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CEO DUALITY: AN ENDOGENOUS DECISION
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ABSTRACT
In response to the political desire to separate the CEO and Chairman positions, this paper examines whether splitting these two positions would be beneficial to shareholders. Firms that have split positions exhibit, on average, no lower or higher performance than other firms after integrating the model industry effects, role of other agency control mechanisms, level of agency problems, and other board and firm characteristics. However, firms with split positions do exhibit a different relationship between information asymmetry and performance, and institutional investors have a greater positive effect on performance for non-split firms. Split positions are found in firms with higher agency costs of equity and debt. The overall results indicate that split positions may be firm specific and a policy of split decisions is not appropriate for all firms. For firms with low level of alignment of interest and monitoring mechanisms and high levels of agency problems, the benefits of splitting are high. Thus, shareholders should not blindly push for the separation of the CEO and Chairman of the Board positions.
ABSTRACT
This paper uses a process control methodology to test for changes in risk preferences across demographic groups. An analysis of risk preference differences could stand alone, however these tested results tell an even stronger story by providing a comparative analysis of the reaction to the 2008 financial crisis. Using a unique individual investor data set from the State of Florida defined contribution plan from 2004 - 2009, this analysis generates upper and lower control limits to test for the convergence or divergence of the differences in risk preference across race and gender. This research finds that there is convergence across all demographic groups during the financial crisis, suggesting that very public, new information will be processed in a similar manner by investors with different risk preferences in a beginning time period. This supports the argument that financial education plays a large role in investment risk as well as the over-confidence of men as discussed by Barber and Odean (1999).
ABSTRACT
The purpose of this research is to present a novel way via a case study to train students in the art of investing under competitive pressure coupled with investment research into current economic events. The collaborative efforts between Dr. Elderc and the Gateway to Leadership diversity initiative cultivated in the 2011 Gateway to Leadership Investment Management Case Competition. Fifteen of the best and brightest students from the nation's HBCU business programs competed in the simulated trading of stocks and bonds for profit as individuals and through teaming. The framework of the case study was twofold; students applied theoretical concepts of investing and portfolio management by actively trading and assessing the level of risk of a self-chosen portfolio of stocks and bonds. By an intensive writing assignment students demonstrated their understanding of investment theory by explaining the approaches used to select their portfolio of stock and assessing the riskiness of the aggregated team portfolio. At the end of the eight week Stock Selection Challenge, the five participating teams conducted 628 trades and accrued an overall profit of $53,400.26 or a 3.56% return on investment. An individual award was awarded to a student who earned $12,339 over the eight week challenge period.
ABSTRACT
Group Insurance Solutions (GIS), a leader in the group insurance industry, is part of Financial Solutions, Inc., a large and diversified financial services company that has been in business for over 130 years. GIS and its parent company are known for their financial strength and stability, brand reputation, expertise, and innovation. GIS develops and distributes a full range of group life, disability, long-term care, and dental insurance plans for sponsor employers and associations. With its breadth of products and services, GIS is able to create customized employee benefit solutions that assist employers and associations in attracting and retaining employees or members. The cost of benefits may be paid by the sponsor employer/association (Basic), the employee/member (Voluntary), or a combination of the two (Contributory). The group insurance market is segmented by the size of the employer. There are three segments designated by the number of employees in the group: Small Market (25 to 999), Mid-Market (1,000 to 9,999), and Large Market (10,000 +). More than 25 Fortune 100 companies are current GIS clients in the large market segment. All association clients are in excess of 100,000 members. From 2008 to 2010, when many competitors and other well-known financial services companies experienced difficulties, GIS weathered the storm with moderate growth and remained financially strong. Clients know that they can rely on GIS’s insurance benefits, which are not affected by financial market fluctuations, as well as the company’s claims paying ability. In addition to its strong financial record, GIS demonstrates leadership in the area of social responsibility.
A MODIFIED INVENTORY MODEL FOR A JOB-SHOP PROCESS
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ABSTRACT
This paper presents a strategy of the production control in the job-shop environment without disturbing the existing layout and components of the system. The production control strategy proposed in this paper concerns with batch size determination. Batch sizes are generally calculated based upon setup and holding costs but these calculations ignore other important elements of the total cost. However if some of these cost elements are considered in the batch size determination, it is possible to impose elements of the pull system in the production control of a job-shop. For that objective, in this paper a new inventory model is proposed. The modification of the inventory model will lead to the modified batch size for a job-shop. This new model calculates the batch size by including work-in-process inventory, quality, and transportation costs in addition to setup and holding costs of the traditional inventory model.

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ABSTRACT
This study explores how arbitrage risk contributes to a stock's under-reaction to repurchase announcements. We examine a sample of 5,699 firm-year stock repurchase announcements for 2,065 eligible firms from 1982 through 2008. Consistent with the view that idiosyncratic risk impedes arbitrage activity, we find that post-repurchase announcement drift is positively related to the idiosyncratic risk. In addition, the result reveals that high book-to-market (B/M) ratio stocks, which are associated with greater idiosyncratic risk, experience stronger drift than do low book-to-market stocks. This result provides evidence that the Post-Repurchase-Announcement drift is mainly driven by the reduced participation of arbitrageurs in eliminating market mispricing because of their inability to fully hedge idiosyncratic risk.
ABSTRACT

In this study the authors provide a conceptual frame, which places stock market activity on a par with state-sponsored lottery systems. The familiar theme of “Wall Street meets Main Street” links the two areas by providing a competitive financial structure which would allow investors to forego and option dividends to allow for quarterly or annual drawings resulting in extraordinary returns thus allowing investors to set their level of risk by the proportion of dividends allocated, consistent with their expected benefits. The result is a system which will allow the current structure of the investment market with a sub part which is in essence a lottery system. The difference is with a standard gamble such as the purchase of a lottery ticket there is a win or lose proposition. On the other hand the stock dividend lottery player has a bet on incremental income, but does not lose principal and may gain offsetting appreciation in value associated with the stock dividend lottery. It is acknowledged that IRS §451 constructive receipt must be modified to allow the dividend allocation to the winners of the pool with no tax consequences to the losers. A simulation of the stock dividend lottery system was conducted using data from 35 faculty and 19 MBA students of the School of Business that indicated when faced with the decision to allocate or not to allocate stock dividends to lottery pools, 67 percent chose to forego current dividends to play at least 50% of their shares in the gamble. The allocation to the lottery pool increased by 75 percent, on average, in second-period play. The results for the MBA students indicated that 16 out of 19, or 84% placed more than 50% of their dividends in the pool. These students indicated that the dividend lottery option would add value to the market value of the underlying stock investment.
THE BUSINESS OF ENGINEERING: DEVELOPING NON-TECHNICAL SKILLS IN A STEM SUMMER PROGRAM
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ABSTRACT
This paper reports on a unique approach to educational skills development incorporating business and engineering concepts in a pre-college summer program. The purpose of the paper is to discuss methods to incorporate non-technical skills into a technical summer program for high school students. The program held at Hampton University's School of Business and School of Engineering and Technology demonstrated the interdependence of engineering and business in making real world choices. It also placed significant emphasis on developing teamwork and communication. One component of the program included a case study where the two discipline areas were explored. The structured approaches to the Business of Engineering program, as well as the outcomes, are shared in the report. Future areas of possible research are also discussed.