RESEARCH @ DeGroote

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Dr. Vishwanath Baba
Professor of Human Resources & Management
“Shift work not only affects the circadian rhythms of the body, but it also has a significant impact on the mental wellbeing of the individual.”

Stress in the skies

Feeling stressed at work? You’re not alone. Blaming your workplace for that stress? Again, you’re not alone, and, in fact, stress truly is an international concern.

Dr. Vishwanath Baba, professor of human resources & management at the DeGroote School of Business, has co-authored a study which surveyed 485 airline employees in five major cities across mainland China to investigate job stressors as they relate to rotating shift work schedules. The impact of this research extends beyond just the role of stress in shift work; it provides insight into how to understand and reduce workplace stress.

“The North American employee market is well explored in terms of active research and scholarship,” said Baba. “My research facilitates evidence based employer practices in some of the less studied areas around the world. It is fascinating to see how the evidence is interpreted in the context of a culture’s belief and value system.”

Baba’s research findings hit close to home. His research suggests that too much responsibility contributes to significant amounts of stress. Furthermore, shiftwork combined with the lack of non-work related activities in an employee’s life (socializing, family time, personal days etc.) significantly alters their level of stress. Lastly, employees on a rotating shift schedule feel increasingly stressed and experience feelings of emotional exhaustion and diminished sense of personal accomplishment. Employees on fixed shifts did not experience nearly the same levels of stress or exhaustion.

“We are now looking at employees who have been on a rotating shift schedule for over 20 years and tracking its damaging effects in the long term,” said Baba. “Shift work not only affects the circadian rhythms of the body, but it also has a significant impact on the mental wellbeing of the individual.”

The impact of this research from Baba further reinforces the cross-cultural applicability of stress theory as related to the detrimental role of rotating shift-work on an individual’s life. Baba says, “In order for us to make sound management decisions, we need to have solid evidence; and in an era of globalization, we need to broaden the evidence base so that our decisions are contextually relevant.”
Corporations like Enron and Lehman Brothers have put the issue of corporate credit on the front page. How can institutions develop better financial models to predict corporate bankruptcy? The research of Dr. Peter Miu, associate professor of finance at the DeGroote School of Business, focuses on corporate credit risk management. Miu creates models to help predict the credit risk of companies seeking a loan.

Miu co-authored a study recently published in the Journal of Empirical Finance which illustrates the performance of a hybrid bankruptcy prediction model in assessing the credit risks of U.S. corporations.

Miu’s research examined two different, yet common, approaches used to determine if a company is at high risk of default. Firstly, the Altman’s z-score uses accounting-ratio-based information to determine the relation between the probability of default and a set of financial ratios, information which is obtained mostly through financial statements. On the other hand, Miu examined the Merton’s model, which relies mostly on market-based information such as share price and its volatility from the stock market.

Miu proposes in his study to adopt a binary quantile regression approach in developing a hybrid model using both the accounting-ratio-base (the Altman’s z-score) and market-based information (Merton’s model).

“There needs to be an effective way to quantify the credit risk of a corporation and its loan,” says Miu. “In order to manage these risks, financial institutions need to develop systems to organize the credit information of their corporate borrowers and to assess the potential losses which might be incurred when some of them default on their loans. The effective management of credit risk ensures a financial system that is more resilient to financial crisis.”

The difficulty in predicting a corporate failure has often caused problems in the area of credit risk research. Unlike studies conducted before, Miu’s research utilizes dynamic loadings on the borrower-specific information in assessing corporate credit risk. “Overall we found that market-based information is particularly useful in predicting the default event of corporations of relatively poor credit quality; whereas accounting-ratio-based information is more important in predicting bankruptcies of those of relatively good credit quality,” says Miu.
James Bond? Mission: Impossible? Or just another trip to the bank machine?

You may feel like you have just stepped onto the Mission: Impossible movie set, but if your bank introduced fingerprint biometrics as a method of identity verification, would you feel that your money is more secure and that you are better protected from identity theft?

Dr. Milena Head, professor of information systems at the DeGroote School of Business, has co-authored a study that interviews 275 individuals from two Canadian universities to investigate consumer acceptance of biometric identity verification for financial transactions.

“The results of this research represent an important first step in understanding consumers’ attitudes towards using biometrics as a means of identity authentication in financial transactions. Additionally, it provides insights into how voluntariness of use and information control influence such attitudes,” says Head.

Biometrics refers to a host of physiological or behavioural characteristics that are used to uniquely identify or verify an individual’s identity. The term is derived from the Greek words bios, meaning life, and metrikos, meaning measure. The value of conducting research in biometrics is to help slow the growth of identity theft. More than $50 billion dollars are lost each year because of identity theft in the United States alone, with the financial institutions absorbing the losses. However, on an individual level, time and money lost having to repair the damage of identity theft (documentation, having to improve bad credit rating, prosecuting those who stole your identity, etc).

“Our results suggest that while consumers appear to understand the value of using biometrics for identity authentication, the threat of biometric information being compromised (inadvertently or intentionally) is still a top-of-mind issue. Banks wishing to deploy such technologies must carefully craft their marketing messages and educational programs to address these concerns,” says Head, discussing consumer attitudes towards using biometrics, in this specific case fingerprinting, in the financial sector.

“This research is a first and important first step towards understanding why individuals will, or will not, accept biometric authentication technology. It helps to establish some common ground and consensus between those that wish to deploy biometrics and those upon whom it is deployed,” says Head.
Dr. Manish Kacker
Associate Professor of Marketing and
AIC Professor in Strategic Business Studies
When Apple, Microsoft, and Research in Motion introduce a very innovative product into the marketplace, they carefully craft marketing campaigns months before the product is launched.

Dr. Manish Kacker, associate professor of marketing and AIC professor in strategic business studies at the DeGroote School of Business, is a co-author on a study that examined how consumers adopt new technologies.

The study, recently published in *GfK Marketing Intelligence Review* journal, concluded that by understanding how consumers visualize the near and distant future, marketers can craft their messages to favourably influence consumer perceptions and their subsequent adoption and use of their products.

“Our research shows that there are two important moments when introducing a brand new, innovative technology into the marketplace – the prelaunch and launch,” said Kacker. “During the prelaunch phase, when the actual purchase decision is some time away, it is important for companies to design marketing communications that focus on the benefits of adopting the new technology. At the time of the launch of the product, companies should shift the message to one that demonstrates how to actually use the product. In other words, prelaunch marketing communications should focus on ‘why’ and launch/post-launch communications should focus on ‘how’. This synchronization of message content with product launch stages not only boosts purchase rates but also increases consumer use of the product after purchase and, consequently, their satisfaction with their purchase decisions.”

When the product launch date is in the distant future, consumers tend to focus on the benefits and the positives associated with the product. As the launch date draws closer, consumer perceptions of the product shifts to focus on the effort and costs associated with adopting the new product, as well the risks involved with using the new technology.

“Xbox’s Kinect and Apple’s iPad are perfect examples of this shift in strategic messaging,” added Kacker. “Before these products were launched, all we heard about was how revolutionary and beneficial the new technology was. After the launch, the commercials focused on showing consumers actually using the product and emphasized how easy it was to use the product.”

Kacker’s research provides new and insightful strategies for marketing professionals to use while introducing innovative technologies to the marketplace. If a company’s marketing campaign is able to positively shift consumer perceptions, greater consumer adoption and satisfaction with the product is likely to result, thereby boosting the company’s profits and financial value.

“Watch how electric cars, such as the Nissan Leaf, are going to be introduced into the marketplace in early 2011. Earlier this year, Nissan’s commercials for the Leaf have focused on environmental benefits (the ‘Polar Bear’ and ‘Lance Armstrong’ commercials). Research shows that most consumers have ‘range anxiety’ concerns about how far the electric car can go without running out of power, so I expect a lot of Nissan’s future marketing communications will try to combat those fears,” said Kacker.
Entrepreneurship in an era of globalization

With national economies becoming increasingly intertwined, entrepreneurs have started taking their new business ventures global right from the start. Dr. Benson Honig, professor of Human Resources and Management and Teresa Cascioli Chair in Entrepreneurial Leadership, recently co-authored a book entitled *Transnational & Immigrant Entrepreneurship in a Globalized World*, which reviewed global entrepreneurship.

“We are seeing transnational entrepreneurs move back and forth between countries, using their business relations as leverage within other markets,” said Honig. “The pursuit of entrepreneurship has gone global in a lot of ways.”

According to Honig, the term ‘transnational entrepreneurship’ describes individuals who travel from one country to another developing new business relationships as well as maintaining existing business relationships within their own country. This type of entrepreneurship was once considered ethnic enterprises, but is now being recognized as playing a leading role around the world in important start-ups and high technology ventures.

“As access to the global becomes smaller due to massive innovation of communications and transportation technologies, it only makes sense to start a business utilizing the strengths of international markets,” said Honig.

The potential impact of transnational entrepreneurs on economic development is an important and contested question. Honig is in the process of developing a network that seeks to connect universities from across Ontario to collaborate research regarding immigration, entrepreneurship, job creation and globalization.
Dr. Kiridaran Kanagaretnam, associate professor of accounting and financial management, has co-authored a study published in the *The Accounting Review* that empirically examines loan loss. Kanagaretnam reviewed 300 publicly owned small and large U.S. banks over a seven year period starting in the year 2000.

“Accounting research provides insights into managerial incentives that drive financial reporting choices, which are important for both practitioners and policy makers,” said Kanagaretnam.

Banks that are exempt from the federal mandate to have their internal accounting controls audited are more likely to have suspect accounting, the report found. The study examined auditor independence in the banking industry and was completed by examining the relationship between fees paid to auditors and earnings management through loan loss provisions.

“This study documents that auditor independence was not a problem for the large banks prior to the recent financial crisis. However, it finds that the auditor independence was most likely compromised for small and less regulated banks,” said Kanagaretnam.

The study illustrates that small banks whose accounting systems were exempt from the Federal Deposit Insurance Corporation (FDIC) regulations were able to increase income by taking smaller provisions for loan losses. Auditors, however, were more tolerant of the bank’s earnings management when they were relying on that bank for high fees.

Previous to 2005, banks were required to have their internal accounting controls audited under the FDIC regulations but only if they exceeded $500 million in assets. Since 2005, the exemption has increased to $1 billion dollars.

“Our results inform policy makers on the relationship that existed between fees paid to the auditors and the earnings management in banks prior to the recent banking crisis,” said Kanagaretnam.
Dr. Elkafi Hassini
Associate Professor of Operations Management

Documenting the movement of goods

Dr. Elkafi Hassini, associate professor of operations management at the DeGroote School of Business uses mathematical models and techniques to solve business decision problems.

Currently Hassini is researching a system that combines pricing and inventory management within supply chains. In addition, Hassini is researching e-retailing supply chain management, supplier selection, negotiations, design and operation of e-auctions and e-marketplaces.

As an associate professor of operations management, Hassini examines the ways materials, information and cash move within a supply chain, covering issues like procurement, order fulfillment, storage systems management, and inventory and price optimization.

Hassini recognizes that there is vast information on the movement of people in Ontario however there is a gap of information for the movement of goods. “While it is relatively easy to collect and analyze information about people’s movement and public transit system, there is a lack of information on freight movement and this area is in need of private and government support,” says Hassini.

The goal of Hassini’s research is to collect and analyze data in order to improve the efficiency of transportation systems and increase the competitiveness of the logistics within the manufacturing sector.
Improving the entrepreneurial success of persons with disabilities

Over the last few decades, considerable resources have been focused on improving the social and economic conditions of persons with disabilities in areas such as accessibility improvements and regular employment training. Unfortunately, they remain a significantly disadvantaged group. “There still remains a number of physical and social challenges to providing adequate employment for persons with disabilities,” said Bruce Martin, PhD candidate Human Resources & Management at the DeGroote School of Business. “So far, there is little evidence that their economic plight is improving.”

Recently, a variety of self-employment programs have been offered in an effort to help those persons with disabilities who may be interested in starting their own business to succeed in doing so. Entrepreneurship is seen as a promising avenue for improving the living standards of disadvantaged groups around the world, especially in the area of small enterprises that can be managed independently. As a result, and entrepreneurship education is often viewed as an effective way to increase the population and success of hopeful entrepreneurs.

Although entrepreneurship research is growing rapidly, there is a lack of information on the effectiveness of the many self-employment training programs that are now available to people with disabilities. Martin’s research examines the outcomes of these training programs and identifies potential modifications that may help to improve the entrepreneurial success of persons with disabilities. Building entrepreneurial training programs has the potential to raise the standard of living and decrease dependency on government assistance.

“Entrepreneurial research in academia is still a relatively new discipline – only about 40 years old,” added Martin. “Much of the research that my colleagues and I are conducting is planned to contribute to the theoretical foundations of entrepreneurship as a discipline, as well to practical improvements in training programs that can improve the social and economic conditions of persons with disabilities here in Canada and around the world.”

Martin received $35,000 from the Social Science and Humanities Research Council to fund this research.
Heather Pullen
Graduate of the inaugural Master of Communications Management class (2010)

“Communication is also crucial. PR and marketing staff must be committed to open, honest, ongoing communication and to coordinating all aspects of their initiatives and activities.”
Competition in the not-for-profit sector

Competition in the Canadian not-for-profit sector, whether for public awareness, financial donations or governmental support, is becoming fierce as a consistently smaller pool of public and charitable funding is available every year. The pressure resulting from this competition has forced public relations professionals to evolve from their traditional role of managing the relationship between an organization and the public to a more aggressive role as revenue generation campaign strategists. This shift has led to friction between public relations professionals and their marketing counterparts as both teams within not-for-profit organizations jockey for control over the organization’s image, brand and external relationships.

“In the public sector, a dysfunctional relationship between PR and marketing can be very damaging. Nonprofit organizations in particular have limited resources to promote their causes and they depend on public good will for donations and other kinds of support,” said Heather Pullen, a member of the inaugural Master of Communications Management class at McMaster and manager of public relations and communications of Hamilton Health Sciences. “In order to have strong relationships with their organization’s stakeholders, PR and marketing must coordinate all their communication and branding initiatives.”

Pullen compared the functional and organizational roles of public relations practitioners and marketing staff within one of the largest health care organization in Ontario.

After reviewing the literature and conducting interviews with leaders from the organization and its foundation, Pullen concluded that the best way to avoid rivalries and wasted resources is to have controls in place to manage relationships, such as formal charters in the institution’s governing constitutions. Once those controls are in place, both PR and marketing departments can utilize their strengths and achieve maximum efficiency for the organization.

“A clear definition of roles and responsibilities is vital when it comes to managing PR and marketing functions within an organization. The most fundamental issue to be resolved (probably by the CEO) is who “owns” the brand – in other words, which team has the ultimate responsibility for ensuring that the organization’s image is portrayed accurately and consistently,” said Pullen. “Communication is also crucial. PR and marketing staff must be committed to open, honest, ongoing communication and to coordinating all aspects of their initiatives and activities.”

Pullen studied the conflicting dynamic between public relations and marketing in the not-for-profit sector as her capstone research project. Her research was recently published in the 6th volume of The McMaster Journal of Communications (2009).
Congratulations to Drs. Terry Flynn and Khalid Nainar who are the recipients of the 2010 Dr. S.J. Basu Teaching Award.

For Nainar, professor of accounting and financial management services, this recognition marks his eighth time winning the Basu Award. Nainar says awards such as this push him to be accountable to his students and the courses that he teaches. He recognizes the need to stay relevant and applicable to the business curriculum at DeGroote. In his classes, students use real life examples to create real life solutions by following local, national and global news. This term his class followed, amongst others, the BHP Billiton Potash Corp. hostile takeover.

Presented by the MBA Association, the Basu Award recognizes the teaching excellence of faculty members at the DeGroote School of Business. This award is in memory of S.J. Basu, former chair of the accounting area, who passed away in January 1983.

The spirit of the Basu Award is to foster the type of teaching excellence achieved by Basu. This award is based on a student ballot, filled out by MBA students, to indicate a lecturer whose teaching skills students consider outstanding.

Flynn, assistant professor of communications management, draws on his 20 years experience as a public relations/crisis communications consultant in his classes, which include cases, problem-based learning and simulations. He explains, “A number of business schools routinely utilize case studies as a form of PBL but I was more interested in taking the in-class experience to the next step of problem-based learning: real time simulation of real crises. Over the last two years my classes have followed the Maple Leaf Foods recall from both a reputational and crisis management theory perspective. I have shared my extensive, national research on this crisis with them and have had senior leaders from the company provide their own first-hand experiences. In that way we have made theory and research come to life.”

Flynn’s and Nainar’s use of real life examples in their classrooms along with industry and academic articles and theory exemplify DeGroote’s commitment to integrating experiential learning into student’s educations.

“What I am teaching is for students to look through the lens of accounting at the various business examples, but never lose sight of the big picture, which is the ‘firm’,” says Nainar. Similar to the sayings of never taking your eye off the ball, Nainar and Flynn push their students to see issues up close and from a holistic point of view.
Canada Research Chair Renewal

Congratulations are in order for Dr. Rick Hackett, professor of human resources & management at the DeGroote School of Business on his recently renewed tier one Canada Research Chair (CRC) in Organizational Behaviour and Human Performance.

The CRC program is at the centre of a national strategy to make Canada a world leader in university research and development. The program began in 2000 when the government of Canada created a permanent program to establish 2000 research professorships named the Canada Research Chairs.

“CRC signals not only the research accomplishments of the chair holder but also that McMaster University and DeGroote provide the infrastructure to attract and retain high quality researchers,” says Hackett.

Each year the CRC program invests more than $300 million dollars to attract and retain accomplished and promising minds.

Chairholders aim to achieve research excellence in their field of study. They work to improve knowledge in their particular areas of expertise. Moreover, the CRC program helps in building the infrastructure for attracting and developing PhD students and for facilitating inter-institutional research collaborations.

Hackett studies the intersection of leadership, work attitudes, job performance and organizational citizenship, particularly in the health care sector. With the renewal of his term, he has expanded his research program to include the study of virtues, particularly as they pertain to leadership effectiveness. In addition, Hackett’s ongoing assessment and development of the Multi-Mini Interview, used widely in the evaluation of analytical thinking, interpersonal skills, and judgment of medical school applicants will continue.

These research initiatives will help build effective systems for selecting and developing leadership talent in both public and private sectors. The impact will be an overall improvement of the well being (physical and psychological) of workers, increased individual and unit performance, and enhanced organizational effectiveness.
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Conference Proceedings & Presentations


Research Grants

Connelly, C.E.  
Choosing to work contingently: Why some workers seek contingent employment arrangements.  
Social Sciences and Humanities Research Council (SSHRC) Standard Research Grant.

Kacker, Manish.  
McMaster Incentive Grant.  
McMaster University, July 2010.

Exploring Expanded Roles for Health Professionals: The Case of Dental Hygienists in Ontario.  

Principal Investigator (PI): Dr. Sara Mann (from UoG).  
Co-Investigators (CIs): Dr. Gordon Cooke (from MUN), Dr. I.U. Zeytinoglu (from McMaster).  
Young Workers in Ontario’s Rural Labour Market: An exploration of job quality and training/skills requirements & choices.  
Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

Principal Investigator (PI): Dr. Sara Mann (from UoG).  
Co-Investigators (CIs): Dr. Gordon Cooke (from MUN), Dr. I.U. Zeytinoglu (from McMaster).  
Young Workers in Ontario’s Rural Labour Market: Current Realities and Strategic Options for Employees and Employers.  
Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), Knowledge Transfer and Translation Funding.

Principal Investigator (PI): Dr. M. Denton (from McMaster).  
Co-Investigators (CIs): Dr. I.U. Zeytinoglu (from McMaster), Dr. C. Brookman (from St. Elizabeth Health Care).  
Task Shifting in the Provision of Home and Social Care: Implications for Health Human Resources.  
Ontario Health Human Resources Research Network (OHHRN).

Longo, Chris  
A Pilot Study Evaluating Canadian Cancer Patients’ Treatment Related Out-Of-Pocket Costs  
Canadian Centre for Applied Research in Cancer Control

Deal, Ken  
Understanding risk-benefit trade-offs of genetic testing in chemotherapy treatment decisions for breast cancer  
OICR/CCO Research Network Knowledge Translation

Awards

Connelly, C.E.  
Human Relations “Reviewer of the Year” award.  
Academy of Management meeting in August, 2010.

Hackett, Rick.  
Senior Canada Research Chair Renewal.  
CRC, 2010.

Hong, Ying.  
Scholarly Achievement Award.  

Kacker, Manish and Wu, Ruhai  
Best Paper Award  

Bart, Chris  
SSRN’s Top Ten download list, Non-Profit: Management  
Mission Statement Content and Hospital Performance in the Canadian Not-for-Profit Health Care Sector

Head, Milena  
Best Paper Award  
Management Information Systems Quarterly

Head, Milena  
Best Information Systems (IS) Publications Award  
Information Systems’ Senior Scholars Best Publications Committee, 2009

Steiner, George  
Top Cited Paper  
Discrete Applied Mathematics, 2005-2010

Pujari, Ashish  
Best Paper Award  
Spanish Marketing Association, 2009

Detlor, Brian and Booker, Lorne  
Best Education Paper  
ACIS, 2010 conference
Books & Chapters


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