, Entrepreneurial Action, and the Resourcefulness of Microcredit Firm Founders" in *Entrepreneurial Resourcefulness: Competing with Constraints* (Volume 15 of *Advances in Entrepreneurship, Firm Emergence and Growth*); and "Does Marketing Strategy Matter for Microcredit Firms? Market Orientation, Innovation and Performance in Developing Economies," in *Frontiers of Entrepreneurship Research Best Paper Proceedings*.

Simiyu also lectured in some of Bradley's classes and participated in discussions. Bradley recalls one give-and-take session about property rights and the rule of law in a social entrepreneurship and economic development class. Simiyu's passion on the subject of property rights helped students see the topic from a broader perspective. "Developing countries don't have property rights" in the same way that Americans understand them, Bradley notes. "Kenya had just passed a new constitution, and Edward informed us about what that was going to mean to Kenya by providing greater clarity to property rights. He was excited. For students to see that, understanding how big of a deal it was, was helpful."

JEFF TANNER, professor of Marketing, worked in 2005 with F. Juliet Poujol from the University of Montpellier, one of the two French students who helped inspire the creation of the McBride Fellowship program. She and Tanner co-authored two papers and Poujol completed her dissertation as a result of her work at Baylor.

"Compliance versus Preference: Understanding Salesperson Response to Contests," appeared in the *Journal of Business Research* and "The Impact of Sales Contests on Salespeople's Customer Orientation" was published in the *Journal of Personal Selling & Sales Management*.

Tanner, who is associate dean of Research and Faculty Development, says Poujol's choice of topics resulted from her sales experience.

"She saw these things in the field and wondered what was important about them. The challenge for the doctoral students is being able to position the data in a way so that they are able to make the broadest contribution," he adds. "When the Fellows arrive, they are already pretty far along in the process. It's usually a matter of just shaping the results to make them publishable."

Agnes Francois-LeCompte from University-Pierre-Mendes-France in Grenoble, who studied socially responsible consumption and arrived at Baylor in 2004 to work with Marketing professor Jim Roberts, was the other French student who helped inspire the Fellows program. "Neither Juliet nor Agnes were McBride Fellows, but both came here under their own funding," says Tanner. "That was the inspiration for the program."

In 2011, Tanner worked with Jean-Laurent Rodriguez, also from Montpellier, on the topic of advocacy marketing. They have a paper under review that investigates how consumers influence other people on the behalf of a company or product. Rodriguez, who drew on his experience from the direct selling industry, found that in addition to customer satisfaction, other factors must exist for advocacy.

"Customers have to see others advocate, and they also have to be delighted," Tanner says. "When a salesperson goes beyond what's expected, we are much more likely to see advocacy."

INTERNATIONAL LANGUAGE OF RESEARCH SPOKEN HERE, CONT.

CLOUD COMPUTING

The influence of **DOROTHY LEIDNER**, the Ferguson Professor of Information Systems, has resulted in five students studying at Baylor as McBride Fellows. The most recent was Jan Huntgeburth from University of Mannheim. Leidner is working with him on a paper titled "The Role of Uncertainty in Cloud Computing Continuance—a Principal-Agent Perspective." Huntgeburth gathered part of his data while at Baylor.

The paper investigates why people use cloud computing, which allows people to use services offsite instead of on their own computers.

"The paper looks at uncertainties like privacy, security and availability, and the different factors to reduce those uncertainties—such as whether peers are using it, or if you trust the providers," Leidner says. The paper also examines how cloud technologies work together—for example, how Dropbox, a file hosting service, works with Google.

The use of cloud computing relates to a person's experience with technology, how much he uses it and how much he uses the Internet, Leidner notes. "Younger people tend to be more immune to the risks of cloud computing than older people, in part because they have been using social media for several years without knowing where the pictures, texts and videos they upload are actually stored," she says.

Leidner, director of the Hankamer School of Business' PhD Program in Information Systems, knew both Huntgeburth and his adviser at Mannheim, where she teaches each summer. Of the five McBride Fellows brought to Baylor and hosted by Information Systems, four have been from Mannheim and one from Goethe University in Frankfurt.

INTENTIONALLY SEEKING FELLOWS

Although international students still contact Baylor to inquire about the fellowships, much like the two French students who inspired the program, marketing is more intentional now, says **STEVE GARDNER**, director of the McBride Center for International Business. Once Gardner finds a faculty member interested in working with the student, he seeks the date the student wants to arrive and the subject matter of the research.

Once at Baylor, the Fellows do presentations and attend classes. Almost all of them have published in an academic journal as a result of their visit, Gardner says. "Often students are deep into their work before they come here, but they see someone at Baylor who might be helpful to them," he says.

Connections happen more directly when students know a professor and get in touch, Gardner says.

"We have people who have developed relationships in other countries and they have proposals made directly to them," Gardner says. "The proposal may come from a PhD student they met, or they may have a faculty contact in another country. That's how quite a few of these happen. Dorothy Leidner has hosted several from her network of relationships in other universities in France and Germany."

Hankamer reaps several benefits from the Fellows, says Gardner. One is that the student has often already gathered data by the time he or she arrives on campus, resulting in a low-cost, highly effective event. Another benefit is close international cooperation with international students and universities.

"Our objective is to get more Baylor students and faculty members to have international experiences themselves," adds Gardner. "Some people are not going to do that. For many people, the international experiences will happen in Waco, Texas, when they have a closer working relationship with someone who comes here from another country. This is a way to globalize the faculty and students at Baylor while they are here."

The third benefit is the connections that Baylor establishes abroad. Because the PhD students come from schools with strong reputations, their arrival establishes a link between universities that creates new opportunities for direct relationships. Presentations by foreign students at conferences lead to more collaboration, illustrated by the number of McBride Fellows coming from the same university.

MEASURING SUCCESS

Although the program began six years ago, many of the projects finished at Baylor are only now resulting in publication, as it takes several years for papers to be written, submitted and approved. "We have a better picture of how successful it has been," Gardner says.

He doesn't anticipate changes beyond encouraging broader participation in the program across departments.

"Information systems, marketing and economics have worked with a great many of McBride scholars," Gardner says. "We would love to see applications from more departments because it is a great experience. The Fellows interact with other people in the hosting department, and the program can lead to other kinds of institutional cooperation."

The Hankamer School of Business has a long history of creating international opportunities for students. The McBride Center for International Business opened in the 1980s, and by the 1990s, the business school was sending students to St. Petersburg, Russia, to teach business skills to young Russian entrepreneurs. The McBride Center helps Baylor be a great teaching and a great research university, Gardner notes, and the Fellows program extends the reach.

"When you bring people to Baylor who have not been here before, they are impressed by the campus, the faculty and the students," Gardner says. "This helps extend our reputation in the global research community."

GREG LEMAN

SUPPORTING NEW VENTURES

THE BAYLOR RESEARCH AND INNOVATION COLLABORATIVE (BRIC), THE FIRST PROJECT WITHIN THE CENTRAL TEXAS TECHNOLOGY AND RESEARCH PARK, IS A COLLABORATION OF BAYLOR UNIVERSITY, TEXAS STATE TECHNICAL COLLEGE, WACO-MCLENNAN COUNTY ECONOMIC DEVELOPMENT CORPORATION, THE CITY OF BELLMEAD AND A NUMBER OF OTHER REGIONAL EDUCATION AND GOVERNMENT PARTNERS.

Phase 1 construction is on schedule to provide 300,000 square feet of shell space for collaborative university and industry research; technology workforce training; business incubation; public-private symposia; and science, technology, engineering and math (STEM) education.

Phase 2 construction includes building out nearly 45,000 square feet of academic and research space for the following Baylor academic components: Center for Astrophysics, Space Physics and Engineering Research (CASPER), electrical engineering department research, the Center for Spatial Research (CSR), Baylor Institute for Air Science (BIAS) and the Innovative Business Accelerator (IBA).

GREGORY LEMAN has been named director of the IBA, which helps new technology companies grow their business more rapidly by taking advantage of the university's research and academic intellectual capital. The IBA is a joint venture of Baylor's Hankamer School of Business and the Office of the Vice Provost for Research. It will be housed in the BRIC, scheduled to open in January 2013.

Leman, who has held the position of clinical professor, director of University Entrepreneurial Initiatives, and the Curtis Hankamer Chair in Entrepreneurship at the Hankamer School of Business since 2005, was appointed by Terry Maness, dean of Hankamer, and Truell Hyde, vice provost for research.

"The IBA is built on a solid foundation of our successful collaboration with global industry," Leman said. "It will become a single point of access to university and community expertise by providing a critical link between technology companies and Baylor business, science, engineering and law faculty."

Leman was a visiting assistant professor in Chemical Engineering at the University of Illinois from 1985 until 1988. He then joined the Cabot Corporation as an engineering scientist. From 1995 to 1998, he was managing director of Cabot-Huels, a joint venture located in Rheinfelden, Germany. He joined Great Lakes Chemical Fluorine Division in 2000, serving first as technology director and later fluorine business director. Leman holds a BS in Chemical Engineering with honors from Purdue University

and a PhD in Chemical Engineering from the University of Illinois.

"Greg's successful business background coupled with his entrepreneurial expertise and global vision makes him the ideal person to lead the IBA," Maness said. "Through its work, the IBA will help to stimulate regional economic development."

Tech companies can take advantage of Baylor University expertise and BRIC infrastructure which will include technology transfer and product discovery assistance, organizational and intellectual property strategies, staged-gate entry into commercialization programs, legal and accounting services, and international market development support through Baylor's International Entrepreneurship programs. The IBA will also launch an executive education program for executives of new technology companies. Additionally, the IBA facilitates access to capital for new ventures through organizations such as the Baylor Angel Network, venture capital financing and SBA loan programs.

www.baylor.edu/bric

"Service with a smile," "the customer is always right" and similar attitudes are wonderful when one is a consumer. However, when employees are instructed to mask true emotions and always show a smiling face, (surface acting) then high levels of stress, burnout and work/family conflict can occur, says **CINDY WU**, associate professor of Management and Entrepreneurship.

As a Mayo McBride Global Scholar, Wu researched the consequences that "emotional labor" has on work/life balance. Emotional labor refers to the practice of requiring workers to display certain emotions, usually as part of their job and to promote an organization's goals. It is often found in the service professions. Wu looked at both surface acting and deep acting (actually feeling the emotions required) and how they affect employee performance, stress and experiences in their family life.

Wu studied emotional labor in one service industry in Taiwan and spent a month there. However, emotional labor is a global experience among the service professions.

"The service experience in Taiwan is very different than what is found in the United States," Wu said. "For example, department stores have elevator attendants. These workers are beautifully dressed, very polite and always smile. They provide detailed descriptions of services that can be found on each floor of the store and press the floor buttons for the customers. It is long, hard work, and I wondered how they handle the fatigue and how it influences their well-being."

To obtain the data she needed for the research, Wu collaborated with Yenchun Grace Chen, assistant professor at I-Shou University in Taiwan, and her doctoral students. For the study, Wu and Chen dealt with hair designers and their supervisors (store managers) from 40 stores from two hair salon chains in Taiwan.

"Hair designers in training actually live on-site at the salon," Wu said. "Their training is almost militaristic with a wake-up time, roll call and universal welcome."

Employee questionnaires were distributed during the regular designer training programs conducted by the headquarters. After the training session, store managers assessed each designer's job performance, extra-role service behavior and cooperation behavior. Overall, 374 designers and 39 managers participated.

The designers were asked to respond to such questions as "I resist expressing my true feelings" "I make an effort to actually feel the emotions that I need to display to others," and "I have to miss

family activities due to the amount of time I must spend on work responsibilities." Supervisors were asked questions such as "Does the employee go beyond what is required at work to help customers?"

A central piece of what Wu and Chen hypothesized was that surface acting would be related to greater work/life conflict while deep acting would result in work/life enrichment. The research results supported these hypotheses.

A presentation of their findings – "Emotional labor, work-family interface and service performance: A resource perspective" – was given at the Academy of Management meeting in Boston in August. The research also is under review with an academic journal.

Wu does have advice for supervisors in helping their employees develop deep acting emotions.

"Requiring employees to demonstrate certain emotions is not always stressful to the employees," she said. "In fact, it is only related to stress when supervisors tell employees to simply show the emotions. They should explain why these emotions are important in dealing with customers. When employees can look at situations from the customer's perspective, sympathize with them, and understand the value of their required emotions on the job, they are more likely to adjust their internal feelings to the required emotion. This is an important emotional management skill that can benefit employees in their service work performance, customer relations, their own wellbeing, and even the quality of their family life."

Wu and Chen are following up on their research by surveying employees' family members and by exploring how employees' leisure activities and their managers' leadership affect their work performance and quality of life. Because their current research dealt with one service profession that focuses on positive emotions, Wu believes future research should examine other service professions, particularly those in which solemn emotions are expected, such as funeral homes or law enforcement.

Given the current research, the conclusion is that where emotional displays are required at work, management should provide relevant training and support that will encourage deep acting by employees. This will help reduce employee stress and facilitate a more enriched family life. This will also help employers develop a service workforce that's willing to go extra miles for their customer and coworkers—a factor contributing to higher customer satisfaction and ultimately, the bottom line.



VAN PHAM

CROSSING BORDERS INSPIRES ECONOMIC RESEARCH

While on a Fulbright Scholarship in Vietnam, **VAN PHAM**, associate professor of Economics, noticed something in the country that was counter to the way most researchers think of foreign direct investment and growth.

"Theory tells us that foreign direct investment (FDI) has potential benefits to both investing and host countries," Pham said.

Benefits for a company from a wealthier country include finding a cheap source of labor, a supply of natural resources and workers with specialized skills. "Developing countries can benefit beyond employment for its citizens and export earnings," Pham said. "Through FDI, technology and management techniques would be passed along. These knowledge gains are crucial for sustaining economic growth."

But during his year at the University of Economics in Ho Chi Minh City, this is not what he saw.

"Living in Vietnam, it didn't seem like that was happening," he said. "In fact, there seemed to be a negative relationship between FDI and technology transfer across provinces."

This led Pham and his colleagues at the University of Economics, Quan Minh Quoc Binh and Nguyen Trong Hoai, to study how different types of FDI affect technology transfer.

Their research, which they hope to publish soon, led them to the conclusion that some FDI is more conducive to technology transfer and others are less so.

"Natural resource extraction doesn't do much for technology transfer," he said. "There are some immediate benefits but little long-term positive effect."

In 2011, Pham was named a Mayo McBride Global Scholar, which grants faculty members a sabbatical to engage in international research. Pham, along with his colleagues in Vietnam, worked on the statistical analysis of the FDI research over this past summer. Having studied the issue on a cross-country and cross-province level, he now wants to continue researching it at the firm level.

"This is important work, and I'm thankful I was able to spend time living and working in Vietnam because it gave me an appreciation of the problems and issues in developing countries," he said. "Without having lived there and witnessing some of it, I would have thought all FDI was the same, but it's not. With the perspective of my local colleagues, we were able to identify issues beneath the surface and beyond the numbers."

Experiences abroad have long shaped Pham's research, and the focus of nearly everything he studies is the interaction between the U.S. economy and foreign economies, especially developing countries.

He recently published two papers that investigated American retail "big box" stores and their relationship with importers: "Imports R Us" (*American Economic Review*, 2010), which studies the relationships between U.S.

retailers and the growth of imports from developing countries, and "Super Size It" (*Journal of Economics and Management Strategy*, 2012), which explains the size of the retail chain, the size of the stores and the relationship to trade.

Pham has also studied immigration. In 2010, the *Cardozo Law Review* published his paper that assessed the impact of more restrictive immigration laws at the county and city level. He and Texas Wesleyan School of Law colleague Huyen Pham found that more restrictive laws had a negative impact on those communities. Both authorized and unauthorized workers saw job losses and reductions in pay where laws were more restrictive, and costs for business owners increased.

This research led the two to develop a scale to measure the climate for immigrants on a state-by-state basis, giving each state a score based on the laws and other factors. That paper was published in 2012 by New York University Press in the book titled *Illegals in the Backyard: State and Local Regulation of Immigration Policy*.

Pham is continuing his global economics research and is currently working on a paper with a former Baylor graduate student, Cristin Hulyk, exploring the relationship between language and service trade.

"Much of the previous research into trade between countries has focused on physical distance and commodities trade," Pham said. "But services are becoming a much bigger component of world trade. Service exports, like call centers in the Philippines and India, play an increasingly crucial role in the growth of developing countries."

Pham and Hulyk hypothesized that language distance, not physical distance, between countries is key to trade in services.

"We found that the lower the linguistic distance, the more service trade. And the closer a language is to English, the more services the country exports."

With the measure developed in the paper, Pham will next study how language distance affects cross-border investments.

"This issue of language and trade has implications for Americans as well as the developing countries," he said. "Not just as consumers, but as exporters and investors."



CINDY WU

THE BENEFITS OF UNMASKING EMOTIONS IN CUSTOMER SERVICE

INNOVATIVE BUSINESS | at BAYLOR

FACILITATING RESEARCH AND FACULTY DEVELOPMENT

CYNTHIA K. RIEMENSCHNEIDER WAS NAMED ASSOCIATE DEAN OF RESEARCH AND FACULTY DEVELOPMENT FOR BAYLOR UNIVERSITY'S HANKAMER SCHOOL OF BUSINESS EFFECTIVE JANUARY 2013. IN THIS ROLE, SHE WILL BE CREATING AND IMPLEMENTING PROGRAMS TO IMPROVE FACULTY RESEARCH PRODUCTIVITY AND TEACHING.

Riemenschneider has served as associate professor of Information Systems at Baylor since 2009, and as a visiting professor from 2008-2009. Previously, she served as assistant professor at the University of Arkansas from 1997-2003 and as associate professor from 2003-2008. She holds a BBA and an MBA from Baylor University and a PhD from The University of Texas at Arlington.

Riemenschneider's research interests focus on the information technology (IT) workforce, specifically, the retention and attraction of women and minorities into the IT field. Her work has been published in various journals including *Information Systems Research*, the *Journal of Management Information Systems*, *IEEE Transactions on Software Engineering*, *European Journal of Information Systems*, and the *DATA BASE for Advances in Information Systems*. In 2011, she received the Nitsche Award, an endowed scholarship funded by Baylor alumni Robert and Robin Nitsche that recognizes outstanding faculty research and involvement.

"Cindy's experience will be extremely beneficial in building additional programs and providing resources for faculty members' teaching and research efforts," said Terry Maness, dean of the Hankamer School of Business.

Jeff Tanner, professor of Marketing, has served as associate dean of Research and Faculty Development since 2005. During his time in this position, Tanner served as a founder of the McBride Fellowship Program, instituted various faculty development programs and helped secure additional funding for faculty research.

"We are thankful for Jeff's many contributions to the business school's teaching and research efforts," Maness said. "His leadership and dedication has benefitted faculty members as well as heightened awareness of the school on an international level."



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