

INNOVATIVE BUSINESS

at BAYLOR



PROVIDING KNOWLEDGE FOR
BUSINESS PRACTITIONERS

SPRING 2014

SINCE ITS
ESTABLISHMENT
IN 1923, THE HANKAMER
SCHOOL OF BUSINESS
HAS CONTINUED TO
PRODUCE INNOVATIVE,
VALUES-DRIVEN LEADERS,

AS A RESULT OF RIGOROUS CURRICULUM
AND THE DEDICATION OF THE SCHOOL'S
FACULTY, STAFF, STUDENTS, ALUMNI AND
FRIENDS. *INNOVATIVE BUSINESS AT BAYLOR*
DISPLAYS THE SUSTAINED DISTINCTION OF
BAYLOR BUSINESS STUDENTS AND FACULTY
THROUGH THEIR RESEARCH.

THIS ISSUE INCLUDES THE FOLLOWING:

- New Economics Assistant Professor Jason Aimone discusses the economic motivations behind taboo and restrictive group activities.
- Student researchers explore various topics including the factors affecting a person's choice to whistleblow and e-government maturity.
- H. R. Gibson Chair in Management Development Dawn Carlson shares her most recent research on the intricacies of maintaining a healthy work-life balance.
- Accounting Professors David Hurtt and Jason MacGregor delve into the problem of short deadlines and long nights at the office.

TERRY S. MANESS

Dean, Hankamer School of Business

These Baylor Business representatives, in addition to the other researchers featured in this newsletter, pursue educational excellence through thought-provoking research alumni and friends of Baylor can apply to the business world. The new Paul L. Foster Campus for Business and Innovation is a testament to the Hankamer School of Business's growth and dedication to its students. The traditions of hands-on and collaborative learning will not only continue, but they will thrive in the highly corporate and sustainable business environment of the 275,000-square-foot Foster Campus. As the School continues to grow in square footage and in prestige, I'm proud to highlight the work of some of our faculty and students.

LATE NIGHTS AND LONG HOURS DON'T PAY

WITH DEADLINES FAST APPROACHING, MANY AMERICAN WORKERS KNOW THE STRUGGLE OF LATE NIGHTS AT THE OFFICE. FOR MANY AUDITORS, IT'S A PART OF THE JOB, THANKS TO SHORTER FILING TIMES.

But staying up late to finish a project isn't necessarily a good thing, according to recent research by Associate Accounting Professor **DAVID HURTT**, and KPMG Summer Faculty Fellow and Assistant Accounting Professor **JASON MACGREGOR**.

"We wondered if an abnormally long filing time meant a more thorough job or a problematic audit with the resultant time pressures, given fixed filing deadlines," Hurtt said.

**DAVID
HURTT**



The duo asked, "Does more time also equal more pressure to be correct? Working late nights with more stress—is it a bad thing?"

For example, in the education world, when a student says he or she "pulled an all-nighter" to do a project, it can be a red flag to instructors.

"Staying up all night can be proof of a problem," MacGregor said. "The quality of the work is usually at question."

The concern over loss of quality isn't just limited to students. For auditors, long hours may be a problem.

Hurtt and MacGregor's article, titled "The Relationship Between Audit Lag and Restatements," found spending more time on a project, or in this case, filing deadlines, isn't necessarily a good thing. Time pressure is a factor.

"It was a very unexpected result," MacGregor said. "Most prior work said the more time put in meant a more correct filing. But more time can also mean late nights and stress."

Hurtt and MacGregor weren't the only ones surprised by the results.

"The review process was unusually robust," MacGregor said.

In the review process, a paper is mailed off to two independent reviewers for feedback. The review usually takes two to four months. When under review, there are three options: the reviewers don't like it and make suggestions for improvement, reviewers don't like it and refuse to publish it, or accept it to publish as it is.

In most cases, an article goes through two to three rounds of edits to get published. A three-round review process is considered long. "The Relationship Between Audit Lag and Restatements" withstood six rounds of review.

**JASON
MacGREGOR**

"Each time the reviewer returned [the article] with major challenges, we made the changes," MacGregor said. "The paper is better for it. Every time there was a suggestion, the results got stronger. You usually don't see that; usually, results get more conditional."

After six rounds of review, the associate editor of the *Auditing Journal of Practice and Theory* accepted the article for publication. It's expected to be published in the May 2014 issue.

The research started as an extension of another paper by the pair, written along with Baylor alumnus Alan Blankley, associate Accounting professor at the University of North Carolina at Charlotte. The original article, "Abnormal Audit Fees and Restatements," was published in the February 2012 issue of *Auditing: A Journal of Practice and Theory*. The research sought to answer the question, "When employers pay less, do accounting professionals do a worse job?"

"Interestingly, we found the phrase 'time is money' to be true; the better the pay, the better the job done," MacGregor said. "The thesis was, if money behaves one way, does time behave the same way? Surprisingly, it doesn't."

In the future, the researchers hope their research will help those in the accounting profession and academia start to question irrational deadlines and what it means to do a good job.

From the regulatory perspective, it should make professionals question, "Is quicker necessarily better when it comes to filing deadlines?"



THE ECONOMIC MOTIVATION OF GROUP COHESION AND ALIENATING PRACTICES

From tattoos to criminal activity to wearing a certain color, groups, like gangs, demand behaviors and characteristics for inclusion that often make it more difficult to interact with those outside of the group.

At first glance, the acts seem extreme, like tattoos, but it's common within many groups to alienate members from non-members, since it has the effect of making members more reliant on those within the group.

"The groups seem to be counterproductive by reducing productivity and the opportunity to interact with new people," **JASON AIMONE**, assistant professor of Economics, said. "Part of it is trying to understand how people behave in the world in general. We try to understand why religions and other groups, like gangs, do certain activities that make it hard for them to interact outside of the group."

Aimone looked into the economic motivation of the phenomena with fellow researchers Laurence R. Iannaccone, Michael D. Makowsky and Jared Rubin in the article, "Endogenous Group Formation via Unproductive Costs," which was published in the October 2013 issue of *The Review of Economic Studies*.

The research isn't just limited to negative group associations. Sororities, fraternities and even churches use similar techniques to promote group participation.

"Setting yourself apart makes people do more work within a group, so it's more helpful for everyone within the group in question," Aimone said. "For example, in a church, if everybody participates in things like Sunday school, working in the nursery, attending fellowship, etc., everyone within the church gets more out of the experience. More internal participation means a more meaningful, interactive group experience."

When the researchers began the study, they were interested in whether economic motivation was a factor for group members.

"The problem is in interpreting data from activities that are natural in groups," he said. "It's hard to distinguish whether they make these choices, like getting certain tattoos in a gang, because they like the available choice, getting tattoos, or if it is because of the economic motivation."

To prove their thesis that there is an economic motivation involved, the researchers brought in George Mason University undergraduate students to play a game.

"We constructed a world where preference motivation does not play a factor," Aimone said. "It's simply economically motivated."

The researchers divided the 16 students into four groups and gave them ten tokens each. The tokens, if turned in as an individual, could be exchanged for \$1. Instead of cashing in as an individual, a group could voluntarily pool some of its tokens to create a group account. If the students turned their tokens into the group account, each of the four members of the group would receive 40 cents per token, in other words the group account would hold \$1.60, a greater spending power than any individual would receive for a token turned in individually.

These types of economic behavior studies have been done before, but the research team added another element. In a second round, students chose how much they would like to receive from a token turned in to their individual account.

Once students decided by how much they'd be willing to reduce their private accounts, they were reorganized into four groups based on these decisions. The researchers observed that groups made of people who chose to reduce their private accounts contributed much more to their group. Groups made up of people who chose not to reduce their private accounts contributed very little to their groups.

"It was an untested theory," he said. "This allowed groups to push out 'free riders,' and allowed them to be more like-minded and cohesive. The strength of the results was even stronger than we expected."

JASON AIMONE

ANNE
GRINOLS

SMARTPHONES IN THE CLASSROOM: LEARNING HINDRANCE OR OPPORTUNITY?



Technology has changed education. Not just the technology teachers and professors use as teaching aids, but also the technology students use in and outside of the classroom. As technologies evolve, educators must adapt.

"Professors can't continue teaching as if for the students of 20 years ago," **ANNE GRINOLS**, assistant dean for faculty development and college initiatives and Information Systems professor, said. "Students today are different, and they learn differently."

Many students use their phones as computers and bring them to class, often against professors' wishes.

"It's an issue of attention in the classroom," Grinols said. "Students will continue to bring their smartphones to class with them, so maybe we should consider ways to use them in the class for positive change."

Grinols's recent research article, "Multitasking with Smartphones in the College Classroom," which will be published in the March 2014 issue of *Business and Professional Communications Quarterly*, focuses on multitasking, like smartphones in the classroom, and potential ways to improve its use in the classroom. She conducted the research with her former graduate assistant, Rishi Naran.

"Many policies have been implemented in classroom and business settings to limit individuals from multitasking with smartphones when they are focused on their work or classroom subject," Naran said. "The idea arose when we discussed whether or not these policies are truly necessary in order for individuals to continue to be efficient."

To provide some insights, the pair conducted research through various publications and conducted an in-class experiment with approximately 50 students.

In the experiment, Grinols and Naran asked the student participants to place their phones on the table while they

learned new material and took a test. The experiment happened over a 10-minute period. During that time, students received an average of three texts.

"Multitasking is a misnomer," Grinols said. "The brain goes back and forth between mental tasks quickly, but two tasks aren't going on at the same time. The problem is some students are better at it than others. Some students can't keep their trains of thought going and may end up with a lower understanding of the subject matter."

Technology can provide a form of kinetic learning, though. For example, a professor may be referencing a company in class, and students can look up the company on the stock exchange instantaneously. Students learn when they're engaged.

"We encourage technology when it's helpful for the learning process, and we put it away when it's harmful," Grinols said.

The duo concluded more research is needed to discover if multitasking with smartphones inhibits a student's ability to comprehend information in the classroom. Continued research will only further help determine the exact impact, either positive or negative, of smartphones.

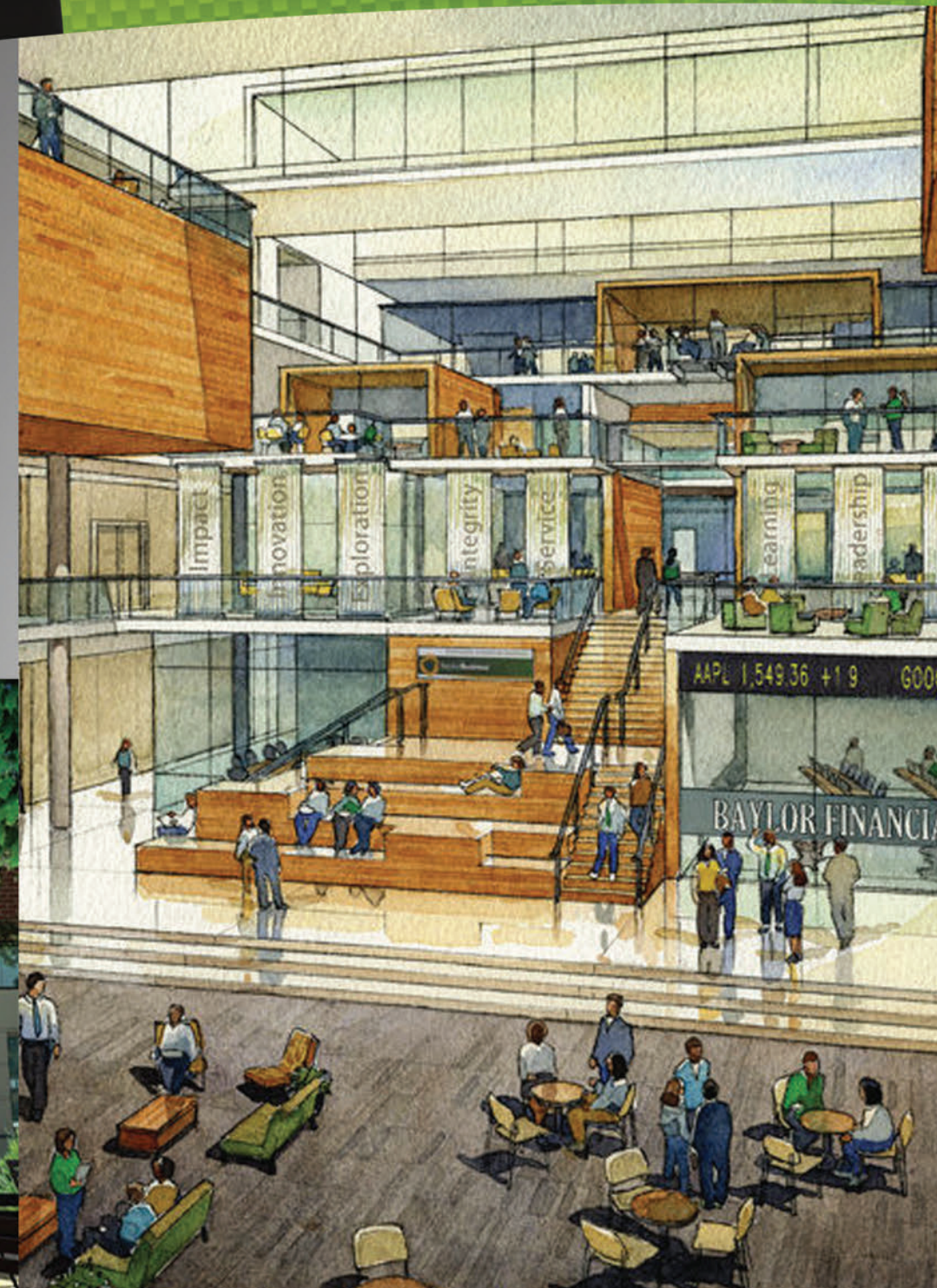
"I was surprised that the retention rates with multitasking using a smartphone were not very different from those who were solely focused on the topic," Naran said.

Although, the study was limited by a 10-minute experiment, longer periods of time with smart phone interruption may reduce students' retention of a subject.

Despite the inconclusive findings, understanding and harnessing the use of smartphones and other emerging technologies in the classroom can enhance how individuals learn in the future.

"I believe strongly in learning and the opportunity for everyone to learn in a way that is best for them," Grinols said. "If that's online or with a smartphone and not in a brick-and-mortar institution, that's fine, as long as students are learning."

CONSTRUCTION ON PAUL L. FOSTER CAMPUS FOR BUSINESS AND INNOVATION ONGOING



In July 2013, Baylor University Regents approved \$2 million to continue with design of the \$100 million, 275,000-square-foot Paul L. Foster Campus for Business and Innovation, which received a historic gift from Paul L. Foster, BBA '79, of El Paso, Texas.

With continued fundraising success, ground was broken in December 2013 on property across from the new East Village Residential Community on Bagby Avenue between Third and Fourth Streets. The new campus will be completed in July 2015.

The architectural design features a highly corporate and sustainable business environment, including a centerpiece atrium that will showcase some of the school's signature classrooms. The design also includes a 350-seat auditorium to accommodate guest lectures and special events, and a variety of classrooms that will incorporate the latest classroom technology for collaborative learning, innovation and problem solving. The new building is expected to expand the school's size by nearly 40 percent.



THE GRAY AREA: DEGREES OF WRONGDOING IN WHISTLEBLOWING

Pretend you're sitting in a class. There's an exam laying on the desk in front of you. You studied for hours, and as you lean over to write an answer, you see the student next to you cheating. What do you do? Would you tell on them? What if he or she your best friend or significant other? Does your relationship with the person who is cheating change your willingness to blow the whistle? Those are the questions Baylor Business Fellows and Accounting senior **AMY MILLER** asked for her more than 100-page honors thesis, "Would You Blow-the-Whistle on a Friend? Analysis of the Significance of Relationships on Whistleblower Intentions," which she started work on nearly two years ago.

"My focus was on relationships and how they affect whether you whistleblow or not," Miller said. "I always thought whistleblowers were doing the right thing and should be praised, but often they're shunned and treated badly by fellow workers. If people know it's going to happen, why do they do it?"

There are so many factors in relationships, Miller had difficulty separating the different kinds, so she tested different relationships based on closeness. She looked at four kinds of relationships: strangers, acquaintances, friends and close friends/family.

"I did a pilot test on freshmen to test results on how people would react if they didn't know anything about whistleblowing and background information. Freshmen tended to put higher numbers or very low—major extremes. A lot of it had to do with experience. I've done multiple internships, and I've been in similar scenarios, so if I took the test, I would take those real life experiences into account."

"One of the oddest results was that students who had taken ethics were less likely to blow the whistle," Miller said. "You would think it would be the other way around."

Miller surveyed nearly 400 Baylor Business students, which consisted of primarily Accounting upper classmen and a few graduate students.

"I also looked at severities of wrongdoing in the test," Miller said. "From stealing a pen at the office to breaking a law, the severity of the wrongdoing couldn't be ignored as a factor."

The main conclusion is the closer the relationship; the less likely people are to blow the whistle.

"I thought the most interesting result was that the more severe the wrongdoing is, the less your relationship to the wrong doer affects it," Miller said. "If it's really wrong, people are going to report it regardless of the relationship, with the exception of family."

**AMY
MILLER**

KPMG Peat Marwick - Thomas L. Holton Chair of Accountancy and Associate Accounting Professor Kathy Hurtt, who served as Miller's thesis adviser, is impressed with the research.

"Her project was amazing," Hurtt said. "I've never seen anyone put so much work into their research, especially as an undergraduate student. You have to be self-motivated."

Hurtt and Miller agree the results have opened up opportunities for future research on the subject of whistleblowing and its ethics.

"We want to submit her research to professionals," Hurtt said. "In addition, one thing we both want to research more is the result that younger students were more defined in what is right or wrong, and generally more willing to blow the whistle. Students who had taken an ethics class were less likely to whistleblow. That would be a very interesting result to follow up on."

WORK-LIFE BALANCE CAN AFFECT JOB PROMOTION CHANCES

The Internet is teeming with "how to" articles on maintaining a "healthy work-life balance." This research looks at integration of work and life as a "how to" achieve that balance, but it may come at a cost – being promoted.

"Historically, work and family have been very separate. Employees need to be aware integrating these two domains may be a way to obtain that work-life balance," H. R. Gibson Chair in Management Development and Associate Professor of Management **DAWN CARLSON** said. "Managers need to realize there are benefits of integration in the workplace. If it's managed well, it can be a great value to the organization."

Integrating boundary management, also referred to as "integration," is the idea that the boundaries between work and family are blurred. It is a strategy employees use to manage the demands of work and life, such that a person switches easily between the domains (i.e., taking a call from a spouse at work or checking work email at home).

One of Carlson's recent articles, "The Work-Family Interface and Promotability: Boundary Integration as a Double-Edged Sword," which was co-authored by Samantha C. Paustian-Underdahl, Jonathon R. B. Halbesleben and K. Michele Kacmar, explores the effect of this work-family integration on an employee's ability to be promoted. *The Journal of Management* published the article online in October 2013, and the print version is forthcoming.

"It's all about how work affects family and how family affects work," Carlson said. "This article looks at the positive side of the work-family interface, enrichment, rather than conflict."

Family to work enrichment is when the experiences from the one domain [family] improve the quality of life in another domain [work]. In other words, resources accumulated from one area of life can impact the other area positively.

**DAWN
CARLSON**

This research found people who use a strategy of integration are more likely to transfer those resources from the family to the work domain.

"For example, having a picture of your family on your desk is a form of integration," Carlson explained. "If you're having a bad day and you look at a photo of your family, you're going to have feelings of love or happiness, and it may make what you're working on seem more manageable or it may just interrupt a negative experience. Regardless, it has a positive impact on your work environment."

When the resource of positive feelings toward family enters the work domain, it can be beneficial. Family involvement leads to greater enrichment and then subsequently, influences the perception of a person's ability to be promoted by the supervisor.

"There is one caveat to the research, and that is, integration at work helps unless your supervisor saw the integration and interpreted it negatively," she said. Integration strengthens the positive influence of family involvement on family-to-work enrichment (FWE), but weakens supervisor perceptions of the employee's qualifications for a promotion.

The team hypothesized that integration would enhance the workplace by creating more enrichment while hurting the chances of promotion.

"Double-edged sword" is in the title of the article because integration helps people get more resources transferred from the family to work, but if the person's boss sees that transfer as interfering with work, it can have a negative effect," she said. "The supervisor plays a very critical role. We were surprised supervisors still have a hard time helping employees manage those boundaries and how supervisors react to those boundaries being integrated."

The research recommends employees who integrate their family and work domains should do so in a way that is less overt, so as not to give the perception of interruption, in order to preserve chances of promotion. Also, the study suggests it is important managers be made aware of the benefits of an integrating style for employees who have high family involvement, as it may help reduce the impulse to primarily reward employees who strictly separate their personal lives from their work lives.





BAYLOR
UNIVERSITY

HANKAMER SCHOOL OF BUSINESS

One Bear Place #98009
Waco, TX 76798-8009

NONPROFIT
ORGANIZATION
U.S. POSTAGE
PAID
BAYLOR
UNIVERSITY

INNOVATIVE BUSINESS at BAYLOR



E-GOVERNMENT MATURITY INFLUENCED BY VIABLE RESOURCES AND PUBLIC PARTICIPATION

E-government maturation has many influencing factors, including the country's technological infrastructure, financial resources, public participation and the capacity to adopt and utilize complex information communication and technology (ICT). How drastically do these factors affect e-government maturity, though?

Gregory Larosiliere, a PhD candidate in Information Systems (IS), presented "An Empirical Study on the Determinants of E-Government Maturity: A Fit-Viability Perspective" at the European Conference on Information Systems in Utrecht, Netherlands during summer 2013.

Larosiliere explained understanding e-government maturity requires an investigation of government-related factors and an evaluation of how a country's viable resources can influence the progress of online government information, tools and services from diffusion to eventual adoption.

Applying a fit-viability perspective, the paper covers the relationship between e-government services and various macro-environmental resources. The study also considers the interaction between government agencies and the public, and the direct

influence the interaction has on the advancement of e-government.

Larosiliere discovered countries with an educated, politically-engaged public and solid ICT infrastructure would aid in the maturation of online government tools and services. Research results found a country's current IT infrastructure had the largest contribution to e-government maturity among the viable resources.

"I've always had an interest in ICT and global development," Larosiliere said. "The study allowed me to better understand e-government and how various economic, educational and technological factors impact maturity."

The paper was co-authored by Lemuria Carter, associate professor at North Carolina A&T State University. Since the conference, Larosiliere and Carter have revised the paper, and it's currently under review at one of the top IS journals.

Larosiliere has continued to research IT innovation, along with social network adoption and diffusion. He has enjoyed his work, and he wishes to continue his research during the upcoming year.

"I see myself continuing to do research to answer questions in both information technology and economics," Larosiliere said.

FACULTY CONTRIBUTIONS: RECENT BOOKS AND CHAPTERS

Kendall Artz

"Discerning Opportunity Types: Implications for Entrepreneurial Action and Entrepreneurship Education" in *Advances in the Study of Entrepreneurship, Innovation, and Economic Growth, Volume 24, Innovative Pathways for University Entrepreneurship in the 21st Century*, 2014

Steve Bradley

"Discerning Opportunity Types: Implications for Entrepreneurial Action and Entrepreneurship Education" in *Advances in the Study of Entrepreneurship, Innovation, and Economic Growth, Volume 24, Innovative Pathways for University Entrepreneurship in the 21st Century*, 2014

Gary Carini

Take Flight, 2014

Dawn Carlson

"A primer on sampling" in *New Frontiers in Work and Family Research*, 2014

Mark Dunn

Take Flight, 2014

James Garven

"On the Demand for Corporate Insurance: Creating Value" in *Handbook of Insurance*, 2013

Emily M. Hunter

Organized Innovation: A Blueprint for Renewing America's Prosperity, 2014

Hope Koch

"Social Media Use within the Workplace" in *Computing Handbook, Third Edition: Two-Set Volume*, 2014

Joe McKinney

"The Anglo-American Economic Relationship: Special or Not?" in *Anglo-American Relations: Contemporary Perspectives*, 2013

Mitch Neubert

Organizational Behavior, 2014

Les Palich

"Entrepreneurial Cognition and Socio-Cognitive Neuroscience" in *Handbook of Entrepreneurial Cognition*, 2014

Marlene Reed

"Woman Over-Board" in *Research on Professional Responsibility and Ethics in Accounting, Vol 17*, 2013, *The Essentials of Marketing Research, 3rd Edition*, 2013

Jeff Tanner, Jr.

Dynamic Customer Strategy: Today's CRM, 2014
Accelerate! Big Profits from Big Data, 2014

Matthew Wood

"Improving Governance Arrangements for Academic Entrepreneurship" in *Organizational Innovation in Public Services: Forms and Governance*, 2013

"Entrepreneurial Cognition and Socio-Cognitive Neuroscience" in *Handbook of Entrepreneurial Cognition*, 2014

"Discerning Opportunity Types: Implications for Entrepreneurial Action and Entrepreneurship Education" in *Advances in the Study of Entrepreneurship, Innovation, and Economic Growth, Volume 24, Innovative Pathways for University Entrepreneurship in the 21st Century*, 2014

Bill Worthington

The Kings' Counsel: Rightly Dividing Truth in Vocation, 2014

In the winter 2013 issue of *Innovative Business at Baylor*, the list of faculty journal board editors was incomplete.

James Garven

Associate Editor, *Journal of Risk and Insurance*
Associate Editor, *Geneva Risk and Insurance Review*